

Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date:

Tuesday, 16 September 2014

Meeting time:

09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

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Committee Clerk

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Agenda

MeetingTitle

1 Introductions, apologies and substitutions (09:00)

2 Papers to note (09:00–09:20) (Pages 1 – 4)

Unscheduled Care: Letter from the Minister for Health and Social Services (24 July 2014) (Pages 5 – 9)

Meeting the Financial Challenges Facing Local Government in Local Government: Letter from June Milligan (22 July 2014) (Pages 10 – 12)

Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from Dr Peter Higson (29 July 2014) (Pages 13 – 36)

Memorandum for the Accounting Officer of the Office of Public Services Ombudsman for Wales (PSOW): Letter from the PSOW (4 August 2014) (Page 37)

Grants Management in Wales: Letter from Sir Derek Jones (11 August 2014) (Page

38)

Higher education finances: Letter from the Wales Audit Office to Mike Hedges AM (15 August 2014) (Pages 39 – 41)

Covering Teachers' Absence: Letter from the Minister for Education and Skills (20 August 2014) (Pages 42 – 45)

3 Young people not in education, employment or training (09:20–09:40) (Pages 46 – 53)

PAC(4)–22–14 (paper 1)

PAC(4)–22–14 (paper 2)

4 The Well-being of Future Generations (Wales) Bill (Pages 54 – 63)

5 Intra-Wales – Cardiff to Anglesey – Air Service: Consideration of the Welsh Government's response (10:00–10:20) (Pages 64 – 69)

PAC(4)–22–14 (paper 4)

PAC(4)–22–14 (paper 5)

6 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: (10:20)

Item 7 and item 1 & 2 of the meeting on 22 September 2014

7 Glastir: Briefing from the Wales Audit Office (10:20–11:00)

Public Accounts Committee

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

Meeting date: **Tuesday, 15 July 2014**

Meeting time: **09.00 – 10.49**

This meeting can be viewed on Senedd TV at:

http://www.senedd.tv/archiveplayer.jsf?v=en_700000_15_07_2014&t=0&l=en

Cynulliad
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National
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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:

Matthew Mortlock, Wales Audit Office
Dave Thomas, Wales Audit Office
Mike Usher, Wales Audit Office
Huw Vaughan Thomas, Auditor General for Wales, Wales Audit Office

Committee Staff:

Michael Kay (Clerk)
Claire Griffiths (Deputy Clerk)
Joanest Jackson (Legal Advisor)

1 Governance Arrangements at Betsi Cadwaladr University Health Board: Consideration of evidence received

- 1.1 The Committee considered the evidence received from BCUHB at the meeting held on 8 July.
- 1.2 Members agreed to undertake a wider piece of work on health board governance once the forthcoming report from the Auditor General on health finances and key indicators of service performance has been published.

TRANSCRIPT

View the [meeting transcript](#).

2 Introductions, apologies and substitutions

- 2.1 The Chair welcomed the Members to Committee.
- 2.2 Jenny Rathbone declared an interest as Chair of the Programme Monitoring Committee and Alun Ffred Jones declared an interest as a member of Bangor University Council.

3 Papers to note

- 3.1 The papers were noted.
 - **It was agreed that the Chair will write to the Chair of Finance Committee suggesting that they monitor a number of issues raised by Members on higher education finances. The WAO agreed to prepare a briefing note on write offs connected with the loanbook.**
 - **The Chair will write to the Permanent Secretary requesting an update on Recommendation 5 of the Welsh Government's location strategy following the review the Welsh Government is undertaking later this year.**

3.1 Higher Education Finances

3.2 The Welsh Government's location strategy: Letter from the Permanent Secretary (23 June 2014)

3.3 Meeting the Financial Challenges Facing Local Government in Wales: Letter from Steve Thomas, WLGA (8 July 2014)

3.4 Wales Audit Office: Update on the Auditor General's Value for Money Work Programme (9 July 2014)

4 Covering Teachers' Absence: Consideration of response from the Welsh Government

4.1 The Committee noted the Welsh Government's response. It was agreed that the Chair will reply to the Minister on Recommendations 1, 3 and 13. The Committee will return to this issue in 2015 following updates from the Welsh Government.

5 Grants Management in Wales: Consideration of correspondence

5.1 The Committee noted the correspondence and agreed to return to this issue in spring 2015 when the Welsh Government's annual report on grants management for 2014/15 will be available.

5.2 The Chair agreed to write to the Permanent Secretary seeking further information on the value of grants affected following non-compliance after the spot checks.

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

6.1 The motion was agreed.

7 Young people not in education, employment or training: Briefing from the Auditor General for Wales

7.1 The Auditor General gave an oral briefing to Members on his report which was published on 10 July.

7.2 Members agreed to seek a response from the Welsh Government and return to this issue in the autumn.

7.3 Members also agreed that the Chair should write to the Enterprise and Business Committee asking whether they will be undertaking any further work on this issue.

8 National Fraud Initiative 2012–13: Briefing from the Auditor General for Wales

8.1 The Auditor General gave an oral briefing to Members on his report which was published on 12 June.

8.2 Members noted and welcomed the report and agreed that the Chair should write to Community Housing Cymru and Further and Higher Education Institutes encouraging them to participate in the National Fraud Initiative.

8.3 The Chair agreed to write to the Welsh Government seeking an update on Recommendation 3 in the Committee's report on Grants Management regarding breaches in the Code of Practice for funding the third Sector, and reminding them that details of any such instances should be included in its annual grants management report.

9 Intra-Wales – Cardiff to Anglesey – Air Service: Agreement of final report

9.1 Members considered and agreed the report.

10 Annual Report 2013/14: Agreement of final report

10.1 Members considered and agreed the report.

11 Forward work programme: Autumn 2014

11.1 Members noted the work programme for the autumn 2014 term.

Mark Drakeford AC / AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref SF/MD/1593/14

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

24 July 2014

Dear Darren,

PUBLIC ACCOUNTS COMMITTEE REPORT - UNSCHEDULED CARE

I write in reply to your letter of 26 June 2014.

You have requested the following information:-

Recommendation 1: The Committee are still concerned that the Welsh Government's target for immunisation of NHS staff is insufficiently ambitious. While we appreciate that there will always be some resistance from a small minority of staff to accepting a flu vaccine, we believe that this should not be a barrier to increasing the immunisation target. Members were unconvinced by your assertion that increasing the immunisation target could potentially have a demoralising effect on staff and we would welcome some supporting evidence for this, should it be available.

Response: The 50% target is currently universal across the UK. I do not intend that Wales should go beyond the 50% target at this time. None of the UK countries has yet hit the target of 50%, but in Wales we have the highest rate of improvement in the UK over recent years and, if current improvement is maintained we would hope to reach 50% uptake in 2015-16, with some Health Boards potentially reaching the target in 2014-15. For further detail please see the graph attached at **Appendix 1**.

I believe it is prudent to review the target again at the end of the 2014-15 season. If further progress has not been made then I would certainly consider more stringent actions to deliver the improvements I seek and expect.

Recommendation 2: The Committee notes your response that 'Clear guidance on the use of the HAS [Handover Arrival Screens] system was issued to all organisations in 2010' and that this is now under review. Given that this is described as clear guidance, Members

would welcome an explanation as to why it is necessary to undertake a review to ensure that it is understood by all relevant staff.

Response: The Handover Arrival Screen (HAS) system user guide was initially developed in 2009 in partnership with NHS Wales stakeholders, and updated in March 2010. The Welsh Government has a policy of periodically reviewing all existing guidance to ensure it is fit for purpose, and to determine whether it can be improved upon. The review of existing guidance will be undertaken in line with this policy and will take into account the development of new software to ensure the HAS system is used efficiently and appropriately to correctly reflect the patient journey.

Recommendation 3: The Committee welcomes your undertaking to develop a wider suite of performance measures for unscheduled care and we would find it helpful if you could provide details on both the timescales for the development of these indicators and how all aspects of 'quality of care' will be measured. Members would also welcome further information on any work the Welsh Government has undertaken with the other nations of the UK to enable data to be compared and benchmarked.

Response: There are currently pilot studies being run in Wales looking at six aspects of Unscheduled Care, these are aimed at better measuring and understanding:

- the clinical prioritisation of patients in A&E
- the time to treatment within an A&E Department
- quality measures within A&E
- the total pathway for patients with a fracture neck of femur
- the total pathway for patients who have suffered from a stroke
- the total time to treatment of patients suffering from a heart attack

These pilots are being developed with clinical input and support to measure what is most relevant to better quality care and improved outcomes. The pilots will run over the next three months. Findings will be available in the autumn with a view to implementing the appropriate measures in the next financial year.

Welsh Government are discussing the pilot work with the College of Emergency Medicine with a view to providing clinical support and greater consistency across measures and standards.

Given the different service models and data standards it is often difficult to routinely compare data with other nations in the UK at a national level. However, data is routinely benchmarked by the NHS with peers through a national benchmarking product.

Recommendation 4: It is unclear to the Committee why this recommendation has only been partially accepted. We are aware that uncertainty over the future of services in some parts of Wales is continuing and wish to receive further information as to what specific action the Welsh Government is taking to encourage Health Boards to resolve any outstanding issues.

Response: No uncertainty remains over the future of A&E services in South Wales and Mid & West Wales because the future of these services has recently been clarified with the completion of the South Wales Programme and the Hywel Dda regional service change plans respectively. The future of A&E services in North Wales is currently being considered by the Betsi Cadwaladr University Health Board as part of its acute services review, although the Health Board is committed to maintaining 24/7 emergency departments at its three main hospital sites in the future.

Recommendation 8: The Welsh Government response to this recommendation does not make any reference to the Committee's specific recommendation that consideration should be given to systems adopted in the Republic of Ireland and Northern Ireland in reducing 'did not attends'. Members would welcome confirmation that this will be considered as part of the Welsh Government's review into 'did not attends'.

Response: I can confirm, working with the Health Boards, we will also consider the systems adopted in the Republic of Ireland and Northern Ireland in reducing 'did not attends'.

Recommendation 11: The Committee would welcome further information on how the Welsh Government intends to monitor the effectiveness of different co-location arrangements to ensure better access is available in all areas of Wales.

Response: Responsibility for implementing and monitoring co-location arrangements and their impact on access lies with Health Boards. We will however continue to work closely with them through our existing mechanisms to facilitate the sharing of promising models of care.

Recommendation 12: The Committee would welcome information on your target dates for completing the short, medium and longer-term plans for ensuring there are sufficiently trained staff in relevant professional groups to deliver integrated primary and community care, particularly GPS. We would request copies of the plans be made available to the Committee in September 2014, in line with the time scale you indicated in response to recommendation ten for updating the Committee on out of hours work.

Response: Addressing the challenges faced in primary and community care requires a whole system approach, not a focus on any one professional group. Between now and September we will consider key information about the workforce together with the national and local requirements of the population. We will explore a range of primary and community care models to establish which will assist in the healthcare arrangements in Wales. This information will be considered as part of a National Workforce Conference to be held in September to inform decisions about the changes required in the healthcare workforce across Wales to deliver sustainable services and the reforms required to realise this change.

I trust the above is clear and helpful.

Best wishes,

Mark

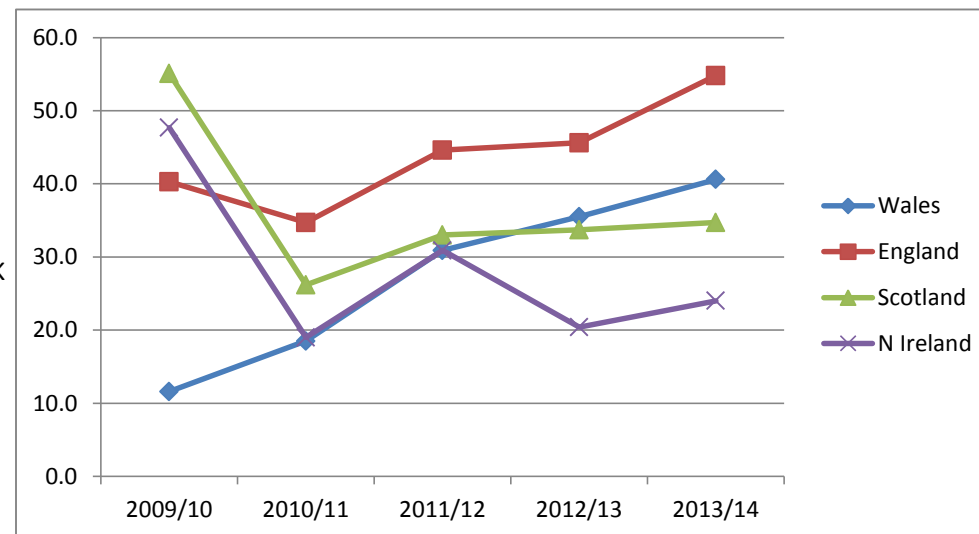
Mark Drakeford AC/AM

Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Influenza immunisation uptake in healthcare workers in UK, 2009/10 - 2013/14.

	Wales	England	Scotland	N Ireland
2009/10	11.6	40.3	55.1	47.7
2010/11	18.5	34.7	26.2	19.0
2011/12	30.9	44.6	33.0	30.9
2012/13	35.5	45.6	33.7	20.4
2013/14	40.6	54.8	34.7	24.0
<i>Av. Incr.</i>	<i>7.4</i>	<i>6.7</i>	<i>2.8</i>	<i>1.7 base 2010/11</i>

Source: HPA / HPE Surveillance of influenza and other respiratory viruses in the UK
<http://www.hpa.org.uk/Publications/InfectiousDiseases/Influenza/>





Ein Cyf / Our Ref: MB/LG/2745/14

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

22 July 2014

Dear Chair

Thank you for your letter of 9 July requesting further information following the attendance of the Welsh Local Government Association and the Society of Welsh Treasurers at the Committee on 1 July. I will respond to each of your points in turn.

Budget information

As I set out when I appeared before the Committee, the Welsh Government provides Local Authorities in Wales with as much information as possible as early as is possible in accordance with the relevant protocols and Standing Orders. In understanding the approach, it may help to distinguish between the formal annual budget-setting process and medium-term financial planning which Authorities undertake.

The annual budget-setting process is governed by statute. Each Authority must set and formally agree its budget, and council tax, for the next financial year by no later than 11 March in the preceding financial year. This process is informed by the provisional and final Local Government Settlements which provide Authorities with the details of the general revenue and capital funding they will receive from the Welsh Government for the coming year. The settlements are announced very shortly after the publication of the Draft and Final Budgets to the Assembly. As I outlined to the Committee, this process is completed substantially earlier in Wales than in England, with our final settlement being announced in December, at around the same time the UK Government announces its provisional settlement for English Authorities. The early publication of the settlements in Wales allows Authorities here to complete the formal process of setting their budgets in good time each year.



The formal budget processes of the Welsh Government and Local Government are governed by distinct statutory frameworks. These include very clear lines of accountability and it would be inappropriate for the Welsh Government to act in ways which might obscure the line of responsibility for Local Government, or vice versa.

Authorities' medium-term financial plans are concerned with preparing and planning for the future – taking account of the uncertainties and of changing information, of local circumstances and priorities, opportunities, challenges and other factors as they emerge. This work involves planning for different scenarios and is supported by statutory officers with professional financial capability. For medium term-financial plans, therefore, it cannot be said that Authorities receive information 'after they have planned their budgets'. Medium-term budget plans by their very nature need to be adjusted and updated to reflect changing circumstances.

Since 2008-09, the Welsh Government has provided indications for future years alongside the annual settlements, to assist with this planning process. It has always been made clear that these are indications and are, as such, subject to change. The Welsh Government can only provide any indications within the boundaries of the spending plans published by the UK Government and in accordance with the procedures governing the publication and approval of the Welsh Budget.

