

## Public Accounts Committee

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

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Meeting date:  
**Tuesday, 9 June 2015**

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Meeting time:  
**09.00**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



For further information please contact:

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### Agenda

Private

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The Committee agreed on 2 June 2015, a motion under Standing Order 17.42 to resolve to exclude the public from this meeting.

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

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

**Scrutiny of Commissioners' Accounts 2013–14: Letter from the Deputy Presiding Officer (1 June 2015) (Pages 4 – 6)**

**3 Inquiry into value for money of Motorway and Trunk Road Investment: Consideration of draft Report (09:05–09:35) (Pages 7 – 59)**

PAC(4)–16–15 Paper 1

**4 NHS Wales Health Board's Governance (09:35–10:00) (Page 60)**

PAC(4)–16–15 Paper 2

**5 National Framework for Continuing NHS Healthcare: Consideration of the Welsh Government response to the Committee Report (10:00–10:10)**

(Pages 61 – 67)

PAC(4)–16–15 Paper 3

PAC(4)–16–15 Paper 4

**6 Glastir: Consideration of Welsh Government response to the Committee Report (10:10–10:20) (Pages 68 – 77)**

PAC(4)–16–15 Paper 5

PAC(4)–16–15 Paper 6

**7 Welsh Government Investment in Next Generation Broadband Infrastructure (10:20–10:35) (Pages 78 – 79)**

PAC(4)–16–15 Paper 7

**8 Forward Work programme: Auditor General for Wales' 2015–16 work programme (10:35–11:00) (Pages 80 – 110)**

PAC(4)–16–15 Paper 8

PAC(4)–16–15 Paper 9

## Public Accounts Committee

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

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Meeting date: **Tuesday, 2 June 2015**

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Meeting time: **09.03 – 10.59**

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Cynulliad  
Cenedlaethol  
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Wales



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<http://senedd.tv/en/2734>

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### Concise Minutes:

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#### Assembly Members:

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

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#### Witnesses:

**Sara Ahmad, Welsh Government**  
**John Howells, Welsh Government**  
**June Milligan, Welsh Government**

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#### Committee Staff:

**Michael Kay (Clerk)**  
**Claire Griffiths (Deputy Clerk)**  
**Joanest Varney–Jackson (Legal Adviser)**  
**Hannah Johnson (Researcher)**  
**Nick Selwyn (Wales Audit Office)**  
**Huw Vaughan Thomas (Auditor General for Wales)**  
**Dave Thomas (Wales Audit Office)**

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View the [meeting transcript](#).

## **1 Introductions, apologies and substitutions**

1.1 The Chair welcome the Members to the meeting.

1.2 Apologies were received from Jocelyn Davies.

## **2 Papers to note**

2.1 The papers were noted. Members discussed the letter from Dr Peter Higson (Item 2.2) during the private part of the meeting.

2.1 Scrutiny of Commissioners' Accounts 2013–14: Letter from the Arts Council for Wales (13 May 2015)

2.2 Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from Dr Peter Higson (15 May 2015)

2.3 Health Finances 2013–14: Additional information from Board of Community Health Councils in Wales (May 2015)

2.4 Welfare Reform: Additional Information from Wales and West Housing Association (May 2015)

2.5 Inquiry into value for money of Motorway and Trunk Road Investment: Letter from Steve Martin Public Policy Institute for Wales (21 May 2015)

## **3 Welfare Reform: Evidence Session 5**

3.1 The Committee took evidence from June Milligan, Director General, Local Government and Communities, Welsh Government; John Howells, Director, Housing & Regeneration, Welsh Government and Sara Ahmad, Economist, Local Government & Communities, Welsh Government, on its inquiry into welfare reform.

3.2 June Milligan agreed to:

- Send a note advising of the sites local authorities have released for housing development on;
- Note on the current situation of housing associations changing their allocations policies so there is no prohibition on tenants who have rent arrears based on housing benefit debts;
- Note on the impact in Wales of the proposed lower benefit cap;
- Breakdown of local authority area of affected households (where available) by the proposed lower benefit cap

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

4.1 The motion was agreed.

**5 Welfare Reform: Consideration of Evidence Received**

5.1 The Committee considered the evidence received.

**6 Primary Care Prescribing: Briefing from the Auditor General for Wales**

6.1 Due to time restraints, this item was not reached. It was agreed that the Auditor General for Wales will brief the Committee on his memorandum on Primary Care Prescribing during the Committee meeting on 9 June.

