

# Public Accounts Committee

---

Meeting Venue:

**Committee Room 3 – Senedd**

---

Meeting date:

**Tuesday, 25 November 2014**

---

Meeting time:

**09.00**

---

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



For further information please contact:

**Michael Kay**

Committee Clerk

029 2089 8041

[PublicAccounts.Committee@Wales.gov.uk](mailto:PublicAccounts.Committee@Wales.gov.uk)

---

## Agenda

---

**1 Introductions, apologies and substitutions (09:00)**

**2 Papers to note (09:00–09:05) (Pages 1 – 3)**

**Meeting the Financial Challenges Facing Local Government in Wales: Letter from the Minister for Public Services (6 November 2014) (Pages 4 – 5)**

**NHS Wales Health Board’s Governance: Letter from Dr Andrew Goodall (10 November 2014) (Pages 6 – 10)**

**Welsh Government Consolidated Annual Accounts 2013–14: Letter from Sir Derek Jones (14 November 2014) (Pages 11 – 29)**

**Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from Dr Andrew Goodall (18 November 2014) (Pages 30 – 32)**

**Wales Audit Office: Letter from Jocelyn Davies AM (18 November 2014) (Page 33)**

### **3 Meeting the Financial Challenges Facing Local Government in Wales (09:05–10:30) (Pages 34 – 55)**

Research Brief

Councillor Dyfed Wyn Edwards – Leader, Gwynedd Council

Councillor Andrew Morgan – Leader, Rhondda Cynon Taf County Borough Council

Christopher Lee – Group Director, Corporate and Frontline Services, Rhondda Cynon Taf County Borough Council

Councillor Neil Moore – Leader, Vale of Glamorgan Council

Sian Davies – Managing Director, Vale of Glamorgan Council

### **4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: (10:30)**

Item 5

### **5 Meeting the Financial Challenges Facing Local Government in Wales: Consideration of evidence received (10:30–11:00)**

## Public Accounts Committee

---

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

---

Meeting date: **Tuesday, 11 November 2014**

---

Meeting time: **09.03 – 10.50**

---

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



This meeting can be viewed on [Senedd TV](http://senedd.tv/en/2464) at:  
<http://senedd.tv/en/2464>

---

### 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:

**Simon Dean, Welsh Government**  
**Dr Andrew Goodall, Welsh Government**  
**Martin Sollis, Welsh Government**  
**Huw Vaughan Thomas, Auditor General for Wales**

---

#### Committee Staff:

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

---

## 1 Glastir

- 1.1 Members considered the Welsh Government's response to the Auditor General for Wales' report and agreed to hold an evidence session with the Welsh Government.

1.2 Following that session, Members will consider whether they wish to undertake any further work on Glastir.

## **2 Health Finances 2013–14: Briefing from the Auditor General for Wales**

2.1 The Auditor General for Wales gave a brief overview of the main findings of his report to Members.

### **TRANSCRIPT**

View the [meeting transcript](#).

## **3 Introductions, apologies and substitutions**

3.1 The Chair welcomed the Members to Committee. There were no apologies.

## **4 Papers to note**

4.1 The papers were noted.

4.1 Unscheduled Care: Letter from the Minister for Health and Social Services (27 October 2014)

4.2 Scrutiny of Commissioners' Accounts 2013–14: Additional information from the Children's Commissioner for Wales

4.3 Scrutiny of Commissioners' Accounts 2013–14: Letter from Mike Shooter (3 November 2014)

4.4 Scrutiny of Arts Council of Wales Annual Report 2013–14: Additional information

4.5 Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from Dr Andrew Goodall (4 November 2014)

4.6 Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from the Chair to Dr Andrew Goodall (6 November 2014)

## **5 Health Finances 2013–14**

5.1 The Committee scrutinised Dr Andrew Goodall, Director General, Health and Social Services and Chief Executive of NHS Wales, Simon Dean, Deputy Chief Executive NHS Wales, and Martin Sollis, Welsh Government on Health Finances 2013–14.

5.2 Dr Goodall agreed to provide a note on:

- The Cochrane Centre for meta analysis (2012) conclusion that the treatment in the borderline range of blood pressure is more likely to harm patients than help

them except in the case of diabetes and is one of the quality and outcome framework contracts for GPs

- How rurality is being catered for in any future allocation of resources
- Medicines management
- How the Welsh Government holds health boards to account in delivery against the prudent healthcare objective
- Working with workforce directors in Wales, outline their approach to disciplinary policies and how the process can be speeded up

## **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 Health Finances 2013–14: Consideration of evidence received**

7.1 The Committee discussed the evidence received and agreed that the Chair would write to Dr Goodall seeking clarification on a number of issues raised.

7.2 The Committee noted that the Auditor General for Wales' report on Waiting Times is due to be published shortly and agreed to consider that before reporting.

# Agenda Item 2.1

Leighton Andrews AC / AM  
Y Gweinidog Gwasanaethau Cyhoeddus  
Minister for Public Services



Llywodraeth Cymru  
Welsh Government

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

6 November 2014

Dear *Darren*,

You wrote to me at the end of September regarding the future of Local Government in Wales and the financial challenges facing Local Authorities. You particularly asked for my views and priorities for action as Minister for Public Services.

The Reforming Local Government White Paper which we published in July set out our overall approach to taking forward the recommendations of the Commission on Public Service Governance and Delivery in respect of the merger of local authorities. The White Paper explained how we planned to implement the Commission's proposals in respect of voluntary mergers, with a Bill to be introduced into the Assembly in January 2015, giving Ministers the powers to merge Authorities who wished to join together voluntarily. The consultation on the White Paper closed on 1 October and we are currently considering the responses. I intend to make a written statement later this month.

