



WALES **AUDIT** OFFICE

SWYDDFA **ARCHWILIO** CYMRU

Proposed programme of value for money examinations to start in 2006-07

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Proposed programme of value for money examinations to start in 2006-07

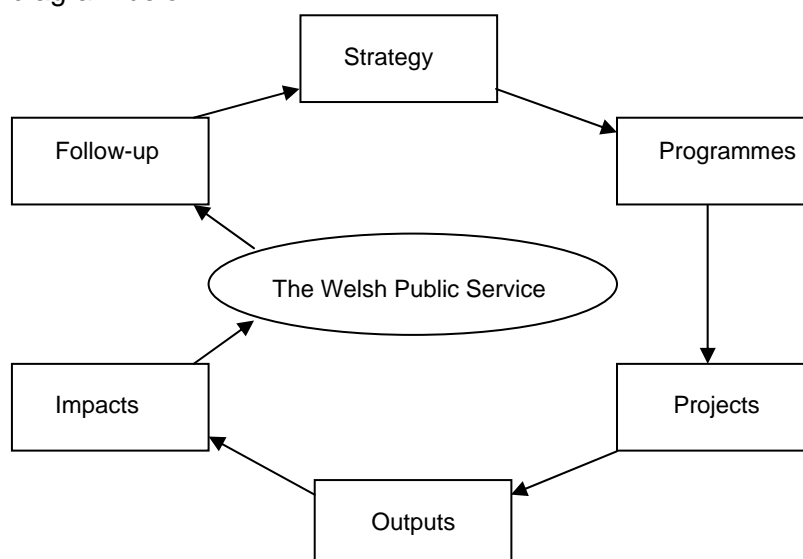
1. I am pleased to set out my initial proposals for my programme of value for money examinations to start in the financial year 2006-2007. This memorandum briefly sets out how the proposals have been developed in the context of my other work. It provides a starting point for consulting the Committee, and I welcome the Committee's views on the proposals.

How my proposals are developed

2. Central to the development of this programme is my commitment to add value to those I audit. This is expressed in the mission statement of the Wales Audit Office:

“to promote improvement, so that people in Wales benefit from accountable, well-managed public service that offer the best possible value for money”

3. This emphasis on improvement reflects the new powers given to me under the Public Audit (Wales) Act to undertake studies that enable me to make recommendations for improving value for money of public bodies. To some extent, the new legislation recognises the reality of current practice, which is to examine how resources have been used, and identify means of making improvements. It is my intention to make the promotion of improvement the central feature of my strategy.
4. That strategy, which I will present in outline to the Committee to accompany its consideration of this memorandum, will drive all my work, as shown in the diagram below.



5. My individual proposals for examinations are identified by assessing risk to value for money. This goes beyond identifying the obvious wasting of resources: it extends to identifying scope to improve the use of resources, for example through better organisation. The process is also guided by considerations of financial materiality—the amount of money involved—and materiality by nature. These range from the greater inherent risk of innovative or ambitious projects to the public interest in exposing impropriety.

6. In undertaking this process, my staff and I have regard to public sector priorities as set out in key policy statements, especially Wales: a Better Country and Making the Connections. I also seek to ensure that, taking one year with another, the Committee has the opportunity to take evidence on each category of expenditure for which the Welsh Assembly Government is responsible, so enabling comprehensive scrutiny of public services.

Work in progress

7. My proposals for 2006-07 should be seen in the context of work already done and work that is currently in progress or shortly about to start. Completed work is summarised in the stocktake paper that the Committee is considering alongside this memorandum, while the examinations currently being worked on, together with their progress as at 28 September 2005, are set out Table 1 below. Such work in progress will form the basis of for the Committee's coming evidence sessions until beyond the end of the current financial year.

Table 1: Value for money examinations currently under way or commencing shortly

Examination	Progress (at September 2005)
The National Botanic Garden of Wales	Clearance of facts
NHS Energy Management	Clearance of facts
Better Schools Fund (formerly known as Grants for Education and in-Service Training)	Report being drafted
Support for the LG Project	Report being drafted
Merlin: the Welsh Assembly Government's new IT and business improvement programme	Report being drafted
Ambulatory care and day surgery	Fieldwork in progress
Arts Council of Wales: capital projects	Fieldwork in progress
Public access to the countryside	Fieldwork in progress
Sickness absence management in the Welsh Assembly Government	Fieldwork in progress
Tir Gofal (Countryside Council for Wales)	Scoping work underway
Increasing physical activity and its benefits	Scoping work underway
Chronic disease management	Scoping work underway
Regional Selective Assistance	To start before the end of 2005-06
The Homelessness and Rooflessness Grant Programme	To start before the end of 2005-06
The new General Medical Services contract	To start before the end of 2005-06
Higher and further education institution mergers and collaboration	To start before the end of 2005-06
Procurement of the new building for the National Assembly for Wales	To start before the end of 2005-06
Services for Children	To start before the end of 2005-06