# Agenda Item 2.1

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

1 June 2015

Dear Darren

Thank you for your letter of 19 May. The Commission met on 21 May and took the opportunity to discuss your letter. We agreed that, given the way in which we set and control our budget, we do not believe that underspending should be viewed as a positive achievement. In this letter I will explain why we consider that the Commission's approach is robust and delivers value for money.

Throughout the Fourth Assembly, the Commission has taken a strategic approach to budget planning, with a budget strategy for the full duration of the Assembly and multiple year budgets. This approach has delivered greater clarity, transparency and consistency. It has been approved year on year by the Finance Committee and by the Assembly as a whole. Underpinning the budget strategy, we have detailed plans which allow us to take a long term view of spending requirements. As a good example of this, a plan for maintenance and refurbishment was developed for us by experts who reviewed the condition of all our buildings and equipment and plant, together with forecast lifespans and timetables for refurbishment and replacement. As a result we have a schedule of required work spanning ten years that we use to inform our investment decisions for the estate.

Of course, as you know, the Commission has an annual budget and has no facility to carry over funds from one year to the next. However, having clear plans about work that we know will be required, allows us prioritise and make considered, well-judged use of our annual budgets. The alternative, if we were not sufficiently well organised to take this longer term view, would be to report and surrender underspends in one year and then ask for the funds again in subsequent years to carry out the necessary

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work; this practice would simply be deferring expenditure and provide no indication whatsoever of efficiency or value for money.

The Accounting Officer has established an Investment and Resourcing Board as the decision making body for resourcing in the Assembly, which provides challenge and review for all resource decisions ranging from staff recruitment through to project funds or additional operational expenditure. Throughout the financial year, the Board balances the availability of funds with the needs of projects and services over multiple years to ensure its investment in the Assembly is properly scrutinised, prioritised and managed.

Every letter of Delegation which the Accounting Officer issues to relevant Commission staff includes the following requirement: *"You must commit your budget in a manner which is consistent with Value for Money, i.e. every £1 spent supporting the Assembly should represent good value for money, and resources should be used in the most appropriate way to deliver effective services to the Assembly and to the people of Wales."* Expenditure on items that are not needed, and that do not help to deliver the Commission's strategic goals, is simply not tolerated.

Like the PAC, the Assembly Commission believes that securing value for money is vital. Indeed, an internal audit report from March 2015 concluded that *"the Assembly Commission has a well-developed value for money culture in place and this culture is embedded throughout the organisation"*. Throughout this Assembly one of our strategic goals has been to "use resources wisely". As I explained in my letter of 7 May, to strengthen our approach further we are shifting the focus of our value for money target from vacancy management to gains from projects in benefits realisation, Assembly services and procurement delivering successful contract negotiations that result in tangible savings. Our 1% target for spend against budget is not intended to be a VFM indicator. Rather, it is one measure of whether we are managing our business well and delivering what we say we will. The full suite of measures published in our regular Corporate Performance Reports provide comprehensive information by which we can be judged. This in turn is part of our Assurance Framework, which is independently tested in a number of ways. Together, all these elements provide assurance that the Commission uses its resources efficiently, economically and effectively, avoiding waste and extravagance, entirely in line with best practice set out in HM Treasury guidance.

Although we may disagree on some aspects of the approach, I believe that the PAC and Commission are as one on our objectives, namely to deliver the high quality services that the Assembly at best value to the public purse. In our view, the best way to achieve that is to ensure that our budget planning is expert, thorough,



transparent and subject to proper scrutiny. It is then incumbent on us to ensure that the money assigned to the Commission is well spent. We believe that our approach delivers value for the taxpayer in a way that is more open and effective than having a target to underspend.

Thank you again for challenging us to reflect on our approach. I hope that this response is helpful and received by the Committee in the positive way it is intended.

Yours sincerely

A handwritten signature in dark ink, appearing to read "David", written in a cursive style.

**David Melding AM**  
**Deputy Presiding Officer**



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CYMRU  
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Bwrdd Iechyd Prifysgol  
Betsi Cadwaladr  
University Health Board

Ysbyty Gwynedd, Penrhosgarnedd  
Bangor, LL57 2PW

Darren Millar AM  
Chair, Public Accounts Committee  
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**Mandy.williams7@wales.nhs.uk**

**Dyddiad / Date: 4<sup>th</sup> June 2015**

Dear Darren

I write further to my letter of 8 May 2015. The Committee will be aware that the Health Board was informed by the North Wales Police on 21 May 2015 that they had concluded their investigations into the care of patients on the Tawel Fan Ward in the Ablett Unit at Ysbyty Glan Clwyd. The Police met with the families to inform them of the outcome on May 26 and 27. At the same time we made arrangements for the families to have a copy of the Ockenden Report. The Health Board then published the Ockenden Report and held a press conference on May 28.