In the White Paper we said that Local Authorities wishing to merge voluntarily should submit expressions of interest by November 2014. In September I wrote to Local Authority Leaders with our invitation to principal Local Authorities in Wales to submit proposals for voluntary merger, otherwise known as the prospectus. In doing so we are offering a unique opportunity to the willing and the chance for Local Authorities to determine their own future. I hope that those Local Authorities who wish to end uncertainty for their staff and the wider public are urgently considering how best they can come together with neighbouring authorities to deliver services on a more strategic and sustainable basis. I have made it clear that the status quo is not an option and look forward to receiving expressions of interest by 28 November. Fully developed cases for merger would then be submitted by June 2015.

In terms of financial challenges, we know that existing problems facing Local Government in Wales are likely to be compounded by the worsening financial situation and increased demand for certain services. As a consequence of UK Government decisions, by 2015-16,

the Welsh Government budget will be around 10% lower in real terms than it was in 2010-11. However, we have protected Local Government from the bulk of these cuts. Over the past five years, spending per head on local services in England has decreased by around 7% in cash terms, whilst in Wales it has increased by 3%. Our analysis indicates that spending by local government in Wales per head of population is approximately £327 higher in 2014-15 than in England. The Institute for Fiscal Studies estimated that the local government settlement in England, after adjusting for rates retention, reduced by 9.5% in real terms over the period of 2010-11 to 2013-14. This was around twice the reduction in Wales. Yet the average band D council tax bill for Wales in 2014-15 is £193 lower than in England.

On 8 October I published my proposals for Local Government funding in 2015-16, including allocations of core funding for individual Local Authorities. There is currently a six-week consultation period which ends on 19 November. After this, I will consider whether further amendments are to be made before making my final determination in early December

I do not underestimate the scale of the challenge. These are not easy times for Local Government. Continuing to provide services in the current configuration, salami-slicing more efficiencies and cutting services in isolation is not sustainable. Local Government cannot continue to operate as it has done. Neither is the current configuration of 22 Local Authorities sustainable. However, this is also a time of great opportunity to make fundamental and lasting change that will create modern and effective local government, and we will seize that. I have been clear about the need for reform and we are putting in place the measures to support that.

The onus is now on Local Authorities to indicate by 28 November whether they are going to come forward with voluntary merger proposals. In the meantime, I have launched a detailed consultation on proposals for a Public Services Staff Commission as part of our public service reform, and I will publish our first Local Government Bill in January 2015. The main Local Government White Paper will also be published early in 2015 and we will publish a draft Local Government Reform Bill in the Autumn of 2015, for implementation after 2016.

I hope that this is helpful in setting out my priorities for action.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Leighton Andrews', written in a cursive style.

**Leighton Andrews AC / AM**  
Y Gweinidog Gwasanaethau Cyhoeddus  
Minister for Public Services

# Agenda Item 2.2

Yr Adran Iechyd a Gwasanaethau Cymdeithasol  
Cyfarwyddwr Cyffredinol a Prif Weithredwr, GIG Cymru

Department for Health and Social Services  
Director General and Chief Executive, NHS Wales



Llywodraeth Cymru  
Welsh Government

Mr Darren Millar  
Chair  
Public Accounts Committee  
Cardiff Bay  
Cardiff  
CF99 1NA

Our Ref: AG/MS/TLT

10 November 2014

Dear Darren

## **Public Accounts Committee 11 November – BCUHB and NHS Finances**

I refer to your letter dated 6 November regarding the above and I set out below my response to the points raised.

### **Betsi Escalation**

My judgement was that it was important to ensure the Committee was properly aware of the escalation actions taking place with Betsi to support the discussion at Committee

- The month 06 report received from the Betsi Board in mid October was the first time the Board had formally reported that their forecast year end deficit would increase by a further £27.5m.
- In line with Accounting Officer responsibilities the management of financial probity is a personal responsibility of the Chief Executive of each LHB. If organisations are unlikely to be able to meet their statutory responsibility to live within their budgetary resources, the Accounting Officer is required to write to the Chief Executive of the NHS so that remedial actions and escalation procedures can be considered.
- A letter from Trevor Purt the BCUHB Chief Executive was sent to me on the 14 October in line with the requirements set out above. An urgent meeting was then arranged to discuss the potential escalation with the WAO and HIW on 31 October in line with the new escalation and intervention procedures. All organisations agreed



that there was a need for increased escalation and support. The Betsi Board were informed of the increased escalation status on 3 November and the 4 November was therefore the first time the escalation could be conveyed officially.

### **The Latest Month 06 NHS Finance Position**

The latest summary of the publicly reported position of Health Boards and Trusts is set out in the table below:

<b>Organisation</b>	<b>Forecast surplus/deficit £000's</b>
Abertawe Bro Morgannwg	26,100
Aneurin Bevan	34,946
Betsi Cadwaladr	60,250
Cardiff and Vale	15,500
Cwm Taf	8,000
Hywel Dda	44,133
Powys	27,616
Public Health Wales	0
Velindre	0
Welsh Ambulance	112
Additional cost of Pay award to be funded centrally	16,000
<b><u>NHS Wales</u></b>	<b><u>232,433</u></b>

Members of the Committee will be aware that as per the recent budget announcement an additional £200m will be provided to the health MEG in 2014/15 as announced in the recent draft budget announcement for 2015/16. The £200m will offset the above position. The allocations to each LHB have not been made yet and they are not therefore currently being reflected in the reported position. In addition we would continue to expect organisations to monitor and improve any forecast position, particularly where they may be off track in year.

My team are also continuing to manage the central budgets on a very robust basis to offset further risks to the Health MEG. To date £8m savings have been identified. The remaining £24m current projected shortfall at the mid year point represents 0.4% of the total budget and this must be addressed by the year end.

As part of normal financial management arrangements at the mid year point, a range of actions are already in train by individual LHB/Trusts together with collective initiatives to continue to reduce any residual financial risk and to ensure that the end of year position is achieved within allocations.

### **2014/15 Budget Announcement**

Members of the Committee will no doubt appreciate that the budgets for 2014/15 and 2015/16 are not approved yet and are subject to current budget scrutiny so no additional allocations have been made yet.

