

Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date:

Tuesday, 24 June 2014

Meeting time:

09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Fay Buckle

Committee Clerk

029 2089 8041

PublicAccounts.Committee@Wales.gov.uk

Agenda

- 1 Introductions, apologies and substitutions (09:00)**
- 2 Papers to note (09:00)** (Pages 1 – 2)
- 3 Financial Reporting Advisory Board (FRAB) Annual Report 2013–2014 (09:05–09:20)** (Pages 3 – 31)
PAC(4)–18–14 (paper 1)
- 4 Unscheduled Care: Consideration of response from the Welsh Government (09:20–09:30)** (Pages 32 – 44)
PAC(4)–18–14(paper 2)
PAC(4)–18–14(paper 3)
- 5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: (09:30)**
Items 6, 7, 8 & 9

6 Intra-Wales – Cardiff to Anglesey – Air Service: Consideration of the draft report (09:30–10:00) (Pages 45 – 72)

PAC(4)–18–14 (paper 4)

7 Annual Report 2013–14 (10:00–10:20)

8 Senior Management Pay: Key issues (10:20–10:50) (Pages 73 – 82)

PAC(4)–18–14 (paper 5)

9 Committee Correspondence – Public Accounts Committee (10:50–11:00) (Pages 83 – 95)

PAC(4)–18–14(paper 6)

Public Accounts Committee

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

Meeting date: **Tuesday, 17 June 2014**

Meeting time: **09.00 – 10.55**

This meeting can be viewed on Senedd TV at:

http://www.senedd.tv/archiveplayer.jsf?v=en_400000_17_06_2014&t=0&l=en

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Assembly Members:

Darren Millar AM (Chair)
William Graham AM
Mike Hedges AM
Alun Ffred Jones AM
Julie Morgan AM
Jenny Rathbone AM
Aled Roberts AM
Sandy Mewies AM

Witnesses:

Debra Carter, Head of Local Government Finance and Public Service Performance Division
Reg Kilpatrick, Director, Welsh Government
June Milligan, Welsh Government
Alan Morris, Wales Audit Office
Huw Vaughan Thomas, Auditor General for Wales, Wales Audit Office

Committee Staff:

Meriel Singleton (Second Clerk)
Claire Griffiths (Deputy Clerk)
Joanest Jackson (Legal Advisor)

TRANSCRIPT

View the [meeting transcript](#).

1 Introductions, apologies and substitutions

1.1 The Chair welcomed the Members to Committee.

2 Meeting the Financial Challenges Facing Local Government in Wales

2.1 The Committee took evidence from June Milligan, Director General, Local Government and Communities, Welsh Government, Reg Kilpatrick, Director, Local Government, Welsh Government and Debra Carter, Deputy Director, Local Government Finance and Performance, Welsh Government on Meeting the Financial Challenges Facing Local Government in Wales.

2.1 June Milligan agreed to write to the Chair on a number of issues raised in the session.

2.3 During the private part of the meeting, Members considered the evidence received.

3 Scrutiny in Local Government

3.1 Members noted the report and agreed that it would assist with the inquiry being undertaken on financial challenges facing local government in Wales and that they would not undertake a separate inquiry on this issue.

4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

4.1 The motion was agreed.

5 Ways of Working: Assessment of ways of working

5.1 Due to time constraints this item was not reached. The Chair asked Members to send any comments to the Clerk.

6 Forward work programme: Autumn 2014

6.1 Due to time constraints this item was not reached. The Chair asked Members to send any comments to the Clerk.

Jane Hutt AC / AM
Y Gweinidog Cyllid
Minister for Finance



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref: MB/JH/2124/14

Darren Millar AM
Chair, Public Accounts Committee
The National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

June 2014

Dear Darren,

Attached is a copy of the 17th report from the Finance Reporting Advisory Board (FRAB).

The FRAB acts as an independent source of advice on the setting of accounting standards for UK Government. The Board seeks to ensure that any adaptations of or departures from generally accepted accounting practice in the public sector are justified and appropriate. Its main focus is on examining proposals for amending current or implementing new accounting policies for Central Government and for examining proposals for accounting guidance for local authorities. The FRAB comprises representatives from Whitehall Departments and Devolved Administrations plus a number of independent members including accounting academics and representatives from the UK accountancy bodies.

In accordance with the terms of reference, the FRAB prepares an annual report of its activities which is circulated to the House of Commons, the Northern Ireland Assembly, Scottish Parliament and the PAC of the National Assembly for Wales.

*Yours ever,
Jane*

Jane Hutt AC / AM
Y Gweinidog Cyllid
Minister for Finance

17th Report of the Financial Reporting Advisory Board

**Report for the period
April 2013 to March 2014**

HC 1264

FINANCIAL REPORTING ADVISORY BOARD

**Report for the period
April 2013 to March 2014**

Presented to the House of Commons pursuant to Section 24(4) of the Government
Resources and Accounts Act 2000

Laid before the Northern Ireland Assembly under Section 20(3) of the Government
Resources and Accounts Act (Northern Ireland) 2001 by the
Department of Finance and Personnel

The report is laid before the Scottish Parliament and presented to the Audit and
Finance Committees of the Scottish Parliament by agreement with the
Scottish Ministers

The report is submitted to the Public Accounts Committee of the National
Assembly for Wales by the Welsh Assembly Government

Ordered by The House of Commons to be printed 8 May 2014

HC 1264
SG/2014/56

REPORT FOR THE PERIOD APRIL 2013 TO MARCH 2014



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This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at Philip Trotter, FRAB Secretary, 1 Horse Guards Road, London, SW1A 2HQ - philip.trotter@hmtreasury.gov.uk

Print ISBN 9781474102513

Web ISBN 9781474102520

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

ID 23041401 05/14 40190 19585

Printed on paper containing 75% recycled fibre content minimum

Chairman's Foreword

Dealing with change in public sector accounting is always challenging. Although we have seen relatively few changes to the accounting manuals this year, it has been instructive how difficult changes can be to implement, particularly where the proposals bring into focus fundamental questions about how the public sector approaches aspects of reporting. In the year under review here, the FRAB has been examining two such issues: how to determine what is controlled by which bodies, and hence should be included in that body's boundary of accounting; and how fair values in reporting should be applied in the public sector.

The first of these issues, driven by the introduction of a new package of standards on consolidation and joint arrangements, has brought into focus the accounting for schools and in particular which schools are controlled by which part of the public sector. I am pleased to report that all involved have made concerted efforts to come to consistent and well-evidenced conclusions, which I believe will, when finalised, continue to be sound in the face of any further changes in the sector. Although still in consultation, the principles that have been established are clear and consistent with the relevant accounting standards, and should prove a model for other areas of the public sector that have to deal with similar questions.

In relation to the second issue, the FRAB had some difficult debates on what form of current value is used for public sector assets and why, and whether these should be categorised as "fair value" as determined by accounting standards. We found it helpful to investigate the history of why the public sector had originally taken the approach of using a form of replacement cost current value and what the new standard on fair value accounting told us about whether that approach was the right one in terms of the information needs of users of public sector accounts. There is a wide and strongly-felt range of views on this issue, which I am pleased to say were thoroughly aired in FRAB meetings. In order for us to approach a satisfactory resolution in relation to the application of the new accounting standard, however, a more holistic debate on asset values may be required at some point to ensure that users of public sector accounts get the most appropriate information.