Work in other areas of my remit

- 8.** My programme of value for money examinations intended for presentation to the Assembly and consideration by the Audit Committee, is, of course, not the totality of my work. In previous years, the Committee has also considered at least two reports a year arising from my financial audit work: my annual report on the finances of NHS Wales, and my general report on matters of wider interest arising from financial audit work across the whole audit field. While not part of the value for money audit programme, I shall continue to produce reports on the results of financial audit work in 2006-07, so that these may be considered by the Audit Committee. In the case of the finances of NHS Wales, I shall use the opportunity presented by new role as auditor of local NHS bodies to provide an enhanced level of reporting.
- 9.** The extent of my work beyond examinations intended for the Committee is now much wider than in previous years. This is because the Public Audit (Wales) Act adds considerably to the functions of the Auditor General. Since 1 April 2005, I have taken on the powers to appoint the auditors of local government bodies and powers to undertake studies to enable me to make recommendations for improving value for money of local government bodies. And as noted above, I have also taken on the annual audits of local NHS bodies, which were previously done by auditors appointed by the Audit Commission.
- 10.** While these new powers enable me to examine the use of resources across the public sector, I do not intend to lead the Committee to call local government bodies to account. Indeed, local government lies outside the Assembly's powers to call persons as witnesses. My programme of specifically local government work set out in Annex 2 is therefore separate from this programme of work for the Committee.
- 11.** Nevertheless, my new powers present an enviable ability to examine expenditure and delivery across whole systems in the Welsh Public Service. They are, for example, particularly useful for looking at services, such as transport, where the Assembly Government is a partner rather than sole provider. I have therefore put forward proposals, such as that on Integrated Transport, that are intended to make full use of this ability.
- 12.** As with specifically local government work, I should make the Committee aware that, following the extension of my remit, my staff undertake work in the NHS that is intended to help local bodies improve their use of resources rather than form the basis of evidence sessions. Such work is funded by fees to the bodies concerned. The work includes reports to the bodies on issues of specific local concern, such as assessment of whether a particular computer system should be replaced. It also extends to a rolling programme of data collection and analysis that covers particular aspects of local NHS business, such as ward staffing and pathology services, known as the Acute Hospital Portfolio. Much of this material is focused on local risks and may be of limited interest to the Committee. However, it may be used to inform my national value for money work, and I will, of course, report to the Committee where there are wider messages for the public sector.

My individual proposals

13. Table 2 below sets out the proposals for examinations to start in 2006-07, together with some alternatives and subjects that I am keeping in view for 2007-08 or subsequent years. It also indicates the Assembly Government's strategic objectives, as set out in *Wales: A Better Country* and *Making the Connections*, that each proposal addresses. Annex 1 provides a brief summary of each proposal.
14. The proposals will provide a similar number of reports on the Welsh Assembly Government and related bodies to that provided in previous years. But in many cases—particularly where the Assembly Government is a partner in the delivery of services—the coverage will be improved because the underlying examinations will be informed by my work in local government and local NHS bodies.
15. Work on some of these projects will not commence until later in 2006-07, and the reports on such examinations may not fall to be published until the following year. This scheduling of work is intended to provide the Audit Committee with a steady stream of material for its consideration.
16. One aspect of my plans that cannot really be conveyed in table 2 is that I am keen to be responsive to the Committee's concerns on matters that arise during the year. Also, I am particularly keen to build in a more flexible and responsive approach to following-up the Committee's work, as indicated in the stocktake paper. One particular form this may take is follow-up memoranda, or even short reports, on progress being made with recommendations, such as I did for Primary Care Medicines Procurement. Another possibility would be short reports to probe particular issues arising from broader examinations.

Table 2: Proposed programme of value for money examinations, by Welsh Assembly Government budget area

Key			
Wales: A Better Country priorities		Making the Connections principles and strands	
H	Helping more people into jobs	R	Responsive and accessible services
I	Improving health	J	Joining up, simplifying the public service
D	Developing strong and safe communities	B	Better use of resources
C	Creating better jobs and skills	E	Engaging the workforce
		S	Supporting the changes

Table 2 continued

	<i>Indicative budget 2006-07 £m</i>	<i>Better Country priorities</i>	<i>Making the Connections strands</i>
<p>THEMATIC EXAMINATIONS ACROSS THE WELSH PUBLIC SECTOR</p> <p>One:</p> <p>Sustainable development: business decision making</p> <p><i>Alternatives and subjects in view for future years:</i></p> <p><i>Emergency planning</i></p> <p><i>Services for the elderly</i></p> <p><i>Land-use planning</i></p>	(n/a: not confined to one portfolio)	D	B
<p>HEALTH AND SOCIAL CARE</p> <p>Two:</p> <p>Informing Healthcare & Informing Social Care</p> <p>Hospital-Acquired Infection</p> <p><i>Alternatives and subjects in view for future years:</i></p> <p><i>NHS procurement (equipment and general supplies)</i></p> <p><i>Agenda for Change and service modernisation</i></p> <p><i>Hospital building: business cases and project management</i></p> <p><i>The Second Offer Scheme</i></p> <p><i>Dentists (for 07-08)</i></p> <p><i>Clinical waste</i></p>	5,109	I I I I I I I	J, B B B E, B B R, J B E, B B
<p>ENVIRONMENT, PLANNING AND COUNTRYSIDE</p> <p>One:</p> <p>Flood risk management</p> <p><i>Alternatives and subjects in view for future years:</i></p> <p><i>Developing farm business in Wales</i></p> <p><i>Waste management follow-up (for 06-07, may be more appropriate for the local government programme rather than the Audit Committee)</i></p>	541	D D, C D, I	J, B R, B B
<p>EDUCATION AND TRAINING</p> <p>One:</p> <p>Capital investment in schools</p> <p><i>Alternatives and subjects in view for future years:</i></p> <p><i>Teacher Workload Agreement</i></p> <p><i>Improving school behaviour and attendance (timing issue: Assembly consultation on parenting orders)</i></p> <p><i>Disability access to education institutions (subject to completion of National Council review)</i></p>	1,480	C C C, D, H, I C	J. B E, S, B R, B R, B

