

## Public Accounts Committee

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Meeting Venue:  
**Committee Room 3 – Senedd**

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Meeting date:  
**16 July 2013**

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Meeting time:  
**09:00**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



For further information please contact:

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### Agenda

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- 1 Introductions, apologies and substitutions (9:00 – 9:05)**
- 2 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**  
Items 3 to 6
- 3 Consideration of final report 'The Procurement and Management of Consultancy Services' (9:00 – 9:30) (Pages 1 – 46)**
- 4 Consideration of draft report 'Consultant Contract in Wales: Progress with Securing the Intended Benefits' (9:30 – 10:30) (Pages 47 – 96)**
- 5 Scope of potential Committee inquiry into Senior Executive Pay (10:30 – 10:45) (Pages 97 – 105)**
- 6 Consideration of draft work programme for the autumn term 2013 (10:45 – 11:00) (Pages 106 – 123)**

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

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## **Draft Public Accounts Committee Forward Work Programme: Autumn term 2013<sup>1</sup>**

### **Monday 9 September (or Wednesday 11 September) TBC**

Possible visit to discuss good practice with Westminster Public Accounts Committee. Details tbc.

### **Tuesday 24 September (9:00–11:00)**

- 1. Introductions**
- 2. Unscheduled Care**
  - a. Briefing from Wales Audit Office
- 3. Motion to go into private session**
- 4. Unscheduled Care**
  - a. Members' consideration of issues raised by WAO report
- 5. Appointment of non-executive Members and Chair of WAO board**
  - a. Members' consideration of recommendations from selection panel;
  - b. Members' consideration and agreement of a short report to plenary on the recommended composition of the non-executive Members and Chair of WAO board
- 6. Welsh Government draft budget 2014–15**
  - a. Members' consideration of a draft letter to Finance Committee on various issues identified by PAC in the 2013 calendar year that may have relevance during budget scrutiny process.

### **Thursday 3 October (PM)<sup>2</sup>**

- 1. Introductions**
- 2. Continuing Healthcare**
  - a. Evidence from Welsh Government (tbc)

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<sup>1</sup> Explanatory note from Clerk- in line with the PAC's previous discussions on the use of Thursdays, a meeting has generally been scheduled on approximately the **first** Thursday of each calendar month. Where possible, Thursday meetings have been scheduled to:

- enable the Committee to make effective progress with work;
- avoid clashes with the Finance Committee;
- minimise the impact of membership clashes with Assembly Commission meetings; and
- minimise the impact of membership clashes with the Health and Social Care Committee.

<sup>2</sup> Finance Committee anticipated to meet in morning.

- 3. Motion to go into private session**
- 4. Continuing Healthcare**
  - a. Members' consideration of evidence
- 5. Hospital Catering and Patient Nutrition; A Picture of Public Services; and Capital Investment in Schools**
  - a. Members' consideration of correspondence from Welsh Government on the various reports; and consideration of merit in producing a further Committee report on such.
- 6. Progress in delivering the Welsh Housing Quality Standards**
  - a. Members' consideration of correspondence from Welsh Government on the report
- 7. Issues arising from findings of WAO report on Caldicot and Wentlooge Internal Levels Drainage Board**
  - a. Members' consideration of draft report

**Tuesday 8 October (9:00–11:00)**

- 1. Introductions**
- 2. Health Finances**
  - a. Briefing from Wales Audit Office
- 3. Motion to go into private session**
- 4. Health Finances**
  - a. Members' consideration of issues raised by WAO report
- 5. Issues arising from findings of WAO report on Caldicot and Wentlooge Internal Levels Drainage Board**
  - a. Members' consideration of final report

**Tuesday 15 October (9:00–11:00)**

- 1. Introductions**
- 2. Forthcoming Wales Audit Office report**
  - a. Opportunity for briefing on any forthcoming WAO report
- 3. The Welsh Government's acquisition and action to dispose of the former River Lodge Hotel, Llangollen**
  - a. Members' consideration of advice from Auditor General for Wales on Welsh Government response
- 4. Grants Management in Wales**