Public engagement

The Minister for Local Government and Government Business has recently obtained information from each Authority on its approach to public consultation and engagement in setting budgets for 2014-15. This has identified some excellent examples of good practice which are being brought together. These will be shared with all Local Authorities to inform their approaches to budget-setting for 2015-16. One of the features of the good practice examples is that effective engagement is conducted in such a way that public expectations are managed rather than raised.

Collaboration

Throughout our work to encourage and support collaborative partnerships, the Welsh Government has been clear that the key tests for bodies considering collaborative projects have been whether those projects have the potential to deliver service improvements and/or save public money.

Collaborative partnerships exist, and are encouraged, across organisational, sectoral and geographic boundaries. Indeed, some of the best examples of collaboration driving innovation and service improvement have cross-public sector commitment at a regional level. We would not, therefore, expect the prospect of mergers to prevent or inhibit collaborative projects from being taken forward. Indeed, we would expect continuing and merged Authorities to engage in collaborative work with each other, with other public services, with the third sector and with the private sector, where it is productive to do so.

Communication and engagement with Welsh Government officials

The timeline attached to my letter of 1 July describes the extensive engagement with Local Government regarding funding matters throughout the past year. Within the framework of the political engagement provided through the statutory Partnership Council, and its Finance Sub Group, there are a number of formal settings in which Welsh Government and Local Government officials engage in discussions about general financial matters. These formal settings are complemented by a great many more less formal meetings, discussions and communications.

The Partnership Council for Wales and its sub groups were reviewed, in consultation with Local Government, in 2011-12. The review included a reshaping and streamlining of the sub groups of the Partnership Council to ensure they reflected the changing agenda for public services in Wales. The review led to the expansion of the Partnership Council membership, to include other public service partners, and to the establishment of the new Reform Delivery Group. The revised remit reflected the need to focus on rethinking and reforming services, and designing more sustainable models of service delivery, rather than setting out the existing pressures and their projected growth. Such pressures are widely understood and are the reason a different approach is needed. Nevertheless, the Minister has also made it clear Local Government is welcome to bring forward any evidence or analysis to inform discussions at any time.

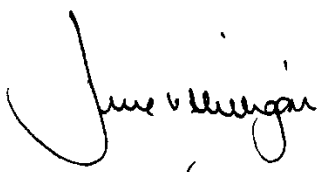
The revised terms of reference for the Partnership Council were agreed at its meeting on 24 October 2012:

<http://wales.gov.uk/topics/localgovernment/partnership/pcf/agendas/121024mtg/?lang=en>

An Order to amend the constitution of the Partnership Council was also passed by the Assembly.

Throughout this, officials have continued to meet in working groups to consider finance matters to inform the Partnership Council's work. In addition to the standing groups, in support of the 2013 Spending Round (the UK Government conducted a small-scale spending review exercise that year), Welsh Government officials convened a task and finish group to work with Local Government officials to identify and analyse the potential impact of the Spending Round decisions. As I indicated previously, the consultative process around the Local Government Settlement in Wales has long been one of the most extensive in government.

I hope this additional information is helpful to the Committee.



June E Milligan

Cyfarwyddwr Cyffredinol / Director General



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Betsi Cadwaladr
University Health Board

Agenda Item 2.3

Mr Darren Millar AM
Chair
Public Accounts Committee

claire.griffiths@wales.gov.uk

Ein cyf / Our ref: PH/MLW/2157/026

Eich cyf / Your ref:

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Mandy.williams7@wales.nhs.uk

Dyddiad / Date: 29 July 2014

Dear Mr Millar

Further to the evidence session on Tuesday, 8 July 2014 which my colleagues and I attended, I write to furnish you with the additional information that we agreed to provide.

We agreed to provide data for the total number of patient safety incidents reported. In 2012/13 there were 15617 incidents and in 2013/14 there were 17709.

We discussed the support that had been offered by the Welsh Government Delivery Unit and agreed that we would notify you of the areas where they have been working in the Health Board. During 2013/14 the Delivery Unit undertook work in the following clinical areas:

- Elective Care and Referral to Treatment Times
- Unscheduled Care
- Stroke Services
- Adult Mental Health Services

In addition to the clinical areas above, we also received assistance in reviewing our processes for undertaking Serious Incident Reviews and Learning Lessons.

Towards the end of the session we discussed the delegated limits for severance packages for staff and the value above which these matters were referred to the Welsh Government. Geoff Lang quoted a figure of £100,000, but undertook to confirm this after the meeting. This has now been done and the correct figure is, in fact, £50,000.

Whilst writing, I would wish to take the opportunity to draw to your attention, and that of the Committee, to an update regarding infection control, which I feel sure would be of interest and form useful evidence. You will recall that Professor Duerden undertook his initial review last year and set out a number of recommendations for improvement. The Board resolved to invite Professor Duerden to undertake a follow up assessment to assess progress made, and this work has now been completed. Professor Duerden gave a verbal



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report to the Board in June, and has now provided his written report which was considered by the Board at its public meeting on 29th July. I enclose a copy of that report for your consideration as part of the evidence provided to the Committee.

I trust that the information provided is clear, but should you require any further clarification, please do not hesitate to contact me.

Yours sincerely

Dr Peter Higson
Chairman

Enc

Revisiting the Review of Governance Arrangements, Structures and Systems for the Prevention and Control of Healthcare Associated Infections in the Betsi Cadwaladr University Health Board – May/June 2014

Report by Professor Brian I. Duerden CBE, BSc, MD, FRCPath, FRCPE
Emeritus Professor of Medical Microbiology, Cardiff University

Background

The review of governance arrangements, structures and systems for the prevention and control of healthcare associated infections was commissioned by the Betsi Cadwaladr University Health Board (BCUHB) following an outbreak of *Clostridium difficile* infection (CDI) at one of its main hospitals, Ysbyty Glan Clwyd (YGC), in January – May 2013. My review was conducted during June – July 2013, the written report was submitted in August 2013 and I presented the finding for discussion at the BCUHB Board Meeting in September 2013. I continued to have regular contact with the Director of Nursing and the newly appointed Assistant Director of Nursing for Infection Prevention and Control to discuss progress with the Infection Prevention and Control (IP&C) programme and consider the Action Plan, Infection Control Doctor arrangements and the numbers and rates of key infections over subsequent months.

In April 2014, I was asked to review the current IP&C arrangements and to assess progress with the IP&C programme in terms of the recommendations in my 2013 report. I was provided with detailed documentation showing what had been done since summer 2013 and I then re-visited BCUHB to interview staff at the three main hospitals and see the facilities relating to IP&C on May 29th & 30th. I returned to BCUHB on June 3rd to present my findings in an oral report to the Board. This written report presents my findings, comments and recommendations as given in my oral report to the Board.

General comments

There has been significant progress in the organisation and governance of IP&C at BCUHB since my 2013 report and there is a very different attitude and responsiveness amongst all the staff members (nursing, medical, facilities and estates, management) I met. I am very pleased to express my thanks to all the staff I met; they were, without exception, courteous, friendly and enthusiastic and I had a very enjoyable 2-day visit. This was very different from last year. Then, staff were not hostile (because they wanted matters to improve) but were

dispirited, “down” and worried about what was happening in relation to healthcare associated infections (HCAI); they complained about the organisation of IP&C, or its lack of leadership and organisation, and were only keen to tell me what was wrong. Now, I was met with enthusiasm and a very positive attitude; they wanted to tell me how much things were getting better.

However, this is not to say that all is in place and that the job is done. There is still a great deal to do. Changes in management, organisation and practice have been put in place and the numbers of cases of HCAI – specifically MRSA bacteraemias and CDI numbers and rates – but these are still too high when compared with elsewhere in Wales and comparators in England. The reduction in numbers needed to reach the Welsh Government targets is still a very significant challenge. Nevertheless, this should not be taken as a negative commentary; experience of implementing IP&C programmes elsewhere indicates that there is an inevitable lag between putting systems and practices in place and numbers coming down – it takes time for practice to become embedded and for this to be reflected in consistently lower numbers of cases.

This report of my re-visit follows the template of my original 2013 report with some additional areas covered that were not part of my remit then.

Terms of Reference

The terms of reference for this review are:

To re-visit IP&C arrangements and practice in BCUHB and assess whether the recommendations of my 2013 report are being implemented appropriately;

To assess the impact of changes implemented in BCUHB on numbers and rates of HCAI, especially MRSA bacteraemias and CDI.

Review process

1. I had been in regular contact with the Director of Nursing and Midwifery (Angela Hopkins) and the Assistant Director of Nursing for IP&C (Tracey Cooper) throughout the intervening period. I had seen the development of the Action Plan for IP&C and confirmed that it addressed the recommendations in my report, and had telephone discussion with them about this and related staffing matters. I had reviewed documents at their request, specifically in relation to revised governance arrangements and the management of the IP&C service.
2. In April and May 2014, I was provided with a considerable volume of documentation in preparation for my visit. These comprised policy documents, Board and Board committee reports and minutes, management arrangements, job descriptions and the minutes of committees and groups that are now responsible for implementing IP&C policy throughout BCUHB.
3. A 2-day visit to Ysbyty Gwynedd (Bangor), Ysbyty Glan Clwyd (Rhyl) and Ysbyty Maelor (Wrexham) on May 29th & 30th to meet senior managers, Board members

and interview key clinical staff face to face or by video or teleconference and to visit wards at each site to see the facilities and meet ward staff.

4. Attendance at the BCUHB Board meeting on June 3rd to make an oral presentation of my findings.
5. Preparation of this written report.

Infection Prevention and Control management and operational arrangements since summer 2013

The governance and operational management arrangements for IP&C have been revised significantly to address the issues highlighted in my 2013 report and are now consistent with the recommendations in that report and in the outbreak report from Public Health Wales. The challenge now is to make them work operationally and, through them, drive the reductions in HCAI required.

- An Assistant Director of Nursing for IP&C (Tracey Cooper) was appointed in October 2013 to lead the programme and take operational responsibility for the IP&C service across BCUHB. She is a very experienced practitioner in IP&C and has taken on this responsibility with enthusiasm and effectively. She reports directly to the Director of Nursing and Midwifery who has also taken a direct personal responsibility for ensuring that IP&C has the priority needed. It is clear that their partnership works effectively.
- An IP&C Strategic Group has been established with a broad membership of senior clinical staff representing the CPGs and site IP&C teams and responsible for policy and overall assurance. It reports to the Quality Assurance Executive – putting IP&C at the heart of the management executive.
- The Quality Assurance Executive reports to the Board's Quality and Safety Committee which gives detailed scrutiny of IP&C matters on behalf of the Board and provides an assurance route that is distinct from the operational management of the IP&C service.
- Each of the three main hospital sites now has an active IP&C committee comprising the local IP&C team, senior medical and nursing clinicians, estates and facilities representation and the local management triumvirate. It is notable and reassuring that the reporting input to these local committees is already coming from the CPG representation and not being wholly dependent on the input from the IP&C teams.
- An Executive Group for IP&C has been established but its remit and terms of reference have not yet been fully confirmed. This will be the operational management group for IP&C through which the IP&C service will be delivered. The membership will be the DN and the ADN IP&C and key team members. However, it is not yet fully operational and it is important that this Group has its ToR agreed and is activated quickly to maintain and promote the impetus needed for implementing the IP&C programme.

Infection Control Doctors (ICDs)

One of the concerns highlighted in my 2013 report was the failure to agree on ICD organisation and leadership and this remains an issue. As indicated in that report, an

additional post was required to provide the essential medical leadership of a Lead ICD for BCUHB. It was reassuring and indicative of the Board's will to make progress that a Lead Consultant ICD post was created, funded and advertised. Unfortunately, there was no suitable applicant for this necessary post. As before, none of the existing consultants felt able to take on this role, for understandable reasons that it would have left serious gaps in their existing functions. I am relieved to be told that an interim arrangement has been made to provide additional Consultant input for 3 "sessions"/PAs per week. The individual recruited, Dr David Jenkins, based in Leicester, is an excellent recruit; he is a very experienced Medical Microbiologist and ICD who has been successful in leading an ineffective IP&C implementation in Leicester where CDI numbers had been unacceptably high. He will have strategic and policy responsibilities for the BCUHB IP&C programme which has remained a worrying gap. My only concern is that I believed last year that this needed to be at least a 50% appointment and it will now be only 30%; this will be much better than the current 0% and I support the arrangement under the circumstances, but it may be difficult to provide all the input that would be the ideal from this post.

For the future, I believe that substantive appointment should be made to the Lead ICD role when a suitable candidate can be identified.

Management, accountability and assurance

The combined and confused lines of management accountability and Board assurance as were originally set up have been addressed in the committee and management group structures to clarify the distinction between line management and accountability on the one hand and Board assurance on the other. The extended line of personal accountability above the most senior IP&C professional before reaching the Chief Executive and Board identified in 2013 has been addressed by the appointment of the Assistant Director of Nursing for Infection prevention and Control.

The Board's Quality and Safety Committee gets its assurance from the Quality Assurance Executive, which clarifies the distinction between operational responsibility and Board assurance. It also receives regular detailed reports from the Director of Nursing and Midwifery and the Assistant Director of Nursing for IP&C. I am satisfied from attending the Board and from the Board and Quality and Safety Committee reports that I have seen that the Board members are receiving the information they need to be assured of the operational functions of the IP&C service and to exercise their oversight responsibilities.

The creation of the IP&C Strategic Group responsible for policy and overall strategy places IP&C at a suitably central position in the clinical management structure. However, the final element that needs to be in place to make it work is the IP&C Executive Group comprising the DN, ADN for IP&C and the key team members. The gap in ICD input to the Strategic and the Executive Groups is an essential element that will be filled by the appointment of Dr Jenkins.

Local committees

The standing down of the local IP&C committees in the 3 sites after the merger into BCUHB left a serious gap in the management of IP&C services. This had just been addressed at the time of my 2013 review by the reinstatement of the three local IP&C committees. These have now been running for a year and, from my discussions this time, have made a significantly beneficial impact on the way in which IP&C is managed across BCUHB.

Membership of the local committees comprises the local Infection Control Teams (ICNs and local ICD), CPG representation, estates and facilities managers and the site management triumvirate. This is enabling local issues to be addressed where they are happening and by the people directly concerned. It is now a notable and welcome feature that the CPG representatives have to lead the reporting on infection cases, rates, outbreaks and RCAs in their clinical areas. The ICT members provide expert support an analysis but are not now expected to lead the reporting and discussion on all the areas themselves.

Clinical management in BCUHB

The principle behind the management of clinical services across BCUHB is clinical leadership through CPGs, each of which had a Chief of Staff (in essence a speciality “medical director”). The CPGs are responsible for the delivery of the clinical services in their specialties across the whole of BCUHB. This initially left a gap in the clinical management and co-ordination at local level which was addressed by the appointment of an Associate Medical Director and Assistant Director of Nursing for each Hospital, and, in April 2013, by the appointment of a Senior Site Manager to complete the triumvirate in each hospital.

The CPGs have responsibility for IP&C in their clinical areas and it has been agreed that each should have a lead clinician for IP&C from amongst the core senior management team of the CPG. The CPGs now recognise and accept their responsibilities but implementation of the practical aspects of the CPG IP&C leadership plans has been patchy and there is uncertainty and a lack of clarity about the role and requirements of the CPG IP&C leads. From discussions during my visits, there is a need for a job description for the CPG IP&C lead role that sets out what is expected of them in terms of ensuring that the CPGs fulfil their IP&C responsibilities.

