

## Agenda – Public Accounts Committee

---

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 3 December 2018

Meeting time: 13.15

For further information contact:

Fay Bowen

Committee Clerk

0300 200 6565

[SeneddPAC@assembly.wales](mailto:SeneddPAC@assembly.wales)

---

### (Pre-meeting)

(13.15 – 13.30)

### 1 Introductions, apologies, substitutions and declarations of interest

(13.30)

### 2 Paper(s) to note

(13.30 – 13.40)

(Pages 1 – 19)

#### 2.1 Scrutiny of Accounts 2017–18: Additional information from the Assembly Commission (14 November 2018)

#### 2.2 Scrutiny of Accounts 2017–18: Additional information from National Museum Wales (15 November 2018)

#### 2.3 Scrutiny of Accounts 2017–18: Letter from the Permanent Secretary, Welsh Government (22 November 2018)

#### 2.4 The Welsh Government's relationship with Pinewood: Letter from the Welsh Government (22 November 2018)

### 3 The Welsh Government's Supporting People Programme: Evidence Session with the Welsh Government

(13.40 – 15.00)

(Pages 20 – 51)

Research Briefing



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

PAC(5)-32-18 Paper 1 – Paper from the Welsh Government

PAC(5)-32-18 Paper 2 – Letter from Community Housing Cymru

PAC(5)-32-18 Paper 3 – Letter from Cymorth Cymru

Tracey Burke – Director General, Education and Public Services Group, Welsh Government

Jo-Anne Daniels – Director for Communities and Tackling Poverty, Welsh Government

John Howells – Director for Housing and Regeneration, Welsh Government

**4 Cardiff Airport: Update from the Welsh Government on the implementation of the Committee's Recommendations**

(15.00 – 15.05)

(Pages 52 – 56)

PAC(5)-32-18 Paper 4 – Update from the Welsh Government

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

(15.05)

Items 6, 7 & 8

**6 The Welsh Government's Supporting People Programme: Consideration of evidence received**

(15.05 – 15.15)

**7 Auditor General for Wales Report(s): Forward work programme**

(15:15 – 15:40)

(Pages 57 – 82)

PAC(5)-32-18 Paper 5 – Auditor General for Wales' Forward work programme

**8 Primary care out-of-hours service: Consideration of scoping paper**

(15.40 – 16.00)

(Pages 83 – 86)

PAC(5)-32-18 Paper 6 – Scoping paper

## Concise Minutes – Public Accounts Committee

---

Meeting Venue:

Committee Room 5 – Tŷ Hywel

Meeting date: Monday, 26 November

2018

Meeting time: 13.29 – 14.45

---

### Attendance

Category	Names
Assembly Members:	Mohammad Asghar (Oscar) AM Neil Hamilton AM Rhianon Passmore AM Adam Price AM Jenny Rathbone AM
Wales Audit Office:	Adrian Crompton – Auditor General for Wales Matthew Mortlock Anne Beegan Andrew Doughton
Committee Staff:	Fay Bowen (Clerk) Meriel Singleton (Second Clerk) Claire Griffiths (Deputy Clerk)

### 1 Introductions, apologies, substitutions and declarations of interest

- 1.1 In the absence of the Committee Chair, Rhianon Passmore AM nominated Adam Price AM to be elected as the temporary Chair under Standing Orders 17.22 and



18.6. The Committee agreed and Adam Price AM was elected as temporary Chair for the absence of Nick Ramsay AM.

1.2 The temporary Chair welcomed Members to the Committee.

1.3 Apologies were received from Nick Ramsay AM and Jack Sargeant AM.

## **2 Paper(s) to note**

2.1 The papers were noted.

2.2 It was agreed that the Clerks would forward the Auditor General's Report on Local Government Services to Rural Communities to the Climate Change, Environment and Rural Affairs Committee; Economy, Infrastructure and Skills Committee and the Equality, Local Government and Communities Committee.

### **2.1 Local Government Services to Rural Communities: Auditor General for Wales Report**

### **2.2 Scrutiny of Accounts 2017–18: Correspondence from the Assembly Commission (20 November 2018)**

## **3 Management of follow up outpatients across Wales: Auditor General for Wales Report**

3.1 The Auditor General briefed Members on the Management of follow up outpatients across Wales report.

3.2 The Committee agreed to undertake an inquiry into this issue if the Health, Social Care and Sport Committee are unable to schedule this issue into their work programme.

## **4 Radiology services – national summary report: Auditor General for Wales Report**

4.1 The Auditor General briefed Members on the Radiology services – national summary report.

4.2 The Committee noted the positive trajectory within this area and agreed to seek regular written updates from the Welsh Government setting out progress in delivering the national implementation plan.

## 5 Forward Work Programme – Spring 2019

5.1 Members discussed the Committee's Forward Work Programme for the Spring 2019 term and agreed to:

- Undertake an inquiry into the National Fraud Initiative;
- Undertake outreach work as part of the inquiry into GP Out-of-Hours Service;
- Request an update on mental health management following the reviews undertaken into the Tawel Fan ward at Ysbyty Glan Clwyd together with an update on the wider government targeted support and intervention system in place at BCUHB;
- Undertake an inquiry into Business Finance in the summer 2019 term;
- Undertake an inquiry into governance arrangements within the Welsh Government in the summer 2019 term; and
- Note that the Auditor General is scheduled to publish a report into NHS Wales agency and locum costs in spring 2019 and dependent on the report's findings, undertake an inquiry.

Nick Ramsay AM  
Chair of the Public Accounts Committee  
National Assembly for Wales  
Tŷ Hywel  
Cardiff Bay  
CF99 1NA

14 November 2018

Dear Nick

At our scrutiny session on Monday 8 October, I agreed to write to you with the Assembly Commissioners' views once they had considered the paper at their November meeting regarding the new contract KPI for procurement.

Commissioners had requested information about ways to increase the proportion of Commission procurement spend with Welsh and Wales-based suppliers. They considered a paper at the 5 November Commission meeting, which set out a strategy for increasing the proportion of procurement spend with Welsh and Wales-based suppliers. The detail also encompassed a new corporate KPI on Welsh supplier spend to give focus to formally monitoring progress. Commissioners noted the information provided and supported the direction of travel.