The £200m in 2014/15 announced in the recent budget announcement was identified independently as part of the Nuffield review published in June. A review to identify extra funding for 2014/15 and 2015/16 was outlined in the Health Minister's press notice covering the Nuffield publication and this work led to the recent announcement.

The basis of the funding came directly from the Nuffield findings which identified that extra funding of £200m and £225m would be required. The funding was identified as being needed to maintain quality services and to continue to build on the significant efficiencies and savings that have been made since 2010. This was deemed essential to help meet the increasing demand and cost pressures that are on average between 3 and 4% per annum nationally.

The main improvements and efficiencies already reported by Nuffield related to :

- **Productivity and efficiency**
- **Chronic conditions**
- **Pay**
- **Prescribing**

The projected benefits identified by Nuffield totalled £1.0bn against projected funding pressures of £1.2bn by 2016. This represents good performance on savings, within NHS Wales, as also reinforced by the Auditor General's report. The £200m in 2014/15 and £225m in 2015/16 is the funding the Welsh Government has provided to meet the funding requirement needed to 2016.

The Committee should note that the planning deficit at the start of the year for all NHS organisations totalled £175m and was within the recent budget funding identified independently by Nuffield.

In terms of the planned extra resources to be distributed, I have held meetings with all Chairs and Chief Executives to explain the basis of their potential additional allocations. There are different arrangements in 2014/15 for some LHBs depending on the status of their plans and the previous assistance they received in 2013/14 (over their population share). This is quite complex but I will try to summarise this below:

- Those with approved plans were given a commitment earlier in the year that they would receive the investment they asked for in their plans as part of the flexibility arrangements. This totalled £49.6m and covers Cwm Taf, Cardiff, ABMU and Velindre. Both Cardiff and Cwm Taf received assistance in 2013/14 so they have been asked to deliver to their approved plans. In the case of ABMU they delivered against their population share in 2013/14 and their share of funding in 2014/15 is in line with both their plan and their formula allocation share of the additional available funding.
- All other LHBs were required to develop robust one year plans while they continued to develop their 3 year plans. They have all recently been told that we will look to fund the original plans their Board approved e.g. the Betsi UHB plan was a £35m deficit which is £4m higher than their population share of the available funding. The difference is not considered material in view of late confirmation of the amount. The proposed funding for Aneurin Bevan also matches their plan and the population share they would receive.
- In the case of Hywel Dda and Powys, as experienced last year both LHBs are currently unable to provide services and develop plans in line with their share of funding from the resource allocation formula. This underlying problem was the main reason for the qualification of their accounts in 2013/14. It is likely that the £63m planning deficit for these organisations will continue to be held centrally to cover the risks. We are proposing to fund this centrally until their 3 year plans are assessed in

January. This may lead to a further qualification of their accounts in 2014/15 but keeps a focus on their 3 year plan development. We may also have to do this in terms of Betsi Cadwaladr depending on the results of the escalation and support arrangements.

### **Other Requested Information**

In addition to the information requested above the Committee Clerk has also asked that I send the Committee details of the financial costs of the additional support for Betsi Cadwaladr UHB including the use of locums and agency nurses.

I do not hold this information centrally as the expenditure and detail is held by Betsi. I set out in Annex 1 the information that they have supplied to date in relation the various reviews and support they have commissioned.

I hope the information provided is of assistance.

Yours sincerely



**Dr Andrew Goodall**

**Expenditure on Locums/Agency nurses and consultancy and support**

	<b>2013/14</b>	<b>2014/15</b>
		<b>(to Month 6)</b>
	<b>£'000</b>	<b>£'000</b>
<b>Medical Agency</b>	12,498	8,298
<b>Nursing and other Agency</b>	3,460	4,031
<b>Consultancy and other support</b>	523	114

# Agenda Item 2.3

Sir Derek Jones KCB  
Ysgrifennydd Parhaol  
Permanent Secretary



Llywodraeth Cymru  
Welsh Government

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

14th November 2014

Dear Darren,

In your letter of 23 October you asked whether the Welsh Government has a policy relating to severance and, if so, whether it applies to all grades of staff. In response, please see information on the Civil Service Compensation Scheme and the Welsh Government's own Employee Surplus and Redundancy Agreement below.

The Civil Service Compensation Scheme sets out the level of compensation that the Welsh Government can pay staff if they leave under voluntary or compulsory terms. The Scheme also sets out the procedure for civil service employers to consider when reviewing severance applications. These terms apply to all staff at all grades. Information on the Scheme can be found in the following link:

<http://www.civilservicepensionscheme.org.uk/civil-service-compensation-scheme/>

In addition, the Welsh Government has its own Employee Surplus and Redundancy Agreement which sets out the process for undertaking voluntary exit or compulsory redundancy, should such situations arise. If these procedures were used, consideration would be given as to whether criteria relating to specific pay bands should be included. I am enclosing a copy of this agreement for your information.

Yours,  
Derek

## **PEOPLE POLICIES AND PROCEDURES**

### **EMPLOYEE SURPLUS AND REDUNDANCY AGREEMENT**

#### **CONTENTS**

##### **The Agreement**

- General
- Principles
- Consultation and Information sharing arrangements
- Terminology
- Amendment of this agreement

##### **Procedures supporting the agreement**

- Action to be taken before a redundancy situation is declared
- Where an invitation is to be limited to the Business Area(s) affected
- General invitation to Welsh Government employees
  - Appeals
  - Assistance to staff who have chosen to accept an offer of voluntary exit
  - Period of notice
  - Pause and review
- Compulsory redundancies
- Action to be taken
- Unit of redundancy
- Selection criteria
  - Appeals
  - Assistance to staff
  - Period of notice

Annex A – Roles and Responsibilities

Annex B – Redundancy Consultation Process

## **Employee Surplus and Redundancy Agreement**

### **General**

1. This agreement between the Management and Trade Union Side ('TUS') of the Welsh Government sets out a framework that will be followed in the event that a surplus of employees is anticipated in any business area of the Welsh Government.