- a. Members' consideration of advice from Auditor General for Wales on Welsh Government response
- 5. Civil Emergencies**
  - a. Members' consideration of advice from Auditor General for Wales on Welsh Government response
- 6. Motion to go into private session**
- 7. Opportunity for consideration of handling of forthcoming Wales Audit Office report**

**Tuesday 22 October (9:00–11:00)**

- 1. Introductions**
- 2. Unscheduled Care**
  - a. Evidence Sessions tbc
- 3. Motion to go into private session**
- 4. Unscheduled Care**
  - a. Members' consideration of evidence

**HALF TERM (Week commencing 28 October 2013)**

**Thursday 7 November (Approximately 10:30am– PM)<sup>3</sup>**

- 1. Introductions**
- 2. Inquiry into Senior Officials' Pay**
  - a. Evidence sessions tbc
- 3. Motion to go into private session**
- 4. Inquiry into Senior Officials' Pay**
  - a. Members' consideration of evidence
- 5. Continuing Healthcare**
  - a. Members' consideration of draft report

**Tuesday 12 November (9:00–11:00)**

- 1. Introductions**
- 2. Health Finances**
  - a. Evidence sessions tbc

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<sup>3</sup> Finance Committee may meet in the morning to formally agree report on Welsh Government draft budget.

- 3. Motion to go into private session**
- 4. Health Finances**
  - a. Members' consideration of evidence
- 5. Continuing Healthcare**
  - a. Members' consideration of final report

**Tuesday 19 November (9:00–11:00)**

- 1. Introductions**
- 2. Forthcoming Wales Audit Office report**
  - a. Opportunity for briefing on any forthcoming WAO report
- 3. Motion to go into private session**
- 4. Unscheduled Care**
  - a. Members' consideration of draft report

**Tuesday 26 November (9:00–11:00)**

- 1. Introductions**
- 2. Forthcoming Wales Audit Office report**
  - a. Opportunity for briefing on any forthcoming WAO report
- 3. Motion to go into private session**
- 4. Unscheduled Care**
  - a. Members' consideration of final report
- 5. Inquiry into Senior Officials' Pay**
  - a. Members' consideration of draft report

**Thursday 5 December (11am – PM)<sup>4</sup>**

- 1. Introductions**
- 2. Forthcoming Wales Audit Office report**
  - a. Opportunity for briefing on any forthcoming WAO report
- 3. Motion to go into private session**
- 4. Inquiry into Senior Officials' Pay**
  - a. Members' consideration of final report

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<sup>4</sup> Assembly Commission meeting likely to take place up to 11am.



## **5. Health Finances**

- a. Members' consideration of draft report

### **Tuesday 10 December (9:00–11:00)**

#### **1. Introductions**

#### **2. Forthcoming Wales Audit Office report**

- a. Opportunity for briefing on any forthcoming WAO report

#### **3. Motion to go into private session**

#### **4. Health Finances**

- a. Members' consideration of final report

### **Other anticipated activity before end of 2013**

- Inquiries into issues arising from forthcoming WAO reports
- Informal visit to discuss best practice with Westminster Public Accounts Committee:
  - following discussion with the Westminster PAC clerking team, two possible dates had been identified for a visit: 9 September and 11 September;
  - both dates are during the NAFW recess period;
  - the Westminster PAC clerking team have indicated that they anticipate that their Members would have a slight preference for **9 September**;
  - It is also anticipated that 9 September would avoid the potential for clashes with potential interview dates for Members on the WAO board selection panel;
  - The NAFW Clerking team will liaise with Members' offices in the next week to ascertain Members' preferences.
- Consideration of potential draft report on the implementation of recommendations made by PAC on Hospital Catering and Patient Nutrition; A Picture of Public Services; and Capital Investment in Schools.

