

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee
room 3, Senedd and video conference
via Zoom

For further information contact:

Owain Roberts

Committee Clerk

Meeting date: 26 June 2024

0300 200 6388

Meeting time: 09.30

SeneddFinance@senedd.wales

Registration

(09.00–09.15)

Private Pre-meeting

(09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Paper(s) to note

(09.30)

(Pages 1 – 9)

Minutes of the meeting held on 9 May, 16 May and 22 May.

2.1 PTN 1 – Letter from the Cabinet Secretary for Culture and Social Justice: Regulations relating to the Well-being of Future Generations (Wales) Act 2015 – 17 May 2024

(Pages 10 – 11)

2.2 PTN 2 – Independent Review of the Public Service Ombudsman for Wales's Investigation of Code of Conduct Complaints: Final terms of reference – 20 May 2024

(Pages 12 – 16)

2.3 PTN 3 – Letter from the Llywydd and Chair of the Business Committee: Committee remits – 22 May 2024

(Pages 17 – 19)



- 2.4 PTN 4 – Letter from Audit Wales: Notification of audit deadline position – 23 May 2024**
(Pages 20 – 22)
- 2.5 PTN 5 – Letter from Audit Wales: Community Pharmacy Data Matching Pilot – 23 May 2024**
(Pages 23 – 49)
- 2.6 PTN 6 – Letter from the Minister of Finance, Northern Ireland Assembly: Fiscal Intergovernmental Relations – 29 May 2024**
(Pages 50 – 51)
- 2.7 PTN 7 – Letter from the Cabinet Secretary for Finance, Constitution and Cabinet Office: delaying of the publication of the Welsh Government's first supplementary budget 2024–25 – 10 June 2024**
(Pages 52 – 53)
- 2.8 PTN 8 – Letter from the Chair of Health and Social Care Committee to the Minister for Social Care: Health and Social Care (Wales) Bill and general scrutiny session – 12 June 2024**
(Pages 54 – 60)
- 2.9 PTN 9 – Letter from the Trefnydd and Chief Whip on the financial implications of the Senedd Cymru (Electoral Candidate Lists) Bill – 31 May 2024**
(Pages 61 – 62)
- 2.10 PTN 10 – Letter from the Trefnydd and Chief Whip: Senedd Cymru (Electoral Candidate Lists) Bill – 14 June 2024**
(Pages 63 – 64)
- 2.11 PTN 11 – Joint letter from the Legislation, Justice and Constitution Committee and the Finance Committee: Welsh Tax Acts etc. (Power to Modify) Act 2022: Section 6 (Review of operation and effect of this Act) – 7 June 2024**
(Pages 65 – 66)
- 3 Fiscal Intergovernmental Relations: Evidence session 7**
(09.30–10.30) (Pages 67 – 82)
Ed Poole, Senior Lecturer, Wales Governance Centre (Wales Fiscal Analysis)

Supporting documents:

Senedd Research Brief

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting

(10.30)

5 Fiscal Intergovernmental Relations: Consideration of evidence

(10.30–10.45)

6 Changes to the Budget Protocol – Responses from the Directly Funded Bodies

(10.45–11.00)

(Pages 83 – 99)

Supporting documents:

FIN(6)–14–24 P1 – Cover paper

FIN(6)–14–24 P2 – Letter from Audit Wales – 15 April 2024

FIN(6)–14–24 P3 – Letter from the Senedd Commission – 30 April 2024

7 Consultation with Senedd Committees on Draft Budget Scrutiny

(11.00–11.15)

(Pages 100 – 120)

Supporting documents:

FIN(6)–14–24 P4 – Cover paper

FIN(6)–14–24 P5 – Letter from the Chair of the Economy, Trade, and Rural Affairs Committee – 1 May 2024

FIN(6)–14–24 P6 – Letter from the Chair of the Legislation, Justice and Constitution – 9 May 2024

FIN(6)–14–24 P7 – Letter from the Chair of the Culture, Communications, Welsh Language, Sport, and International Relations Committee – 17 May 2024

FIN(6)–14–24 P8 – Letter from the Chair of the Local Government and Housing Committee – 22 May 2024

FIN(6)–14–24 P9 – Letter from the Chair of the Equality and Social Justice Committee – 3 June 2024

FIN(6)-14-24 P10 Letter from the Chair of the Climate Change, Environment, and Infrastructure Committee – 18 June 2024

8 Membership of the Wales Audit Office Board: Response from Audit Wales

(11.15-11.30)

(Pages 121 – 127)

Supporting documents:

FIN(6)-14-24 P11 – Cover paper

FIN(6)-14-24 P12 – Letter from Audit Wales: Membership of the Wales Audit Office Board – 11 June 2024

FIN(6)-14-24 P13 – Letter to Audit Wales: Membership of the Wales Audit Office Board – 13 May 2024

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 3, Senedd and video conference via Zoom**

This meeting can be viewed on [Senedd TV](#) at:

<http://senedd.tv/en/14677>

Meeting date: Thursday, 9 May 2024

Meeting time: 10.30 – 12.35

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Rhianon Passmore MS
Witnesses:	Michelle Morris, Public Services Ombudsman for Wales Chris Vinestock, Chief Operating Officer & Director of Improvement, Public Services Ombudsman for Wales Katrin Shaw, Chief Legal Adviser & Director of Investigations, Public Services Ombudsman for Wales
Committee Staff:	Owain Roberts (Clerk) Leanne Hatcher (Second Clerk) Cerian Jones (Second Clerk) Mike Lewis (Deputy Clerk) Owen Holzinger (Researcher) Ben Harris (Legal Adviser)



Registration

Private Pre-meeting

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN 1 – Letter from the Cabinet Secretary for Finance, Constitution & Cabinet Office: Approach to the publication of supplementary budgets – 29 April 2024**

3 Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales: Evidence session

3.1 The Committee took evidence on the Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales, from Michelle Morris, Public Services Ombudsman for Wales; Chris Vinestock, Chief Operating Officer & Director of Improvement; and Katrin Shaw, Chief Legal Adviser & Director of Investigations.

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting

4.1 The motion was agreed.

5 Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales: Consideration of evidence

5.1 The Committee agreed to write to the Public Services Ombudsman for Wales requesting that she provides an update on the progress of the review prior to the summer recess.

6 Update on the Wales Audit Office Board Membership

6.1 The Committee considered the cover paper, and the draft terms and conditions document; and agreed the action points included in the cover paper.

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 4 Ty Hywel and video conference via Zoom**

Meeting date: Thursday, 16 May 2024

Meeting time: 09.30 – 10.43

This meeting can be viewed on [Senedd TV](#) at:

<http://senedd.tv/en/13896>

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Alun Davies MS (In place of Rhianon Passmore MS) Mike Hedges MS Altaf Hussain MS (In place of Peter Fox MS)
Witnesses:	Shona Robison MSP, Cabinet Secretary for Finance and Local Government, Scottish Government
Committee Staff:	Owain Roberts (Clerk) Leanne Hatcher (Second Clerk) Mike Lewis (Deputy Clerk) Martin Jennings (Researcher) Christian Tipples (Researcher) Božo Lugonja (Researcher)



Registration

Private Pre-meeting

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

1.2 The Committee received apologies from Rhianon Passmore MS and Peter Fox MS.

1.3 Alun Davies MS substituted for Rhianon Passmore MS; and Altaf Hussain MS substituted for Peter Fox MS.

2 Fiscal Intergovernmental Relations: Evidence session 5

2.1 The Committee took evidence on its inquiry into Fiscal Intergovernmental Relations from Shona Robison MSP, Cabinet Secretary for Finance and Local Government, Scottish Government.

3 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting and the start of the meeting on 22 May

3.1 The motion was agreed.

4 Fiscal Intergovernmental Relations: Consideration of evidence

4.1 The Committee considered the evidence received.

5 First Supplementary Budget 2024–25: Directly Funded Bodies

5.1 The Committee considered the cover paper and the supplementary estimates from the Public Services Ombudsman for Wales; and the Senedd Commission.

5.2 The Committee agreed to invite the Senedd Commission to attend an evidence session on its supplementary estimate.

6 Inquiry into Financial Transactions Capital: Scoping Paper

6.1 The Committee considered the scoping paper and agreed to undertake a short inquiry on Financial Transactions Capital.

7 The Senedd Cymru (Electoral Candidate Lists) Bill: Consideration of draft letter

7.1 The Committee considered the draft letter on the Senedd Cymru (Electoral Candidate Lists) Bill and agreed it with no changes.

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 3, Senedd and video conference via Zoom**

Meeting date: Wednesday, 22 May 2024

Meeting time: 09.30 – 11.51

This meeting can be viewed on [Senedd TV](#) at:

<http://senedd.tv/en/14688>

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS
Witnesses:	Hefin David MS, Senedd Commissioner Manon Antoniazzi, Chief Executive and Clerk, Senedd Commission Kate Innes, Chief Finance Officer, Senedd Commission Ed Williams, Director of Senedd Resources, Senedd Commission Sir Paul Silk, former Clerk at both the House of Commons and Senedd Cymru Paul Evans, former Clerk of Committees in the House of Commons
Committee Staff:	Owain Roberts (Clerk) Leanne Hatcher (Second Clerk) Mike Lewis (Deputy Clerk)



	Martin Jennings (Researcher) Owen Holzinger (Researcher) Christian Tipples (Researcher) Ben Harris (Legal Adviser)
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Registration

Private Pre-meeting

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

1.2 Apologies were received from Rhianon Passmore MS. There was no substitute for Rhianon Passmore MS.

1.3 Mike Hedges MS declared that he is Chair of the Public & Commercial Service Union cross-party group in the Senedd; and is a Trustee of the Senedd Members' Pension Board.

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN 1 – Letter from the PSOW: Additional information on councillor complaints – 16 May 2024**

3 First Supplementary Budget 2024–25: Evidence session with the Senedd Commission

3.1 The Committee took evidence on the First Supplementary Budget 2024–25 from Hefin David MS, Commissioner for Budget and Governance; Manon Antoniazzi, Chief

Executive and Clerk of the Senedd; Kate Innes, Chief Finance Officer, Senedd Commission; and Ed Williams, Director of Senedd Resources, Senedd Commission.

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the items 5,6,7 and 9

4.1 The motion was agreed.

5 First Supplementary Budget 2024–25: Consideration of evidence

5.1 The Committee considered the evidence received.

5.2 The Committee agreed to write to the Senedd Commission to request further information on its supplementary budget.

6 Wales Audit Office appointments: Consideration of draft report

6.1 The Committee considered and agreed the report.

7 Consideration of Forward Work Programme

7.1 The Committee considered and agreed the Forward Work Programme.

Public

8 Fiscal Intergovernmental Relations: Evidence session 6

8.1. The Committee took evidence on its inquiry into Fiscal Intergovernmental Relations from Sir Paul Silk, former Clerk at both the House of Commons and Senedd Cymru; and Paul Evans, former Clerk of Committees in the House of Commons.

9 Fiscal Intergovernmental Relations: Consideration of evidence

9.1 The Committee considered the evidence received.



Peredur Owen Griffiths MS
Chair of the Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

17 May 2024

Dear Peredur,

The Welsh Government is preparing to lay regulations to add an additional eight public bodies to section 6(1) of the Well-being of Future Generations (Wales) Act 2015 ('the WFG Act'). These public bodies are Qualifications Wales, Social Care Wales, Health Education and Improvement Wales, the Welsh Revenue Authority, Transport for Wales, Centre for Digital Public Services Ltd, Digital Health and Care Wales, and the Welsh Ambulance Services University NHS Trust.

Subject to the regulations being passed by the Senedd, the eight public bodies will be subject to the WFG Act's sustainable development and well-being duty from 30 June 2024.

In advance of laying the regulations, the accompanying Explanatory Memorandum and Regulatory Impact Assessment, I am providing an update on the estimated costs to the Future Generations Commissioner for Wales given previous interest by your Committees.

The Commissioner has provided an updated analysis of the estimated costs associated with discharging the Commissioner's general duty and statutory functions in respect of the additional eight public bodies. They have estimated that the total annual cost from 2024-25 onwards is £120,000 (£15,000 per additional public body). Following discussions as part of the challenging 2024-25 draft budget setting process, I am grateful the Commissioner has agreed this estimated cost and the associated opportunity costs will be met from the Commissioner's existing budget. Further detail will be provided in the Explanatory Memorandum and Regulatory Impact Assessment accompanying the regulations.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Since 2022 when we consulted on these changes, we have continued to work with the additional bodies and from October 2022 my officials have delivered peer-to-peer knowledge and learning exchanges to directly support the eight public bodies as they prepare to be subject to the duty. We continue to work with the eight additional public bodies as well as the Commissioner and the Auditor General for Wales on how best we can collectively support these public bodies realise the benefits of the well-being duty.

Yours sincerely,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

Lesley Griffiths AS/MS
Ysgrifennydd y Cabinet dros Ddiwylliant a Chyfiawnder Cymdeithasol
Cabinet Secretary for Culture and Social Justice

Terms of Reference: Independent Review of PSOW's Investigation of Code of Conduct Complaints

Background

The office of the Public Services Ombudsman for Wales was established in April 2006 by the Public Services Ombudsman (Wales) Act 2005. In 2019 this Act was repealed and replaced by the Public Services Ombudsman (Wales) 2019 Act ("The 2019 Act"). The appointment of 'Ombudsman' is made by the Crown and the current Ombudsman, Michelle Morris has been in post since April 2022.

The role of the PSOW is to: 1) look into complaints that something has gone wrong with Welsh public services; 2) look into complaints that Welsh councillors have breached their Code of Conduct; and 3) work with public bodies to improve public services and standards of conduct within local government across Wales.

Context

On 26 March 2024, the PSOW was informed by a member of the public that a member of staff (herein referred to as the "Former Team Leader") had been making inappropriate and unacceptable social media posts of a political nature.

The Former Team Leader was suspended on 29 March 2024 and resigned from her role with PSOW on 3 April 2024. The Former Team Leader had been, until the end of August 2023, leading the Code Team assessing and investigating complaints that local councillors had breached the Code of Conduct for councillors in accordance with the Local Government Act 2000 ('LGA 2000').

Scope and Purpose of the Review

The purpose of the independent review is to look at the PSOW's processes for the assessment and investigation of complaints that members of local authorities, fire and rescue authorities, national park authorities and police and crime panels in Wales have breached their Code of Conduct. The aim of this review is to provide assurance as to whether the PSOW's code of conduct processes, delegations and decisions in relation to the assessment and investigation of such complaints have been sound, free from political bias¹ and that lessons are learned from what has happened.