I have attached a copy of the Commission paper, for your information. Please do not hesitate to contact me if you have any queries or would like any further information.

Yours sincerely



**Manon Antoniazzi**

**Prif Weithredwr a Chlerc/Chief Executive and Clerk**

**Cynulliad Cenedlaethol Cymru/National Assembly for Wales**

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.



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

Document is Restricted

## **Public Accounts Committee**

**PAC(5)-32-18 PTN2: 3 December 2018**

### **Scrutiny of Accounts 2017-18: Additional Information from National Museum Wales**

During the evidence session held with the National Museum Wales on 22 October 2018, Members requested details of the days lost through sickness in 2017-18.

The Response is below:

The average number of days per employee lost through sickness in 2017-18 was 10.94.

It is important to note that during the last financial year, we provided refresher training on attendance management to all line managers and implemented a Business Partner model where HR Officers are working with managers to more proactively monitor and address attendance issues. In addition, we are promoting a number of wellbeing initiatives targeted at improving mental health, which is currently the most prevalent cause of absence. Our expectation is that our absence levels will reduce during this financial year as a result of these interventions.



**Shan Morgan**  
Ysgrifennydd Parhaol  
Permanent Secretary



Llywodraeth Cymru  
Welsh Government

Mr N Ramsay  
Chair, Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

22 November 2018

Dear Mr Ramsay,

Thank you for your letter of 25 October, seeking to clarify questions arising from my attendance at the Public Accounts Committee on 15 October. I have included responses under the corresponding headings below:

### **Working Group on promotion and facilitation of the Welsh language in the government's internal administration**

The paper prepared by the Task and Finish Group of senior civil servants established by the previous Permanent Secretary, Sir Derek Jones, was an internal paper to facilitate a discussion on the Welsh Government's long term goals for promoting the language within the organisation. The paper was submitted to me during the very early days of my tenure, with the aim of a prompting a discussion at Board level to advise me on a recommended approach to developing an internal policy. The Welsh Language Standards had been in place for a matter of months at the time, and there were strategic changes to language policy underway, including the publication of Cymraeg 2050. In those circumstances, therefore, I thought it prudent to take time to understand more about the issue and to reflect.

Since that time, the Standards have become embedded in the public sector's functions in Wales and the strategy's ambition of seeing one million Welsh speakers by 2050 has been embraced by organisations across Wales. In addition, new steps put in place to increase the use of the language within other prominent organisations will now assist in informing our position on the matter. Lessons learnt from the Assembly Commission, South Wales Police, Rhondda Cynon Taf Council, Ynys Môn Council and Cardiff Council are of great interest to me and form a key part of the further work I have



**BUDDSODDWYR** | **INVESTORS**  
**MEWN POBL** | **IN PEOPLE**

Parc Cathays • Cathays Park Ffôn • Tel 0300 025 3289  
Caerdydd • Cardiff PS.PermanentSecretary@gov.wales  
CF10 3NQ Gwefan • Website: [www.gov.wales](http://www.gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi. Dilynwch y ddolen i gael arweiniad ar sut fyddwn yn trin a defnyddio'ch data, yn unol â'r Rheoliadau Diogelu Data Cyffredinol. <https://gov.wales/about/welsh-government-privacy-notice/?skip=1&lang=cy>

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding. Please follow the link for guidance on how we will handle & use your data, in accordance with the General Data Protection Regulations. <https://gov.wales/about/welsh-government-privacy-notice/?lang=en>

commissioned. My colleague responsible for overseeing the standards has organised a series of meetings with key personnel in these organisations to discuss their experiences of developing Welsh language skills within the workforce.

I am mindful of the need to carefully consider all potential implications of developments put in place by these organisations, and to fully understand the significance of moving to any scenario where Welsh language skills are a requirement across the workforce. I will be carefully balancing the consequences of this and am mindful of the need to preserve the goodwill of the workforce alongside my ambition of seeing the Welsh Government's capacity to work bilingually increase and the use of the language by officials develop further.

As with all staffing matters, this is ultimately a decision that will be taken by me in my role as Permanent Secretary of the Welsh Government, with consideration given to the advice of my senior team and the Welsh Government's Board. However, I am also very aware of both the legislative and political context of this issue, and the clear commitment set out in Cymraeg 2050 by the First Minister to see an increase in the use of the language by the Welsh Government's workforce. I will be working closely with Ministers to ensure that our next steps in terms of policy and ambition closely align with their priorities.

## **Success Profiling and competencies**

We are under no statutory requirement to follow the Success Profiles approach as responsibility for civil service staffing matters in the Welsh Government (with the exception of the Senior Civil Service) has been delegated. However, the Welsh Government's Capability & Talent Board has recently made the decision, in principle and subject to engagement and consultation with trade unions, to adopt Success Profiles. The UK Government's Cabinet Office is responsible for the phased rollout of the new approach across the civil service and Welsh Government officials are currently engaging with Cabinet Office on implementing this next calendar year. We will require a slightly longer timeframe for implementation due to our need to develop all materials bilingually and to ensure an effective period of engagement and consultation with trade unions and staff networks within the Welsh Government.

## **Welsh Civil Service reform plan and efficiency targets**

The work of the future proofing initiative and improving efficiency work are aligned but distinct as the latter is putting in place more efficient and effective processes and procedures whereas the former focusses on developing the right skills within the



**BUDDSODDWYR** | **INVESTORS**  
**MEWN POBL** | **IN PEOPLE**

Parc Cathays • Cathays Park Ffôn • Tel 0300 025 3289  
Caerdydd • Cardiff PS.PermanentSecretary@gov.wales  
CF10 3NQ Gwefan • Website: [www.gov.wales](http://www.gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi. Dilynwch y ddolen i gael arweiniad ar sut fyddwn yn trin a defnyddio'ch data, yn unol â'r Rheoliadau Diogelu Data Cyffredinol. <https://gov.wales/about/welsh-government-privacy-notice/?skip=1&lang=cy>

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding. Please follow the link for guidance on how we will handle & use your data, in accordance with the General Data Protection Regulations. <https://gov.wales/about/welsh-government-privacy-notice/?lang=en>

organisation. This would include the skills needed to realise the benefits arising from the introduction of new processes and procedures.