**Anticipated Publication of Committee reports:**

<b>Inquiry</b>	<b>Evidence Sessions</b>	<b>Committee's consideration of draft report</b>	<b>Approximate publication</b>
Procurement and Management of Consultancy Services	Completed	16 July	Summer Recess
The Consultant Contract in Wales	Completed	16 July	Summer Recess
Betsi Cadwaladr University Health Board	18 July	Summer Recess	Summer Recess
Issues arising from findings of WAO report on Caldicot and Wentlooge Internal Levels Drainage Board	Completed	3 October – 8 October	Early November
Updates on the implementation of recommendations made by PAC on Hospital Catering and Patient Nutrition; A Picture of Public Services; and Capital Investment in Schools	Members' consideration correspondence arising from 6 June meeting scheduled for 3 <i>October</i> . Decision to be made by Members at this point on whether to produce a summary report.	Autumn Term (tbc)	Autumn Term (tbc)
Implementation of the National Framework for Continuing NHS Healthcare	3 October	7–12 November	Early December
Unscheduled Care (if Members choose to conduct inquiry)	22 October	19–26 November	Christmas Recess

Senior Officials' Pay	7 November	26 November–5 December	Spring Term
Health Finances (if Members choose to conduct inquiry)	12 November	5–10 December	Spring Term



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Mr Darren Millar AM  
Chair of the Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff CF99 1NA

Date: 11 July 2013  
Our ref: HVT/1912/fgb  
Page: 1 of 11

Dear Chair

## **PROGRAMME OF VALUE FOR MONEY STUDIES AND OTHER WORK IN PROGRESS**

On 12 March 2013, the Committee discussed my programme of value for money examinations and potential topic areas for future studies. I have now decided the areas of work that the Wales Audit Office will be taking forward during 2013-14, taking into account views received from other stakeholders and having considered issues raised with me by Committee members in March.

In determining the volume of new work to start in this financial year, I have had to take into account the draw on resources of the significant body of work in progress that I have carried into this year's operational plan for the Wales Audit Office. That work should provide a rich and varied stream of outputs for the Committee to consider through until summer 2014. As members will recall, some work had been deferred in 2012-13 to make space in my programme for new and time critical issues of public concern (for example on the Regeneration Investment Fund for Wales and Penmon Fish Farm). Going forward, the Committee has very helpfully provided a contingency to help me respond to such issues as they arise and to help mitigate the impact on my planned programme of work. Nevertheless, these competing priorities during 2012-13 mean that some planned studies are still at an early stage of development.

I have decided that my study on medicines management will now be taken forward in the first instance through our 2014 programme of local NHS performance audit work. This will follow on from work on GP prescribing in 2012 that is currently being drawn together for an all-Wales report. The future medicines management work will focus on hospital based prescribing and I would still expect it to result in an all-Wales summary report for consideration by the Committee.

I should also take this opportunity to let the Committee know that I have decided not to bring forward at this stage my planned briefing paper on the Informing Healthcare programme. Having reflected on the findings of previous audit work in this area, I have decided to issue our findings as a management letter to the Accounting Officer, recognising that the issues raised by our work to date are largely historic and have been overtaken by developments with the NHS Wales informatics programme. However, I will consider undertaking further audit work on the informatics programme in 2014-15.

***Plans for new value for money studies and other ‘reactive’ audit work***

Although at this point in time my plan for new studies to start in 2013-14 is fixed, and there is a contingency to allow me to respond to emerging concerns of public interest, I reserve the right to make adjustments to the planned programme in the event of any significant changes in policy or other factors that might cause me to reappraise my priorities. The new studies that I plan to start, and in some cases complete, during this financial year will comprise:

- Health finances;
- The Welsh Government’s acquisition of Cardiff Airport;
- NHS waiting lists;
- Welsh Government interventions in local government;
- Rail services in Wales;
- Early intervention and public behaviour change;
- Public Sector Broadband Aggregation (potentially extending to consider wider Welsh Government investment in ICT infrastructure);
- Educational performance and deprivation (school effectiveness grant and pupil deprivation grant); and
- Welsh Government arrangements for responding to audit recommendations.