Table 2 continued

	<i>Indicative budget 2006-07 £m</i>	<i>Better Country priorities</i>	<i>Making the Connections strands</i>
<p>ECONOMIC DEVELOPMENT AND TRANSPORT</p> <p>One:</p> <p>Integrated Transport</p> <p><i>Alternatives and subjects in view for future years:</i></p> <p><i>The role of the public sector in providing and managing business accommodation</i></p> <p><i>Techniums (intensively supported business accommodation)</i></p>	1,516	H, C H, C H, C	R, B J, B J, B
<p>SOCIAL JUSTICE AND REGENERATION</p> <p>One:</p> <p>Communities First</p> <p><i>Alternatives and subjects in view for future years:</i></p> <p><i>Tackling substance misuse</i></p> <p><i>The Homebuy Scheme (timing problem given Assembly review of low cost homes)</i></p> <p><i>The Community Facilities and Activities Programme</i></p>	490	D D, I D D	B R, B R, B B
<p>CULTURE, SPORT AND THE WELSH LANGUAGE</p> <p>One:</p> <p>Wales Millennium Centre</p> <p><i>Alternatives and subjects in view for future years:</i></p> <p><i>Iaith Pawb</i></p> <p><i>National Library of Wales: Collections management</i></p> <p><i>Maximising the benefits of major sporting events</i></p>	152	 D D H, I	B B B J, B
<p>ADMINISTRATION OF THE ASSEMBLY</p> <p>One:</p> <p>Commercial competence</p> <p><i>Alternatives and subjects in view for future years:</i></p> <p><i>The incorporation of the WDA, WTB, ELWa and WLB into the Welsh Assembly Government</i></p> <p><i>Welsh Assembly Government relocation strategy</i></p>	180 (central admin only)		E, B J, B B

17. Once I have had the Committee's views, I intend to produce a final programme for presentation to the Committee before 31 March 2006. It is important, of course, that as Auditor General I remain able to report promptly on value of money issues as they arise whether or not the topics in question appear in this work programme. Such responsiveness and flexibility may require some of the planned examinations to be revised or even deferred.
18. I invite the Committee to give me an indication of the subjects that particularly interest Members and to suggest any other topics that are not among those that have been listed.

Jeremy Colman
Auditor General for Wales
29 September 2005

Annex 1: Outlines of value for money study proposals

Thematic examinations across the Welsh Public Sector

For 2006-07

Sustainable development: business decision making

The National Assembly for Wales has a statutory duty to promote sustainable development: development that meets the needs of the present without compromising future generations. This involves taking social, economic and environmental issues into account in all that the Assembly does, and influencing other organisations to do the same. The new Welsh Assembly Government *Sustainable Development Action Plan (2004-07)* has identified that the Assembly can make a difference by “Making our money talk”: making sure the Assembly and other public spending is focused on delivering sustainable development. The Assembly is widely regarded as leading the field in governance arrangements for sustainable development, although there is some concern about how much has changed as a result of the Assembly’s efforts. The Assembly, like other bodies, regardless of sector, faces barriers to realising its intentions, such as the problem of how to weigh external benefits against internal costs.

This study would examine how far and how rigorously the Assembly takes sustainable development into account in business decision making. One particular focus would therefore be a review of how sustainable development is taken into account in business cases. As well as identifying shortfalls in the consideration of sustainability issues and the barriers to progress, the study would seek to identify possible means of overcoming such barriers by, for example, highlighting good innovative approaches. The examination would complement the forthcoming Auditor General’s report on sustainable development in local government. It could also lead to a series of examinations of how well sustainable development is being taken into account in different facets of public business.

Alternatives and studies for 2007-08 or later

Emergency planning

Detailed NHS guidance on major incident planning was published in 1998. It was updated following the 11th September 2001 attacks. The recent terrorist attacks in London and the threat of a flu pandemic mean that there is a need to be prepared for incidents of a different scale and nature. This examination would focus on whether NHS Wales has the capacity and capability to respond to major incidents. In particular, it would examine whether major incident plans are up to date, comply with the latest guidance and have been tested. It would consider whether NHS bodies work with other key partners—local authorities, fire and police—in the preparation and testing of major incident plans, and whether there are effective communication mechanisms in place between key partners and the public about what to do in the case of an incident, including minimising harm. It would also assess whether NHS bodies are prepared for the long-term impact that a major incident will have on the health of local communities and the subsequent need for health and social care services. The examination would take account of Healthcare Inspectorate Wales work in this area.

Services for the elderly

Twenty per cent of the Welsh population are pensioners: the highest proportion in the United Kingdom. The Assembly launched its ten year Strategy for Older People in January 2003, the first such strategy in the UK. Implementation began in April 2003 and is based on collaboration between the Assembly, local government, the NHS and other sectors in order to ensure a coordinated approach to older people, and the active engagement of older people in determining how services should be organised and provided. The strategy has been backed by £10 million funding over the first three years and the appointment of a Deputy Minister for Older People. Plans have also been put in place for the establishment of an Older People's Commissioner for Wales similar to the existing Children's Commissioner.

This study would adopt a similar approach to the 2005-06 study on Services for Children. It would examine the implementation of the strategy for older people in specific areas, such as e-government, care, increasing flexibility in the workplace, transport and health promotion. It would also examine the extent to which joint working between organisations and sectors has been successful in delivering effective services to the elderly, avoiding duplication and ensuring that their needs are considered in formulating policy. The aim would be to identify lessons for public sector reform and improving the implementation of cross-cutting policies in Wales, through, for instance, incentives, shared budgets, the avoidance of duplication, synergies and structural improvements.

Land-use planning

In 2002 the WAG launched the 'Planning: Delivering for Wales' programme, and in 2004 published *People, Places, Futures – The Wales Spatial Plan*. This sets out the Assembly's policies for addressing the challenges and opportunities faced by the various parts of Wales in terms of health, economic development and transport. The Assembly Government intends the Plan to set the context for local and community planning and for Local Development Plans (LDPs) to reflect it. In 2005, the Assembly also published a strategic framework for the Heads of the Valleys, which made explicit the link between effective planning and economic, social and cultural regeneration.

The planning system is, however, changing, as, under Part 6 of the Planning and Compulsory Purchase Act (2004), there is a move from Unitary Development Plans (UDPs) to LDPs. This should commence in the autumn of 2006, but there are transitional arrangements that allow some Local Planning Authorities to continue using UDPs.

Assembly Members have questioned the capacity of the system to deliver sustainable, diverse and prosperous communities outside the narrow margins of the M4 corridor. This study will examine progress in implementing the legislation, specifically considering the effectiveness of LDPs as drivers for positive economic, social and cultural change.