The improving efficiency board was established to improve the efficiency of processes and procedures within the Welsh Government by identifying administrative and/or transactional work which could be streamlined or undertaken less frequently, in a different way or not at all. Areas of work currently being taken forward are; the administration of grants, grants due diligence, the implementation of a single public bodies unit for the Welsh Government and the rationalisation of advice on stakeholder engagement. The outcome of the independent review of corporate services will also be considered by the board.

One of the key messages from the lessons learned exercise on the Fit for the Future programme was that we tried to change too many things at the same time and the programme was at risk of becoming fragmented and diluted. The programme was growing to the point where it was becoming unmanageable. We felt that it would be more effective to concentrate on fewer things but ensure that we were able to deliver them. This is why the improving efficiency board, set up at the end of my predecessor's tenure, has a very targeted agenda.

The Future-proofing initiative is all about developing a skilled and sustainable civil service that can help us meet the challenges we're facing today but also cope with the rapidly changing world around us and the challenges that will face us in the future. To meet those challenges we will need to be clear about what we need from everyone in the organisation and help and equip people to perform at their best more of the time. It also includes a much greater emphasis on continuous learning and development that supports people to be ambitious about improvement and efficiency – including in our work on grants, assurance, stakeholder engagement and citizen involvement. We are investing in our learning and development programmes to make sure that we can address our critical capability gaps and give people who work here the opportunities they need to build on their strengths and develop new skills.

### **Further clarification from the 15 October meeting**

During the Committee meeting on 15 October, I agreed to provide clarification on a perceived inconsistency of approach to provision of Welsh Government guarantees, raised by Neil Hamilton AM during our discussions.

On 4 October 2018, in responding to WAQ77218 from Adam Price AM, the Cabinet Secretary for Economy and Transport advised that the Office of National Statistics



Parc Cathays • Cathays Park Ffôn • Tel 0300 025 3289  
Caerdydd • Cardiff PS.PermanentSecretary@gov.wales  
CF10 3NQ Gwefan • Website: [www.gov.wales](http://www.gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi. Dilynwch y ddolen i gael arweiniad ar sut fyddwn yn trin a defnyddio'ch data, yn unol â'r Rheoliadau Diogelu Data Cyffredinol. <https://gov.wales/about/welsh-government-privacy-notice/?skip=1&lang=cy>

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding. Please follow the link for guidance on how we will handle & use your data, in accordance with the General Data Protection Regulations. <https://gov.wales/about/welsh-government-privacy-notice/?lang=en>

(ONS) has not been notified of the guarantee arrangement in place with Aston Martin Lagonda (AML) as this is only necessary if the guarantee is called upon. I can expand on this a little and confirm that, in the event that the guarantee is called upon at some point in the future, best practice would dictate that officials would make an assessment of the impact upon the public investment in AML and of public ownership considerations, which may include the potential notification to ONS and the accounting and budgeting implications for Welsh Government at that time.

The specific question raised by Mr Hamilton AM during the recent PAC session concerns an apparent inconsistency of approach taken in providing a guarantee to AML but not to the Circuit of Wales. To be clear, there is no inconsistency of approach as the underlying circumstances around the two projects are not comparable. For AML, the Welsh Government guarantee was provided for a particular aspect of the overall funding package for the company and project and as such represents only a very small element of AML's parent company operations. The Circuit of Wales on the other hand, was considered a special purpose vehicle and it was deemed that the level of public sector funding support, taking account of the proposed guarantee, exposed the Welsh Government to the full risks of the project.

Adam Price AM raised a separate question regarding the guarantee arrangements provided by Welsh Government that would be captured as contingent liabilities in our accounts. I have asked lawyers to advise me on whether I am able to share any further information with the Committee in this regard. They are consulting external partners after confirmation from clerks on the specific wording of the action recorded. Once I have received the necessary legal advice, as agreed in Committee, I will respond separately on this matter.

Yours,



**Shan Morgan**  
Ysgrifennydd Parhaol/ Permanent Secretary  
Llywodraeth Cymru/ Welsh Government



**BUDDSODDWYR | INVESTORS**  
**MEWN POBL | IN PEOPLE**

Parc Cathays • Cathays Park Ffôn • Tel 0300 025 3289  
Caerdydd • Cardiff PS.PermanentSecretary@gov.wales  
CF10 3NQ Gwefan • Website: [www.gov.wales](http://www.gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi. Dilynwch y ddolen i gael arweiniad ar sut fyddwn yn trin a defnyddio'ch data, yn unol â'r Rheoliadau Diogelu Data Cyffredinol. <https://gov.wales/about/welsh-government-privacy-notice/?skip=1&lang=cy>

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding. Please follow the link for guidance on how we will handle & use your data, in accordance with the General Data Protection Regulations. <https://gov.wales/about/welsh-government-privacy-notice/?lang=en>

**Grwp yr Economi, Sgiliau a Chyfoeth Naturiol  
Economy, Skills and Natural Resources Group**

**Cyfarwyddwr Cyffredinol - Director General**



**Llywodraeth Cymru  
Welsh Government**

Nick Ramsay AM  
Chair  
Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

22 November 2018

Dear Chair

**Pinewood Studios**

During the Public Accounts Committee evidence session on 5 November, I agreed to provide the Committee with further information on a number of points. The actions were recorded as follows:

- a note explaining the composition of the Media Investment Budget of £42m
- detailed figures of all revenue for Pinewood Studio Wales for the last financial year when the final position is known
- a timeframe for the proposed renovation of the Grade II listed farmhouse together with all costs incurred to date on maintaining the building and costs of proposed renovation.

I will address each of these points in turn.