In addition to the NHS informatics programme, I will be giving further consideration to other potential topic areas listed in my March 2013 paper as part of planning for 2014-15. For example, I consider that there is merit in examining Enterprise Zones in more detail in 2014-15. As the external auditor for Natural Resources Wales, I will be keeping a watching brief on the development of the organisation during the rest of this financial year with a view to the possibility of undertaking additional audit work in early 2014-15. I will also be seeking clarity from the Welsh Government on the timing and scope of its own ‘probationary review’ of the new organisation. I will outline my plans for new studies to start in 2014-15 by January 2014 to ensure closer alignment with the timing of decisions on future local performance audit work in local government and the NHS.

In the meantime, I will keep the Committee apprised of any reactive audit work that draws on the contingency funding approved by the Committee for 2013-14. Currently, I expect the following pieces of work to place a demand on those resources and I will provide a further update in the autumn:

- production of a briefing paper for the Committee on the Anglesey to Cardiff Air-Link;
- the Wales Audit Office's contribution to the production of the report on Betsi Cadwaladr Health Board that we published jointly with Healthcare Inspectorate Wales;
- production of additional briefing material to support a future Committee inquiry on senior management pay across the public sector; and
- an investigation into public funding of the Canolfan Cywain Centre in Bala.

I have appended to this letter summary details about our plans for the new studies and reactive work listed above.

### ***All Wales work in local government and the NHS***

I have now confirmed that, as part of my programme of local government performance audit work for 2013-14, I will be taking forward all-Wales studies in the following areas:

- *Welfare reform* – considering how the local government community is responding to mitigate the impact. In the meantime, and in common with colleagues in the other UK audit offices, I am keeping in view opportunities for a wider value for money study in this area – potentially on a cross-border basis.
- *Delivering with less: the impact on services and citizens* – this will be the first in a series of studies examining specific service areas. We are currently considering which service to target our work on this year.
- *Safeguarding* – examining authority wide governance and management arrangements.

As indicated in the paper I presented to the Committee in March, my 2013 programme of local NHS performance audit work includes all-Wales work on clinical coding and on community nursing. The Wales Audit Office will be examining whether NHS bodies' clinical coding arrangements support the generation of timely, accurate and robust management information with which to plan and monitor NHS services. The work on community nursing will complement previous audit work on chronic conditions management. We will be examining whether health boards are planning and utilising their district nursing services effectively as part of their wider approach to community service development.

The all Wales studies in local government are in addition to my regular work examining how local government bodies are planning for, delivering and reporting on improvement. Similarly, the all-Wales work in the NHS is in addition to my annual 'structured assessment' exercise for individual NHS bodies, the design of which will, this year, be set in the context of issues raised by the 'Francis Report' on care provided by the Mid Staffordshire NHS Foundation Trust.

### ***Issues raised previously by Committee members***

On 12 March, Committee members raised a number of other areas of interest as potential topics for future audit work. I have set out below my proposed response to those issues:

- *Broadcasting in Wales:* I consider that there is little that the Wales Audit Office could add at this stage to the debate that has already been played out over recent years and which is likely to be the subject of further attention as part of the on-going work of the Commission on Devolution in Wales. However, in light of the concerns being expressed about broadcasting in Wales, including recent concerns about future funding for S4C, I have written to the Comptroller and Auditor General to open up a dialogue about its own work on broadcasting issues, specifically in relation to the BBC, and whether there is scope within any planned work to explore issues relating to the devolved nations.
- *Bus services, concessionary fares and integrated transport:* Wales Audit Office staff will be conducting further background research in these areas to inform our thinking on plans for new studies to start in 2014-15 but, as noted above, I have decided in the short-term to take forward a study on rail services. In each respect, we will be mindful of issues raised in the Business and Enterprise Committee's recent report on integrated transport. Work on bus services in 2014-15 would present an opportunity to consider the impact of changes in bus funding that have been introduced from the start of 2013-14. Those changes have seen the consolidation of the former Bus Services' Operators Grant, Local Transport Services Grant and Community Transport Concessionary Fares Initiative into a single Regional Transport Services Grant worth £25 million per annum.
- *The Welsh Government's (changing) approach to regeneration investment:* On 11 March 2013, the Welsh Government announced plans for a new regeneration framework for Wales with the aim of better targeting funding towards specific projects in some of Wales's poorest areas. As part of the new framework, 'Vibrant and Viable Places', the Welsh Government is opening out access to regeneration funding to all parts of Wales, a change from the previous focus on seven strategic regeneration areas. I will be giving this topic further consideration as part of planning for 2014-15.
- *NHS consultants and their private practice work:* The Committee has had the opportunity to pursue certain matters in this regard as part of its recent inquiry on the NHS Consultant Contract. I would be happy to give further consideration to some targeted work on this issue if there are residual issues of concern and taking

into account any recommendations that the Committee may make in its own report on the NHS Consultant Contract.