Surveillance of key HCAI

The national priorities are determined by the Welsh Government; these include MRSA and MSSA bacteraemia, *C. difficile* infection and surgical site infections (orthopaedic and Caesarian section). The national programme requires Health Boards to report their numbers of cases of these HCAI through a system run by Public Health Wales. The Welsh Government has now set challenging targets for the reduction of MRSA bloodstream infections and CDI for all Health Boards in Wales. The reductions expected of BCUHB will require rigorous attention to the implementation of all elements of the Action Plan and a commitment to “zero tolerance” amongst all staff. This does not mean that there will be no infections (which is biologically implausible) but that there must be zero tolerance of failure to adopt and implement best IP&C practice throughout BCUHB.

An essential element for effective IP&C is to have a surveillance system that operates from ward/unit to CPG to senior management (Director of Nursing as accountable executive, Medical Director and Chief Executive) and Board, and then on to national surveillance. The effectiveness of the surveillance reporting system in BCUHB has been much improved since 2013 so that each level receives information about its cases, numbers and rates and has a forum in which they have to be considered and acted upon.

Surveillance of HCAI in BCUHB

Surveillance in BCUHB operates at four levels of escalation as recommended in my 2013 report:

- Each ward/unit has a regular report showing its numbers and rates of the key HCAs. These are discussed and any actions required are identified at ward/unit meetings alongside audit data on hand hygiene, environmental cleanliness, IV line care and antimicrobial stewardship. On my visits to wards, I was pleased to see visual information displayed for staff and patients/relatives on the performance of that ward.
- Each CPG has the same information brought together for each of the specialties and, discussion of these figures and any necessary actions is a standing agenda items at CPG board meetings as shown by CPG reports and minutes. The ADN IP&C has established close links with most CPG management teams to support their activities and provide expert advice and input but cannot necessarily attend CPG Board meetings. The failure to have a lead ICD in post until now has left a gap still in links to CPG medical staff. This will be addressed by the appointment of Dr Jenkins although his limited time availability may mean that the ICD support for CPGs may need particular attention. As noted above, the role of the CPG IP&C lead needs clarification and support.
- At BCUHB level, an operational (management-led) IP&C committee – the IP&C Executive Group – has been agreed but is not yet fully functional. This Group fulfils the recommendation in my 2013 report for operational IP&C management and, together with the IP&C Strategic Group, which is now established and functioning, will receive the surveillance data and the audit returns for the whole BCUHB organisation and assess the need for any actions, either immediate or strategic.
- The IP&C data for the whole of BCUHB is now reported directly to the Board as a standing report to each meeting. The Quality and Safety Committee is responsible for detailed review of the reports and the Vice Chair of the Board has taken specific responsibility for Board leadership on IP&C.

The system now in place in BCUHB is much better than previously and should function even better with the commissioning of the ICNet system. This has been purchased and needs to be put into place as soon as is reasonably appropriate (consistent with proper testing and training of staff in its use). This system will improve the collation and analysis of the HCAI data and the audit data, provide reports at all the levels needed through customizing the required reporting levels, and will also provide data and analytical tools for access by staff at all levels, ie, ward or GPC staff will be able to access, interrogate and assess their own data giving more flexibility and local ownership. It will reduce demands on the IP&C teams for routine analysis because this will be done automatically within the system.

ICN establishment

The reduction in ICN numbers and the resulting pressures on the service were highlighted as a major deficiency in my 2013 report. The lack of IP&C leadership at senior nursing management level was also a serious gap in the BCUHB structure.

The lack of senior leadership was addressed promptly by the Director of Nursing and Midwifery who made the recruitment of an experienced IP&C practitioner as Assistant DN for IP&C a top priority. Tracey Cooper was recruited on temporary part-time basis initially and her full-time appointment commenced in October 2013. This crucial appointment provided

the necessary impetus and leadership to the programme of work that needed to be put into place.

It has taken longer, unfortunately, to address the issues of staffing structures and numbers within the IP&C Teams and this has become a rate-limiting factor in moving the programme forward. Structures have been agreed to provide consistency of numbers, seniority and roles across the three sites. I have had the opportunity to see the development of these structures and discuss them with the DN and ADN IP&C during the year and I am satisfied that they represent an appropriate approach. They emphasise the leadership, advisory and educational roles of the ICT. This structure and the numbers within it have been approved by BCUHB but have not yet been implemented. Not only is this important for future progress, but it also means that the local ICTs remain unreasonably stretched. I was concerned that for very understandable reasons, the only members of the YGC ICT on duty for the week when I visited were one Grade 6 ICN and a Grade 5 secondee, supported at senior level by cover from a senior ICN based at YG, who is himself temporarily seconded from Public Health Wales to fill a gap there. I recommend that the recruitment to bring the ICTs up to agreed strength should be a priority for the Board.

Antimicrobial stewardship

I made some very critical comments about the failure to implement good antimicrobial stewardship practice across BCUHB in my 2013 report. I am very pleased to find that on this re-visit, there has been significant progress with improving antibiotic prescribing in some parts of BCUH the organization.

A BCUHB-wide prescribing policy for antibiotics has been agreed and implemented and audit data indicate that the majority of prescribing in the hospitals follows this policy in terms of selection of agent. However, it is notable that some choices differ between the different sites within BCUHB. This appears to be the result of differences of opinion between Consultant Microbiologists, and other Consultant staff, at the different sites but it means that there is a lack of consistency across the Board's area of responsibility which is disconcerting for junior medical staff and may lead to errors. The appointment of the lead ICD may help to resolve this issue and should be addressed. The other area of antibiotic prescribing policy implementation is in Primary Care. There have been wide variations in prescribing practice with some high outliers. It is welcome to see that some of this has started to be addressed in the West part of the BCUHB area but it will require more support and educational input across the whole of the Board's Primary Care area.

Antimicrobial stewardship has had a major impetus from the Chief Pharmacist (Berwyn Owen). He has taken on the lead Board-wide role of an Antimicrobial Pharmacist very effectively. Although antimicrobials are not a specialist area of expertise within pharmacy for him, he is providing leadership and appropriate links into the CPGs and senior management. He has 3 good, experienced and qualified antimicrobial pharmacists in the 3 sites to provide the special expertise and the system is clearly working well. I would not wish my recommendation in my 2013 report that there should be a BCUHB-wide lead antimicrobial pharmacist to be interpreted as being inconsistent with what has been put in place.

I was critical in 2013 about the lack of audits of antimicrobial prescribing. I am pleased to find now that audits are being done on a regular basis by the clinical staff, including junior

medical staff. This provides ownership of the prescribing responsibility with those who do much of the prescribing. It has now been agreed that these audit data will feed into the Ward Metrics of overall quality of clinical care and performance. This will ensure that the audits are done and reported because it will be obvious if the data are not reported into the Metrics and remedial action will be initiated. The audit data is still patchy in completion across BCUHB and the data that are available show that there are still improvements to be made in the recording of key data: the percentage compliance with documented review dates, stop dates, IV to oral switch and reasons for the prescription is still patchy and too low overall. This approach to improved emphasis of the importance of audit of antimicrobial prescribing also needs to be applied in Primary Care to support good practice there.

These issues are not unique to BCUHB and apply elsewhere in Wales. This may provide the opportunity for an all-Wales approach to improving antimicrobial prescribing. One practical aspect of this may be a review of the all-Wales prescribing charts which do not have a specific area to support best practice in antimicrobial prescribing. While any such review takes time, it may be worth considering an approach taken by ABUHB where a simple sticker has been developed to convert sections of the current chart into areas consistent with what is needed for antimicrobial prescribing. It will be interesting to consider the results of their trial of this approach.

Root Cause Analysis (RCA)

The system for Root Cause Analysis following outbreaks or serious incidents and/or deaths relating to HCAI in BCUHB in 2013 was not consistent with best practice guidance on conducting RCAs and had not produced the required outcome of identifying root causes for the infection occurrences that can be addressed by improvements in clinical practice. The RCA process is now much improved. Staff have received training in RCA and it is now generally consistent with recommended practice. The RCAs following significant infection episodes are led by the CPG/ward staff. The procedure is multi-disciplinary and there is much greater involvement of medical staff, particularly Consultant staff. It is not now initiated and led throughout by the ICT but the ICT provide support, data and specialist input to the RCA. The ICT does monthly collation of lessons learnt from RCAs conducted in the individual sites and across BCUHB as a whole.

In 2013, there was a serious issue of compliance with completion of RCAs in cases where, according to BCUHB policy, they should have been done. I understand that compliance has improved along with the improved process. As the numbers of cases fall with the Board's emphasis on reducing HCAI, the criteria for deciding which cases warrant an RCA will change; Trusts in England with low rates of CDI now have an approach of conducting an RCA on every case, which is not yet feasible with the number of cases in BCUHB but does become appropriate when focusing on the prevention of smaller numbers.

Thus, the process is now much better and systems are in place for the important outcome of RCAs – the recognition of issues that may have led to an infection, particularly common factors that appear in several RCAs, and the implementation of necessary changes in practice that are identified. The new management structure for IP&C should enable this "closing of the loop".

C. difficile typing

Only a limited number of *C. difficile* isolates, mostly from the patients in the outbreak at YGC, had been sent to the reference laboratory for ribotyping in 2013 which made it difficult to gain an overall indication of the impact of different ribotypes on the epidemiology of CDI across BCUHB. This has now been improved and more isolates have been typed. I am pleased to see that a project is planned with support from Public Health Wales to implement whole genome sequencing of isolates from BCUHB in the specialist laboratory at Oxford. The Oxford project is part of a UKCRC Translational Infection Research Initiative which has supported the creation of a research consortium for the application of WGS to the prevention and control of HCAI. I understand that half of the funding for this project has been secured but the remainder is still to be agreed. In the light of the 2013 outbreak and the ongoing numbers of cases, I recommend that this study should be implemented as soon as is reasonably possible.

Facilities and accommodation

One of the important issues identified in my 2013 report was that there was limited single room accommodation in all the BCUHB hospitals, but with particular problems when the outbreak occurred at YGC. As anticipated, the cohort ward at YGC was discontinued when the outbreak had been brought under control.

I was encouraged on this visit by the approach to providing and managing single room accommodation even though the overall provision of single rooms given the overall structure of the three hospitals (pending the ongoing redevelopment of the YGC site) is still restricted. The redevelopment at YGC will see the provision of a much greater number of single rooms for IP&C and other purposes, but completion will take several years.

In terms of the number and availability of single rooms, several have been reclaimed from other uses which has increased the number of single rooms available for isolating patients. There have also been specific developments at YsbytyMaelor which had very restricted isolation facilities. A small but specialist isolation ward has been created with single rooms. Some rooms were already in the structure but trials have been done with temporary "pods" installed in an open area and with the building of simple partition walls to create single spaces. These are interesting and beneficial trials. For both the pods and the partition rooms, there remains the issue of providing handwashing facilities for each pod/room, but this should not be too difficult to overcome. If mains water and drainage cannot be put into these rooms, consideration should be given to installing stand-alone portable wash-hand basins that do not need mains connection. None of these trial rooms has en suite toilet facilities, but although desirable, that is not necessarily an absolute requirement given the clinical status of many of the patients and the availability of good quality commodes that are simple to clean.

As well as the number of rooms, improvements have been made in the way the available rooms are used, particularly in the assessment of patients for priority use. Ward staff, ICT and bed managers now work together to ensure best usage of the available single rooms. Furthermore, a scoring system is being developed by the ADN IP&C, ward staff and bed managers to help with this assessment. This should further help the process and is commended.

Cleaning and environmental hygiene

I did not examine the cleaning and environmental hygiene arrangements in my 2013 review as this was not within my overall remit. However, I did look at the arrangements and the general standards this year as part of this re-visit. I was provided with environmental cleanliness audit data, saw the general cleanliness state of several wards at each of the three hospital sites, and met with the estates and facilities managers during my visit to YGC.

Overall, I was impressed by the arrangements in place for managing the cleaning services. There is an enthusiastic team, keen to deliver a good service and working closely with the IP&C team. The fact that the Environmental Cleanliness Committee is chaired by the ADN IP&C gives this area a heightened profile and puts cleaning in the mainstream of patient safety and infection control. There appears to be good support and leadership between the facilities managers and the IP&C Team. Changes have been implemented over the last year to improve the cleaning service and respond to IP&C needs. These include:

- The implementation of disinfection with Actichlor plus (a chlorine releasing agent) as a routine in the general cleaning of the hospital clinical environment. This is appropriate in a situation where numbers of cases of HCAI, and CDI in particular, are still relatively high, which suggests continued environmental contamination with *C difficile* spores. There are concerns about widespread use of chlorine releasing agents because of the exposure of staff to fumes that may be generated and the damage that continuous use can do to the fixtures and fittings and the fabric of the building. I agree with its use under current circumstances but it may be worth considering one of the chlorine dioxide agents as an alternative if use is to be prolonged. These agents have performed well in laboratory tests at HPA (now PHE) Porton and have fewer unwanted effects on people and fittings.
- The introduction of a microfibre cleaning system. This modern cleaning technology has shown good results in many clinical settings over recent years. The contribution to IP&C is partly because microfibre cloths are effective cleaners but also because the system requires rigorous adherence to single use, discard and laundry regeneration of the cloths that leaves less opportunity for inadvertent reuse and cross-contamination between different surfaces and different rooms.
- The introduction of a traffic-light system for determining which standard of cleaning is required after the discharge of a patient depending upon the infection risk from environmental contamination. Both nursing and cleaning staff clearly appreciated the clarity this brought. However, my only adverse comment was that the only examples of the charts on ward walls were in black & white/grey scale because they were photocopied and it lost the visual impact of red/amber/green!
- The rapid response team is available for post-discharge cleaning for most of the time although there may be some out of hours delays. Generally the service was praised and it reduces the delays in bringing single rooms back into use.
- HPV decontamination of rooms after discharge of patients with infections that cause persisting environmental contamination, eg, CDI, is now available routinely on all three sites. This is a welcome development. However, it is a system that can only be used in areas/rooms that can be properly sealed off from surrounding areas which does not apply to most bays. With this in mind, and for more effective cohort nursing if needed, when wards are being refurbished, consideration could be given to having doors fitted to bays.

- Commode audits show generally good results and compliance with cleaning requirements. I was pleased to see that all the commodes I saw were relatively new and of modern design for reasonable ease of cleaning; they were clean and “taped”.
- There is still an issue, as in most hospitals, about the relative roles of nursing and domestic staff in cleaning beds and bedside equipment. There seemed to be some inconsistency between sites.

However, BCUHB does not yet reach the standards required by the National Cleaning Standards and does not perform as well as it should in the Credits4Cleaning surveys and audits. In part, this is due in some areas to the age of the buildings and the historical lack of maintenance of the fabric of floors, walls and fittings. Much of it is a “tired” environment. The state of some of the older wards means that it is difficult to achieve the standards expected, but environmental hygiene must continue to have a high priority as part of the IP&C programme.

Care pathways and Care bundles

One of the criticisms of the PHW outbreak investigation and my report in 2013 was a failure of documented application of the care pathway for CDI. The pathway itself was appropriate and contained all the key elements, but records of its implementation were incomplete, especially in relation to the medical aspects of the pathway. Hence, overall compliance was not good. This has improved significantly since 2013 and there is now evidence of good compliance with the pathway. It still needs some attention to achieve the expected levels but progress is good. There is a tendency (not just or specifically at BCUHB) to regard the formality of care pathways as a check-list approach to medical care, but their purpose and intent is to ensure a consistent, appropriate and high standard of care for patients with particular clinical conditions and this is becoming more generally accepted.