Health and Social Care

For 2006-07

Informing Health & Social Care

Informing Healthcare is the Welsh Assembly Government's strategy to support the modernisation of health services in Wales using information and communication technologies over the next 10 years. The National Assembly for Wales has provided £88m funding for the next three years to support implementation and established a dedicated project team. This is an ambitious programme and has substantial risks associated with it, particularly with regard to the implementation of new systems. The examination would look at the overall management of the programme, especially the management of key risks. It would assess organisational capacity, capability and leadership, awareness raising and training for staff, all of which are necessary to ensure effective implementation. It would also examine the robustness of frameworks to ensure value for money from functions to be delivered through PFI/PPP schemes, and how the benefits of the programme are being realised.

Another major element of the study would examine the current quality of information that is based on clinical data. Such information is essential for the good management of services. Local audit work at NHS trusts indicates that much of this is of poor quality. This is firstly because of poor initial capture: trusts use too many 'catch all' codes that represent signs and symptoms rather than diagnoses. Secondly, the cleansing regime operated by Health Solutions Wales appears to make the data supplied by trusts less useful for the trusts, rather than improving it. As a consequence, rather than using the cleansed data provided by Health Solutions Wales, trusts spend some £300,000 on data and benchmarking from commercial sources. Furthermore, the data that is used tends to be some two years old. This work would therefore seek to identify means of improving NHS Wales' clinically based data so that this can be taken into account in the informing health and social care project.

Hospital-Acquired Infection

Research by the Health Protection Agency indicates that excessive bed occupancy and to deal with waiting lists, combined with staff shortages and poor hygiene practices, is leading to one in ten patients in England acquiring infections while in hospital. Some of the infections are increasingly common causes of death. For example, death caused by *methicillin-resistant staphylococcus aureus* (MRSA) has risen by a factor of 16 between 1993 and 2002. The Comptroller & Auditor General has produced reports on hospital-acquired infection in England in 1999 and 2004, identifying the scale and cost of the problem, and the limited progress being made to address it.

Together with the newly formed National Public Health Service for Wales, the Assembly has established surveillance requirements and systems for NHS Trusts in Wales and is providing other support for infection control. This study would examine the position in Wales and draw on the C&AG's report to make comparisons with England. It would, in particular, aim to estimate the cost of hospital-acquired infection in Wales and assess whether sufficient countermeasures are being taken, including a safe overall approach to hospital throughput. It would draw on data provided by the Acute Hospital Portfolio, particularly the ward management and pathology topics. It would also follow-up elements of the AGW's hospital cleaning study.

Alternatives and studies for 2007-08 or later

NHS Procurement (equipment and general supplies)

NHS trusts spend some £850 million a year on goods and services. Of this, about £150 million is administered through Welsh Health Supplies (WHS)—NHS Wales' central procurement body. WHS aims to provide better value by aggregating buying power and using best procurement practice. Responding to the Welsh Assembly Government's Better Value Wales report, which emphasised the need to modernise public sector procurement and the potential for significant savings through greater collaboration and improved procurement practice, the NHS Procurement Board commissioned the All Wales Procurement Strategy in 2003. This Strategy set a target for an annual 3 per cent saving through procurement, reflecting the target set for the NHS in England. It also established a vision for a procurement service that is an integral part of the management function of the NHS, based on effective collaboration and the introduction of modern technology, and which influences 100 per cent of non-payroll expenditure, against an average of 78 per cent in 2003.

This study would examine progress against the aims and objectives of the Procurement Strategy. It would highlight any savings already delivered and identify the scope for further improvement, as well as the barriers to progress. Among the issues considered would be the application of e-procurement methods and the balance between securing direct financial savings and promoting sustainable procurement. The study would be designed and scheduled to complement the ongoing programme of public sector procurement fitness checks being undertaken by Value Wales, and would build on previous work undertaken by the Audit Commission in its 2002 report on NHS procurement and supply in Wales.

Agenda for Change and service modernisation

The purpose of the Agenda for Change is to harmonise the conditions of service for NHS staff and at the same time help modernise the service by making the workforce more efficient and effective. It applies to approximately 80,000 directly employed staff in Wales, the exceptions being doctors and dentists and very senior managers. As staff costs account for some 75 per cent of NHS spending, ensuring that this is used well makes it important to implement and keep Agenda for Change on track. Each Trust began moving staff to the new pay system in December 2004 with the expectation that this would be completed by October 2005. It was recently reported that less than a quarter of Trusts in England had met their implementation targets. The position in Wales appears to be similar: in June 2005, the Pay Modernisation Unit reported that 40 per cent of staff in Wales had been matched to the new pay profiles.

The experience of implementing the consultant contract in Wales showed that 30 per cent of Trusts had questionable processes for implementing this sort of change. One of the main risks is that in trying to meet the targets for implementing Agenda for Change will become a tick box process without realising modernisation opportunities. This study will examine whether such opportunities are being missed and is intended to help ensure that the benefits of the Agenda for Change are obtained.

Hospital building: business cases and project management

Wales: A Better Country put forward a plan to provide £550 million for new premises, and *Designed for Life* set an aim of changing hospitals to make them more useful to the modern NHS. Obtaining good value from building projects requires careful analysis and planning. Much depends on the strategic analysis of why, where and how facilities should be built, as well as the choice of funding method. And full account needs to be taken of the objective of avoiding maintenance costs. For example, one of the risks to value for money that arises from private finance initiative schemes where contracts are based on volume and space is that reduced use does not yield any financial benefit, so providing a disincentive to rationalisation of the estate.

This study would involve an examination of the quality of recent and current hospital building business cases and subsequent project plans. The principal focus would be on the rigour of strategic analysis of the need and location of new builds, but the study would also consider the rigour of funding source decisions. For completed projects, the study would examine how well the NHS and contractors managed the building phase, and how well the projects are performing against service delivery criteria.