The Ockenden Report, the Health Board's response and the actions that will now be taken will form a major part of the Board meeting on June 9. We clearly and rightly must give this as much time as we need given the gravity of the issues regarding the Tawel Fan Ward.

In addition, we will also be taking a paper on the Out of Hours report and an update on Obstetrics and Gynaecology services.

As a consequence, we earlier this week reviewed the Board agenda and papers and decided to defer two items until our Board meeting on 14 July to allow sufficient time for these serious and important matters.

Ann Lloyd's report is one of the items that we have therefore deferred until our July Board meeting. This will allow us the time as a Board to give the Report full and proper consideration. As I stated in my letter of 8 May, we will also be taking a report that provides an update on progress since Ann's work was completed and a consolidated update on governance that incorporates Ann's findings together with the follow up report by WAO/HIW of July 2014, last year's structured assessment recommendations from the WAO and the earlier PAC report. The deferment will also allow us some additional time to further develop the report that the Board will receive and consider.

The papers for our July Board meeting will be published on 7 July.

Yours sincerely

**Dr Peter Higson**  
**Chairman**

## Agenda Item 5

### **Response to the Public Accounts Committee Report on Implementation of the National Framework for Continuing NHS Healthcare: Follow Up Report**

We welcome the report and our response to the specific recommendations are as follows. Welsh Government will provide the Committee with an update on all recommendations before the summer recess.

***Recommendation 1 – The Committee recommends that, to ensure confidence in the quality and consistency of decisions on continuing healthcare funding awards, the annual audit samples of all Health Boards should be undertaken independently, by the same team.***

#### ***Accepted***

The annual audit samples (due in September 2015 and on an annual basis thereafter) will be undertaken by a central team. The audits are expected to take one month to complete.

***Recommendation 2 – The Welsh Government should provide the Committee with details of the outcomes and findings from the on-going review of cases with learning disabilities, which is concluding in March 2015.***

#### ***Accepted***

Welsh Government will provide the Committee with the findings of this review by summer recess.

***Recommendation 3 - The Committee recommends that the Welsh Government continues to monitor Health Boards' progress in processing retrospective claims and if necessary, refer claims not processed within the prescribed deadline to the Powys Project and provides the Committee with an update before the summer recess.***

#### ***Accepted***

Welsh Government will be continuing to monitor progress in relation to retrospective claims. Information is monitored on a monthly basis. The National Complex Care Board which is jointly chaired by the Director of Social Services and Integration, Welsh Government and the Chief Executive of Powys teaching Health Board, will receive regular reports at each meeting. It has been agreed that the retrospective claims for Phase 2 will be transferred to the National Powys Project. The process has been agreed and work is underway.

**Recommendation 4 - *The Committee recommends that the Welsh Government reports to the Committee before the summer recess on the expansion of the local and national recruitment programme and whether this has led to improvements in the time taken to process current and future claims.***

**Accepted**

Welsh Government will request that local health boards provide information on staffing numbers in handling CHC claims. This will include updates as and when staff numbers change, Welsh Government receives monthly information in relation to the handling of claims. The National Complex Care Board will receive an update report at each meeting. Welsh Government will provide an update to the Committee as requested.

**Recommendation 5 - *The Committee recommends that the Welsh Government monitors Health Boards to ensure that the shorter processing deadline for more recent claims does not result in unintended consequences of longer resolution times for long-standing claims which are unresolved.***

**Accepted**

Welsh Government will continue to monitor progress on a monthly basis in relation to all claims. The National Complex Care Board will receive regular reports at each meeting.

**Recommendation 6 - *The Committee recommends that the Welsh Government ensures that governance arrangements are clear and well understood in relation to complex care. This will include monitoring the effectiveness of such arrangements and the engagement of members of the National Complex Care Board and any task and finish groups which support its work.***

**Accepted**

The Governance and Accountability Framework has been considered and formally approved by each local health board and Welsh Government. This resulted in the formation of the National Complex Care Board and The National Stakeholder Reference Group. The Board is jointly chaired by the Director of Social Services and Integration, Welsh Government and the Chief Executive of Powys teaching Health Board has been established. The Reference Group is chaired by the Director of Social Services and Integration. Details of the membership and terms of reference will be provided to the Committee by summer recess. An initial meeting of the group has been held and the terms of reference for the group are now being agreed. Attendance at meetings will be monitored and the Chairs will raise any concerns with the Chief Executives of local health boards as necessary.