**Composition of the Media Investment Budget of £42m**

During our discussions, I explained that the verifiable Welsh spend through a combination of having the Media Investment Budget and the broader collaboration agreement with Pinewood in place was just over £40 million – £42million – and I agreed to let the Committee have a note on how the £42 million was compiled. I can confirm that the combined spend is now in excess of £44 million, and the tables that follow provide a clear breakdown of how that spend is accounted for.

These tables include the individual investments and the resulting Welsh spend for projects supported by the Media Investment Budget, and an overview of the additional projects brought to Wales as a result of the collaboration agreement with Pinewood. The two key figures to note are the total Welsh spend to date in tables 3 and 4 (£18,218,135 and £26,105,556 respectively).

Parc Cathays/Cathays Park  
Caerdydd/Cardiff  
CF10 3NQ

Ffôn/Tel: 02920 82 6162  
E-Bost/E-Mail: [andrew.slade@gov.wales](mailto:andrew.slade@gov.wales)

Table 1: Projects funded by the Media Investment Budget under the management of Pinewood

Project	Investment Value (£)	Welsh Spend to Date (£) <sup>7</sup>
Take Down	3,144,000	1,089,000
Their Finest	2,000,000	1,618,075
The Collection	1,750,000 <sup>1</sup>	5,186,676
Show Dogs	1,565,789 <sup>2</sup>	4,338,192
Journey's End	850,000	903,006
Don't Knock Twice <sup>3</sup>	629,516	640,557
Minotaur <sup>4</sup>	25,500	N/A <sup>4</sup>
Lionel the First <sup>4</sup>	25,000	N/A <sup>4</sup>
<b>Total</b>	<b>9,989,805</b>	<b>13,775,506</b>

<sup>1</sup> The investment value includes £600,000 of grant funding from the Media Investment Budget.

<sup>2</sup> The investment value includes £361,842 of grant funding from the Media Investment Budget.

<sup>3</sup> Don't Knock Twice also received £75,000 of grant funding under the Welsh Government's Business Finance scheme.

<sup>4</sup> Development funding does not include a Welsh Spend commitment.

Previously the figures included "Jack Staff" at £25,000 but this funding was not in the event drawn down so has been removed.

Table 2: Projects funded by the Media Investment Budget under the management of the Welsh Government (since [1<sup>st</sup> November 2017])

Project	Investment Value (£)	Welsh Spend to Date (£) <sup>7</sup>
Trampires <sup>5</sup>	2,000,000	1,620,701
Eternal Beauty <sup>6</sup>	1,050,000	0 <sup>6</sup>
Bang	350,000	2,561,928
Tiny Rebel	317,500	260,000
Goose Green <sup>4</sup>	25,000	N/A <sup>4</sup>
True Believers <sup>6</sup>	621,500	0 <sup>6</sup>
Six Minutes To Midnight <sup>6</sup>	750,000	0 <sup>6</sup>
<b>Total</b>	<b>5,114,000</b>	<b>4,442,629</b>

<sup>5</sup> Trampires also received £652,572 of grant funding under the Welsh Government's Business Finance scheme which achieved a Welsh Spend of £6,546,501.

<sup>6</sup> In production or production has only recently completed<sup>7</sup> Welsh Spend is defined as; Expenditure on goods and services supplied by businesses and individual freelancers located in and operating from or within Wales, evidenced by way of an independent Accountant's report.

Table 3: Overall Media Investment Budget Investments

	Investment Value (£)	Welsh Spend to Date (£) <sup>7</sup>
Total:	15,103,805	18,218,135

Table 4: Additional projects brought to Wales via the Collaboration Agreement with Pinewood

Financial Year of Offer	Name of Production Company (SPV*)	Production Title	Actual Welsh Spend to date <sup>7</sup>
2014/15	TCFTV UK Productions	The Bastard Executioner	£15,393,846
2014/15	Tiger Aspect Productions (Tiger Aspect (D&F) Ltd)	Decline and Fall	£2,074,145
2015/16	Heel Stone Pictures Ltd	Crossing the Border	£1,749,201
2015/16	Vertigo Television Ltd	Britannia VFX	£556,219
2016/17	New Pictures (Requiem Productions Ltd)	Requiem	£3,403,134
2017/18	World Productions (BTK 2016 Ltd)	Born to Kill	£2,929,011
		<b>Totals</b>	<b>£26,105,556.00</b>

### **Pinewood Studio Wales revenue**

Pinewood Studio Wales is currently generating an annual income of circa £100,000 inc. VAT from the Media Hub Licences on the site. 17 key supply chain companies are located at the facility including Marigold Costumes Limited, Sgil Cymru Cyf, Alpha Grip (Cardiff) Limited, Movietech Camera Rentals Limited and Oh So Small Productions Limited.

The stages, production offices and workshops have between them generated circa £427,000 inc. VAT income from the start of the agreements; 1<sup>st</sup> November 2017 to date.

### **Grade II listed farmhouse**

Specific costs incurred to date for maintaining the building stands at £642 inc. VAT. This relates to securing the premises. Officials estimate it will take three months to carry out a full assessment of the property to gauge costs and timescales of works for the proposed renovation. We will share the outcome of this assessment with the Committee.

Please do not hesitate to contact me should you require any further information.

Yours sincerely



**ANDREW SLADE**

Director General

Economy, Skills and Natural Resources

# Agenda Item 3

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

Document is Restricted



## **Public Accounts Committee - Supporting People Programme**

**3 December 2018**

### **1. Purpose of this paper**

Further to the invitation to attend Public Accounts Committee on 3 December 2018 for a scrutiny session on the Supporting People Programme, the Committee requested a copy of the interim evaluation on Flexible Funding.

I have taken the opportunity, therefore, to provide a short paper to cover; the evaluation, my evidence paper provided in January 2018 and my letter to the Chair of the Public Accounts Committee of 24 August 2018.

### **2. Interim Evaluation Report**

I enclose a link to the Wavehill interim evaluation report published on 3 October about the flexible funding programme.