Care bundles appear to have had less emphasis in BCUHB (and in Wales generally) than in some other parts of the UK. In contrast to a care pathway, as for CDI, a care bundle focuses on specific clinical procedures setting out the key elements of the procedure (no more than 5 or 6) that must be performed properly on every occasion. They have been applied in particular to procedures that carry a particular risk of MRSA (or MSSA) bloodstream infection such as the insertion and maintenance of intravascular devices (cannulae and catheters most commonly). The care bundles for IV cannulae and catheters are only now in the process of implementation at BCUHB. Given the continuing rates of MRSA bloodstream infection and the requirements of the Welsh Government target, I recommend that implementation is accelerated. I am surprised at the late adoption - in Wales generally although BCUHB seems to have been rather slow even in a Welsh context- because such bundles (High Impact Interventions) have been promoted and implemented in English NHS Trusts since 2005-6.

C. difficile outbreak at YGC – what went wrong?

Many inter-related issues came together to make a CDI outbreak a significant risk in BCUHB, and in YGC in particular. Most of the issues identified below have been addressed as indicated:

- It occurred on top of an overall incidence of CDI that was higher than in comparable Health Boards, was not reducing (in 2012), but was not recognised as a significant issue within the management of BCUHB and was not brought to the attention of the Board until the outbreak. *The numbers are still high but are coming down; continued emphasis is needed.*
- The population served by BCUHB is a high risk population with a high proportion of elderly residents with multiple co-morbidities – but its age-adjusted population rates of CDI were *and are* still high in comparison with others.
- Antibiotic usage in BCUHB was high and this is a major risk factor for CDI
 - There was slow progress with antimicrobial stewardship and
 - Failure to agree and implement single BCUHB-wide antimicrobial prescribing guidelines, although the three former guidelines were in continued use. *This is being addressed.*
- There was a weak IP&C management structure – *now corrected*
 - and a failure to recognise the risk indicated by the high background rate of CDI from the information which was being presented at the Board.
- There was a lack of IP&C leadership
 - especially in the failure to appoint a lead ICD – *now appointed*
 - and depending on an interim lead ICN – *ADN IP&C has been in place since October 2013*
 - and reporting through an Assistant Director of Nursing who did not have a background in IP&C – *the Lead ICN is now an ADN for IP&C.*
- The number of specialist IP&C staff had been reduced, particularly at YGC, resulting in – *a structure has been approved but recruitment needs to be implemented*
 - Inadequate training provided for ward staff
 - Reduced support for ward IP&C activities
 - Reduced input to audit activities on wards
 - Withdrawal of IP&C support for community hospitals and primary care.
- There was a lack of single room isolation facilities and delays in isolating patients with diarrhoea that might be infectious, including potential CDI cases. *-single rooms have been reclaimed, temporary rooms trialled and management of usage improved.*
- There was a failure to respond in a timely manner to concerns about isolation capacity and infection risks raised by the ICT in 2012. – *IP&C is now a high priority for Board and senior management*
- The way in which HCAI matters were reported to the Board from the Improving IP&C sub-committee through the Quality and Safety Committee led to false assurance and complacency. *-systems are now in place and IP&C is a high priority for the Board.*
- IP&C appears to have had a low priority at senior executive level and in the clinical management system through the CPGs. There has been a general finding that:
 - there were not thought to be serious issues with infection rates
 - antimicrobial stewardship and the implementation of prescribing guidelines did not have a high priority

the CPGs have a greater appreciation of their responsibilities for IP&C
- Local systems for IP&C in the three sites had been disbanded so there was no coordinating system or forum in any of the three main hospitals. – *the three local IP&C Committees have been reinstated and are working well.*

Review of the approach to Death Certification in CDI cases

The problems identified with death certification in patients who have had CDI and in whom it may have contributed to their death are, I understand, being addressed with the Welsh Government and Public Health Wales and were not considered further in this re-visit.

Role of Public Health Wales (PHW)

PHW has taken a closer involvement in the issues identified in my 2013 report and works closely with the Health Boards. There appears to be a more proactive approach and PHW provides support and expertise. I did not consider this aspect further in my re-visit because relationships were reported to be good.

Recommendations - 2013

The 2013 review showed that the prevention and control of HCAI required significantly increased attention and priority throughout BCUHB, from individual wards and units through to the Executive Team and the Board itself (ie, from ward to Board and Board to Ward). The profile of IP&C needed to be enhanced across all clinical areas; the Chief Executive has ultimate responsibility for patient safety and senior managers needed to ensure that IP&C is a priority objective throughout the management structure.

This has clearly been addressed

The Board needed to have a reliable system of assurance in relation to the numbers and rates of HCAI in BCUHB and the performance of the IP&C service supported by expert interpretation and advice. *This it now has.*

Board governance

- The Board should receive regular reports on numbers and rates of key HCAI (MRSA, CDI etc) with interpretation of trends and benchmarking against equivalent Boards in Wales and large Trusts in England. *IP&C reports are a standing agenda item and discussed*
- An Independent Member should have specific responsibility for the oversight of IP&C matters. - *the Vice Chair has taken on this responsibility*
- The assurance reporting line through the Board's Quality and Safety Committee should be distinct from the management line of responsibility and accountability for IP&C. The current system in which the Improving Infection Prevention and Control (sub) committee is a sub-committee of the Quality and Safety Committee, which is an assurance committee, is not appropriate. *This has been addressed*
- An appropriate governance system would be for the IP&C service to be managed through a BCUHB IP&C Committee chaired by the accountable executive (the Director of Nursing) [see below] with Board reports made by the Director of Nursing to the Quality and Safety Committee and on to the Board. *This has been put in place but is not yet fully operational*
- The Quality and Safety Committee should be expected to give detailed scrutiny to the information (surveillance, audit, and management data) to inform the Board but the Board itself should be clear about its own responsibilities to review HCAI issues and

should not devolve that responsibility to the Quality and Safety Committee. – *this is now done*

Management

The newly appointed Director of Nursing, as the accountable executive, should take direct personal responsibility for the IP&C service with support from IP&C professionals appointed to lead roles across BCUHB. These key lead professionals with BCUHB with responsibilities should be:- *the DN has taken personal responsibility for IP&C*

- Lead Infection Control Nurse (full-time post) with post-graduate qualifications in IP&C and significant experience of working in the field in a large NHS organisation. This could be an appointment at either Assistant Director of Nursing (IP&C) or Nurse Consultant level; the BCUHB executive team prefer the Assistant Director of Nursing approach and I fully endorse this approach.
 - The Assistant Director of Nursing (IP&C) would be accountable to the Director of Nursing, would provide professional expertise in IP&C and would be responsible for managing the IP&C nursing service.– *the ADN IP&C was appointed in October 2013*
- Lead Infection Control Doctor. This will need an increase in the current Consultant Medical Microbiologist establishment as the post requires at least a 50% wte commitment. For most NHS bodies of equivalent size, this would be essentially a full-time post but with the dispersed nature of the clinical services in BCUHB across the three sites and the need for local ICD input, the role of the Lead ICD may not be full-time and may be linked to other Consultant Medical Microbiologist responsibilities.
 - However, the Lead ICD should not also have the lead ICD responsibilities in one of the sites. – *there have been difficulties in making this appointment but a suitable interim appointment has been made, but only providing 30% wte.*
- Lead Antimicrobial Pharmacist. The importance of antimicrobial stewardship and the need for implementation of BCUHB antimicrobial prescribing policies requires the appointment of a Lead Antimicrobial Pharmacist. As with the Lead ICD, this may not need to be a full-time role and may be linked with other pharmacy duties. This could include antimicrobial pharmacist duties in one of the sites but each site should have a full-time antimicrobial pharmacist who is not distracted by BCUHB-wide duties.
 - Responsibilities of the Lead Antimicrobial Pharmacist would be to coordinate the development, implementation and audit of BCUHB antimicrobial prescribing policies, working with the Consultant Medical Microbiologists and the lead clinicians for antimicrobial prescribing in the CPGs.
The Chief Pharmacist has taken on this co-ordinating and leadership role very effectively

The Director of Nursing, Assistant Director of Nursing (IPC), Lead ICD and Lead Antimicrobial Pharmacist would form the Operational Team responsible for IP&C in BCUHB.*An Executive Group for IP&C has been formed but needs to be fully operational.*

Infection Prevention and Control Committee

The Operational Team would need to operate through a BCUHB IP&C Committee whose membership should include:

- Nursing and medical representation from the IP&C teams in each site.
- Representation from the CPGs which should be the clinician with lead responsibility for IP&C on the CPG board (a restructuring of the CPGs into a smaller number would make this aspect of the IP&C committee less cumbersome).
- Representatives from Estates and Facilities management.

A Strategic group and an Executive group for IP&C have been established

Role of Site management and CPGs

The management structure in BCUHB is divided between local (site) responsibilities and overall management of clinical services by the CPGs. This requires clarity in the line of accountability and the responsibilities for IP&C. Both have important roles and responsibilities.

Site management

During the last year, site management has been re-established at the three site hospitals with the appointment of Associate Medical Directors, Assistant Directors of Nursing and, within the last few months, Senior Site Managers. Much of IP&C has its application in the sites where care is provided and, therefore, needs a strong organisation at each site. This has been recognised at BCUHB in recent months with the re-establishment of local IP&C committees by the Acting Director of Nursing. These are key elements in the IP&C service with local responsibilities. At present, they do not have an effective BCUHB-wide structure to support them with a firm commitment to the implementation of policies, procedures and protocols. The recommendation for a BCUHB IP&C Committee (above) will provide an appropriate structure for the local committees to work within.

The constitution of the local IP&C committee should comprise the local ICD and lead ICN, the site management triumvirate, clinical representation and the head of estates and facilities.

The site IP&C committees should be responsible for the operational aspects of the IP&C service in their site. They should determine actions necessary for IP&C, institute and manage measures for the control of outbreaks that may (in fact will) occur. They should also ensure the delivery of the training programmes for all the staff of the site so that all receive appropriate initial training on appointment with updates required at regular intervals. The provision of the training and the maintenance of training records should be a local responsibility although the overall content of the training programmes will have been set by the BCUHB Committee.

The site IP&C committees are now fully operational. However, the full provision of training programmes for staff, particularly training on individual wards, depends upon the IP&C Teams being brought up to full strength as planned and approved but not yet implemented.

CPG responsibilities

IP&C is also an important responsibility within the CPGs that are the management lines for the clinical services (for example; cancer, women's, children's, medicine). Each CPG should appoint amongst the lead clinicians on its board, one who takes lead responsibility for IP&C. The CPG should have IP&C issues, ie, numbers and rates of key infections in their clinical areas, audits of policy implementation, antimicrobial stewardship and all aspect of antimicrobial prescribing and IP&C training of its staff, as standing items on their agendas.

The CPGs are responsible for the implementation of BCUHB policies, procedures and protocols for IP&C and antimicrobial stewardship and for ensuring that their staff do what is expected of them and for having an audit system in place to show that implementation and compliance are effective.

The Lead ICD and Assistant Director of Nursing should liaise directly with the CPG IP&C leads and should attend CPG board meetings regularly for the IP&C agenda items to help maintain consistency of delivery across the clinical services provided by the CPGs.

The responsibilities for IP&C are now recognised by CPGs and they are taking appropriate lead roles for reporting in the site IP&C Committees. IP&C Leads are being identified in the CPGs but they need greater clarity in relation to their roles and responsibilities, including a basic job description for the role. Good relationships between the ADN IP&C have been established and similar links will need to be in place for the new Lead ICD so that they can support the CPGs.

Staffing and function of local ICTs

Each local ICT in the sites will be led by an ICD and lead ICN, with sufficient ICNs to deliver the required service. The precise numbers of ICNs required for each site is beyond the scope of this review but it is clear that the reduction in numbers of ICNs at YGC was linked to a reduction in IP&C services to below what is described here as necessary. The ICT provides the expertise and knowledge of IPC, surveillance etc.- *the structure and staffing for the local IP&C Teams has been approved; appointments now need to be made to bring them up to full complement.*

- Link nurses. Some parts of BCUHB have had a link nurse system in which a nurse in each ward team has designated IP&C responsibilities and provides a direct link with the ICT. The link nurses need protected, dedicated time to undertake these duties. YGC used to have such a system but it is reported that it was abandoned because the ICT did not feel able to provide the necessary support and due to a lack of clinical engagement and representation. This should be re-examined to decide whether link nurses should be re-instated or whether the responsibilities should be placed directly on the ward sisters and matrons.– *there is not yet a clear consensus on whether or not the Link Nurse network should be re-instated. Although there is no question that wards/units need to be linked into the IP&C Team to fulfil their own IP&C responsibilities and this can be the role of a Link Nurse system, it was put to me by some matrons and ward sisters that their own enhanced role in IP&C meant that they had taken on the roles that might previously have been those of a Link Nurse. This needs to be a matter for local decision to get the best implementation of “everyone’s responsibility” for IP&C.*

The functions of the local ICT should comprise:

- Outbreak investigation and management.
- Ensuring that the surveillance system links the laboratory data and clinical information and that all cases of infection are properly recorded and reported into the local surveillance system that feeds into the BCUHB surveillance and the reporting mechanism to PHW.

- Advising ward staff on the investigation and management of patients with infection and those who may have been exposed to infection.
- Supporting the implementation of IP&C policies and procedures, care bundles etc.
- Supporting the ward IP&C audit programme and collating the results for the site.
- Making a major contribution to the IP&C training programmes for clinical and non-clinical staff.

The local IP&C Committees are now established to provide an operational structure for the ICTs to fulfil these responsibilities. However, as the ICTs are not yet up to strength, they are not yet able to fulfil all of these functions as effectively as they should.

Ward responsibilities

Each ward should receive, each month, its own figures for key HCAI numbers with historical data over previous months for comparison. These are often provided in the form of Statistical Process Control (SPC) Charts which provide a clear visual representation of the ward's progress. These should be reviewed by the ward multidisciplinary clinical teams under the guidance of the ward sister or matron, with input from the ICT as needed, at a monthly ward or unit meeting. The ward audit data should be reviewed alongside the infection data. This should form the basis of monitoring and sustaining the actions necessary to reduce the risk of infection.

The ward staff have clearly recognised and taken up their responsibilities for IP&C. The RCAs are led by the ward/CPG staff. They receive their HCAI data and with the implementation of ICNet, they will have greater opportunity to interrogate the data and do the analyses that they require at whatever level they wish.

Antimicrobial stewardship

It was clear from reports and staff interviews in 2013 that there had been slow and inconsistent development and implementation of antimicrobial prescribing policies in BCUHB.

I recommended that BCUHB should quickly complete and promulgate the Board-wide policy for antimicrobial prescribing with two main components:

1. Selection of antimicrobial agents for specific clinical situations.
2. Appropriate prescribing principles including
 - Recording the reason for prescribing
 - Indicating an early review date (first consultant ward round and not more than 48 hours after admission)
 - Review of IV antibiotics after 48 hours with a view to switching to oral administration
 - Setting a stop date at 5 or 7 days with a positive medical decision being made for continuation beyond the stop date.

The lead antimicrobial pharmacist should work with the consultant Medical Microbiologists and representative clinicians from the CPGs to complete the policy as a matter of urgency.

CPG responsibility

The CPGs are responsible for the implementation of the policies by their medical staff and the main responsibility is with the consultant medical staff to ensure their teams implement them.

Audit

An audit programme based on the antimicrobial prescribing policy should be applied across all clinical specialties. The audits should be co-ordinated by the antimicrobial pharmacists supported by the consultant Medical Microbiologists who lead on antimicrobial treatment in the sites, but the responsibility for doing the audits should be with the clinical teams. It is particularly useful for junior medical staff to undertake the audits of antimicrobial prescribing because they are the ones who are doing the initial prescribing.

Appraisal

Implementation of antimicrobial stewardship and prescribing policies should be part of the annual appraisal of all medical staff, both junior staff and, in particular, consultants who have the overall responsibility for the treatment of their patients.