**Recommendation 7 - *In addition to the current leaflets that are designed to be accessed once an individual is 'in the system'; the Committee recommends that the Welsh Government publishes a general public information leaflet on continuing health care. These leaflets should be shared with health and social care professionals and distributed widely, including being made available in doctors' surgeries.***

***Accepted***

Additional copies of the Public Information Leaflet will be sent to each local health board for distribution to local care homes in May. Welsh Government will also be providing local health boards with a minimum standard distribution list to ensure the leaflets are widely available, this will include GP surgeries.

This leaflet, as well as other publicity and information material is also available on the Welsh Government web page and the jointly owned NHS and Welsh Government Complex Care and Information Support Site.

**Recommendation 8 - *The Committee recommends that mandatory guidance is issued to Health Boards and social care providers on where information in relation to continuing health care should be made available. This should include the provision of information to individuals (and/or their family members) who are in, or prior to admission into a care home, including details of how the Decision Support Tool is applied to individuals being assessed for Continuing Healthcare.***

***Accepted***

Welsh Government will provide local health boards with mandatory guidance. This will include a minimum standard distribution list to ensure the leaflets are widely available. A set of Frequently Asked Questions have been provided for practitioners. These refer to the use and application of the Decision Support Tool. Additional copies of the Public Information Leaflet will be sent to each local health board for distribution to local care homes. Welsh Government will develop posters by autumn and request that local health boards distribute posters signposting to the Welsh Government website, where the leaflet and relevant information, including information on the decision support tool is available.

**Recommendation 9 - *The Committee remains concerned about the awareness, quality and level of provision of advocacy services provided by different Local Health Boards and is supportive of patients and carers understanding their options and the decision-making process as well as healthcare professionals. The Committee recommends the Welsh Government reports to the Committee before the summer recess, on how it intends to improve the consistency, quality and awareness of advocacy services.***

**Accept**

Welsh Government will report to the Committee as requested. Welsh Government has asked local health boards for the position on advocacy in their area. We will be reviewing this to ensure it is appropriate and will agree further action to address issues where required. An update will be provided to Committee before summer recess clearly setting out how Welsh Government will ensure this recommendation is delivered.



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Mr Darren Millar AM  
Chair of the Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
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Date: 28 May 2015  
Our ref: HVT/2335/caf  
Page: 1 of 3

Dear Darren

**ADVICE ON THE WELSH GOVERNMENT RESPONSE TO THE COMMITTEE'S CONTINUING  
NHS HEALTHCARE FOLLOW UP REPORT**

The Deputy Clerk's letter of 14 May 2015 requested my advice on the Welsh Government's response to the Public Accounts Committee's follow up report on the Implementation of the National Framework for Continuing NHS Healthcare that was published in March 2015.

The Welsh Government has indicated that it accepts all nine recommendations made by the Committee, and has committed to providing the Committee with an update on progress before the summer recess. In the case of Recommendation 2, that update will include the findings from the review of cases with learning disabilities. The Welsh Government has not made clear why the findings from that review, which the Committee understood would be concluded in March 2015, were not able to be shared at this stage.

Overall, I consider that the Welsh Government has responded satisfactorily to most of the recommendations. However, I have highlighted below some areas where the Committee might wish to request further information or clarification as part of the promised update. Perhaps most significantly, it is not clear that the action the Welsh Government outlines in its response fully addresses Recommendation 7.

**Recommendation 1:** The Committee had confidence in the current arrangements for the audit sample process as these were based around a central team with appropriate seniority and expertise, providing consistency and a degree of independence. In evidence to the Committee, the Deputy Director – Integration Policy and Delivery Division indicated that over time the Welsh Government wanted to move to a peer review process involving health board practitioners rather than a central team. The Welsh Government response to the recommendation confirms that a central team will undertake the annual

audit samples. The Committee may wish to clarify whether there is still an ambition to move away from this arrangement at any point in the foreseeable future.

**Recommendation 3:** Part of the Committee's recommendation was that the Welsh Government, if necessary, refers claims not processed within the prescribed deadline to the Powys Project. Consistent with its evidence to the Committee, the Welsh Government has confirmed that a batch of claims (referred to as 'Phase 2' claims) is in the process of being transferred to the Powys Project. However, the Welsh Government response does not deal explicitly with any other claims. Should Health Boards not clear other claims within the prescribed timescales it is not clear whether these will also be transferred to the Powys Project. The Committee may wish to confirm that the update promised before the summer recess will include relevant data relating to the processing of retrospective claims, and that the referral of other claims to the Powys Project, over and above the phase 2 claims, will be considered if necessary.