<https://gov.wales/statistics-and-research/evaluation-flexible-funding-programme/?lang=en>

The interim evaluation demonstrated the potential for improved outcomes arising from better integrated services. Although at an early stage of delivery, the interim findings showed signs of some positive developments in programme delivery.

### **3. Written Statement – October 2018**

On 3 October 2018, the Cabinet Secretary for Local Government and Public Services and Minister for Housing and Regeneration made a Written Statement (link below) announcing the publication of the interim evaluation report into the flexible funding pathfinder work and also setting out their decision on future funding arrangements.

<https://gov.wales/about/cabinet/cabinetstatements/2018/eipsg/?skip=1&lang=en>

The evaluation highlighted a variety opportunities for alignment between the grants included in the pathfinder arrangements. After carefully reviewing the findings of the evaluation and considering the views of stakeholders, Ministers decided that the Early Intervention and Prevention Grant should be split into two, separating the housing-related grants from non-housing elements.

This approach is in line with the recommendations of some key stakeholders and has been widely welcomed by the housing sector, in particular. It has also been supported by the Welsh Local Government Association, for a period of time.

From April 2019, a Children and Communities Grant will be established, encompassing Flying Start, Families First, the Legacy Fund, Promoting Positive Engagement for Young People, St David's Day Fund, Communities for Work Plus

and Childcare and Play. We will also introduce a single Housing Support Grant encompassing Supporting People, Homelessness Prevention and Rent Smart Wales Enforcement.

These arrangements will remain in place for the remainder of this Assembly term and will apply to all local authorities in Wales. They will be carefully monitored to ensure the concerns raised by the National Assembly's Public Accounts Committee and the Wales Audit Office are addressed.

The ability to develop our approach to the two grants and integrate them to achieve common outcomes will be very much enhanced by a collaborative approach involving all relevant stakeholders.

#### **4. Related developments**

A number of changes to the context of the pathfinder work over the period should also be mentioned - notably announcements from the UK Government on the future of Supported Accommodation funding and Welsh Government budget decisions.

##### **Supported Accommodation Review (SAR)**

In our evidence paper submitted in January, we made reference to the Review being undertaken by UK Government into the funding of supported accommodation through the welfare system. In August this year, UK Ministers announced a reversal of the policy proposal to create a cash-limited fund for the additional costs of providing supported accommodation settings and that tenants would be able to claim these costs through Housing Benefit. This essentially retains the current provisions and has been welcomed by Welsh Ministers and providers as providing a more sustainable funding position.

##### **Budget decisions**

In the draft budget in October 2018, it was stated that Welsh Government are allocating £13.4m in total to restore previously-planned cuts to the programmes supporting early intervention, prevention and support.

#### **5. Next Steps**

We are now working on a programme to progress reform in this area in partnership with our stakeholders. The two-grant approach allows us to build on the good work already completed with our partners and provides opportunities for crucial services to be integrated as efficiently and effectively as possible. It also allows us to consider fully the evidence and recommendations emerging from recent committees, reviews and evaluations in relation to the housing related grants including the Aylward Review.

**Tracey Burke – November 2018**

Dear Nick Ramsay AM,

Thank you for the opportunity to comment on the proposed twin-stream approach to housing and community support grants proposed in the Welsh Government budget 2019/20.

Community Housing Cymru (CHC), alongside Cymorth Cymru, proposed a twin-stream approach to Welsh Government shortly after the publication of the Welsh Government draft budget for 2018/19. This approach was based on the overly broad range of services that would be funded through the, at the time, proposed Early Intervention, Prevention and Support (EIPS) Grant.

We believe that services providing housing related support and the prevention of homelessness are significantly different to those supporting families and children, both in the services themselves and the structures through which they are funded and governed.

The Housing Matters proposal provided further detail on how we believed a twin-stream approach should be implemented, which CHC and Cymorth Cymru were joined by eight additional organisations in endorsing. This suggested the combination of the Supporting People Programme Grant and homelessness prevention funding, with the remaining grants falling under the EIPS umbrella, such as Families First, combined into a separate communities grant. The Welsh Government draft budget 2019/20 essentially proposes a three-stream approach, with the following streams proposed, in place of the EIPS grant.

- Housing Support Grant
- Supporting Communities
- Homelessness Prevention (incorporating Homelessness Prevention Grant and majority of homelessness prevention funding).

We welcome the approach to retain Homelessness Prevention as a discrete budget line, as the Homelessness Prevention Grant is administered nationally, whereas the grant streams combined into the Housing Support Grant are administered by local authorities.

Welsh Government have indicated that the proposed arrangement will stay in place until at least the end of this Assembly term. We welcome this approach as it provides stability for providers and landlords of services during a period of rising homelessness and allows a minimum of two years in which to evaluate the new grant streams.



We are working closely with Welsh Government to ensure that the governance structures and guidance for the new Housing Support Grant are fit for purpose going into April 2019 and beyond, to ensure that service users are receiving the best possible service and the taxpayer is receiving value for money.

Kind regards,

Stuart Ropke



**Nick Ramsay AM**

Chair, Public Accounts Committee  
National Assembly for Wales

21 November 2018

Dear Nick,

Thank you for your letter on 24 October regarding the Welsh Government's Supporting People Programme.

Firstly, I would like to thank the Committee for providing such robust and effective scrutiny of the Welsh Government's plans to merge Supporting People with nine other grants to form a new Early Intervention: Prevention and Support (EIPS) super grant. I know that this was not the Committee's original focus, but we were very pleased that members recognised the significance of this issue and provided much needed scrutiny regarding the lack of meaningful engagement with the sector and the risks associated with the proposal. The articulation of these concerns in your subsequent report – and the recommendation urging Ministers to consider the alternative solution – played a key role in shaping the discourse and decision. We, and our members, are grateful to members of the Committee for their continued interest and engagement in the Programme and the people it serves.

**A constructive alternative**

As it is nearly a year since we gave evidence to the Committee, I believe it would be helpful to outline the steps that we took to build support for the alternative two grant solution that Welsh Ministers have chosen to adopt. I hope this will be useful in your consideration of their decision.

As the representative body for the homelessness and housing-related support sector, we felt a responsibility to engage positively with the Government's work and to provide a constructive alternative, rather than simply criticising their plans from the side lines. We were aware of the Welsh Government's desire to reduce the number of grants they manage and considered whether there was a way to achieve this without risking the provision of services for vulnerable people. As a result, we decided that we would not defend the status quo of having Supporting People ring-fenced on its own. Instead, we developed the alternative two-grant proposal which we first articulated in our evidence to your committee. This, we believed, would reduce the risks and concerns associated with the EIPS super grant, but would also assist the Welsh Government to reduce the number of grants from ten to two.

It is worth pointing out that this required a shift in policy from our members, who have campaigned to retain the ring-fence around Supporting People on its own for the past decade. However, in asking the Welsh Government to change their plans, we knew that our members would need to be open to changing their historical position. We asked our members to trust our analysis and support our alternative proposal – and they did. We remain proud of their positive, constructive engagement during a stressful time for them, their organisations and the people they support.

### **Increasing support for the alternative**

We were also keen to demonstrate that our alternative two-grant solution had widespread support from across the sector. In the months following our evidence to your Committee, we secured the support of key national housing and support bodies in Wales such as Community Housing Cymru, Shelter Cymru, Welsh Women's Aid, Tai Pawb, EROSH South Wales, CIH Cymru, Rough Sleepers Cymru, Housing Justice Cymru, and the End Youth Homelessness Cymru founding members. This support was formalised in our 'Housing Matters' [report](#) in June, which featured comments from third sector support providers, housing associations and people working in local authorities. As well as highlighting the risks of the EIPS super grant, this report outlined the opportunities to work more strategically and collaboratively if a new merged housing grant was created instead of the EIPS super grant.

During the summer we also held conversations with the WLGA about our alternative two-grant proposal and whether we could come to an agreement about a sensible way forward. These discussions were very positive and as a result, Cymorth and CHC wrote to Ministers highlighting our conversations and an agreed way forward (see Annex A). On 28 September 2018 the WLGA Council met and agreed a [paper](#) in support of the alternative two-grant solution and subsequently wrote to Ministers to inform them of this decision.

As Committee members can see, an alternative which was first articulated in evidence to the Public Accounts Committee gained widespread support from key statutory and non-statutory organisations based on the evidence available and the merits of our proposal.

### **Interim evaluation report**

The interim evaluation recognises that the "*Flexible Funding programme remains in an early stage of delivery, which means that a conclusive picture of the success, or otherwise, of the programme is yet to emerge*". It was evident to us a year ago that this would be the case, as the Pathfinder programme was only implemented in April. Spend plans had already been developed by the time the flexible funding announcement was made and multi-year contracts meant that any significant change within the first year would be highly unlikely. It is also worth noting that our concerns were never about the immediate impact of the proposed change and were always focused on the medium to long term impact on funding and services.

The interim evaluation report unsurprisingly references natural alignments between the housing-related grants within the EIPS and alignments between the family-related grants. There are several references to our alternative proposal and the report recommends further consideration and review of the two-grant solution. However, we were very clear in our letter to Ministers in September that we needed a decision this year – the uncertainty and instability was having too great an impact on the sector. Any delay in a Ministerial decision could have led to delays in the development of supported accommodation projects, loss of morale and increased staff turnover. As a result, we strongly support the Welsh Government's decision to move to the two grant solution in April 2019.

The interim evaluation report highlights some positive developments in terms of improved communication between the ten grant programmes within local authorities. We welcome this and would like to see it continue as the two grant approach is implemented. The work to improve understanding of local needs and align service provision within the Pathfinder areas should be

shared and encouraged more widely across other local authority areas. However, we have always been very clear that this good practice does not require a single grant mechanism – it simply requires local authorities to communicate more effectively internally.

One concern that we raised about the interim evaluation was the lack of engagement with non-statutory stakeholders within the Supporting People sector. I believe that the evaluation team spoke with Welsh Government officials, local authorities and four out of the six SP Regional Collaborative Committee leads. However, there was no engagement with any third sector support providers or housing associations. While I understand that the primary focus was on changes to systems inside local authorities, we would have appreciated the opportunity for non-statutory bodies within the sector to comment on how this was being perceived and experienced. Had the evaluators spoken to these stakeholders, I am confident that the case for a two-grant solution would have been far more prominent within the report. We have been assured that a broader range of stakeholders will be involved in the second phase of the evaluation.

### **The draft budget announcement**

We are extremely happy with the Welsh Government's draft budget announcement on 2 October 2018. Ministers demonstrated that they had listened to the sector's concerns and carefully considered the alternative proposal that we had put on the table. As a result, they were able to fulfil their objective of merging funding streams, but with fewer risks to vulnerable people. This decision has been warmly welcomed by third sector support providers, housing associations and by many people working in local authorities.

Our only disappointment with the announcement is the length of time that the ring-fenced Housing Support Grant is guaranteed to be in place (until the end of this Assembly term). We would have preferred Ministers to have made a longer term commitment for at least five years, as signalled in our letter of 19 September 2018. While we understand Ministers' reluctance to make commitments beyond this Assembly term, it is common for Welsh Government to publish strategies which commit to particular policies or structures for a period of ten years. We understand that a new government may review or change policy following National Assembly elections, but we would have welcomed a longer term commitment.

Having said that, we are very pleased that the commitment is longer than one year. The sector desperately needs stability after several years of uncertainty associated with the UK Government's (now discarded) plans to devolve housing benefit costs for supported accommodation and the last year of uncertainty associated with support costs and the proposed EIPS super grant. Assurances that this ring-fence will be in place until the end of the Assembly term is certainly a positive step in the right direction and we hope that the new government in 2021 renews this commitment for a longer period of time.

### **Stakeholder engagement**

As discussed during our evidence session last year, we were extremely disappointed and frustrated with the lack of communication and engagement between civil servants and the sector prior to the publication of the detailed budget in October 2017. Although I have been a member of

the Flexible Funding Pathfinder group over the last twelve months and have been able to voice my opinions in these meetings, there continued to be a lack of meaningful and constructive engagement during much of this time between officials and the wider housing sector regarding their concerns and their calls for an alternative solution.