Most of this has now been set in motion. The antimicrobial prescribing policy has been adopted (although there is still some geographic inconsistency in what it requires). The antimicrobial pharmacist service is working well, coordinated by the Chief Pharmacist. Audits are being done and the results are now required to be entered in the Ward Metrics system. Compliance with the elements of antimicrobial stewardship still needs to be improved but the audit programme should help promote this. There is a need to extend the antimicrobial stewardship programme into Primary Care.

Personal responsibility

The phrase "infection prevention and control is everyone's responsibility" means exactly what it says. All clinical and non-clinical staff have a personal responsibility for their own standards and activities. All staff must be included in policies such as hand hygiene and be part of the audits.

All clinical staff have a wide range of responsibilities. They should attend for training to develop and maintain their skills and competences. The management structure should ensure that the training is provided and that staff have the time to attend the required training sessions. The attendance of staff at training programmes should be monitored either through the local IP&C committees or the CPGs; either can be effective provided that the training records are monitored and collated at local level and reported to the BCUHB IP&C Committee so that management has oversight and the Board can be assured.

For those clinical staff who are subject to job plans, appraisals and personal performance reviews, IP&C should be an integral part of the appraisal and review. This should include numbers and rates of infection, audit returns for IP&C and, for medical staff in particular, compliance with antimicrobial stewardship policies.

Compliance with IP&C training requirements are now part of medical staff appraisal. On-line training through the Doctors.net scheme is being promoted. There are still gaps in the provision of IP&C training at all three main sites and perhaps particularly in community and

primary care because there are not yet the IP&C staff in place to organise and provide it. eLearning programmes are available, but access to terminals and time availability restricts their practical availability to staff. Some staff have been enabled to do these packages at home, which is good, but that raises the issue of whether training should be expected to be done in staff's own time or whether this time would need to be set against time at work or remunerated separately. I understand that the CPGs that have adopted this approach allow staff to take the time back that they have spent on the training so that it is, effectively, paid time.

Public Health Wales

The role of PHW in relation to actions following their collation and analysis of surveillance data should be reviewed. The Welsh Government, NHS Wales and the Health Boards should consider whether it would be a greater benefit to public health if PHW were required to intervene when the surveillance data indicate that a particular Health Board (or individual hospital) has results outwith the expected parameters. Such an intervention at BCUHB could have alerted the Board at an earlier stage that their figures and rates were higher than peer comparators and that this indicated a need for some more detailed attention to IP&C with the support of PHW expertise.

There appears to be a better and closer working relationship with PHW on the programme to achieve the targeted HCAI reductions in Wales.

Death Certification

There are clear differences in the approach to death certification in patients who have died with or following CDI between West and Central/East sites. The pre-certification involvement of the coroner in the Central/East sites will certainly have the result that CDI is recorded as a contributory cause in fewer deaths than if this was done on the basis of clinical assessment. This is an unusual situation and is not consistent with what happens in the rest of Wales and most of England. This role of the coroner, as well as being unusual, would not be consistent with the new "medical examiner" role that will be introduced shortly.

The expectation of central government officers and agencies for certification of deaths when HCAI (including CDI) is implicated would be that the decision to include the infection on the death certificate is made by the clinician responsible for the patient's care before death, with advice from the ICD/Consultant Medical Microbiologist and, additionally, from the Histopathologist when there has been a post-mortem examination. Deaths in which CDI or other HCAI is implicated in either part of the death certificate are incidents relating to deaths linked to medical practice and should be referred to the coroner who may wish to make further inquiries, but this is not prior to the medical certification of the death.

This anomaly in the Central/East sites should be reviewed as a matter of urgency by the Health Board, Welsh Government, PHW and the coroner's office with a view to implementing a consistent approach to death certification in CDI and other HCAI cases in Wales.

This is being addressed by the Welsh Government and PHW.

Epidemiological investigation of CDI in BCUHB

An investigation of the epidemiology of CDI in all three sites of BCUHB is beyond the scope of this review but should be undertaken to understand the current and recent background pattern of infection and the outcomes. It should cover cases of CDI that occurred over the past 2 years (2011 and 2012) and with methodology similar to that used by the PHW team that investigated the 2013 outbreak at YGC although a detailed case note review may not be feasible but the pattern of cases can be established without detailed reading of the notes. BCUHB should seek the help of PHW in conducting this investigation which is needed to show where and in which patient groups the occurrence of CDI is most significant.

Epidemiological investigations are ongoing with PHW.

***C. difficile* ribotyping**

The ribotyping of *C. difficile* isolates from cases has not been done routinely at BCUHB. It is not expected that *C. difficile* will be isolated and sent for typing in all cases but it should be done more frequently and specifically in cases that result in major surgery or death and when there may be linkage between cases in time and place may indicate cross-infection. When isolates appear indistinguishable by basic ribotyping, further specific genotyping (eg, whole genome sequencing) methods should be applied.

There is more ribotyping being done to inform the epidemiological investigation and a project has been agreed to secure typing by whole genome sequencing through the Oxford laboratory although final confirmation of funding is awaited.

Root Cause Analysis

The current approach to RCA was inadequate in 2013. The system should be reviewed and the staff who do it should be given further training in RCA methodology. The analysis should focus on outcome, ie, what root causes can be identified and whether these should lead to a change in clinical practice.

The RCAs should be completed in a timely way (eg, by setting a limit of 5 or 7 working days for completion). The result of each RCA should be reported to the local IP&C committee (for any action related to the locality) and to the appropriate CPG board (for any action related to clinical practice). The RCA results and any actions should then be reported to the BCUHB IP&C committee. The IP&C executive team should ensure that the RCAs are being done properly and in a timely manner.

Ideally, an RCA should be done for each case of CDI but this may not be feasible with the current number of cases but this is now being done in several Trusts in England. In the current circumstances, RCA should, as a minimum, be done on all cases of moderate to severe disease, all cases where the patient subsequently dies, and all cases that are probably linked in place and time.

There should be a collation and review of RCA results at (currently) quarterly intervals to identify common or recurrent factors (as in the February 2013 report) and take appropriate actions.

A much improved RCA system has been put in place. Leadership of individual RCAs is now the responsibility of ward/CPG staff on a multi-disciplinary basis and they are expected to lead the reporting to the local IP&C committee. The IP&C Team is to provide specialist advice and input and does a monthly collation of the findings or RCAs at site and BCUHB levels. However, implementation of this changed approach is still patchy and requires significant input from the IP&C Team at times to ensure appropriate engagement of the ward/CPG staff.

This report of my re-visit to review the implementation of the recommendations of my 2013 report on governance and management of IP&C at BCUHB was submitted in draft form to the BCUHB Executive Team on 20 June 2014. Minor corrections of fact were made on the basis of their response and the final report was submitted on 1 July 2014



RECEIVED

11 AUG 2014

Our ref: NB/mm

Ask for: Marilyn Morgan

Your ref:

 01656 641152

Date: 4 August 2014

 Marilyn.morgan@ombudsman-wales.org.uk

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

Dear Mr Millar

**Memorandum for the Accounting Officer of the Office of the Public Services
Ombudsman for Wales**

Thank you for your letter dated 31 July 2014 regarding my appointment as Accounting Officer for the office of the Public Services Ombudsman for Wales.

I can confirm that my PA has emailed Jane Dupres at Civil Service Learning and Brian Whalley at Public Accountability Training Ltd to arrange the training as soon as is practicable.

Yours sincerely



Nick Bennett
Ombudsman

Agenda Item 2.5

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

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

11th August 2014

Dear Darren,

Grants Management and Auditor General for Wales's Report: National Fraud Initiative 2012-13

Thank you for your letter dated 17 July 2013.

As requested we will be including further details within the next "Welsh Government Annual Report on Grants Management" on both the compliance work on Spot Checks and the National Fraud Initiative. I hope this provides you and the Committee with the reassurance you were looking for.

*Yours,
Derek*



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Mr Mike Hedges AM
National Assembly for Wales
Cardiff Bay
CF99 1NA

Reference	PA85/hcj/mm
Date	15 August 2014
Pages	1 of 3

Dear Mr Hedges

STUDENT LOAN BUDGETING ARRANGEMENTS

I am responding to the query that you raised at the Public Accounts Committee on 15 July 2014, and subsequently by email, in response to the Auditor General's suggestion that the Committee could explore issues relating to the student loan book when scrutinising the Welsh Government's 2013-14 consolidated accounts. During the Committee meeting, you questioned some of the comments I made about the way in which costs associated with student loans are met. You referred then in general terms to the loan book and the debt associated with it. However, I note that your email referred specifically to your belief that, in respect of the potential effect on the Welsh budget of the loan book, it would not cause any change in the AME (Annually Managed Expenditure) because it was effectively covered by the Treasury.

It was the distinction between the AME and Departmental Expenditure Limit (DEL) budgeting arrangements that I was seeking to highlight in my comments to the Committee on 15 July. I confirmed then your understanding that, in principle at least, the issuing of student loans is underwritten by the Treasury as AME. The Welsh Government is able to draw down additional AME funds from HM Treasury if required. Unspent funding, due to lower-than-expected demand, has to be returned to HM Treasury.

From its main DEL budget the Welsh Government has to account for an annual adjustment based on the estimated level of future loan policy write-offs, for example because of death, students' earnings not reaching the repayment threshold or loans not being fully repaid by the end of the repayment period. This adjustment also takes into account the interest subsidy on student loans – the difference between the market rate and the interest actually charged to students. We referred to that charge in our November 2013 [Higher Education Finances](#) report as the 'loan policy write-off' charge, although it is referred to in the Welsh Government's budget as the Resource Accounting and Budgeting (RAB) charge.

Paragraphs 2.7 to 2.16 in our report related to the Welsh Government's arrangements for monitoring forecast student finance income and expenditure and the associated risks. Paragraph 2.9 in our report noted that it is important that the Welsh Government has at its disposal in sufficient time the information needed to accurately estimate the amount of AME cover required to make student loan payments. Our report noted that there had been some difficulties in that regard in late 2012-13. On that occasion, the Welsh Government was able to negotiate a change to cover a prospective budget shortfall late in

the budgetary process. In reporting on this issue, the Welsh Government's internal auditors noted that that option was unlikely to be available in future and could result in serious consequences for Welsh Government budgets.

We noted in our report that changes to the way in which the student loan book is valued and RAB charges calculated – the adoption of a new model developed by the UK Government – were likely to necessitate a one off 'stock-charge' to the value of what had been estimated to be around £326 million. The Welsh Government had also estimated that the move to the new model could see RAB charges increase by around five per cent. Our report summarised briefly the consideration that the Welsh Government had given to other options for its future modelling of the loan book. In considering other options, which would themselves have been likely to result in an additional stock-charge, the Welsh Government had been mindful that the Treasury may have been less likely to cover that charge if the Welsh Government had not adopted the model in use elsewhere in the UK. Even when deciding, in September 2013, to adopt the UK-wide model, Treasury cover was not guaranteed. However, the Welsh Government considered it likely given that the Treasury had covered the equivalent charge when the same model was adopted in Scotland and Northern Ireland.

In February 2014, the Welsh Government laid its [2nd Supplementary Budget Motion for 2013-14](#). The [explanatory note](#) accompanying the budget motion pointed to various changes to the budget arising from the need to reflect the stock-charge and changes to the RAB charge rate. The supplementary budget pointed to the transfer in of £326,450k of non-fiscal resource from the Treasury to cover the stock-charge and an increase in the RAB charge rate. However, the [Welsh Government's consolidated accounts for 2013-14](#), laid on 30 July 2014, note the following with regard to the additional non-cash cover from the Treasury:

Governance statement (page 24): "During the finalisation of the figures for the 2013-14 financial year, it was reported that some data inputting errors had occurred. This resulted in a shortfall of £25.6m in non-cash provision because the error was identified too late to bid for additional non-cash cover from Treasury. This has resulted in a breach of the Department for Education and Skills Ambit Resource Limit by £10.1m. This was an isolated administrative failure which does not give rise to any concerns about the underlying affordability of the student finance model. An investigation has been commissioned to ensure controls are strengthened to avoid a similar occurrence in future years."

Note 11 on financial assets (page 49): "The statistical model used has changed in the year resulting in a large one off adjustment to the value of the loans. This adjustment represents extra provision needed as over the past few years interest rate and earnings forecasts have been lower than expected. In addition, during the last quarter of 2013-14 an error was identified that created an additional write off of loans in year which resulted in a £25.6m over spend in non-cash within DfES. The error occurred post the supplementary budget and, therefore, although there were underspends elsewhere within Welsh Government, a transfer was not actioned and hence DfES exceeded its departmental ambit by £10.1m. A lessons learned exercise has been undertaken to prevent a similar error occurring in future."

The Welsh Government noted in its governance statement that a further new model for the valuation of student loans is being worked on. The Welsh Government indicates that any new model will need to be fully tested and adapted for Welsh policies, such as the partial cancellation of maintenance loans, before any move to it this year. The change to the new model could result in further stock-charges and changes to the RAB charge for which, again, the Welsh Government may need to seek cover from the Treasury. In January 2014, the Treasury updated [Chapter 8](#) of its 'Consolidated Budgeting Guidance from 2013-14'. The revised Chapter 8 reflects changes in the budgeting treatment of student loans. The Committee might wish to explore with Welsh Government officials the possible implications of these changes.

I hope that this letter helps to clarify why, in the Auditor General's previous letter, he noted that there were issues relating to the loan book that the Committee could explore with the Welsh Government as part of an evidence session on the consolidated accounts. The Welsh Government's Department for Education and Skills has recognised that if forecasts for the student loan book are not accurate, this presents an on-going risk to the Department's budget which could limit the Department's ability to afford a higher demand on student finance or to fund other priorities.

I apologise if my response, in the short discussion during the meeting on the 15 July, was insufficiently clear. Because you raised this issue as part of the Committee's evidence session on 15 July, I am copying this letter to the Chair of the Committee and to the clerking team so that it can be used to inform any background briefing for the planned evidence session on the consolidated accounts.

Yours sincerely



Matthew Mortlock
Director Performance Audit

cc. Darren Millar (Chair of the Public Accounts Committee)
Michael Kay (Clerk to the Public Accounts Committee)

Agenda Item 2.7

Huw Lewis AC / AM

Y Gweinidog Addysg a Sgiliau
Minister for Education and Skills



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

20 August 2014

Mr Darren Millar AM
Chair
Public Accounts Committee
National Assembly for Wales

Dear Darren

Covering Teachers' Absence

Thank you for your letter seeking further clarification in relation to the response that I provided to your report on Covering Teachers' Absence. I will respond to each of the three recommendations you have highlighted in turn.

Recommendation 1

I note that the original recommendation in your report did not refer to monitoring expenditure on supply cover. This was in fact part of recommendation 13. However, I will deal with the response as it has been set out in your letter.

As I stated in my original response, school governors and the headteacher are responsible for the deployment of staff to meet the needs of the school and monitoring absence data on a regular basis is a key element in meeting this requirement. In practice, schools will be supported in this by local authorities in their capacity as employers.

Whilst the collection of additional data may have some value we also need to bear in mind the potential burdens on schools and local authorities of providing data centrally in addition to arrangements already in place.

My officials will therefore work with schools, local authorities and consortia to identify what key information should be collected, by whom, and how it can be used by them to better manage teacher absence. However, in doing so, we will also consider how data can be collated nationally in a form that is useful and which avoids unnecessarily increasing burdens on schools and employers.

As part of the annual review and challenge cycle which takes place with consortia, we will discuss the data that has been collected by the local authorities/consortia including trends and issues that have been highlighted by the data. These meetings will also allow us to work with the partners to identify examples of best practice as well as consider solutions to key areas of concern.

Recommendation 3

The Welsh Government has committed to issue guidance which will make clear to governors their right to ask headteachers for regular reports on absence issues.