**Recommendation 7:** The Committee wanted the Welsh Government to publish a general public information leaflet on CHC in addition to the current leaflets that are designed to be accessed once an individual is 'in the system'. The Welsh Government response appears only to commit to distributing more widely what I assume to be one of the existing leaflets. It is difficult to see how the recommendation can be seen as fully accepted unless there is a separate information leaflet as recommended by the Committee or, at the very least, a revised leaflet that is clearly designed to work for both audiences.

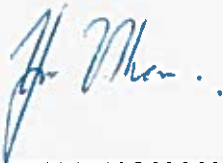
In addition, the Welsh Government response does not make clear whether the leaflets will be shared with social care professionals as the Committee recommends.

**Recommendation 8:** In its response, the Welsh Government confirms that it will provide Health Boards with mandatory guidance on the distribution of information leaflets. The Welsh Government repeats the commitment given in response to Recommendation 7 about distribution to local care homes. However, the response does not make clear whether the mandatory guidance will include a requirement to provide information to people prior to admittance to a care home, as recommended by the Committee. This group of people would include those awaiting a transfer from a hospital ward and those receiving support in their own home but who may be approaching a move to a care home.

The Committee was also concerned about the lack of public information on how the Decision Support Tool is applied to those being assessed for CHC. The Welsh Government response includes a commitment to develop and distribute a poster that signposts people to the website that contains a range of information, including information on the Decision Support Tool.

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

Yours sincerely



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

# Agenda Item 6

National Assembly for Wales  
Public Accounts Committee  
Glastir  
May 2015

## Welsh Government response to Recommendations

### Recommendation 1:

**The Welsh Government should ensure that participation in Glastir Advanced provides genuine improvement in agri-environmental practices and enhancements of the natural environment, and does not merely reinforce existing practice.**

**Partially Accept.** In November 2014, the Welsh Government commissioned an independent panel to carry out an evaluation of a sample of existing Glastir Advanced contracts. The Glastir Advanced independent evaluation panel's recommendations were delivered to the Welsh Government officials in March. Furthermore, the Welsh Government is currently considering the initial findings of the Glastir Monitoring and Evaluation Programme into how Glastir can prioritise the areas that have the greatest potential to deliver results and to set ambitious targets that can be achieved through targeted interventions.

By May 2015 the Welsh Government expects to be in a position to improve Glastir Advanced by:

- Rationalising the Glastir objectives, so that sufficient interventions can be incorporated into contracts and meaningful benefits will accrue.
- Providing needs-specific training to Contract Managers, where these are identified in the report and accepted.
- Identifying what improvements could be made to documentation, guidance and maps to support Contract Managers to help deliver more effective contracts.

The Welsh Government will continue to work with partner organisations to further refine the Glastir Objective layers in order to increase the targeting of interventions under Glastir Advanced. Although European Commission regulations allow for maintenance payments for continuing with the current agricultural practices, the Welsh Government only supports activities that go beyond the RD baseline and the usual farming practices. Some farm businesses will be required to make less change than others. However, the Welsh Government believes that it is legitimate and good use of public funding to pay for interventions through Glastir Advanced that ensures the continued positive management of high value habitats where it is otherwise considered that there is a real risk of these being lost.

## Recommendation 2:

**The Welsh Government should consider further how it identifies and tackles poor practice in relation to water quality by using a range of interventions, including regulation and the payment – or withdrawal – of public funding.**

**Accept.** There are a number of issues affecting water quality in Wales that have been identified by Natural Resources Wales (NRW) as part of their work in developing the second cycle River Basin Management Plans (RBMP) under the Water Framework Directive. NRW is currently consulting on the draft RBMP's and, over the summer, will finalise them prior to formally presenting them to the Minister in the autumn, ahead of their submission to the European Commission in December 2015.

Based on the evidence gathered by NRW in the development of the RBMP's, we will explore potential interventions that will bring about the necessary improvements in water quality. This could potentially involve changes to the regulatory system to ensure that it is flexible and incentivises improvements in land management practices. We are also working with NRW to review the effectiveness of their current provision of pollution prevention advice and enforcement procedures.