However, on a political level the Minister for Housing and Regeneration made a clear and public commitment to carefully consider the sector's views. This approach has been welcomed by our members and she certainly delivered on this promise. Now that Ministers have made the decision to create a new Housing Support Grant, we are confident that officials in the housing directorate will take this work forward in a constructive and co-productive manner.

### **Next steps**

A Housing Support Grant Steering Group has been established and met for the first time today. We are members of the steering group, alongside Welsh Government officials, CHC, Shelter Cymru, the WLGA and two local authority representatives. The group will assist the Welsh Government in designing stakeholder engagement to inform development of appropriate administration, governance, planning and monitoring arrangement for the new grant; ensure that it operates in parallel with the Communities and Children Grant; and provide advice on addressing the Wales Audit Office recommendations.

The terms of reference for this group commit to a co-productive approach to stakeholder engagement. We have already embarked on this process at today's meeting and have plans for detailed and widespread engagement with a range of stakeholders over the coming weeks and months. We have faith that officials in the housing directorate will deliver positive and meaningful engagement with the sector. We have already experienced their commitment to co-production during the development of the Welsh Government policy response to the Supported Accommodation Review in 2017 and 2018. Their approach during this process was welcomed by support providers, landlords and local authority staff.

We are extremely committed to working with the Welsh Government and other stakeholders over the coming months to develop the arrangements for the new Housing Support Grant. We have given the Minister our assurance that we will facilitate and encourage positive and constructive engagement between government officials, our membership and other stakeholders. This will require us to tackle difficult issues, such as some of those raised in the Wales Audit Office and Public Accounts Committee reports, but we are committed to working hard to ensure that the Housing Support Grant is as effective as possible for the people who need it.

Please do not hesitate to get in touch if you would like any further information.

Best wishes,



**Katie Dalton**

Director, Cymorth Cymru



**Rebecca Evans AM, Minister for Housing and Regeneration**  
**Mark Drakeford AM, Cabinet Secretary for Finance**  
cc. Carwyn Jones AM, First Minister

19 September 2018

Dear Minister and Cabinet Secretary,

### **Supporting People Programme and Homelessness Prevention Grant**

We are writing to you about the future of the Supporting People Programme and the Homelessness Prevention Grant. We know that you have been considering this issue over the summer and will be making a decision imminently.

Over the last ten months we have been clear about the risks posed by the proposed EIPS Grant. However, rather than simply defending the status quo, we have very deliberately proposed a [constructive alternative](#) which reduces the number of grants managed by the Welsh Government.

We have also worked extremely hard to gain the backing of our members, as this is a clear shift away from our historical position of Supporting People being ring-fenced on its own. However, we are pleased to have secured support from our members and a number of national organisations from across the housing and support sector, including VAWDASV service providers.

We are also pleased to inform you that we have recently had some extremely constructive and productive meetings with colleagues in the WLGA and believe that we can find a way forward that has the support of our respective members. We understand they will be writing to you separately after further discussion with their members.

Following these conversations with the WLGA, we are writing to you to request that Ministers take the following decisions about the future of homelessness and housing-related support in Wales:

- Split the proposed EIPS Grant into two – with the housing grants ring-fenced together.
- Commit to this ring-fenced grant being in place for a minimum of 5 years, so that the sector has the certainty and stability it needs to develop and deliver services at a time when homelessness is an enormous challenge.
- Make this decision now, rather than delaying it, so that support providers, housing associations, lenders and local authorities can plan for future developments and delivery.

This certainty would be warmly welcomed by the homelessness and housing-related support sector and would enable them and us to:

- Pursue innovative and evidence-based approaches to reducing rough sleeping and other forms of homelessness, including the development of psychologically informed services and the roll-out of Housing First and assertive outreach in line with the Rough Sleeping Action Plan.
- Work collaboratively with Welsh Government, WLGA, our members and other stakeholders over the coming months to review the role and responsibilities of SPNAB and the RCCs to:
  - a) Incorporate responsibility for homelessness prevention into these structures.
  - b) Address issues with the current system, including the challenges raised by the WAO.
- Engage with work to evaluate and review the new grant structure during the five year period.

Finally, we believe it is important to communicate the context in which we make these representations. We cannot overstate the impact that funding uncertainty has had on our members over the last three years. The UK Government's ever-changing policy on the devolution of supported accommodation funding has created huge instability and hindered development since 2015. The additional uncertainty surrounding Supporting People since October 2017 has compounded this issue and led to some organisations questioning the viability of remaining in this sector. Our members have been clear with us: they can't go on like this.

Collectively, we have worked hard to develop a consensus around our alternative solution within our membership and with several external stakeholders. We would really welcome clarity and certainty over the coming weeks so that we and our members can focus on preventing homelessness and supporting vulnerable people to live independently.

We look forward to hearing from you.

Yours sincerely,



**Katie Dalton**  
Director  
Cymorth Cymru



**Stuart Ropke**  
Chief Executive  
Community Housing Cymru

# Agenda Item 4

Grŵp yr Economi, Sgiliau a Chyfoeth Naturiol  
Economy, Skills and Natural Resources Group

Cyfarwyddwr Cyffredinol - Director General



Llywodraeth Cymru  
Welsh Government

Nick Ramsay AM  
Chair – Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

21 November 2018

Dear Chair

## **PUBLIC ACCOUNTS COMMITTEE REPORT – THE WELSH GOVERNMENT'S ACQUISITION AND OWNERSHIP OF CARDIFF AIRPORT**

In my letter to you of 2 February 2018 about the above report, I confirmed that an update on the implementation of recommendations 2, 7, 9 and 10 would be provided in November 2018. I am pleased to attach that update on these recommendations, which we now consider to be discharged.

In addition to this, in an earlier update to Committee, we gave a commitment that WGC Holdco would apply relevant lessons learned in regard to the composition of the CIAL and WGC Holdco boards. The attached update therefore also includes details of relevant changes made in relation to recommendations 3, 4 and 5.

Finally, I also wanted to take this opportunity to provide you with a brief update on the Cardiff-Anglesey PSO Air Service. Following a competitive procurement this summer, we are now in the final stages of the procurement process. Once it has been concluded, the Cabinet Secretary for Economy and Transport will release a statement about the long term provider, and a copy of this will be sent to you.

Yours sincerely

**Andrew Slade**  
Director General  
Economy, Skills and Natural Resources Group

Parc Cathays/Cathays Park  
Caerdydd/Cardiff  
CF10 3NQ

## PAC UPDATE – The Welsh Government’s Acquisition and Ownership of Cardiff Airport

21 November 2018

<b>The Welsh Government’s acquisition and ownership of Cardiff Airport</b>	
<b>Date of Update: November 2018</b> <b>Responsible Director: Simon Jones</b>	
<b>2</b>	<b>We recommend that the Welsh Government consider engaging with Transport Scotland to understand the different approach they have taken to membership of their holding company, how conflicts of interest are managed within the Scottish model and to consider the merits of such an approach alongside the work currently being undertaken to consider the composition of the CIAL and Holdco boards. (Page 35)</b>
<p>In our last update we committed that WGC Holdco will apply the relevant lessons learned in regard to the composition of the CIAL and WGC Holdco boards. Following the changes made to the WGC HoldCo and CIAL boards, we now consider that the boards are operating with the appropriate levels of separation that effectively minimise the potential for conflicts of interest to arise. We consider that this recommendation has been discharged and the work in connection with it is “business as usual”.</p>	
<b>3</b>	<b>We recommend that Holdco encourage the CIAL Board to consider expanding its Membership to include wider aviation and/or airline experience. (Page 35)</b>
<p>The CIAL board has appointed Terry Morgan and Fiona Gunn as a Non-Executive Directors. Terry Morgan has significant aviation experience and Fiona Gunn has significant marketing and retail experience.</p> <p>Biographies for all CIAL board members are available at the following link. <a href="https://www.cardiff-airport.com/our-board-of-directors-2">https://www.cardiff-airport.com/our-board-of-directors-2</a></p> <p>We consider that this recommendation has been discharged and the work in connection with it is “business as usual”.</p>	

<b>4</b>	<b>With regard to the composition of the Holdco Board we recommend that the Welsh Government give consideration to extending its membership to include a civil servant from outside the Directorate that has responsibility for economy, skills and natural resources to minimise the potential for conflicts of interest to arise. (Page 35)</b>
<p>The WGC Holdco board has considered its membership and the need to balance skills, current areas of responsibility and independence, with the need to maintain an efficient approach. The Welsh Government has also given consideration to having an additional senior civil servant from outside of the Directorate on the WGC Holdco board. It was decided that appointing an external independent Non-Executive Director would add greater benefit and minimise the potential for conflict of interest.</p> <p>We will advise the Committee of any future action to expand or change the membership of WGC Holdco board.</p> <p>We consider that this recommendation has been discharged and the work in connection with it is “business as usual”.</p>	
<b>5</b>	<b>We endorse the recommendation of the Auditor General’s report and previously that of the Welsh Government’s Internal Audit Services that Holdco should appoint a board member from outside of Welsh Government with appropriate business experience. (Page 35)</b>
<p>Following a formal public appointment process, we are pleased that Stuart Castledine is now fulfilling the role of an independent Non-Executive Director to the WGC HoldCo board.</p> <p>We will advise the Committee if any further changes are made to WGC HoldCo board.</p> <p>We consider that this recommendation has been discharged and the work in connection with it is “business as usual”.</p>	
<b>7</b>	<b>The Committee recommends an update is provided by the Welsh Government following completion of the financial health review and whether this has resulted in any change in terms of the commercial loans and that the Committee is kept updated on any additional loan finance that is agreed. (Page 46)</b>
<p>There have been no further loans requested by Cardiff Airport, but if this position changes the Welsh Government will update the Committee. We consider that this recommendation has been discharged and the work in connection with it is “business as usual”.</p>	

9

**Given our observations regarding signage with regard to the Airport Express bus service the Committee recommends that CIAL work with the Welsh Government to ensure signage is improved with specific consideration to making more user friendly for foreign travellers. (Page 52)**

We have worked closely with the CIAL team to carry out improvements to signage at the airport to better publicise public transport links, including the T9 bus, other busses, rail and taxi operations.

Whilst the improvements are considered to be satisfactory and no further action is considered necessary at this time, we will continue to keep this recommendation under review.

We consider that this recommendation has been discharged and the work in connection with it is “business as usual”.

10

**With regards to discussions between Cardiff Airport and Arriva Trains Wales to improve rail links to the airport, we recommend that the Welsh Government work with both parties to encourage dialogue to improve the rail links to the airport. (Page 52)**

Following the procurement for the new Wales and Borders rail franchise, Transport for Wales (TfW), in partnership with KeolisAmey, is the new service provider.

Many options have been considered to further integrate Cardiff Airport with the rail network. TfW is developing a relationship with TrawsCymru to look at the airport bus from Cardiff and we’re excited about the plans it has for the South Wales Metro which will improve the existing airport route.

The Vale of Glamorgan, including Rhose (the nearest train station to Cardiff Airport), will be integrated into the South Wales Metro. By 2023, TfW will introduce tri-mode trains, which will run on electricity, battery and diesel power, and will increase capacity on the network. As an improvement to current rolling stock, these trains will feature level boarding, power sockets, electronic passenger information, air conditioning and more space for bicycles.

There will also be additional trains brought onto the route from mid-2019, as TfW phases out the out-dated Pacers. These temporary trains will be fully refurbished; and will run until 2022 increasing network capacity.

In December 2023, TfW will double the frequency of weekday services between Rhose and Cardiff Central to two trains per hour. Sunday services will double to one train per hour in December 2024.

We consider that this recommendation has been discharged, but will provide a further update to the Committee in 2019 following the phasing out of the existing Pacers, and the introduction of the refurbished rolling stock.



Document is Restricted



Document is Restricted