We have previously explained that certain governors such as the chair and members of committees dealing with staff disciplinary and dismissal matters, staff grievances, redundancies and capability issues have specific roles and responsibilities within those processes. Those governors and committees will be responsible for managing the HR process and seeking advice from local authorities/consortia on how best to deal with the issues raised. Given that these HR matters are invariably confidential it would not be appropriate for other governors to be involved and there would be no role for them to manage any staffing or HR process.

The Committee may also wish to note that in accordance with the Government of Maintained Schools (Wales) Regulations 2005 governing bodies are required to review all policies, procedures and committee remits and terms of reference at least annually to ensure they are kept up to date and to identify membership of committees that deal with these matters – this includes HR policies and committee structures. Usually governors will be made aware of this as it will be on the agenda which is agreed between the chair of governors and headteacher.

As regards delegation of functions there is also scope within the 2005 school governance regulations for governing bodies to delegate certain matters if they wish – it is up to them what they delegate and to whom. However, in our experience it would be most unusual for a school not to have a generic staffing/personnel committee to consider HR and staffing matters that fall outside of those previously mentioned, such as staffing structures, staff absences and staff requests for leave during term time etc. The chair of this committee will be the link with the governing body and as required in the 2005 governance regulations will have to report discussions and decisions on staffing and HR matters. The governing body could choose to delegate the generic functions of a staffing/personnel committee to a single governor, if they wished.

Governors are volunteers and HR and staffing matters are a huge responsibility which is why these issues are normally delegated to committees rather than an individual governor. Given the complexity often involved in HR and staffing matters a single governor, in our view, would be unlikely to want to be responsible for dealing with such sensitive matters as they would not have the confidence, knowledge and experience. There are also risks in attaching such responsibilities to a single governor.

Recommendation 13.

I note that this recommendation in your original report made no reference to monitoring learner progress and was primarily concerned with the cost of teacher absence which I have dealt with under recommendation 1 above.

However, maintaining continuity of learning during staff absence is clearly a fundamental issue that should be at the forefront of schools' thinking when they are managing absence and this will be an integral part of the actions we are taking in relation to your recommendation 7. My officials are drafting guidance on the effective management of cover in response to this recommendation. This guidance is being produced in conjunction with schools and local authorities to identify effective practice and will cover the following themes:

- Roles and responsibilities of stakeholders
- Effective management of cover
- Mitigating the impact of teacher absence
- Proactive management of teachers' attendance and absence
- Information and support to be provided to supply teachers and other staff providing cover
- Performance management and professional development of staff.
- Quality Assurance checklist for schools who use supply teachers from agencies and local authorities lists.

I do not see it as part of the role of the Welsh Government to micro-manage schools as the responsibility for ensuring that learners make good progress sits squarely with schools themselves as reflected by the statutory duties placed on the Governing Body and the headteacher. I have put in place a National Model of Regional Working that integrates school improvement services to provide the appropriate degree of challenge and support for schools and Local Authorities continue to be responsible for the performance of their schools. Through the review and challenge arrangements that I referred to earlier I will expect to be provided with the necessary level of assurance that the interests of learners are being fully catered for. The guidance described above will assist them in this.

I hope this addresses your concerns.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Huw Lewis', is enclosed in a thin black rectangular border.

Huw Lewis AC / AM

Y Gweinidog Addysg a Sgiliau
Minister for Education and Skills

Agenda Item 3

Y Pwyllgor Menter a Busnes Enterprise and Business Committee

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

Cynulliad
Cenedlaethol
Cymru
National
Assembly for
Wales



25 July 2014

Dear Darren

Auditor General for Wales Report: Young people not in education, employment or training

Thank you for your letter of 21 July 2014, and for keeping us up to date on your Committee's consideration of the Auditor General's recent report on Young People not in education, employment or training.

As part of our forward work planning, the Enterprise and Business Committee has agreed to undertake a short policy inquiry in November looking at "support to help young and older people into work". We will agree the exact scoping of this inquiry in September but we will be talking to young people who are not in education, employment or training and looking at the barriers that they encounter. The Auditor General's report will be a useful source of information for us and I am interested in your Committee's views on the subject. Likewise, I will keep your Committee updated on my Committee's inquiry and progress.

Yours sincerely



William Graham AM
Chair, Enterprise and Business Committee

Bae Caerdydd
Cardiff Bay
CF99 1NA

Owen Evans
Cyfarwyddwr Cyffredinol • Director General

Yr Adran Addysg a Sgiliau
Department for Education and Skills



Llywodraeth Cymru
Welsh Government

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

18 August 2014

Dear Darren

Auditor General for Wales Report: Young people not in employment, education or training

In response to your letter of 21 July 2014, please find attached at annex A, a Welsh Government response to the Auditor General for Wales Report *Young people not in employment, education or training*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Owen Evans'. The signature is written in a cursive, flowing style.

pp
Owen Evans
Director General

Welsh Government's response to the recommendations

To better understand expenditure on the services required to deliver the Framework

R1 We estimate that the combined value of Welsh Government and European spending associated with reducing the number of young people who are NEET was in the region of £200 million in 2012-13. The Welsh Government did not systematically assess the cost of the provision that would be needed to support implementing the Framework at the outset but believes it can achieve its objectives by re-focusing existing expenditure on young people and employment support and implementing best practice. To better understand the effectiveness and value for money of its expenditure, the Welsh Government should:

a by October 2015, map and review, with partners, the expenditure on services to deliver the Framework to be able to make judgements about the cost effectiveness of this expenditure; and

b review whether adjustments are needed between funding streams to better support the effective delivery of the Framework

Accept in Principle

There have been several attempts in the past to try and review the amount of expenditure on reducing the number of young people who are NEET. Many of the programmes identified within the WAO report, whilst contributing to support for young people, were not set up specifically for the purpose of reducing the numbers of young people who are NEET, and have a broader purpose (for example Careers Wales is funded to provide Careers Advice and Guidance to all young people, their work will support those young people at risk of becoming NEET, but it is not their only purpose). The programmes highlighted within the WAO report cover such a broad range of activity that a wholesale systematic assessment of value for money for the purpose of identifying their individual impact on preventing a young person becoming NEET is not possible as a comparative judgement. The needs of this diverse group of young people often require a response that is based on a range of interventions, depending on individual need, and the mix of support for one individual may well not have the same impact for another.

The purpose of the Framework is to provide a systematic mechanism for local authorities to identify those in need of support, to establish the support available, and then to track the progress of young people as they make the transition from education into further education or employment. There is a requirement for local authorities to map provision available within their local area, and determine any potential gaps or duplication, which will enable them to better plan and deliver support services. Within this context, Welsh Government, and other stakeholders will be informed by the findings and can plan and contract for appropriate provision to meet such needs through their own programmes (an example of this is the current review of Traineeship provision which is being informed by findings from local authorities to availability of provision locally to meet the needs of young people in their area).

Provision mapping will enable us to have a more cohesive view of provision across Wales. It will also help determine the type of provision that delivers the most effective outcome for young people.

The Welsh Government through its Youth Engagement and Progression Framework is providing the structure which will help local authorities to establish whether local and national provision is delivering effective outcomes and value for money through the measurement of reductions in numbers of young people NEET at a local level. The provision of statistics on a monthly basis to local authorities through Careers Wales enables progress to be monitored and tracked.

To achieve its targets to reduce the proportion of 19-24 year olds who are NEET

R2 The Welsh Government has set a target in its *Tackling Poverty Action Plan 2012–2016* to reduce the proportion of young people 19-24 years old who are NEET compared to the rest of the UK. The Framework focuses on 16-18 year olds and the Welsh Government believes that improving progression at this age will lead to improved outcomes later. However, work elsewhere has found that councils need to continue support for disengaged young people after the age of 18. We found that many councils are beginning to consider how the approach with 16-18 can be adapted for the greater number of 19-24 year olds who are NEET. This includes developing links with the Department for Work and Pensions locally, which plays a more important role with the age group. To achieve its targets to reduce the proportion of 19-24 year olds NEET, the Welsh Government should:

a clarify its strategic approach to reducing disengagement among 19-24 year olds and how the Framework is intended to achieve its objective of a long term reduction in disengagement;

Accept

A key aspect in reducing disengagement relates to the transition point for young people from education into the labour market. DfES is working with DWP and Careers Wales to ensure appropriate data sharing and warm handover at this important point in the young person's journey to work. This forms part of the work being undertaken through the joint Access to Employment Working group which is co-chaired by DfES and DWP.

b work with councils beginning to develop their work with young people 19-24 to share emerging learning and good practice and ensure that councils' work and planning aligns with national priorities and targets;

Accept

A number of best practice examples are emerging through local authorities across Wales. Our regional approach, which draws together the key players in the employment and skills arena across three 'learning partnerships' covering the whole of Wales, will be the vehicle for sharing this best practice, alongside the work of partners operating within the Framework.

c review its expenditure on support for 19-24 year olds including the extent to which funding streams are co-ordinated and aligned with its priorities in order to assess if current funding is likely to achieve the Welsh Governments targets;

Accept

The Welsh Government's approach to supporting the employment and skills agenda is clearly focussed on how best we can achieve maximum effect from the investment necessary across all relevant funding streams. This is articulated through the DfES Footprint for ESF delivery which was published in May 2014.

The DfES approach to employment and skills support aims to deliver a more integrated employment and skills offer from 2014 onwards. DfES will focus on providing leadership and direction, adopting more of a strategic commissioning role as opposed to a direct delivery role, with a view to creating a more coherent and integrated portfolio of programmes at national, regional and local level. Co-ordination of employment and skills delivery will be undertaken through an integrated portfolio of projects that respond to clearly identified and evidenced need and operate at a combination of national, regional and local levels with investment coming from a range of sources including structural funds, public and private investment.

d examine the cost effectiveness of the measures currently in place; and

Accept

All ESF projects are monitored and evaluated, and performance information against specific targets is provided to WEFO directly from the project sponsors. Welsh Government also evaluates the performance of non-EU supported interventions.

e build on its developing links with the UK Government's Department of Work and Pensions in order to co-ordinate its provision with mandatory provision for longer term unemployed young people

Accept

The Welsh Government has an ongoing, close working relationship with DWP and local Jobcentre Plus. The recently established Access to Employment Working Group has a specific remit to ensure alignment of policy and practice between Welsh Government and national UK-wide schemes.

To achieve long term improvements in outcomes for those currently most likely to be NEET

R3 Young people who are NEET face a range of different barriers to participating in education, employment or training. Young people who are disabled, chronically ill, have special educational needs, attend poorly at school and attain poorly, as well those from some ethnic minority groups, are more likely to become NEET. Young parents have a high rate of disengagement. However the Welsh Government's targets do not distinguish between those who are sustained or core NEET and those who are only temporarily out of education, employment or training despite these groups needing different policy responses. Focussing on young people who are sustained NEET will also result in the greatest savings to the public purse. There is a risk that the Welsh Government's targets could be achieved without improving outcomes for who represent the greatest challenge. To avoid this risk, the Welsh

Government should:

a have greater clarity about its expectations of councils to focus on young people who are sustained NEET and incur the greatest cost to the public sector to avoid the risk that its targets are achieved without impacting on those furthest from the labour market;

Accept

Local authorities are charged with providing the support young people need to aid their progression through education and training into employment. This will be delivered through a systems based approach to early identification of need, co-ordinated brokerage of support and tracking of the young person's progress. Through the bi-annual reviews with local authorities, Welsh Government will discuss

their approach to ensuring those young people with protected characteristics are given the right support.

b discuss with councils their implementation plans with specific reference to the needs of young people at high risk of being NEET, including those young people with protected characteristics under the Single Equality Act and teenage parents; and

Accept

Welsh Government plan to analyse post 16 destinations and quarterly Careers Wales progression data as well as data on vulnerable groups such as Looked After Children (LAC), Care Leavers, Young Offenders and the links to Challenge Cymru schools. This data will be discussed with local authorities within their bi-annual reviews with Welsh Government to ensure local authorities are delivering the right support to these young people.

c consider its arrangements for reporting outcomes for young people with protected characteristics and teenage parents as outlined in its 2012 Strategic Equality Plan.

Accept in Principle

Welsh Government will work with Careers Wales and the Framework evaluation contractors to identify data that will help monitor local authority activity to support the engagement and progression of underrepresented groups such as LAC and Young Offenders. If this data is available in the future, publication of such information would need to adhere to the National Statistician's guidance around the confidentiality of official statistics, particularly in consideration of statistical disclosure issues at the local authority level.

To ensure that Welsh Government, councils and their partners are working towards shared targets and objectives for reducing the number of young people who are NEET

R4 Councillors and local government officials generally demonstrate a high level of commitment to reducing the number of young people who are NEET. There is a high level of understanding of the risk factors and the social costs of being NEET. However, we found that councils had not all developed targets for NEET against which their performance could be assessed. Where targets had been established, they did not always align with the Welsh Government's targets. To establish targets and ensure that councils and partners can be held accountable for performance, the Welsh Government should:

a do more to ensure that local and national measures and targets are more closely aligned by using the biannual meetings and the review of action plans to ensure that local objectives and targets reflect national priorities;

Accept in Principle

Currently the only data published by local authority area relates to 16 year olds who are NEET (compiled by Careers Wales, and used as comparative data across all Local Authorities). There is currently no published data that breaks down national (Wales level) figures for 16 -18 year olds, and 19 – 24 year old NEETs at a local authority level, therefore it is very difficult for individual authorities to adopt national targets as no baseline exists at a local level against which they can measure progress. Welsh Government is currently looking at widening the scope of the data that is available for 17 and 18 year olds, which will provide a more robust picture than just the 16 year old data. However, the local authority data will be derived in a different way to the

methodology for deriving the existing headline national estimate and therefore they will not be directly comparable.

Through the bi-annual reviews with local authorities, Welsh Government will discuss the targets they have set for reducing NEET within their authority and we will use the post 16 destinations and quarterly Careers Wales tier progression data to discuss their progress.

b encourage councils to develop SMART targets that demonstrate progress towards the goals and enable both the council and its delivery partners to be held to account for their performance; and

Accept

Welsh Government is currently looking at enhancing the Careers Wales destination data for 17 and 18 year olds, which will provide a more robust picture than just the 16 year old cohort. Local authorities will then be able to review progress and set appropriate targets against their starting point.

c assess the implications of changes in the delivery of education services following the Hill Review and potential changes in the delivery of public services following the report of the Commission on Public Service Governance and Delivery on the arrangements to implement its Framework.

Accept

We expect regional consortia (which has a narrow focus on school improvement) to align and integrate with the wider range of responsibilities and services delivered by local authorities including support for NEETS. We will ensure that consortia business plans evidence this integration when they are submitted to Welsh Government in March 2015.

To evaluate the impact of the Framework and spread good practice

R5 There has been a significant amount of research on the causes of young people becoming disengaged from education, employment or training. This has been summarised previously by the Welsh Government and we conclude that the Framework is based on this and evidence of approaches to reducing the number of 16-18 year olds who are NEET in two councils in Wales. However, the evidence is less clear on the effectiveness of particular interventions and, in particular, on the value for money of the large number of projects and programmes working with the young people who are NEET or at risk of becoming so. The Welsh Government has committed to evaluating the impact of the Framework and enabling shared learning, although there are a number of challenges to successfully evaluating its impact and establishing value for money. To provide evidence on the effectiveness of the Framework and its value for money, the Welsh Government should:

a discuss plans for local evaluations of projects and programmes funded by councils and the third sector in their biannual meetings with the aim of comparable outcomes and outputs so that councils can assess the relative effectiveness of interventions with young people;

Accept

Welsh Government will discuss with local authorities what plans they have in place for evaluating projects and programmes. We will also explore through the evaluation of the Youth Engagement and Progression Framework any examples of good practice being demonstrated within local authorities for evaluating the effectiveness of the interventions for young people.

b develop a methodology for assessing the value for money of projects and programmes which councils and their partners can use in their own evaluations;

Accept in Principle

Welsh Government will explore the potential for doing this and the cost of developing such a model and its applicability across a range of projects and programmes. There is already guidance on carrying out evaluations available and we will hold workshop sessions with local authorities and partners, through the Regional Working Groups, to provide training on effective evaluation methodology.

c agree with the Welsh European Funding Office (WEFO) and councils how individual services are evaluated and monitored in a manner that allows comparison between the interventions and enables the Welsh Government to make a judgement about value for money; and

Accept in Principle

All ESF projects are monitored and evaluated, and performance information against specific targets is provided to WEFO directly from the project sponsors. It is however, difficult to make comparisons between programmes as they are not all set up with the same purpose. It is often a range of interventions rather than one single intervention that will have an effect.

d incorporate an assessment of the impact of the Framework on sub-groups of young people within the NEET population within monitoring data and any commissioned evaluations

Accept

Welsh Government will work with Careers Wales and the Framework evaluation contractors to identify what data is available for underrepresented groups such as Looked After Children (LAC), Care Leavers and Young Offenders and whether it can be assessed as part of the impact evaluation of the Framework.