Under Cross Compliance, there are specific measures aimed at the protection of water quality, by reducing sedimentation, nitrate and phosphate loss to surface and ground water. Good Agricultural and Environmental Condition (GAEC) 1 requires farmers to create buffer strips to prevent agricultural pollutants entering surface and ground water. GAEC 5 contains measures to prevent soil erosion and sedimentation of water courses. Farmers found to be in breach of these requirements will face a reduction in their Direct Payments. The Welsh Government is currently reviewing and updating the Code of Good Agricultural Practice (CoGAP) with the aim of improving the advice and guidance given to farmers on best practice and to minimise the risk of agricultural pollution.

Payments will also continue to be targeted in key catchments, through incentive schemes like Glastir and Sustainable Production Grants, where benefits to water quality can be achieved through activity that goes beyond regulatory and good practice baseline standards. These activities will be supported by a Nutrient Management Plan.

Knowledge transfer will continue to provide specialist advice to farmers on how to improve on-farm efficiencies, making best use of all inputs, reducing both the cost to the farmer and the risk of diffuse pollution. Reduced use of inorganic fertiliser will also contribute to the Welsh Government's goals on reducing green house gas emissions.

The Welsh Government is also looking at ways to engage the private sector and utility companies in Payment for Eco-system Services (PES), which can secure long-term, over 20 years, benefits for the environment, compared to Rural Development Programme support, which is limited to 7 year cycles.

### Recommendation 3:

**The Welsh Government should identify where water quality issues are arising from land maintained by Natural Resources Wales and report what remedial action the organisation is taking to ensure compliance with requirements under the Water Framework Directive.**

**Accept.** As part of their work in developing the second cycle RBMP under the Water Framework Directive, NRW has identified the reasons for not achieving good ecological status in every water body in Wales. This includes land that is privately owned along with land maintained by NRW. Good status means that the water shows only a slight change from what would normally be expected under undisturbed conditions. The forthcoming RBMP's will include a programme of measures demonstrating how we aim to achieve 100% good ecological status by the end of the next cycle in 2021.

NRW has a programme of actions to target improvement works on the Welsh Government estate. This has been prioritised in line with the WFD results and where the greatest benefit can be delivered. The measures within these priority water bodies will be:

- Review the riparian management within the forest and ensure that it meets the UK Forestry Standards (UKFS) Guideline standards.
- Review the drainage system within the forest to ensure none of the artificial drainage runs directly into watercourses (where disconnection is not possible, such drains will need to be adopted as watercourses).
- Review the roadside drainage system to ensure none of the side drains run directly into watercourses.
- Review forest design plans (or develop Forest Resource Plans) and identify potential risks, such as civil engineering, clear-felling and restocking and implement ways to mitigate this and consider low impact silvicultural systems (LISS) where applicable.
- Where unavoidable forest operations could potentially have a significant water quality impact (e.g. felling to comply with a plant health order), ensure that all possible steps are taken to mitigate this.

In response to the risk of sedimentation from forest operations NRW are implementing mandatory Water Management Plans for all operations; these require an environmental risk assessment, regular water monitoring and details of mitigation in place to prevent sediment delivery to watercourses. Water Awareness Events have been conducted and more are planned for later this year. These are not only delivered on the Welsh Government Woodland Estate, but also to the wider forestry sector.



#### Recommendation 4:

**The Welsh Government should undertake a formal evaluation of customer experiences of the online application process and make any changes necessary should this be found to be a barrier or disincentive to participation in the scheme.**

**Accept.** The Welsh Government works closely with agricultural stakeholders including farmers when designing and revising new online applications to ensure they are intuitive and easy to use.

The Welsh Government will survey farmers who have completed the Single Application Form 2015 and the Glastir online applications to gather feedback on the application process and digital assistance. The Welsh Government will report its findings by autumn 2015 and make, where necessary, any changes to future applications.

#### Recommendation 5:

**The Welsh Government should disaggregate the administrative costs associated with Glastir so the value for money of the scheme is clearly understood.**

**Accept.** Rural Payments Wales is setting up systems to be able to apportion the administrative costs of working on various aspects of Glastir. RPW will report by autumn 2015 on the preliminary work done to date and the progress to date in recording the apportionment.

#### Recommendation 6:

**The Welsh Government should ensure the various inspection regimes targeted at farmers by its agencies are aligned as far as possible and that data is shared between inspectorates to minimise disruption to farmers and maximise administrative efficiency.**

**Accept.** The Welsh Government will continue to share data between inspectorates to ensure inspection regimes are aligned, where possible. This is through a combination of shared risk analysis data and ad-hoc referrals when appropriate. This is an established practice which has been in place since the introduction of Cross Compliance in 2005.

The Welsh Government will also discuss with Natural Resources Wales what further co-ordination can occur to reduce inspection burdens and administrative costs as part of their regular communications. The next meeting is planned for June 2015.