- *Management of the primary care estate:* As part of the planning for our NHS performance audit work in 2014 we will be giving further consideration to possible all Wales work on the General Medical Services contract which could, potentially, encompass issues relating to the management of the primary care estate. Alternatively, we could consider building probes on this issue into our 2014 structured assessment work. However, I would be happy to commit some resources to prepare a briefing paper on the management of the primary care estate based on what we already know from our existing audit intelligence should the Committee wish to consider taking forward work of its own in the short-term.
- *The Supporting People programme, and issues of access to legal and other citizen advice services:* I would expect there to be opportunities to explore some of these issues as part of the planned local government study on welfare reform, in the context of the likely increased demand for related services or, in time, as part of any wider value for money study. I am aware that the Supporting People programme is still in a period of transition following changes in funding and governance arrangements arising from the review led by Sir Mansel Aylward in 2010. I understand that there is a range of other external review and evaluation work on-going as part of that transition process.

I would be happy to discuss the content of this letter further with the Committee.

Yours sincerely



**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**

*Enc Annex*



**ANNEX**

**Our strategic themes include:**

- A – Undertaking our audit work with an austerity emphasis.
- B – Enhancing our work on benchmarking and performance comparison, sharing of audit knowledge and exchange of good practice.
- C – Providing further assurance on the effectiveness of governance arrangements and other issues of public interest.
- D – Reporting more comprehensively on sustainable development, equality and use of the Welsh language.

	A	B	C	D
<b>New studies to start in 2013-14</b>				
<p><b>Health finances</b></p> <p>As I indicated in March 2013, I had already decided to take forward further work on health finances, following on from my July 2012 report on this topic and my November 2012 update paper for the Committee. This work has been prioritised over the past four months and will be reported shortly.</p> <p>Our fieldwork has encompassed consideration of the Welsh Government’s response to my previous recommendations in this area, and its response to recommendations made by the Committee. My report will examine the financial position across NHS Wales, looking at the position for 2012-13 and future challenges. My report will also provide a broad overview of Welsh Government performance against its priority targets for service delivery and improvement.</p>	•	•		
<p><b>The Welsh Government’s acquisition of Cardiff Airport</b></p> <p>I intend to conduct a broadly-based study, focusing on the arrangements that the Welsh Government put in place to inform its purchase decision and set within the overall sustainable development context, rather than focussing narrowly on areas such as the negotiation tactics used during the transaction. Considering how the Welsh Government’s commitment to sustainable development as a central organising principle was applied in this case will provide an opportunity to revisit issues arising from the Wales Audit Office’s January 2010 report on <i>Sustainable development and business decision making in the Welsh Assembly</i></p>			•	•