While there is currently no evidence that the Former Team Leader expressed her personal views or influenced others in the office, PSOW recognises that any review also needs to provide assurance on the Former Team Leader's decision-making and potential influence on others. There is no intention for this review to reassess cases afresh or to reopen cases.

¹ For the purposes of this review, political bias will be found where there is evidence that the decision on a case was influenced by the political affiliation of the person who made the complaint and/or the member who was complained about.

Code of Conduct complaints which are not investigated

From 1 April 2021 onwards, the Code Team was responsible for the assessment of Code of Conduct complaints and making decisions on which complaints should not be investigated. Prior to this date these assessments were made in a different team which was not managed by the Former Team Leader.

On 1 September 2023, as happens from time to time in accordance with the operational needs of the office, the PSOW rotated team leaders and the Former Team Leader moved to manage a different team in PSOW. On this occasion, the rotation occurred as a result of the retirement of a team leader who managed a Public Service Complaints Investigation Team.

From 1 September 2023 until 22 October 2023, the Code Team had no team leader, pending the new team leader taking up this role on 23 October. During the time when no team leader was in position, a more senior manager oversaw the work of the Code of Conduct Team. She was, from time to time, assisted by the Former Team Leader.

This review will consider assessment decisions taken by the Former Team Leader and the Code Team from 1 April 2021 until 22 October 2023.

The PSOW applies a [two stage test](#) when deciding whether a complaint should be investigated. Firstly, whether the evidence provided suggests that a breach of the Code of Conduct has occurred, and, secondly, whether an investigation is required in the public interest.

As the Former Team Leader did not manage the Team which took assessment decisions on Code of Conduct cases before 1 April 2021, this review will not consider assessment decisions taken before 1 April 2021.

Code of Conduct complaints – cases which are investigated

Decisions to start an investigation under section 69 of the LGA 2000 are taken by the Director of Investigations/Chief Legal Adviser.

Decisions to discontinue an investigation before its completion are taken by the Director of Investigations/Chief Legal Adviser.

On completion of an investigation, the PSOW's role is to decide which of the following findings under s69(4) of the LGA 2000 is appropriate:

- (a) that there is no evidence of any failure to comply with the code of conduct
- (b) that no action needs to be taken in respect of the matters which are the subject of the investigation
- (c) that the matters which are the subject of the investigation should be referred to the monitoring officer of the relevant authority concerned for consideration by its standards committee, or
- (d) that the matters which are the subject of the investigation should be referred to the president of the Adjudication Panel for Wales for adjudication by a tribunal.

Decisions that there is no evidence of a breach of the Code (as outlined in (a) above) or that no action needs to be taken in respect of the matters investigated (as outlined in (b) above) are taken by the Director of Investigations/Chief Legal Adviser.

Cases which the Former Team Leader investigated during the period from 1 April 2019 (when the Former Team Leader became responsible for the oversight of Code of Conduct work) until 23 October 2023 and which the Former Team Leader either decided to discontinue or close because there was no evidence of a failure to comply with the code or no action needed to be taken, will be considered as part of this review. Although the Former Team Leader did not make the final decision on these cases, all cases which the Former Team Leader investigated whilst in a management role overseeing Code of Conduct casework for PSOW, will be considered as part of this review.

Decisions to refer a matter for hearing to a standards committee or the Adjudication Panel for Wales under (c) or (d) above, are taken by the Ombudsman.

These cases are then subject to an independent hearing, in which the investigation may be challenged and scrutinised and witnesses may be called before the relevant standards committee or Adjudication Panel for Wales reaches a decision on whether the councillor complained about has breached the Code of Conduct, and if so, whether a sanction should be imposed.

A councillor may appeal against decisions taken by a standards committee to the Adjudication Panel for Wales.

A councillor may appeal against decisions taken by the Adjudication Panel for Wales to the High Court.

The Adjudication Panel for Wales and standards committees are independent of the Ombudsman and take decisions on cases independently of the Ombudsman. Cases referred to either a standards committee or the Adjudication Panel for Wales have already been reviewed by those bodies. Decisions of those bodies are appealable: that is there is a statutory mechanism in place which allows a councillor subject to a decision of those bodies to seek a further review of those decisions. The Ombudsman has no power to alter a decision of a standards committee or the Adjudication Panel for Wales. The only way in which such decisions can be challenged or altered is via the statutory appeal process. Accordingly, the review will not include these cases.

Lead Reviewer

Dr Melissa McCullough

Melissa McCullough is the Commissioner for Standards for the Northern Ireland Assembly (since 2020) and also the Commissioner for Standards for the Jersey and Guernsey States Assemblies (since March 2023). Melissa moved to Belfast from the United States in 1994 and obtained a PhD from Queen's University Belfast, Faculty of Medicine in 1997. She has worked as an academic in law, ethics and professionalism in the UK and Ireland since 2005. Melissa also holds the Advanced Professional Certificate in Investigative Practice, a Master's degree in Bioethics and Applied Ethics

and a Bachelor of Laws degree. Melissa served as ministerial appointed non-executive director on the Health and Social Care Board in Northern Ireland from 2009 until 2020 and is currently a member of the BMJ Ethics Committee.

Review Team

Mr John Devitt

John Devitt is a Senior Policing Oversight Specialist & Independent Professional Investigator. John is a former Scotland Yard Detective and Senior Investigator for the Office of the Police Ombudsman for Northern Ireland. John has extensive major crime investigation knowledge and experience. He has over his long career undertaken some of the most challenging, complex and sensitive investigations nationally and internationally. John currently sits as an Advisory Panel Member for the charity Inside Justice which reviews and investigates alleged miscarriages of justice. John also supports the Northern Ireland Assembly Commissioner for Standards with her ethics and standards current case work. He has been a member of the Institute of Professional Investigators since 1992.

Mr Shane McAteer

Shane McAteer is the Clerk of Standards at the Northern Ireland Assembly and has worked as a senior public official for over 20 years, with experience in supporting the development and scrutiny of public policy and legislation and in providing procedural advice, policy analysis and professional support to elected representatives. Shane has particular experience in advising elected representatives on Code of Conduct requirements and in supporting the adjudication of complaints against elected representatives. He has expertise in conduct/workplace investigation and holds the Advanced Professional Certificate in Investigative Practice. In addition, Shane has prior experience as a Third Sector CEO.

Evidence Gathering

The Review Team will each be provided access to the case management database. Aside from what is available on the case management database, the Review Team will also gather any and all written correspondence, documentation, and communications relating and relevant to the scope and purpose of the review including email, telephone, digital and hard copy information. The Review team may deem it necessary to interview team members and staff and other relevant thirds parties as may become apparent throughout the review.

Deliverables

The Ombudsman has appointed Melissa McCullough to lead this independent review and report on their findings.

The PSOW considers that Dr McCullough should have a wide scope for comment and should seek to:

- (1) Review the PSOW's Code of Conduct processes and delegations to ensure that they are appropriate, fair and impartial and free from political bias.

- (2) Review the decisions taken by the former team leader and her Team not to investigate Code of Conduct complaints from 1 April 2021 to 22 October 2023, to ensure that the PSOW's two stage test was applied properly and decisions were free from political bias (673 cases).
- (3) Review cases where the former team leader was the 'case owner' which were investigated and closed without a referral to a standards committee or the Adjudication Panel for Wales from 1 April 2019 to 22 October 2023, to ensure that there is no evidence of political bias in the handling of these cases (11 cases).
- (4) Establish whether there is evidence that the team leader expressed her personal views on political matters akin to her social media posts in the office and/or inappropriately influenced other staff members, in the performance of their duties under the Local Government Act 2000.
- (5) Make any recommendations which Dr McCullough considers appropriate and issue a final report which the PSOW will share with the Senedd's Finance Committee. In the event that the Dr McCullough considers it necessary to widen the scope of this review, she will inform and agree this with the Ombudsman.

Chairs of Senedd committees

22 May 2024

Committee remits

Dear Chair,

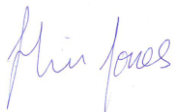
During the Business Committee's meeting on 14 May, we considered a letter from the Chair of the Climate Change, Environment, and Infrastructure Committee regarding challenges in relation to that Committee's remit which have arisen from recent changes to ministerial portfolios.

The Business Committee agreed to write to other Senedd committees to invite you to provide any views that you have on current committee remits, in order that we can consider any issues that have arisen in a coordinated manner.

I intend for the Business Committee to return to consider these matters further ahead of the summer recess and would therefore be grateful to receive any views or reflections that your Committee has by Friday 21 June 2024. Please let me know if you anticipate having any difficulty responding in this timeframe.

I enclose a copy of the correspondence sent from the Chair of the Climate Change, Environment, and Infrastructure Committee concerning their remit for context.

Kind regards,



The Rt Hon. Elin Jones MS

Y Llywydd and Chair of the Business Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.

Elin Jones MS

Llywydd

Chair of the Business Committee

10 May 2024

Dear Llywydd,

Committee Remits following the recent reconfiguration of the Welsh Government Cabinet

I am writing to request that the Business Committee consider the remits of policy committees following the appointment of the First Minister and subsequent reconfiguration of cabinet portfolios.

You will be aware that the recent changes to ministerial roles resulted in a significant redistribution of responsibilities, particularly those of the former Minister for Climate Change. The Climate Change, Environment and Infrastructure Committee's remit now covers the portfolios of four cabinet secretaries, encompassing diverse and substantial policy areas, as follows:

Cabinet Secretary for Economy, Energy & Welsh Language

- Energy policy, including renewable energy
- Circular economy
- Ports policy, including freeports
- Oversight of Cardiff Airport
- Digital connectivity infrastructure

Cabinet Secretary for Climate Change & Rural Affairs

- All matters relating to climate change and the environment.

Cabinet Secretary for North Wales and Transport

- Rail services through the Wales and Borders franchise
- Bus services
- Active travel
- Roads policies

- Transport for Wales

Cabinet Secretary for Housing, Local Government & Planning

- Planning, including Future Wales: The National Plan 2040
- National Infrastructure Commission
- Coal tip safety
- National Parks

I do not believe it is realistic to expect the CCEI Committee to scrutinise such a wide range of portfolios effectively. I am concerned that certain significant areas of Welsh Government policy will likely go without scrutiny because of the challenges presented by the changes to cabinet portfolios. Scrutiny of the Welsh Government's draft budget, in particular, is likely to prove difficult, especially considering the time constraints under which committees already operate.

I would be grateful, therefore, if the Business Committee would consider a reconfiguration of committee remits to streamline the number of Cabinet Secretaries the CCEI Committee is required to scrutinise. This could include the transfer of planning and related matters, as set out above, to the Local Government and Housing (LGH) Committee. This could also include transferring the matters that fall within the portfolio of the Cabinet Secretary for Economy, Energy & Welsh Language to the Economy, Trade and Rural Affairs (ETRA) Committee.

These changes would decrease the number of Cabinet Secretaries requiring scrutiny by the CCEI Committee from four to two. However, they would not affect the number of Cabinet Secretaries requiring scrutiny by the ETRA or LGH committees.

Of course, given the overlapping nature of Senedd policy committee remits, I recognise that changes to the CCEI Committee's remit would not prevent the Committee from looking at a matter through the lens of the environment or climate change. However, these changes would mean that the CCEI Committee would not be the Committee with primary responsibility for scrutiny in that policy area.

I recognise the Business Committee will wish to consult other committees as part of this process and would be happy to discuss any issues with the Committee.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.

Mr Peredur Owen Griffiths MS
Chair, Finance Committee
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Reference: AC415/caf

Date issued: 23 May 2024

Dear Peredur

Notification of audit deadline position

I write further to your letter of 17 July 2023 regarding the Committee's recommendation that I notify you when I am unable to complete the audit of specified bodies within the agreed timeframe.

The following notifies you of the audits that did not meet their 31 January deadlines.

I am copying this letter to Mark Isherwood MS, Chair of the Public Accounts and Public Administration Committee.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales

Name of body	National Library for Wales
Audit year	2022-23
Initial 'deadline'	31 January 2024
Commentary on delay	We had planned to complete the audit by 30 September 2023; however, the audit could not be completed owing to several omissions in the 2022-23 accounts presented for audit. The audit could not re-commence until January 2024, at which point the audit identified a number of further issues which led to further delay. These issues were reported in my Report on the Accounts.
Date of audit completion	25 March 2024

Name of bodies	Betsi Cadwaladr LHB Charitable Funds Swansea Bay LHB Charitable Funds Velindre NHS Trust Charitable Funds Powys LHB Charitable Funds
Audit year	2022-23
Initial 'deadline'	31 January 2024

<p>Commentary on delay</p>	<p>The four funds have material investment assets which are managed by the same fund manager. The fund manager, in conjunction with its audit firm, provides an annual report on the arrangements it has in place to provide valuations on those assets. This report is a significant part of our audit assurance.</p> <p>The report covering the asset valuations in the 2022-23 accounts was not available until late March 2024 which resulted in delays to my audits.</p>
<p>Dates of audit completion</p>	<p>Betsi Cadwaladr LHB Charitable Funds – 29 April 2024</p> <p>Swansea Bay LHB Charitable Funds – 29 April 2024</p> <p>Velindre NHS Trust Charitable Funds – 29 April 2024</p> <p>Powys LHB Charitable Funds – 23 May 2024</p>



Community Pharmacy Data Matching Pilot

May 2024

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Reference: 4158A2024

Date issued: 23 May 2024

Dear Andrew

I am writing to share the findings from a community pharmacy data pilot project we have undertaken, working with NHS Counter Fraud Service Wales (NHS CFS Wales). Our aim was to analyse community pharmacy dispensing data at scale, to provide insight to NHS Wales on areas of high cost and potential fraud. We also saw this work as an opportunity to develop Audit Wales's expertise in fraud analytics techniques.

We chose community pharmacy as the focus of the pilot because it is an area of known fraud risk and does not appear to be scrutinised for fraud as much as some other NHS services.

Community pharmacy also involves considerable expenditure. NHS Wales spent a total of approximately £772 million on drugs, appliances and services related to community pharmacy activity in 2022-23. £162 million of this was for remuneration for the provision of community pharmacy services. The remaining £610 million was reimbursement for medicines and appliances purchased by pharmacies and dispensed against NHS prescriptions.

Our pilot covered Swansea Bay University Health Board and Cwm Taf Morgannwg University Health Board. We focused our analysis on three areas of known risks around fraud and cost: Expensive items; Specials; and Higher cost formulations.