**Recommendation 7:**

**The Welsh Government should report back to the Committee by autumn 2015 on the challenging, but realistic, targets it has set for the uptake of Glastir, including the budgets to which the targets are aligned.**

**Accept.** The Welsh Government will provide the committee with the allocation of funding to each aspect of Glastir as well as list of the key indicators for the scheme and the delivery targets for these under the next RDP by autumn 2015.

**Recommendation 8:**

**The Welsh Government should report to the Committee, or its successor, on its monitoring and evaluation work once it has progressed sufficiently and certainly by May 2016.**

**Partially accept.** The current Monitoring and Evaluation programme reports annually on its findings. The Welsh Government will provide a synopsis of findings in these reports, to date, to the Committee following the publication of the final year baseline report. This is due to be received by the Welsh Government in summer 2016, so the synopsis report would be made available by autumn 2016.



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

Date: 26 May 2015  
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Dear Darren

**ADVICE ON THE WELSH GOVERNMENT'S RESPONSE TO GLASTIR**

The Deputy Clerk's letter of 6 May 2015 requested my advice on the Welsh Government's response to the Public Accounts Committee's report on Glastir that was published in March 2015.

The Welsh Government has indicated that it accepts six of the eight recommendations made by the Committee, with the remaining two recommendations accepted in part. Overall, I consider that the Welsh Government has responded satisfactorily to the recommendations. However, I have highlighted below a number of areas where the Committee might wish to seek further information or clarification, whether now or alongside future updates.

**Recommendation 1:** The Welsh Government partially accepts this recommendation. Glastir Advanced has the specific objective of delivering 'significant improvements' to the environmental status of a range of habitats, species, soils and water. The Welsh Government has again reinforced its view that it is a legitimate and good use of public funding to pay for certain interventions through Glastir Advanced that ensure the continued positive management of high value habitats where it is otherwise considered that there is a real risk of these being lost. There may be merit in the Welsh Government reflecting its position more clearly in the objectives it has set for Glastir Advanced.

My report acknowledged that the sort of practices funded under Glastir Advanced are, by their nature, more likely to require a change in farming practice than under Glastir Entry and that plans for a greater proportion of Glastir funding to be directed towards Glastir Advanced should therefore provide greater additionality across the Glastir scheme as a whole. My report also noted the greater proportion of capital works payments – which are more likely than management payments to deliver environmental improvements – under Glastir when compared with previous agri-environment schemes. Nevertheless, my report highlighted that the Welsh Government was still not collecting at the application

stage sufficient information on existing farm management practices to support its decision making and ultimately to help judge the extent of additionality.

The Welsh Government's response provides some detail of how the targeting of interventions through Glastir Advanced will be further improved from May 2015, and particularly to rationalise objectives so that meaningful benefits accrue, to better train contract managers and to improve the documentation, maps and guidance used by contract managers. While the Welsh Government has not made this explicitly clear, I assume that these actions are the result of its consideration of the findings reported to officials in March 2015 following the evaluation of a sample of Glastir Advanced contracts. The Committee might have welcomed some more detail about the findings from that work, particularly insofar as it addressed the question of additionality.

**Recommendation 2:** The Welsh Government accepts this recommendation. The Committee was making this recommendation in the context of the Welsh Government response to a related recommendation in my own report. In that response, the Welsh Government appeared to have wrongly interpreted my recommendation as promoting financial rewards to farms with unacceptably poor practices that were causing water quality problems. The response to the Committee's report provides a more rounded description of a range of actions designed to address the Committee's recommendation (and thereby my own previous recommendation). However, the response lacks some detail with regard to timescales for implementation.

The development of River Basin Management Plans under the Water Framework Directive promises better identification of problem areas and targeting of interventions. The Welsh Government says that it has access to the water quality evidence gathered by Natural Resources Wales in their work on these plans, and that it will be using this information to explore potential interventions to bring about the necessary improvements in water quality. Glastir payments targeted at key water quality catchments already identified will continue to be one of the range of interventions that the Welsh Government uses alongside of other incentives and changes to the regulatory system. For farms with unacceptably poor practices the Welsh Government says that it will work with Natural Resources Wales to offer effective pollution prevention advice and also use enforcement powers. The response also addresses the part of this recommendation that is concerned with paying or withdrawing payment of public funding, and elaborates on proposals to improve guidance and specialist advice to farmers to reduce their impact on water quality and limit greenhouse gas emissions.

**Recommendation 3:** The Welsh Government accepts this recommendation and appears to have made good progress to identify the ecological status of every water body in Wales in their River Basin Management Plans made under the Water Framework Directive. These plans identify the reasons for not achieving good ecological status,

including for water bodies on land maintained by Natural Resources Wales. The Welsh Government does not say how many Water Framework Directive failures can be traced back to land managed by Natural Resources Wales, an issue raised by the National Farmers Union of Wales during the Committee's inquiry. However, the response gives some detail of the prioritised programme of actions and timescale to improve water quality issues found on the Welsh Government estate.

**Recommendation 4:** The Welsh Government accepts this recommendation. The response is satisfactory and it reinforces some of the action outlined in response to a related recommendation in my own report, but now with some specific detail on the timetable for gathering feedback on the online application process.

**Recommendation 5:** The Welsh Government accepts this recommendation. The Welsh Government's response now reflects the Director General's commitment that Rural Payment Wales will report on progress in autumn 2015 with their preliminary work and on the recording of apportionments. The response also appears to confirm that the Welsh Government now accepts in full a related recommendation in my own report that it should routinely identify the running costs for Glastir to help assess the efficiency of scheme administration.

**Recommendation 6:** The Welsh Government accepts this recommendation about the alignment of various inspection regimes, pointing to the continuation of certain longstanding practices and plans for further dialogue with Natural Resources Wales in particular about opportunities for further co-ordination. However, during the inquiry when the Committee was discussing the issue of land where there is poor water quality, members were concerned that the Welsh Government had said it did not have access to important data on poor performing farms held by Natural Resources Wales or Rural Inspectorate Wales. I would therefore have expected the Welsh Government's response to offer some reassurance that cross-compliance arrangements will work better in the future and that knowledge will be more effectively transferred, and particularly with Natural Resources Wales and Rural Inspectorate Wales.

**Recommendation 7:** The Welsh Government accepts this recommendation and says that it will provide a list of key indicators for the scheme, not just for uptake, by autumn 2015. The Committee's recommendation is narrower than the related recommendation that I made in my report on Glastir, as my recommendation is not limited to uptake targets. I am therefore pleased that the Welsh Government will provide a list of key indicators for the scheme, and not just for uptake.



It would also be helpful if the Welsh Government could provide the Committee with an update on current progress to meet the existing target for scheme uptake, before any new targets commence in autumn 2015.

**Recommendation 8:** The Welsh Government accepts this recommendation in part. The Welsh Government's response is satisfactory and the partial acceptance is due, reasonably, to the timing of the final year baseline report on monitoring and evaluation, which will not become available until summer 2016.

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

Yours sincerely



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

# Agenda Item 7

Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth  
Department for Economy, Science and Transport

Cyfarwyddwr Cyffredinol • Director General



Llywodraeth Cymru  
Welsh Government

Darren Millar AM  
Chair  
Public Accounts Committee

1 June 2015

Dear Mr Millar

## **AGW Report – Welsh Government Investment in Next Generation Broadband Infrastructure**

Thank you for your letter of 28 May 2015 regarding the Auditor General for Wales's report Welsh Government investment in next generation broadband infrastructure.

We welcome the report, overall it is very positive identifying many aspects where the project is performing well and providing assurance that the Superfast Cymru project is well run.

It recognises that we are clear about what we are trying to achieve and that there is a clear justification for action. Our procurement was effective despite only having one final bidder and we now have appropriate arrangements in place to manage the project.

The report categorises progress as reasonable, although the project is currently ahead of contractual targets, and that the vast majority of the direct benefits in terms of jobs, apprenticeships and work experience have already been achieved.

However, given the sheer scale and complexity of the project and the rurality and topography of Wales it is not without its continuing challenges.

It will take some time to work through and properly address each of the recommendations in detail. In summary, however, communications and marketing is kept under constant review and we will continue to work with BT to ensure the project remains focused on achieving contractual targets.

Take-up is influenced by a wide range of factors most of which are beyond the control of the project so we will need to consider carefully our approach to targets.



We are developing new schemes to address those areas outside of the Superfast Cymru and commercial roll-out areas and will as part of this work consider how the Access Broadband Cymru scheme fits into these plans. We have already achieved major benefits targets but more work is in train to identify and track other less direct benefits.

The success of the project will lead to a range of lessons that both the organisation and the wider public sector can learn from and we will seek to share these lessons as widely as possible.

We look forward to receiving the committee's view on the report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Price' with '(SR PRICE)' written below it in a smaller, more legible font.

**James Price**

# Agenda Item 8

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

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