All this indicates the need for substantial forward planning and debate in order to apply new accounting standards in the public sector in a timely fashion. Even with the best efforts of all involved, it has not been possible to meet the fair value standard's expected application date. While it is better to delay and get it right, with which the FRAB is in agreement as a matter of policy, the time and resources needed to achieve an appropriate resolution should not be underestimated. In this context I would like to record my thanks and that of the FRAB as a whole for the hard work of the financial reporting teams at the Relevant Authorities who have been dealing with these issues.

Looking forward, new standards expected in the next few years will not in the main be too onerous in a public sector context (the exception being a new leasing standard, should it come to fruition) and many will have long lead-in times. This will allow attention to shift to simplifying and streamlining statutory accounts in

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the public sector in order to better meet the needs of users. The FRAB is keen for the accounts to be as useful as possible and has been pleased to see the increased focus on Whole of Government Accounts in informing debate on public sector performance and resources.

I note that, following the sovereign debt crisis, a debate on public sector accounting in Europe is developing which may lead to European Public Sector Accounting Standards being established for all EU countries. The UK is in the vanguard in Europe in public sector reporting and our experience should provide important evidence to the initiative in relation to the difficulties and timescale involved; as we know, it has taken a huge amount of time, resource and effort to get to where we are now. Given some EU countries have yet to move away from cash accounting and onto an accruals system, there is a long journey ahead to reach a set of high quality accounting standards that the whole of Europe can follow. The UK has a vested interest in ensuring it does not lose any of the advances it has made in reporting if EU standards are brought into force and FRAB is ready and willing to take part in this debate.

This report has been simplified in contrast to previous versions, in order to make it easier to focus on activity and important issues, by putting standing data on terms of reference and so forth onto the gov.uk website. I would be happy to receive any comments, whether positive or negative, on this new approach.

Kathryn Cearns

8 May 2014

Executive Summary

This is the seventeenth report of the Financial Reporting Advisory Board (the Board). The Board's primary objective is to promote the highest standards of financial reporting by government. The report is addressed to the Committee of Public Accounts and the Treasury Select Committee in the Westminster Parliament, to the Northern Ireland Assembly, to Scottish Ministers and to the Public Accounts Committee of the National Assembly for Wales. The report covers the year April 2013 to March 2014.

Last year's report commented on the effectiveness of the changes introduced to the Board's structure, membership and operational processes. These changes were designed to ensure that not only does the FRAB remain fit for purpose but that it continues to act independently as an advisory body to the Relevant Authorities. During the course of this year the benefits of these changes have continued to be demonstrated, with strong debate and the independence of Board members being highlighted.

As the Board moves to a reduced number of meetings per year in order to support the Relevant Authorities in increasing the efficiency and effectiveness of their operations, and more of the Board's business is conducted electronically out of meetings, it is essential that the real and perceived independence of Board members is maintained.

Changes to accounting guidance

Over the course of 2013-14 a significant proportion of the Board's time has been spent providing advice to the Relevant Authorities on the introduction of the new suite of consolidation standards and IFRS 13 *Fair Value* into public sector accounting guidance.

The consolidation standards introduced new criteria for determining whether an entity is controlled and should be consolidated. A key area of focus for the Board was the effect of the consolidation standards on the accounting for local authority maintained schools in England and Wales. This work drew together expertise from financial reporting experts, local authority and devolved government representatives, and church and public sector school representatives through a Working Group. The Working Group issued its final report in February 2014 recommending that local authorities consolidate community schools, voluntarily controlled, voluntary aided and foundation schools. The consolidation standards are due to be incorporated into the 2014-15 Code of Practice on Local Authority Accounting following a due process consultation.

The consolidation standards and IFRS 13 *Fair Value* have raised some fundamental issues about the objectives of financial information and the applicability of international accounting standards to the public sector context. Whilst the introduction of the consolidation standards has been achieved for 2014-15, regrettably an acceptable conclusion on IFRS 13 *Fair Value* has not yet been reached and a further delay in application has been deemed necessary.

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Although the Board has been encouraged by improved working practices and the sharing of expertise between the Relevant Authorities, the delay to the adoption of IFRS 13 *Fair Value* again raises the issue that the time and resources needed to respond to new standards that are being developed cannot be underestimated. This is particularly the case when the standards are of significant complexity or will have far reaching financial management implications.

The debate around the application of Fair Value accounting has, however, shown how the Board can be most effective in promoting the highest standards of financial reporting and assisting the Relevant Authorities. The technical advice provided by the Board has ensured that the Relevant Authorities have gone back to first principles in understanding the reasons behind current valuations of assets, and the Board looks forwards to proposals for IFRS 13's introduction that will ensure the accountability and decision making purposes of public sector financial reporting are best met.

Improvements to financial reporting

Beyond standard setting the Board has also supported the Relevant Authorities in their efforts to better meet the needs of users of financial reports, particularly through the simplification and streamlining project being run by HM Treasury and work undertaken by CIPFA with local authorities. Making financial reporting information more understandable and better integrated with wider performance measures can only act to further increase the usefulness of financial reporting to both those charged with oversight and decision-makers.

The increased use of Whole of Government Accounts in the last Spending Round and the level of Parliamentary and wider debate on the additional information that these accounts contain have been very encouraging. Significant items such as nuclear decommissioning provisions and public sector pension liabilities are real burdens that will need to be met by future generations. Increased transparency around these figures can only assist in ensuring they are managed sustainably.

Priorities for 2014-15

For 2014-15, the Board expects that developments arising from the European Commission's European Public Sector Accounting Standards (EPSAS) project and improving the relevance of financial reporting in wider public finance management will be the main focus for the Relevant Authorities.

While the Board is encouraged that EPSAS has increased the profile of public sector accrual accounting there are concerns that it could impact disproportionately on Member States like the UK that have already integrated internationally accepted accrual accounting standards into their wider public finance management systems. The Board is also conscious that were there to be a move towards harmonised public sector accounting standards at a European level, its own role may have to adapt if it is to continue to fulfil its statutory function.

On improving the relevance of financial reporting, the Board looks forward to supporting the Relevant Authorities in finalising recommendations for change arising from the simplification and streamlining project. This is an area where the public sector has the opportunity to show the way to the private sector, and is only possible due to the significant improvements made in public sector financial reporting during the Board's existence.

In fulfilling its remit in providing advice to the Relevant Authorities, the Board is particularly keen to ensure that the voice of users of government financial reports are heard in this debate. The Board therefore welcomes any comments that users or other interested parties may have via the FRAB Secretary, contact details for whom are provided below:

Email: philip.trotter@hmtreasury.gov.uk

Telephone: 020 7270 4538

Address: Philip Trotter, FRAB Secretary, 1 Horse Guards Road, London, SW1A 2HQ.