We established and followed data governance procedures carefully, undertaking our work under the Auditor General's data matching powers set out in Part 3A of the Public Audit (Wales) Act 2004. We built an interactive data tool that analysed 31 million lines of data, covering three years of dispensing, and highlighted numerous outliers of interest. We highlighted these outliers to the two health boards involved.

The bullet points below summarise our conclusions:

- Our work did not find any immediate evidence of fraud, although we focused on a small number of fraud risks. While many of the outliers we flagged were known to the health boards in question, some were not. The health boards and NHS CFS Wales carried out further work to understand the issues underlying the outliers. We understand that two pricing errors were found, with a total overpayment value of £22,000, and NHS CFS Wales and NHS Wales Shared Services Partnership (NWSSP) are collaborating on how to reclaim these overpayments. Other outliers were deemed to be explainable and were not found to be cases of fraud or error.
- Our work has flagged a specific risk in relation to limited controls around the cost of Specials. No price restrictions are in place for certain Specials, presenting various opportunities for fraud or error. Although subject to various caveats, we estimate that during the three years covered by the pilot (April 2018 – March 2021), **approximately £700,000 could have been saved** in Wales if each instance of the highest cost dispensing of a Special was reduced to the Special's average dispensing cost. It is possible that our estimate may overstate the possible savings as we have included in our calculation some Specials that have a fixed price, and as such, no saving would be possible. It may also be the case that our estimate is understated because further savings could be possible by reviewing instances of dispensing that are of higher cost than the average but below the maximum cost.
- We flag inherent risks around contractors reimbursed large sums of money for dispensing activity in relation to Expensive items. The data tool identifies five contractors that dispensed more than £1 million of Expensive items during the period covered in the pilot. As a general principle, it may be advisable for health boards to carry out additional checks for contractors dispensing Expensive items at high levels such as this.
- We are aware of some work by NHS CFS Wales and a potential pilot by the Post Payment Verification (PPV) team at NWSSP that relate to identifying and reviewing fraud risks in community pharmacy dispensing activity. And we know that health boards' analysis of dispensing activity tends to focus on data from their health board alone. This approach may miss risks that could be identified by comparing their dispensing activity to other health boards. Also, processes for monitoring dispensing activity vary and a lack of capacity and resource can limit health boards' work. Overall, we concluded there is scope for more analysis of community pharmacy dispensing on a national basis for the purposes of detecting or preventing fraud and ensuring value for money.

We have decided to end the pilot and not develop the tool further. However, we have learnt valuable lessons and are looking for other areas of work in the field of fraud analytics. We also believe the NHS in Wales can learn from the work we have done. There is potential for others to adapt our tool, for example, to inform post-payment verification for dispensing. As such, we have provided our tool and wider learning from our approach to the PPV team at NWSSP. These staff are better placed to overcome the data governance complications we experienced and are also better placed to use the tool to explore outliers with health boards and dispensing contractors.

Any future approach to analysing dispensing data at scale would be greatly enhanced if other data sources could be joined up, particularly if users could access individual prescriptions. Health boards can access individual prescriptions via systems in place provided by NWSSP, but it would have been too complicated for us to access this data in the pilot. We have also learnt that subject matter knowledge, time and appetite from health boards, and multi-agency discussions, will be important to the success of any future fraud analytics approaches.

We are not making specific recommendations, but listed below are three questions that we believe NHS Wales, including its Directors of Pharmacy, should ask itself, given the findings of our pilot. I should be grateful if you could reply with details of any actions you intend to take in response to these issues:

- Are you satisfied with the current approaches in each health board, and across NHS Wales, to identify and investigate outliers in relation to high cost and risk of fraud for dispensing contractor activity?
- Are key lessons and best practice around these matters being shared between health boards? For example, are the health boards sharing examples of where fraud has been identified to make them aware of risks?
- Is there scope for the NHS in Wales to put extra cost-effective controls in place around the variable costs of Specials?

Appendix 1 provides more detail about our data matching pilot. **Appendix 2** summarises our main findings.

I have copied this letter to the Chairs of the Welsh Parliament's Public Accounts and Public Administration Committee, the Health and Social Care Committee, and the Finance Committee, for information. We intend to publish the letter on the Audit Wales website and share the findings with the audit committees of the two health boards in question, as well as with Community Pharmacy Wales and the NHS Wales Counter Fraud Steering Group.

Many thanks to you and your colleagues for their input to this project.

Yours sincerely

Adrian Crompton

Auditor General for Wales



Adrian Crompton

Auditor General for
Wales



Appendices

- 1 About our data matching pilot
- 2 Main findings from our data pilot

1 About our data matching pilot

Context

- 1 Fraud and error present a significant challenge to public finances in Wales. We have previously estimated that fraud and error cost anywhere between £100 million and £1 billion each year to Welsh public services¹. Given our role in auditing public expenditure, Audit Wales has a keen interest in actions to minimise public sector fraud. We facilitate the detection of fraud and error through the National Fraud Initiative, and we are keen to develop further data matching exercises.
- 2 Our Data Analytics team has been working with NHS CFS Wales colleagues on a pilot project using community pharmacy dispensing data. Community pharmacy is an area of considerable expenditure and with known fraud risks. NHS Wales spent a total of approximately £772 million on community pharmacy activity, covering both prescribing and non-prescribing costs in 2022-23. £162 million of this was for remuneration for the provision of community pharmacy services. The remaining £610 million was for reimbursement for medicines and appliances purchased by pharmacies and dispensed against NHS prescriptions. Simple application of the Public Sector Fraud Authority's estimate that between 0.5% and 5% of all government spending is lost to fraud and error² suggests the amount lost in relation to the £772 million³ could range from £3.9 million to as much as £38.6 million.
- 3 We took an innovative approach, accessing data in a new way⁴, analysing large amounts of data, and producing an interactive data tool that flagged outliers and formed the basis of facilitated discussions with health boards.

1 Auditor General for Wales, [Counter-Fraud Arrangements in the Welsh Public Sector](#), June 2019

2 Public Sector Fraud Authority, [Cross-Government Fraud Landscape Annual Report 2022](#), March 2023

3 We calculated this figure using the [NHS \(Wales\) Summarised Accounts Local Health Boards, NHS Trusts and Special Health Authorities in Wales](#). It is the sum of the 'cash limited' totals of 'Pharmaceutical Services' cost and the 'Prescribed drugs and appliances' cost in 'Table 2.1 Expenditure on Primary Healthcare Services'. 'Pharmaceutical Services' include non-prescribing costs, for example running costs and enhanced services of community pharmacies. 'Prescribed drugs and appliances' are mostly the cost of primary care prescriptions.

4 We accessed the data under the Auditor General's data matching powers provided under Part 3A of the Public Audit (Wales) Act 2004 for the purpose of assisting in the prevention and detection of fraud in or with respect to Wales.

- 4 Beyond an overall aim of preventing and detecting potential fraud and error, the aims of the pilot project were to:
- generate new insights into areas of high cost and potential fraud by analysing dispensing data at scale and by highlighting outliers;
 - facilitate discussion between stakeholders to explore outliers and agree improvement actions;
 - develop our expertise in fraud analytics techniques to apply to other projects; and
 - report on our findings to provide assurance and food for thought on future actions regarding fraud analytics and prevention.

What we did

- 5 Working with NHS CFS Wales, we involved various other stakeholders and subject matter experts when developing our approach. These included NWSSP, Swansea Bay University Health Board, and Cwm Taf Morgannwg University Health Board, Community Pharmacy Wales⁵, the NHS Wales Chief Pharmacists Group, the NHS Counter Fraud Authority in England, and NHS Scotland Counter Fraud Services.
- 6 To limit the size of the pilot, we included only two health boards in our analysis. We chose Swansea Bay University Health Board and Cwm Taf Morgannwg University Health Board for a number of reasons, including the availability of staff willing to participate in the pilot⁶. We are very grateful for their involvement.
- 7 This was the first pilot of its kind and, because Audit Wales is not part of NHS Wales, we do not have permissions to directly access certain data. NHS bodies requested that data sharing agreements be put in place. Unfortunately, while such agreements are encouraged by the Information Commissioner's Office, they would not be lawful in this situation, as they would fetter the Auditor General's access rights. We resolved this by drafting a 'Data Sharing Protocol'. The protocol helped ensure that data protection obligations were observed but without such unlawful fettering. And before requesting and receiving the source data from NWSSP, we sent privacy notices to more than 200 community pharmacy dispensing contractors covered in our scope (approximately 28% of the 712 community pharmacies in Wales in 2021-22⁷).

5 Community Pharmacy Wales represents community pharmacies in Wales on NHS matters. Its main objective is to secure the best possible NHS service opportunities, remuneration and terms.

6 On 1 April 2019, the responsibility for providing healthcare services in Bridgend County Borough moved from Abertawe Bro Morgannwg University Health Board (the predecessor of Swansea Bay University Health Board) to Cwm Taf University Health Board (the predecessor of Cwm Taf Morgannwg University Health Board). By including these neighbouring health boards in our pilot, we ensured that our data covered the same sample of community pharmacies across all years.

7 StatsWales, [Community pharmacies by LHB and year](#), 21 March 2024

- 8 Overall, the data governance aspects of the pilot, though necessary, were complicated and took a large amount of time to implement. They would also have been more time consuming had we involved more than two health boards.
- 9 We identified key areas of risk and focused on three markers of concern:
- a **Higher cost formulations:** Different formulations (eg liquids, tablets, capsules, creams, branded and non-branded etc) of the same active substance⁸ can vary widely in price. Higher cost formulations were involved in an NHS CFS Wales investigation that resulted in a criminal prosecution⁹. This came after a pharmacy had dispensed cheaper formulations, then claimed for more expensive formulations. We identified these items as a fraud risk, particularly in the case of hospital prescriptions. Hospital prescriptions are more likely than GP prescriptions to be handwritten and are therefore susceptible to being altered for fraudulent purposes.
 - b **Expensive items:** Items with a net ingredient cost¹⁰ of £100 or more. In the investigation above, numerous prescriptions were for Expensive items. Therefore, we included this group of items as a potential indicator of fraud risk.
 - c **Special orders (Specials):** Items requiring special preparation by a registered manufacturer. For many Specials – those not found in the Drug Tariff¹¹ – there is no restriction on their price. This presents a risk for potential high costs and/or fraud.
- 10 **Exhibit 1** provides an overview of the data we considered in the pilot.

8 Active substances give medicinal products their therapeutic effect and are often referred to as active pharmaceutical ingredients.

9 NHS Wales Shared Services Partnership, Pharmacist struck off following conviction for £76,475 fraud, September 2020

10 Net ingredient cost refers to the 'cost (which the dispenser is reimbursed) of the drug before discounts and does not include any dispensing costs or fees. It does not include any adjustment for income obtained where a prescription charge is paid at the time the prescription is dispensed or where the patient has purchased a pre-payment certificate.'

11 The Drug Tariff is a document produced each month by NHS Prescription Services on behalf of the UK Government's Department of Health and Social Care. It specifies what amount of money (as net ingredient cost) a dispensing contractor will be reimbursed for dispensing an item included in the tariff, establishing a fixed price for each item found in the tariff each month.

Exhibit 1: dispensing data reviewed in the pilot, April 2018 – March 2021

Dataset	Approximate number of items	Approximate net ingredient cost of items
Formulations	30,785,000	£96.2 million
Expensive items	327,000	£70.6 million
Specials	19,000	£2.8 million

Note: The datasets are not mutually exclusive, items in one dataset may be found in another. The formulations data includes approximately 70 active substances, corresponding to approximately 1,170 formulations. Each formulation has a distinct combination of strength, form, and/or brand for the given active substance. We worked with NHS CFS Wales and the health boards to identify a range of active substances with formulations that are particularly expensive and/or of concern.

Source: NHS Wales dispensing data provided by NWSSP

- 11 We built an interactive data tool iteratively using Microsoft Power BI. The aim was to produce a tool that allowed the data to be explored quickly and easily to identify points of concern relating to anomalies, potential fraud, and areas of high cost.
- 12 Once the health boards had used the tool, we met with them and NHS CFS Wales to explore the issues arising. We presented a sample of outliers that we identified from using the tool, then the health boards provided initial responses to the outliers raised. Some of the outliers were easily explainable and were known by the health boards. Others were not known so the health boards and NHS CFS Wales carried out further work to understand the issues underlying the outliers.

2 Main findings from our data pilot

- 13 This section summarises our main findings under the following headings:
- a The data tool flags clear outliers of potential concern;
 - b Variation in the cost of Specials suggests potential for savings;
 - c NHS Wales has limited controls in place for Specials;
 - d There are inherent risks around community pharmacy contractors that are reimbursed large sums of money for dispensing activity in relation to Expensive items;
 - e There is scope for more central analysis of risks around community pharmacy dispensing; and
 - f Our pilot has identified valuable learning for future fraud analytics approaches.

The data tool flags clear outliers of potential concern

- 14 We have used anonymised examples, taken from our interactive tool, to illustrate the key findings. The tool highlights many more outliers and examples than presented here. Further exploration of these outliers will depend on appetite from the health boards and NHS CFS Wales to use the tool. While we are flagging outliers as highlighted in the data tool, this does not necessarily mean that fraud or error is present or that there is definite potential for cost savings.
- 15 **Exhibit 2** shows a clear outlier suggesting a large cost discrepancy. It shows an item submitted for reimbursement in May 2020 costing £205 for one contractor but then costing £14,228 when submitted for reimbursement in June 2020 by a different contractor. We found that this was due to an error in the source data, and the correct cost was £1,428 not £14,228. The higher price was reimbursed to the contractor. NHS CFS Wales and NWSSP are now collaborating on how to reclaim the relevant overpayment. We present this outlier because it shows the potential for data tools such as ours to flag such discrepancies.

Exhibit 2: discrepancy* in net ingredient cost for a particular item submitted for reimbursement** by different contractors one month apart



*The £14,228 was paid to dispensing Contractor B rather than the correct cost of £1,428, an overpayment of £12,800. The error is being reviewed by NHS CFS Wales and NWSSP to consider what action to take regarding this overpayment.