	A	B	C	D
<p><i>Government.</i> It will also provide an opportunity to consider how to better integrate sustainable development considerations into my studies, ahead of possible future statutory responsibilities arising from the Sustainable Development Bill.</p> <p>I anticipate then keeping a watching brief on developments with Cardiff Airport with a view to further audit work when the airport has established an operating track record under public sector ownership, to compare actual performance against forecasts set out in the business case for the purchase.</p>				
<p><b>NHS waiting lists</b></p> <p>NHS performance against waiting list targets has been deteriorating in recent years. The number of people waiting more than 26 weeks and 36 weeks for their treatment has increased significantly over the past three years. Set against the backdrop of current financial constraints, this work would examine waiting times performance, potentially extending also to other measures of service performance and building on our health finances work. Any work in this area would consider the reported performance, underlying causes and issues relating to data quality.</p> <p>The National Audit Office Wales published a report on NHS waiting times in January 2005 and the Wales Audit Office published a follow up report in 2006. This work would draw on that previous audit intelligence, alongside local performance audit work undertaken at NHS bodies since that time which has examined issues relating to the accuracy of waiting list data. In February 2013, Audit Scotland published a report that identified that systems used by NHS bodies in Scotland to manage waiting lists had inadequate controls and audit trails and that the information recorded in patient records was limited. Audit Scotland is planning further work in this area later in 2013.</p>	•	•	•	
<p><b>Successful interventions in local government</b></p> <p>The Welsh Government is making ever-increasing use of this technique to drive up standards amongst poorly-performing public bodies. A range of models of intervention have been used in response to concerns relating to corporate governance and the performance of education and social services. Councils that have or are currently experiencing intervention include Isle of Anglesey, Pembrokeshire, Blaenau Gwent and Monmouthshire. A number of councils are currently subject to intervention as a result of</p>		•	•	

	A	B	C	D
<p>weaknesses in education services identified by Estyn inspections.</p> <p>A value for money study which identifies the characteristics of a successful intervention and produces recommendations that will assist both the Welsh Government and those who are tasked with delivering such interventions would, I think, be of significant benefit. This study would draw on the sector-specific knowledge of Estyn and CSSIW and on comparative practice from beyond Wales.</p>				
<p><b>Rail services in Wales</b></p> <p>This study would examine the Welsh Government’s role in the planning and delivery of rail services in Wales as co-signatory with the UK Government Department for Transport (DfT) for the current Wales and Borders Franchise and through its funding for additional services and improvements in rail infrastructure (supported by capital funding of around £76 million over the past three financial years). The work would include consideration of the relationship between Welsh Government and other key stakeholders, notably the DfT and Network Rail.</p> <p>Under the terms of a Joint Parties’ Agreement with DfT, the Welsh Government is responsible for the administration and performance management of the franchise and the day to day relationship with the franchisee, Arriva Trains Wales. The current franchise agreement expires in 2018. HM Treasury provides funding for the base franchise, which is now normalised into the block transfer. The cost of Welsh services in the base franchise was £153.8 million in 2012-13. The Welsh Government meets the costs of any bonus payments due to Arriva Trains Wales (£28.6 million between 2007-08 and 2011-12). The Arriva Trains Wales franchise has the highest level of government subsidy per passenger mile across the UK, although we understand that it has reduced since the start of the franchise.</p> <p>In its recent report on <i>Integrated Transport</i>, the Enterprise and Business Committee made a number of recommendations related to rail franchising, including that the Welsh Government should continue to lobby the UK Government for an enhanced role in the rail franchising process as it affects Wales, particularly powers to specify franchise agreements that comprise predominantly Wales-only services, such as the current Wales and Borders Franchise.</p>		•	•	•

<p><b>Early intervention and securing public behaviour change</b></p> <p>Welsh public services are currently working on several fronts to change public behaviour in areas including, for example, recycling, energy use, parenting, access to NHS services and healthy lifestyles. However, changing public behaviour is notoriously difficult.</p> <p>Governments have attempted to secure these changes through a mixture of interventions, incentives and levers, including public information campaigns, taxation and regulation. There is a growing belief that achieving public behaviour change is much more likely if the interventions governments make are based on a sound understanding of the factors that drive public behaviour.</p> <p>Drawing on a National Audit Office publication, <i>Auditing Behaviour Change</i>, and taking into account other published guidance, such as from the National Social Marketing Centre, this study would consider whether Welsh public services are securing value for money from their efforts to change public behaviour. This would be a cross-cutting study looking across a range of policy objectives and taking account of previous Wales Audit Office work where relevant. The identification and dissemination of good practice and shared learning would be a key focus of this study.</p>	•	•		•
<p>Public Sector Broadband Aggregation (potentially extending to consider wider Welsh Government investment in ICT infrastructure)</p> <p>In the first instance I envisage that this study will focus on the PSBA contract, in the context of the Welsh Government’s planning for re-tendering of that contract in 2014. The current seven year contract is worth around £20 million per annum. The PSBA network was created to provide a national information and communications platform with the aim of enabling greater efficiency and collaboration across public services to support the delivery of improved services for the people of Wales.</p> <p>However, the scope of my work is likely to extend to consider broader questions relating to how the PSBA contract is aligned with wider Welsh Government strategy for and investment in ICT infrastructure through programmes of work including Next Generation Broadband Wales and the Welsh Government’s overall performance in delivering its ICT infrastructure plans. Where relevant, this work would pick up issues arising from my December 2012 report on <i>Use of technology to support improvement and efficiency in local government</i>.</p>	•		•	

<p>Educational performance and deprivation (school effectiveness grant and pupil deprivation grant)</p> <p>The Welsh Government's <i>Tackling Poverty Action Plan 2012-2016</i> recognises that poverty results in poorer educational, health and behavioural outcomes for individuals. This study will examine how the Welsh Government is investing in work to tackle the impact of deprivation on educational performance, with particular reference to the administration of the School Effectiveness Grant and Pupil Deprivation Grant. Taken together, this grant funding is worth around £68 million in 2013-14, although it also sits alongside other streams of funding with similar objectives, such as the £1.2 million package of Communities First support announced recently by the Welsh Government. I envisage working with Estyn in the development of this study, which will also provide an opportunity to consider how wider Welsh Government action to improve grants management has been applied in these cases.</p>	•	•		•
<p><b>Welsh Government arrangements for responding to audit recommendations</b></p> <p>As indicated in the paper considered by the Committee on 12 March 2013, this work will test aspects of the Welsh Government's corporate governance but will also provide opportunities to:</p> <ul style="list-style-type: none"> <li>• identify any need for more in-depth follow-up work in particular areas; and</li> <li>• assess the impact of our previous work, as part and parcel of a more systematic approach to measuring the impact of our work.</li> </ul> <p>In conducting this work, we will take account of evidence presented recently to the Committee as part of its own follow-up work on a range of topics. This work will focus on the Welsh Government's response to recommendations arising from my own reports and from Public Accounts Committee reports.</p>			•	
<p><b>Other reactive work taken forward to date in 2013-14</b></p>				
<p><b>The Anglesey to Cardiff Air-Link</b></p> <p>As discussed with the Committee on 7 May 2013, I have received correspondence raising concerns about the value for money of the North-South Wales Air Link. The Welsh Government subsidises two daily flights between RAF Valley on Anglesey and Cardiff Airport at a current annual cost of up to £1.2 million.</p>			•	•

<p>This briefing paper will set out the Welsh Government's arrangements for managing its subsidy of the air-link, including procurement and contract management and evidence in relation to value for money.</p>				
<p><b>Senior management pay in the public sector</b></p> <p>Subject to discussion by the Committee on 16 July, I expect to provide a briefing paper for the Committee to support its plans for a short inquiry on senior management pay. That paper would set out the frameworks that currently govern senior management pay and benefits across Welsh public services and would draw on our financial audit work to bring together an analysis of senior management pay rates.</p>	•	•	•	
<p><b>Betsi Cadwaladr University Health Board</b></p> <p>As the Committee is aware, I have recently published jointly with Healthcare Inspectorate Wales a report on governance arrangements at Betsi Cadwaladr University Health Board. The report identified a range of challenges in relation to the Health Board's governance arrangements. These included a lack of clarity around accountability arrangements and deepening concerns that the Board collectively lacked the capability and capacity to provide the appropriate levels of scrutiny in relation to service delivery.</p>			•	
<p><b>Public funding of the Canolfan Cywain Centre in Bala</b></p> <p>Earlier this year, concerns emerged about the collapse of the Canolfan Cywain Centre in Bala which had received around £2 million in public funding. My staff have now completed some preliminary enquiries into the public funding and subsequent closure of the centre. Based on this initial work and the public interest in the matter, I have concluded that the Wales Audit Office should conduct a detailed investigation of the decision making around the public funding of the venture, including the actions taken to mitigate against the risks (and losses) and the lessons to be learnt from this case.</p>			•	