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1 INTRODUCTION

2 CHANGES TO ACCOUNTING GUIDANCE IN 2013-14

3 BOARD ACTIVITIES IN 2013-14

ANNEX A MEMBERSHIP OF THE BOARD

Chapter 1

INTRODUCTION

Background to the Financial Reporting Advisory Board

- 1.1. The Financial Reporting Advisory Board (the Board) is an independent body fulfilling the statutory role as the ‘group of persons who appear to the Treasury to be appropriate to advise on financial reporting principles and standards’ for government, as required by the Government Resources and Accounts Act 2000.¹
- 1.2. The Board acts as an independent element in the process of setting accounting standards for government and exists to promote the highest possible standards in financial reporting by government. In doing so, the Board seeks to ensure that any adaptations of, or departures from, generally accepted accounting practice in the public sector context, are justifiable and appropriate.
- 1.3. The Board’s main focus is on examining proposals for amending current, or implementing new, accounting policies in the accounting guidance for central government departments, executive agencies, non-departmental public bodies and trading funds, and for examining the proposals for accounting guidance for local authorities. The Board also advises the Treasury on the implementation of accounting policies specific to Whole of Government Accounts.
- 1.4. Further information about the Board, including terms of reference, meeting minutes and papers, is available on the gov.uk website.²

Background to the FRAB Report

- 1.5. In accordance with its Terms of Reference, the Board has a responsibility to prepare an annual report of its activities, including its views on the changes made during the report period to accounting guidance that is within the Board’s remit.
- 1.6. The Board is required to send a copy of its report direct to the Committee of Public Accounts and the Treasury Select Committee of the UK Parliament, to the Welsh Assembly Government, the Scottish Ministers and the Department of Finance and Personnel, Northern Ireland.

¹ Government Resources and Accounts Act 2000, section 24.

² <https://www.gov.uk/government/policy-advisory-groups/financial-reporting-advisory-board-frab>

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- 1.7. The Treasury, the Scottish Ministers, and the Department of Finance and Personnel in Northern Ireland formally lay the Board's report before respectively the House of Commons, the Scottish Parliament, and the Northern Ireland Assembly. The Welsh Assembly Government submits the report to the Public Accounts Committee of the National Assembly for Wales.
- 1.8. This is the Board's 17th Report and the Report structure is summarised below.

Report structure

Changes to accounting guidance

- 1.9. Chapter 2 of the Report summarises changes to accounting guidance approved by the Board during 2013-14.

Board activities

- 1.10. Chapter 3 of the Report reports on those issues in financial reporting, both new and continuing, which may lead to changes in accounting guidance in the future and provides an indication of how those issues will impact the Board's work in future years.

Chapter 2

CHANGES TO ACCOUNTING GUIDANCE IN 2013-14

Introduction

2.1. This chapter details significant changes in accounting guidance within the Board's remit for 2013-14 and 2014-15.

The 2013-14 FReM

2.2. The Board agreed the Treasury proposal to make amendments to the 2013-14 FReM to reflect the following developments:

- HM Treasury migrated to the gov.uk website and references for where supporting guidance could be found online were changed; and
- Amendments to the Companies Act 2006 came into effect in respect of financial years ending on or after 30 September 2013. Consequently, guidance on the form and content of annual reports was updated to reflect the new requirements to prepare a Strategic Report and altered requirements for the Directors' Report and Remuneration Report.

2.3. The revised FReM was issued by the Treasury in December 2013. A log of all 2013-14 amendments is available on the gov.uk website.³

The 2014-15 FReM

2.4. HM Treasury has reviewed the form and content of the FReM and has proposed a new format for 2014-15. The aims of this different format are:

- To make it easier for preparers to identify all relevant adaptations and interpretations by referring to one chapter;
- To improve the internal consistency of the document by explaining each adaptation and interpretation only once;
- To make it clearer to preparers which standards have been adopted and should be applied; and
- To shorten the FReM by removing text which duplicates accounting standards.

³ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2013-to-2014>

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- 2.5. Following consultation with users and review by the Board, these were agreed and the 2014-15 FReM was published to timetable, in December 2013. A log of all 2014-15 amendments is available on the gov.uk website.⁴
- 2.6. The 2014-15 FReM also incorporated a number of changes which were not presentational, the most significant of which are detailed in Table 1.

Table 1

Standard	Summary	FReM impact
<p>IFRS 10, <i>Consolidated Financial Statements</i></p> <p>IFRS 11, <i>Joint Arrangements</i></p> <p>IFRS 12, <i>Disclosure of Interests in Other Entities</i></p> <p>IAS 27, <i>Separate Financial Statements</i> (amended)</p> <p>IAS 28, <i>Investments in Associates and Joint Ventures</i> (amended)</p>	<p>These standards were EU-adopted for annual periods beginning on or after 1 January 2014 and affect the consolidation and reporting of subsidiaries, joint arrangements, and investment entities:</p> <ul style="list-style-type: none"> • The IFRS 10 definition of control (investor power and ability to direct activities of an investee) requires more judgment, notably of agency-principal relationships. Clarity on investor exposure or rights to variable returns (e.g. cost savings) may result in new consolidations. • IFRS 11 provides a principles-based definition of joint arrangements (joint operations or joint ventures) based on rights and obligations. Proportional consolidation accounting for joint ventures is no longer permitted (only equity accounting). • IFRS 12 requires more disclosure of the financial effects on, and risks to, the consolidating entity. 	<p>Accounting boundaries are adapted in the 2014-15 FReM so that the Westminster departmental accounting boundary continues to be based on control criteria used by the Office for National Statistics.</p> <p>With the continuation of current adaptations, the impact on departments and agencies mainly relates to the disclosure requirements under IFRS 12.</p> <p>Arms length bodies will apply the consolidation standards in full and their consolidation boundary may change as a result of the new standards.</p>
<p>IFRS 13, <i>Fair Value Measurement</i></p>	<p>IFRS 13 was EU-adopted for annual periods beginning on or after 1 January 2013. It has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise):</p> <p>The standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p>	<p>IFRS 13 has been specifically scoped out of the 2014-15 FReM and will not be adopted until 2015-16. Further details on the implementation of IFRS 13 are included in Chapter 3.</p>

⁴ <https://www.gov.uk/government/publications/government-financial-reporting-manual>

The 2013-14 and 2014-15 Foundation Trust Annual Reporting Manual and NHS Manuals for Accounts

- 2.8. The Board agreed the 2013-14 Foundation Trust Annual Reporting Manual and 2013-14 NHS Manuals for Accounts with no new divergences from the FReM. The 2013-14 Foundation Trust Annual Reporting Manual was issued by Monitor in December 2013 (subsequently updated in March 2014) and the 2013-14 NHS Manual for Accounts was issued by the Department of Health in October 2013.
- 2.9. The Board subsequently reviewed draft financial chapters of the Manuals for 2014-15 at its April 2014 meeting.
- 2.10. The Board looks forward to approving future versions of the Manual on a progressively improved timetable.

The 2014-15 Code of Practice on Local Authority Accounting

- 2.11. The Board agreed the 2014-15 Code of Practice on Local Authority Accounting. The Code was issued by CIPFA/LASAAC in April 2014.
- 2.12. The significant changes to the 2014-15 Code related to:
 - The adoption in full of group accounting standards (IFRS 10, IFRS 11, IFRS 12 and amendments to IAS 27 and IAS 28);
 - The adoption in full of amendments to IAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities*; and
 - Clarification of the Code's requirements in relation to local government reorganisations and other combinations, to improve guidance and alignment with other public sector bodies.

Chapter 3

BOARD ACTIVITIES IN 2013-14

Introduction

- 3.1. This chapter addresses the developments in financial reporting in the public sector, both new and continuing, which were addressed during 2013-14. An update on each of the developments considered by the Board is provided in Table 2 below. Table 3 provides details of when each topic was discussed and papers and minutes from those meetings are available on the gov.uk website.⁵
- 3.2. In addition to continuing work on known developments in financial reporting, the Board will monitor developments in international accounting standards and may respond selectively to those consultations which have implications for public sector financial reporting and in which the Board has a particular interest. These include consultation documents issued by the International Accounting Standards Board (IASB), the IFRS Interpretations Committee and the International Public Sector Accounting Standards Board (IPSASB). The Board's future work on accounting standards will include leases, insurance contracts, revenue recognition and rate regulated activities.

Table 2

Accounting standard or reporting issue	Activities during 2013-14	Future work
<i>IFRS</i>		
IFRS 9, <i>Financial instruments</i>	<p>IFRS 9 is being developed in stages by the IASB as a replacement to IAS 39.</p> <p>The Board received an update on IFRS 9 and noted the key differences in accounting treatment between IAS 39 and IFRS 9 as it currently stands.</p>	<p>IFRS 9 is expected to be finalised by mid-2014, except for requirements for portfolio hedge accounting of interest rate risk (or 'macro hedging') which are mainly relevant for entities in the financial sector. There are likely to be elements of IFRS 9 that will require further review by the Board in order to determine whether an interpretation for the public sector context is appropriate. The Board will continue to monitor developments with IFRS 9 and will carry out a detailed review after the</p>

⁵ <https://www.gov.uk/government/collections/hmt-financial-reporting-advisory-board-minutes>

Accounting standard or reporting issue	Activities during 2013-14	Future work
		<p>final standard (excluding requirements for macro hedging) has been issued. The IASB has tentatively decided that IFRS 9 will have a mandatory application date of annual accounting periods beginning on or after 1 January 2018. This should give sufficient time to analyse the impact of the standard and enable appropriate preparatory work to be carried out.</p>
<p>IFRS 13, <i>Fair Value</i></p>	<p>Proposals for the application of IFRS 13 have been considered by the Board on a number of occasions. During 2013-14, the Board advised HM Treasury and CIPFA to look again at the current approaches to valuation in the FReM and the Code. The Board suggested that if fair value was not the conceptual basis that HM Treasury and CIPFA were seeking to apply when valuing property, plant and equipment in particular, then the way forward could be found by building on current adaptations, in particular IAS 16.</p> <p>Consequently, HM Treasury and CIPFA proposed to explicitly note that the measurement objective for public sector assets that are used to provide services directly to the public is to value their service potential and not their fair value (i.e. a market exit value). IFRS 13 would therefore only apply to assets which do not provide services directly to the public.</p> <p>The Board considered this suggested approach to take IFRS 13 forward to consultation but concluded that, although significant progress has been made, further work was necessary to address both the boundary issue of public service delivery and also practical guidance</p>	<p>The Board agreed in 2013-14 that further work will be undertaken by HM Treasury and CIPFA on valuation bases to be applied to assets, including the issue of mixed-use buildings and sites. Further analysis work is required by the Relevant Authorities in order that the Board can understand fully the proposed application and potential impact of the Standard on public sector financial reporting, and in order that it can advise on a jointly proposed accounting approach.</p> <p>The Board will work with HM Treasury and CIPFA to implement IFRS 13 in 2015-16. It is regrettable that the Standard will be not be applied to public sector financial reporting until 2015-16, however the Board acknowledges that the delay is in the interests of ensuring the correct accounting approach is applied, as asset measurement in particular is a complex issue in public sector accounting.</p>

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Accounting standard or reporting issue	Activities during 2013-14	Future work
	on issues like mixed-use buildings.	
IFRS 14 <i>Regulatory Deferral Accounts</i>	<p>IFRS 14 is a limited scope Standard providing an interim solution for rate-regulated entities that have not yet adopted International Financial Reporting Standards (IFRS).</p> <p>Given its limited nature the Board was updated out of meeting.</p>	The Board will return to the issue of Regulatory Deferral Accounts as and when the International Accounting Standards Board (IASB) completes further work on its comprehensive project on rate regulated activities.
IFRS 15 <i>Revenue Recognition</i>	IFRS 15 is expected to be published during the first half of 2014. It will cover all revenue recognition and measurement issues and will be applicable for annual accounting periods beginning on or after 1 January 2017.	The Board expects to consider the application of the new standard in its meetings in late 2014 and early 2015.
<i>Other issues</i>		
Simplifying and streamlining statutory accounts	<p>The Board has been supportive of efforts by the Treasury and the other Relevant Authorities to improve relevance and clarity in public sector financial reporting. The Board received regular updates from the Treasury on a project to simplify and streamline annual reports and accounts, including the final recommendations and a proposed implementation plan.</p> <p>The final recommendations of the project were based on a first principles approach of allowing entities to tell their own story, while maintaining certain key accountability requirements and having audited financial statements. The overarching aim is to develop more integrated and relevant reporting that links performance and financial information while ensuring those aspects of the current reporting structure that are useful to users are maintained.</p>	The Board will be kept up to date with progress in future meetings in order to support the introduction of the new reporting format in 2015-16.
Mid-year reporting	The Board received updates from the Treasury on the introduction of a new mid-year report to the Westminster	The Board will review the outcome of the 2013-14 mid-year reports and whether they were successful in

Accounting standard or reporting issue	Activities during 2013-14	Future work
	<p>Parliament by the 17 main central government departments in 2013-14. The purpose of mid-year reporting is not to introduce private sector style interim reporting, which would be a considerable burden on the public sector, but rather the production of a high level document that provides a summary of key issues.</p> <p>The Board was supportive of the project, in particular the use of a light touch approach that encouraged departments to engage with their Select Committees about their needs, the content of the reports, and how information is reported.</p>	<p>delivering information to the Westminster Parliament which assisted the Westminster Parliament in understanding departments' positions and performance.</p>
Whole of Government Accounts (WGA)	<p>The Board received updates from the Treasury on progress with WGA, including the publication of the 2011-12 account in July 2013. The Board considered that good progress was being made and were encouraged by how much the document is being used by decision-makers.</p>	<p>During 2014-15, the Board will review the Treasury's plans to remove qualifications, including the timescales for doing so, and HM Treasury will keep the Board informed of progress in producing the 2012-13 accounts and significant issues being discussed at the WGA advisory board.</p>
Accounting for schools	<p>In 2012-13, the Board recommended that a cross-cutting Accounting for Schools Working Group should form to take forward the issue of applying international accounting standards, principally IFRS 10, Consolidated financial statements, in the context of public sector schools.</p> <p>The Accounting for Schools Working Group prepared its final report in which it concluded that community schools, voluntary controlled schools, voluntary aided schools and foundation schools are separately identifiable entities within local authority control and that, in accordance with the requirements of IFRS 10, Consolidated Financial Statements, they should be</p>	<p>Depending on the results of the public consultation, CIPFA/LASAAC may propose an adaptation to the 2014-15 Local Authority Code. The Board will consider the results of the public consultation and will work with CIPFA/LASAAC to provide guidance to preparers as soon as possible.</p>

REPORT FOR THE PERIOD APRIL 2013 TO MARCH 2014

Accounting standard or reporting issue	Activities during 2013-14	Future work
	<p>consolidated into local authority accounts.</p> <p>The Working Group further recommended that consideration is given to adapting IFRS 10 in the Local Authority Code to allow local authorities to consolidate schools into their single-entity financial statements, rather than prepare group accounts.</p> <p>CIPFA/LASAAC initiated a public consultation in March 2014 to test the Working Group's assumptions and conclusions.</p>	
Discount rates	<p>In accordance with the Board's previous advice, HM Treasury introduced three discount rates (short, medium and long-term) to be used by departments for their Estimates and budgets from 2012-13. The short and medium term discount rates are set using a methodology agreed by the Board and the Treasury and the Treasury will set a new long-term discount rate at the next Spending Review.</p> <p>The Board received an update on movements in discount rates between 2012-13 and 2013-14 and noted that the Treasury is examining the current methodology in response to feedback obtained during the Simplifying and Streamlining Accounts project.</p>	<p>The Board will continue to review any significant changes to the discount rates (based on changes to current market data), or proposals to move away from the rate required by the standard or change the methodology employed to calculate the rates.</p>
Tax and spend schemes	<p>The Board received updates from the Treasury on the accounting for schemes that result in public spending and taxation. The Board agreed with the Treasury's broad approach and commitment to find an appropriate way of maintaining accountability to the Westminster Parliament whilst maintaining alignment of accounts, budgets and</p>	<p>The Board will review the potential for developing an accounting treatment for tax and spend schemes in light of any outcome from the IASB's project on the Emissions Trading Schemes and other similar schemes.</p>

Accounting standard or reporting issue	Activities during 2013-14	Future work
	Estimates. The Treasury gained approval from the Alignments Review Committee to include tax and spend schemes in departmental budgets based on ONS classification but to exclude the schemes from departmental Estimates and accounts.	
Revised Companies Act requirements	The Board reviewed proposals for in-year amendments to the FReM to incorporate changes to the Companies Act 2006 and provided advice to ensure the changes were clear and compliant with the revised legislation. The main changes for central government reporting entities was the inclusion of a single remuneration figure for directors and the introduction of a strategic report in addition to an amended directors' report.	None.
European Public Sector Accounting Standards (EPSAS)	The Board received updates from the Treasury on developments with EPSAS. These updates covered early EPSAS proposals, the first governance task force meeting, and Eurostat's public consultation on the governance framework for EPSAS. The Board did not send a standalone response to the public consultation but agreed that any response from a Relevant Authority should explain the FRAB's governance arrangements.	The Board will be kept up to date with developments in future meetings.
Accounting for PPP arrangements and service concessions	The Board received updates from the Treasury on work that had been undertaken on the timing of asset recognition and the accounting treatment for arrangements not solely involving a unitary payment to the operator from the grantor. The Treasury's proposed accounting treatment for not including a unitary payment was not accepted by the Board, but such arrangements are not	The Board will be kept informed of developments with this accounting issue if real world examples arise, for example following the government's review of PFI.

REPORT FOR THE PERIOD APRIL 2013 TO MARCH 2014

Accounting standard or reporting issue	Activities during 2013-14	Future work
	yet common.	

Table 3

Accounting standard or reporting issue	Board meeting where the accounting standard or issue was discussed			
	4 April 2013	24 May 2013	10 October 2013	13 December 2013
<i>IFRS</i>				
IFRS 9, <i>Financial instruments</i>		✓		
IFRS 13, <i>Fair Value</i>	✓	✓	✓	✓
IFRS 14, <i>Regulatory Deferral Accounts</i>				Out of meeting
Other future standards		✓		
<i>Other issues</i>				
Simplifying and streamlining statutory accounts	✓		✓	✓
Mid-year reporting			✓	
Whole of Government Accounts (WGA)				✓
Accounting for schools	✓	✓	✓	✓
Discount rates	✓			✓
Tax and spend schemes		✓	✓	
Revised Companies Act requirements		✓	✓	✓
European Public Sector Accounting Standards (EPSAS)	✓		✓	✓
Accounting for PPP arrangements and service concessions	✓			

Annex A

MEMBERSHIP OF THE BOARD

The membership of the Board reflects the relevant spread of interests, as well as ensuring its independence and accounting expertise. Board membership, by groupings, during this reporting period comprised:

Independent/External members:

Chairman: Kathryn Cearns, Consultant Accountant, Herbert Smith Freehills LLP.

Andrew Buchanan, Global Head of IFRS, BDO IFR Advisory Limited.

Ron Hodges, Professor of Accounting, University of Birmingham.

Roger Marshall, Chairman, UK Accounting Council.

Veronica Poole, Global Managing Director IFRS Technical, Deloitte LLP.

Preparers/users:

Bob Branson, Head of Financial Management, Environment Agency.

Bruce West, Head of Strategic Finance, Argyll and Bute Council (from October 2013).

Janet Dougharty, Deputy Director Local Government Finance, DCLG.

Kathryn Gillatt, Finance and Corporate Services Director, Driving Standards Agency.

Sue Higgins, Director-General (Finance and Corporate Services), Communities and Local Government (until October 2013).

David Hobbs, Head of Accountancy Advice, Office for National Statistics.

Auditors:

David Aldous, Associate Controller – Audit Technical Support, Audit Commission.

Maggie McGhee, Director General for Financial Audit, National Audit Office.

Mike Usher, Group Director, Wales Audit Office.

Relevant Authorities:

Ian Carruthers, Policy and Technical Director, CIPFA.

Robert Davidson, Interim Director of Finance and Reporting, Monitor (until May 2013)

Jason Dorsett, Director of Finance and Reporting, Monitor (from October 2013)

Gawain Evans, Deputy Director of Finance, Welsh Assembly Government

Fiona Hamill, Treasury Officer of Accounts, Department of Finance and Personnel Northern Ireland.

Janet Perry, NHS Chief Financial Controller, Department of Health (until May 2013)

Andrew Baigent, Director, Group Financial Management, Department of Health (from October 2013)

Karen Sanderson, Deputy Director, Government Financial Reporting, HM Treasury (until October 2013).

Aileen Wright, Deputy Director Finance, Scottish Government.

Parliamentary observer:

Sir Edward Leigh, MP.

During the reporting period, Larry Honeysett has served as alternate for the Parliamentary observer.

Secretariat:

Secretary:

Philip Trotter



Welsh Government Response to the Report of the National Assembly for Wales Public Accounts Committee Report on Unscheduled Care: Committee Report

We welcome the findings of the report and offer the following response to the 19 recommendations contained within it.

Recommendation 1

The Committee concludes that immunisation has a role in reducing pressures on unscheduled care services and we recognise the importance of public education on the benefits of immunisation programmes. We recommend that the Welsh Government undertakes further work with the NHS organisations to increase immunisation rates amongst the population, including significantly increasing its targets for vaccinating frontline NHS staff against influenza.

Response: Partially Accepted

The recommendation to increase immunisation rates amongst the general population is accepted. Immunisation targets, including the seasonal flu programme, form part of the Tier One measures for the NHS and are one of the key accountability requirements for health boards. Vaccination programmes are monitored quarterly by the Wales Immunisation Group which comprises representatives from Welsh Government, Public Health Wales, Directors of Public Health, Health Board Immunisation Co-ordinators and primary care.

The recommendation to increase flu vaccination targets for NHS staff is not accepted. We share the ambition of the committee to increase vaccination rates, however further work is required to meet the current 50 per cent target for front line healthcare workers, despite a significant improvement in recent years. In 2013-14 uptake reached 41.4 per cent compared to 30.9 per cent in 2011-12.

Increasing the target at this stage is unlikely to have a significant impact on improving uptake. It may also have a demoralising impact on staff, who over a number of years, have been working towards achieving the current target. Negative attitudes to flu vaccination still exist within parts of the NHS and setting a target that is achievable is likely to provide a more sustained improvement over time.

We will continue to work with Health Boards and Public Health Wales to encourage more staff to have the flu vaccine to protect themselves and their patients. The current 50 per cent target will be kept under review and uplifted in line with progress.

Recommendation 2

Evidence to the Committee suggests a lack of clarity around how data relating to ambulance arrivals and handovers are collected and that local variations apply. To end this confusion and ensure accurate recording of data, we recommend that the Welsh Government introduce

clear and consistent guidelines that set out how ambulance handovers should be recorded. This should include guidance on how patients treated in ambulances outside the department are to be appropriately cared for and categorised.

Response: Accepted

Handover Arrival Screens (HAS) were introduced to all major A&Es in 2008 to support the accurate collection of data for the handover of patients from Welsh Ambulance Services NHS Trust (WAST) crews to hospital staff in Wales. Clear guidance on the use of the HAS system was issued to all organisations in 2010. This guidance will be reviewed in partnership with Health Boards and WAST to ensure it is fit for purpose and clearly understood by all.

This review process will conclude by the end of July and revised guidance will be issued by August 2014, re-emphasising responsibilities and the requirement for accurate data collection. The Welsh Government will also seek assurance that NHS organisations are providing the appropriate training for use of the HAS system, and that the existing and new staff are aware of their individual responsibility for the accurate collection of data.

The requirement that 'clock start time' for the 4 hour A&E target, for all patients arriving by ambulance, should begin once A&E staff are notified by the ambulance crew that the patient has arrived will also be reinforced in June 2014.

Health Boards will be reminded of their legal responsibility for providing care for patients within their health board area, and of Welsh Government expectation that patients should be monitored, assessed and treated by Emergency Care clinicians with the relevant skill set, in a timely manner and in order of clinical priority, on arrival at A&E.

Recommendation 3

The Committee recognises the importance of recording Patient Related Outcome Measures (PROMS) but we remain concerned about the need to compare performance in Wales with that elsewhere in the UK and the willingness of patients, particularly older people, to share their experiences, especially if these are negative, at a time when they are poorly and vulnerable. We recommend that the Welsh Government work with health boards to develop a wider suite of performance measures for unscheduled care that allow quality of care and patient experiences to be measured and recorded in a way which allows for comparisons in the UK and beyond.

Response: Accepted

It is important that we measure the things that tell us if we are making a positive difference to the clinical outcomes and quality of life of people in Wales. To that end, a wider suite of unscheduled care measures is currently being developed and patient experience and outcomes will be key components. This will build on the *Framework for Assuring Service User Experience*, issued in May 2013, which provides a national approach to measuring service user experience via a range of feedback methods. To provide a consistent approach, core service user experience questions are currently being used across all care settings. Welsh Government is also

exploring other ways to enable service users to share their experiences on a dynamic and on-going basis.

PROMs ask patients about their health from their own point of view before and after intervention or treatment but do not ask about patient experience with health care services.

Consideration is being given to complementing service user experience with the introduction of PROMs for selected procedures. These outcome measures enable comparison across national boundaries for selected procedures such as joint replacement. However, the comparability of performance data and outcome measures does not lie wholly with the Welsh Government. All three other UK nations are able to alter the way in which they record the performance of the unscheduled care system; all such changes are capable of eroding comparability.

Recommendation 4

We believe there is a need to end uncertainty about the future provision of emergency department services across Wales and recommend that the Welsh Government continues to work with health boards to bring this uncertainty to an end in order to achieve safe and clinically sustainable medical staffing models in emergency departments and to promote the necessary recruitment and retention of staff.

Response: Partially Accepted

All Health Boards have set out plans for service change in accordance with our *Together for Health* strategy to achieve safe and sustainable services. The concentration of some specialist services on fewer sites, including A&E services, will ensure national standards are met and clinicians will have levels of activity which enable them to maintain their skills. The uncertainty that the major consultations on these plans for service change gave rise to is now brought to an end, with the recent announcement on the South Wales Programme.

Plans for A&E services for South Wales and Mid & West Wales have now been agreed by the Health Boards and Community Health Councils. In North Wales, the Health Board is committed to providing a safe and sustainable configuration of emergency and urgent care services, provided through a network across the three major hospital sites and are developing more detailed plans this year.

We do accept that there is a continuing need to work with Health Boards to ensure the agreed plans are now successfully implemented, in partnership with their local Community Health Councils.

We continue to work with Health Boards and the Deanery to ensure effective workforce planning and training.

All Health Boards have to keep services under review to ensure that they can be provided in a safe and sustainable way.

Recommendation 5

The Committee recognises that primary care may be provided through a number of services in addition to those provided by GPs and public awareness of this needs to be raised. We recommend that the Welsh Government undertake more work to promote the choices available to patients and the means by which these services might be delivered. For example, we acknowledge that access to primary care may be through access to a health professional other than a GP and this could be over the telephone.

Response: Accepted

Welsh Government is continuing the Choose Well Campaign building on the foundations already laid (see recommendations 13 & 14). NHS Direct Wales continues to provide valuable healthcare advice and information about local services, both by telephone and web, and will be an integral part of the consideration and decision making process in relation to developing a 111 telephone service for Wales.

Health Boards have made varying progress in developing communication hubs and local Directories of Services to publicise services and their appropriate use. We will write to Health Boards by 30 June, to ensure the wider choices available to patients seeking primary and community care services are highlighted through Health Boards' Primary Care Access Forums, in particular, the care provided by GP practice nurses, community nurses and community pharmacists through the Minor Ailments Scheme.

Recommendation 6

The Committee notes that the provision of a telephone service can assist patients in determining when an appointment is urgent but believe that it is essential that such services have clinical input. The Committee recommends that the Welsh Government ensure that health boards are promoting clinically led telephone triage in GP practices and that patients have access to telephone advice on the most appropriate course of action when an urgent appointment with a GP is requested.

Response: Accepted

Health Boards' Primary Care Access Forums will support the further development of a range of ways to access urgent GP advice, including telephone, e-mail and video conferencing.

We will write to Health Boards by 30 June, to ensure clinically led telephone triaging is promoted through Health Boards' Primary Care Access Forums and follow this up with Health Boards through routine performance management meetings.

Recommendation 7

The Committee notes the approaches taken by Aneurin Bevan and Cwm Taf University Health Boards to improve access to GP services but note that despite these attempts to improve access significant progress is

still required. We recommend that existing approaches to improving access to GP appointments, be evaluated so that good practice can be identified and shared across health boards.

Response: Accepted

We will write to Health Boards by 30 June, asking them to work collectively with Public Health Wales to evaluate and report on existing approaches to improve access to GP care. The approach undertaken by Cwm Taf and Aneurin Bevan Health Boards will be taken into account.

The 1000 lives team will be commissioned to provide support, building on best practice in this area. This work will address best practice on appointment systems, including minimising “did not attends” (see also recommendation 8).

Recommendation 8

The Committee notes the difficulties involved in introducing penalties for those patients who do not attend appointments with their GPs. While the Committee recognises there are existing initiatives in place to reduce “did not attends”, we believe the current rate is unacceptable and is contributing to difficulties in patients accessing GP appointments. We recommend that the Welsh Government consider this issue further and look to approaches adopted elsewhere, including the Republic of Ireland and Northern Ireland in reducing “did not attends”.

Response: Accepted

Work is needed to establish the scale of “did not attends” in primary care.. We will write to Health Boards by 30 June, asking them to work collectively with Public Health Wales to consider and report on the evidence of action taken to identify and reduce “did not attends” including sharing best practice in making appointments (also see response to recommendation 7).

Recommendation 9

The Committee received mixed evidence on the extent to which inappropriate attendance to emergency departments is a problem. We recommend that the Welsh Government urge health boards to collect clearer data to identify the scale of inappropriate attendances to emergency departments to develop a consistent approach to addressing any issues identified. To further support this, initiatives to collect data on patient experiences in emergency departments should include questions to determine why patients chose to attend the A&E department.

Response: Accepted

While some patients who attend A&E could be more appropriately treated in other settings, this often depends very much on the availability of, and access to, these services and this will vary across Wales according to local circumstances.

There is already a requirement within the nationally collected Emergency Department Data Set (EDDS) to collect a clinical assessment as to whether

an attendance is appropriate. We recognise that this is not captured consistently. Identifying an inappropriate attendance, other than by a review of the clinical record and relating it to local services, remains difficult.

As part of the on-going work to improve the information around A&E a pilot study is being undertaken in the Royal Gwent A&E Department to assess the opportunity to implement the *College of Emergency Medicine Minimum Data Set (CEMDS)*. This should provide better clinical information about each patient and the reason for their attendance. Initial evidence relating to the use of the *CEMDS* and the information it provides will be available by the end of July 2014 and will be assessed and discussed with clinicians and managers to determine whether this could be used to determine the appropriateness of the attendance, or as a proxy measure.

During 2014-15 Health Boards are targeting particular user groups to obtain information about their use of unscheduled care services. This will be used to inform future work in this area.

Recommendation 10

The Committee was unable to clarify the progress that has been made in implementing the recommendations of the National Out- Of-Hours Steering Group. The Committee recommends that the Welsh Government publicly responds to the findings and recommendations of this Group and provide details to this Committee of the action it is taking in response to the Group's work.

Response: Accepted

The Welsh Government referred the findings and recommendations of the all Wales review of Out of Hours services undertaken by Dr CDV Jones, Chair of Cwm Taf Health Board, endorsed by the National Out of Hours Steering Group, to the then Urgent and Emergency Care Board. Officials are currently reviewing progress made and where appropriate, we will refer further action to Health Boards at a local level or collectively through their refreshed National Unscheduled Care Steering Board. The Welsh Government will then update the Committee on progress before the end of September 2014.

Recommendation 11

The Committee notes the potential benefits of co-location of GP services with emergency departments, particularly where these are accessed via the emergency department front door. The Committee recommends that the Welsh Government works with health boards to encourage further co-location of GP services with emergency departments and, as part of this work, considers whether there would be any benefits in introducing walk-in centres as part of the integrated provision of unscheduled care services in Wales.

Response: Partially Accepted

The planning of healthcare services is a matter for Health Boards and partners and must reflect local population need and circumstances. We will, through the National Unscheduled Care Steering Board, support Health

Boards in the best planning of Urgent and Emergency Services, including the co-location of GP services with emergency departments.

The recommendation to consider whether there is any benefit in introducing walk-in centres is not accepted. Our key focus is on simplifying and maximising access to routine and urgent primary care services and to deliver more care in the community and at / closer to home. Walk-in centres duplicate other primary care services provided, including those provided by GPs. Following reports of the closure of walk-in centres in England, Monitor, the body responsible for regulating NHS Foundation Trusts in England recently undertook a review of walk-in-centres. The review does not provide any evidence that walk-in centres reduce pressure on urgent and emergency care services.

Recommendation 12

The Committee notes the concerns raised by the British Medical Association regarding the recruitment and retention of GPs and future workforce shortages. We also acknowledge that the problem varies across Wales with rurality being a particular issue. The Committee does not feel that we have received sufficient assurances from the Welsh Government that these concerns are being addressed. The Committee recommends that the Welsh Government undertake a detailed evaluation of the current GP workforce across Wales and that a strategy is developed to ensure capacity meets demand. We also recommend that such a strategy should include provision for the delivery of services in the Welsh language.

Response: Accepted

Welsh Government already has information about the GP workforce in Wales, and will work with others to provide a more complete picture, including Welsh language skills. This information, together with the results of other work around community care, will inform plans to address the issues raised by the committee, in the short, medium and longer term, to ensure there are sufficient trained staff in relevant professional groups to deliver integrated primary and community care. We are due to meet with key stakeholders on 20 June to discuss issues relating to individuals wishing to return to General Practice. At this meeting we will consider what gaps exist within the information we already have about the GP workforce, which of these will be addressed through work already in place e.g. the Mid Wales Study and what additional steps need to be taken to address any remaining information gaps.

We expect to be considering both the numbers of GPs and the way that they work. We recognise that in rural and hard pressed urban areas that posts must be made as attractive as possible.

Recommendation 13

The Committee is concerned that not all of the strands of services listed by the Choose Well campaign are actually available in all parts of Wales. For example, not all areas have minor injury units and in those that do service provision and hours of operation varies. The Committee

recommends that the Welsh Government undertake more work to educate the public on what services are available in their specific areas and how these can be accessed.

Response: Accepted

We continue to deliver the Wales-wide Choose Well campaign and provide strategic direction for Health Boards in delivering Choose Well messages at a local level. We recognise that Health Boards could do more to educate their local population regarding the provision and availability of alternative services. We have encouraged Health Boards to undertake more work on the services available locally, rather than pursue uniform pan-Wales education campaigns.

We will ensure that this recommendation is fulfilled by the Health Boards. We will do this through the facilitation of the Choose Well forum meetings with the Health Board Communication Leads in July and October 2014.

Recommendation 14

The Committee recommends that the Welsh Government enhances the Choose Well campaign through better promotion of other opportunities for accessing health care, for example through community pharmacists and optometrists.

Response: Accepted

The Welsh Government accepts the recommendation and work has already been undertaken to address this.

Choose Pharmacy has been developed to complement and promote the wider Choose Well campaign, utilising the recognised Choose Well brand. Ongoing work includes promoting referrals between Choose Pharmacy sites and WECS accredited optometrists.

In addition, *Together for Health: The Eye Care Delivery Plan for Wales* outlines the need to promote optometrists as the first port of call for people with eye problems requiring urgent attention. The suggestion to enhance the campaign to 'Choose Optometry' is a good one and Welsh Government will explore this as part of the public communication plan that is being developed for eye care. The plan will be finalised by October 2014.

Recommendation 15

The Committee acknowledges that the approach being taken by the Welsh Government, towards implementing a 111 service is sensible. However, the committee is keen to ensure that the timelines for the development and introduction of the service are met. The Committee recommends that the Welsh Government provides a written progress report on the 111 service by January 2015.

Response: Accepted

The development of a 111 service for Wales is being led by the NHS as part of the National Improving Unscheduled Care Programme and will be subject to business case approval.

Welsh Government will provide a written progress report to the Public Accounts Committee by January 2015.

Recommendation 16

The Committee acknowledges the opportunities presented by telephone initiatives to reducing demand on unscheduled care but recognise there are challenges in its practical application. We note evidence that such systems can be prone to risk aversion with telephonists making judgements using algorithms. To address this, the Committee recommends that the new 111 service should include sound clinical protocols with telephonists equipped with the right skills to evaluate a call and escalate it to an appropriate clinician who should be readily available.

Response: Accepted

The proposed model for the 111 service must be clinically robust. Detailed modelling will be undertaken to ensure the appropriate level of highly trained telephone call handlers is available, supported by the right number and skill mix of clinicians. The modelling will be based on information, learning and best practice from our existing services and those in Scotland and England.

Further information will be provided in the written progress report to the Public Accounts Committee by January 2015.

Recommendation 17

The Committee recommends that the Welsh Government provides evidence that health boards have sufficient bed capacity to meet unscheduled care demand. Where plans to provide surge capacity are in place, consideration is given to the use of GPs as well as hospital to enable the system to meet demand when necessary.

Response: Accepted

The Welsh Government has made it clear through both the three year planning and seasonal planning processes that capacity must be aligned to predicted demand for both scheduled and unscheduled care services and supported by robust evidence. This includes the ability to flex capacity at times of increased demand, and to ensure the flow through existing capacity is maximised. Those plans are subject to assessment and sign off by Welsh Government annually.

Health boards are now working with GP clusters to analyse unscheduled care demand, including 'non bed' capacity, and we expect Primary Care Directors to address this and reflect the actions identified in their three year and seasonal plans.

Recommendation 18

The failure to properly manage chronic conditions can have a significant impact on the demand for unscheduled care services. We therefore recommend that the Welsh Government sets out how it intends to

respond to the Auditor General's findings and recommendations, and that this response is shared with the Committee alongside the Welsh Government's responses to the other recommendations in this report.

Response: Accepted

The Permanent Secretary wrote to the Chair of the Public Accounts Committee on 6 May 2014 setting out the Welsh Government's response to each of the recommendations in the Wales Audit Office's report. The Welsh Government note that the Auditor General's findings recognised the reduction in the number of emergency hospital admissions and readmissions within a year for people with chronic conditions which Health Boards have delivered. There is scope for further improvement in chronic conditions management and the interim Chief Executive of NHS Wales wrote to the Chief Executives of Health Boards and Trusts on 15 May 2014 to ensure they follow through on the actions now needed to make further progress.

Recommendation 19

The Committee recommends that the Welsh Government emphasise, including to frontline staff, that transfers to hospital from care homes should not be automatic following a fall but that each case should be assessed individually to determine whether such a transfer is clinically required.

Response: Accepted

It is not a CSSIW regulatory requirement that care homes should automatically transfer people to hospital after a fall. We recognise the need for an appropriate clinical assessment before determining whether or not a transfer to hospital is appropriate. Nursing homes employ nurses who can provide an assessment. Residential care homes will need to decide whether the GP or GP out of hours service needs to be contacted or if there are serious concerns to call an ambulance.

A task and finish group is being established under the Integrated Care workstream of the National Improving Unscheduled Care Programme to develop proposals for improving service user engagement and experience of Unscheduled Care Services. This will include options to enable care homes to have direct access to clinical opinion prior to referral to an emergency department. The task and finish group will provide a plan of action by October 2014.



24 Cathedral Road / Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 20 320500
Fax / Ffacs: 029 20 320600
Email / Epost: wales@wao.gov.uk
www.wao.gov.uk

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

Date: 17 June 2014
Our ref: HVT/2167/fgb
Page: 1 of 2

ADVICE ON THE WELSH GOVERNMENT'S RESPONSE ON *UNSCHEDULED CARE*

The Clerk's email of 10 June 2014 requested my advice on the Welsh Government's response to the Public Accounts Committee report entitled *Unscheduled Care* (April 2014).

The Welsh Government has indicated that it accepts 16 of 19 recommendations made in the Committee's report, partially accepting the remaining 3 recommendations.

Overall, I consider that the Welsh Government has responded satisfactorily to the majority of the Committee's recommendations. However, I have made some comments and observations against some specific recommendations below for your consideration.

Recommendation 1 – The Welsh Government does not accept the recommendation to increase flu vaccination targets for NHS staff although it says the target will be kept under review. The response explains that increasing the target risks demoralising staff and that setting achievable targets is more likely to secure sustained improvement over time. The need to set achievable targets is of course accepted, but targets should also be appropriately challenging. Given that the Committee was particularly interested in vaccination rates during its evidence sessions, it might want to request that the Welsh Government sets out a clear timescale for increasing the target.

Recommendation 3 – It would be helpful if the response to this recommendation contained more detail. The suite of measures for unscheduled care has been under review and a source of debate for some considerable time. Whilst the response discusses plans regarding patient experience and patient reported outcome measures there is no discussion of how other aspects of 'quality of care' will be measured. The response also does not specify an end date for the work.

Recommendation 4 – The recommendation is partially accepted but the response does not clearly set out the reasons for this.

Recommendation 8 – The response does not mention any plan to consider the approaches adopted in the Republic of Ireland and Northern Ireland in reducing 'did not attends'.

Recommendation 11 - The recommendation to consider the benefits of introducing walk-in centres is not accepted by the Welsh Government. This is on the basis that walk-in centres would not help achieve the aims of simplifying the unscheduled care system in Wales, and promoting better access to out of hospital services. Evidence is also provided on work undertaken by Monitor that suggests walk-in centres in England do not reduce pressure on other unscheduled care services. The Committee may therefore feel that this response does show that the benefits of introducing walk-in centres have been considered, which was the main thrust of the recommendation.

Recommendation 12 – This recommendation is accepted but it would be more helpful if the response included the target end date for completing the short, medium and longer-term plans.

In terms of next steps, the Committee may want to make the Health and Social Care Committee aware of the Welsh Government's response to inform any future discussions of unscheduled care. Secondly, the response commits the Welsh Government to updating the Committee before the end of September 2014 in relation to out-of-hours primary care and by January 2015 regarding progress with implementing a 111 service. The Committee might therefore want to hold a session in early 2015 to consider the adequacy of the Welsh Government's progress on these important matters.

I hope that this advice is helpful to the Committee in its consideration of the Welsh Government response.



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Document is Restricted

Agenda Item 8

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

Document is Restricted

Agenda Item 9

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

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