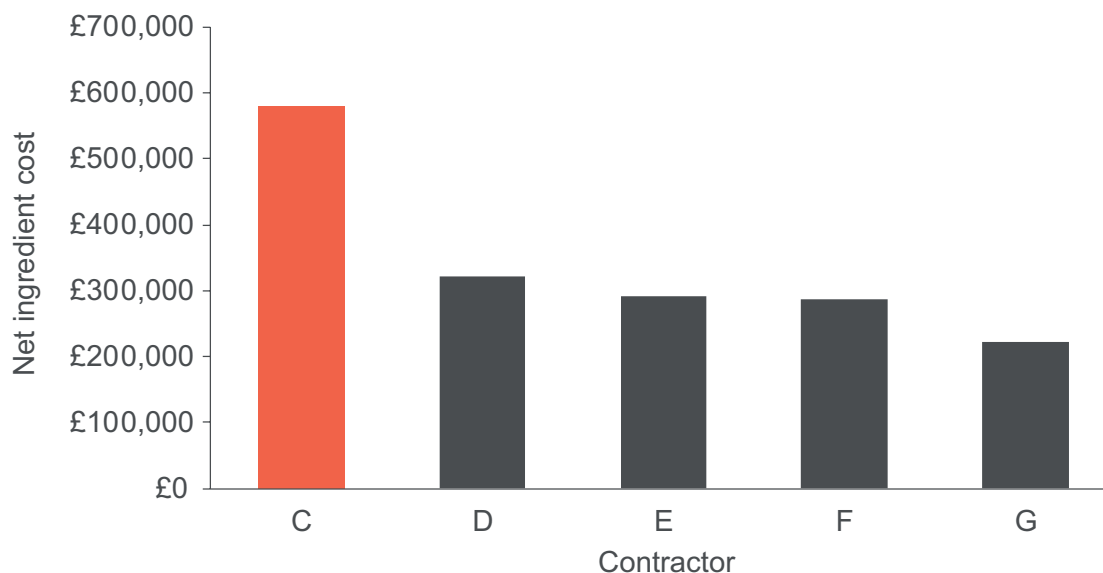
**Reimbursement refers to the money contractors are reimbursed for the medication costs alone and does not include dispensing fees or other costs. The medication costs reimbursed may not be the same as the total net ingredient cost of the items dispensed by the contractor, with contractors often receiving deductions in the total net ingredient costs of items they have dispensed.

Source: Audit Wales analysis of NHS Wales dispensing data provided by NWSSP

16 **Exhibit 3** shows a clear outlier where contractor C has a large cost associated with Expensive items prescribed by hospital prescribers. Contractor C dispensed more than £580,000 worth of such items between April 2018 – March 2021, almost double the next nearest contractor. This is not necessarily unusual activity, with dispensing activity for hospital outpatient prescriptions depending, at least partly, on the policies and procedures of the health board in question.

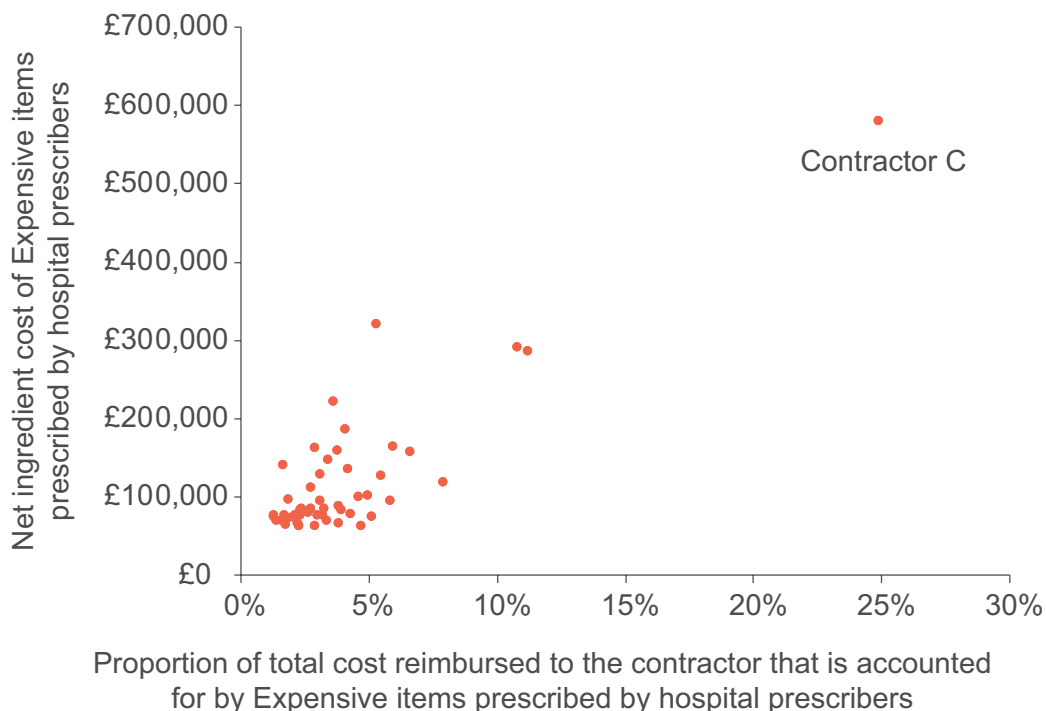
- 17 **Exhibit 4** combines analysis of the **Exhibit 3** metric with the proportion of the total cost reimbursed to community pharmacy contractors that is accounted for by Expensive items prescribed by hospital prescribers. **Exhibit 4** shows that contractor C is an outlier in relation to both metrics. This provided greater weight to the argument that contractor C was displaying different dispensing patterns to other contractors. In this case, the relevant health board easily explained this outlier due to contractor C's proximity to a hospital, but this example illustrates the potential for detecting anomalous dispensing patterns using one or more metrics.

Exhibit 3: the five community pharmacy contractors that dispensed the highest total net ingredient cost of Expensive items prescribed by hospital prescribers, April 2018 – March 2021



Source: Audit Wales analysis of NHS Wales dispensing data provided by NWSSP

Exhibit 4: comparison of two metrics of interest, applied to data for individual community pharmacy contractors, April 2018 – March 2021



Note: Each orange dot represents an individual contractor, showing the 50 community pharmacy contractors with the highest total cost of Expensive items, in terms of net ingredient cost, prescribed by hospital prescribers.

Source: Audit Wales analysis of NHS Wales dispensing data provided by NWSSP

18 **Exhibit 5** shows how the data tool allows users to explore how community pharmacy contractors perform in relation to multiple metrics, helping to flag contractors that warrant further analysis. The exhibit suggests contractors H and K could be of particular interest to review.

Exhibit 5: example of seven community pharmacy contractors reviewed against multiple metrics, April 2018 – March 2021

This exhibit is based on comparisons for contractors with some of the highest values for Metric 2. Higher values are highlighted in bolder colour.

Contractor	Expensive items		Specials		Higher cost formulations	
	Metric 1	Metric 2	Metric 3	Metric 4	Metric 5	Metric 6
H	£1,498,199	24%	£15,836	0.3%	£1,184,442	31%
I	£805,751	22%	£19,847	0.5%	£847,091	31%
J	£767,544	33%	£3,527	0.2%	£375,844	20%
K	£767,056	27%	£353,425	12.6%	£482,895	16%
L	£698,364	23%	£6,472	0.2%	£544,566	22%
M	£571,122	22%	£23,304	0.9%	£424,811	17%
N	£503,651	26%	£6,303	0.3%	£302,580	17%

Notes:

Metric 1 is the total net ingredient cost of all Expensive items dispensed by each contractor. Metric 2 is the proportion of the total cost the contractor is reimbursed for that is accounted for by Metric 1.

Metric 3 is the total net ingredient cost of all Special items dispensed by each contractor. Metric 4 is the proportion of the total cost the contractor is reimbursed for that is accounted for by Metric 3.

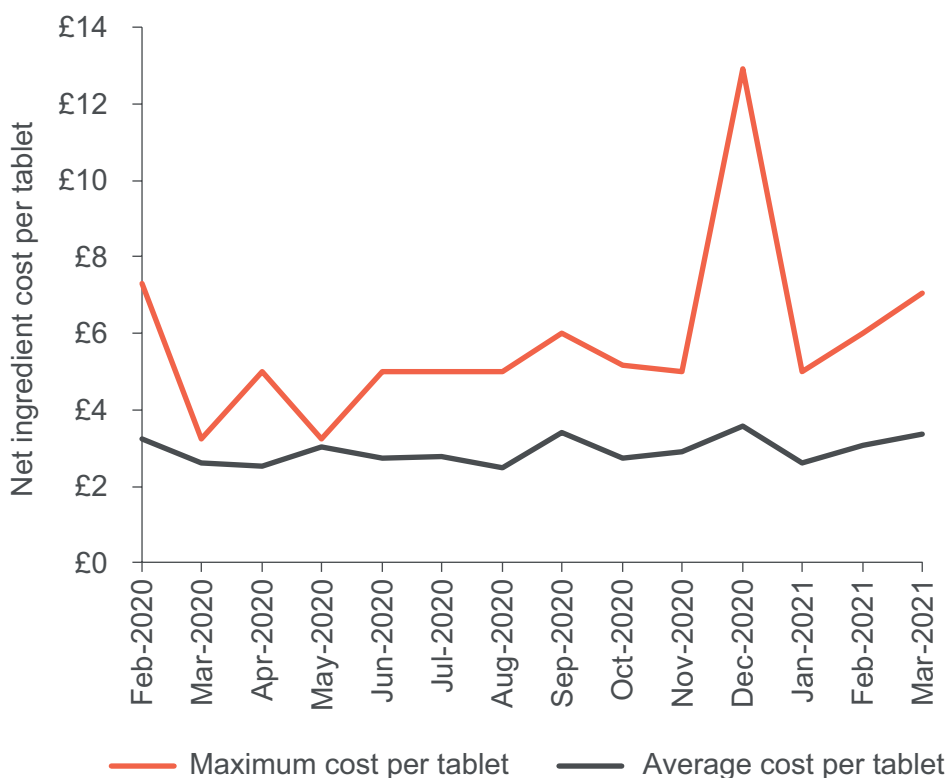
Metric 5 is the total net ingredient cost for all the items in the formulations dataset dispensed by the contractor. Metric 6 is the proportion of metric 5 that is accounted for by the higher cost formulation items identified that are dispensed by each contractor.

Source: Audit Wales analysis of NHS Wales dispensing data provided by NWSSP

Variation in the cost of Specials suggests potential for savings

- 19 As noted in **paragraph 9**, Specials not included in the Drug Tariff have no restriction on price. Our data tool highlights several cases where a particular Specials item has varied widely in price within a given month.
- 20 **Exhibit 6** shows a trend in the maximum and average net ingredient cost of dispensing a particular Specials item (Sucralfate 1-gram tablet)¹². The costs vary greatly within each month, with instances of the price per tablet rising to nearly £13 in one month compared to an average of £3.56 for the same month. For each month of data, the differences between the maximum and average price indicate potential opportunities for cost savings. Where the cost is much greater than average, this might present cause for review to identify the potential for cost savings.

Exhibit 6: maximum and average net ingredient cost per tablet of Sucralfate 1-gram tablets dispensed by community pharmacy contractors, February 2020 to March 2021



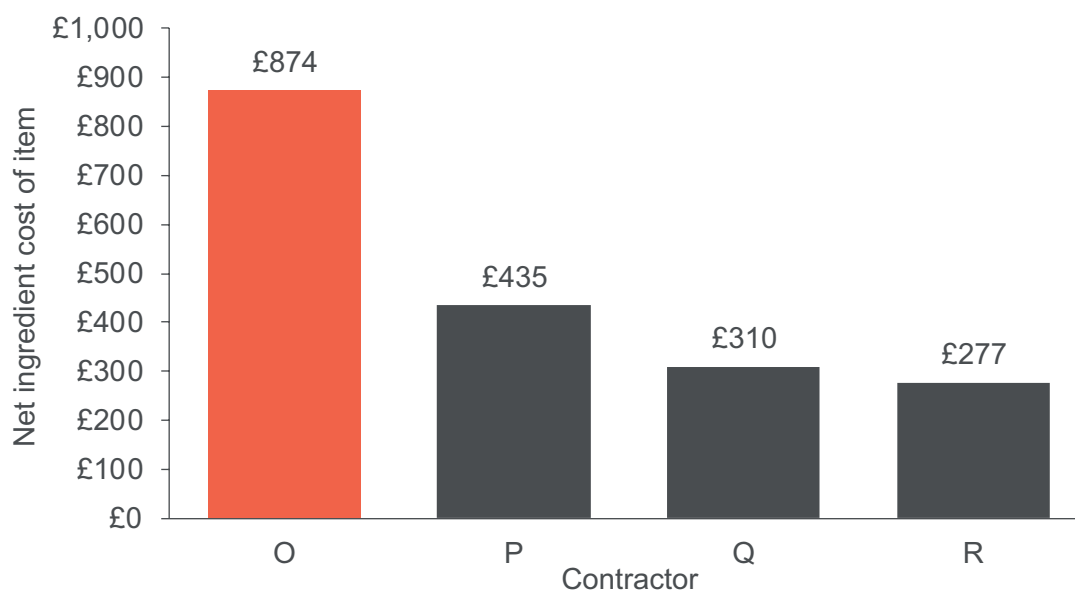
Note: Dates refer to date submitted for reimbursement, which may be different to the date of dispensing.

Source: Audit Wales analysis of NHS Wales dispensing data provided by NWSSP

12 Sucralfate 1g tablets were added to the Drug Tariff in March 2022, after we had completed our pilot. While we have highlighted this issue by using Sucralfate 1g tablets as an example, the general issue applies to all Specials items not included in the Drug Tariff.

- 21 We identified many other examples of variability in the maximum and average cost of Specials. For example, **Exhibit 7** shows an example where Contractor O submitted an item for reimbursement for £874, while other contractors had done so for £435 or less, for the same item (same medication, quantity, and strength) within the same month. This indicates an opportunity to potentially save £439 or more on this one item alone. NHS CFS Wales reviewed the prescriptions for these items. Price differences were due to different suppliers and pack sizes. The £874 claim price was identified as significantly different from the other claims, and a good example of a prescription that may require further verification work from the health board and/or the PPV team at NWSSP.

Exhibit 7: net ingredient cost of 112 tablets of Sucralfate 1g submitted for reimbursement in May 2018 by four community pharmacy contractors



Source: Audit Wales analysis of NHS Wales dispensing data provided by NWSSP

- 22 The issues highlighted in **Exhibits 6 and 7** may present genuine potential for cost savings. However, without further investigation, working with the health boards, as well as someone with in-depth subject matter knowledge, to review individual prescriptions or invoices, we do not know which cases are normal behaviour, error, or fraud.