Agenda Item 4

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Arwydd Alun

The Well-Being of Future Generations (Wales) Bill: Consultation on General Principles

Thank you very much for the opportunity to provide evidence to the Committee on the general principles of the Well-Being of Future Generations (Wales) Bill. I enclose a response to your specific questions. I also enclose an annex that provides some further comments on the Bill's clauses and its Explanatory Memorandum.

As the Bill raises some issues in relation to my functions, including the reporting that I provide to PAC, I am copying this response to Darren Millar. And as there are consequential implications for the funding and performance of such work, I am also copying to Jocelyn Davies given the Finance Committee's responsibility for scrutinising my exercise of functions.

I look forward to providing oral evidence on 1 October 2014.

Huw Vaughan Thomas

HUW VAUGHAN THOMAS
Auditor General for Wales

Cc *Mr Darren Millar AM*
Ms Jocelyn Davies AM

Response of the Auditor General for Wales to the Environment & Sustainability Committee consultation on the general principles of the Well-being of Future Generations (Wales) Bill

Summary

1. I welcome the stated general purpose of the Act, i.e. that it is “to ensure that the governance arrangements of public bodies for improving the well-being of Wales take the needs of future generations into account”. This provides an opportunity to address issues raised in some of my reports, such as, Sustainable development and business decision making in the Welsh Assembly Government (2010), and in the Williams Commission report. I think the provision for a “common aim” (improving the economic, social and environmental well-being in accordance with the sustainable development principle) is appropriate, though I do think that the matters to be taken into account in applying the sustainable development principle should include living within environmental limits. I also think a more clearly principle-based approach, rather than one that is mixed with a goals and objectives approach, as set out in the Bill, would be more streamlined and probably more effective.
2. I am disappointed that the Bill misses the opportunity to address some potential barriers to its implementation. These include omission of reform of the Local Government (Wales) Measure 2009, which provides an improvement planning approach that is at odds with the Bill’s concept of sustainable development as the core principle for public bodies’ operations. Similarly, the lack of a specific review function for the Auditor General within the Bill will lead to an expectation gap in relation to review arrangements, which I believe will prove unhelpful to the achievement of the Bill’s purposes.

How the Welsh Government should legislate to put sustainability and sustainable development at the heart of government and the wider public sector

3. I think it is appropriate that the Welsh Government should seek legislation to put sustainable development at the heart of government and the wider public sector. That said, the principle-based approach set out in the Welsh Government’s White Paper, *A sustainable Wales: better choices for a better future* (2012), rather than the goals and objectives approach, as set out in the Bill, would be both a more streamlined and probably more effective approach. I provide further detail on this point below.

The general principles of the Well-being of Future Generations (Wales) Bill and the need for legislation in the following areas –

- **The “common aim” and “sustainable development principle” established in the Bill and the “public bodies” specified**
4. The combination of the “common aim” (clause 2) and the “sustainable development principle” (clause 3) is, in my view, a well-considered and practical approach to establishing sustainable development as the central organising principle of the public sector in Wales. It resets the frame of reference for public administration in Wales. Given robust and proportionate implementation, this has the potential to have a positive impact on the quality of decision-making and governance in the specified public bodies in Wales.

5. In 2005, the OECD stated that the effective implementation of sustainable development required, among other things, a common understanding of sustainable development. The “common aim” and the “sustainable development principle” should be conducive to establishing such a common understanding.
6. To provide an effective and practical steer to influence decision making behaviour, it is helpful that the Bill sets out a limited number of matters to be taken into account so as to meet the sustainable development principle (clause 8(2)). However, I consider that a key matter that is missing is improving well-being within environmental limits.

- The approach to improving well-being, including setting of well-being goals, establishment of objectives by public bodies and the duties imposed on public bodies

7. The Bill unhelpfully mixes a management by objectives approach with a principles- based approach. I recognise that setting national goals appears attractive and reflects the United Nations process of establishing Sustainable Development goals. Effective goal setting at a national level is very challenging. It raises the following particular risks:
 - the goals may not be effective drivers for the change that the Bill seeks to bring about, as public bodies may assign their existing activities under these goals, but
 - more specific goals amount to target setting, which can lead to the inefficiencies of micro-management and gaming (playing to the rules, but not actually achieving good outcomes)¹.
8. A key advantage of a principles-based approach is that it can be applied at all levels, and to a range of bodies, in a meaningful and proportionate way. It can be applied proportionately to key decisions, such as, corporate planning, budget setting and procurement. Such proportionate application can help minimise the risk of increased bureaucracy. Indeed, in my view the more clearly principles-based approach of the 2012 White Paper would have enabled public bodies (and their stakeholders) to apply the sustainable development principle to agreeing the outcomes that they seek, and to agreeing the way in which they seek to achieve those outcomes. I fear that, unfortunately, the combination of a prescribed objective-setting approach will engender more mechanistic behaviour, leading to the drawbacks identified above.
9. While the criteria for selecting the goals, as set out in para 71 (page 18) of the Explanatory Memorandum, seem well-considered, it is not clear that the goals as set out in the Bill “collectively result in a sustainable Wales which respects environmental limits”. There is no mention of environmental limits in the goals or their descriptions. A wide range of international research² notes that it is reference to environmental limits that distinguishes sustainable development from “business as usual”.

¹ See, for example, *The nature of planning constraints*, Report to the House of Commons Communities & Local Government Committee, University of Cambridge, March 2014. Also, *Systematic side effects of over-prescribing goal setting*, Working Paper, Ordóñez et al, Harvard Business School, 2009.

² For example, *Governance for sustainable development: the challenge of adapting form to function*, edited by William M. Lafferty, Edward Elgar, Cheltenham UK, 2004

- The approach to measuring progress towards achieving well-being goals and reporting on progress

10. I consider the Bill's provisions for national indicators and an annual well-being report appropriate. Such indicators and reporting are important for increasing the ability of people and government to track progress, even if only in broad terms. It is, however, important to be realistic about these indicators: establishing useful and appropriate indicators is a difficult task, and the Bill's provisions cannot in themselves guarantee their relevance, measurability and accuracy. It is encouraging to see that the Welsh Government has engaged with the Office of National Statistics and drawn upon international good practice to inform its approach.
11. It is also important to bear in mind that the goals, as currently framed, cannot be achieved by the public sector alone. This is unavoidable. (Reframing them in terms of achievement by public sector alone would not be realistic or appropriate, as it would be unlikely to lead to goals that represent broad improvement of economic, social and environmental well-being.) Related to this, it is likely to be very difficult to disaggregate the public sector contribution from that of other sectors. Indicators can therefore generally only be used to track the progress of Wales, or, in some cases, parts of Wales. For the most part, it will not be possible to rely on indicators to assess the performance of particular public bodies in achieving goals.
12. I should at this point note that it is not necessary to have goals in order to have useful indicators. Indicators can be used to track progress towards desired outcomes without such outcomes being set as specific goals (or targets). As mentioned above, setting specific goals risks perverse behaviour, such as gaming, because of the particular emphasis on particular changes and the expectation that organisations are seen to contribute to those changes. Indicators can allow broad progress to be tracked with less risk of such perverse behaviour.

- The establishment of a Future Generations Commissioner for Wales, the Commissioner's role, powers, responsibility, governance and accountability

13. I supported the approach for establishing a Future Generations Commissioner as set out in the 2012 White Paper. The approach proposed a role which combined a convening role across civil society, with communicating and building an understanding of what the application of the sustainable development principle means in practice, commissioning and drawing upon research and good practice from within and beyond Wales, providing support and advice, and providing a "state of the nation report". A Future Generations Commissioner undertaking this role would have provided valuable expertise on sustainable development for public bodies to draw upon. As set out in the 2012 White Paper, the roles of the Future Generations Commissioner and the Auditor General were complementary in strengthening accountability for implementing the duty.
14. As proposed in the Bill, the Future Generations Commissioner will have a role in monitoring and assessing the achievement of well-being objectives by the public bodies. This raises two problems: limited capacity and a conflict in roles. In terms of capacity, if the Commissioner has to devote resources to monitoring and assessing achievement, the Commissioner will have fewer resources to devote to promoting knowledge. The conflict of roles issue is that combining monitoring with promoting knowledge is likely to make public bodies less open to seeking advice and discussing problems with the Commissioner. Such a problem is evident from our own experience of developing materials for our Good Practice Exchange. Audited bodies are often

reluctant to discuss their experiences for fear of providing material that might be subject to public criticism. I am therefore concerned that the Commissioner's ability to undertake an effective convening role, and so be the hub for expert knowledge in sustainable development, will be compromised by the procedural pressures of monitoring and assessing.

15. However the role of the Commissioner is defined, it would be better if the Commissioner were appointed by the National Assembly, rather than the Welsh Government. Appointment by the National Assembly would give the Commissioner greater independence, and it would better convey the importance of the role.

- **The establishment of statutory Public Services Boards, assessments of local Well-being and development/implementation of local well-being plans**

16. I welcome the Bill's provision that the "local aim" of public service boards is to "improve the economic, social and environmental well-being" of their areas in accordance with the sustainable development principle and that public service boards are to contribute to the pursuit of the "common aim" (clause 34). The provisions concerning Public Service Boards are, however, very detailed, prescriptive and focused on process. Furthermore, they seem to indicate a heavy emphasis on the social aspect of the local and common aims at the expense of the economic and environmental aspects. Clause 36(3) exemplifies this. In listing seven specific social assessments that must be taken in to account in preparing assessments of local well-being, the clause seems to be at odds with the balance of the "common aim"—there is no provision requiring account to be taken of assessments that are directly relevant to economic and environmental well-being. A more balanced and enabling approach would be to require the board to take account of a range of economic, social and environmental assessments, in a balanced and integrated manner.

How effectively the Bill addresses Welsh international obligations in relation to sustainable development

17. As I understand the situation, strictly speaking, Wales does not itself have international treaty or protocol obligations in relation to sustainable development. Such obligations fall to the UK Government, and accordingly the Welsh Government and other public bodies in the UK are required to comply with the Climate Change Act 2008, which is the UK Government's principal means of meeting commitments agreed at the 1992 UN Conference on Environment and Development. Despite this, practically and more broadly, Wales clearly has its part to play in meeting generally accepted international obligations.
18. The Bill goes some way towards an appropriate contribution. This is evident from the Bill's definition of sustainable development being essentially the same as that produced by the World Commission on Sustainable Development. However, the absence of emphasis in the Bill on living within environmental limits undermines this contribution. This is because the consequences of not living with environmental limits have strong international implications.

Any potential barriers to the implementation of these provisions and whether the Bill takes account of them

19. As I noted in my response to the 2012 White Paper, the Local Government Measure (Wales) 2009 places sustainability as one of seven "aspects of improvement", and it places extensive

improvement planning and reporting duties on local authorities in terms of those seven principles. In effect, the 2009 Measure makes sustainable development one of seven competing priorities, which is incompatible with the Bill establishing sustainable development as the core principle for public bodies' operations (see para 408 of the Explanatory Memorandum). This conflict between the two pieces of legislation is likely to lead to confusion in local government, and so the 2009 Measure will act as a barrier to implementation of the Bill.

20. The 2009 Measure also places duties on the AGW to audit and assess authorities' compliance with improvement planning and reporting duties. In my response to the 2012 White Paper, I suggested that it would be appropriate to reform the 2009 Measure so that it was made more compatible with sustainable development as the central organising principle. Among other things, reducing the extensive assessment requirements placed on the Auditor General by the 2009 Measure and replacing them with a duty to undertake sustainable development examinations (such a duty was proposed in the White Paper) would mean that the Auditor General could appropriately focus on collaboration between authorities, rather than being tied to assessment of individual authorities.
21. As noted above, the 2012 White Paper proposed "to place a duty on the AGW, to include an examination of how organisations have embedded sustainable development as their central organising principle in relation to the duty". The Bill does not, however, place such a duty on the Auditor General, despite provision for such a duty being within the Assembly's legislative competence. Para 390 of the Explanatory Memorandum inaccurately (in effect) says that sections 17 and 61 of the Public Audit (Wales) Act 2004 mean that the "AGW is under a duty to consider the effectiveness and efficiency of the use of resources for the majority of bodies covered by the Bill in undertaking the FG Bill duties (amongst other functions) – namely the setting of well-being objectives and taking all reasonable steps to achieve the objectives in a manner consistent with the sustainable development principle – on an annual basis as an integral part of the audit of accounts."
22. I regret that I must advise the Committee that this is not correct. The duties in sections 17 and 61 of the 2004 Act require the review of arrangements for securing value for money, not the testing of whether resource utilisation has itself proved, or not proved, effective. Furthermore, as section 17 of the 2004 Act only applies to local government bodies, and section 61 of the 2004 Act only applies to NHS bodies, reliance on these sections would leave central government bodies (the Welsh Government and its sponsored bodies) without review. While sections 17 and 61 of the 2004 Act are useful, they do not in themselves provide for the kind of review that the Welsh Government appears to consider they provide.
23. My current study powers, particularly those under section 41 of the Public Audit (Wales) Act 2004 and section 145A of the Government of Wales Act 1998, are capable (but potentially only on an occasional basis) of providing the kind of review that the Welsh Government has in mind. I say potentially only occasionally because such studies are at my discretion. While I might consider reviews of sustainable development progress important, my successor might not, and, in any event, such a review would need to be considered against other study topic areas. Furthermore, in deciding on what studies to undertake, I must also take account of the views of the Public Accounts Committee (or for local government studies, associations of authorities), and it is entirely possible that other studies would find greater support. As the Welsh Government does not have the power to insist that particular studies are undertaken, if it is

indeed the Welsh Government's policy intent that such studies should be undertaken in future, then explicit provision for this should be made in the Bill.

24. The absence of such specific provision for appropriate review means that review and scrutiny arrangements that are needed to help ensure successful implementation are not as strong as they could be. This omission is therefore another barrier to successful implementation.
25. I would also note that the specified public bodies include the majority of those Welsh public bodies who would be expected to play a key role in respect of the Bill. However, the omission of any need for regard to the "common aim" or the sustainable development principle on the part of review bodies, such as Estyn and myself, would seem to be a potential weakness. Providing for the common aim and the sustainable development principle to apply to review bodies would help ensure that review functions give due consideration of whether other bodies are exercising their functions in accordance with the Bill.