The Second Offer Scheme

Designed for Life aspires to eliminate long waiting times, with patients treated in the right place, by the right person and at the right time. The Second Offer Scheme has a crucial role in delivering this for inpatient and day case waiting times. The Scheme has been in operation since April 2004 and offers patients on the inpatient/day case waiting list a choice of treatment by an alternative provider if they are going to breach a waiting list target. At the end of March 2005, there were a total of 840 patients waiting over 12 months compared to 8,457 at March 2004 and 16 patients waiting over 18 months compared to 1,401 in March 2004.

A lot of money has been put into tackling long waiting times for inpatient and day cases: £5 million was initially put into the Second Offer Scheme on top of existing health funding, and £12 million was added to set up and run a single Second Offer commissioning team to guarantee the 18 month target times. A further £25 million was allocated for 2004-05 to meet the 12 month target. For 2005-06 an allocation of £24 million has been made available to deliver the outpatient and inpatient target. This study would look at the impact of the Assembly's policies in achieving a reduction in inpatient/day case waiting times, focusing in particular on the Second Offer Scheme and the benefits of having a single commissioning body for the Scheme. It would take account of the views of patients, particularly regarding such matters as the need to travel for treatment.

Dentists

Wales has shortages of NHS dentists in many parts of the country. The Government has made funds available since 1995 specifically to attract more dentists, but problems still persist, particularly in rural areas such as Ceredigion and Gwynedd. In September 2004, the percentage of the adult population registered with a dentist for NHS treatment in Wales was 46 per cent, while for children it was 59 per cent, with both rates declining over recent years. The Welsh Assembly Government has developed policies to reform primary dental care services in conjunction with the UK government, and the new dental contractual arrangements will begin in Wales in April 2006, along with a new patient charge system. Local Health Boards have taken over the budget of £75 million to provide the funding and commissioning of local NHS dental services. This study would set out the risks that will have to be managed if progress is to be made overall—not only in ensuring appropriate access to NHS dental services, but also in ensuring good quality service where access is available. An element of this examination will therefore be a review of the quality of dental care, and this may include a survey of patients.

Environment, Planning and Countryside

For 2006-07

Flood risk management

Owing to climate and geography, Wales is highly susceptible to flooding and has in recent years experienced a number of incidents that have caused widespread damage. Major flooding incidents have a massive impact on quality of life and are probably the biggest natural disasters faced in Wales. The management of flood risks also requires a great deal of joined-up working, which, in his report on flood defence, the Comptroller & Auditor General described as “a massive challenge”. The system for managing flooding risks has recently changed, with a single Regional body overseeing all aspects of decision making, guided by policy from the Assembly Government. The Assembly would welcome an early (latter part of 06-07) assessment of the new arrangements, in particular, comparing the system to that in England.

This study fits with the Making Connections themes of reshaping services and working together. It also fits with the Assembly’s Sustainable Development agenda – the increased incident of flooding is often linked to climate change. Ineffective risk management and insufficient collaboration with stakeholders within the context of a new administrative and funding regime could lead to increased costs and disruption to other services in tackling emergency situations.

Developing Farm Businesses

The Farming Connect scheme is central to the way in which the Assembly seeks to enhance the long-term sustainability of farms. It aims to improve farm performance and maximise income. This is a fully subsidised service providing farmers with a Farm Business Development Plan, using accredited consultants. The plans open the door to all Farming Connect services, including the Farm Improvement Grant and the Farm Enterprise Grant. Consultants explore with farmers plans for improving farm income, including environmental schemes, and off-farm income opportunities. They also explore training and diversification, and provide professional advice and recommendations on proposed capital expenditure, including possible grant applications. Farming Connect is run as public-private partnership service, and, as such, is seen by the Assembly as an innovative approach to fostering on-farm entrepreneurship.

The study will consider relationships between partner agencies, the level of expertise provided by consultants, the extent to which proposals laid down in development plans are made operational, the impact of any changes to practice upon farm revenue, sustainability, quality of farm produce and level of diversification, all of which are stated intentions of the scheme. Other areas to explore include the pattern of take-up and the administrative costs of the scheme. The study may also consider the impact of the Assembly's 'pause and review' report upon practice, for example, whether Farm Business Development Plans and the take up of the available training options had improved.

Waste management follow-up

In November 2004, the Auditor General for Wales published a report on *Environment Agency Wales' regulation of waste management*. The National Assembly's Audit Committee investigated this issue and published its own report, including twelve wide-ranging recommendations, in February 2005. Also in that month, the Audit Commission in Wales issued a report on the performance of local authorities in meeting targets for recycling. And in August 2005, the Assembly's Environment, Planning and Countryside Committee, having taken evidence from the Auditor General for Wales and others, published a report on the basis of its inquiry into meeting landfill and recycling targets. A follow up study would assess the extent to which the Assembly Government, local authorities and Environment Agency Wales had implemented recommendations from these reports, in particular those relating to recycling, composting, diverting waste from landfill and the implementation and effect of new regulations for the disposal of hazardous waste. Delivery in 2006 would provide the best timing to inform local government developments in this area.

Education and Training

For 2006-07

Capital investment in schools

The School Buildings Improvement Grant, which is to rise from £36.5m in 2002-03 to £74.7m in 2007-08, is linked to the BetterWales.com target that all schools in Wales should be in a good physical condition by 2010. The money is provided with the intention that Local Authorities use the grant to fund school building and improvement schemes. Local Authorities were to produce asset management plans in 2004.

This study would look at how the Grant was being spent and compare expenditure to priority areas of need. It would draw on the newly extended powers of the Auditor General, so as to consider not only how well the Assembly is monitoring and providing guidance but also local authority use of the funds. It would therefore take into account Councils' broader asset management planning for consideration of the broader potential for community use of school buildings, and would also consider the need to reduce surplus school capacity. The study would not necessarily be confined to the School Buildings Improvement Grant alone; it could also consider the use of a variety of sources of funds to address the school buildings issue, and might be extended to cover school Disability Discrimination Act access issues.

The Teacher Workload Agreement

Ministers in Wales and England and the majority of teaching unions signed the Teacher Workload Agreement in 2002. The Agreement provides for a reduction in teachers' workload: reducing the administrative work they undertake, limiting the cover they provide for colleagues and providing guaranteed non-contact time within the timetabled day. These measures are being introduced in three annual phases commencing in September 2003. Schools have to remodel their workforce to implement the Agreement, and the Assembly Government is responsible in Wales for issuing guidance and making regulations to LEAs to effect these changes. The Assembly set aside some £33 million to support the Agreement in 2004-05, and a further £99 million over the three years to 2007-08. This study would assess the effectiveness of the Agreement. It would not commence until autumn 2006, so as to allow the arrangements time to bed in.

Alternatives and studies for 2007-08 or later

Improving school behaviour and attendance

Secondary schools in Wales reported 9.5 per cent absence in 2003-04, compared to 8.1 per cent in maintained schools in England. School staff have to spend time chasing parents as to the whereabouts of the pupils, and teachers have to spend time with returning children helping them to catch up, disrupting the learning of other pupils. Poor behaviour also disrupts learning, and is a significant cause of stress among teachers, leading to losses through sickness and resignation. Measures to deal with poor behaviour also draw on resources; for example, local authorities have to fund alternative provision for pupils excluded from schools. The Assembly Government has sought to address these problems by setting up the Attendance Task and Finish Group, which produced an action plan in February 2003. This set out actions to be completed before the end of 2003.

This study would assess what measures are being taken to improve attendance and behaviour and their relative success, highlighting areas of good practice. A possible timing constraint is that the Assembly is now consulting on introducing parenting orders and contracts from January 2006 as part of a wider consultation on its *Inclusion and Pupil Support* policy.

Disability access to education institutions

The Disability Discrimination Act (DDA) makes it unlawful for public bodies, including education institutions, to discriminate against disabled people. Education institutions therefore have a duty under the Act to enable reasonable access to people with disabilities. Failure to comply with the Act presents a risk to value for money in terms of inequitable service delivery, and may have some financial consequences through litigation. Disability access is known to be a problem in further education institutions, where some £20 million of work was required as at 2001 in order to achieve compliance with the Act. This problem has been pursued by the Committee in correspondence with the Minister and the National Council, and the National Council will provide an update on progress later in 2005. The extent of the problem in higher education institutions has not yet been quantified. In terms of schools, *Planning to increase access to schools for disabled pupils*, published by the Assembly in March 2004, requires LEAs to put in place strategies for compliance. In some cases this may be challenging as the quality of local authority education Asset Management Plans is variable.

This study would examine education institutions' efforts to achieve compliance, identifying both good practice and areas for improvement. Depending on scoping work, it may cover Further Education institutions, Higher Education institutions and schools, in the case of the latter drawing on local work to consider compliance as part of school asset management. For Further Education institutions, scoping work would need to take account of the National Council's response to the Audit Committee.

Economic Development and Transport

For 2006-07

Integrated Transport

The Welsh Assembly Government plans to spend some £830 million in 2005-06 on transport. While the largest element of this spending is on trunk roads and motorways (some £650 million), it also includes funding for initiatives to reduce the use of cars and provide sustainable, integrated transport solutions. Integrated transport is an important part of the Assembly's sustainable development agenda, and it has a bearing on the overall value obtained from transport spending. Integrated transport initiatives include capital funding for passenger services on the Ebbw Vale and Vale of Glamorgan rail lines and free bus travel for the over-60s. The Assembly provides most of the funding, but local authorities are largely responsible for delivering the schemes, while railway services are provided by Arriva Trains Wales. The study would examine whether the various initiatives provide genuinely integrated transport, the level of service for passengers and the initial social and environmental impacts. It would also examine how well the initiatives complement each other, how well they are co-ordinated, and how well the management and funding arrangements work in practice. It would include consideration of the use and administration of the transport grants provided to local authorities by the Assembly.

Alternatives and studies for 2007-08 or later

The role of the public sector in providing and managing business accommodation

A shortage of suitable sites deters potential investors in Wales, and there is a chronic problem of market failure because the cost of non-retail development exceeds market value in many parts of the country. While there is a surfeit of ageing industrial property, there is a shortage of modern, good quality sites and premises to meet the needs of major investors and certain types of new businesses. The public sector has helped for many years by providing property directly, and more recently by providing grants to private developers. The cost is substantial: the WDA plans to spend £62 million in 2005-06 and local authorities will use EU funding to finance their own developments.

The WDA issued a property strategy in 2004 to identify future property needs and innovative private finance arrangements to fund major new developments. It noted that while good progress had been made over the previous two years, the situation remained broadly unchanged. This study would examine progress in implementing the strategy, review the evidence on which it was based, and assess early evidence of its success in meeting demand, minimising net cost, improving quality and meeting wider strategic objectives.

Techniums (intensively supported business accommodation)

A technium provides high-quality, serviced accommodation under one roof for small knowledge-based businesses, usually in a specific sector of the economy. The aim is to provide intensive support, including strong links with academia to assist research and development, for small businesses with growth potential. The Welsh Development Agency runs the programme and has completed eight techniums across Wales, with specific sites for performance engineering, software, digital media, opto-electronics and sustainable technologies. It is an innovative and high-risk programme, and feedback to date has been mixed. There are also important decisions to be made on the future of the techniums, including whether to transfer the property and business services to the private sector. The study would examine early indicators of the techniums' impact on client businesses and on innovation more widely. It would also review the efficiency and quality of the services offered to tenant businesses, including options for future growth and funding.

Social Justice and Regeneration

For 2006-07

Communities First

The Communities First programme is a long-term strategy for improving the living conditions and prospects for people in the most disadvantaged communities in Wales. It is intended to help deprived communities to help themselves. It provides 'co-ordinators' who work with local people, local authorities, voluntary groups and business to establish partnerships and projects that help develop the community in sustainable social and economic ways, such as through the establishment of community-based childcare facilities. The Assembly has allocated over £65 million to the programme since its inception in 2001, with a further £32 million available in the budget for 2004-05. This study would examine how funds are deployed and monitored, and assess the impacts achieved.

Alternatives and studies for 2007-08 or later

The Homebuy scheme

Homebuy was introduced in Wales in the mid 1990s to encourage low cost home ownership. It is a form of equity loan whereby part of the initial purchase cost is met by a registered social landlord, using Social Housing Grant, and is treated as an interest free loan to the purchaser. On disposal, or sooner if the purchaser so decides, the registered social landlord receives the relevant percentage of the current market value. These receipts are reinvested to provide further Social Housing Grant. The standard equity loan is 30 per cent of the approved purchase cost, but this can be increased to 50 per cent in rural areas or in social housing redevelopment schemes. The use of Homebuy is a matter for local authority determination from the total Social Housing Grant allocated to them annually. In 2003-04, £5.68m was used to support the purchase of 198 houses in 15 local authorities. This study would examine the administration of the scheme, the level of underlying demand and the extent to which it was meeting its objectives. The Assembly is commissioning its own review of low cost home ownership, including the Homebuy scheme, and the results of that work would need to be taken into account before commencing this study.

Tackling Substance Misuse

The Assembly launched its strategy *Tackling Substance Misuse, A Partnership Approach* in April 2000. This is an eight year strategy designed to coincide with the UK strategy *Tackling Drugs to Build a Better Britain* (1998-2008).

Responsibility for the local delivery of the substance misuse strategy has been transferred to the 22 Community Safety Partnerships in Wales, established in April 2003 following the reorganisation of the NHS in Wales, and involves a range of stakeholders including local government, health and education bodies, the police and the voluntary sector. This study would consider the progress being made towards the aims and objectives set out in this strategy, and will identify the barriers to future progress. It will consider the procedures for the allocation and monitoring of provision to tackle substance misuse in Wales, as well as assess the success of partnership working at a local level.

A key feature of the Assembly's efforts to address this problem has been the establishment of a Substance Misuse Action Plan Fund, provision for which has been increased significantly to £15.6 million in 2004-05. These monies are intended to help implement the needs identified through the local action plans being developed by the Community Safety Partnerships. An alternative version of this study could examine the progress being made by Community Safety Partnerships in taking forward the Substance Misuse strategy at a local level, with particular reference to the distribution of the Substance Misuse Action Plan Fund.

The Community Facilities and Activities Programme

The Community Facilities and Activities Programme was launched in November 2002 and is a grant scheme operated by the Welsh Assembly Government to help community and voluntary organisations provide facilities or carry out activities which will promote the regeneration of communities. The operation of the Programme was reviewed during 2003 and, in order to simplify the funding streams open to the voluntary sector, has been merged with the Community and Voluntary Sector Local Regeneration Fund. The purpose of this Fund was primarily to provide match funding for European Structural Funds, although consideration is also given to non-match funding proposals, particularly in areas ineligible for EU Structural Funding. The budget for the rebranded Community Facilities and Activities Programme has risen to £7.7 million for 2004-05. This study would examine assessment and monitoring arrangements for the programme, and whether supported projects are delivering planned objectives.

Culture, Sport and the Welsh Language

For 2006-07

Wales Millennium Centre

The Wales Millennium Centre in Cardiff opened in November 2004 at a total cost £106 million, including £80 million of public money (mainly from the Assembly Government, the Millennium Commission and the Arts Council of Wales—much of it therefore of Lottery origin). The Assembly Government currently provides £2 million a year in revenue support for the Centre. The Centre has ambitious audience targets to achieve, which present significant challenges to management. This study would examine how well the project to establish the Centre was managed, and how well the Centre has operated in its first year or so, especially in terms of operating costs and visitor numbers.

Alternatives and studies for 2007-08 or later

laith Pawb – creating a bilingual Wales

laith Pawb is the Welsh Assembly Government's 'National Action Plan for a Bilingual Wales', launched in November 2002. It seeks to promote and sustain the use of the Welsh Language and to provide people living in Wales with as much opportunity as possible to use and learn the language, should they so choose, as part of their everyday life. The Plan sets out a number of key targets to be achieved by 2011, including increasing the percentage of people in Wales able to speak Welsh, increasing the percentage of children receiving Welsh medium pre-school education and increasing Welsh medium service provision by public, private and voluntary organisations.

The Welsh Assembly Government earmarked nearly £30 million in additional financial support for the Action Plan over the three years 2003-04 to 2005-06, mainly in the form of extra funding for Welsh Language Board initiatives and measures within the formal education structures. The Welsh Assembly Government is responsible for implementing the Action Plan and for monitoring and reviewing its impact. The study would examine the effectiveness of the initiatives and measures undertaken to date and assess progress towards achieving the key targets set out in the National Action Plan. It would also highlight matters on which specific action needed to be taken in the coming years fully to implement laith Pawb. The timing and scope of the study would take into account the Assembly Government's planned review of the programme in 2007.

National Library of Wales: Collections Management

The primary purpose of the National Library of Wales (Aberystwyth) is the collection, preservation and maintenance of printed materials, manuscripts and archives, visual and audio-visual material, and electronic material relating to Wales and the Celtic peoples. Its other main objectives are to give access to the materials it holds, to publicise and interpret its collections, and to collaborate with other bodies in doing so. The Library receives some £14 million a year in funds from the Welsh Assembly Government.

The Library is facing several collections management challenges. The Library has substantial backlogs of un-catalogued material, and some collection items are stored in unsuitable and insecure conditions. Its information technology systems, for cataloguing and archiving collection assets, are increasingly unfit for purpose. Issues relating to the ingest, preservation and access to digital materials also need to be tackled, particularly in the light of new Legal Deposit legislation. And improvements to and maintenance of the Library building is needed. The Library estimates its backlog maintenance requirement (i.e. the amount needed to achieve a good standard of building condition) to be some £7 million. It is addressing these matters through a programme of retrospective cataloguing and rationalisation of its collections, the procurement of a new corporate computer system (on target for completion by 2006-7), an ongoing assessment of digital archiving and access requirements and a programme of building works.

This study would examine how well the Library is managing the development of its collections management arrangements. It would focus on the Library's progress in dealing with its backlogs of un-catalogued material, in improving its collection storage (both physical and electronic) and in encouraging public access, both physical and virtual, to its collections. It would complement the earlier study of collections management at the National Museums and Galleries of Wales, published in April 2004. It would highlight good practice in collections management and identify improvements to the Library's cataloguing, storage and access arrangements.

Maximising the benefits of major sporting events

The 2012 London Olympics present opportunities to promote sport and its benefits in Wales. Cardiff's Millennium Stadium is due to host seven association football matches as part of the Games. Moreover, there may be opportunities for various facilities in Wales to be used as 'holding camps' for visiting teams before the opening of the athletes' village. The hosting of the 2010 Ryder Cup at Celtic Manor presents similar opportunities. This study would examine whether the Assembly and Assembly Sponsored Bodies are in a position to maximise the health and well-being, economic, tourism and cultural benefits from such events. In particular, it would assess whether the Sports Council and Assembly are making good use of these unique opportunities to highlight the importance of sport and physical activity. As such, it would provide a thematic follow-up to the current examination on increasing physical activity in Wales.

Administration of the Assembly

For 2006-07

Commercial competence

Delivering good value from public expenditure on goods and services is in large part dependent on the negotiation and operation of suitable contracts. This is particularly the case for projects where there is a need or intention to have a partnership, rather than a simple purchaser-provider relationship. Agreeing suitable contracts is, in turn, dependent on having sufficient internal commercial expertise, or obtaining it from good quality consultancy. This study would assess current levels of commercial competence through, among other things, examining whether recent contracts and partnership arrangements are of an appropriate form. It would examine how the Assembly Government and related bodies buy in commercial expertise, assessing whether this is done to an appropriate degree and in appropriate circumstances. It would thereby identify ways of getting better value from consultancy and areas where there is a need to strengthen in-house expertise. The study would also examine efforts to improve in-house commercial competence.

Alternatives and studies for 2007-08 or later

The incorporation of the WDA, WTB ELWa and WLB into the Welsh Assembly Government

The Assembly Government announced on 14 July 2004 that the Welsh Development Agency, Wales Tourist Board and ELWa would be absorbed into the Welsh Assembly Government from 1 April 2006, ending their status as arms-length Assembly Sponsored Public Bodies. The aim of the merger is to provide a more seamless, integrated and customer-focused service. The Assembly Government expects the merger to cost £44m, and estimates potential savings at around £10m per year from 2009. The study would examine the planning and implementation of the merger, but may be expanded so as to also consider the effect on services and resources.

Welsh Assembly Government relocation strategy

This study would examine the Assembly's strategy to relocate existing Cardiff-based Assembly government jobs at a range of grades. The strategy will lead to some additional costs, but also offer the prospect of savings from cheaper office accommodation outside Cardiff. It also presents the possibility of wider economic benefits, as well as extending the presence of the Assembly outside Cardiff and throughout Wales. The strategy is consistent with the findings of the Lyons Review in England, which seeks to disperse civil service staff from Whitehall into new locations in the English regions. The study would consider the costs of relocating staff, the benefits realised and the degree of business continuity achieved. It would take account of staff turnover arising from relocation, staff morale at the new offices and the economic impact of the strategy. It would also include a comparison with the process, costs and benefits of relocation achieved in England and Scotland.

Annex 2: Outline of draft local government study programme 2005-06

In 2004-05 the local government study programme included an Energy and Water study to support the 'Making the Connections' efficiency targets, and a Health, Social Care and Well Being Study. For 2005-06 we are proposing:

- to continue with the Energy and Water theme by extending it to cover housing, both local government and housing association stock; and
- to undertake a management arrangements review of the preparedness of local government to deliver the 'Making the Connections' agenda.

Energy and Water Management in the Housing sector

The Home Energy Conservation Act (HECA) 1995 sets improvement targets for residential accommodation by 2007 compared to the performance of the stock in 1997. Improvements to energy efficiency in social housing are also expected to be achieved through the Welsh Housing Quality Standard, which sets a common standard for the physical condition of all existing social housing to be achieved by 2012. By the end of 2006, all local authorities and housing associations must have completed a stock condition survey. The Assembly Government's Energy Efficiency Policy Agreement with local authorities requires a 14 per cent improvement in domestic energy efficiency by 2007. The housing stock includes all domestic properties, whether in the council, housing association, owner-occupied or private rented sectors. The current level of improvement reported to the Assembly Government indicates that the target will not be achieved.

The study will address such issues as whether the management arrangements currently in place in local authorities and housing associations are sufficiently effective to meet the required energy efficiency targets, whether resources for improving energy efficiency are targeted effectively and whether external funding for energy efficiency measures is being used effectively. It will also consider the effectiveness of co-operation between local authorities and the private sector to improve energy efficiency and the effectiveness of arrangements to raise awareness of the public and housing tenants to energy efficiency issues.

Making and delivering the Connections: management arrangements within Local Government

The Welsh Assembly Government is committed to maximising value for money in order to deliver better quality public services in Wales, as set out in *Making the Connections*. A key element of this is efficiency gains through more effective co-operation and co-ordination between public sector agencies. In particular, it sets a target figure of £600 million improved value for money across the major public bodies by 2010, expected to be achieved through more efficient ways of working, achieving cost reductions or service improvements. It requires action from all parts of the public sector, including local government, if its objectives are to be met. *'Making the Most of our Resources'* sets out the Assembly Government's approach to securing value for money improvements and the arrangements for defining, securing, monitoring and validating the gains. This study will seek to answer the question: "Is local government sufficiently prepared to meet the targets as set out in *Making the Connections*?" It will therefore examine whether there are effective management arrangements to identify, secure, monitor and validate efficiency gains in local authorities.

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