- 23 We estimate that for the two health boards reviewed, approximately £200,000 could have been saved over the three years covered in the pilot if each instance of highest cost dispensing of a Special for a given month¹³ was reduced to its average cost for that given month. The calculation considers each month in isolation due to the cost for a Special potentially varying over the time of the pilot.
- 24 Using data from StatsWales¹⁴ we determined the total net ingredient cost for medications for all of NHS Wales is approximately 3.5 times that of the two health boards. Extrapolating from the two health boards to all of NHS Wales using this figure produces an equivalent savings estimate of approximately £700,000.
- 25 These calculations are presented for illustrative purposes and are subject to certain caveats and a large degree of uncertainty. The calculations assume that it is reasonable to extrapolate the potential savings in the two health boards to all of Wales. The calculations also assume that all instances of the highest cost dispensing could be reduced, and so provide a potential saving opportunity. It is not clear from the data whether this is a reasonable assumption. It is also possible that our estimate may overstate the possible savings, given that we have included in our calculation some Specials that have a fixed price, and as such, no saving would be possible. Further information and investigation would be required to clarify the savings possible.
- 26 In addition, our calculations assume that it is reasonable to use just the highest and average cost of dispensing to estimate potential savings. We have used the highest and average cost because Specials are dispensed relatively infrequently, providing a limited number of dispensing instances to undertake the savings calculations each month for a given Special. However, it is possible that our estimate may understate the possible savings, given that it does not consider instances of dispensing that are higher than the average cost but below the maximum. Additionally, the average cost may not reflect good value. Reducing costs to below the average could identify further potential savings.

13 Highest net ingredient cost per unit of medication for medication for given month. The month being the date the item was submitted for reimbursement, which may be different from the date of dispensing.

14 StatsWales, [Prescription items and cost by area and SNF chapter by year](#), 27 June 2023

NHS Wales has limited controls in place for Specials

- 27 The UK Government's Department of Health and Social Care decides which Specials to include in the Drug Tariff¹⁵. The Drug Tariff has changed over time, for example Part VIID 'Arrangements for payment for Specials & Imported Unlicensed Medicines with Prices Determined Relative to a Commonly Identified Pack Size' was added in March 2022, introducing controls on payments for some additional Specials. We are not aware of any other fixed controls regarding the cost of Specials outside inclusion in the Drug Tariff.
- 28 Community pharmacies do not need approval from health boards before dispensing Specials. And health boards cannot direct contractors to use cheaper manufacturers unless specified in the Drug Tariff. Some health boards do review high-cost items to ensure they are appropriate. Health boards can also provide advice and support for the prescribers of Specials. The prescriber has responsibility to assess what is clinically appropriate for the patient and the dispensing contractor has responsibility to raise any clinical concerns.
- 29 Prices for Specials not found in the Drug Tariff can vary between different contractors, GP clusters of contractors, and health boards. Analysis of Specials costs across Wales, comparing health boards, may therefore highlight potential savings opportunities. We are not aware of such analysis being done.
- 30 Invoices for Specials specify what a manufacturer has charged a pharmacy contractor for a given item. They can be used to confirm that the contractor has claimed and been reimbursed for the correct amount. However, we are not aware of any requirement currently for contractors to submit invoices for Specials. And for invoices that are submitted, we are not aware of any routine inspection of them by NWSSP as part of the reimbursement processes to community pharmacy contractors for Specials. Review of these invoices in future analysis could highlight cases of error or fraud and lead to potential cost savings. Using a tool similar to ours could allow more informed decisions on which contractors to focus on.

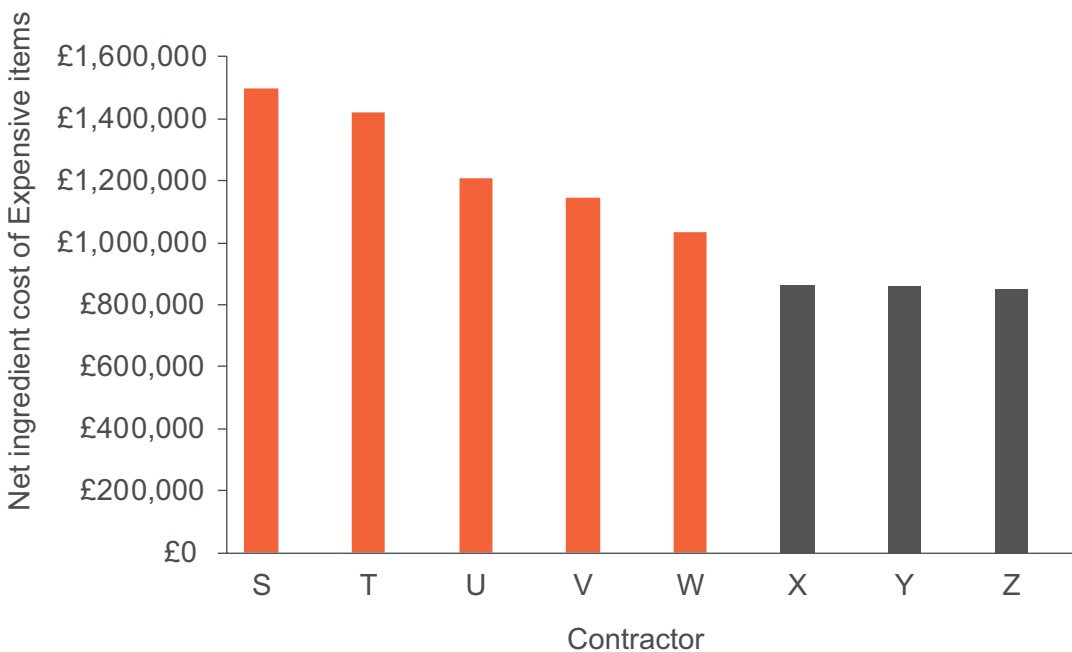
15 This control limits the amount the dispensing contractor can be reimbursed, in terms of the net ingredient cost of the item, for dispensing a Special in the Drug Tariff. This control is limited to this aspect in the supply of a Special. The dispensing contractor may have generated income or lost money depending on whether they paid more or less than the amount reimbursed to obtain the Special from the manufacturer. The contractor will also receive an additional dispensing fee for a Special.

31 As a result of our pilot highlighting concerns around the cost of Specials, NHS CFS Wales has discussed with the PPV team in NWSSP the potential for further work on dispensing risks. The PPV team has learnt from our approach to develop a dashboard to highlight data of concern as part of a pilot that may be carried out this year. The pilot would review prescription invoice claims for potential outliers, possible erroneous claims and potential incorrect data entry. Depending on the outcome, this may become a permanent check undertaken by the PPV team.

There are inherent risks around community pharmacy contractors that are reimbursed large sums of money for dispensing activity in relation to Expensive items

32 **Exhibit 8** shows the eight community pharmacy contractors in our dataset that dispensed the highest total cost (as net ingredient cost) of Expensive items. It shows that five contractors each dispensed more than £1 million of Expensive items during the period covered in the pilot.

Exhibit 8: the eight contractors in our dataset with the highest total net ingredient cost of all Expensive items dispensed, April 2018 – March 2021



Source: Audit Wales analysis of NHS Wales dispensing data provided by NWSSP

- 33 The data tool provided value in enabling these and other contractors with large reimbursement costs, for the medication and appliances dispensed, to be identified quickly and easily alongside other information regarding risks related to contractors. The health boards may wish to review these contractors given the large sums of money reimbursed to these contractors for Expensive items. As a general principle, it may be advisable for health boards to carry out some additional checks of contractors with high levels of reimbursement costs for Expensive items, as well as high levels of costs overall, given the large sums of money involved and the potential to identify savings and instances of possible fraud.

There is scope for more central analysis of risks around community pharmacy dispensing

- 34 **Paragraphs 20 to 26** highlight scope for specific savings but our pilot focused on only three markers of concerns. Fraud can take place in other ways. For example, a contractor may claim to have dispensed items that have not been collected by patients, fraudulently claiming for the cost of items and dispensing activity that has not been completed.
- 35 Health boards have processes in place to monitor various aspects of dispensing activity, however, these vary between health boards. Relying on the work of individual health boards alone may also miss opportunities to identify areas of high cost and potential fraud across Wales. For example, a group of contractors may not present as anomalous in the health board alone but could be identified as anomalous when compared to all contractors in Wales.
- 36 A lack of capacity and resource in health boards can limit health boards' work in interrogating risks around community pharmacy dispensing data. Processes can depend on the knowledge and availability of an individual member of staff, which poses succession planning risks, as well as risks around a single point of failure. The complexity of analysis required and the volume of data involved add further disincentives for health boards to carry out this work.
- 37 We have not been made aware of any analytical work to review community pharmacy dispensing fraud risks for NHS Wales other than work undertaken by NHS CFS Wales, the potential PPV pilot mentioned in **paragraph 31** and the analysis carried out by individual health boards in isolation. NHS CFS Wales has reviewed areas of risk around community pharmacy such as the initial investigation that informed our pilot, as well as reviews of out of pocket expenses. We concluded that more centrally supported work to detect and prevent fraud in dispensing activity, as well as to ensure value for money, could be beneficial.

Our pilot has identified valuable learning for future fraud analytics approaches

- 38 We have learnt valuable lessons from our pilot, including:
- a **It is feasible to analyse entire populations of data** – Our approach and our interactive tool allowed us to focus on known risks and made it possible to explore millions of data items. This could allow much more in-depth analysis than more limited, sampling approaches.
 - b **Subject matter knowledge and multi-agency discussions are vital** – The analysis of specific risks was most effective when health board staff were in discussion with NHS CFS Wales and Audit Wales. These discussions brought together a blend of local and subject matter knowledge, as well as specialist fraud and data skills. Without detailed subject matter knowledge related to the everyday realities of community pharmacy and dispensing practices, it was sometimes difficult for us to fully understand the risks and issues.
 - c **Time and appetite are necessary in health boards to make use of data tools** – Our approach relied on health board staff having time to explore the data tool. Without this, future tools may not be used fully, and opportunities to identify and respond to concerns may be missed.
 - d **It would be beneficial to join up our pilot data with other data sources** – Any future approach to analysing dispensing data at scale would be greatly enhanced if other data sources could be joined up, particularly if users could access individual prescriptions. This would allow efficient exploration of outliers, with all data being in one place. The lack of data on individual prescriptions was a barrier in our pilot project. Health boards can access individual prescriptions via systems in place provided by NWSSP but it would have been too complicated for us to access this data in the pilot because we are not an NHS organisation and the data governance requirements would have been substantial.
- 39 Our work did not find any immediate evidence of fraud, although our work focused on a small number of fraud risks. While many of the outliers we flagged were known to the health boards in question, some were not. The health boards and NHS CFS Wales carried out further work to understand the issues underlying the outliers. We understand that two pricing errors were found, with a total overpayment value of £22,000, and NHS CFS Wales and NWSSP are now collaborating on how to reclaim these overpayments. Other outliers were deemed to be explainable and were not found to be cases of fraud or error.

- 40 We have decided to end the pilot and not develop the tool further. This is mainly due to the complexities of delivering such a project as an external organisation to the NHS in Wales (see **paragraphs 7 and 8**). However, we will build upon the learning from the pilot and look to undertake new fraud analytic projects, including one using a data matching approach to explore whether patients are accurately registered in GP lists.



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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Agenda Item 2.6

From the Minister of Finance

Peredur Owen Griffiths MS
Chair of the Senedd's Finance Committee

SeneddFinance@senedd.wales

Private Office
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Our reference: COR-1244-2024

Date: 29 May 2024

Peredur, a chara

COR-1244-2024: INQUIRY INTO FISCAL INTERGOVERNMENTAL RELATIONS

Thank you for your letter of 08 May 2024 in relation to the Committee's inquiry into Fiscal Intergovernmental Relations.

Your letter relates to a dispute that the Executive has raised with the Treasury in 2022. This dispute relates to the funding for the Troubles Permanent Disablement Scheme. This is a scheme which makes payments to individuals who have been permanently disabled as a result of an injury related to the conflict here.

The nature of the Executive's dispute is that the Scheme that was designed and legislated for by the British Government is substantially broader in scope, in terms of eligibility, than that which was agreed by the local political parties here as part of the Stormont House Agreement. The Regulations which introduced the Scheme were made by the Secretary of State at Westminster in January 2020, in the absence of the Executive.

The Executive therefore believes that the British Government has an obligation to meet the cost of the Scheme. This is based on the principle set out in the Statement of Funding Policy that "*where ... decisions of UK government departments or agencies lead to additional costs for any of the devolved administrations, where*

other arrangements do not exist automatically to adjust for such extra costs (e.g. if the Barnett formula doesn't apply), the body whose decision leads to the additional cost will meet that cost."

In terms of the current status of the dispute, the process was paused in October 2022 when Executive Ministers left office. Treasury officials indicated that the process could not be taken forward in the absence of the Executive. Given the return of the Executive, I intend to engage with Treasury to seek to restart the dispute process.

I hope this is helpful but please get in touch if you require any further details.

Is mise le meas

A handwritten signature in black ink, reading "C Archibald .". The signature is written in a cursive style with a large initial 'C'.

**DR CAOIMHE ARCHIBALD MLA
MINISTER OF FINANCE**

Agenda Item 2.7

Rebecca Evans AS/MS

Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad

Cabinet Secretary for Finance, Constitution & Cabinet Office



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref

Ein cyf/Our ref MA/RE/5565/24

Peredur Owen Griffiths MS,
Chair Finance Committee,
The Senedd,
Cardiff Bay,
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10 June 2024

Dear Peredur

Following my letter of 29 April 2024 regarding my approach to the publication of supplementary budgets during 2024-25 I am writing to inform you of a change to those plans.

Whilst I intend to continue with the practice of publishing two supplementary budgets during the financial year, I have made the decision to delay publication of the first supplementary budget.

Following the announcement by the UK Government of a General Election on 4 July and the subsequent dissolution of Parliament on 30 May, HM Treasury (HMT) officials have confirmed that the Main Estimates for 2024-25 will not be laid and voted on until Parliament returns post-election.

Under the circumstances there is no real option but to delay the publication of the first supplementary budget until we are in a position to confirm our revised control totals and the Main Estimates have been voted on and are in the public domain.

With summer recess falling between 22 July and 15 September, in order to allow the minimum 3 weeks for scrutiny under Standing Orders, the first supplementary budget will now be published after the summer recess. No timetable has yet been agreed, but I will notify you in due course. I expect this to be early in the Autumn term.

Despite the delayed publication of the first supplementary budget this will not affect my intention to publish a second supplementary budget towards the end of the financial year.

In the meantime, as the Cabinet Secretary responsibilities have changed since the publication of the 2024-25 Final Budget in February, I intend to publish a restatement of the Final Budget tables to reflect the changes in structure and the new Main Expenditure Groups (MEGs).

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

A written statement and restated budget tables will be circulated to members as soon as the tables have been laid before the Senedd. The restated tables will then be published on the Welsh Government's web site. The restatement will be available within the next few weeks.

A copy of this letter will be sent to the Business Committee, the Senedd Commission, Audit Wales, and Public Services Ombudsman for Wales for information.

I hope you find this update helpful.

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a large initial 'R'.

Rebecca Evans AS/MS

Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad a Swyddfa'r Cabinet
Cabinet Secretary for Finance, Constitution & Cabinet Office

—
**Health and Social Care
Committee**

Dawn Bowden MS
Minister for Social Care

12 June 2024

Dear Dawn

Health and Social Care (Wales) Bill and general scrutiny session

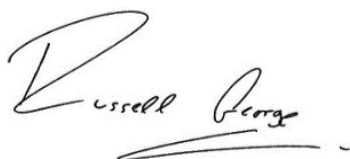
Thank you for attending our evidence session on 6 June, along with your officials, to discuss the Health and Social Care (Wales) Bill and for a general scrutiny session.

During those sessions, there were a number of areas where you agreed to provide further information. We also have a number of additional questions that we would like to put to you. For convenience, I have included all of these matters in the annex to this letter.

You have agreed to come back to the Committee on 17 July to discuss the Bill further. It would be helpful to have your response to this letter in advance of that, by **Friday 28 June**, so that we can take full account of it.

A copy of this letter goes to Mike Hedges MS, Chair of the Legislation, Justice and Constitution Committee, and Peredur Owen Griffiths MS, Chair of the Finance Committee.

Yours sincerely



Russell George MS
Chair, Health and Social Care Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.



Health and Social Care (Wales) Bill

Restricting profit

Human rights considerations

1. What is your assessment of the human rights considerations in relation to this Bill, particularly as to whether the provisions of the Bill restricting the ability to make profit could engage the rights under Article 8, and the right to peaceful enjoyment of possessions under Article 1 of the First Protocol to the European Convention on Human Rights? Have any other rights been considered?

Principle behind legislation

2. In your statement on introducing the Bill, you said the starting point for this legislation was the principle of not making profit from the care of vulnerable people. There is also reference to children and young people's views on profit being a key driver for the Bill. What consideration has the Welsh Government given to removing profit from children's social work agency staff, given the latest figures suggest 17.5% of children's social workers in Wales are employed by an agency.

Unreasonable or inappropriate payment

3. Section 6 of the Bill requires the Welsh Ministers to consider whether, amongst other matters, a provider of a restricted children's service has entered into a financial arrangement with a relevant person which is unreasonable or disproportionate in all the circumstances. Other key phrases in this provision have been given a specific meaning in the Bill, but "unreasonable or disproportionate" has not. What do you consider would constitute an unreasonable or disproportionate financial arrangement for the purposes of the Bill, and why have you chosen not to define this term on the face of the Bill?

Regulation making powers

4. The provisions relating to the restriction of profit-making include a number of regulation-making powers.
 - a) Why this approach has been taken rather than including more information on the face of the Bill, for example, why can "public good" not be defined on the face of the Bill?
 - b) Table 5.1 says this approach permits "future-proofing". What aspects do you consider may need potential changes in the future?
 - c) Why have you chosen to apply the negative procedure to the majority of the regulation-making powers relating to restricting profit, with the result that the Senedd has limited opportunity to scrutinise them?

- d) How did you decide which powers would be subject to the draft affirmative procedure, and why have you chosen to apply a different procedure on some occasions to the first time a power is exercised, as opposed to any other time?

Reference to Unregistered Placements

5. Section 13 sets out the ways in which looked after children are to be accommodated in “the most appropriate placement”. The Explanatory Notes state that a placement can be in “unregistered accommodation (on a temporary basis or in cases of urgency)”, a reference not in the 2014 Act and not on the face of this Bill. The Bill uses the same terminology as the definition of placements in the existing s81(6)(d), which states that a placement can be made in accordance with arrangements that comply with regulations made for the purposes of that section (currently the Care Planning, Placement and Case Review (Wales) Regulations 2015). Can you clarify what has changed, if anything, in respect of unregistered placements?

Risks of undermining practices

6. What have you identified as the full range of risks that could mean that the policy aims of the Bill are undermined by practices which go against its spirit and intention, such as the charging of excessive fees by parent companies of not-for-profit services, which could amount to the taking out of profit by other means. How have all of these risks been mitigated in the Bill?

Wales wide/regional commissioning

7. The Competition and Markets Authority’s assessment of the position in Wales is that “a ban or profit cap is not necessary to deliver a well-functioning placements market”. It emphasises the need for improved commissioning and refers to procurement collaboration occurring nationally, saying “we are clear that excessive fragmentation in the processes of forecasting, market shaping and procurement are key drivers of poor outcomes in this market, and must therefore be addressed if we are to see significant improvement in the outcomes.” What consideration did you give to changing the current local authority based arrangements, and why did you not pursue the option of regional or national forecasting and commissioning?

Investment in the Bill to date

8. How many new ‘not for profit’ placements have been created to date as a result of the £68 million allocated by the Welsh Government. What percentage does this represent in the forecast need for placements. What will be the annual financial commitment from Welsh Government going forward to develop the not-for-profit provision?

Regional variation

9. What is the estimated percentage of private sector placements/not-for-profit placements by Welsh local authority?

Cross border implications for children placed from England and Scotland

10. How many children do you estimate are currently placed in private placements in Wales by local authorities outside of Wales? How do you envisage their circumstances will be covered by the transitional arrangements within the Bill?

End date of the transition period

11. The Bill as currently drafted allows for the end date of transition to be specified in regulations. What is the estimated range of dates you have considered and what is the latest date you would think is reasonable for transitional arrangements to end. Have you considered specifying the end on the face of the Bill with powers to amend that by regulation as a means of mitigating a lengthy transitional period which undermines the aims of the Bill?

Annual sufficiency plan

12. Section 11 places a new duty on local authorities to prepare and publish an annual sufficiency plan for accommodation for looked after children. Can you outline the sorts of reasons why the Welsh Government might anticipate rejecting a sufficiency plan? What will happen in the event that the second draft of a sufficiency plan is rejected, and why is the Bill silent on this?

Accommodation 'near to' the local authority

13. The Bill amends existing legislation so that local authorities will be required to take all reasonable steps to secure accommodation "near to" the child's local authority rather than "within" it. The EM suggests this is a more pragmatic approach that will allow for placements just over the local authority border. What is your assessment of the potential unintended consequences arising from this, for example if local authorities are under pressure, children could be more likely to be placed further away from their home area because of placement availability rather than their 'best interest'.

Supplementary placements

14. Can you confirm that supplementary placements will have to be outside of Wales after the end of the transition period, given that not for-profit-providers cannot legally register here under the Bill's provisions.
15. Section 13(3) of the Bill amends the 2014 Act to insert a new section 81B: Ways in which looked after children are to be accommodated and maintained: application for approval of a supplementary placement. Is the intention that the function of approval and rejection of

supplementary placements under this new section be undertaken directly by Welsh Ministers or by Care Inspectorate Wales on their behalf?

16. How would the procedure for requesting a supplementary placement function in the case of an emergency, for example, a short notice same-day need to place a child? Is this provided for on the face of the Bill?
17. What is the criteria for Welsh Ministers to assess / approve / reject a local authority application for a "supplementary placement" (other than the 'catch all' provision in the Bill that it would be inconsistent with the local authority's principal duty in relation to looked after children under section 78 of the 2014 Act)?
18. Linked to question 17, table 5.1 of the EM refers to regulations issued under section 13(3) relating to prescribing other information to be contained in an application for a supplementary placement to be 'administrative in nature'. Can you clarify they would therefore not include any criteria for approval / rejection of supplementary placements.
19. The Explanatory Note says a placement can be in "unregistered accommodation (on a temporary basis or in cases of urgency)". This reference is not in the 2014 Act nor in the Bill. Can you clarify why this term has been specified in the Explanatory Notes?

Direct Payments

20. In England, the equivalent to direct payments (Personal Health Budgets) have been permitted for both adults and children's Continuing Healthcare (CHC) since 2014. Could you explain why the Welsh Government has focused this Bill on adult CHC only, and whether there is an intention to extend this to children's continuing care in the future?
21. The Welsh Government's consultation proposed to give a power to local health boards to give assistance in connection with direct payments. However the wording of the Bill gives a power to the Welsh Ministers to make regulations about the arrangements a local health board can make. Why did you decide not to give the power to local health boards on the face of the Bill as originally proposed?
22. Given the existing issues with direct payments (low take-up and a lack of consistency in supporting people), is there an argument for strengthening the legal provisions to provide information and advice to promote direct payments, and to provide support to help people manage them? Further, during our meeting, you offered to provide additional information on the take-up of direct payments in social care, including potential incentives/disincentives for health boards in promoting the use of direct payments for CHC. We would be pleased to receive this.

23. How do you plan to raise public awareness about service users' new entitlement to direct payments for CHC (this will be a significant new option in CHC which the public won't be aware of)?
24. It is expected that the numbers of people using CHC will increase if direct payments are permitted (and fewer people will refuse CHC assessments). How are you supporting services to prepare for and manage this increased demand?
25. Given the lack of capacity in social care, could an unintended consequence be that some families could feel pressured to take on direct payments (and family members become carers/PAs) due to a lack of available care services rather than out of choice?
26. Can you explain more about the savings you expect to be made which will offset the costs. Where did the savings come from in England and what was the timescale for them to be realised?
27. According to local authorities, the eligibility bar for access to Continuing Healthcare has continued to increase over time, meaning fewer and fewer people are granted access. Could this apparent "gatekeeping" approach be a barrier to achieving the aims of this Bill (i.e. is there a risk people will be wrongly denied CHC following assessments meaning they cannot benefit from the legislation)?
28. Paragraph 7.144 of the RIA says the average cost for Personal Health Budgets in England ranges from £46,000 to £120,000, with a median of £80,000. It notes there is "likely to be a similar variation across packages in Wales". However, you have used an "exemplar cost at the lower end of this scale" for Local Health Board projected expenditure on Continuing Healthcare direct payments. Why is this, given the likely complexity of cases?
29. Whilst not using the range of the average cost of Personal Health Budgets in England, you have applied the percentage cost reduction reported by NHS England following their introduction: 11% for all Personal Health Budgets and 16% for Personal Health Budgets direct payments. In which document did NHS England report these cost reductions, and why do you think it is a reasonable basis for the reduction in outturn for Local Health Board Continuing Healthcare direct payments?
30. You seem to have applied the cost reduction reported by NHS England to arrive at a net cost of Continuing Healthcare direct payments for Local Health Boards. Why is this cost reduction not reported as a potential benefit of the Bill, as you've done for existing CHC recipients who transfer to direct payments and new CHC packages which are delivered via direct payments?

Other social care provisions

31. Section 18 of the Bill adds childcare workers to the definition of a 'social care worker'. The [original consultation](#) also proposed adding play workers, to “clarify the statutory role which Social Care Wales plays” for all childcare and play workers. What is the rationale for not including play workers in the Bill as drafted?
32. The Bill makes amendments to the Social Services and Well-being Act. This Committee has previously heard evidence about the omission of the UN Convention of the Rights of Persons with Disabilities on the face of the Act, in contrast with the rights of the child and the UN principles for older persons. Would the Welsh Government be willing to take this opportunity to rectify this, to ensure the rights of disabled people have equal prominence in the legislation?

Follow-up actions from the general scrutiny session

During the general scrutiny session that immediately followed the session on the Bill, you agreed to write to the Committee with the following information:

33. To confirm the number of vacancies currently across social care, including the equivalent percentage of the workforce that number represents.
34. To provide an update on the work being undertaken to support unpaid carers, including young carers.



Peredur Owen Griffiths MS
Chair
Finance Committee

31 May 2024

Dear Peredur

Senedd Cymru (Electoral Candidate Lists) Bill

Thank you for the Finance Committee's letter, dated 16 May 2024, in relation to the financial implications of the Senedd Cymru (Electoral Candidate Lists) Bill.

I am pleased the Finance Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment (RIA) and I welcome the Committee's acknowledgement of the interrelationship between the costs associated with this Bill and the Senedd Cymru (Members and Elections) Bill.

While the additional costs which have been identified in respect of staff deployed by the Electoral Commission to prepare for implementation of the reforms had not been identified when the RIA for the Senedd Cymru (Electoral Candidate Lists) Bill was developed, I will ensure that the RIA is revised at the appropriate time in accordance with established procedures. In revising the RIA during the Bill's passage, we will also reflect any additional costs associated with a deputy National Nominations Compliance Officer, should such a requirement be agreed, and any other additional costs which may arise from amendments to the Bill.

While the Committee recognises that it is not normal practice to anticipate costs associated with potential legal challenges in the future, I shall ensure that the Committee is kept informed of any cost implications should the Bill be referred to the Supreme Court for determination on the matter of competence. I also commit to publishing a full and robust RIA associated with the subordinate legislation.

With regard to our engagement with political parties, my officials have engaged with political parties currently represented in the Senedd during the development of the Bill and in the context of broader changes being implemented through the Senedd Cymru (Members and Elections) Bill. I am grateful to the Electoral Commission for facilitating this engagement. We will give further consideration to how we may work with political parties (both those

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

currently represented and parties not represented in the Senedd) to further assess how the legislation may impact on them in terms of costs.

I would like to express my thanks to the Committee for scrutinising the Bill and its supporting documentation and I look forward to continuing to work with Members as the Bill progresses through the Senedd process.

I am copying this letter to the Chair of the Reform Bill Committee, the Chair of the Legislation, Justice and Constitution Committee and all Members of the Senedd for information.

Yours sincerely,

A handwritten signature in black ink that reads "Jane Hutt". The signature is written in a cursive style with a long horizontal stroke above the first name.

Jane Hutt AS/MS

Y Trefnydd a'r Prif Chwip
Trefnydd and Chief Whip



14 June 2024

Dear David, Mike and Peredur,

Senedd Cymru (Electoral Candidate Lists) Bill

I would like to thank the Reform Bill and the Legislation, Justice and Constitution committees for their reports on the Senedd Cymru (Electoral Candidate Lists) Bill (“the Bill”), published last week. I would also like to thank the Finance Committee for its letter of 16 May on the financial implications of the legislation, to which I responded on 31 May.

The two committee reports make 47 recommendations in total. I am grateful to both committees for their detailed consideration of the Bill during Stage 1, including the valuable engagement that has taken place with academic and legal experts, key stakeholders and the general public. I would also like to place on record my gratitude for the contributions made to the committees as part of their Stage 1 scrutiny. I have followed, with keen interest, the rich debate during the first stage of the legislation’s passage and am pleased that the Reform Bill Committee has concluded that the Bill is “a step towards delivering fully diverse representation in the Senedd”. I note that, by majority, the committee recommends the Senedd supports the Bill’s general principles and recognises that the proposed quota model is broadly reflective of international best practice and is fit for purpose here in Wales.

Within this context of broad support for the purpose of the Bill, I also note that both committee reports make a number of important recommendations which require further consideration by the Welsh Government. The reports reflect on the range of views which have been expressed, during Stage 1, with regard to legislative competence and there are a number of recommendations to engage with the UK Government after the UK General Election. There are also recommendations in both reports that relate to the potential risk to the 2026 Senedd ordinary election associated with implementation of the legislation in time for that election. In addition, both committees call for more detail in the primary legislation about how the provisions would work in practice and identify other measures which may be considered to remove potential barriers to more women participating in politics in Wales.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

In particular, I note the committees' concerns about potential disruption to the outcome of the 2026 Senedd election should we look to implement the provisions in this Bill in time for that election, and in parallel with the wider Senedd reform measures. I am aware that some of the stakeholders who gave evidence during the Stage 1 scrutiny process voiced similar concerns. While I set out during Stage 1 scrutiny the steps we are taking to mitigate the risk of disruption to the 2026 Senedd election and implementation of the wider reforms, I take these concerns seriously. I will therefore give further consideration to whether, in the circumstances, the 2030 election may be a more prudent timetable for implementation.

On introduction of the Bill, and throughout Stage 1 scrutiny, I made it clear that the committees' views would form a central part of our consideration of the next steps on the Bill. Having read the reports, I consider it crucial that we give due consideration to the reports to respond as fully and appropriately as possible ahead of the Stage 1 debate.

To allow us to do this, I have taken the decision to delay the Stage 1 debate on the general principles of the Bill until 16 July 2024.

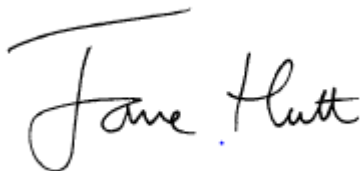
I am conscious that this means we will need to work with the Business Committee to agree a revised timetable for the legislation, and I will be looking to do this as soon as practicable to provide clarity on next steps for everyone.

I would again like to express my thanks to the committees for scrutinising the Bill and its supporting documentation. I look forward to continuing to work with the committees, and with Members as the Bill progresses through the Senedd process.

I remain committed to making the Senedd more effective by making it more representative of the gender make-up of Wales.

I am copying this letter to the Llywydd for information.

Yours sincerely,

A handwritten signature in black ink that reads "Jane Hutt". The signature is written in a cursive style with a long horizontal stroke above the first name.

Jane Hutt AS/MS

Y Trefnydd a'r Prif Chwip
Trefnydd and Chief Whip

Rebecca Evans MS
Cabinet Secretary for Finance,
Constitution and Cabinet Office

7 June 2024

Dear Rebecca,

Welsh Tax Acts etc. (Power to Modify) Act 2022: Section 6 (Review of operation and effect of this Act)

Following your initial letter to us on 6 March, to which we responded on 19 March, I would like to thank you for your further letter of 19 April, which was considered at the meetings of the Legislation, Justice and Constitution (LJC) Committee on 29 April, 7 May and 3 June, and at the Finance Committee's meeting on 1 May.

We welcome the work being undertaken by the Welsh Government in respect of reviewing the 2022 Act.

However, we remain uncertain about what is being asked of our respective Committees. Your letter appears to envisage a policy development role with our input focusing in particular on alternative legislative mechanisms that may be considered during the statutory review of the 2022 Act.

We believe such a role would blur the separation of functions between the legislature and the executive, and would therefore not be appropriate.

The statutory review of the 2022 Act is the responsibility of the Welsh Ministers, in accordance with Section 6(1) of the 2022 Act. As such, the natural starting point for any review would be for the Welsh Government to formulate its own proposals, or to provide a range of options of how the review should be conducted.

In our view, our roles should focus instead on scrutinising your proposals in line with our respective remits and making recommendations where appropriate.

We would of course welcome being consulted on your proposals in accordance with section 6(3) of the 2022 Act. We would take particular interest in your assessment, as required by section 6(2) of the 2022 Act, of alternative legislative mechanisms for making changes to the Welsh Tax Acts and regulations made under any of those Acts.

On that latter point, the LJC Committee agreed at its meeting on 7 May to draw your attention to the views it set out in chapter 3 of its Report on the Welsh Tax Acts etc. (Power to Modify) Bill; in particular, you will be aware that conclusion 2 advocates the use of primary legislation to amend the Welsh Tax Acts and that remains the LJC Committee's view.

You will be aware that the Finance Committee has long called for consideration to be given to developing a budget process that befits a modern legislature, which includes assessing the benefits of a legislative budget process or finance bill as Welsh taxes grow. We understand that this work will continue alongside any review of the 2022 Act and we welcome your ongoing engagement on those wider issues.

However, it is the view of Finance Committee that any discussions relating to the review of the 2022 Act should only proceed once a range of options have been presented, and it asks for this information to be provided ahead of any sessions being arranged as a precursor to a formal consultation process.

Your sincerely



Mike Hedges
Chair
Legislation, Justice and Constitution Committee



Peredur Owen Griffiths
Chair
Finance Committee

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Reference: KC24002/AC414/caf

Date issued: 15 April 2024

Dear Peredur

Changes to the Budget Process Protocol

Thank you for your letter of 23 February 2024.

As you say that there is no need to re-state the views that we have already conveyed in our response to the review of the Statement of Principles, we will not repeat the contents of our letter to you of 20 December 2023. For the avoidance of doubt, however, the views expressed in that letter remain our views.

In terms of the proposed changes to the Protocol, we only have a few comments, which are chiefly matters of clarity:

1. Paragraph 17 of the Protocol says—

“With this in mind, the Finance Committee would anticipate seeing at the time the outline budget is published...a demonstration of how the programme for Government and Well-being of Future Generations (Wales) Act 2015 have influenced the budget allocations.”

As the duty to set well-being objectives is the main mechanism within the 2015 Act for putting principles into practice, and as the Programme for Government is itself not a statutory requirement *per se*, we think it would be helpful to revise this paragraph so as to refer to an explanation of how the Welsh Government’s well-being objectives have influenced the budget allocations.

2. Similarly, we think that a reference to the Welsh Government's well-being objectives would be useful in paragraph 21.
3. At paragraph 33, it might be helpful for clarity to revise the last sentence to specifically refer to the Welsh Government providing a reconciliation to changes at the BEL level.
4. While the changes to paragraph 40 seem helpful, particularly the replacement of "undertakes therefore to continue" with "will" in the penultimate sentence, the cross reference in the previous sentence would seem to be more appropriate if given as paragraph 34 rather than paragraph 26. Similarly, "direct funded" in the penultimate sentence would seem to be better as "directly funded".

We hope that is helpful. We should be happy to discuss.

Yours sincerely



KATE CHAMBERLAIN
Chair, Wales Audit Office



ADRIAN CROMPTON
Auditor General for Wales

Peredur Owen Griffiths MS

Chair of Finance Committee

By email

30 April 2024

Dear Peredur

Changes to the Budget Process Protocol: Consultation with Directly Funded Bodies

Thank you for your letter of the 23 February 2024 and the opportunity to comment on the existing Welsh Government Budget Protocol. I also note the detail of the letter dated 11 December 2023 sent from the Committee to the Minister for Finance and Local Government.

We are pleased to note that issues raised by the Senedd Commission have been considered.

The Senedd Commission continues to have two key issues with regards to the Protocol, with particular reference to the Supplementary Budget request process. These are:

- The timing of the requests - these are set to the financial needs of the Government's budgetary process without full consideration of the financial requirements of the Directly Funded Bodies which, given their size, can be time critical. Without some flexibility as to when such requests can be taken forward, the Directly Funded Bodies continue to be at risk of having to reduce service delivery in order to meet unforeseen in-year costs.
- The Commission would like to see more clarity of the processes for the laying of Directly Funded Bodies' supplementary budget requests, the process of scrutiny by the Committee and their recommendation outcome of that scrutiny to be set out as part of the Welsh Government's process for laying of a Supplementary Budget Request. We would also recommend that such a process to also include annual communication of Supplementary Budget timetable to the Directly Funded Bodies early in the financial year to enable work to be timetabled.

We note that we previously wrote to the Committee on this matter and that you have requested that responses not revisit previously submitted response. We would therefore simply reiterate that it may be helpful to amend the Standing Orders to formalise supplementary budgetary motion processes rather than the Budget Protocol itself. We continue to be of the view that this will provide a more robust process and maintain the independence of the DFBs.



Senedd Cymru

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I hope these comments are helpful to the Committee as it deliberates on solutions to these issues.

Yours Sincerely



Llywydd

Cc Senedd Commission, Manon Antoniazzi, Kate Innes

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English



Agenda Item 7

By virtue of paragraph(s) ix of Standing Order 17.42

Document is Restricted

Peredur Owen Griffiths MS
Chair
Finance Committee

1 May 2024

Annwyl Peredur,

Scrutiny of the Draft Budget

Thank you for your letter of 22 March seeking views on the documentation provided by the Welsh Government to support scrutiny of the Draft Budget. The Committee considered this at its meeting on 24 April and would like to make the following points:

- It is vital that evidence is provided in a timely manner and Members would like to highlight the need for the Government to stick to the timings set out in the budget protocol;
- Information shared this budget round (Draft Budget 2024-25) was useful. There were a few gaps noted around specific outcomes, e.g. on the Export Action Plan, where a greater level of detail would have been useful. However in general Committees need as much specific information as possible to be able to properly understand and drill down into the draft budget;
- The narrative shared with Budget Expenditure Line (BEL) tables and on individual programmes was helpful, as were updates on topical issues, e.g. on costs related to Border Control Posts and implementing the Border Target Operating Model. The Committee would like to see this provided in future budget scrutiny rounds and if more detail is provided on each BEL Members would also appreciate further narrative explanations to accompany that detail;



- The Committee uses its regular scrutiny sessions with Ministers to cover budget issues in-year. However, ahead of the next Welsh Government Draft Budget 2025-26 we will write to the Cabinet Secretaries to ask them for progress against last year's Committee report recommendations as part of the budget scrutiny process; and
- The Committee will also highlight the Finance Committee's consultation to our stakeholders more clearly. Very useful responses were received from a small number of the Committee's key stakeholders, but we want to encourage more engagement from all our stakeholders with that coordinated consultation process.

Taken together, all these elements should serve to inform and enhance future budget scrutiny.

I hope this response is helpful to your Committee,

Cofion cynnes,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

Pwyllgor Cyllid / Finance Committee
FIN(6)-14-24 P6

Peredur Owen Griffiths MS
Chair, Finance Committee

9 May 2024

Dear Peredur,

Scrutiny of the draft budget

Thank you for your letter of 22 March 2024 regarding Senedd committees' scrutiny of the Welsh Government's draft budget.

The Committee considered your letter on 15 April 2024, and agreed to make some observations which may be useful to your Committee's consideration.

In your letter, you reference the quality of information provided by the Welsh Government alongside its draft budgets. A particular barrier we have encountered as part of our scrutiny is the fact that spending on justice-related activity is not disaggregated within any of the draft budgets we have considered. This has restricted our ability to identify changes in proposed spending on such activity, and we have called on the Welsh Government to work toward disaggregating this spending in future budgets.

We have noted the Welsh Government's efforts to explore ways in which it can improve the level of detail it provides on justice-related activity within its draft budgets (see the commitment given in December 2022 and evidence provided in February this year). We have also acknowledged the difficulties it faces in presenting this information in the absence of a single member of the government with responsibility for justice-related matters, and a dedicated main expenditure group for those matters. We will continue to press the Welsh Government on these matters as necessary.

It is important to note that our consideration of previous draft budgets has also been challenging because two members of the Welsh Government have been responsible for justice-related matters: the then Counsel General and Minister for the Constitution, and the then Minister for Social Justice and Chief Whip. Responsibility for such matters now resides with three members of the Welsh

Government – the Cabinet Secretary for Finance, Constitution and Cabinet Office, the Cabinet Secretary for Culture and Social Justice, and the Counsel General.

The impact this new arrangement will have on our future consideration of draft budgets laid by the Welsh Government is unclear. However, our initial observation is that it may hinder any efforts made by the Welsh Government to improve the level of detail it can provide on proposed spending on justice-related activity, and subsequently hinder the Committee's ability to scrutinise such spending. We will however seek to adapt to the new arrangement, which could for example involve scrutinising aspects of the budget jointly with the Equality and Social Justice Committee where appropriate and time permitting.

On the budget processes more generally, we welcome the consultation and engagement carried out by the Finance Committee. We used the evidence gathered to inform our scrutiny of the draft budget and the preparation of our final report.

I am copying this letter to Jenny Rathbone MS, Chair of the Equality and Social Justice Committee.

Yours sincerely,

A handwritten signature in black ink that reads "S. Murphy". The signature is written in a cursive style with a long, sweeping tail on the letter 'y'.

Sarah Murphy

Chair

Peredur Owen Griffiths MS

Chair

Finance Committee

17 May 2024

Scrutiny of the Draft Budget 2024-25: Evidence provided by Welsh Government

Dear Peredur,

Thank you for your letter of 22 March 2024, and for the opportunity to comment on our experience of the Draft Budget process 2024-25. We discussed your letter at our meeting of 17 April 2024 and would like to offer the following views.

Quality of information provided

1. In general, the Draft Budget papers we received relating to both the Welsh Language, and the Arts, Sport, and Culture policy areas were clear, comprehensive, and robust in providing the information we requested. The Welsh Government, however, needs to include information in its budget narrative and documentation about how spending across other government portfolios contributes to policy areas within the Committee's remit. This should be clear in terms of identified budget, outcomes, and measures. For example, the Minister for Education and Welsh Language acknowledged in oral evidence that the Cymraeg 2050 target was a cross-government initiative. Despite this, it was not possible to identify from the written evidence the wider impact of the budget cuts in other government departments on Welsh language policy development and interventions.

2. On the other hand, our experience of the Welsh Government's Draft Budget papers relating to the International Relations policy area was extremely disappointing. We found a lack



of clarity and transparency in the documentation and ministerial written evidence provided. This impacted our ability to scrutinise the Draft Budget for International Relations effectively.

3. There were numerous issues identified. The forecast outturn for 2023-24 included an amount for in-year savings. However, there was no explanation of where the savings had come from or whether any planned activities, outcomes or outputs were not delivered as a result. A MEG-to-MEG transfer of funding outlined in the supporting written evidence did not appear on the Draft Budget proposal either as an outgoing or incoming transfer. Unhelpfully, we later established that the associated BEL had also been renamed without explanation. We were unable to fully reconcile allocated spending for activity referenced within the supporting written evidence as it was not always clearly attributed to a BEL. Further, a calculation of total allocated spending set out in the written evidence could not be reconciled with the Draft Budget proposal without generating a significant overspend. Given the need for clarification of these matters, it was regrettable that the First Minister declined our invitation to give oral evidence. This resulted in us having to make an urgent written request for further information.

4. The First Minister's second written submission also left questions unanswered which, again, hindered our scrutiny of International Relations spending. Whilst figures were provided that could be reconciled with the Draft Budget proposal, we were not provided with satisfactory explanations, nor the detailed information we requested. Between the first and the second written submission, the figure for the International Engagement budget was revised down. However, no revised breakdown was provided. As such, we were unable to establish where the budget cuts would fall. Despite our best efforts, the missing MEG to MEG transfer was not satisfactorily accounted for and this lack of transparency remains a cause for concern.

5. For us to be able to scrutinise effectively, it is essential that we can rely upon, understand, and analyse the information presented to us. However, the written evidence we received fell significantly below an acceptable standard. The discrepancies identified prevented us from considering information with confidence and presented barriers to our understanding of the Welsh Government's priorities.

Publication of annual reports

6. This year, the Draft Budget process has also been hampered by delays with Audit Wales. Consequently, annual reports and accounts relating to the arms-length bodies falling within the Committee's remit were not published in time to inform draft budget scrutiny. To counteract this, we undertook general scrutiny sessions with these bodies during the Autumn term. This allowed us to incorporate the views of stakeholders and gain a better understanding of the issues affecting the key policy areas in advance of the Draft Budget.

Review of the Budget Process Protocol

7. As you know, the time available for reporting on the outline and detailed budget proposals by committees has been severely limited by the late publication of the Draft Budget in recent years. These shortened timeframes undermine our ability to meaningfully scrutinise the impact of the Draft Budget on the policy areas within our remit. In our view, the Budget Process Protocol agreed in 2017 ("the Protocol"), needs to be revisited urgently. This may require a fundamental overhaul of the Protocol to enable a longer reporting timeframe. The Protocol anticipates that the UK Budget will usually be published after the Welsh Government has published its outline and detailed budget proposals. However, this has not been the case for several years. We are concerned that the Welsh Government seems to regard as normal business the absolute minimum timeframes set out for budget scrutiny in the Protocol when these should only apply in exceptional circumstances. We urge the Welsh Government not to consider itself beholden to the UK Government and to proceed with budget setting so as to enable and ensure the integrity of the Welsh Parliament's scrutiny process.

8. I hope that these reflections on our experience of scrutinising the Welsh Government's Draft Budget 2024-25 will be of assistance in driving forward improvements for future years.

Yours sincerely,



Delyth Jewell MS
Committee Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Peredur Owen Griffiths
Chair, Finance Committee

22 May 2024

Dear Peredur

Scrutiny of the Draft Budget

Thank you for your letter regarding documentation produced alongside the Welsh Government's Draft Budget, which we considered at our meeting on 18 April 2024.

We note that you considered this issue last year and we would like to reiterate the main concern we raised at the time, which was the timeliness of the documents provided.

We recognise that in recent years there has been a pattern of the Draft Budget being published only very close to the end of the autumn term. As a result, it is essential that the Ministerial evidence papers be published at the same time or immediately after its publication. In the case of the Cabinet Secretary for Housing, Local Government and Planning, this might be straight after the provisional local government settlement the day after the Draft Budget. We recognise the challenges this might pose to the Welsh Government, however as we noted last year, we feel that the tight timescales make it challenging to meaningfully assess the impact of the Draft Budget on the policy areas within our remit.

In relation to the third bullet point of your letter, I would note that while we remain mindful of the Budget and its implications for the policy areas within our remit in our inquiries throughout the course of the year, our scrutiny of the Draft Budget is clearly a key opportunity for us to influence and challenge the decisions being taken. We will of course continue to raise budgetary issues at any relevant opportunity with the Welsh Government.

I hope the above may be helpful for your important work in this area.

Yours sincerely

A handwritten signature in black ink that reads "John". The letters are cursive and connected.

John Griffiths MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Peredur Owen Griffiths MS
Chair, Finance Committee

3 June 2024

Dear Peredur,

Scrutiny of the Draft Budget 2024-25: Evidence provided by the Welsh Government

Thank you for inviting us to share views on the Draft Budget process.

On a practical level, whilst we were grateful to the Welsh Government for providing its written evidence in a timely fashion, our main concerns regarding its contents are set out in our [report](#), published in February 2024. The Committee appreciates the timing of the Draft Budget was due to the delay of the UK Budget, but fundamentally there is not enough time for effective scrutiny by Senedd Committees.

It is our view that the impact on equality, social justice and the well-being of future generations need to be taken into account much more rigorously by Ministers when making budget decisions. Every year the Strategic Integrated Impact Assessment (SIIA) has failed to offer the detail we believe necessary to justify the Welsh Government's spending decisions.

Improvements

The Committee would like to see several improvements including:

- More clarity and transparency regarding the methodologies used in determining allocations and the reasons behind spending decisions;
- Better use of data including providing rigorous analysis of the impact of spending decisions particularly in respect of different demographic groups;
- Providing summary of feedback and recommendations from stakeholders and advisory groups. This would show how views have already been incorporated into the assessment process, and if not, why this has not been possible; and
- Providing a clear plan for evaluation and monitoring of the impacts over time.

Consideration given to budgetary matters throughout the year



In June, the Committee will be undertaking general scrutiny of the Cabinet Secretary for Culture and Social Justice, and intends to reflect on recommendations made in previous inquiries including Draft Budget recommendations. The Committee is also considering writing to Cabinet Secretaries and Ministers following the cabinet reshuffle, asking them how their priorities are intended to contribute to the Welsh Government's commitments on equality and social justice in their respective portfolios. Current scrutiny arrangements mean that the strategic focus on equality and social justice across the Governmental departments is often lost, and we hope having a clearer overview of the priorities within each portfolio will assist us in our scrutiny of the Draft Budget 2025-26.

We hope our reflections are useful to your Committee as it conducts its work on this key area.

Yours sincerely,

A handwritten signature in black ink, reading "Jenny Rathbone". The signature is written in a cursive, flowing style.

Jenny Rathbone MS

Chair, Equality and Social Justice Committee

Pwyllgor Cyllid / Finance Committee
FIN(6)-14-24 P10

**Pwyllgor Newid Hinsawdd,
yr Amgylchedd a Seilwaith**

—
**Climate Change, Environment,
and Infrastructure Committee**

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Peredur Owen Griffiths MS
Chair of the Finance Committee

18 June 2024

Dear Peredur,

Scrutiny of the draft budget

Thank you for the opportunity to provide feedback on behalf of the Climate Change, Environment, and Infrastructure Committee on the scrutiny of the Welsh Government's Draft Budget 2024-25. I have considered the matters raised in your letter and would like to make the following observations.

The quality of the documents accompanying the draft Budget this year was not satisfactory. Key information requested by the Committee was missing without acknowledgement or explanation, and several other elements were inaccurate or incomplete.

We believe evidence papers supporting the process must be made available to committees earlier and that efforts must be made to enhance their accuracy. However, we acknowledge that the Welsh Government is working under considerable constraints in this regard, given its reliance on the timing of the UK Government's budget process. Too often, the Senedd is subject to a severely curtailed timescale for scrutiny.

You may also be aware that the recent changes to cabinet responsibilities resulted in a significant redistribution of responsibilities, particularly those of the former Minister for Climate Change. The Climate Change, Environment and Infrastructure Committee's remit now covers the portfolios of four cabinet secretaries, encompassing diverse and substantial policy areas. I have written to the Business Committee to express my concern that scrutiny of the Welsh Government's draft budget, in particular, will prove difficult for the Committee, especially considering the time constraints under which committees already operate. I hope that the Business Committee will consider this matter.

I would also like to suggest that the Senedd explore more flexible scheduling options within the window available for scrutiny. This could include all-day Plenary sessions, increasing the number of committee meeting slots or extending the time available for meetings, and increasing the overall number of days dedicated to Senedd business during the draft Budget scrutiny period.

We welcome the Finance Committee's ongoing engagement on the effectiveness of the budget scrutiny process.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment, and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.
We welcome correspondence in Welsh or English.



Document is Restricted

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Reference: AC417/caf

Date issued: 11 June 2024

Dear Peredur

Membership of the Wales Audit Office

Thank you for your letter of 13 May 2024.

We also find the recent events concerning the former Chair of the Wales Audit Office deeply regrettable and likewise wish that such a situation is never repeated. Thank you for your proposals to help mitigate the risks of any such repeat, to which we are replying on behalf of the Wales Audit Office.

In accordance with your request, we have instructed our Board Secretary to forward to the Clerk of the Finance Committee at the time of their publication, notices of additional and other changes of interests declared by non-executive board members. As you mention in your letter, however, the onus is on the individual member to inform the Finance Committee in accordance with their terms and conditions. And as forwarding of notification of declared interests will only help the Committee to identify problems after the fact (it will not in itself be a preventative measure) we will emphasise to members how it is essential that they notify the Committee of their intention to take on additional positions and activities well in advance of taking them up.

Similarly in accordance with your request, the Wales Audit Office will instruct relevant staff to augment the induction and training programmes for members, so that they are regularly reminded of the Finance Committee's requirements when undertaking new roles.

We are grateful that you have written to the current non-executive members to remind them of the provisions relating to their appointments, particularly your requirements in terms and conditions concerning informing the Committee of any

changes to existing commitments. It is helpful that you are making clear to members that they may seek the advice of the Committee before undertaking additional roles.

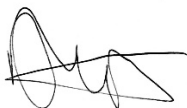
We will continue to provide advice to members on such matters in terms of the Financial Reporting Council's Ethical Standard, which is fundamental to proper audit. We should be happy for our Ethics function to liaise with your Clerk regarding such matters, and indeed we think such liaison would be helpful.

We fully respect and understand the decision that the Committee reached in respect of the former Chair's disqualification. Without prejudice to any of the above measures, however, you will be aware that we received legal advice from Counsel which set out that a narrower interpretation of the meaning of "the Crown" in paragraph 26 of Schedule 1 to the Public Audit (Wales) Act 2013 is the better view. It is clearly important that public bodies, including our own, take proper account of the legal advice that they receive. Accordingly, while our induction and training for members will fully reflect the position that the Committee has taken, for activities which are the responsibility of the Auditor General or the Wales Audit Office - such as assessing regularity in the course of the audit of the Welsh Consolidated Fund accounts and the employment of our staff - we will be guided by our own Counsel's advice.

As we have mentioned and indeed formally presented to the Committee's predecessors over the years, the Public Audit (Wales) Act 2013 is flawed in several respects. These recent regrettable events are rooted in a lack of clarity in the Act and there are more significant weaknesses that, if addressed, would give Wales and the post-2026 Senedd a stronger, more coherent audit regime. We therefore hope that the Committee is minded to revisit reform of the 2013 Act and should be happy to support such work.

Finally, though the last few months have been difficult, we wish to place on record our thanks to you, the Committee and your staff for the open and courteous way in which we have worked together.

Yours sincerely



DAVID FRANCIS
Senior Independent Director



ADRIAN CROMPTON
Auditor General for Wales

Adrian Crompton
Auditor General for Wales
Wales Audit Office
By Email

13 May 2024

Dear Adrian,

Membership of the Wales Audit Office Board

I notified you on 15 April 2024 that Kathryn Chamberlain was disqualified as a member and as Chair of the Wales Audit Office Board, in light of her undertaking a role from 1 January 2024 which was a disqualifying office, in accordance with Paragraph 26 of Schedule 1 to the Public Audit (Wales) Act 2013.

As mentioned at the time, I found this to be a deeply regrettable situation and I was extremely disappointed that Kathryn Chamberlain's tenure had ended prematurely.

I am sure we would both wish to ensure that this situation is not repeated. As a Committee we have discussed steps to mitigate the risk and would request that the following proactive steps are taken by Audit Wales.

We note that members of the WAO Board regularly publish a notice of their interests on the Audit Wales website, which includes any additional commitments and remunerated roles undertaken. We are encouraged by this approach, however, as an additional safeguard we ask that any updates made to the registers of Non-Executive Members (NE Members) of the Board are shared with the Clerk of the Finance Committee. Whilst the onus remains with the individual to inform the Finance Committee in accordance with their terms and conditions, this approach will ensure any concerns regarding the commitments of NE Members are brought to the attention of the Committee

The Committee also asks for changes to be made to the induction and training programmes for NE Members, so that they are reminded of the requirements involved when undertaking new roles.



You will appreciate that it is in both our interests to ensure that the membership of the WAO Board is stable and that the reputation and integrity of the WAO's governance arrangements are protected and beyond reproach.

I would like to assure you that the Committee is also taking action in this area, and I have written to the current NE Members reminding them of the legal provisions relating to their appointment, and the requirements in their terms and conditions around informing the Committee of any changes to existing commitments. I have also made it clear that they may seek the advice of the Committee before undertaking additional roles.

I will also continue to provide clear guidance to prospective candidates on eligibility as part of future WAO recruitment campaigns, as well as carrying out thorough due diligence checks prior to appointments being made.

I hope we can work collaboratively on these issues.

Should you require any clarification or further information, please contact my lead official: Owain Roberts, Committee Clerk, 0300 200 6388, SeneddFinance@senedd.wales.

Yours sincerely,



Peredur Owen Griffiths MS, Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.