### **Principles**

2. It is the policy of the Welsh Government by careful forward planning to ensure as far as possible security of employment for its staff and to use best endeavours to avoid recourse to compulsory redundancies for those who wish to continue their Civil Service careers. This subject is recognised as being a matter for the closest co-operation between Management and the Trades Unions.
3. Whilst this agreement is intended to outline what would be done if there was a staff surplus which could potentially lead to a compulsory redundancy situation, the Welsh Government will also consider implementing a voluntary exit scheme if workforce planning activities suggest that this would be appropriate. In addition, there may be circumstances which bring the principles of this agreement into force that have not arisen directly from workforce planning activities but from the wider workforce strategy of the Welsh Government. If either situation arose, engagement would take place with TUS on all aspects of such a scheme. A full guide for staff on all aspects of any scheme would be produced and made available to all Welsh Government staff and not just those who might be within scope of such a scheme.

### **Consultation and information sharing arrangements**

4. Management and Trade Union Side will hold regular meetings to consider workforce planning issues across the Welsh Government. Such meetings will consider the present and future work pattern of the Welsh Government and its constituent Directorates. The meetings are likely to be, but may not exclusively be, the means of early identification of a potential staff surplus or redundancy situation.
5. Any information provided or matters discussed during the course of workforce planning meetings will remain confidential to those who attend the meetings and should not be shared with any other parties unless it is agreed by all those in attendance that it is appropriate to do so. The aim will be to keep employees informed so far as that is compatible with effective planning.
6. As soon as a situation in a Business Area or Areas is identified that could lead to a surplus of employees, the need to take redundancy

avoidance measures or ultimately compulsory redundancies, engagement between management and Trade Union Side representatives on suitable actions will begin immediately. Engagement will continue until all actions relating to surplus or redundancy activity have been concluded.

## **Terminology**

7. A “Business Area” may be any unit or units of business in the Welsh Government, defined by function; and/or band; and/or location. For example, a Business Area may be defined as the staff employed in a particular location, branch, Division or Directorate or a particular functional specialism, or a combination of the above. Alternatively it may be the Welsh Government as a whole. Management will discuss and endeavour to agree with TUS the definition of the Business Area(s) in each case of potential surplus at the time that a potential surplus is identified.
8. The term “surplus” is used to refer to a situation where it is proposed to consider additional measures to secure suitable alternative posts for surplus employees with the Welsh Government, with other Civil Service Departments or secondments to other public sector employers. Such measures would be put in place if employees have not secured alternative posts within the employing Directorate in the first instance and then, if this has not addressed this issue, through normal movements of staff across the Welsh Government i.e. internal recruitment to new posts on lateral transfer or promotion, turnover achieved through natural wastage or placement into posts using the Welsh Government’s Solutions arrangements.
9. If suitable alternative posts are not secured, the Welsh Government may invite volunteers for early departure with compensation. This is referred to as “voluntary exit”. Voluntary exit encompasses compensation offered on the voluntary terms defined in the PCSPS Compensation Scheme (or the equivalent in other relevant compensation schemes for employees who are not members of the PCSPS).
10. The term “redundancy” is used to refer to a compulsory redundancy situation, which would arise if a post or posts in a Business Area(s) are no longer required and the Welsh Government’s management are unable to offer suitable alternative employment. When a redundancy is declared, compensation will be offered on “compulsory” terms as defined in the PCSPS Compensation Scheme (or other relevant compensation scheme for employees who are not members of the PCSPS).
11. Detailed procedures support this Agreement.

## **Amendment of this Agreement**

12. This Agreement may only be amended with the agreement of both Management and the Trade Union Side, following the consultation procedures set out in the Welsh Government Partnership Agreement.

Signed

.....  
**Bernard Galton**  
**Director General PPCS**  
Date: 23 June 2011

.....  
**Vince Howells**  
**Chair – Trade Union Side**  
Date: 23 June 2011

## **Procedures supporting the Employee Surplus and Redundancy Agreement**

1. Roles and Responsibilities for those involved in these procedures can be found at Annex A ([Roles and Responsibilities](#))

### **Action to be taken before a redundancy situation is declared**

2. When robust and evidenced workforce planning<sup>1</sup> and/or organisational development activities in a Business Area(s) indicates there is potentially a surplus of employees in any Business Area(s), and that, following activities to address the situation within the employing Directorate(s), internal recruitment, Solutions and natural wastage are unlikely to address the surplus, then management will consult on and endeavour to agree with the TUS suitable redundancy avoidance measures, which will be subject to Equality Impact Assessment and monitoring. Cabinet Office and the Regional Co-ordinator will be informed of the situation.

3. If an employee surplus in a Business Area(s) is identified the Welsh Government, in discussion with the Trade Union Side, will determine the order of the process to be followed based on the considerations set out below and circumstances prevailing at the relevant time:

- (a) Identification of the Affected Business Area(s)
- (b) Identification of the scope for suitable alternative employment
- (c) Identification of the scope for other measures
- (d) Invitation for voluntary exit.

Details of these processes and considerations are set out below:

(a) *Identification of the Affected Business Area(s)*

4. Following discussions with the Trade Union Side, the Business Area(s) affected by surplus numbers will be determined and staff within the affected Business Area(s) will be notified.

(b) *Identification of the scope for suitable alternative employment*

5. There will be a review of the present and likely future business requirements of the Welsh Government as a whole, to determine whether a surplus of employees is unavoidable. This will include a review of the scope for transferring surplus employees to other Business Area(s) of the Welsh Government where suitable alternative employment may be available within their generic pay band. Wherever practicable, the Welsh Government will endeavour to offer suitable alternative employment to employees in order to avoid any surplus. This will include consideration of relocating posts or transferring work to the location at which surplus employees are currently

---

<sup>1</sup> At the time of signature of this agreement, both sides acknowledge that the workforce planning tool is in a development phase and will become more robust over time.

based. Employees who are required to transfer to other locations because of a surplus in their current Business Area may be eligible for relocation assistance. Only in very exceptional circumstances will staff be required to transfer to locations beyond daily travelling distance (defined as one hour's travel in each direction using a member of staff's usual mode of transport) or outside usual travel to work areas.

(c) *Identification of the scope for other measures*

6. Other measures to be considered alongside or before invitations to apply for voluntary exit are issued may include some or all of the following in no particular order:

- placing restrictions on recruitment and/or promotion;
- reviewing the use of casual and contract employees;
- reducing or limiting overtime working;
- flexible working/job share opportunities;
- “overbearing”, i.e. placing employees in posts of a lower pay band than their salary on a temporary basis (normally for not more than one year) until a vacancy at their substantive generic pay band becomes available;
- transfers to other Civil Service employers on compulsory transfer terms. Cabinet Office Protocols exist which require government departments to use suitable surplus staff to fill vacancies. Such vacancies are advertised on the [Civil Service Vacancies](#) website and staff who are potentially surplus would be allowed access to this information and supported in their job-search activities;
- access to packages such as the ADAPT programme<sup>2</sup> to assist surplus employees to gain new skills to enhance their opportunities for obtaining alternative employment;
- following consultation and endeavouring to agree arrangements with Trade Union Side, consideration should be given by senior staff to the temporary blocking of posts vacant in junior grades in the same class or occupational group or in another group so that those who are surplus may be absorbed into them. Posts should not normally be blocked for a period in excess of 12 months although this period may be extended in exceptional circumstances and subject to consultation and, if possible, agreement with Trade Union Side;
- retraining surplus employees to enable them to undertake other posts within the Civil Service and fringe bodies within the locality of the employee surplus outside their existing specialism;
- if there are insufficient volunteers for voluntary exit in the Welsh Government, volunteers from other Civil Service employers should be sought and, with the agreement of the Department concerned, employees who would otherwise have been offered voluntary exit in the Welsh Government will fill the resulting vacancies created by such

---

<sup>2</sup> ADAPT was launched in 2011 to assist those who were under notice of redundancy, made redundant or currently unemployed to access training to enable them to return to the workplace. It is a time-limited programme, the end date of which is not clear at the time of signing this agreement.

volunteers. The latter would be retired on public interest terms even though in such circumstances a state of redundancy had not been established;

- subject to Trade Union views, after all other options have been exhausted and circumstances considered, consideration should be given to the exercising of contractual mobility clauses supported by contractual financial assistance.

*(d) Invitations for volunteers for voluntary exit*

7. If it is not practicable for the Welsh Government to offer suitable alternative employment to a sufficient number of employees to absorb the surplus in the Business Area(s), employees may be invited to apply for voluntary exit. Any proposals to implement a voluntary exit programme would be subject to Ministerial agreement. The Welsh Government will retain sole discretion to accept or refuse any applications from eligible employees to an invitation for voluntary exit.

8. The Welsh Government will discuss with the Trade Union Side and, where appropriate, employee representatives the terms and scope of any invitation for voluntary exit.

**Where an Invitation is to be limited to the Business Area(s) affected**

9. In the first instance, an invitation for volunteers for voluntary exit may be limited to employees in the Business Area(s) where there is a likely surplus. When such an invitation is issued, the Welsh Government will also publish:

- a) a definition of eligibility for applications, which will include a specification of the Business Area(s) included in the invitation, and any other limiting factors (such as, for example, pay band, location, role and skills);
- b) an estimate of the number of volunteers being sought, including where practicable the location, pay band etc.;
- c) details of the terms of compensation to be offered to the employees selected for voluntary exit. The terms to be offered will be subject to consultation with the Trade Union Side and we will endeavour to reach agreement;
- d) the composition of a selection panel(s) which will be appointed to consider applications. The selection panel(s) will include senior management from the affected Business Area(s), representation from the Welsh Government's FCS Directorate and observers<sup>3</sup> from TUS;
- e) the criteria which will be used to select applicants (in the event that the number of applicants exceeds the number of volunteers being sought).

---

<sup>3</sup> Although TUS representatives have observer status they are able to make comments which may inform the discussion. They are not however part of the decision making process.

These criteria will be developed, in consultation with TUS, taking account of the circumstances prevailing at the time and employment legislation. Criteria may include (but may not be limited to) consideration of:

- cost and payback period;
- business continuity issues;
- replaceability; and,
- the cost of training and developing any replacement.

Volunteers may have the opportunity to indicate any special personal reasons that they consider may have a bearing on the selection process but any selection panel will have the discretion to decide whether and how this may support the volunteer's application for voluntary exit.

- f) Decisions on how criteria are to be applied may take into account (but may not be limited to):

*Higher* priority being given to employees who:

- are in pay bands at or above the levels where the surplus is greatest;
- are in posts, roles or functional areas which are no longer required in the affected Business Area(s) or the Welsh Government as a whole;
- have skills and experience which are less likely to be of continuing value in the affected Business Area(s) or elsewhere in the Welsh Government;
- would be more difficult to post to alternative suitable employment in the Welsh Government.

*Lower* priority being given to employees who:

- are in posts, roles or functional areas which will continue to be business critical or of high value in the affected Business Area(s);
- have skills and experience which would continue to be of value in the affected Business Area(s) or elsewhere in the Welsh Government;
- could be offered suitable alternative employment in the Welsh Government;
- have benefited from significant investment by the Welsh Government in their training and/or have been selected for training and development programmes

As it will be necessary, when considering applications, to weigh up a number of criteria, it may be appropriate to adopt a weighted scoring system. The mechanism of any such system will be discussed and

agreed with TUS before being communicated to staff. The proposals will be subject to equality impact assessment before they are applied.

10. Applicants who are not selected for voluntary exit will be notified of the reasons why. An equality audit will be conducted at the end of any such early release scheme and the outcomes shared with the TUS.

### **General Invitation to Welsh Government employees**

11. If an invitation limited to the affected Business Area(s) where there is a likely surplus does not produce sufficient selected applicants to meet the requirement, a general invitation to apply for voluntary exit may be issued to the Welsh Government as a whole. The process to be followed will be as described above, though new criteria for selection of applicants would be published and a new selection panel would be appointed. The criteria for selection could include whether the applicant, if offered a voluntary exit, would vacate a post that could be offered to an employee in the Business Area(s) where the surplus has been identified.

### **Appeals**

12. Employees not selected for voluntary exit will have the right of appeal. They can exercise this right by following the Welsh Government's [Grievance Policy and Procedures](#).

### **Assistance to staff who have chosen to accept an offer of voluntary exit**

13. An Employee Assistance Programme (<http://www.ppconlineinfo.com/>) exists to provide guidance and assistance to employees seeking alternative employment etc. This provides advice on:

- finding alternative employment;
- the financial effects of voluntary exit on the individual (investment of the compensation payment and state benefits);
- stress management;
- how to complete application forms and present themselves at job interviews;
- family implications of voluntary exit etc;
- CV preparation.

### **Period of Notice**

14. Any employee offered a voluntary exit will be entitled to a period of notice of three months. All applicants will be notified in advance of the date on which those who are successful will be expected to leave the Welsh Government.

15. Voluntary exit benefits will be paid in accordance with the Civil Service Compensation Scheme unless the employee is entitled to compensation under an alternative scheme.

## **Pause and Review**

16. After all pre-redundancy measures have been implemented and prior to the declaration of a compulsory redundancy situation, if it has not been possible to reach a negotiated agreement on future actions with local full-time officers of unions recognised in the Welsh Government, management will hold a pause and review meeting with the national officers of the recognised trade unions to aim to resolve matters.

## **Compulsory Redundancies**

17. If the measures described above are insufficient to absorb all the surplus employees and compulsory redundancies are necessary, Welsh Government management will consult Trade Union Side on the unit of redundancy and the criteria to be used in selecting the employees who will be made redundant. Full consultation with Trade Union Side and employees will comply with statutory requirements and will be as set out in Annex B. Any proposals to implement compulsory redundancies will be subject to ministerial approval. Cabinet Office will be notified of such proposals in accordance with the requirements of the joint Cabinet Office/CCSU Protocol for handling staff surplus situations.

### **Action To Be Taken**

18. A redundancy situation will be declared when robust and evidenced workforce planning (see footnote 1, page 5) and/or organisational development activities in a Business Area(s) identify that more posts exist than will be required in the future and employees are not able to find alternative roles via the measures set out above. The declaration will be made six months before the anticipated departure date. In addition:

- Management and Trade Union Side will enter a 90 day Meaningful Consultation Period during which robust efforts will be made to avoid recourse to compulsory redundancies. (This period may be varied by mutual agreement);
- A Period of Reflection meeting will take place at least six weeks before any planned redundancy notices are issued. Welsh Government Management, Cabinet Office, National Trade Union Side and Welsh Government Trade Union Side will participate; and,
- If redundancy notices are to be issued, Cabinet Office and Trade Union Side will be notified at least two weeks before issue.

### **Unit of Redundancy**

19. The unit of redundancy (that is the group of staff within which decisions about redundancy may have to be made) and the criteria for selecting staff for redundancy will be agreed between management and the Trade Union Side. The selection criteria to be used in determining the unit of redundancy will be published. In exceptional circumstances the criteria can be changed in agreement with TUS.

### **Selection Criteria**

20. Objective criteria will be used and consultation will take place between management and TUS to consider the selection of staff for compulsory redundancy. Although the following list is not exhaustive, criteria may include (in no particular order):

- a) *Pay Band;*

- b) *Geographical location*;
- c) *Skills or qualifications (based on objective evidence)*: in order to ensure the retention of a workforce appropriate to future needs and in a particular discipline(s);
- d) *Functional area of work*: in order to ensure the retention of a workforce appropriate to future needs;
- e) *Individual ability*: ability or specialist knowledge acquired as a result of special training, or an individual's value to the objectives of the Welsh Government;
- f) *Standard of work performance*: based on evidence which is as objective as possible, such as appraisal assessments.
- g) *Attendance and disciplinary records*: based on accurate records with clear standards about discipline, absence, and timekeeping. Attendance records will exclude any period of absence relating to industrial accident, disability, maternity/paternity/adoption, annual leave, bereavement, career breaks or special leave. In addition, as a general rule, one continuous lengthy bout of sickness should not count.
- h) any other relevant factor, depending on current and anticipated future operational needs.

21. The criteria to be used will be weighted, objective, non-discriminatory and in line with the Welsh Government's commitment to equal opportunities and will not be based solely on the opinion of an individual's immediate line manager. They will cover all employees in the unit of redundancy, including those absent for any reason. Selection procedures will be examined carefully and an equality impact assessment undertaken to ensure that unlawful discrimination does not result directly or indirectly. Where necessary, adjustment will be made to the criteria to ensure their fair and objective application.

22. No one will be selected for compulsory redundancy on grounds of their sex, race, disability, sexual orientation, religion or religious belief, age, part-time working status or any other protected characteristic.

### **Appeals**

23. Employees selected for redundancy will have the right of appeal if they feel that the selection criteria have been unfairly applied in their case. They can exercise this right by following the Welsh Government [Grievance Policy and Procedures](#).

24. Employees will be informed of their right of appeal in their notice of redundancy letter. Further details of the Welsh Government's appeals mechanism can be found in the [Appeals Policy](#).

### **Assistance to staff**

25. Employees selected for redundancy may be assisted in the following ways:

a) Alternative work at the same grade:

If suitable alternative work is available, employees will be given sufficient details to enable them to decide whether or not to accept. Any offer will be made in writing and will be made before the previous contract ends. If an employee unreasonably refuses an offer of suitable alternative employment they may lose any entitlement to redundancy pay. An employee will have a maximum trial period of 12 weeks in an alternative job unless this trial period is reduced by mutual agreement. This will give the Welsh Government and the employee a chance to decide whether the new job is suitable without the employee necessarily losing the right to a redundancy payment. Upon completion of the trial, either the employee or the line manager may deem the post not to be suitable, following consultation with the HR Adviser.

b) Re-grading/Downgrading:

Employees may request or be offered re-grading or downgrading as a suitable alternative to redundancy. Employees who accept re-grading or downgrading subject to an agreed trial period will receive the appropriate level of pay at the new pay band, except that where their existing pay is more favourable than starting pay on re-grading/downgrading, staff may retain their existing pay on a mark time basis. Where re-grading has been accepted, a maximum trial of 12 weeks will apply unless this trial period is reduced by mutual agreement. The effect of this is to give both the employee and his/her manager an opportunity to assess whether or not the alternative employment is suitable. An employee would not lose the right to be treated as redundant if the trial period results in the alternative employment proving unsuitable. The pension of the re-graded/ downgraded employee will be protected at the higher salary level wherever possible and in line with the pension scheme. Upon completion of the trial, either the employee or the line manager may deem the post not to be suitable, following consultation with the HR Adviser.

c) Job Seeking/Training:

Employees who have been given notice of redundancy will be allowed reasonable time off on full pay before the expiry of the period of notice to look for alternative employment or arrange training. Specific

guidance on paid time off will be agreed with Trade Union Side at the time, taking account of the scale of redundancies. The Welsh Government will contact the local Department for Work and Pensions' JobCentre Plus Office and local employers, including other Government Departments, to canvass for any vacancies which may be offered to redundant staff.

d) Employee Assistance Programme:

An Employee Assistance Programme (<http://www.ppconlineinfo.com/>) exists to provide guidance and assistance to employees in a redundancy situation. This would include advice on:

- finding alternative employment;
- the financial effects of redundancy on the individual (redundancy pay, investment of redundancy compensation and state benefits);
- stress management;
- how to complete application forms and present themselves at job interviews;
- family implications of redundancy etc.;
- CV preparation.

**Period of Notice**

26. Any employee to be made redundant will be entitled to at least such period of notice as is contained in their statement of terms and conditions of employment. The minimum period of notice for all staff declared redundant will be three months.

27. Redundancy benefits will be paid in accordance with the Civil Service Compensation Scheme unless the employee is entitled to compensation under an alternative scheme.

## ROLES AND RESPONSIBILITIES

Line managers are responsible for:

- Providing accurate information, when requested, to feed into workforce planning and forecasting
- Working with HR Adviser Teams in dealing with any potential staff surplus or redundancy situation in accordance with agreements reached with TUS and this policy and supporting procedures.

HR Adviser Teams are responsible for:

- Working with TUS and Directorate or Departmental Project Teams on any staff surplus or redundancy situation.
- Ensuring compliance with this agreement and with employment law relating to redundancy.
- Working with line managers and staff affected by a staff surplus or redundancy situation.
- Issuing appropriate guidance, letters etc in consultation with FCS

FCS is responsible for:

- In consultation with FCS, complying with the provisions of the Cabinet Office and Council of Civil Service Unions "Protocol for Handling Surplus Staff Situations" (April 2008), in particular providing Cabinet Office with an overview of surplus staff situations as soon as they are forecast and, if compulsory redundancies appear unavoidable, informing Cabinet Office and arranging the Period of Reflection meeting during the Meaningful Consultation period.

## REDUNDANCY CONSULTATION PROCESS

**NB** This note describes the process laid down by the Department for Business, Innovation and Skills (BIS) for consultation on and notification of any potential reduction in posts. BIS use the term 'redundancy' to refer to both voluntary and compulsory situations.

1. *Informal Consultation with TUS/employee representatives*  
Wherever possible, a minimum of 6 months' notice to TUS of all likely and actual redundancy programmes will be given. Staff will only be declared redundant after full and proper consultation with TUS and employee representatives with a view to reaching agreement about ways to avoid redundancy. The informal consultation will begin as soon as practicable and will be in advance of any public announcement of the redundancy programme.

2. *Formal Consultation with TUS/employee representatives*

This will commence following a decision that posts are to be reduced and may as a consequence cause voluntary and/or compulsory redundancies.

Advance Notification of Redundancies (HR1 Procedure)

If 20 or more employees are at risk of redundancy within the next 90 day period or less an HR1 will be submitted to the Department for Business, Innovation and Skills in accordance with statutory notification requirements. The issuing of an HR1 does not mean that dismissals have to occur.

Employment legislation requires consultation with staff through either trade unions or elected employment representatives on any potential redundancy. Consultation should begin in good time and must begin:

- at least 30 days before the first dismissal takes effect if 20 to 99 employees are to be made redundant at one establishment over a period of 90 days or less;
- at least 90 days before the first dismissal takes effect if 100 or more employees are to be made redundant at one establishment over a period of 90 days or less.

In the Welsh Government's case, one establishment refers to the whole Welsh Government and not individual locations.

No dismissal can take effect until the expiry of the formal consultation period i.e. the 30 or 90 day period which commences with the date of the formal consultation letter.

The formal notification in writing will take place simultaneously with the HR1 notification and will include:

- the reasons for the proposals;
- the number and descriptions of staff it is proposed to make redundant;
- the total number of staff of any such description employed at the relevant location(s);
- determination of the unit of redundancy;
- the criteria to be used in the selecting of staff in redundancy;
- arrangements for travel, removal and related expenses where a post is accepted in a different location;
- whether a redundant employee may leave during their notice period, or postpone the expiry of notice without losing any entitlement to compensatory payment;
- the effect on earnings where transfer or re-grading is accepted in preference to redundancy;
- the method of calculating the amount of redundancy payments;
- the timetable and phasing to be used;
- the arrangements to be adopted to ensure that the rules are applied fairly and consistently;
- a copy of the HR1.

3. Consultation with employees

It will be the policy of the Welsh Government that no letter of redundancy is issued until at least one month from the date of the relevant decision on a potential redundancy situation. The purpose of this one month period is to ensure consultation has taken place and to try and find suitable redeployment opportunities. No employee will be considered for redeployment until consideration of slotting in has been given (see below).

- a) if a whole Business Area(s) has closed then those employees affected will be issued with a letter stating that they are at risk of redundancy and that their particular jobs are affected;
- b) if a restructure is agreed as part of the redundancy process, a plan for filling the posts will be produced which will involve slotting in employees to similar posts. Once slotting in has taken place, employees without a post will be expected to apply for appropriate posts within the ringfence of those posts that are within the affected Business Area at their existing levels (or at a lower level if the employee agrees) and will receive a letter notifying them that they are at risk of redundancy.
- c) employees must at all times during the redundancy process be consulted by their line manager and HR Adviser;

- d) no notice of redundancy will be given until after the expiry of the formal consultation process i.e. until the expiry of the 30 or 90 day consultation period.

# Agenda Item 2.4

Yr Adran Iechyd a Gwasanaethau Cymdeithasol  
Cyfarwyddwr Cyffredinol a Prif Weithredwr, GIG Cymru

Department for Health and Social Services  
Director General and Chief Executive, NHS Wales



Llywodraeth Cymru  
Welsh Government

Darren Millar AM  
Chair  
Public Accounts Committee  
Cardiff Bay  
Cardiff  
CF99 1NA

Our Ref: AG/GB/TLT

18 November 2014

Dear Darren

## **Governance Arrangements at Betsi Cadwaladr University Health Board**

Further to my evidence session at the Public Accounts Committee on 4<sup>th</sup> November regarding the Governance Arrangements at Betsi Cadwaladr University Health Board (BCUHB), please find below a response to the additional information requested by the Clerk to the Committee.

**Dr Goodall agreed to forward the names of all the co-opted Board Members at BCUHB together with details of their skills and remuneration packages (if appropriate).**

BCUHB do not have co-opted board members, but they have appointed, through an open recruitment and selection process, 10 Committee Advisers to provide additional support to the following Committees of the Board;

- Audit Committee
- Workforce and OD Committee
- Finance Committee
- Quality and Safety Committee
- Information Governance Committee

The areas of expertise that are covered by the Committee Advisers are; information communication and technology; legal services; finance; capital estates; customer care; and human resources.



Appointments have been made for an initial period of one year with an option to extend for up to three years in total, subject to successful annual appraisal by the Chair and conditional on them remaining eligible for the role. Remuneration is at a daily rate of £250 (or equivalent half day rate) and reimbursement for travel and subsistence expenses incurred whilst engaged in committee business in accordance with the Health Board's standard rates.

The Committee Advisers are;

Mrs Carys Edwards  
Mr Philip Kenyon  
Mr Thomas Brookes  
Mr Alun Davies  
Mr Douglas Leech  
Mr Dilwyn Evans  
Mr Huw Hilditch-Roberts  
Mr John Hughes  
Mr Richard Jones  
Mr Trevor Jones

**Dr Goodall agreed to provide further detail and a timeline on the Health Standards Framework for NHS Wales Green Paper which the Minister for Health and Social Services announced on 3 November 2014.**

The Minister for Health and Social Services launched a consultation on 3 November in respect of the Health Standards for Wales. This process is aimed at refreshing the existing framework standards and in particular ensuring better alignment with the fundamentals of Care Standards. It is proposed that the revised framework comes into force from 1 April 2015.

In addition, the Minister has signalled his intent to publish a Green Paper during 2015 to consider any new duties and changes to the existing quality system. This work is in development.

**Dr Goodall agreed to give consideration to announcing the level of intervention at each health board more publicly, perhaps on my local health website.**

We are still considering this issue and exploring potential options for publishing the information. I will write to you again shortly with a further update. We would however continue to expect Boards to report and ensure this information is routinely in the public domain.

The information requested on locum and agency costs, and the distribution of in-year financial resources, was provided in my previous letter of 10 November.

I hope the information provided is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Goodall". The signature is fluid and cursive, with the first name "Andrew" and the last name "Goodall" clearly distinguishable.

**Dr Andrew Goodall**



**Pwyllgor Cyllid**  
**Finance Committee**  
Bae Caerdydd / Cardiff Bay  
Caerdydd / Cardiff CF99 1NA

Christine Ann Hayes  
Graston Farm  
Annings Lane  
Burton Bradstock  
Bridport  
Dorset  
DT6 4NG

18 November 2014

Dear Christine

Thank you for your correspondence dated 14 November 2014, informing me of your decision to resign your position as a non-executive member of the Wales Audit Office Board. Please accept this letter as my formal acceptance of your resignation.

I would like to take this opportunity to thank you for keeping me informed throughout this process and for your contribution to the Wales Audit Office Board. I wish you well in your future endeavours.

Regards

**Jocelyn Davies AM**  
**Committee Chair**

CC.

Huw Vaughan Thomas, Auditor General  
Isobel Garner Chair, Wales Audit Office  
Claire Clancy, Chief Executive and Clerk to the National Assembly for Wales  
Rosemary Butler, Presiding Officer, National Assembly for Wales

Bethan Davies  
Clerc/Clerk  
Ffon / Phone: 029 2089 8120  
Ffacs / fax: 029 2089 8021  
Eboost / Email: [Bethan.davies@wales.gov.uk](mailto:Bethan.davies@wales.gov.uk)

# Agenda Item 3

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

Document is Restricted

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

Document is Restricted