Whether there are any unintended consequences arising from the Bill

26. The barriers identified under the previous question may be unintended consequences of the Bill as drafted.

The financial implications of the Bill (as set out in Part 2 of the Explanatory Memorandum and Regulatory Impact Assessment, which estimates the costs and benefits of implementation of the Bill)

27. I recognise that, as stated in para 326 of the Explanatory Memorandum, it is not possible to quantify the costs and benefits of the activities and changes that result from public bodies' objectives, which are yet to be set. I do, however, consider that it is appropriate that the Explanatory Memorandum attempts to set out an indicative cost for the administrative activities that will result from the Bill, such as the setting of objectives, annual reporting against objectives, consequential additional audit work, the work of the Future Generations Commissioner and the work of Public Services Boards.
28. The cost indications for such administrative arrangements appear, however, to be somewhat underestimated, for the following reasons:
 - a. There appears to be no allowance for work that will be needed to make the change from existing corporate objective setting and reporting processes to objective setting and reporting in compliance with the Bill. (For example, local authority costs for corporate objectives in 2015-16 in table 17 on page 91 (i.e. with the Bill in effect) are the same as those costs in table 14 (i.e. with no Bill).) At the very least, relevant staff of public bodies will need to undertake some additional work in the first two years so as to understand the new objective-setting and reporting requirements of the Bill. Furthermore, given the conflict between the seven aspects of improvement of Local Government (Wales) Measure 2009 and the Bill's sustainable development principle, as noted in para 19 above, the staff of authorities will have to spend some time working through how these differing requirements can be reconciled (if indeed they can be).
 - b. Throughout the Regulatory Impact Assessment, where the Government has sought to calculate costs based on time of staff and their salary (for example, table 3 on page 75), it appears that it has used gross salary costs but has not applied unavoidable oncosts,

such as National Insurance and employer pension contributions. If this is the case, then such cost indicators are understated by about 30 per cent.

- c. The local authority annual salary rates appear in many cases to be understated. For example, the annual director salary for a large local authority in table 3 on page 75 is given as £75,000. The pay policy statement 2014-15 for City & County of Cardiff, however, states that director salary from 1 April 2013 is £120,000, and that for the City & County of Swansea gives a scale of £95,000 to £110,000 from 1 April 2014. (The Memorandum says that table 3 also applies to Rhondda Cynon Taf, for which an equivalent pay policy statement is not available.)
- d. The extent of work required by some of the work processes that are identified seems underestimated. For example, para 464 of the Explanatory Memorandum states that Local Service Boards meet on average six times a year for two hours, but no time is taken into account for preparing for meetings or travel. The two hour average meeting duration also seems somewhat short. While I have not undertaken a review of the length of such meetings, I gather from general experience that they usually take about five or six hours.
- e. As mentioned in the Chair of the Wales Audit Office's submission to the Committee, the cost estimate included for the Auditor General (for work in all sectors, not just local government) in the Explanatory Memorandum is not appropriate and is probably understated.
- f. Also as mentioned in the Chair of the Wales Audit Office's submission (and above), the discrepancy between the Welsh Government's expectation of the kind of review that can be provided within the Auditor General's existing functions and other interpretations of those functions may cause debate about fees and other resourcing. Such debate will itself consume resources.

29. I should make clear that my observations are based only on a reading of the Explanatory Memorandum, rather than an audit of the underlying working papers. (Such an audit would be possible, but would need to be arranged, including in terms of PAC views on such work and, in practical terms, administrative access arrangements with the Welsh Government during the legislative process.)

The appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation (as set out in Chapter 5 of Part 1 of the Explanatory Memorandum, which contains a table summarising the powers for Welsh Ministers to make subordinate legislation).

30. Generally, the powers to make subordinate legislation seem appropriate to the content of the Bill. However, given the importance of the Future Generations report (clause 21), it would seem more appropriate for the provision for amending the definition of the reporting period to require affirmative procedure, so that such changes are approved in Plenary.

Annex: Other comments of the Auditor General for Wales on the Well-being of Future Generations (Wales) Bill and its Explanatory Memorandum

The Bill

Clauses 13 and 14, Annual reports by the Welsh Ministers and annual reports by other public bodies

1. There is no provision in the Bill for any external review of annual reports so as to verify their accuracy. Without such review, bodies may publish annual reports that mislead the public and others. Such review appears to fall outside the Future Generations Commissioner's duties, including the duty under clause 17(b) to "monitor and assess the extent to which well-being objectives set by public bodies are being met". Such review also falls outside the Auditor General's current duties. It would be open to the Auditor General to undertake reviews of annual reports under current Auditor General study powers, but, given competing demand for study resources, such work would not necessarily be of sufficient relative priority as to be selected for delivery.

Clause 23, Joint working

2. Clause 23 provides joint working provisions that apply where the Future Generations Commissioner intends to provide advice or assistance relating to a matter that is similar to the subject matter of a review by the Children's Commissioner, the Older People's Commissioner or the Welsh Language Commissioner. It may be appropriate to make similar provision in relation to matters that are subject to review by the Auditor General.

Clauses 33(2)(c), 35(6)(c), 37(8)(c), 43(6)(c) and 44(5)(c)

3. These provisions require a raft of documents concerning public services boards to be sent to the Auditor General:
 - a) Local authority overview and scrutiny committee reports and recommendations with respect to the public services boards;
 - b) Public services boards' assessments of local well-being;
 - c) Public services boards' local well-being plans;
 - d) Public services boards' amended local well-being plans;
 - e) Public services boards' annual progress reports.
4. While this material may be useful contextual information for the Auditor General's studies and other work, as the Auditor General has no functions in respect of public services boards *per se*, it is not clear what specific purposes these requirements to send documents serve,

nor what the Auditor General would be expected to do with them. The absence of provision concerning what functions the Auditor General should undertake in relation to the documents raises the risk of a gap between the expectations of the Welsh Government (and perhaps others) and what the Auditor General provides.

Clauses 37 and 44, publication of well-being plans and annual progress reports

5. Clause 37 requires public services boards to publish their first well-being plans no later than one year after the next ordinary election (and clause 43 allows well-being plans to be amended at any time). Clause 44 requires public services boards to publish annual progress reports no later than one year after the publication of their well-being plans and subsequently no later than one year after the publication of the previous report. Consequently, well-being plans and progress reports for different public services boards will cover different 12 month periods, which will inhibit or prevent fair comparison between public services boards. Well-being plans and progress reports that do not align with financial year reporting risk not being regarded as part of mainstream business reporting.

Para 5(3) of Schedule 2 (Future Generation Commissioner pension provision)

6. Para 5(3)(b) of Sch 2 appears to either provide for the Welsh Ministers to pay pension contributions in respect of former Commissioners (instead of current Commissioners), or provision for the payment of pension contributions in respect of current Commissioners has been omitted.

Para 9 of Schedule 2, Future Generations Commissioner's staff

7. Para 9(5) requires the Commissioner to obtain the approval of the Welsh Ministers for the numbers, terms and conditions, and payment of staff. The Commissioner would be more independent if his resourcing were instead subject directly to National Assembly oversight.

Paras 11 and 16 of Schedule 2, Future Generations Commissioner complaints procedure and annual report

8. It seems somewhat excessive for the Bill to prescribe that the Commissioner must establish complaints procedures (para 11). It seems excessively bureaucratic to require the Commissioner to summarise complaints in his annual report (para 16).

The Explanatory Memorandum

9. **Para 316** – This refers to Auditor General's reports in the public interest with regard to Caerphilly, Carmarthenshire and Pembrokeshire. It should be noted that these reports were from the appointed auditor and not the Auditor General.

Agenda Item 5

Welsh Government's response to the National Assembly for Wales' Public Accounts Committee's Interim Report on the Intra Wales - Cardiff to Anglesey - Air Service

The intra-Wales air service provides valuable connectivity between north and south Wales, and makes a valuable contribution to our ambition to deliver an integrated public transport system that serves the interests of Wales.

I welcome this report on the service and the Committee's recognition that many of the concerns expressed within the report are being addressed by the work being undertaken by the Welsh Government. This has been dedicated to ensuring that the future air service will deliver improved service quality and value for money for the people of Wales.

Work to award the next contract starting in December 2014 for this service is in hand and every effort will be taken to ensure that appropriate service providers in the sector have the opportunity to take part in the procurement exercise. Once in place, effective marketing of the services will be a vital component in our efforts to reverse the declining trend in patronage highlighted in this report.

My detailed response to each of the recommendations made is as follows.

Recommendation 1 The Committee recommends that the Welsh Government use an independent source to verify data on passenger numbers using the Air Service and that data on passenger numbers be published on a regular basis in the future.

Accepted The Welsh Government will include a requirement in any future air service contract that passenger numbers are subject to an external and independent auditing process. Passenger numbers will be published by the Welsh Government on an annual basis based on the reporting requirements included in the next contract.

Cost implications This requirement will be included in the next contract, which will be subject to the Welsh Government's competitive tendering processes to ensure value for money is achieved. At this stage in the process, the cost of this requirement is not known.

Recommendation 2 We recommend that the Welsh Government monitor any future discrepancies between the data it is supplied with by the operating airline and the data reported by the Civil Aviation Authority.

Accepted In addition to proposals for an independent audit of passenger numbers, data reported by the Civil Aviation Authority (CAA) will be monitored to ensure that any discrepancies between the reporting sources that are identified are investigated within a reasonable timeframe.

Cost implications It is expected that there will be no additional resource implications for the Welsh Government as this will be undertaken as part of the air service contract management function.

Recommendation 3 While noting the recent increase in advance bookings, the Committee recommends that the Welsh Government commission independent research into the longer term trend, which shows a decline in passenger numbers.

Accepted Prior to publication of the interim report, an independent consultancy firm was appointed to review the air service to inform the procurement action now

underway, which included an assessment of the long term trend of passenger numbers. We will continue to monitor usage of the air service for the remaining term of the existing contract and any future contract as part of our contract management responsibilities.

Cost implications Consultants were appointed at a cost of £47,500 excluding VAT.

Recommendation 4 The Committee recommends that the Welsh Government include an explicit requirement in any future tender, for a comprehensive marketing programme to be undertaken by the successful bidder. Evaluation of this marketing programme should be incorporated into the overall evaluation of the bids and specified in any subsequent contract.

Accepted The Welsh Government will include a requirement in any future air service contract for a comprehensive marketing strategy. This will be assessed as part of the evaluation of bids undertaken as part of the contract award process.

Cost implications The cost of marketing the air service will be included in the next contract which will be subject to the Welsh Government's competitive tendering processes to ensure value for money is achieved. The scale of the marketing campaign proposed by prospective service providers to deliver the required improvements will determine the overall cost.

Recommendation 5 The Committee recommends that information on passengers using the Air Service be collected to determine the reason for travel (e.g. business or leisure) and the sectors in which business passengers are employed and to what extent journeys are funded by the taxpayer. Such information should be published and collected on a regular basis.

Accepted The Welsh Government will include a requirement in any future air service contract for a passenger survey to be conducted on a regular basis to collect information on journey purpose, sectors of employment and passenger satisfaction. It is expected that Information from the surveys will be published by the Welsh Government on a regular basis to be determined, but not less than annually.

Cost implications The cost of undertaking customer surveys on the air service will be included in the next contract which will be subject to the Welsh Government's competitive tendering processes to ensure value for money is achieved. The cost of the customer surveys to be undertaken will be proportionate to the overall cost of the service being provided.

Recommendation 6 The Committee recommends that the Welsh Government makes public the full scope, content, methodology and timetable for the ARUP review. We further recommend that the findings of this review are published when available in order to satisfy the areas of concerns the Committee has around the information used to inform decisions on the future of the Air Service.

Accepted in principle - The Welsh Government expects to publish summary findings of the review undertaken on the air service contract following completion of the current procurement exercise in December. Information not suitable for publication under freedom of information legislation will not be published.

Cost implications None identified

Recommendation 7 Given the concerns that have been expressed in relation to the potential for lack of clarity regarding liabilities under joint contract arrangements, the Committee recommends that the Welsh Government keep a watching brief of the investigation into the Cork air crash and reflect on the outcome in any future Air Service contract.

Accepted The Welsh Government has considered liabilities under current contract arrangements and the recommendations from the final report of the Irish Air Accident Investigation Unit into the Cork air crash. Any lessons learned will be incorporated into any agreement reached for the award of the new contract for the service to start in December 2014. Procurement action and subsequent award of contract will be in line with the relevant EU regulations.

Cost implications None identified

Recommendation 8 The Committee recommends that, should the Welsh Government tender for a new Air Service, every possible step (such as pre-consultation) be taken to increase the number of bidders for the contract without compromising the overall timetable ahead of the expiry of the current contract.

Accepted. The invitation to tender for the new air service contract was published on 11 August and the closing date for bids to be returned is 10 October. Steps are being taken during this period to ensure that potential suppliers able to deliver the service are being made aware that the invitation to tender has been published so that they have the opportunity to take part in the procurement process.

Cost implications No additional costs identified.

Recommendation 9 The Committee recommends that, given the new flexibility under the Public Service Obligation rules, the Welsh Government explores possible options to maximise the benefits and opportunities presented by the Air Service in the future.

Accepted The Welsh Government will explore and keep under review all opportunities to maximise the benefits of the service within the limitations imposed by Public Service Obligation rules.

Cost implications No additional costs identified.

Edwina Hart MBE CStJ AM

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

Date: 11 September 2014
Our ref: HVT/2207/mjb
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Dear Darren,

INTRA WALES - CARDIFF TO ANGLESEY - AIR SERVICE

The clerk's letter of 2 September 2014 requested my advice on the Welsh Government response to the Committee's recent interim report on the *Intra-Wales – Cardiff to Anglesey – Air Service*. The Welsh Government has indicated that it accepts eight of the nine recommendations in the Committee's report and that it accepts in principle the remaining recommendation.

Overall, the Welsh Government's response appears satisfactory and, in its response to recommendation eight, the Welsh Government has provided further detail about the timetable for the procurement process for a new Air Service contract. However, the evidence that has informed the Welsh Government decision to continue with a new Air Service contract remains unclear at this stage.

In accepting in principle recommendation six, the Welsh Government has indicated that it expects to publish summary findings of the review undertaken on the air service contract following completion of the current procurement exercise in December. The Welsh Government has indicated that information not suitable for publication under freedom of information legislation will not be published. Depending on the extent to which information is held back, the Committee might wish to reflect on its own power to call written evidence, as set out in the Government of Wales Act 2006. While not stated clearly in the Welsh Government response, I assume that the Welsh Government is also mindful, in the short-term, not to publish information that might unduly influence the procurement process. However, the Committee might reasonably question why such a concern would necessarily hold with regard to the terms of reference for the Arup review work, something that the Committee has sought previously.

There are some other areas where the Welsh Government's response could have provided further detail, for example regarding the options that are, in practice, being explored to maximise the benefits and opportunities of the Air Service in future (recommendation nine). However, the Welsh Government has confirmed its commitment

to exploring and keeping under review all possible opportunities within the limitations imposed by Public Service Obligation rules. Recommendation nine flowed from the Committee's comments that consideration should be given to scheduling additional flights to additional locations during the day, although the Committee also commented on issues relating to the size of the aircraft and the use of RAF Valley as the destination airport in North Wales. The published contract notice for the new service states simply that 'The Welsh Ministers are seeking to secure a new 4 year contract for the provision of a scheduled air service between north and south Wales. The service will provide at least two daily direct flights and will be operated as a Public Service Obligation (PSO) under European Union Regulations 1008/2008'. I have not seen the more detailed invitation to tender documentation prepared by the Welsh Government.

The Committee indicated in its interim report that it was likely to return to this issue at a point when the Welsh Government's intentions for the Air Service were clear and following the completion of any tendering process for a new Air Service contract. The Committee may wish to consider scheduling a short follow up evidence session with the Welsh Government later in the autumn term or in early 2015. Such a session could to pick up the issues that I have highlighted above while also seeking further evidence about how other Welsh Government commitments in response to the Committee's recommendations have been taken forward in practice in any new contract.

Yours sincerely,



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES