

Agenda – Public Accounts Committee

Meeting Venue:	For further information contact:
Committee Room 3 – Senedd	Fay Buckle
Meeting date: 15 September 2015	Committee Clerk
Meeting time: 09.00	0300 200 6565
	SeneddPAC@Assembly.Wales

1 Introductions, apologies and substitutions

(09:00)

2 Papers to note

(09:05–09:35)

(Pages 1 – 2)

Welsh Government Investment in Next Generation Broadband Infrastructure: Letter from Welsh Government (17 July 2015)

(Pages 3 – 6)

National Framework for Continuing NHS Healthcare: Letter from Welsh Government (21 July 2015)

(Pages 7 – 17)

Glastir: Letter from the Welsh Government (31 July 2015)

(Pages 18 – 54)

Unscheduled Care: Letter from the Welsh Government (7 August 2015)

(Pages 55 – 62)

Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from the Welsh Government (1 September 2015)

(Pages 63 – 64)

3 Financial Reporting Advisory Board (FRAB) Annual Report 2014–15

(09:35–09:50)

(Pages 65 – 89)

PAC(4)–22–15 Paper 1



**4 Inquiry into value for money of Motorway and Trunk Road
Investment: Consideration of the Welsh Government's Response**

(09:50–10:10)

(Pages 90 – 99)

PAC(4)–22–15 Paper 2

PAC(4)–22–15 Paper 3

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

(10:10)

Item 6

6 Scrutiny of Accounts 2014–15

(10:10–11:00)

Public Accounts Committee

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

Meeting date: **Tuesday, 14 July 2015**

Meeting time: **09.03 – 11.05**

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Private

Assembly Members:

Darren Millar AM (Chair)
Mohammad Asghar (Oscar) AM
Jocelyn Davies AM
Mike Hedges AM
Alun Ffred Jones AM
Sandy Mewies AM
Julie Morgan AM
Jenny Rathbone AM
Aled Roberts AM

Witnesses:

Committee Staff:

Michael Kay (Clerk)
Claire Griffiths (Deputy Clerk)
Joanest Varney-Jackson (Legal Adviser)
Hannah Johnson (Researcher)
Alistair McQuaid (Wales Audit Office)
Nick Selwyn (Wales Audit Office)
Mike Usher (Wales Audit Office)
Huw Vaughan Thomas (Auditor General for Wales)

1 Introductions, apologies and substitutions

1.1 The Chair welcomed the Members to the meeting.

1.2 Jocelyn Davies excluded herself for Item 3 under Standing Order 18.8. Alun Ffred Jones substituted.

2 Papers to note

2.1 The papers were noted.

2.2 The Clerk agreed to respond to Dr Andrew Goodall (item 2.1) seeking factual clarity regarding Aled Roberts question on the operational aspects of the out of hours service (page 13 of the BCUHB report).

2.1 Governance Arrangements at Betsi Cadwaladr University Health Board: Letter from Andrew Goodall (30 June 2015)

2.2 Regional Education Consortia: Welsh Government response to the Auditor General for Wales Report

2.3 Work Programme: Letter from Deputy Andrew Lewis, Chair, PAC, States of Jersey (2 July 2015)

3 Regeneration Investment Fund for Wales: Briefing from the Auditor General for Wales

3.1 The Auditor General for Wales briefed the Committee on his forthcoming report (due to be published on 15 July) on the Regeneration Investment Fund for Wales (RIFW).

4 Welfare Reform: Consideration of the draft report

4.1 Members considered and agreed the draft report subject to a few minor amendments. The Report will be published later this month.



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref :

Darren Millar AM
Chair
Public Accounts Committee

17 July 2015

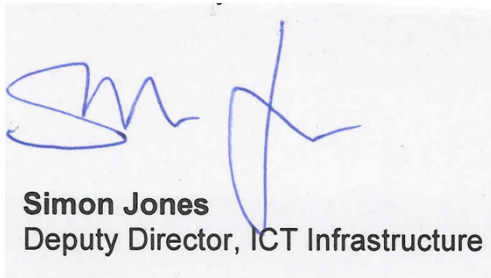
Dear Mr Millar

Public Accounts Committee - Welsh Government Investment in Next Generation Broadband Infrastructure

Further to my appearance before your committee on 7 July please find attached the additional information requested by the Committee.

The Welsh Government accepts all of the recommendations in the Wales Audit Office report. James Price's letter of 1 July sets out the Welsh Government position on the recommendations. The only detail to add is that in her oral statement of 7 July, the Deputy Minister for Skills and Technology outlined a take-up target of 50 per cent by 2024 and that BT have indicated that the Fibre on Demand product will be available to the majority of premises by the end of the summer.

Yours sincerely



Simon Jones
Deputy Director, ICT Infrastructure

Deputy Director, ICT Infrastructure
Pennaeth Cyflenwi Seilwaith TGCh
Department for Economy, Science and Transport
Yr Adran Economi, Gwyddoniaeth a Thrafnidiaeth
Welsh Government : Llywodraeth Cymru
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Public Accounts Committee meeting 7 July 2015

Further information requested.

A list of locations where issues of access have been difficult for Openreach.

Discussions with landowners on wayleave issues are a normal part of BT Openreach day to day activities and in the majority of cases a satisfactory agreement is reached. While there have been issues in connection with wayleaves during the project at present there are no wayleave issues that have been contractually notified by BT as insurmountable. There are of course a small number of areas where negotiations have been protracted but we would not want to name these until all avenues to find a resolution have been exhausted. This would be at the point where BT formally advise Welsh Government that they are unable to find a solution and therefore that the affected premises would need to be de-scoped from the contract.

What the Welsh Government expects to be delivered as part of the £1.7m marketing budget and how it is used on a geographical basis.

The delivery of communications and marketing activity is set out in a communications and engagement strategy agreed between Welsh Government and BT.

The strategy was reviewed in the summer of 2014 and subsequently revised to reflect changing priorities. The information below is based on the revised strategy.

The aims, objectives and strategy set out are as follows:

Aim

To support the success of the Superfast Cymru programme through the provision of timely, accurate and credible communications and engagement activity.

Objectives

- Raise awareness of Superfast Cymru among key audiences by providing up to date and credible information about the programme, the roll-out process and timescales.
- Engage regularly with key stakeholders so they are well informed and champion the project.
- Encourage take-up of fibre broadband in the Superfast Cymru intervention area by highlighting the benefits that the project will bring to households in Wales.
- Outline the benefits to Wales and Welsh society, economically and socially of the investment being made in superfast broadband.
- Highlight the benefits to third and public sector organisations of using and delivering services through fast fibre.

The Strategy

To deploy a range of communications and engagement activities to inform households and, third and public sector bodies about the programme, highlight the benefits it will bring to them and to Wales and engage with them to secure their support where necessary.

Action

The activity required to deliver the strategy is broadly as follows:

- Marketing
- Press and PR
- Internal communications
- Local and business advertising
- Stakeholder engagement

Specific activity includes.

- Superfast Cymru website
- Social media – twitter and Facebook
- Press and PR activity
- Marketing collateral – door drops, posters, leaflets, information packs
- Bespoke branding for Superfast Cymru and branding materials – cabinet stickers, cabinet wraps, van livery
- Local authority engagement
- Engagement activity – third sector bodies, community leaders, local events
- Social media advertising
- Radio advertising
- Local ambient advertising
- Press advertising
- Major event attendance – Royal Welsh Show, Anglesey Show, Pembrokeshire Show and Caerphilly Big Cheese
- Event sponsorship

Geographic spread

It is difficult to split the budget geographically as a number of key items are pan Wales or pan regional for example major press advertising and radio advertising, some press and PR activity.

However, under the current strategy the activity tracks the deployment; local activity begins in an area just ahead of deployment and then continues once deployment is in place. The communications activity is designed to be a repeatable process across every new area with essentially the same activity broadly taking place in every area and hence the budget is in essence spread relatively evenly across the country.

Rugby

With regards to the rugby related activity, advertising hoardings at games, shirt sponsorship and the use of regional rugby players in PR activity, this is free to the project as a result of the relationship between the project and BT Sport. A small amount of funding has been used on supporting PR activity.

Permitted development rights – telecommunications cabinets

Telecommunications cabinets are covered by permitted development rights. In November 2014 permitted development rights were liberalised in respect of fixed broadband apparatus on article 1(5) land (National Parks and AONBs) so that cabinets are no longer subject to prior approval by local authorities and are permitted subject to the developer giving one month's notice to Natural Resources Wales and the National Park Authority; and subject to their appearance.

Roll out of Fibre-on-Demand.

The Deputy Minister for Skills and Technology highlighted that through negotiations with BT in Wales “Fibre on Demand” will be available across the majority of the country. This is a business-focussed ultrafast broadband technology, which will be available by the end of summer 2015 to the majority of premises in Wales.

Location of where additional contracts will be required following the anticipated announcement on ‘Infill Stage 2’

Those areas that will not be covered by the Superfast Cymru project, including the extra premises announced by the Deputy Minister for Skills and Technology on 7 July, or commercial roll-outs (taken together those previously described as falling within infill stage 2) will be addressed through three routes. The new Access Broadband Cymru scheme highlighted by the Deputy Minister, community dig projects where communities use a combination of public and private sector support to develop local schemes or through re-investment of clawback funding secured through the contract.

As highlighted at the committee meeting on 7 July we do not yet know with absolute certainty where those premises will be. Until we have that certainty it could be potentially misleading to release any information about where those premises may be.



Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales.

Our Ref: AG/SV

21 July 2015

Dear Darren

Implementation of the Framework for Continuing NHS Healthcare in Wales

Thank you for your letter of 9 July in which you requested further detail on some of the recommendations contained in the Public Accounts Committees follow-up report on the implementation of the National Framework for Continuing NHS Healthcare (CHC). I have provided an update in relation to the points you raise below. I have also attached a separate document, outlining a wider update on progress.

Recommendation 1 - Arrangement for annual audit sample.

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

Recommendation 3 - Transfer of retrospective claims to the National Project

Health Boards have moved the Phase 2 and 3 backlog to the Powys Project, with only a small remainder of Phase 2 cases already in progress remaining with each health board. This approach enables health boards to focus on getting it right first time, provide timely administration of the appeals process for current cases and a prompt assessment of new retrospective claims submitted under the Framework.

Recommendation 7 - Distribution of Public Information leaflets

A key aim of the review of the CHC Framework was to make the process more user-friendly and focused on the needs of the individual. We have developed and distributed a range of public information leaflets, which are also available in easy read formats. Additional copies of the public information leaflet are being sent to each health board for distribution to care homes, GP surgeries and frontline services (e.g. one stop shops) and social care professionals.

We will also be undertaking further work over the summer. This will include a poster on CHC to raise awareness of the service. We will also redevelop the Complex Care

Information and Support Site to provide more information for the public and make it more available. At the same time we will review the need to issue further information when there is a need to reprint further leaflets.

Recommendation 8 - Mandatory guidance on availability of information

We developed and are about to issue a Welsh Health Circular for health boards, setting out where such material should be distributed. It will be displayed on the Welsh Government and the NHS website as well as notified directly to health boards and social care providers. The guidance directs health boards to undertake best practice by distributing to an enclosed standard distribution list as a minimum. It places the onus on health boards to ensure the material is provided to individuals so it is widely available. This includes prior to admittance to a care home and how the Decision Support Tool is applied to individuals being assessed for CHC. We have also asked health boards to report back quarterly on numbers of publications placed.

To underpin our work we established clear governance and accountability mechanisms, providing us with greater assurance. Delivery of CHC is now monitored by the National Complex Care Board which in turn is advised by practitioners and experts from a National Stakeholder Reference Group and National Complex Care Performance and Operations Group. I have attached further details of these arrangements, together with an update of progress to date in the attached document.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Goodall', written in a cursive style.

Dr Andrew Goodall

Response to the Public Accounts Committee Report on Implementation of the National Framework for Continuing NHS Healthcare Update

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.*

1. 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.*

2. Although Welsh Government requested health boards scope their work to ascertain whether CHC had been appropriately considered, there were some limitations arising as a result of this exercise. The specialist nature of learning disability services means the expert pool of staff that could be identified to undertake this work is very limited. A full review of all cases would take several months to complete and would require an expert health and social care team. To do this in the short term would have meant diverting staff away from their current roles, potentially leading to risks to those in receipt of services.
3. To provide assurance primary health needs are considered both now and going forward, we will fully consider eligibility at the next planned review date. In the meantime, we commissioned health boards to undertake a dip sampling exercise of 50 – 100 cases reviewed to date. These focussed on joint-funded learning disability care and support arrangements but on a wider sample than that used in the 2014 audit and with learning disability expertise included as part of the audit. From the 920 known learning and disability CHC cases 103 dip samples showed 21 cases could potentially be affected.
4. In addition to the dip sample exercise, Aneurin Bevan University Health Board did, however, confirm from their systems the primary health need was appropriately considered in determining eligibility and therefore no changes were apparent. Hywel Dda University Health Board also proposed they jointly review their cases with those of ABMU to ensure an independent peer review model is in place and that work is underway. Our approach provides assurance and evidence that expert practitioners are considering eligibility appropriately, including in those cases where a package of care has been in place for some time and where, if the individual is relatively stable, reviews are undertaken less frequently.
5. The next stage will involve an examination of the financial and service implications for those people assessed as being eligible for CHC. Some people would argue that bringing people within CHC puts them inappropriately within a medical model. We want to ensure that no one has been put at a

financial disadvantage and they continue to exercise maximum control over their care and support arrangements.

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.*

6. Welsh Government monitors monthly progress on retrospective claims. The National Complex Care Board (NCCB) is jointly chaired by the Director of Social Services and Integration, Welsh Government and the Chief Executive of Powys teaching health board. It actively monitors progress via regular reports at each meeting. Health boards are represented on the NCCB by the accountable executive director. Welsh Government directly engages with the lead directors, challenges progress and agrees additional actions to ensure compliance with the required processes and timescales.
7. Retrospective claims are complex in nature, and the nature of their management is determined by the date by which the claim refers. June figures show 2,091 outstanding claims undertaken by the National Project, down from 3,250 in January. These are broken down below and the estimated date for dealing with these claims is December 2016.
 - Phase 1 (2,454 claims covering 1 April 1996 - 15 August 2010). 2,452 have been completed or closed. 2 have been reviewed and awaiting completion.
 - Phase 2 (936 claims covering 1 April 2003 - present). 200 have been reviewed/closed, 736 have been activated and are being worked on (i.e. evidence requested, chronologies being built).
 - Phase 3 (2,698 Claims covering 1 April 2003 - 31 July 2013). 1,345 have been closed. 1,353 to be reviewed. 160 have been activated and legal financial evidence requested.
8. Individual health boards have a smaller number of claims to manage, 465 in total.
 - Phase 2 355 claims remained with health boards. Of those 294 have been reviewed and closed, leaving 40 require to be reviewed. Of these 36 are activated.
 - Phase 3 110 claims received. Of these 8 have been reviewed and closed, leaving 96 to be reviewed. Of these 42 have been activated.
9. To speed up this process Health boards will receive further guidance on when and how they should fairly consider evidence of proof of payment from an individual regarding a claim. It complies with the Ombudsman's Principles of Good Public Administration claimant Welsh Government. This has been developed with the approval of the Public Services Ombudsman for Wales and the Wales Audit Office and will be issued over the next few weeks.

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.*

10. As stated at Committee in February, chief executives agreed a revised model to process phase 2 and phase 3 claims, moving resources from individual health boards to the National Project Team. The exceptions to this arrangement are those phase 2 claims currently active and under review by individual health boards. This process and necessary recruitment within the National Project Team, is underway. This will include clinical advisors (based on 12.2 wte), nursing reviewers (14 wte), special investigators (18.6 wte) and administrators (12 wte). These arrangements will ensure initial scrutiny and chronology stage of the process is conducted in a timely manner.
11. It is expected the National Projects will reach full recruitment capacity in November though it is making significant progress already. At present 6 special additional investigators have been appointed and 5 are already in post. A further 6 vacancies interviewed this week. Although only 3 administrators and two special investigators have been recruited, though already this has created some improvement in the number of cases going through. For example there has been an increase in the number of chronologies completed from 13 in June to 16 in the first 2 weeks of July. 4 Nurse Reviewer candidates were interviewed on 20 July. We will also monitor performance on a monthly basis to measure impact.

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.*

12. As set out in recommendation 3, health boards have moved the majority of phase 2 and all of phase 3 claims to the Powys Project. The exception being those phase 2 claims health boards are currently reviewing. This approach allows health boards to ensure timely and accurate arrangements for current cases and new retrospective claims when they are received.
13. The 6 month timescale set out in the Framework is realistic. The arrangements above will also address the issue of performance management data, as all claims will be managed using their claims database, which meets the requirements recommended by WAO.
14. The revised governance arrangements will ensure there is additional scrutiny of performance. Chief executives or executive leads for CHC are responsible for signing off the provision of monthly data on retrospectives and will ensure they are sighted on the latest position and ensure appropriate action is taken. Welsh government monitors progress on a monthly basis, including cases closed and where payment has been made, to ensure this work is ongoing.

15. In addition, the NCCB receives regular reports at each meeting and monitor compliance.

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.*

16. The Governance and Accountability Framework was approved by each health board and is now operational. It provides more formal systems where lead executives and or chief executives of local health boards can receive expert advice and briefing.

17. The National Stakeholder Reference Group (NSRG) is chaired by the Director of Social Services and Integration. In acknowledging issues surrounding CHC cannot be isolated from those of complex care, this group provides both Welsh Government officials and the NCCB (below) with access to wider expertise. Dates for future meetings are being realigned so the NSRG meets approximately 2 weeks before the NCCB. Memberships of both groups are at doc 1.

18. The NCCB was established and has met on two occasions and will next meet on 6 September. It provides Welsh Government with an assurance and monitoring mechanism and is jointly chaired between the Chief Executive, Powys (teaching) Health Board and the Director of Social Services and Integration, Welsh Government. Advice on implementation and operational issues is provided by a National Complex Care Performance and Operations Group. Broader strategic advice is made available through the NSRG, whose membership includes the lead executive director in each health board. The NSRG is developing a detailed programme of work for its next meeting. This ensuring health board executive directors are responsible for:

- ongoing monitoring of the 2014 CHC National Framework implementation,
- driving implementation of both the WAO and PAC recommendations,
- strategic oversight of retrospective claims, and
- strategic oversight of CHC related performance data.

19. Those components will be reviewed in six months to consider progress and potential capacity to accommodate additional more proactive pieces of work. The terms of reference for the NCCB have been approved, subject to further review.

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.

20. Additional copies of the public information leaflet are being sent to each local health board for distribution to local care homes, G.P. surgeries, frontline services (e.g. one stop shops) and social care professionals. We developed and will issue a Welsh Health Circular in the next few weeks for health boards. This guides and instructs them on where to distribute this leaflet and other CHC material and publicity (see recommendation 8, below). Electronic copies of the leaflets have also been issued to the various care homes registered with the Care and Social Services Inspectorate (Wales) (CSSIW) as well as social care professionals. This leaflet, guidance and 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 (CCISS).
21. We will be undertaking further work on the website to develop more information for the public over the summer. We will also review the need to issue further information when there is a need to reprint further leaflets. Care homes and voluntary organisations have already received electronic copies of this leaflet from Welsh Government to ensure there are no gaps in coverage.
22. Welsh Government is presently developing posters and will ask local health boards to distribute them signposting to the Welsh Government website, where the leaflet and information is available. We ensure this work is also placed on the Complex Care Information and Support site (CCISS).

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.

23. Welsh Government provided health boards and social care providers with a minimum standard distribution list to ensure the leaflets are widely available. As stated in recommendation 7, we have developed mandatory guidance for health boards through a separate Welsh Health Circular on the issuing of CHC information. This will shortly be made available on the Welsh Government and NHS (HOWIS) website and notified directly to health boards and social care providers. It reflects the wishes of the Committee that additional copies of the public information leaflet will be sent to each local health board for distribution to local care homes. This guidance provides a minimum standard distribution list to ensure the local health boards issued leaflets in a manner that they are widely available, including G.P. surgeries.
24. The guidance also provides links to electronic versions of the public information leaflet and both the Welsh Government and CCISS websites. The guidance directs health boards to undertake best practice when disseminating

information. It specifically requires health boards to consider the provision of other information to those individuals (and/or their family members) in or prior to care home admission. It also requests the provision of other information which may be of benefit, such as how the Decision Support Tool is applied to individuals being assessed for CHC.

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.*

25. Whilst the 2010 Framework required that individuals be provided with access to independent advocacy when required, this has been strengthened in the 2014 Framework. Welsh Government asked health boards for the position on advocacy and will ask for an update on the approach to be taken for the next meeting of the Complex Care Board.
26. The role of the advocate has been clarified in the Practitioners' Frequently Asked Questions Booklet. Care co-ordinators are expected to support access to effective advocacy by:
 - Publicising the availability of local providers
 - Giving the advocate reasonable notice of meetings / support required. Arrange for them to meet the individual concerned to build trust, obtain their views and be in possession of the relevant facts.
 - Where practicable, and with the individual's informed consent, providing assessment reports prior to the multi-disciplinary team meeting so that the advocate can talk their client through them and help them.
27. The choice as to whether an individual with capacity wishes to access independent advocacy lies with them. In weighing up whether they wish to pursue this option, the individual may find it helpful to talk to an independent advocate who can explain what support they could provide. A family member or friend may also wish to access an independent advocacy service to support them and should be provided with the same information.
28. Officials are working with the Wales Audit Office to ensure routine advocacy can be identified through data collected by the self-assessment toolkit. This will be used by health boards by the end of September.
29. The requirements to provide Advocacy and Safeguarding services are enshrined within the Social Services and Wellbeing (Wales) Act 2014. The code of practice in relation to Advocacy (Part 10) sets out the requirements for access to advocacy services and support. These do not include advocacy specifically in relation to continuing health care but in responding to the population assessment (Part 2) required by the Act, regional partnership

boards will need to ensure they are able to respond to advocacy requirements for all individuals. The engagement of the WCVA will be important as a valuable source of information and advice. The WCVA has previously shared information on provision.

30. We want to encourage an integrated approach to securing appropriate advocacy provision. An integrated approach based upon evidence in terms of demand and activity is likely to provide more stable funding for advocacy services and enable them to plan more effectively.
31. As part of the proposed Tranche 1 of regulations within the Inspection and Regulation Bill, advocacy will become a regulated and inspected service.
32. Welsh Government sponsored and facilitated a national training workshop for advocates on 6 November last year. Officials have also presented at one national and two regional advocacy network meetings. We anticipate that with additional resources for the delivery of training in relation to CHC that we will be able to provide greater support for advocacy services with regard to information about CHC.

DOC 1

MEMBERSHIPS OF NATIONAL COMPLEX CARE BOARD AND NATIONAL STAKEHOLDER REFERENCE GROUP

a) Memberships of National Complex Care Board

Albert Heaney (Joint Chair)	Welsh Government
Carol Shillabeer (Joint Chair)	Powys (teaching) Health Board
Reena Cartmell	Betsi Cadwaladr UHB
Alice Casey	Cardiff & Vale UHB
Ceri Davies	Welsh Government
Kathryn Davies	Hywel Dda UHB
Lisa Dunsford	Welsh Government
Kath Gallagher	Retrospective Claims National Project
Alex Howells	Abertawe Bro Morgannwg UHB
Rhiannon Jones	Powys (t)HB
Jamie Marchant	Aneurin Bevan UHB
Jill Paterson	Chair of the National Implementation Group
Gaynor Williams	NHS Wales
Lynda Williams	Cwm Taf UHB

b) National Stakeholder Reference Group

Albert Heaney	Welsh Government
Lisa Dunsford	Welsh Government
Tracey Williams	Welsh Government
Dave Street	Association of Directors of Social Services Cymru
Mario Kreft	Care Forum Wales
Paul Gilchrist	Aneurin Bevan University Health Board
Daisy Cole	Older People's Commissioner for Wales
Gareth Haven	Welsh Government
Steve Vaughan	Welsh Government
Steve Ashcroft	Wales Audit Office
Geraint Jones	Public Service Ombudsman for Wales
Bob Hudson	Powys (teaching) Health Board
Colin Jones	Independent Chair
Sarah Powney	Welsh Government
Jim Crowe	Learning Disability Advisory Group
Sue Willis	Children's CHC Advisory Group
Sarah Watkins	Mental Health Advisory Group



Llywodraeth Cymru
Welsh Government

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

31 July 2015

Dear Mr Millar

Thank you for your letter to Gareth Jones dated 30 June 2015. I am responding on his behalf. Set out below is further clarification on the points that you raised.

In relation to Recommendation 1, and the additional value that Glastir Advanced brings in support of the Welsh Government's objectives, the Committee would welcome some further information from the evaluation of a sample of Glastir Advanced, which I understand reported in March 2015, in particular how the Glastir Monitoring and Evaluation Programme has helped you understand the additional value derived from Glastir Advanced.

The remit for the Glastir Advanced Evaluation Panel was to 'evaluate the effectiveness of a selection of Glastir contracts and report back on their conclusions and recommendations.' More specifically, the Panel was asked to:

- assess the extent to which existing contracts have the potential to meet the key objectives for which they were selected.
- assess the extent to which objectives are being delivered at a landscape scale
- identify what improvements could be made to documentation, guidance and maps to support Contract Managers (CMs) to sign more effective contracts.
- identify where additional training needs may be required by CMs.

The Panel found a number of examples of best practice in the design and implementation of the Glastir Advanced scheme and considerable evidence of measures that would deliver significant environmental improvements. The Panel also found some areas where the Welsh

Parc Cathays/Cathays Park
Caerdydd/Cardiff
CF10 3NQ

Government can build upon the solid foundation provided by the scheme and made 10 specific recommendations which the Deputy Minister for Farming and Food will now consider.

The Panel's full report is attached and can also be found at:

<http://gov.wales/topics/environmentcountryside/farmingandcountryside/farmcountrypublicationindex/glastir-advanced-evaluation-panel-report/?lang=en>

The work of the Glastir Monitoring and Evaluation Programme (GMEP) had, at that stage, not progressed to a sufficient stage of reporting detail to be able to support the work of the Glastir Advanced Evaluation Panel. However, as previously noted in the earlier response to Recommendation 8, the Welsh Government will provide a synopsis of findings in the GMEP annual reports to the Committee following the publication of the final year baseline report by autumn 2016.

In relation to Recommendation 2, it would be helpful to understand the intended timescale for implementation of action to tackle poor practices.

Natural Resources Wales (NRW) are currently finalising arrangements to submit the updated River Basin Management Plans (RBMPs) to Welsh Government during this autumn for Ministerial sign-off. The updated plans need to be approved and published by 22 December 2015.

The updated RBMPs set out progress made during the first RBMP planning cycle (2009-15), the current state of our water environment, the significant issues/risks that need to be resolved and a summary programme of measures to deliver a sustainable land-water environment. The summary programme of measures includes actions to address the impacts of poor land management practices and identifies the key delivery partners.

The Water Framework Directive requires the programme of measures to be made operational by 2018 and for progress to be reported to the European Commission.

The Water Strategy for Wales sets out the Welsh Government's high-level timeline for delivery of key objectives and supporting actions. In the near short term, we will be undertaking a review of Nitrate Vulnerable Zones (NVZs) across Wales, with new designations to be in place by January 2017. Farms located within any areas newly identified for designation will be required to comply with the rules and restrictions set out in the Action Programme, to help promote general good practice and improve the water quality in those areas.

In the short term between now and 2020, we will be working with NRW to build on the existing River Basin Management Liaison Panels as a means of broadening community involvement in the development of policy at the catchment level, informing and evolving with our development of the area-based approach to Natural Resource Management.

Within this same timescale the Welsh Government will ask Natural Resources Wales to review the effectiveness of their current provision of pollution prevention advice and enforcement procedures to ensure they are fit for purpose. We will encourage Natural Resources Wales and our own Agricultural Advisory Services to work with landowners to develop a common understanding of diffuse pollution and its prevention through improved land management and we will consult on and implement regulations to reduce oil pollution in Wales.

As an ongoing and long-term action, we will work with all the relevant sectors to address diffuse water pollution through understanding, reviewing and (where appropriate) changing practices and regulatory approaches, in line with 'Working Smarter' principles.

In relation to Recommendation 3, we would welcome any information you may have on Water Framework Directive Failures that can be traced to land managed by Natural Resources Wales.

In Wales, nearly 5% of WFD water body failures to achieve good status are related to forestry activities (Living Waters For Wales, 2013). Natural Resources Wales are committed to reducing that number by dealing with the causes of those failures and improving environmental quality across the Welsh Government Woodland Estate (WGWE).

The dominant reasons for failure in water bodies associated with forestry are acidification and poor fish populations. Other threats include scavenging of acid deposition, sedimentation, pesticides, excessive shading, nutrient enrichment, contamination from fuel oils and barriers to fish migration.

Natural Resources Wales are addressing these issues by complying with the UK Forest and Water Guidelines 5th edition (UKFWG) published in November 2011. Well maintained culverts, effective silt traps, roadside drains separate from any natural watercourses, riparian zones and appropriate water management within the forest are essential for maintaining good ecological status across the WGWE. Pollution safeguards are in place when forest operations are carried out.

Natural Resources Wales have identified 22 such priority water bodies where they will:

- review the forest riparian management and drainage systems and ensure they meet the UKFWG standards by 2021
- prepare forest resource plans and identify potential risks, such as civil engineering, clear-felling and restocking and implement ways to mitigate them, considering Low Impact Silvicultural Systems (LISS) where applicable.
- where unavoidable forest operations, such as felling to comply with a plant health order, could have a significant water quality impact they will take all steps to mitigate them.

During 2015 Natural Resources Wales are updating their WFD evidence base as part of the River Basin Management Plans. This information will inform their priority water body programme.

In relation to Recommendation 6, the committee would be grateful for additional assurance that cross-compliance will work better in the future and that knowledge will be more effectively transferred – in particular the Rural Inspectorate Wales and Natural Resources Wales. We would be interested to understand what progress was made at the Welsh Government's meeting with Natural Resources Wales earlier this month.

Rural Payments Wales(RPW) met with Natural Resources Wales(NRW) on Friday 19th June and discussed options for greater co-ordination between our inspectorates, with a view of reducing the inspection burdens on farmers and maximising administrative efficiencies.

There are elements of Cross Compliance inspections that warrant NRW to accompany RPW in certain cases and these are combined as part of the RPW annual inspection cycle. It has been agreed with NRW that joint training with RPW inspectors in the autumn will allow more RPW inspectors to cover the basic requirements of these elements under Cross Compliance, limiting the number of inspections NRW will need to complete, and improving efficiency for all concerned.

NRW have also agreed to share their annual selection of inspection cases, with a view that their inspections can be combined with RPW wherever possible. If a farmer has been selected for an inspection by both NRW and RPW, but it is not possible to combine the inspection (as they cover specific and separate element), then we will ensure that the inspections of both organisations are timed and arranged in a way that lessens the impact on the farmer.

In relation to Recommendation 7, we would welcome an update on current progress against the current target for uptake of Glastir, prior to the new targets that you undertake to provide by Autumn 2015.

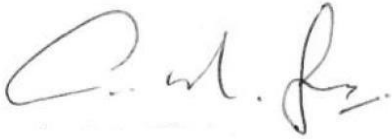
The Welsh Government reports progress for delivering the Rural Development Plan to the Programme Monitoring Committee, including the targets for Glastir to achieve by the end of the RDP period, and the delivery achieved to date. Glastir is of course a demand-led scheme, and, as previously discussed with the Committee, uptake will depend on a range of factors.

	Target	Achieved	% of target
Glastir Entry			
Number of supported holdings	7,000	4620	66%
Total agricultural land supported (ha)	300,000	559,442	186%
Glastir Advanced			
Number of supported holdings	500	1473	294%
Total agricultural land supported (ha)	16,667	253,589**	1521%
Glastir Commons			
Number of supported holdings	200	198	99%
Total agricultural land supported (ha)	30,000	117,000	390%
Glastir Woodland Creation			
Number of supported holdings	450	562	125%
Total agricultural land supported (ha)	1,166	1767	152%
Glastir Woodland management			
Number of supported holdings	200	178	89%

** This is the total area of the Glastir Contract that has Advanced elements within it. This does not include Glastir Advanced on Common land.

I hope that the information included within this letter provides the Committee with the information required. Please do not hesitate to contact me if you need anything further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Slade', written in a cursive style.

Andrew Slade
Director
Agriculture, Food and Marine



Llywodraeth Cymru
Welsh Government

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Glastir Advanced Evaluation

Panel Findings and Recommendations

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Glastir Advanced Evaluation Panel Report

1 Background

Glastir Advanced is the Welsh Government's primary delivery mechanism for targeted land management interventions under the 2014 to 2020 Rural Development Plan for Wales. An innovative feature of the scheme is that it uses a GIS-based decision support system to inform both selection of holdings and the choice of actions within the scheme. The decision support system is informed by a series of map layers showing the areas where over 100 different objectives could potentially be delivered across Wales.

In consulting on the proposals for Glastir under the 2014 to 2020 Rural Development Programme for Wales, the Welsh Government (Welsh Government, 2014) reported that during the development of Glastir Advanced, concern had been expressed about the large number of target layers and the direction to Contract Managers that they should ideally be looking to include in the contract at least one activity for all the potential objectives identified. They pointed out that fears had been raised in some quarters (e.g. Everett, 2013; Wildlife and Countryside Link, 2013), that this might lead to a "tick box" approach, whereby only a minimum amount of activity is assigned to each objective to deliver a contract.

The Welsh Government was very clear in the consultation document that this was not the intention of the scheme. They pointed out that Contract Managers are trained to, wherever possible, sign applicants up to the maximum amount of activity to deliver the identified environmental objectives listed when the farm is selected. The Welsh Government also said that there were many examples of contracts where a constructive dialogue had taken place between Contract Managers and environmental partner organisations, which had led to detailed plans to meet objective requirements, or, alternatively, a mutual acknowledgement that objectives should be dropped as inappropriate for that farm. The consultation document made it very clear that this was how scheme implementation was envisaged.

Nevertheless, in response to the concerns expressed, the Welsh Government made the following commitments:

- 1.1 ***To commission and publish a desk evaluation of a sample of contracts for the first 2 years of the scheme, which considers how well the signed contract is likely to deliver against the objectives for which it was selected.***
- 1.2 *To review working guidance for Contract Managers in light of these findings and provide additional training, where necessary, to ensure quality of contracts being signed.*

The Glastir Advanced Evaluation Panel was established at the end of October 2014 in order to provide an independent evaluation of a sample of contracts that would fulfil the first of these two commitments and inform the second.

2 Appointment of the Panel

The remit for the Glastir Evaluation Panel stated that the Panel should consist of an independent Chair and two additional independent members, one from an environmental organisation and one from the farming community. Panel members were, however, appointed for their individual knowledge and experience, not as representatives of wider interest groups.

Geoffrey Radley, who was appointed to chair the Panel, is an independent environmental and ecological consultant who formerly worked for Natural England. Whilst on secondment to Defra from 2002 to 2005 he led a review of the existing English schemes and led the team that designed Environmental Stewardship. He contributed to the agri-environment section of the 2007 to 2013 Rural Development Programme for England, worked with CEH on the evaluation of Higher Level Stewardship and, since leaving Natural England, has worked on projects looking at agri-environment schemes across Europe.

Arfon Williams of RSPB Wales was appointed as the Panel member from an environmental organisation. He has direct experience of agri-environmental schemes, having formerly worked as a project officer on Tir Gofal, and he also comes from a farming background.

Ieuan Joyce, who farms in Ystumtuen, Ceredigion was appointed as the Panel member from a farming background. He was previously a lecturer in farm animal science at the University of Leeds. He was a council member of the Countryside Council for Wales, is a member of ACRE (Advisory Committee on Releases to the Environment, Defra), is Chair of the Elan Valley Trust and was a member of the Wales Upland Forum.

3 Remit and timetable for the evaluation

The remit for the Glastir Advanced Evaluation Panel was to 'evaluate the effectiveness of a selection of Glastir contracts and report back on their conclusions and recommendations.'

More specifically, the panel were asked to:

- Assess the extent to which existing contracts have the potential to meet the key objectives for which they were selected.
- Assess the extent to which objectives are being delivered at a landscape scale
- Identify what improvements could be made to documentation, guidance and maps to support Contract Managers (CMs) to sign more effective contracts.
- Identify where additional training needs may be required by CM's.

The mode of operation was left to the Chair of the Panel's decision, but it was suggested that the evaluation should include:

- An independent selection of existing Glastir Advanced contracts by the Panel to ensure impartiality
- A desk-based assessment of contract maps against a simple appraisal scale e.g. delivers all objectives / delivers most objectives / delivers some objectives, etc.
- Interviews with CMs to discuss any constraints to better achieving the Glastir objectives
- Potential for live contract on-farm visits by the panel to further inform their deliberations

The Evaluation was scheduled to run from late November 2014 to the end of January 2015, with the report produced in time to inform training, supporting documentation, guidance and maps before CMs start to negotiate contracts ahead of the 1st January 2016 start date.

4 Development of a methodology

4.1 Constraints

As explained in the previous section, the Glastir Evaluation Panel was asked to undertake a desk study to be completed between late November 2014 and the end of January 2015, so that the conclusions could inform the development of new contracts during 2015. Given the complexity and diversity of Glastir Advanced contracts, the decision was taken at an early stage to use an appraisal panel, relying on the expert judgement of the panel members, informed by a dossier of relevant information about each holding, its environmental features and the contract. A similar approach was taken by the Centre for Ecology and Hydrology to assess the potential of agreements under the Higher Level Stewardship Scheme in England (Mountfield et al., 2013).

4.2 Review of available information

On appointment, the Panel Chair undertook a review of the scheme information and supporting data that was available to inform an evaluation of Glastir Advanced contracts. The Secretariat supplied copies of a range of generic supporting information, including the following:

- The Glastir Advanced rules booklet
- A matrix showing which management options are eligible for use against which objectives
- A matrix showing which capital items are eligible for use against which objectives

The Secretariat also supplied the following Information specific to a sample contract:

- The Glastir Advanced contract, which, amongst other things, lists the management options and capital item with the parcel numbers in which they are located,
- Glastir Advanced contract maps showing the contract area, the permanent features and the locations of the management options and capital items
- Objective targeting maps, showing relevant target areas for different objectives that overlap with the area of the holding
- The Glastir Water Management Plan for the holding
- A list of the targeted objectives for the contract, showing which ones have been addressed and which ones have not
- A set of notes explaining why some objectives have not been addressed in this contract

The information supplied allowed a clear picture to be obtained of which options and capital items had been applied where, and for which objective. It also allowed an assessment of how these options and capital items related to the target areas for the different objectives, which is a necessary starting point for an evaluation. Working through the information supplied did, however, raise a number of issues:

- The codes used on the maps are parcel-specific. They had to be cross-referenced to the tables in the contract to work out which objectives and capital items are being used in each parcel or on each field boundary. Holdings are also shown on multiple, overlapping maps with the same actions shown on more than one sheet.
- In the table relating the options and capital items used in the contract to the objectives, the options and capital items are not grouped by objective. This made it difficult to get an overview of the management undertaken for each objective.
- The maps showing the target areas for the different objectives vary considerably in their scale of resolution. Most of the maps are not resolved to anything like parcel level, which made it difficult to say whether the location of options within the holding is appropriate or not.
- For a number of objectives where maps showing the target areas did have a finer scale of resolution, including lowland grassland, lowland heathland and woodland primary network, the target areas shown on the maps bore little or no relation to the parcels where suitable options for these habitats had been located in the sample contract. From the scheme information alone, it was not possible to determine whether this reflected poor choices in the location of management options or, more likely, the limitations of the data used to compile the objective targeting maps.

By contrast, the maps, schedules and photographs in the water management plan allowed detailed comparisons to be made with the locations of relevant management options and capital items, providing a good basis for assessing which of the identified priorities had been addressed.

Two things became apparent as a result of this exercise:

1. That obtaining an overview of which options and capital items had been used for which objectives and where these had been placed on the holding was a complex process.
2. With the possible exception of the water quality objectives, additional information would be needed in order to make valid assessments of the extent to which existing contracts had the potential to meet the key objectives for which they were selected and of the extent to which these objectives were being delivered at a landscape scale.

Research by the Panel Chair identified the following potentially suitable sets of additional information:

- Natural Resources Wales Phase 1 habitat maps. These provide comprehensive coverage, though the basic survey is now quite old (1979 – 1997).
- Natural Resources Wales Phase 2 habitat survey includes maps for lowland grasslands, lowland heathlands, and lowland peat. Surveys of these habitats were carried out at various dates, all later than Phase 1.
- Remote sensing images, using near infra-red and visible light, which includes comprehensive, recent cover of Wales.
- A wide range of information generated by the Centre for Ecology and Hydrology (CEH) for the Glastir Monitoring and Evaluation Programme (GMEP) (Emmett et al. 2014) including:
 - A wide range of habitat, species, soil, water, landscape and historic environment data have been collected from 150 samples 1km² squares in 2013 and 2014.
 - CEH remote sensing data on peatlands.
 - CEH impact monitoring studies, which model landscape scale impact

Given the scale of the work being undertaken by CEH and the prospect of a ready-made sampling strategy, the Panel Chair decided to meet them, with the Welsh Government Secretariat, to explore the extent to which the data collected could be useful to the Panel. This meeting took place on 13th November 2013.

At that meeting, CEH staff explained the sampling strategy for GMEP, which was based on 1km² sample areas, stratified by ITE Land Class. Within each land class area the All Wales sample km²s were selected randomly, whilst the Targeted Component samples were weighted proportionately to the total objective score of each km².

CEH confirmed that so far 150 squares had been sampled, of which 75 were from the targeted element. 57% of the 150 samples overlapped to at least some extent with a Glastir contract, but it had proved very difficult to ascertain the full extent of the overlap. Various difficulties of data access and analysis had meant that it had not been possible to provide a detailed estimate of the number of Glastir Advanced contracts that overlap with sample squares. CEH estimated that it might be about a third of the 75 targeted element squares, though there was at the time no estimate of the extent of that overlap and obtaining such an estimate would have required additional analysis.

The limited overlap between GMEP sample squares and Glastir Advanced contracts suggested that overlap with a CEH sample square would not be a particularly useful basis on which to select a sample of Glastir advanced contracts. This in turn limited the usefulness of the field survey data collected by CEH for the purposes of the panel.

The meeting did however result in a very useful discussion about what datasets would be most beneficial in helping the Panel to evaluate Glastir Advanced contracts. As a result of this, it was agreed with the secretariat that the following additional reference information would be supplied for all contracts sampled:

- An Ordnance Survey base map of an appropriate scale
- Recent colour vertical aerial photography, rectified to fit with the base map and scheme information, to allow a visual check on the situation on the ground.
- The phase 1 vegetation survey data from NRW, providing consistent, basic information on the range and location of habitats within and adjacent to the holdings
- The Ecosse 2 and Unified Peat maps to provide a check on the target area maps for the carbon soil objectives.

In addition it was agreed that the secretariat would, where they existed, supply copies of any advisory reports, information and formal written advice received by the CMs in relation to a contract. These included:

- Water Management Plans (for the water quality priority 1 and 2 areas)
- Nutrient Management Plans
- Reports on Scheduled Ancient Monuments from CADW and on other historic features from Archaeological Trusts
- Formal and informal advice from NRW on the management of SSSIs and their buffer zones
- Any other written records of consultations over particular objectives

5 Evaluation method and scoring

The complexity and diversity of Glastir Advanced contracts, the volume of relevant information available and the complex process involved in compiling a contract confirmed the original decision to use an appraisal panel-based evaluation process.

The Panel conducted an exploratory trial run on 26th November 2014 using dossiers prepared for two sample contracts (neither of which were included in the sample for the evaluation proper). Having familiarised themselves with the scheme, contract and reference information supplied, panel members talked through these two contracts with the CM who had helped to set them up. Panel members found these discussions allowed them to get a much clearer understanding of the contracts and helped to clarify issues that could not be resolved from the written documentation alone. The indications from this exercise were that this approach, including a discussion with the responsible CM, would provide Panel members with enough information to allow a meaningful assessment of potential to meet key objectives, and to identify elements of good practice and areas for improvement.

Before the Panel started to consider the sample contracts to be used in the evaluation process they adopted some working practices to structure the assessment process. The Panel chair annotated the contract maps to show which options and capital items had been used in which locations. He then compared these to the phase 1 habitat survey map in order to get some idea what sort of habitats the actions had been applied to. He also prepared a table showing in one place the set of options and capital items assigned to each objective.

Panel members agreed that the main focus of the assessment should be the extent to which existing contracts have the potential to meet the key objectives for which they were selected. For each contract, they were asked to consider three aspects of contract potential before the meeting at which the contract was to be discussed:

Selection of objectives to address / reject

Given all the objective layers relevant to the farm, how good were the decisions on which objectives to address and which not to? Did any of those not addressed represent major lost opportunities? Were any objectives addressed that should not have been? Did the selection make for a manageable contract, or is it over-complex?

Choice of management options and capital items

For the objectives to which a contract is intended to contribute, how good was the choice of management options and capital items? This was a particularly important question where achieving an objective requires a combination of several different management options and/or capital works.

Deployment of management options and capital items

For each management option and capital item, how well were they targeted within the farm? Were there any examples where options or capital items appear to have been put in the wrong place? Was the area/length/number of units too small/short/few to have the required impact, about right or too large/long/many to be cost-effective?

From this assessment, Panel members were each asked to identify good points in the contract and potential weaknesses and to identify issues that needed to be clarified or explored further with the CM at the Panel meeting.

Following the discussion, Panel Members were asked to write down a list of good points about each contract and a list of areas where improvements could have been made. They were also each asked to, without conferring; assign the contract an overall score for its potential to meet the key objectives for which it was selected. After some discussion and iteration, Panel members agreed to use the following five point scoring system for all the sample contracts:

1. **Optimal or near optimal** – The contract has the potential to make an optimal contribution to scheme objectives. No improvements to suggest.
2. **Good** – The contract has the potential to make a useful, cost-effective contribution. Minor improvements may be possible.
3. **Uneven quality** – The contract is likely to make a useful, cost-effective contribution to some objectives, but there is substantial room for improvement in the contribution likely to be made to other objectives.
4. **Poor** – The contract has the potential to make some contribution to scheme objectives though there is substantial room for improvement across all or most of the objectives.
5. **Unacceptable** – The contract is deeply flawed and unlikely to make a cost-effective contribution to scheme objectives.

When the Panel re-convened, individual scores were compared and consensus reached on what score the contract should finally be allocated.

6. Sampling strategy

Based on findings from the preliminary assessment of contracts, it was decided to sample fifteen contracts, assessing five contracts per day at each of three panel meetings. With this sample size, choosing the samples on a purely random basis would have risked very uneven coverage of the scheme and the issues that it faces. Instead, a procedure was developed to ensure that the sample could be broadly representative of the operation of Glastir Advanced across Wales, whilst minimising bias.

Rural Payments Wales administer the scheme through their three regions and it was agreed to sample five contracts from each region in case there were big differences between the way the scheme was administered within each one. Within each region it was also felt desirable to sample a range of farm types in a range of situations and with a range of objectives.

To this end, the secretariat provided the Panel chair with a long list of potentially suitable contracts for each region, with basic information on the type of farm, the broad geographical area within the region, the degree of disadvantage (SDA/DA/non-LFA) and whether there was a significant carbon or high priority water quality objective. The Panel chair made the final selection from the long list on the basis of the information supplied, without knowing the details of the farm or the contract. The mix of samples was also intended to reflect the broad characteristics of the three RPW regions.

The sample of five contracts from the North Wales region was selected to include the following:

- Two contracts from the SDA, two from the DA and one from the non-LFA
- At least one contract for which carbon was a major objective and one for which water quality was a major objective
- Contracts from the three main geographical areas within the region (NE Wales, NW Wales and the Snowdonia National Park)
- Contracts covering a range of types of farming enterprise

Selection of the samples for the South and East region and West region was done at the same time and followed a similar pattern. The sample was chosen to cover all the different sub-regions, to ensure that lowland, DA and SDA areas are sampled, to cover a range of farm types and to cover a good range of objectives, including at least one with a focus on water management. An attempt was also made to include some complex and some simpler-sounding contracts.

After the Panel Chair had made his selection, a check was made with the panel members to ensure that they had no personal connections to any of the sampled farms. In one case this proved to be the case and the most similar farm from the long list was chosen instead.

7. Confidentiality and anonymity

The aim of the evaluation was to suggest ways of improving scheme delivery, not to criticise individual contracts or CMs. The contracts we looked at are all still running and we did not wish to destabilise them. It was also essential that CMs felt they could speak freely to the Panel about their approach to contract development and the issues that they face. For these reasons, the Panel agreed that the locations of the sampled contracts should not be made public. Details of the contracts sampled and notes of the Panel's discussions on the individual contracts have however been retained by the Welsh Government.

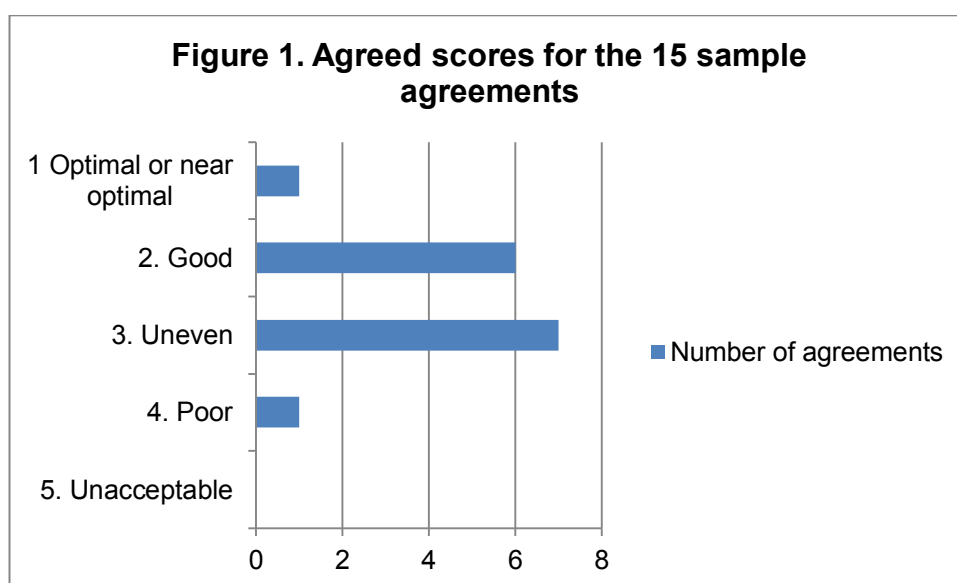
8. Limitations of the assessment

The Panel was asked to focus on delivering improvements to the scheme in the short term. This meant that the panel did not focus on deeper structural issues such as payment rates, the initial selection of objectives at a scheme level or the weighting of objectives at a scheme level. The desk-based nature of the review also meant that it was not possible to evaluate the effectiveness with which actions were implemented on the farm.

9. Results

How well are the signed contracts likely to deliver against the objectives for which they were selected?

This was assessed by assigning each contract an overall score on the one to five scale described in the methodology section. In some cases individual Panel members scored contracts differently, though normally only within a range of plus or minus one score. Through discussion, the Panel managed to understand the reasons for these differences and achieve a consensus score for all of the sample contracts. Figure 1 shows the distribution of the scores for the fifteen sample contracts between the five scores. The sample size is not sufficient for any further breakdown of these scores to be meaningful.



We found no contracts that we judged to be unacceptable and only one that we judged to be poor. We judged that seven out of the fifteen contracts were either good or optimal to near optimal, with a further seven being classified as of uneven quality.

The Panel was struck by the amount of work CMs had put into developing the contracts we sampled. In all cases they appeared to have followed the scheme rules and had worked their way through huge masses of complex data to develop each contract. They had to take on advice and guidance from multiple sources and reconcile what might be an optimal management package with what the farmer is prepared and able to undertake. In some cases they had also had to resolve internal conflicts between the management required for different objectives.

We set the bar for achieving the highest score (optimal or near optimal) high. We marked as 'good' any contract where we felt there was even minor room for improvement. Given the many practical difficulties involved in compiling and negotiating a contract, a 'good' score is the best that we would normally expect a contract to achieve under operational conditions.

For the seven contracts judged as being of uneven quality, we found that some objectives appeared to have been addressed very well, whereas other objectives had been less well addressed. We were careful to judge the contracts against the objectives they are recorded as addressing and, in some cases this led us to mark in a way that may seem harsh. For example, we assessed as being of uneven quality a contract on a more intensively managed farm that included an ambitious programme of habitat creation that we felt would greatly benefit generalist farmland species. We scored it as of uneven quality because we were not convinced that all the individual species objectives that had been accepted for this contract would actually benefit.

10. Elements of good practice identified

As would be expected from the good overall scores, we found many examples of good practice illustrated by the fifteen contracts that we sampled. Some of those that we found most frequently are listed in this section:

10.1 *Consideration is given to a wide range of objectives, guided by the target area maps*

The system of scoring is based on multiple GIS target layers that is used to select Glastir contracts, generally achieves the aim of making CMs consider the full range of objectives to which the holding could potentially contribute.

The evaluation of Tir Gofal identified that its impact on a range of species, selected to represent a range of differing families, ecological requirements, habitat niches and varying potential to respond to AES management prescriptions was negligible (MacDonald et al. 2012). The design of Glastir Advanced was intended to address this. The targeting system does appear to be focusing more attention on the conservation of individual species. In the fifteen contracts we sampled, the species objectives had been considered alongside the habitat and other objectives.

The Welsh Government has placed the emphasis of Glastir Advanced on soil carbon, water quality and water quantity in the early years of the scheme. The sample contracts reflect this intention. Water quality, flood risk management and soil carbon objectives all made major contributions to the scoring of the sample objectives (see Table 1). The sample contracts do attempt to address these objectives alongside the more long established biodiversity, landscape and historic environment objectives.

Table 1. Total scores of sample contracts for addressed objectives

Contract	Carbon Soil objective scores	Water Quality objective scores	Flood risk reduction objective scores	Combined total scores for these objectives	Species objectives	Habitat and protected site objectives	Landscape and historic environment objectives	Combined total score for these objectives
1	9.97	16.25	0	26.22	0.07	10.38	3.05	13.50
2	9.10	10.68	2.43	22.21	13.79	10.66	0	24.45
3	0	16.00	43.34	59.34	1.89	5.68	3.63	11.20
4	1.70	5.52	0.95	8.17	6.67	4.21	4.08	14.96
5	22.59	1.18	14.29	38.06	4.18	3.88	0	8.06
6	0	0	0	0	14.82	4.47	0	18.70
7	11.84	0	0	11.84	7.97	6.35	0	14.32
8	0	2.00	13.33	15.33	4.61	5.04	1.00	10.65
9	8.20	0	26.18	34.38	1.24	1.90	0	2.14
10	0	0.02	18.37	18.39	0	4.14	0	4.14
11	21.03	0	0	21.03	9.08	6.51	0.87	16.46
12	2.99	9.65	3.99	16.63	13.66	3.20	2.00	18.86
13	0	0	1.00	1.00	7.04	3.17	2.24	12.45
14	0	0	0	0	7.68	4.09	3.00	14.77
15	10.62	11.39	5.78	27.79	4.20	2.92	0.78	7.90

10.2 *The management of major areas of semi-natural habitat is generally appropriate and well targeted*

Management of semi-natural habitats was identified as a strength of Tir Gofal (Metcalf et al. 2012) and the design of Glastir Advanced seems likely to build on that strength. Most of the areas of semi-natural habitat in the fifteen sample contracts were under management designed to maintain or restore favourable condition. Reference to the Phase 1 habitat survey maps and aerial photographs appeared to show that this management had been accurately targeted. The combinations of management options and capital items used to address the management requirements of these habitats were generally appropriate.

10.3 *Most of the sample contracts in areas where water quality management is a high priority were supported by good Water Management Plans*

The format of the Water Management Plans is very clear, informative and easy to understand and most seem to make sensible recommendations.

10.4 *CMs have generally made good use of the Water Management Plans and archaeological reports*

CMs seem to have made appropriate use of these plans, being careful to regard them as guidance and adapting their recommendations to match the situation that they found on the ground. In all but one of the six samples we looked at that were covered by a water quality priority 1 or 2 objective, there was a well thought out suite of actions to address the objective. The influence of the Water Management Plan could be clearly identified in these contracts.

10.5 *In some cases CMs are using more precise information on distribution to establish whether management for a species objective with a very broadly defined target area is likely to be beneficial on a particular holding*

We heard that in some cases CMs are using Local Record Centre data (available to them through a Welsh Government contract) to check whether a species has actually been recorded on or within range of a holding where it has come up as an objective. This would seem to be good practice where target areas are not closely defined, as management for a species that is not present on the farm and unlikely to colonise it risks wasting money and undermining the credibility of the scheme.

10.6 *In a few cases there is evidence that a landscape-scale approach is being taken*

We encountered a few examples of actions for localised bird species that were coordinated between different contracts in an attempt to provide for all the requirements of the species within its range. The best example was a contract where the management for Twite had been coordinated with that under other nearby contracts through the Twite delivery plan developed by RSPB Cymru (mentioned in the WAO report on Glastir). CMs also reported other examples of helpful advice on landscape scale management for birds given by the RSPB. This provides further evidence of the value of facilitation, recognised in the Welsh Government's 2014 consultation document.

10.7 *A range of advice, training and guidance is available to CMs and there is a willingness to seek it*

CMs consistently told us that they value and regularly seek advice on management from NRW, CADW and RSPB.

NRW provide a written summary of their recommendations for SSSIs and detailed Water and Nutrient Management Plans for contracts in Priority 1 and 2 areas. There is also a good system for the provision of advice on the historic environment. CADW provide written reports on scheduled ancient monuments and Archaeological Trusts provide written reports on other significant undesignated features. CMs also report frequent, informal contact with RSPB, though here advice is often verbal, or provided through e-mail exchange.

There is a programme of training in the management required for particular objectives, often run by partner organisations, which CMs say they find useful. More senior CMs are also encouraged to mentor their colleagues in areas in which they have acquired particular expertise. CMs also regularly seek advice from colleagues on a less formal basis.

In addition, CMs have access to a range of purpose-made guidance material.

10.8 *The scheme can deliver for more than just its specific objectives*

Amongst the sample contracts that we looked at was one contract that was intended to benefit a small number of specific insects. However it included a good package of measures that we felt was also likely to benefit a wide range of generalist species, including pollinators and the natural enemies of crop pests. This highlighted the potential spin-off benefits of options such as red clover and fallow margins.

11. Areas where there is room for improvement

11.1 The definition of some objective maps

The Welsh Government's 2014 consultation document (Welsh Government 2014) recognised that a potential difficulty faced by CMs in delivering Glastir Advanced scheme is the accuracy and resolution of the objective GIS data layers which support the scheme.

We were not able to conduct a complete review of the data layers, but we did encounter several examples of 'broad brush' objective maps making it difficult for CMs to develop fully cost effective contracts. In the sample contracts we looked at, the most clear cut examples were a small group of species, including lesser butterfly orchid, *Euphrasia anglica*, the brown banded and shrill carder bees and arable plants. CMs had accepted the species objective(s) and included management for one or more of these species in eleven out of the fifteen contracts sampled, with seven of the fifteen having more than one of these objectives (see Table 2). In many of these cases they had relied on the targeting maps, without supporting evidence that the species were present on or within a suitable distance of the farm.

Table 2. Sample contracts with 'broad brush' species as accepted objectives

Contract	Lesser Butterfly Orchid	<i>Euphrasia anglica</i>	Brown Banded Carder Bee	Shrill Carder Bee	Arable plants	Total no. of these objectives per contract
1						0
2						0
3					Y	1
4			Y			1
5						0
6	Y		Y	Y	Y	4
7		Y				1
8		Y			Y	2
9	Y					1
10						0
11	Y	Y	Y			3
12			Y	Y		2
13				Y	Y	2
14		Y	Y			2
15	Y	Y	Y			3
Total no. of contracts with this objective	4	5	6	3	4	

The current mapping of the upland carbon soils objective is also 'broad brush' in some places with occasional inaccuracies identified.

11.2 *Management for some species objectives*

The Welsh Government's 2014 consultation document recognised that concerns had been raised that the direction to CMs was that they should ideally be looking to do at least one activity for all the potential objectives identified, might lead to a "tick box" approach, whereby only a minimum amount of activity is pinned to each objective to deliver a contract.

We found a mixed picture in the sample contracts, as is evidenced by the fact that seven of the fifteen sample contracts were classified as of uneven quality, with some objectives being addressed well and others less well. In this group of contracts, we found a substantial number of instances where species objectives had been less well addressed. These included several examples of objectives that were supported by a single action. The *Euphrasia anglica* objective was supported by a single action in three of the five samples where it had been accepted. The marsh fritillary objective was supported by a single action in three out of its four contracts and the water vole objective by a single action in two out of its three contracts. By contrast, the mean number of actions supporting the lesser horseshoe bat objective in the seven contracts in the sample, where it had been accepted, was eleven.

Some of this variation can be explained by differences in the ecology and management requirements of the different species. Bats are wide ranging species and so need action over a wide area, whereas others may occur in very small areas and have simple management requirements. This would certainly explain the small number of actions supporting the objectives for highly restricted species, such as upland juniper and arctic alpine plants, but it does not appear to explain all the variation we observed.

CMs told us that they feel obliged to record at least one management action for each objective and we came across at least one case where a CM had insisted on including actions for a species objective in a contract despite having doubts about whether it was appropriate for the holding.

We also got the impression from several conversations that some CMs regarded the allocation of one action as sufficient for some of the objectives that they did not see as representing the main thrust of the contract.

Even where more substantive actions had been taken, we were not convinced that these would always be effective, especially for species with complex habitat requirements. The actions often appeared to be incomplete, and occasionally inappropriate.

In some cases this appears to have been caused by unresolved tensions between the need to restore to or maintain in favourable condition habitats within designated areas (driven by NRW) and the need to accommodate the needs of some rare and declining species. In one particular case this had resulted in management being located outside the designated area that was suboptimal, if not unsuitable for the species concerned.

We were also concerned that the sample contracts may not succeed in helping more mobile species and/or those that require complex, landscape scale management packages. Except in a very few cases, there was little evidence that the actions on particular farms were being planned as part of a wider species conservation strategy.

In making these observations we are not being critical of CMs. Assembling a multi-objective contract for a large holding is difficult enough. Adding into it well designed packages of measures for individual species, whilst avoiding conflicts between objectives, makes the task more complex. When there are a substantial number of different species that all need to be catered for it becomes an even more complex task, requiring very wide ecological knowledge.

11.3 *The actions taken for flood management*

Flood management is a major objective of the scheme. Ten of the fifteen contracts sampled included management for a flood risk management objective and in five of those ten contracts these objectives scored more than ten (Table 1.) In most of these contracts, the high score was reflected in a considerable number of actions intended to reduce flood risk.

We found the multiplicity of objective layers for flood risk management difficult to understand, and we were concerned that CMs were not able to explain the differences between the objectives or whether the different objectives required different actions.

We understand that the inclusion of these objective in the scheme were informed by the farmer-led Pontbren Project (Keenleyside, undated), which showed the importance of run-off from sheep grazed grasslands on clay soils and that planting small strips of trees across slopes in carefully positioned locations could help to substantially reduce the rates of run-off (Jackson et al. 2008). This could in turn significantly reduce peak flows, at least at a local scale. We also understand that the mathematical models developed from the Pontbren project were used to help develop the target maps for these objective layers (Welsh Government. pers.comm.) The Polyscape mathematical model can be used to suggest where such interventions are likely to be most effective.

Defra has also financed three more catchment-scale pilot projects in England as part of the Multi-Objective Flood Management Demonstration Scheme. These are in the Upper Derwent Catchment in Derbyshire, around Pickering, North Yorkshire and on the Horner Water and Aller catchments on the Holnicote Estate in Somerset. The interventions tested in these pilots include:

- Moorland restoration in the headwaters
- Extending woodland on the moorland edge
- Development of in-channel woody debris dams
- Implementation of best practice in-bye grassland and associated soil management
- Implementation of best practice arable soil management
- Blocking flow pathways such as drains, trackways and erosion gullies between hillslope runoff generation areas and receiving arterial watercourses
- Creation of flood meadows on the middle floodplain

The Holnicote project (Rose et al. 2010), is showing that, used carefully and in the right places, a range of interventions can help reduce flooding. This project has also developed a mathematical model to predict the impact of particular interventions in particular locations within the catchment and it is claimed this model can be easily adapted to other catchments (Rose pers. comm.).

Table 3 summarises the actions deployed to reduce flood risk in the five sample Glastir Advanced contracts where flood risk reduction made a major contribution to the score for the holding. These include actions to create or maintain a taller less tightly grazed sward, to retain semi-natural habitats, to restore or create new boundary features, to manage streamside corridors and to restore farm woodlands.

Table 3. Actions deployed for the flood risk reduction objective in sample Glastir Advanced contracts where this was a major objective

Action	Sample a	Sample b	Sample c	Sample d	Sample e
Situation	Estuarine flood plain	River valley	Riparian Flood plain	Upland fringe	River valley and upland fringe
15 Grazed pasture no inputs	Y				Y
15b Grazed pasture low inputs				Y	
15d Grazed pasture low inputs mixed stocking			Y		
120 Unimproved acid grassland					Y
133 Marshy grassland				Y	
595 Post & wire fencing with netting	Y	Y		Y	Y
600 Timber field gates, softwood	Y	Y		Y	
589 Hedge planting/coppicing				Y	Y
588 Hedge laying		Y			
585 Dry stone wall restoration		Y			
601 Top wiring		Y			
156 Buffer to prevent erosion		Y			
173 Streamside corridor management	Y				
100 Woodland stock exclusion			Y*	Y	Y
684 Thin broadleaf and extract				Y	
631 Restocking broadleaves – PAWS etc.				Y	
647 Rabbit guards				Y	
613 basic restocking, under 5ha				Y	

**Not formally tagged to a flood defence objective, but the Contract Manager said this was part of the reason for using the action*

Most if not all of these actions have been shown to be helpful in flood risk management, either at Pontbren or other pilot flood risk reduction projects.

The five sample contracts were in a variety of situations, coastal plain, river flood plain, river valley and upland fringe catchments of headwater streams and there was some evidence that the mix of actions reflected the situation. There was woodland management in the upland fringe, a reliance of hedges and other boundary features in the river valleys and grassland management on the flood plain. Our discussions with CMs convinced us that most were doing their best with the tools available to them, but we did not come across any evidence that the interventions on particular holdings were being planned as part of a wider strategy for the catchment. One contract was immediately adjacent to an undeveloped estuary and the Panel was uncertain why flood risk reduction was important in this situation.

A key lesson from the Pontbren Project is that ‘for land management to be effective for flood risk requires coordinated interventions across catchments’ (Pagella et al. undated), so this lack of coordination is likely to adversely affect the effectiveness of the management. Holding back water in the wrong place could even be counterproductive.

11.4 Avoiding excessive habitat homogeneity In two specific instances

It has been recognised for some time that there is an inherent risk with all agri-environmental schemes that standardised management options, applied across a wide area, will promote excessively uniform habitats. This can in turn limit the range of species they can support (Webb et al. 2010). Glastir Advanced, with its emphasis on management for individual species, is probably less prone to this than previous schemes, but there are two specific instances where this does appear to be a risk:

Open hill grassland and moorland

Almost all the contracts in the sample that included this habitat were being managed under option 41a (Grazed Open Country) with Additional Management Payment 411 (Reduce Stocking). Under option 41a grazing levels are calculated on the basis of the mix of habitats present in the land parcel. Under AMP 411 a further reduction is required beyond this level.

Further stock reductions will often be justified in this habitat, both for the conservation of soil carbon and for habitat management reasons, but in some cases the payment for reduced stocking was being made even though heterogeneity in the form of shorter, more heavily grazed areas would have benefitted species such as curlew, chough and ring ouzel, or where there was little evidence based on the condition of the habitat of the need for additional stock reduction. Discussing this with CMs, there appear to be two reasons for this:

- The need to achieve or maintain favourable condition of upland habitats trumped the needs of individual species.
- The fact that most areas of this habitat are covered by multiple objectives, but the choice of management actions is limited. Coupled with an ‘every objective needs an action’ approach to scheme implementation, this creates a structural imperative within the scheme to use both the basic option and the reduced stocking supplement in order to ensure that there was an action booked against each objective.

The first of these reasons concerns management policy for the protection of designated sites rather than the working of Glastir Advanced. The second does seem to be a by-product of scheme design. Both could be at least partly addressed by greater use of the stock management supplement, but CMs told us that it was very difficult to persuade farmers to take up this option because of the way that the area over which it could be paid was determined. Under current scheme rules this supplement can only be paid to achieve the desired outcome on a specific area, an area that has to be protected from excessive grazing or one where intensive grazing has to be encouraged. It cannot be paid over the whole area of land that needs to be shepherded to achieve this.

11.5 Woodland

The other instance where the scheme may unintentionally be promoting excessive uniformity is in woodland management. The scheme rules state that at least 80% of the area of farm woodland on a holding should have stock excluded from it unless there are sound ecological reasons for maintaining the current grazing levels. With one exception, the CMs that we questioned on woodland management did not mention this caveat. It is apparent that the scheme is suffering from a shortage of specialist woodland advice and, taken together with the 80% rule, this seems to have meant that in most woodlands the only management undertaken has been to exclude stock.

We have sought independent expert advice on this (Kirby pers. comm.). This advice is that whilst there has been a widespread problem of overgrazing in Welsh woodlands, there are some types of woodland and associated priority species that benefit from light grazing. The widespread use of stock exclusion does risk replacing one kind of uniformity with another.

Until the introduction of a light grazing option, option 176, in 2014, the scheme did not include an option for reducing rather than preventing grazing in woodlands, which, until now, seems to have been an omission, given that the monitoring of Tir Gofal found that light grazing of woodland under that scheme had 'produced the most positive change' (Metcalf et al. 2012). We did however establish that CMs can request derogations from the 80% rule where they feel it is either inappropriate or impractical.

11.6 Coordination with Glastir Woodland

The Panel reviewed one contract where a woodland adviser had provided input and where the internal management of the woodlands appeared to have been carefully integrated with the management of the rest of the holding. Glastir is designed to encourage such integration, but this feature of the scheme design does not appear to have been fully exploited. We also reviewed several contracts on well-wooded holdings which had not benefitted from specialist woodland adviser input. This appears to be due to a shortage of specialist woodland advisers.

11.7 *Ensuring value for money from capital payments for stone wall restoration, fencing and gates*

We were struck by the variation between contracts in the amount spent on these items. Part of this seems to relate to the extent to which these items were tackled in previous contracts but this does not appear to be the only cause of the variation.

Several CMs explained that it is often necessary to include these items in a contract to make it into an attractive package and so secure more environmentally valuable management. Stone wall restoration, hedge laying, planting or coppicing are popular with farmers, contribute to landscape character and provide habitat for some species, but they are high cost items, even though there are ceilings for the amount that can be included in a contract. Some CMs have said that they try to give priority to walls or hedges that produce multiple benefits, for example by allowing differential grazing of adjacent parcels, or by providing habitat corridors. This would seem to be good practice. Most fencing seems to be commissioned to support another environmental objective, such as conservation grazing or pollution protection, but the linkages are not always clear.

11.8 *The clarity of the contract documentation supplied to farmers*

We found it difficult to get to grips with the information supplied to us on the sample contracts. The contract maps were always printed on several sheets with multiple overlaps, and the codes used to identify the management options and capital items used in each parcel could only be interpreted by laborious cross referencing to tables in the contract document. There was also nothing in the contract that explained to the farmer why the management specified in the contract was being undertaken, though they were provided with separate, generic technical guidance.

One CM explained to us that when negotiating Glastir contracts he prepares his own simplified sets of draft contract documentation in order to discuss the management with the farmer. This includes a contract map on a single sheet of paper and simplified written material.

11.9 *Follow up after a contract has been entered into*

We asked several CMs how they would know whether the management they had specified in their contracts was working. Most made reference to the monitoring and evaluation programme, but some also said that they felt follow up visits to look at the progress of a contract would be valuable. We were struck by the contrast between the intense effort that goes into negotiating and setting up a contract and the absence of systematic follow-up support to contract holders. Follow up advisory visits were provided under the Tir Gofal scheme and it is not clear that there are any differences in scheme design that would render them superfluous under Glastir Advanced.

11.10 **Control of mink**

Mink is a wide ranging species, so effective control is likely to require coordinated, consistent action across a wide area. Glastir is a voluntary, discretionary scheme operating at the holding level, and is therefore not an ideal instrument for achieving this. Even where contracts fall within a target area, this does not guarantee that control measures will be taken. Three of the sample contracts lie within target areas for the 'Mink control in water vole priority areas' objective, but this was rejected in two out of the three contracts, presumably because the land manager was not keen to adopt this action.

12. Conclusions

In commissioning this desk evaluation, the Welsh Government was seeking recommendations on how to ensure that Glastir Advanced is better placed to deliver and to address the concerns already identified in the 2014 consultation on Glastir within the next Rural Development programme and in the recent Wales Audit Office report (Wales Audit Office 2014).

In the course of developing these recommendations, the Panel was asked to assess how well the signed contracts are likely to deliver against the objectives for which they were selected. On the basis of our study, we have concluded that, taken as a whole, there is a good prospect that most Glastir Advanced contracts will deliver against most of their objectives, though we have found generic weaknesses in the management for individual species and in that for flood risk reduction.

The Glastir Advanced design, with its multi-layer GIS-based targeting system and the linking of actions to objectives, is innovative and provides a sound foundation for a successful, multi-objective scheme. However, our review has confirmed some of the concerns about the way in which the scheme is currently delivered, which does not always make the best use of this foundation.

We present below a series of recommendations that we believe will help Glastir Advanced realise its full potential. A number of these recommendations may add to running costs. The issue of running costs was highlighted by the Wales Audit Office report on Glastir (Wales Audit Office 2014), which expressed concern that the running costs of the scheme are not routinely monitored. There is a risk that measuring running costs will lead to a focus just on the costs, rather than taking into account the effectiveness of scheme administration in achieving the scheme's objectives. The Wales Audit Office itself recognises the value of additional expenditure (e.g. to facilitate landscape-scale working) it would seem sensible for the Welsh Government, as well as monitoring running costs, to seek a broader measure of the cost-effectiveness of scheme administration, enabling cases to be made for additional, necessary investments.

13. Recommendations

R1. Some of the target area maps need to be further refined

The Panel's findings have confirmed that some target areas appear to be too broad to be fully effective in targeting management. There is a risk that some of these very broad target areas are leading to management being undertaken that does not benefit the objective and which distorts the environmental priorities of the scheme. Most of the examples we came across are species objectives and we recommend that the Welsh Government works with the responsible NGOs to refine the target maps for the following objectives as soon as possible:

- Lesser Butterfly Orchid
- *Euphrasia anglica*
- Brown Banded Carder Bee
- Shril Carder Bee
- Arable plants.

The target map for the upland carbon soils objective would also benefit from refining using the Unified Peatland dataset, which appears to be generally more accurate.

Within the limitation of our desk-based assessment, we were not able to undertake a comprehensive review of the other broadly defined target area maps, but this is desirable, as the Welsh Government has already identified.

R2. Additional procedures are needed to ensure that the objectives addressed are appropriate and the management for those objectives is appropriate and sufficient

The Welsh Government's 2014 consultation document recognised that concerns had been raised that the direction to CMs, that they should ideally be looking to do at least one activity for all the potential objectives identified, might lead to a "tick box" approach, whereby only a minimum amount of activity is pinned to each objective to deliver a contract.

The original purpose of the direction, to ensure that CMs do consider all the objectives that a holding has the potential to deliver for, remains sound. However, the Panel found cases where objectives that we felt should have been rejected had been accepted.

We also found cases where the activity recorded against some objectives that had been accepted was minimal, as well as cases where we felt that the management was inappropriate.

To avoid these problems in future, CMs should be encouraged to include two extra steps in the process of assembling contracts:

- A relevance test, particularly for objectives with very broad target areas. The purpose of this is to determine whether action on this particular holding will really benefit the objective. For species objectives this might include looking at distribution data, such as that available under an existing contract with Local Record Centres, to see if the species is on, or within range of the holding. Also looking at habitat preferences to see if there are areas of suitable habitat, or areas with the potential to become suitable. Contract Managers should be encouraged to reject objectives that fail this relevance test.
- A sufficiency and appropriateness test, checking the package of options and capital items being deployed for each objective to check that they can, together, provide the management needed to achieve the objective, either on the holding or as part of a wider landscape-scale approach. It is particularly important to conduct this test for species objectives, since many species may have quite complex habitat requirements that cannot be secured by a single option or capital item. If there are genuine reasons why it is not possible to assemble a sufficient package of actions, the objective should be rejected.

R3. Contract Managers need more high quality guidance, support and training

To be able to successfully carry out tests of relevance and sufficiency, CMs need high quality guidance on the management conditions and, for species objectives, the habitat requirements that need to be provided to ensure that an objective can be achieved. Good guidance already exists for some objectives. It needs to be commissioned where it does not. Given the wide range of environmental issues they are expected to know about, CMs are likely to need training and site-specific advice as well as written guidance.

CMs would benefit from a further strengthening of the system of mentoring, with all individual CMs, not just HEOs, being encouraged to develop expertise in management for one or more objectives and then to use this expertise to advise their colleagues.

CMs value the formal advice they receive from NRW, CADW etc. and the informal advice that they get from RSPB. They would benefit from more advice on management, particularly for the species objectives. It is recommended that Welsh Government and the Welsh environmental NGOs review the scope to extend this advice, both on generic management principles and their site specific implementation.

CMs would benefit from additional guidance on the extent to which they can use payments for stone wall restoration, hedge restoration and planting, fencing and farm gates to persuade a farmer to take up an otherwise unattractive package of management. This could stress the desirability of trying to get added value from these capital items, by giving preference to items in locations that support other objectives, for example by facilitating differential grazing.

CMs need additional explanation of the differences between the various flood risk reduction and water quality objectives and how these relate to management requirements.

R4. Some specific actions are needed to avoid the risk that the scheme will promote excessive uniformity of management in woodland and upland habitats

As the area of woodland covered by Glastir Advanced increases, there is a risk that, in tackling the widespread problem of overgrazing in woodlands, the guidance that stock should be excluded from 80% of the woodland area will impose a new uniformity on woodland management. This guidance does provide CMs with a strong negotiating position with farmers, but we recommend that CMs should be given additional training and encouragement to consider woodlands, and the species they support, on an individual basis, looking at whether the woodlands are actually suffering excessive grazing, whether excluding grazing would risk damage, and, if so, whether light grazing might be more appropriate. Tools are available for assessing the degree of grazing in woodland (e.g. Thompson et al. 2004).

A Light Grazing option was introduced to Glastir Advanced in 2014 (Option 176 which allows grazing of between 0.1 and 0.4 livestock units between 1 October – 31 December). We recommend that CMs are given specific training on when and where this should be used.

Because the number of objective layers in these areas is often large, but the choice of actions is limited, CMs should be allowed to depart from the minimum one action per objective rule in open hill country where management would be artificially constrained if the rule were adhered to. It may also be worth exploring whether CMs could be encouraged to use a greater range of management actions, such as re-wetting, (in these areas where they will help achieve the desired outcomes).

The payment for and/or rules governing the application of the stock management AMP should be reviewed to make it more attractive to farmers. At the moment it can only be paid to achieve the desired outcome on a specific area, an area that has to be protected from excessive grazing or one where intensive grazing has to be encouraged. It needs to be paid over the whole area that has to be shepherded to achieve this aim in order to accurately reflect the costs and time involved.

If this AMP were paid in this way that should enable it to be more widely used to adjust grazing levels within large blocks of open country and so maintain a diversity of habitats.

R5. Actions for flood risk reduction need to be planned on a catchment scale

We recommend that the delivery of the flood risk reduction objectives should be subject to an urgent, expert review to improve its effectiveness. Using land management actions to reduce flood risk is a comparatively new area of work, where the evidence base is rapidly developing. The current approach within Glastir Advanced needs to be updated to take this into account.

The key improvement that is needed is for land management actions to be delivered in a co-ordinated way at a catchment scale, taking into account the insights from pilot projects and mathematical models about the cumulative effect of interventions on flooding and about which interventions are most effective in which locations. CMs need guidance on how to choose and locate the actions on an individual holding so that they make an optimal contribution to a wider flood risk management strategy. Expert guidance at the site level may be helpful as a first step, but catchment-specific advice, based on mathematical models of individual catchments, is highly desirable. The modelling work being undertaken as part of the Glastir Modelling and Evaluation Programme may be helpful in this.

We recommend that steps are taken as quickly as possible to allow the actions for flood risk management within Glastir Advanced contracts to be delivered within a coordinated, catchment-scale framework. We also recommend delaying the implementation of flood risk management actions until such a framework is in place, otherwise there is a high risk that implemented actions will be ineffective. With the complexity of hydrological processes within catchments there is potential in some cases for them to even be counter-productive.

Because holdings in flood risk reduction target areas often score highly, these target areas may also need to be reviewed to ensure that they focus on the areas where land management actions really will result in reductions in flood risk.

R6. More needs to be done to encourage and help fund facilitation and partnership working in order to establish landscape scale working where it is needed

The limited time available, and the fact that the coverage of Glastir Advanced contracts is still relatively limited, has meant that the Panel has not been able to fully evaluate landscape scale working within the scheme.

We have found existing elements of good practice that are helping to achieve coordinated landscape-scale delivery for some objectives in some areas. We have also found examples, particularly in the conservation of mobile species and in flood risk management, where the lack of such coordinated delivery is an obstacle to effective delivery. The elements of good practice that we found need to be more widely applied in situations where landscape-scale of delivery is required to achieve success. Doing this will require additional resources.

The key to success seems to be first a decision to invest in a particular objective in a particular area and then to encourage cooperative action by investing in facilitation through partnership working, as was recognised in the Welsh Government's 2014 consultation paper.

Others with specialist skills and local knowledge are needed to help CMs establish what actions are needed in which locations, to raise awareness of and support for the objective in the farming community and to persuade farmers with key holdings to enter the scheme. We recommend that scheme resources are made available to pay for this facilitation, either within Glastir Advanced, or through the proposed part-farm Habitat Network scheme, or both.

R7. Glastir Advanced is not the ideal mechanism to use for the control of mobile pest species

As a voluntary, discretionary scheme, Glastir Advanced is not the most obvious mechanism for the delivery of control measures for highly mobile species, such as mink. Ideally, an alternative mechanism should be found that is capable of delivering coordinated action on all holdings across a wide area. If this is not possible, then these objectives should be amongst those where cooperative action is prioritised and mechanisms sought that could involve farmers who are not participating in the scheme.

R8. Coordination with other schemes needs to be maintained and improved

The approach to delivery of a number of objectives, including water quality, flood risk reduction, species conservation and landscape character could be improved if farm woodland management funded under Glastir Woodlands was considered in the wider, landscape context and was more fully integrated with the management of the farmland and woodland boundaries under Glastir Advanced. This would require more woodland advice to be provided as a matter of some urgency, since current capacity is very limited.

As Glastir Efficiency Grants are replaced by the new Sustainable Production Grants, it is vital to ensure that water quality issues are still tackled in a coordinated way. Glastir Efficiency has funded mainly in-yard investments, whereas Glastir Advanced funds mainly off-yard investments, but there is both overlap and considerable interaction between the two sets of investments, meaning that they need to be planned together.

Glastir Advanced CMs should also be encouraged to look critically at any management already in place under Glastir Entry. In cases where a basic option such as 'Grazed Pasture With Reduced Inputs' is not sufficient or appropriate to deliver the objectives from a parcel of land, CMs should be encouraged to insist that management is upgraded to appropriate Glastir Advanced options.

R9. The wider value of some management needs to be recognised

Amongst the sample contracts that we looked at was one contract where a package of measures were put in place to benefit a particular insect, was also likely to benefit a range of generalist species including pollinators and the natural enemies of crop pests. We recommend that the Welsh Government asks the Glastir Monitoring and Evaluation Programme to document some of these likely spin-off benefits so that they can be accounted for in the scheme evaluation and so that CMs can be advised how to make the most of them, without losing the primary focus on the objectives for which the contract has been selected.

R10. Contracts need more follow up visits and advice

All Glastir Advanced contracts should be visited at least once during their lifetime in order to check that the contract holder has understood and is correctly implementing the management specified in the contract and to deal with any problems that have arisen. This visit should be advisory and distinct from any inspections of the holding. The ideal time to visit would probably be at about the end of the first year of the contract, when the farmer should have implemented the management and when there is still time to correct mistakes. This work could be contracted out, which would have the advantage of clearly separating the visits from the inspection process. Using CMs to do the work would have many advantages, both for contract holders and for CMs future work, but would impact on other aspects of delivery unless the number of CMs could be increased.

The issue of the documentation supplied to contract holders lies outside the remit of this evaluation. However, the Panel do feel that the current format of contract documentation needs some improvement to remove barriers to understanding by contract holders. We would suggest that:

- Contract maps should, wherever possible, consist of a single sheet. Where this is not possible, multiple overlaps should be avoided and the maps presented as a series of 'tiles'.
- Management options and capital items should be directly identifiable on the contract maps, without the need to cross-reference to the contract document parcel-by-parcel.

The contract should include a short summary of the purpose of the management options and capital items that the contract is designed to deliver.

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Llywodraeth Cymru
Welsh Government

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

Our Ref: AG/KH
07 August 2015

Dear Mr Millar

I write in response to your letter of 09 July in which you requested a response to the following questions in relation to unscheduled care:

1. The Welsh Government's view on whether there should be a higher target for the flu immunisation rate for frontline NHS staff, as the Committee recommended and the Minister indicated would be assessed following the 2014-15 flu season

Vaccinating at least 50% of NHS staff with direct patient contact is a priority for the NHS.

In recent years we have made good progress in improving uptake. This season, 44.3% of staff with direct patient contact had the flu vaccine across Wales compared to 41.7% in the previous year. This compares to just 18.5% in 2010-11. Three health boards/trusts (Betsi Cadwaladr, Powys and Velindre) achieved the 50% target this season. See full details below.

This improvement demonstrates that the additional emphasis and effort directed towards staff vaccination is continuing to have an impact but we are still below where we need to be. There remains variation in uptake across health boards overall and the Minister for Health and Social Services has written to the poorer performing boards/trusts seeking assurances of future improvement. The Chief Medical Officer has issued a Welsh Health Circular stating that NHS leaders should be exploring the full range of measures necessary to address low uptake and should demonstrate strong clinical leadership in helping staff understand that if they refuse to be vaccinated, they put themselves, their families and the people they care for at unnecessary risk.

While we share the ambition of the committee to continually improve vaccination rates, we do not regard an increase in the target at this stage as the most effective means of securing further improvements. Negative attitudes to flu vaccination still exist within parts of the

NHS and setting a target that is achievable is likely to provide a more sustained improvement over time.

We will continue to engage in constructive dialogue with health boards to encourage more staff to have the flu vaccine and to more robustly address those negative attitudes which act as a barrier to the improvements we seek and expect.

Uptake of Influenza immunisation in Health Boards: 2010-11 to 2014-15

	2010-11	2011-12	201-13	2013-14	2014-15
Abertawe Bro Morgannwg UHB	11.9%	23.5%	35.9%	41.1%	41.7%
Aneurin Bevan UHB	24.6%	31.7%	37.6%	39.4%	39.2%
Betsi Cadwaladr UHB	30.8%	37.6%	35.9%	41.0%	50.3%
Cardiff and Vale UHB	18.3%	29.7%	36.5%	41.0%	46.7%
Cwm Taf UHB	9.2%	35.5%	35.9%	41.1%	47.0%
Hywel Dda UHB	10.5%	30.0%	29.8%	41.2%	37.1%
Powys Teaching HB	-	22.7%	36.8%	42.4%	50.4%
Public Health Wales NHS Trust	-	-	-	33.9%	41.2%
Velindre NHS Trust	-	-	-	47.1%	64.9%
Wales Ambulance Service NHS Trust	-	-	-	30.2%	31.0%
Wales (Total)	18.5%	30.9%	35.5%	40.6%	44.3%

2. Your reflections on how the Welsh Government monitors out of hours GP services, and whether the March 2015 report Review of General Practitioner Out of Hours Medical Services, relating to Betsi Cadwaladr University Health Board, represented isolated problems, or if similar issues are arising elsewhere in Wales. We would be grateful to receive information on the performance data you require from Welsh Health Boards on their GP out of hours services and their performance against this for the past 12 months

Welsh Government currently monitors GP out of hours services through the established processes of Quality and Delivery meetings with health boards, joint executive team meetings and regular unscheduled care conference calls.

Following the Betsi Cadwaladr University Health Board out of hours review and the issues identified, Welsh Government asked the GP Out of Hours Providers' Forum to identify a small number of key indicators which would provide valuable local intelligence and inform the national assessment. Officials are expecting their response shortly.

The *Wales Quality and Monitoring Standards for the Delivery of Out of Hours Services* was published in May 2014. Health boards have been instructed that the standards should be delivered by March 2018. Arrangements are currently being developed to monitor health boards' progress towards introducing and achieving the standards; this will include a self assessment tool and a series of review visits by the NHS Delivery Unit, as well as more standardised data collection.

There has been variation in the collecting and reporting of information on GP out of hours services, partly due to the different IT systems used by health boards. This has made all Wales comparisons difficult and I am unable to share data that is not robust. To address this, since September 2014, Welsh Government has been working with health boards to overcome the challenges and develop a process for the collection of more consistent and reliable

information. I issued the new data collection tool in July which will provide data on activity since April 2015, using the key access standards from the *Wales Quality and Monitoring Standards for the Delivery of Out of Hours Services*. The data collection will be reviewed in November before being formally mandated.

The pressure on GP out of hours is a UK wide issue. All Health Boards in Wales have reported challenges in filling staff rotas with GPs for out of hours services. Welsh Government is working with Health Boards, Wales Deanery, Royal College of General Practitioners and others to develop national programmes to improve the supply and retention of GPs in Wales. At the same time health boards are looking for innovative ways of meeting demand more appropriately using other services and health professionals, for example pharmacists for repeat prescriptions, advanced nurse practitioners with authority to prescribe, and advanced paramedic practitioners to undertake some home visits. The 111 pathfinder in ABMUHB will test the integration of the current Out of Hours call handling and NHS Direct services, providing an easy to remember free to call number that will signpost patients to the appropriate services or information.

3. An update on action taken following the Welsh Government's pilots in relation to the Committee's recommendation on other unscheduled care performance measures

The pilots were set up to investigate the opportunity to better describe patient experience within the unscheduled care pathway and to identify and measure the time to the key clinical interventions that have an impact on outcomes. Three of the pilots looked at measuring the time from call to treatment for conditions (stroke, fractured neck of femur and heart attack) where evidence demonstrates that the 'total' time is a crucial factor in delivering better outcomes. Two of the pilots investigated more appropriate measures of key interventions within the A&E Department.

The pilots demonstrated that there are measures for unscheduled care that have the potential to better describe patients experience and support a move towards the measurement of outcomes, both within the A&E Department and across the unscheduled care pathway. However, the pilot work also identified that information systems across Wales are not at this point sufficiently aligned or consistent to be able to roll out these measures across Wales.

The pilot work noted that the procurement of a new A&E system in parts of Wales and the consideration being given to implementing the Royal College of Emergency Medicine Emergency Care Dataset could support the implementation of new measures. The Unscheduled Care Programme Board has asked for further work to be undertaken in this area to understand the pilot findings, requirements, costs and the opportunities.

4. An overview of how children should access unscheduled care, particularly when a children's hospital is available, and whether parents and carers are aware of the appropriate action

Children who need to access unscheduled care will be referred via local out of hours GP or access direct via the ambulance service, an Emergency Department or Minor Injuries Unit to appropriate secondary care services. In these circumstances the arrangements are always based on the clinical condition of the child and will vary according to their need.

For the majority of children across Wales without an existing diagnosis, access to the Children's Hospital would be via the local paediatric service. The configuration of local paediatric services varies between Health Boards. Children with existing illnesses will often

have direct 'open access' to specialist wards with clear arrangements in place that parents can utilise when needed. Parents are often in close contact with the wards and individual staff in many cases.

5. An update on the proposed 111 service, including whether a decision has been taken on the organisation that will host the service and any observable operational impact of the 111 service on the rest of the health service.

The 111 implementation project has worked closely with a wide range of stakeholders to develop proposals for a pathfinder pilot in Abertawe Bro Morgannwg University Health Board (ABMUHB) to test the service for Wales. The project team will continue to draw on the experiences from England and Scotland to develop the model for Wales, based on using a more skilled clinically led workforce with less reliance on risk averse algorithms.

The originally proposed start date of October 2015 is to be rescheduled until the evaluation of the learning and development pilot work currently being undertaken in England can be assessed, this is due to be published in the autumn. The project will also review work in Scotland and new pathways put in place in ABMUHB that will complement and support the 111 service before proposing a new date. The 111 service will be thoroughly tested before going live to ensure it is clinically safe and robust. The evaluation of the pathfinder service will inform decisions regarding the future of the service and ensure issues and any unintended consequences are resolved in advance of any further roll out.

The process for selecting the host organisation has been completed and the Minister for Health and Social Services has agreed that the Welsh Ambulance Service NHS Trust will host the pathfinder phase in ABMUHB. 111 provides a real opportunity to co-ordinate and manage the demand on unscheduled care for NHS Wales, meet the needs of patients within their own communities, avoid unnecessary hospital admission and reduce demand on acute hospital services.

6. An updated assessment of how effectively efforts to manage demand are operating, including the Choose Well campaign, along with understanding patients' choices, particularly when accessing accident and emergency

Both the Choose Well campaign and NHS Direct Wales (NHSDW) emphasise the importance of supporting patients in choosing alternatives to hospital visits where appropriate. NHSDW Cat C triage typically supports the ambulance service to avoid over 1,000 unnecessary ambulance journeys each month. A significant rise in NHSDW web based activity is an indication that the public are beginning to take responsibility for their own healthcare before contacting healthcare services. In 2014/15 the NHSDW web site received 4.5 million visits (not just hits) up from just 0.5 million 5 years ago.

Welsh Government recently held a workshop with all Health Boards to assess progress of the choose well campaign and agree the next steps. It was agreed that a baseline of activity be developed so that performance indicators relating to impact can be established, to help assess impact of the campaign as choices made can be influenced by a variety of actions and activities.

Specifically the ambulance service continues to implement a range of demand management initiatives, include development of the clinical desk in the control room increasing the rates of 'hear and treat'. Specialist and advanced paramedics attending patients in their home, are showing promising results in rates of 'see and treat' and transport to places other than ED. The recent announcement of the clinical response model pilot, should further improve the ambulance services ability to manage the emergency demand it receives.

7. Information of how GPs' compliance with their contracts is being monitored by Health Boards and the Welsh Government, in particular the provision of extended opening hours

NHS Wales Shared Services Partnership (NWSSP), Health Boards and Welsh Government monitor GPs compliance with their GMS contracts.

NWSSP has a dedicated Primary Care Services function which provides a wide range of services in relation to GP practices, in particular, annual scrutiny of primary care service system controls (in order to provide assurances to Health Boards the systems in place to pay GP practices are both efficient and accurate) and annual local claims verification audits undertaken on behalf of health boards (In 2013/14, over 100,000 records were checked during 348 visits and approximately £260,000 was recovered for Health Boards from incorrect reimbursement claims in relation to General Medical and Ophthalmic services). In addition, NWSSP's Primary Care Services ensures (a) GP practice patient list sizes are updated as patients leave and join GP practices (b) ensures the secure, timely and accurate transfer of paper medical records from GP practice to GP practice; and (c) ensures the safe inclusion and removal of Doctors onto individual Health Board's Primary Care Performers Lists.

Health Boards carry out a wide range of GP contract compliance checks, including general contract reviews, review of Quality and Outcome Framework (QOF) and review of GP enhanced services. General contract reviews are undertaken annually (typically, as part of annual practice development visits) and also include a focus on any practice specific issues and targeted practice visits. In relation to the review of QOF, many health boards conduct a three year rolling programme of structured review of compliance against the requirements set out in QOF. Health Boards also monitor delivery of the cluster network development QOF which includes, review of practice development plans; cluster network action plans and annual reports and review of general practice national priority areas. Issues relating to primary care monitoring and development, including contract compliance, contract concerns and cluster development, will be considered at Board level.

Health Boards monitor access to GP services through a number of mechanisms such as access improvement groups / access forums (which includes GP, LMC and CHC representation); surveys of patient access; CHC patient access surveys and GP practice visits. In addition, headline GP access statistics reported to Welsh Government. In relation to enhanced access to GP services after 6.30pm, Health Boards assess the reasonable patient need through a range of mechanisms, for example, specific reviews of extended access; review of practice complaints and concerns; review of Community Health Council survey results; review of practices detailed assessment of patient activity, demand and satisfaction. Where there is a Health Board assessed reasonable patient need for enhanced access after 6.30pm, access will be expected to be provided.

Welsh Government monitors Health Boards management of GP contract compliance through regular meetings with GPC Wales, regular meetings with Health Board's senior primary care staff together with reviewing specific statistics and information. In particular, Welsh Government and GPC Wales meet monthly through a GP Forum. Health Boards are represented at GP Forum by a nominated Director of Primary Care and a nominated Associate Medical Director. Specific contract issues, including GP access, are discussed. Welsh Government meets monthly with Health Boards' Directors of Primary Care and meets bi- monthly with Health Boards' Heads of Primary Care. GP access is a standing item on these meetings. Health Boards submit GP access monitoring reports to Welsh Government.

Welsh Government also reviews annual published reports for GP access and the achievement of clinical QOF indicators. From 2015/16, Welsh Government will be reviewing published GP practice development plans objectives and priorities; cluster network action plans and annual reports.

8. An update on the pilots for on-line booking systems for GPs' appointments, including the proportion of practices offering such appointments;

My Health Online (MHOL) is a web-based service that enables patients to manage appointments, order repeat prescriptions and update basic details, such as address and mobile number, via the internet. MHOL was first made available to GP practices in Wales in March 2011. Rollout has since continued as part of the national GP Systems Implementation Project, with Welsh practices moving from 4 suppliers and 6 different systems, to just 2 suppliers and systems. WG provided £1.7 million to support the initial development.

All GP practices in Wales are now capable of offering the MHOL service to their patients. Not all GP practices utilise MHOL with 47% (215 of 458) actively offering either online appointment and/or repeat prescription facilities. To date, approximately 140,000 patients have registered to use the service (as at end of June 2015) with further potential to continue to improve this.

Practices are currently able to choose whether they offer MHOL to their patients. GP practices are also able to decide on which 'modules' of the system they would like to use, e.g. appointments only, prescriptions only or both.

WG officials work closely with colleagues in NWIS to monitor the overall effectiveness of the MHOL service, as well as the benefits being delivered. Monthly statistics detailing both practice and patient uptake are provided and scrutinised. An agreement has also recently been reached to re-establish a MHOL project to more formally tackle some of the issues detailed above.

9. Information on the number of did not attends at GP practices and hospitals in Wales for the past 12 months

In relation to the number of "did not attends" at GP practices in Wales, the following DNA rates were reported at December 2014.

Health Board	Average DNA rate	Highest DNA rate	Lowest DNA rate
Aneurin Bevan UHB *	5.6%	13.0%	2.7%
Betsi Cadwaladr UHB	4.0%	7.1%	1.9%
Cardiff and Vale UHB	6.1%	12.3%	3.0%
Cwm Taf UHB *	3.6%	4.4%	2.7%
Hwyel Dda UHB	5.5%	13.0%	3.0%
Abertawe Bro Morgannwg*	N/A	13%	0.04%
Powys Teaching UHB	4.0%	17.4%	2.0%

* Note, the calculation of the average DNA rates for Aneurin Bevan and Cwm Taf has been calculated by proxy information from cluster data. Consequently, the data is not a comprehensive picture of the health board's estimated DNA rate and should be considered with caution. An average DNA rate for Abertawe Bro Morgannwg was not supplied.

Actions being considered to address DNA rates include:

- Alternative appointment systems: Telephone triage, use of e-mail/internet to book appointments and walk in clinics.
- Promotion of telemedicine.
- Patient education; DNA rates, promotion of self management tools, alternative primary care services and telephone consultation.
- Patient reminder and cancellation services: the use of text messaging.
- Review of demand & capacity, missed appointment processes and reviewing services through patient satisfaction questionnaires.
- Sharing best practice: Cluster group meetings, practice visits and peer support.
- Improved staff training, skills mix and wider community roles.

10. An overview on the proportion of GPs' appointments that are urgent, compared with routine appointments

The data to assess the proportion of GP appointments that are urgent, compared with routine appointments, is not systematically available and I am therefore not able to respond to your question.

11. An update on workforce planning issues, including the provision of Welsh language services and the potential impact of the Immigration Bill announced in the Queen's Speech

The Welsh Government's intention is to make primary care the engine room of the NHS in Wales and a plan to develop the workforce to support this was launched by the Minister for Health and Social Services on the 17th of July. This fulfilled a commitment made under "Our plan for a primary care service in Wales up to April 2018", which gives the overall strategic vision for primary care and which was published in February.

The workforce plan contains a number of actions to be taken in the immediate and medium terms. One area of focus is the need to put in place the foundation for a more robust approach to workforce planning. An early action is to develop a more rigorous and consistent understanding of the current workforce. Work on this has already begun with changes to the GP contract meaning that from this year GP contractors will publish practice workforce data contained within practice development plans on an annual basis as part of a wider drive towards greater transparency.

More generally, workforce data must be more systematically collated, analysed and fed into the wider system to develop an up to date 'as is' picture from which planning the future primary care workforce can proceed. This includes establishing a better understanding of the Welsh language capability of the workforce to ensure commitments made in *More Than Just Words* are being met. The plan therefore contains an action for health boards to undertake an analysis of existing and future Welsh language population need and the support required by the workforce to develop the necessary language abilities.

Whilst an understanding of the workforce implications of service redesign has significantly improved with the introduction of Integrated Medium Term Plans (IMTPs), there remains more to be done to identify the full range of traditionally hospital-based services (or parts of services) which will in the future be delivered in the community. Clear and specific commitments to service redesign in the medium and long-term are a fundamental requirement for successful workforce planning. Health boards have therefore been tasked

with identifying a priority list of services currently delivered in secondary care settings which can in the future be delivered by primary care as part of the next round of IMTPs.

As regards workforce planning more broadly, work was undertaken ahead of the last IMTP commissioning cycle to improve the guidance on what is expected for workforce planning and the process by which those involved in this aspect of the overall plan are engaged during its development. The Welsh Government also continues to work with the Workforce Education and Development Service (WEDS) to ensure that a programme of work is in place to educate and train health board staff in the skills necessary for workforce planning including, horizon scanning and all Wales workforce modelling, the application & development of workforce planning approaches and workforce intelligence & analysis.

In respect of the impacts on the NHS Wales nursing workforce of the forthcoming changes to the immigration laws being introduced by the UK Government, all health boards have been asked to consider the impact of this legislation. Although there a number of non EU-national nurses working in the Welsh NHS, when those who have indefinite leave to remain are discounted, considerations of returns from all health boards shows that the actual number of nurses likely to be affected by the proposed legislation is 11 although these numbers will vary over time based on the criteria.

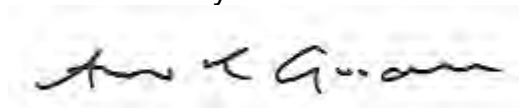
The changes to immigration laws and the impact on nurses currently practising in Wales however remains a concern and the Welsh Government has previously provided evidence to the UK Government's Migration Advisory Committee's review of the shortage occupation lists, in favour of including nursing within the UK list.

There are also other immigration issues which impact the workforce for NHS Wales. For example, the length of time it takes the visa paperwork and processes to be put in place can have an impact on the start date for internationally recruited doctors; with recruitment at Wyllich Hospital in Haverfordwest being a recent example. Issues have also been raised in relation to doctors in training and we are currently considering what steps can be taken to help address this problem.

Changes to the immigration laws will also impact staff working in the social care sector. The Welsh Government is liaising closely with Care Forum Wales on this issue, initially working with Care Forum Wales to collect the data on the numbers of staff affected in order to inform a possible response to the Migration Advisory Committee. It is important we establish the impact on the overall system and there are material concerns being expressed by this sector.

The Welsh Government is carrying out workforce planning with the Care Council for Wales and the sector as a whole to prepare the workforce for the future. This includes giving attention to the need to provide services through the medium of Welsh.

Yours sincerely



Dr Andrew Goodall



Llywodraeth Cymru
Welsh Government

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

Our Ref: AG/KH
01 September 2015

Dear Mr Millar

Further to my letter of 30 June 2015, you asked for further clarification about the accuracy of my response to Aled Roberts' concerns and the statement in the Betsi Cadwaladr University Health Board Review of GP Out of Hours Medical Services, specifically:

“This potential for a long wait is recognised by ED staff who will often treat a patient who would be suitable for the OOH service as the ED wait would be less. Conversely, patient can be kept waiting in the ED and when the 4-hour target approaches, referred to OOH, putting added pressure on the OOH service. The interviewers found during interviews with ED and OOH clinicians, there was a willingness to work together but that this lacked the leadership necessary to be effective.”

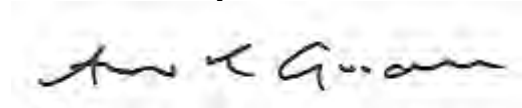
As the review was conducted mainly through interviews with staff, who were assured of their anonymity, the health board has not been able to further explore the basis of the contention. The health board has accepted and is acting on all of the report's recommendations. However, the health board has also confirmed that their own local analysis has not identified any pattern of inappropriate activity relating to transfers of patients between the Emergency Department (ED) and GP out of hours services.

Due to the nature of the different services provided by Emergency Departments which are open 24/7, and out of hours services which open weekdays at 6:30pm and throughout the weekend, there is quite rightly a transfer of patients between the two when they are both open. It should be noted that there was no suggestion in the report or the recommendations that patients were being referred to the out of hours service when it would be more appropriate for them to stay in the Emergency Department.

You are aware that GP out of hours services forms part of the Special Measures instigated in Betsi Cadwaladr UHB. Dr CDV Jones, Chair of Cwm Taf UHB, is working closely with the

health board to support them in delivering the necessary improvements to their GP out of hours services. Dr Jones will be providing a report to Welsh Government in September which will address any issues of concern and I will ask that this specific issue is addressed in his report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Goodall', is centered below the text 'Yours sincerely'.

Dr Andrew Goodall

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

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

17/8 August 2015

Dear Darren,

Financial Reporting Advisory Board Report, March 2014-April 2015

The Financial Reporting Advisory Board (FRAB) acts as an independent source of advice on the setting of government accounting standards in the UK. The Board seeks to ensure that any adaptations of, or departures from, generally accepted accounting practice in the public sector are justified and appropriate. Its main focus is on examining proposals for amending current, or implementing new, accounting policies for Central Government (published in the Financial Reporting Manual or FReM), although it also examines proposals for accounting guidance for local authorities and health bodies.

The FRAB comprises senior civil service representation from Whitehall Departments and Devolved Administrations plus a number of independent members including accounting academics and representatives from the UK accountancy bodies. In 2014/15 the Welsh Government was represented by Gawain Evans, Deputy Director Financial Control.

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

Please find enclosed a copy of the Board's 18th annual report.

*Yours,
Derek*

18th Report of the Financial Reporting Advisory Board

**Report for the period
April 2014 to March 2015**

HC 304

FINANCIAL REPORTING ADVISORY BOARD

**Report for the period
April 2014 to March 2015**

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

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

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

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

Ordered by The House of Commons to be printed on 16 July 2015

HC 304
SG/2015/104

REPORT FOR THE PERIOD APRIL 2014 TO MARCH 2015



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Chairman's Foreword

The two main themes of the FRAB report this year are planning for and implementing important new standards and considering other improvements to aid users of the financial statements produced by the public sector.

The International Accounting Standards Board (IASB) is in the process of finalising a series of major new and revised accounting standards. Some of the changes have been prompted by lessons learned from the financial crisis and have taken (and are still taking) some years to come to fruition. Several of these will have a significant impact on the public sector and the Board has been encouraged by the amount of time and effort invested by the Relevant Authorities towards planning and operationalising implementation.

The Board accepted there were complex issues to deal with in relation to the standard on applying fair value accounting (IFRS 13) and although application has been delayed by the difficulties in working out the best approach, this has now been accomplished. The lessons learned from the implementation of the standard are being taken on board and additional planning time and stages are proposed for the new standards on revenue and financial instruments, due to come into force in the next couple of years, both of which are likely to have a substantial impact. The Board looks forward to aiding the Relevant Authorities in the important work on these standards, not least the move to a more forward-looking model for anticipating losses on financial assets such as debtor balances. A proposed new leasing standard is further away, not yet having been finalised by the IASB, but that will, if completed and adopted in Europe, represent an even more significant challenge to UK public sector financial reporting.

After these standards we expect a period of calm from the IASB, which will allow more time to focus on improving and streamlining both the public sector accounting manuals and public financial statements themselves. Important initiatives to improve the usability of financial statements are already in progress, as outlined in this report, and I look forward to the Board assisting with further work to give users of the financial statements all they need to hold government to account.

As I approach my last year as Chairman, we also seem to be approaching an opportunity for a period of reflection on the current regime and whether it is fit for purpose. This reflects a wider debate in Europe and internationally on governmental accounting and, as a country in the vanguard of good accounting practice, the UK has much to contribute to that debate.

Kathryn Cearns

July 2015

Executive Summary

This is the 18th report of the Financial Reporting Advisory Board (the Board). The Board's primary objective is to promote the highest standards of financial reporting by government. The report is addressed to the Committee of Public Accounts and the Treasury Select Committee in the Westminster Parliament, to the Northern Ireland Assembly, to Scottish Ministers and to the Public Accounts Committee of the National Assembly for Wales. The report covers the year April 2014 to March 2015.

This year the work of the Board has been more wide ranging than last year. Not only has it been providing advice to the Relevant Authorities on accounting guidance but it has also extended its efforts to finalise the planned improvements to financial reports within the public sector.

Changes to accounting guidance

Last year's report described the Board's disappointment that no conclusion was reached on the application of International Financial Reporting Standard (IFRS) 13 Fair Value Measurement in the public sector context. IFRS 13 outlines how to measure 'fair value' which seeks to present how much an asset could be sold for or a liability settled. As no agreement was reached, application of the Standard was delayed beyond 2014-15. For much of this year the Board's focus has been to continue its work in this area and provide advice on the revised proposals for implementing the Standard.

At the start of the year, the Relevant Authorities returned to a principles based approach grounded on the conceptual basis of measuring service potential. In November 2014 the Board accepted proposals that IFRS 13 applies to assets which are not held for their service potential and to surplus assets which can be disposed of and where there are no restrictions on disposal. IAS 16 (the Standard that deals with Property, Plant and Equipment) will continue to be adapted to ensure that assets in use and held for their service potential are held at 'current value'. The Board's agreement has paved the way for the adoption of IFRS 13 in the public sector from 2015-16. The financial reporting manuals have been updated and agreed on this basis.

Other developments in accounting guidance are on the horizon and the Board has turned its attention to the forthcoming introduction of two new Standards: IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. Each are not currently due to be effective until reporting periods beginning on or after 1 January 2017 and 1 January 2018 respectively (although the IASB is currently consulting on delaying the effective date of IFRS 15 by one year), but the Board is very aware of the lead time needed to ensure that the full implications on the public sector are adequately considered. This programme will continue into next year and the Board will work closely with the Relevant Authorities to secure this objective and introduce the Standards by the effective dates.

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Improvements to financial reporting

The Board is very pleased to secure the introduction of the *Simplifying and Streamlining Accounts* project¹ (the ‘Project’) the aim of which is to better meet the needs of users of annual report and accounts (ARAs) and make information more understandable. The Project was subject to an extensive consultation exercise with Parliament and other stakeholders which then saw the Treasury working with Whitehall departments and their arms’ length bodies to ensure a smooth transition from 2015-16. The Board is supportive of this significant step change in reporting which will see a restructuring of ARAs from the traditional “front half” annual report and “back half” financial statements into a more integrated reporting framework based on three sections: a Performance report; an Accountability report; and the Financial statements.

The Financial Reporting Manual (FReM) 2015-16 was given due consideration by the Board having been revised in line with the Project and then published in December 2014 to give early sight of the new structure. The Board will closely monitor how these changes are embedded and the feedback from users of the ARAs.

2013 was the first year of mid-year reporting by the main Westminster departments. The Board reviewed the outcome of the first year and took feedback from both the Liaison Committee and Parliamentary Scrutiny Unit on their thoughts of how useful they found the reports. The Board noted that the Treasury in particular found this a helpful exercise as it informed the 2014 guidance to departments and as a result saw an improvement in the second year of reporting. However, the Board recognises there is still scope for increasing engagement between departments and Parliament, and for further improvements to be made to the quality of reporting.

The Board welcomed the publication of the Whole of Government Accounts (WGA) 2012-13 in June 2014; six weeks earlier than the previous year and a significant achievement from the twenty months after year-end publication of the very first WGA. Consideration was given to the remaining audit qualifications of the accounts but it was noted that important steps were being taken to clear them as much and as quickly as possible. The Board was pleased with the useful addition of a separate four page summary document which makes the account more accessible to users.

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/330725/simplifying_annual_reports_print.pdf

The Simplifying and Streamlining Accounts project does not strictly apply to Scottish Government, and the FRAB’s role does not extend to advising Scottish Ministers on the form and content of the annual report and accounts (that being a matter for the Scottish Parliament).

The Board took great interest throughout the year in emerging proposals for European Public Sector Accounting Standards (EPSAS) and noted the rising profile accruals accounting for the public sector in Europe. Concern remains over the impact on Member States such as the UK that have already integrated internationally accepted accrual accounting standards into their wider public finance management systems. The Board is also conscious that were there to be a move towards harmonised public sector accounting standards at a European level, its own role may have to adapt if it is to continue to fulfil its statutory function.

Priorities for 2015-16

An important priority for the Board next year will be ensuring the new accounting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are fully considered in the public sector context so that they are adopted on a timely basis and with minimised disruption. Work plans are in place to ensure this is so but notwithstanding, the Board has much work to do to oversee the readiness for their introduction.

The Board will also take great interest in any further adaptations proposed by the Relevant Authorities in respect of the use of discount rates in financial reporting. It will be keen to ensure that any proposals that are adaptations of IFRS are justified in the public sector context.

The Board will be keen to closely monitor the IASB's progress in finalising a new *Leases* Standard that will remove the existing distinction between finance and operating leases. It is expected to produce a more consistent approach to the recognition and measurement of the rights and obligations that arise from lease agreements but its impact on accounts of public sector bodies would be substantial, particularly on reported liabilities. The Board will keep a watchful eye on progress of the project and deliberate on the implications of the new Standard for public sector financial reporting. The Board will address how this evolves in the next report.

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Chapter 1

INTRODUCTION

Background to the Financial Reporting Advisory Board

- 1.1. The Financial Reporting Advisory Board (the Board) is an independent body fulfilling the statutory role as the ‘group of persons who appear to the Treasury to be appropriate to advise on financial reporting principles and standards’ for government, as required by the Government Resources and Accounts Act 2000².
- 1.2. The Board acts as an independent element in the process of setting accounting standards for government and exists to promote the highest possible standards in financial reporting by government. In doing so, the Board seeks to ensure that any adaptations of, or departures from, generally accepted accounting practice (GAAP) in the public sector context, are justifiable and appropriate.
- 1.3. The Board’s main focus is on examining proposals for amending current, or implementing new, accounting policies in the accounting guidance for central government departments, executive agencies, non-departmental public bodies and trading funds, and for examining the proposals for accounting guidance for local authorities. The Board also advises the Treasury on the implementation of accounting policies specific to WGA.
- 1.4. Further information about the Board (including: membership; Terms of Reference; meeting minutes; and papers) is available on the gov.uk website³.

Background to the FRAB Report

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

² <http://www.legislation.gov.uk/ukpga/2000/20/section/24>

³ <https://www.gov.uk/government/policy-advisory-groups/financial-reporting-advisory-board-frab>

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- 1.7. The Treasury, the Scottish Ministers, and the Department of Finance and Personnel (Northern Ireland) formally lay the Board's report before (respectively) the House of Commons, the Scottish Parliament, and the Northern Ireland Assembly. The Welsh Government submits the report to the Public Accounts Committee of the National Assembly for Wales.
- 1.8. This is the Board's 18th report and the report structure is summarised below.

Report structure

Changes to accounting guidance

- 1.9. Chapter 2 of the report summarises changes to accounting guidance approved by the Board during 2014-15.

Board activities

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

Chapter 2

CHANGES TO ACCOUNTING GUIDANCE IN 2014-15

Introduction

2.1. This chapter details significant changes in accounting guidance within the Board's remit for 2014-15 and 2015-16.

The 2014-15 Financial Reporting Manual (FReM)

2.2. The Board agreed the Treasury's proposed schedule of amendments to the 2014-15 FReM.

2.3. Two substantive changes were agreed relating to disclosures in the accounts on financial instruments. The Treasury gave a commitment to the Committee of Public Accounts following a hearing regarding a report by the National Audit Office, "Managing debt owed to central government" in February 2014 to strengthen guidance and promote best practice on reporting of debt in financial statements, where material. Where entities are exposed to material financial risk, the FReM now has additional emphasis for entities to consider the relevant disclosures for significant credit risk of receivables (i.e. the risk that debt may not be paid). The second amendment relates to retaining existing disclosure requirements for financial instruments (IFRS 7), which are still needed given that a new standard on 'fair value' measurement (IFRS 13) will not be implemented in the public sector until 2015-16

2.4. Other amendments accepted were to correct minor errors and reduce inconsistencies and possible ambiguity. In 2013-14, the Board had already agreed (and previously reported⁴) a number of issues relating to the 2014-15 FReM, the most significant of which are detailed in Table 1.

⁴ 17th Report of the Financial Reporting Advisory Board, Report for the period April 2013 to March 2014

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Table 1

Standard	Summary	FReM impact
<p>IFRS 10, <i>Consolidated Financial Statements</i></p> <p>IFRS 11, <i>Joint Arrangements</i></p> <p>IFRS 12, <i>Disclosure of Interests in Other Entities</i></p> <p>IAS 27, <i>Separate Financial Statements</i> (amended)</p> <p>IAS 28, <i>Investments in Associates and Joint Ventures</i> (amended)</p>	<p>These Standards were EU-adopted for annual periods beginning on or after 1 January 2014 and affect the consolidation and reporting of subsidiaries, joint ventures, and investment entities:</p> <ul style="list-style-type: none"> • IFRS 10 introduces a new definition of control which requires more judgment which may result in new consolidations. • IFRS 11 provides a principles-based definition of joint arrangements (joint operations or joint ventures) based on rights and obligations and requires a more consistent accounting treatment (removing the option of using an accounting method called proportional consolidation) • IFRS 12 requires more disclosure of the financial effects of, and risks to, an entity with investments in subsidiaries, joint arrangements and/or associates. 	<p>Accounting boundaries are adapted in the 2014-15 FReM so that the Westminster departmental accounting boundary continues to be based on control criteria used by the Office for National Statistics for National Accounts.</p> <p>With the continuation of current adaptations, the impact on departments and agencies mainly relates to the disclosure requirements under IFRS 12.</p> <p>Arms' length bodies will apply these consolidation standards in full and their consolidation boundary may change as a result of the new standards.</p>
<p>IFRS 13, <i>Fair Value Measurement</i></p>	<p>IFRS 13 has been EU-adopted for annual periods beginning on or after 1 January 2013. It has been prepared to provide consistent guidance on 'fair value' measurement. The Standard defines 'fair value', provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p>	<p>IFRS 13 has been specifically scoped out of the 2014-15 FReM and will be adopted in 2015-16. Further details on the implementation of IFRS 13 are included in Chapter 3.</p>

2.5. The revised FReM was issued by the Treasury in December 2014. A log of all 2014-15 amendments is available on the gov.uk website.⁵

Proposed 2015-16 Financial Reporting Manual (FReM)

2.6 The Board also reviewed the form and content of the proposed 2015-16 FReM presented by the Treasury. The changes fall into three main categories:

- Changes resulting from the implementation of IFRS 13 Fair Value Measurement in the public sector.
- Changes in the form and content of the annual report and accounts, implementing proposals agreed through the *Simplifying and Streamlining Accounts* project. This includes a revised format introducing three sections: the Performance Report, the Accountability Report and the Financial statements; and
- Minor accounting updates including the introduction of two charity *Statements of Recommended Practice* for relevant arms' length bodies.

2.7 The Board agreed these changes following a review of the consultation exercise with users and the 2015-16 FReM was published to timetable, in December 2014⁶.

⁵ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2014-to-2015>

⁶ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2015-16>

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

- 2.8. The Board agreed the 2014-15 Foundation Trust Annual Reporting Manual and 2014-15 NHS Manuals for Accounts with no new divergences from the FReM. The 2014-15 Foundation Trust Annual Reporting Manual was issued by Monitor in December 2014 (subsequently updated in March 2015) and the 2014-15 NHS Manual for Accounts was issued by the Department of Health in January 2015.
- 2.9. The Board reviewed the draft NHS Manual for 2015-16 at its March 2015 meeting with the aim of publication shortly thereafter.
- 2.10. The Board looks forward to approving future versions of the Manual continuing on a progressively improved timetable.

The 2015-16 Code of Practice on Local Authority Accounting

- 2.11. The Board agreed the 2015-16 Code of Practice on Local Authority Accounting. The Code was issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) in March 2015.
- 2.12. The changes to the 2015-16 Code related to:
- Introducing IFRS 13 Fair Value Measurement;
 - Small changes to existing IFRSs which were the product of the International Accounting Standards Boards annual improvements.
 - New guidance on accounting for levies (IFRIC 21 levies);
 - Clarification of the reporting requirement for Local Authorities in respect of schools; and
 - Frequency of valuations for property, plant and equipment interpretation.

Chapter 3

BOARD ACTIVITIES IN 2014-15

Introduction

- 3.1. This chapter comprises the developments in financial reporting in the public sector, both new and continuing, which were addressed during 2014-15. An update on each of the developments considered by the Board is provided in Table 2 below. Table 3 provides details of when each topic was discussed and papers and minutes from those meetings are available on the gov.uk website⁷.
- 3.2. In addition to continuing work on known developments in financial reporting, the Board monitors international developments in accounting standards which may have implications for public sector financial reporting and in which the Board has a particular interest. These include consultation documents issued by the IASB, the IFRS Interpretations Committee and the International Public Sector Accounting Standards Board (IPSASB).
- 3.3. The Board's future work on accounting standards will include considering the public sector implications of new standards on leases, revenue recognition and financial instruments.

⁷ <https://www.gov.uk/government/collections/hmt-financial-reporting-advisory-board-minutes>

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Table 2

Accounting standard or reporting issue	Activities during 2014-15	Future work
<i>IFRS</i>		
<i>IFRS 9, Financial instruments</i>	<p>The Board gave initial consideration to a new accounting standard for financial instruments (IFRS 9) which is effective for annual periods beginning on or after 1 January 2018, but has yet to be adopted by the EU. The Board encouraged the Relevant Authorities to set out a clear work plan for the implementation of this complex standard, focussing initially on the transitional arrangements.</p>	<p>The Board will continue to review the implications of the introduction of IFRS 9 and provide advice on the implementation plans and activities undertaken by the Relevant Authorities.</p>
<i>IFRS 13, Fair Value</i>	<p>The Board continued its work throughout the year with the Relevant Authorities to address the practical difficulties in applying this Standard in the public sector following its decision to delay implementation until 2015-16. The Standard sets out how to value assets and liabilities at 'fair value', which is broadly how much an asset could be sold for, or a liability settled, at the reporting date.</p> <p>Extensive further work was undertaken by the Treasury and CIPFA on the valuation bases to be applied to assets. It had previously been agreed that IFRS 13 would only apply to assets which do not provide services directly to the public, however further clarification was required on the scope of this application. The Treasury introduced an additional category of assets to clarify that surplus assets will be measured in the accounts at 'fair value'.</p> <p>The Board considered the findings of the Relevant Authorities consultation with stakeholders on this proposal and agreed the introduction of IFRS</p>	<p>The Board has agreed implementation of IFRS 13 to the public sector from 2015-16 and will keep under review the impact of the adoption.</p>

Accounting standard or reporting issue	Activities during 2014-15	Future work
	13 into the manuals in 2015-16.	
<i>IFRS 15, Revenue recognition</i>	<p>The Board gave initial consideration to a new accounting standard on the recognition of revenue (IFRS 15) which was issued by the IASB in May 2014, with initial effective date of 1 January 2017 (the IASB is currently consulting on delaying the effective date by a year). The Board provided advice on the potential implementation, including drawing on experiences in the private sector. The Board also highlighted the importance of the Relevant Authorities deciding on the transition arrangements to be applied when implementing the Standard for the first time. Similarly, to IFRS 9, the Board stressed the importance of early planning and reviewed the Relevant Authorities high level work plan.</p>	<p>The Board will continue to review the implications of the introduction of IFRS 15 and provide advice on the implementation plans and activities undertaken by the Relevant Authorities.</p>
<i>Other issues</i>		
<i>Simplifying and streamlining statutory accounts</i>	<p>In 2013-14 the Board had been supportive of proposals by the Treasury set out in the <i>Simplifying and Streamlining Accounts</i> project. This project has the objective of improving the quality and usefulness of financial reporting and to improve scrutiny and accountability of Westminster reporting entities to Parliament and stakeholders.</p> <p>The Board considered the more detailed overview of plans and subsequent responses to the consultation exercise following the publication of the project Command Paper. This set out the proposed three part revised format to the annual report and accounts, that being: a Performance Report, an Accountability Report and finally, the Financial Statements. Responses</p>	<p>The Board will be kept informed of the results of implementation of the new annual report and accounts reporting framework, particularly from both preparers of accounts and key stakeholders.</p> <p>Plans are also on the horizon to consider the concept of a Financial Reporting Manual for some entities, a so called, “FReM light” and the Board asked the Treasury to consider recent changes to UK GAAP and how or if this could be applied in the public sector.</p>

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Accounting standard or reporting issue	Activities during 2014-15	Future work
	<p>to the consultation were broadly supportive of the Project and the Board agreed to the proposals outlined and then considered the amended 2015-16 FReM, prepared under the new framework, which was also agreed. The new framework will take effect from 2015-16.</p> <p>The Board were also asked to offer views on sustainability reporting within the new framework where more integrated reporting is encouraged. Support was also given to this approach.</p>	
<i>Mid-year reporting</i>	<p>The Board reviewed the outcome of the first year of mid-year reporting by the main Westminster departments and considered feedback from both the Liaison Committee and Parliamentary Scrutiny Unit. A good practice example, such as that from HMRC, was noted and that the exercise could potentially improve financial management and assist in streamlining the year-end account production process.</p> <p>Areas of improvements for 2014 were highlighted including the need for greater openness and balance in reporting, and secondly to enhance disclosures around major projects information. The Treasury used this feedback to make improvements to guidance issued to Westminster departments for the 2014 mid-year reporting exercise.</p> <p>The Board also recognised that mid-year reporting had been received well by Parliament, but greater engagement was still needed and that a “fair, balanced and understandable” reporting requirement would improve the quality and usefulness of reports.</p>	<p>The Board will appraise further outcomes of mid-year reporting and monitor both improvements to the quality of reports and the engagement and usefulness of reporting.</p>

Accounting standard or reporting issue	Activities during 2014-15	Future work
<i>Whole of Government Accounts (WGA)</i>	<p>The Board was presented with an overview of the 2012-13 WGA, published in June 2014, six weeks earlier than the prior year and the twenty months after year-end publication of the very first WGA. The Board recognised that this was a significant step forward in the timeliness of the account.</p> <p>Although the account was qualified on the same basis as the prior year, the Board recognised the significant progress made along with the useful addition of a separate four page summary document.</p> <p>The Board considered a number of substantive issues within WGA including those likely to cause the retention of the qualification in future years but were supportive of the continued efforts by the Treasury to remove the qualifications where possible.</p>	<p>The Board will continue to review the ongoing intention of the Treasury to remove qualifications on WGA and the continued progress to achieve earlier publication.</p> <p>The Board will also be updated on the notable matters arising from the preparation of WGA and those being discussed at the WGA Advisory Board.</p>
<i>Accounting for schools</i>	<p>The Board considered the final amendments to the 2014-15 Code of Practice on Local Authority Accounting in the UK in relation to accounting for local authority maintained schools.</p> <p>The amendments focused on an adaptation to the definition of the single entity financial statements which was subject to a consultation process concluding in April 2014. The outcomes from a joint working group between the Treasury and CIPFA/LASAAC concluded that the balance of control lies with the local authority and thus local authority maintained schools should be included in the local authority group accounting boundary.</p> <p>The Board also considered the</p>	<p>The Board will continue to work with CIPFA/LASAAC to provide any additional guidance as deemed necessary.</p>

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Accounting standard or reporting issue	Activities during 2014-15	Future work
	<p>recommendation within the consultation relating to IFRS 12 (see above) which applies to schools to be aggregated in local authorities' financial statements and treat other maintained schools in the same way. These steps will improve consistency with the FReM reporting requirements and may contribute to the removal of one of the qualifications in the whole of government accounts.</p>	
<i>Discount rates</i>	<p>The Board responded to the Treasury's review of discount rates used in the financial statements. The Treasury's review was prompted by feedback from users that suggested the use of different rates and frequent updating of those rates (to reflect changes in market conditions) is confusing.</p> <p>The Treasury submitted a paper to the Board as part of this analysis with initial conclusions that the financial reporting policy on discount rates could be improved to better reflect the public sector context.</p> <p>The Board advised there was no compelling reason to diverge from the Standards and that confusion may be addressed by better disclosure of the effects of discounting to improve the understanding of users.</p>	<p>The Board will continue to review any further adaptations proposed to the methodology employed by the Treasury and will be keen to ensure that any deviations from the Standards are justified by the public sector context.</p>
<i>Tax and spend schemes</i>	<p>The Board considered a paper presented by the Treasury providing an update on accounting for imputed tax and spend schemes in departmental accounts. The Board supported the Treasury's decision not to attempt to adapt IFRS further in order to incorporate these schemes. The Board supports the Treasury's plan to remove the schemes from Estimates with an alternative</p>	<p>The Board will keep under review any work planned by the IPSASB on such hypothecated tax schemes.</p>

Accounting standard or reporting issue	Activities during 2014-15	Future work
	<p>accountability arrangement agreed between the Treasury and Parliament.</p> <p>The Treasury confirmed that it did not intend to introduce further adaptations to IFRS to account for Contracts for Difference.</p>	
<p><i>European Public Sector Accounting Standards (EPSAS)</i></p>	<p>The Board received updates throughout the year from the Treasury on further developments related to Eurostat's project on European Public Sector Accounting Standards including: a meeting of the Relevant Authorities; a Eurostat/PWC fact finding visit; events in Brussels; and Eurostat Taskforce meetings.</p> <p>The primary purpose of the project is to improve government finance statistics by ensuring common consistent audited base data established on harmonised standards for Member States.</p> <p>Two major developments were noted. The first was a discussion by the Economic and Financial Committee of the European Council to focus on the need to ensure appropriate timing of the project and the scrutiny of the balance of costs and benefits. The second development reported was PWC's impact assessment findings which highlighted the significant costs involved in adoption of the project.</p> <p>The Board examined other significant areas of concern of some Member States highlighted in the EPSAS update including the complexity and volume of consolidation of entities at a local level in individual Member States and the anticipated move away from</p>	<p>The Board will continue to be updated on this important project as further developments take place.</p>

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Accounting standard or reporting issue	Activities during 2014-15	Future work
	<p>historic cost asset valuations under a new reporting regime. The Board reflected on how this project might impact on the UK's existing reporting framework.</p>	
<p><i>Conceptual Frameworks and future developments</i></p>	<p>The IASB are revising their Conceptual Framework. IPSASB has completed its Conceptual Framework. Details of developments in both frameworks were presented to the Board. The Treasury gave an overview of a discussion paper released in 2013 by the IASB and the areas of focus. This was compared with the IPSASB Conceptual Framework including in respect of definitions of assets and liabilities, recognition and derecognition of assets and liabilities, measurement, presentation and disclosures. However, it was noted that these proposals were not incompatible with continued use of IFRS in the UK public sector.</p>	<p>The Board will continue to scrutinise the results of a consultation exercise by the IASB and potential changes to the Conceptual Framework.</p> <p>The Board plan to undertake a further review of the IPSASB Conceptual Framework project as it progresses and will compare terms used with those of the IASB to identify substantive differences.</p> <p>The Board will continue to be updated on IPSASB projects as further developments take place.</p>

Table 3

Accounting standard or reporting issue	Board meeting where the accounting standard or issue was discussed			
	3 April 2014	19 June 2014	27 November 2014	26 March 2015
IFRS				
IFRS 9, <i>Financial instruments</i>			✓	✓
IFRS 13, <i>Fair Value Measurement</i>	✓	✓	✓	
IFRS 15, <i>Revenue from Contracts with Customers</i>			✓	✓
Other issues				
<i>Simplifying and streamlining statutory accounts</i>	✓	✓	✓	
<i>Mid-year reporting</i>	✓	✓		✓
<i>Whole of Government Accounts (WGA)</i>		✓		
<i>Accounting for schools</i>	✓			
<i>Discount rates</i>	✓			✓
<i>Tax and spend schemes</i>	✓			
<i>European Public Sector Accounting Standards (EPSAS)</i>	✓	✓	✓	
<i>Conceptual Frameworks</i>		✓		



Response to the Report of the National Assembly for Wales Public Accounts Committee on Value for Money of Motorway and Trunk Road Investment

We welcome the findings of the report and offer the following response to the 18 recommendations contained within it.

Recommendation 1

The Committee recommends that the Welsh Government engage with the industry to understand its needs and ensure that information provided on the trunk road project pipeline is accurate and up-to-date.

Accepted. The Welsh Government will maintain a rolling programme of bi-annual supplier events to ensure the construction industry supply chain has access to accurate and up to date information on its pipeline of transport projects. Supplier events will be used to provide updates on procurement policies and in turn receive feed back on current practices. Welsh Government will establish regular engagement with representative bodies such as the Civil Engineering Contractors Association and the Association of Consulting Engineers.

Recommendation 2

The Committee recommends the Welsh Government should publish a clear prioritised list of all trunk road projects, with indicative dates. This list should include information on the current status of the projects and should be refreshed regularly, with reasons given for any change in status and priority.

Accepted. A delivery schedule is set out in the National Transport Finance Plan and reflects the current assumptions about the delivery profile of each scheme. The Schedule notes these may be subject to change, recognising that statutory processes that must be completed and the need to be responsive to changing circumstances. The Plan contains an annualised delivery period for each year for the first five years. The delivery schedule will be regularly reviewed and updated as the delivery profile for specific schemes becomes clearer.

Recommendation 3

The Committee recommends the Welsh Government publishes details of the scope, approach and timetable for the review of the Welsh Transport Appraisal Guidance (WelTAG), including the approach to consultation, and publishes the outcome of the review once completed.

Accepted. The Welsh Government are currently undertaking a thorough review of all areas covered within WelTAG in the light of the experience of its use since 2008, the major revisions in the complimentary DfT guidance now known as WebTAG 2, the Aqua book recently published by HM Treasury and the forthcoming revision to the HM Treasury Green Book. This approach will ensure that the guidance sets out clearly a thorough process for the appraisal and evaluation of transport interventions, including qualitative and quantitative analysis where appropriate of social, environmental and economic impacts. The draft guidance will be produced by the end of 2015. Consultation would follow in 2016.

Recommendation 4

The Committee recommends the Welsh Government undertake a review to understand the factors leading to cost overruns on lower value projects and consider whether Early Contract Involvement (ECI), or the principles of ECI, might improve performance on projects with a value of under £18 million.

Accepted. The Welsh Government will undertake a full review of lower value construction contracts to investigate opportunities for the optimum use of ECI principles. The review will be complete by the end of 2015 and the roads procedures guidance updated where appropriate.

Recommendation 5

The Committee recommends that the Welsh Government explores all possible avenues to improve engagement with statutory undertakers, including legislative tools and further engagement with the UK Government. We ask that the Welsh Government report back to the Committee in the autumn term on how its work in this area is progressing

Accepted. The mechanisms for scheme delivery are covered in New Roads and Streetworks Act (NRSWA) 1991 and Traffic Management Act (TMA) 2004. The major obstacle to successful co-ordination is the failure of some highway authorities to notice their own works. This is being addressed and Welsh Government encourages all local highway authorities to notice their own works and this is written into the draft street works strategy. Welsh Government will write to all local highway authorities to instruct them to do this in compliance with the TMA by the end of September. All works are discussed at the regional co-ordination meetings, which are generally well attended. Welsh Government will investigate other tools to enhance the co-ordination of all works, for example, websites. For major projects, the utilities have 5 year plans which are available and they already submit forward planning notices which identify these schemes in the co-ordination mechanism. In future and where possible WG still submit forward planning notices to alert utilities to proposed schemes. The committee will be provided with a report on progress in the autumn.

Recommendation 6

We are concerned that the current balance between planned and reactive maintenance may not be appropriate, and note SWTRA's comments regarding the impact of financial constraints on both the deterioration of the condition of the road network and the number of unplanned repairs leading to inefficient use of resources. The Committee recommends that the Welsh Government clearly identify the reasons for the recent deterioration of the trunk road network and publish a plan to address these issues and reverse this deterioration within a defined time period.

Accepted. Officials continually monitor the condition of the motorway and trunk road network through an annual programme of condition surveys and inspections. This data is used to identify sections of the network requiring maintenance and establish the cause of the deterioration. This then informs the development of a forward programme of work to achieve the Welsh Government's target of not more than 8% of its network length requiring maintenance. The maintenance programme for 2015/16

is currently underway and the programme for 2016/17 will be finalised by the end of the financial year.

Recommendation 7

The Committee recommends that, in preparing the plan recommended above, the Welsh Government should set out clearly how it will achieve an effective balance between planned and reactive maintenance, and between major projects (new roads or major improvements) and maintenance of existing trunk roads, in the future.

Accepted. To assist with identifying and prioritising future road improvements, we will set out service standards and performance for the trunk and motorway network based around a corridor approach, and develop an assessment criteria that considers the whole life costs of the network. This work will be completed in early 2016.

Recommendation 8

The Committee recommends the Welsh Government ensures that there is consistency between the policies of the North Wales and South Wales Trunk Road Agents.

Accepted. Officials are already working to develop all-Wales policies. The overriding aim is to have all-Wales documents with, where appropriate, local variations to cover specific matters by the end of 2016/17. All Wales service level agreements (SLAs) are being developed for use by the trunk road agents in procuring the services of their suppliers. The SLAs will be in place by the start of the new financial year.

Recommendation 9

The Committee recommends that, as part of the on-going review of Trunk Road Agents, the Welsh Government should consider the advantages and disadvantages of establishing a single Trunk Road Agent and whether this could provide a more consistent approach to delivery of functions across Wales and improved value for money.

Accepted. A single Trunk Road Agent delivery model is one of the options being considered under the ongoing review of the Trunk Road Agents. The findings of that review are to be published in autumn 2015.

Recommendation 10

The Committee recommends that accountability for the planning and delivery of minor improvement schemes via Trunk Road Agents and their local authority and other organisational partners be clarified and publicised so that it can be clearly understood by members of the public.

Accepted. Welsh Government will provide information on accountability for the planning and delivery of minor improvement schemes on the trunk roads. This will include clarity on legislative responsibilities and delegations, details of agreements and of contractual arrangements. This information will be in place by the end of 2015.

Recommendation 11

The Committee recommends that options for longer-term funding periods to allow better planning of maintenance works should be considered as part of the review of Trunk Road Agents. The Welsh Government should monitor the effectiveness of the five-year budget cycles used to fund Highways England.

Accepted. Options for longer term funding periods including monitoring of the effectiveness of the Highways England funding model will be taken forward in parallel to the Trunk Road Agent Review with the objective of implementing interim recommendations from 2016/17. Any final recommendations will be implemented from 2017/18 after sufficient time has passed to properly evaluate the outcome of the Highways England approach.

Recommendation 12

The Committee recommends the Welsh Government explores alternative methods of funding, including private investment, in schemes which offer the use of priority or freight lanes in congested areas. Any schemes considered by the Welsh Government should be subject to robust business planning, including a full cost benefit analysis

Accepted. The Welsh Government approach to freight is to increase modal shift to rail while recognising that road freight will retain a significant role. Investment in transport projects will take place where there is a sound and robust business case and will draw on a number of funding sources. Sources available are:

- Welsh Government transport department capital and revenue budgets
- Welsh Government central capital, in support of the Wales Infrastructure Investment Plan
- Joint funding with the wider Economy Department or wider Welsh Government Borrowing, including early access to borrowing
- Innovative finance (including use of the Non-profit Distributing (NPD) investment model)
- European Structural funds
- Rural Development Plan
- Other European funding sources, local government or other public sector bodies
- Enabling local government borrowing
- UK Government funding for non-devolved areas of transport, research councils, universities, the transport catapult and others
- Private sector investment, National Lottery and other sources of funding
- Income from land or commercial developments. The relevance of the various potential funding sources will vary depending on the nature of the specific scheme.

Recommendation 13

The Committee recommends that the Welsh Government's response to this report sets out clearly the steps remaining for implementation of an effective information management tool for trunk road improvement projects, management of maintenance programmes and monitoring of network condition. This should include the timeframe for each step and the deadline for full implementation

Partially Accepted. The Welsh Government will work to host it's current information management tool for major road projects on the Welsh Government IRIS information

management system. This will be available to trial and fully implement in the 2016/2017 financial year.

Recommendation 14

The Committee recommends the Welsh Government undertakes an industry wide capability and competence audit across the private and public sector in Wales and sets out its approach to addressing any gaps identified.

Accepted. A detailed study of known construction companies in Wales is proposed to identify any construction skill gaps. A quantitative assessment of the capability of the sector across all trades will be reviewed against the announced projects in Wales. A labour forecasting tool will be developed in conjunction with CITB for major transport and energy related infrastructure. Construction Futures Wales (CFW) is designed to improve the performance and sustainability of Welsh construction companies. Companies involved in major projects in Wales will be identified and supported to develop their capability, capacity and their skills base. Construction apprentice opportunities can be supported through Welsh Governments CFW partners, the Construction Industry Training Board (CITB). This will completed by summer 2016.

Recommendation 15

The Committee recommends the Welsh Government develop a means of monitoring and reporting on performance in co-ordination, communication etc. of road works and management of incidents to allow the effectiveness of the approach taken to be understood. This should include regular reporting on the volume of complaints and publication of such data in the public domain.

Accepted. Much of this data is collected as a matter of routine business. Welsh Government officials will make recommendations on the publication of the data in formats suitable for the public to digest. This data will be placed in the public domain. Configuration of the data will require some system additions and these will be designed this year with implementation in 2016/17.

Recommendation 16

The Committee recommends the Welsh Government continue to monitor the trial of screens on the M4 toll gates to Junction 35, to maintain the integrity of crash sites and mitigate against drivers trying to view the aftermath of a traffic accident and report back to the Committee on their success.

Accepted. The trial will continue. Since the trial began there have been no incidents where the use of the screens would have provided benefit. A set of screens is also to be deployed to the A55 as a trial. The screens for the trial are on loan from Highways England and thus the length of the trial is dependent upon continued loan. Officials envisage the trial to be a 3 years such that sufficient data can be gathered in terms of the number of times the screens have been deployed. A report will be sent back to the committee at the end of each financial year.

Recommendation 17

The Committee recommends the Welsh Government engages with road users and their representative organisations to better understand and address concerns about communication and co-ordination of local road works and management of incidents

Accepted. Welsh Government will engage further with road user representative organisations. We will also review the role of Transport Focus in England and monitor its outcomes and will implement them as appropriate, by the end of the current financial year.

Recommendation 18

The Committee recommends that the Welsh Government improves its communication and co-ordination with Highways England regarding road works and schemes that have an impact on both sides of the border and ensure information is made available to the public.

Accepted. Welsh Government officials will develop existing relationships with the Department of Transport and Highways England to ensure there is an effective communication framework to co-ordinate cross border transport matters. Relationships will be developed via existing forums at which Welsh Government presence has been restricted of late. Officials will also ensure attendance at specific area based cross border meetings and at scheme specific meetings. Any information will be placed in the public domain.

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Mr Darren Millar AM
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National Assembly for Wales
Cardiff Bay
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Date: 4 September 2015
Our ref: HVT/2382/fgb
Page: 1 of 4

Dear Darren,

VALUE FOR MONEY OF MOTORWAY AND TRUNK ROAD INVESTMENT – WELSH GOVERNMENT RESPONSE

The Deputy Clerk's letter of 25 August requested my advice on the Welsh Government's response to the Committee's report on Motorway and Trunk Road Investment that was published in June 2015.

The Welsh Government has indicated that it accepts 17 of the Committee's 18 recommendations with the remaining recommendation accepted in part. Overall, I consider that the Welsh Government has responded satisfactorily to the recommendations. However, I have highlighted below some areas where the Committee might wish to seek further information or clarification.

Recommendation 3: The Welsh Government accepts this recommendation, although the Committee may wish to consider whether the level of detail provided meets its expectations. For example, the Welsh Government could have given a more specific commitment on the timetable for completion of the WelTAG consultation process and exactly when it would then expect to issue and implement the revised guidance.

Recommendation 4: The Welsh Government accepted this recommendation and the Committee may wish to request an update on the outcome of the review of lower value contracts to investigate opportunities for the optimum use of ECI principle in early 2016.

Recommendation 5: The Welsh Government accepts this recommendation. However, the Committee's report stated that it was concerned about the pace of development of the Welsh Government's street works strategy and the response does not provide a specific update in that regard. The Welsh Government had indicated in its previous evidence to the Committee that the strategy would be published in 2015. The extent to which the draft street works strategy covers issues relevant to major projects on the trunk road network, as opposed to local highways works, remains unclear.

The Welsh Government has promised a further update in the autumn, and the Committee might want to request further detail on these specific points as part of that update, if the street works strategy has not already been published by that point.

Recommendation 6: The Welsh Government accepts this recommendation and has a programme in place to monitor the condition of the motorway and trunk road network. However, the Committee may wish to ask the Welsh Government for more detail on the reasons for the deterioration of the motorway and trunk road network and to confirm its expectations regarding the publication of the Welsh Government's plans to improve the condition of the network, for example with regard to the annual programme of work.

The Welsh Government has not met its stated target of not more than eight per cent of the network length requiring maintenance since 2010. To clarify, I understand that a section of trunk road is registered for this indicator when it is deemed – based on a calculation of the road's structural capacity and residual life - to require an investigation to decide whether or not it requires maintenance. The most recently published [Statistical Bulletin on Road Lengths and Conditions, 2014](#) reported that, for 2013, 14.3 per cent of the network fell into this category. However, [Programme for Government related information on the Welsh Government's website](#) includes a more recent figure for 2014 of 10.2 per cent. Neither of these sources appear to cite the eight per cent target.

The Programme for Government reporting notes that the percentage of trunk roads requiring maintenance, taken together with the number of category 1 defects, is indicative of the Welsh Government's performance in maintaining the integrity of the motorway and trunk road network in Wales. Category 1 defects are those which are dangerous, or potentially dangerous, and therefore require immediate attention. The number of such defects is not reported as official statistics but draws on departmental management information. The [information published on the Welsh Government's website](#) only covers the calendar years 2011-2013 but indicates that there were around 12,100 such defects identified in the first eighteen months of that period, compared with around 18,000 in the second eighteen months.

Recommendation 7: The Welsh Government accepts this recommendation, although exactly how the proposed action will address the Committee's recommendation and the future prioritisation of expenditure is not clear, particularly with regard to the balance of investment between major projects and maintenance of the existing trunk road network.

However, rather than seeking further evidence itself, the Committee could consider referring the Welsh Government's response to this recommendation on to the Enterprise and Business Committee to consider as part of future budget scrutiny.

Recommendation 13: The Welsh Government partially accepted this recommendation although the Committee may wish to seek clarification as to why. The detail provided in response does not appear to address the Committee's desire to see set out clearly the steps remaining for the implementation of an effective information management tool. I assume that the partial acceptance of this recommendation reflects the fact that, pending a future trial, the Welsh Government does not yet know whether it will be practical to use the IRIS system to manage information about major projects.

Recommendation 14: The Welsh Government has accepted this recommendation and has committed to a study looking at the capability and competence of the construction sector, as well as making use of on-going work by Construction Futures Wales and the Construction Industry Training Board. This work will include the development of a labour forecasting tool for major transport infrastructure. There are a range of other (non-construction) specialist skills required for major projects and maintenance of the motorway and trunk road network, such as civil engineering, cost consultancy, and environmental consultancy. The Committee might wish to confirm that the work described will cover the full range of skills involved.

In addition, it is not clear from the response whether the work described would consider the public sector perspective that the Committee referred to in its recommendation, taking account of the sort of capability and competence audit that the Committee might have had in mind based on the evidence it heard from Professor Smith.

Recommendation 16: The Welsh Government accepted this recommendation. However, the Committee might wish to consider whether it is necessary to receive a report from the Welsh Government at the end of each financial year on the use of screens on the M4. It may be sufficient for the Committee in the fifth Assembly to simply receive a single update following the conclusion of the anticipated three-year trial period.

Recommendation 17: The Welsh Government has accepted this recommendation. However, the Committee may wish for more detail on how the Welsh Government will engage further with road users. The Committee may also wish to clarify whether the Welsh Government response implies that it is considering putting in place arrangements to replicate the work of Transport Focus (formerly Passenger Focus) in England. In addition to representing passengers on public transport, Transport Focus now represents users of the Strategic Roads Network (SRN) in England only.

Recommendation 18: The Welsh Government accepted this recommendation. The Welsh Government is looking to develop its relationship with Highways England and there are existing forums where these can be enhanced. However, it is noted that the Welsh Government's presence at these forums has been restricted of late and the Committee may wish to find out why this is this case, the types of topics discussed and what information will be placed in the public domain.

I trust that this advice is helpful to the Committee.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Huw Vaughan Thomas', is positioned above the printed name.

HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES