

Agenda – Public Accounts Committee

Meeting Venue:

For further information contact:

Video Conferencing via Zoom

Fay Bowen

Meeting date: 14 September 2020

Committee Clerk

Meeting time: 08.30

0300 200 6565

SeneddPAC@senedd.wales

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on

www.senedd.tv

(Private Pre-meeting)

(09.00–09.15)

1 Well-Being of Future Generations Inquiry: Inquiry scoping paper

(09.15 – 09.55)

(Pages 1 – 23)

PAC(5)–17–10 Paper 1 – Inquiry scoping paper

(Break)

(09.55–10.00)

2 Introductions, apologies, substitutions and declarations of interest

(10.00)

3 Paper(s) to note

(10.00 – 10.15)

3a Inquiry into COVID–19 and its impact on matters relating to the Public Accounts Committee's remit: Letter from the Welsh Government (27 August 2020)

(Pages 24 – 38)



3b Implementation of the NHS Finance (Wales) Act 2014: Letter from the Welsh Government (28 August 2020)

(Pages 39 – 42)

4 Public Procurement: Evidence Session with the Welsh Government

(10.15 – 11.30)

(Pages 43 – 117)

Research Briefing

PAC(5)–17–20 Paper 2 – Welsh Government

PAC(5)–17–20 Paper 3 – Letter from the Welsh Government on the Procurement of Personal Protective Equipment (PPE)

PAC(5)–17–20 Paper 4 – Letter from the Welsh Government on the Procurement of school meals

Andrew Slade – Director General, Economy, Skills & Natural Resources Group, Welsh Government

Dean Medcraft – Director– Finance & Operations, Welsh Government

Marcella Maxwell – Deputy Director, Commercial Procurement and Group Strategy, Welsh Government

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

(11.30)

Items 6 & 7

(Break)

(11.30 – 11.35)

6 Public Procurement: Consideration of evidence received

(11.35 – 11.50)

7 Scrutiny of Accounts 2018–19: Consideration of the response from the Welsh Government

(11.50 – 12.30)

(Pages 118 – 132)

PAC(5)–17–20 Paper 5 – Welsh Government Response

PAC(5)-17-20 Paper 6 – Cymraeg: It Belongs to Us All [Strategy](#): Letter from the Permanent Secretary, Welsh Government (28 July 2020)

Document is Restricted

Agenda Item 3a

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

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

27 August 2020

Dear Mr Ramsay,

PUBLIC ACCOUNTS COMMITTEE 6 JULY 2020

Further to your letter dated 14 July 2020, please find responses to the questions that the Committee was unable to reach due to time constraints at their meeting on 6 July 2020.

Civil Service and the well-being of staff

1. Given the pressures, what is the risk that Welsh Government staff – including the Senior Leadership Team or you - will ‘burn out’? How are you mitigating this risk, and what action are you taking to ensure that staff across the Welsh Government take annual leave?

- We are very conscious that a number of staff have been working at high intensity and for long hours to deal with the impact of the Coronavirus pandemic for a sustained period. From the outset we have provided advice and guidance to staff on the support mechanisms that we have in place for them and how they should take breaks to try to deal with their workloads. I have been very clear in all my messages to staff that this is a marathon not a sprint.



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- We have already advised managers to ensure that staff take leave over the next few weeks to rest and recuperate but also to prepare themselves for what will be a busy period until the end of the year. More formally, as part of our work on recovery and re-set planning, we have asked every line manager to have an individual discussion with their team members during the period 1st to 22nd July, focusing specifically on their wellbeing and considering what specific support they might need as we prepare for the next period. Managers have been provided with an extensive package of materials, advice, guidance and support channels to help them have these 1-1 conversations.
- For myself and the senior team, this is a topic we re-visit regularly, supporting each other to maintain our resilience and well-being. I now hold fortnightly 'virtual' meetings with the whole Senior Civil Service with well-being and resilience a standing topic for discussion.
- Our package of support for staff well-being is continuously reviewed, expanded and promoted through our intranet and leadership communications, informed by a pulse survey which we ran in May on the early impacts of the crisis on our working lives. A follow-up survey, specifically focused on peoples' experience of working remotely, is taking place in August which will give us further insight into the challenges some staff are facing. Line managers have been provided with materials and guidance to support them in holding conversations with all team members about their well-being. This includes an individual risk assessment tool which we have encouraged managers to share with their staff – including colleagues from black and ethnic minority backgrounds who may have heightened concerns about the risks of Covid 19 given the disturbing evidence on differential impacts that has emerged during the global pandemic.

Internal Audit

2. Can you provide an update on the review of Internal Audit work in 2020-21: has this been completed; what were the main findings and has the Welsh Government retained sufficient resources in the core team to carry out this work?

- The Head of Internal Audit has completed her review of the audit priorities for 2020-21 using current risk and expenditure information, input from the Directors General and other senior managers and the corporate knowledge of the audit team.



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- A draft plan for the remainder of 2020-21 has now been created which identifies separate “blocks” of assurance which, if set alongside the audit work performed so far this year, the Head of Internal Audit believes will provide a suitable body of work upon which to provide a competent year-end opinion drawn from the following control areas:
 - Covid-related expenditure;
 - Brexit;
 - Priority programmes;
 - Corporate Systems;
 - IT; and
 - Group-specific risks.
- The plan also allows for Internal Audit’s contractual commitments to the National Library of Wales, the Welsh Revenue Authority and the Royal Commission on the Ancient and Historical Monuments of Wales (but not for any support to Transport for Wales).
- Resource levels are improving with the return of some Internal Audit staff who were deployed to support Covid19 and the recruitment of temporary staff, although the team would need to be bolstered further in order to deliver the proposed plan in its entirety. We are considering next steps at the moment in the context of the overall resource pressures and competing demands within the organisation and I will keep the Committee in touch with developments

3. How will the Welsh Government manage the conflicts of interest as a result of Internal Audit staff being redeployed to carry out executive roles? How will this affect Internal Audit capacity for 2020-21 and future years?

- Normal professional practice is for an internal auditor to not audit an area in which they have had executive involvement for a period of at least 12 months following the end of that involvement. This practice will be followed by the Welsh Government Internal Audit Service for the next twelve months.
- Normally, the Internal Audit Managers and Senior Auditors in the Team are allocated to specific areas of Welsh Government activity, to allow them to develop subject matter knowledge and expertise. A more fluid, agile approach to the allocation of audit assignments will be followed for the next 12 months to allow the Management Team to organise assignments so no auditor is asked to audit an area they worked in as part of the Covid19 response.



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- Internal Auditors themselves are required to assess any conflicts of interest they have as part of their Professional Code of Ethics. The Management Team will ask Internal Auditors to document whether they have any potential conflicts as part of the planning for each audit assignment.
- Where an Internal Auditor has valuable insight and understanding in an activity which formed part of the WG Covid19 response, it will be beneficial to draw on that experience as part of any systematic review which Internal Audit undertakes. However, in this case, only auditors not involved in that activity will be able to quality assure all the audit work undertaken and evaluate the assurance opinion/conclusion to be given and sign-off the assignment.

Access to data - HMRC Database

4. The Welsh Government does not have access to the HMRC database. What is your assessment of the impact of this on the appraisal process for grant claims?

How much staff time would have been saved if officials had access and what steps have you taken to obtain access to the HMRC database?

- We are in discussion with HMRC over access to its data as part of the wider National Fraud Initiative.
- The National Fraud Initiative, involves sharing and matching data with similar information held by other public sector bodies to identify potential fraud, error and other anomalies. A feature of the NFI in 2020-21 will be to undertake cross-organisational data matching against Covid-19 payments.
- The terms and conditions of our grant award letters enable us to take retrospective recovery action if appropriate, for example in relation to any duplication of funding or fraud.
- The Welsh Government is continually looking for opportunities to share data with other organisations in order to minimise the possibility of loss or fraud.
- The Central Due Diligence Team and Internal Audit are currently piloting a **new Fraud Prevention Tool**. The tool, developed by the UK Governments Counter



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Fraud Function with Experian can verify an organisation's bank account details, if a company exists and is actively trading. The pilot is seeking to determine if the tool can be incorporated into pre and post-event checks undertaken on organisations applying for or in receipt of COVID-19 related funding.

- In addition to retrospective checks, officials will be undertaking due diligence on organisations at the point of applications for grant funding. The level of due diligence needed will depend on the risk and scale of the organisations and projects. Therefore, access to HMRC would complement rather than replace existing due diligence activities.
- Due diligence at the point of application is undertaken using a variety of sources:
 - Information requested as part of the application process such as VAT and PAYE data and bank statements.
 - Cross referencing with information already held by the Welsh Government.
 - Information from a variety of external sources including companies' house, creditsafe (which provides information on sole traders), the charity commission (for grants to the third sector) and company watch.
- We also have the central due diligence team who routinely provide what we describe as financial health check reports for organisations being funded by the Welsh Government. The team is also available to support policy leads with ad hoc checks.

Supporting and funding other organisations: Local authorities

5. How will the Welsh Government obtain assurance over the Covid-19 grants administered by local authorities and how will it evaluate their impact?

- The hardship fund for additional costs is a reimbursement scheme, so local authorities submit monthly claims for additional costs. The scheme has broad parameters for each ring fenced area.
- The claim process is light touch so that the administrative burden on local authorities is reduced as much as possible.



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- The claims are reviewed by a panel made up of officials from the local authority finance team, relevant policy team and two independent members, one from the WG strategic budgeting team and one external to WG (ex LA treasurer). This means that authorities are recompensed on a consistent basis.
- For example 50% of IT claims for remote working have been paid as they are ongoing assets and some councils had already invested in this area; some small items where we expect usual budgets to be flexible enough to cover have been excluded; council tax reduction scheme has been excluded as this is being looked at separately.
- £2.4m was claimed for March additional costs / £16.7m for April additional costs
- A breakdown of the amounts paid to May and claimed for June are :

Hardship fund	Costs paid to end May (an additional £3.955m under clarification, approved amounts to be paid with June claim)	Claims for June (currently being reviewed)
Free school meals	£7.124m (£3.4m under clarification) majority waiting for additional.	£6.296m
Homelessness emergency response	£2.127m	£2.485m
Social care	£20.457m	£24.179m
Excess deaths provision	£1.601m	£1,359m
General	£13.681m	£20.173m
Total	£44.991m	£54.492m

Monitoring spend and securing outputs

- Each claim is certified by the Authority's Chief Finance Officer – its 151 Officer - that the expenditure has been incurred on the relevant areas of activity, that it is additional to planned expenditure and net of savings for example as a result of furloughing staff, or not delivering a service.



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- Authorities include commentary in the claim – and for some areas e.g. FSM, there is required additional data on outputs.
- The terms of the fund allow for audit and LA have ongoing internal and external audit requirements in place for expenditure overall.

Supporting the Economy

6. Airbus announced significant job losses at its base in Broughton last week. The Minister for Economy, Transport and North Wales has issued a statement on the actions being taken to respond to the crisis facing the aerospace industry in Wales. Are you able to provide an update on these actions and the Welsh Government's to support the aerospace industry in Wales in the future?

- The Minister for Economy, Transport and North Wales has established a Regional Employment Response Group (RERG). This is a Welsh Government led multi-agency team working across North Wales and the cross-border areas. Membership includes Airbus, the supply chain, trade unions and all key agencies to ensure the rapid and effective deployment of all support required to individuals and the supply chain. This group met for the first time on 13 July.
- A Cross-Border Supply Chain Group was also established and acts as a sub-group to the RERG. Working with local authorities in NE Wales and NW England, it is specifically looking at the impact of the Airbus redundancy announcement on supply chain companies. In addition, the Aerospace Wales Forum led a round table discussion on 9 July with supply chain companies from across NE Wales and NW England to capture their concerns, the impact on their business and plans for recovery.
- Working in close partnership with DWP, the Cross-Border Supply Chain Group will produce a single source reference document of support available to affected staff across both regions. This is in early draft stage and should be available to share over coming weeks. It is anticipated that this group will also become a vehicle for us to coordinate efforts in response to any further redundancy announcements that may occur as a result of Covid-19 and changes in the UK furlough scheme.
- The Minister for Economy, Transport and North Wales will be convening a high-level summit to discuss the future of aerospace, automotive and wider high value



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manufacturing over coming weeks and we hope the UK Government will be a part of this.

Learning lessons

7. Please could you provide an update on the results of the Crisis Survey Response to which your letter of 1 June 2020 referred.

- As outlined in my answer earlier, the Pulse Survey that was conducted across the UK civil service included some extremely useful high level feedback on how our staff are experiencing working through the crisis with positive responses on how well supported they feel and their confidence in the decisions being taken by senior leaders. We are of course taking very seriously the feedback on well-being and the concerns of colleagues who are struggling with the dual challenge of work and caring responsibilities.
- I have asked every Head of Division to talk through the Pulse Survey results and the Divisional responses to our earlier People Survey (which was conducted in March) with their teams as part of our preparation for recovery and re-set. I have also asked managers to talk to teams about how we support our BAME colleagues during the crisis given the disproportionate impacts of coronavirus on the BAME community. I have sent a strong signal across the organisation that this is a matter of top priority for all of us. Feedback and actions from these sessions will be collated and analysed so that this insight informs ExCo action-planning at a corporate level as well as local action plans.

Easing restrictions and Covid-19 recovery

8. The Welsh Government has emphasised the importance, to public health and public confidence, of sectors opening safely. What were the respective roles of Welsh Government and Cardiff Airport in respect of the Ryanair flights that departed on Friday 3 July from Cardiff Airport to Malaga and Faro, ahead of the lifting of the requirement to 'stay local' and lifting of the restriction on 'non-essential travel' and how have the related public health risks been managed?

- The Welsh Coronavirus regulations did not prevent Ryanair from flying. As a commercial and independently run entity, Cardiff Airport was contractually obliged to facilitate flights from airlines that have taken the decision to run them despite restrictions on all but essential travel remaining in place.



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- It might have been possible for Welsh Government to close the Airport or prevent flights on public health grounds but strong evidence would have been required to do so. Ministers wrote to Ryanair asking it to postpone the operation of its flights until the planned changes to the 'stay local' regulations had taken effect. Ryanair declined.
- The potential risk arising from passengers traveling on these flights was that people might travel unnecessarily, so in breach of the 'stay local' legislation which was in place at that time. However, as well as people returning to Wales on board these flights, the Welsh Coronavirus regulations allowed people to leave their local area if they had a reasonable excuse, so there were people who could legitimately travel to the airport and depart on those flights.
- Throughout the pandemic, we have relied on individuals taking responsibility for their own actions and only to travel if the rules allow. Anyone travelling to the airport on 3 July without a reasonable excuse faced prosecution. We understand that a substantial number of passengers that were booked on to the flights sensibly chose not to travel.

9. It has been reported in the media that the Welsh Government has spent more than £11m on the Bryn Cegin business park in Bangor which has remained empty for 20 years. Could you explain what plans the Welsh Government has for the future of the business park and is there potential for it to be used to stimulate economic recovery post Covid-19?

- We are continuing to work with Gwynedd Council to attract businesses to the Bryn Cegin Business Park site. Work is ongoing to develop a park and share/ride facility, which will help people working outside the Bangor area. In addition, the site has also been identified as a potential early development opportunity in the North Wales Growth Deal and we will work closely with the Economic Ambition Board to deliver investment and job opportunities to the site. On commercial property more generally, officials will shortly be preparing advice for the Minister for Economy, Transport and North Wales following the completion of research on this subject which will include recommendations for Welsh Government interventions in the provision of commercial property as set out in the Economic Action Plan.



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Actions Points following the meeting

1. 'Test Trace Protect'

It was agreed during the meeting that Dr Andrew Goodall would send us further information on the evaluation mechanism for the contact tracing system – 'Test Trace Protect'.

The key to ensuring an effective contact tracing operation, which can successfully help to reduce transmission of the virus, is twofold; (i) speed in all parts of process (from test result turnaround times to rapid identification of close contacts) and (ii) the public's continuing support, buy-in and compliance. There is an expectation, based on scientific and public health advice (SAGE subgroup SPI-M modelling paper, 22 June 2020) that the contact tracing operation should aim to trace an estimated 80% of contacts, at least 35% of which to be traced within 24 hours.

This means we need to consider:

- The proportion of positive cases successfully contacted and providing details of close contacts.
- The proportion of close contacts successfully traced and advised to self-isolate.
- The time taken for contacts to be advised to isolate.

It is well established through international (WHO) and national (SAGE & TAC) evidence that speed of response in the end-to-end process is paramount alongside the compliance of the public to heed advice and abide by the law. Non-compliance rates are by their very nature hard to measure however due consideration is being undertaken as to improving intelligence within this area. We publish weekly performance data setting out the number of cases and contacts and the proportion successfully traced.

The effectiveness of the system has been evidenced through its success managing and containing outbreaks of cases such as those we have seen within communities in Anglesey and Ebbw Vale. Our ability to rapidly identify and respond to incidents via TTP enables us to limit transmission and contain outbreaks. This is set against broader measures that are in place to measure community transmission from positive cases such as monitoring of the *R* number of the virus and the overall number of positive cases. Sero-surveillance studies will provide us with more information about prevalence within communities enabling us



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to refine our models and approach. Such measures allow us to apply relevant circuit breakers as and when required to ensure containment.

2. Staff working hours and annual leave

During the consideration of the evidence received, Members also requested that I write to you to ask for information about Welsh Government staff working hours and annual leave. Please could you provide us with anonymised data showing how much annual leave has been taken by Welsh Government staff between 1 March and 30 June 2020, broken down by grade and by gender, set against the same data for the period 1 March – 30 June 2019? Could this data also include how many non-working days and weekends staff, by grade, have worked?

We do not record annual leave centrally and cannot therefore provide the information requested. Colleagues arrange annual leave directly with their line managers. We are also operating flexible working arrangements and staff can adapt their working time and days to support their work life balance and caring commitments so when they are working would not necessarily provide an accurate view of working hours.

We undertook a pulse survey with our staff and 1 in 8 respondents (13%) reported having poor wellbeing over the previous week while 43% reported having good wellbeing. The survey also showed that whilst most staff reported feeling very well or fairly well supported by their manager (90%) and their team (94%), 42% of would like more support in managing their workload. This has been a key focus in recent line manager led discussions with team members on priorities, well-being and the support available to staff.

3. Welsh Government Sponsored Bodies

At the meeting, Members asked about your assessment of the impact on Welsh Government Sponsored Bodies (WGSBs) of the loss of their trading and other non-government income during the pandemic and what financial support has been, or will be, provided to them. You told the Committee, Ministers had discussed “the implications of budget reductions with the sponsored bodies ahead of the publication of the first supplementary budget” and the Welsh Government would be working with WGSBs in the year ahead to support them in their decision making.

On 9 July 2020, the Chief Executive of Natural Resources Wales (NRW) told the Senedd Climate Change, Environment and Rural Affairs Committee its review had identified cost pressures and loss of income, which resulted in a potential £15



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million shortfall in its budget. While Welsh Government had provided £5 million of additional capital funding, NRW was reportedly using reserves from previous timber sales and had identified savings of £8.8 million to address the funding gap.

We would be interested to receive information about WGSBs that are experiencing significant reductions in trading income or non-government funding -such as NRW, HEFCW and Sport Wales- as a result of Covid-19. What is the extent of the difficulties they are facing, are they reporting changes in their costs as a result of the pandemic, how they are responding and what support is being provided by Welsh Government officials (including the Public Bodies Unit).

There are exceptional challenges across most, if not all, public sector bodies as a result of C19 ... Ministers are receiving regular updates on the financial position of bodies ... we have already allocated more than £2.5bn to respond to C19 ... but we are unlikely to be able to cover all of the pressures that are being faced and hard choices will be required.

Public Bodies Unit is not responsible for decisions on the resources given to Arms-Length Bodies in Wales but has been established to improve engagement with, and the governance of, the Arms-Length Bodies for which the Welsh Government is responsible, and has, inter alia, put in place templates for consistent Arms-Length Body Framework Documentation, Term of Government Remits and a Risk Assurance model which will inform the five-year cycle of Tailored Reviews.

One of the key considerations in all Tailored Reviews, a programme of which will consider all Arms-Length Bodies in Wales over the term of the next Welsh Government, is the efficiency with which Bodies spend effectively and efficiently the resources allocated to them, including consideration of the outcomes each body can deliver with the resources Ministers allocate to them.

Not surprisingly, the impact of COVID upon our public bodies has varied according to the individual circumstances of the organisation. Some have been more affected than others. As the Committee notes, those bodies which rely more upon earned income have felt the most impact. All of our bodies recognise the scale of the crisis which we are dealing with at the moment and are endeavouring to absorb pressures or to reprioritise where they can, in common with the rest of the public service and the Welsh Government itself. We maintain a close dialogue with our public bodies individually, and also collectively through the Public Leaders Forum. At the time of writing, Welsh



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Government Ministers are in the process of considering an assessment of the pressures upon each public body, drawing upon information compiled in dialogue with them.

4. International Convention Centre (ICC) Wales

On 9 July 2020, and subsequent to the meeting, the Celtic Manor Resort and International Convention Centre (ICC) Wales announced a redundancy programme as a result of the pandemic and the related restrictions for the hospitality and tourism sectors. It is expected to result in a loss of 450 staff from the permanent workforce of 995. We would welcome information about the Welsh Government's assessment of its exposure to financial risk as a result of this announcement and the wider economic conditions. Have you changed the value or classification of any related liabilities and if so, could you please provide details?

The impact of Covid-19 has been acute at International Convention Centre Wales (ICCW). ICCW closed its doors early in March and as a consequence has had no income; a situation that is expected to continue into 2021. The company is, however, reporting that it has received some bookings for early in 2021 and is expecting to trade at circa 50% of pre-coronavirus levels next year. The scale of the ICCW means it is well placed to operate under social distancing rules and this fact, coupled with its on-site parking and out of town location, means that it is better equipped to deal with the ongoing challenges of Covid-19 than many of its competitors. The majority of ICCW staff are currently on furlough, but with that scheme scheduled to close at the end of September, a total of 40 members of staff have been formally advised that their jobs are at risk.

The ICCW Board has developed a revised strategy to reflect the anticipated reduced level of trading and has been able to secure additional loan finance from Nat West. The Board is reviewing its financial arrangements to enable ICCW to trade through 2021 and to continue with a lower than originally forecast level of business in 2022. As part of this, the Board has requested additional equity investment from each of the shareholders. Officials are preparing advice for the Minister for Economy, Transport and North Wales on this subject.

The key liability for Welsh Government in this company relates to the joint and several guarantee of the construction loan from Nat West. With that bank showing continued support for the business, there is no expectation at present of the guarantee being called. In addition, with client bookings once again being taken for next year, there is no reason to reduce the value of the investment. As an aside, it is worth noting that Celtic



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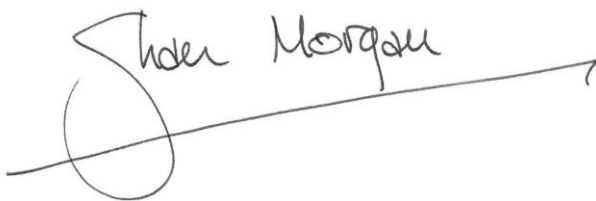
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Manor Resort is already experiencing a degree of recovery as it is hosting hotel guests and the golf courses are once again active.

If you require any further information, please let me know.

Yours,


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



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Agenda Item 3b

**Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol**

**Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group**



**Llywodraeth Cymru
Welsh Government**

Nick Ramsay, MS
Chair Public Accounts Committee
Welsh Parliament
Cardiff Bay
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28 August 2020

Dear Mr Ramsay

Implementation of NHS Finance (Wales) Act 2014

Thank you for your letter of 11 August 2020 regarding the Committee's ongoing work on the NHS Finance (Wales) Act 2014.

I am pleased that the Committee acknowledges the progress that was made in last financial year with Cardiff and Vale University Health Board being able to submit an approvable Integrated Medium Term Plan and breaking even in year for the first time in recent years. Setting aside the impact of the public health emergency, I acknowledge the financial challenges that the three boards still in an ongoing deficit position continue to face. I have recently restarted the regular monthly dialogue with these three boards under the escalation and intervention process to support and challenge their financial and service improvement programmes as they start to recover from the impact of the pandemic.

You have requested some clarification regarding the Minister's announcement on 6 July on NHS accounts, and my responses are as follows:

1. Where did the £470 million come from?

The £470 million is strategic cash support that has been provided to the four health boards to enable them to meet their financial commitments to pay staff and suppliers whilst in a deficit position. This support does not form part of the health boards resource allocation, and is not a charge to DEL budgets, but is issued as an additional cash uplift.

In each financial year in which the support was provided, the cash support has been met from the voted ambit for the Health and Social Services Main Expenditure Group (MEG) for that financial year.

2. Were there any conditions attached to the funding when it was provided, and if so, were they met?

At the time the cash support was provided, there was an expectation it would be repaid when the organisation returned to financial balance. However, to enable an organisation to be able to repay this support, they would need to generate an in-year cash surplus through underspending against their annual resource allocation. This requirement would place an additional burden on an organisation once it had achieved a position of recurring financial balance. It was for this reason that the Minister agreed that this cash support would no longer be repayable.

3. How the additional funding and the decision that has now been taken around pay-back marries with the principles and requirements of the NHS Finance (Wales) Act 2014?

As outlined above, the cash support does not form part of health board's resource allocations, and so is not covered by the statutory break-even duty in the NHS Finance Act.

The Minister also confirmed that when an organisation had met its three year break-even duty under the provisions of the Act, any historic deficit incurred prior to the organisation breaking even would not need to be repaid.

To give an example of how this would work, Cardiff and Vale UHB broke even in 2019-20 after incurring deficits in previous years accumulating to £87 million by the end of 2018-19. If the UHB delivers its extant approved balanced plan in the current and next financial year, by the end of 2021-22 financial year it would have met its three year break-even duty. At that point, the historic deficit of £87 million would effectively be "written off", in that it would not need to be recovered in future years.

4. Whether it is now the position that NHS bodies that continue to over-spend in future will never have to pay back those deficits?

In line with the Minister's announcement, an organisation will not be required to repay any historic deficits, including deficits incurred in the current or future financial years, once they meet their statutory three year breakeven duty under the terms of the NHS Finance Act.

This action was taken to support these four health boards build financial resilience for the future as they plan their recovery from the significant impact that COVID-19 has had on their organisations. However, it does not remove the expectation that these boards need to address their underlying deficit positions by developing and implementing sustainable financial and service plans going forward.

The Committee will be aware of a similar announcement made by the Secretary of State for Health and Social Care in early April on the write-off of £13.4 billion debt held by English NHS trusts. Whilst the NHS financial regimes differ between England and Wales, we have taken a comparable approach to clarifying the policy position on historic deficits and debt.

I trust this provides the clarity the Committee is seeking.

I am pleased to report that the Auditor General for Wales was able to provide a clean true and fair view opinion on the 2019-20 NHS summarised accounts, and these were laid before the Senedd on 24 August 2020.

At Committee in March I promised to provide you with a note on examples of initiatives and projects that are helping to control and manage the deployment of agency staff as part of wider workforce planning.

Pre Covid we were focussing on reducing any unnecessary expenditure on Agency and Locum through a number of key elements. This included implementation of a Welsh Government Circular WHC/2017/042 which established a new control framework and reporting mechanisms on agency and locum spend to Board level in all NHS organisations which led to reduced expenditure across Wales and reflected on the WAO study.

We had also established an All Wales Strategic Workforce Deployment Group to work on a national basis with key partners to address some of the underpinning issues leading to the additional reliance on agency and locum staff.

Some of the early work included discussions with the BMA and employers on a new more attractive pay structure and contractual arrangements for SAS grade doctors who form a disproportionate part of the agency and locum expenditure. These discussions were paused during the peak Covid period but have now resumed and we are hoping to reach agreement soon. This should enable substantive recruitment into more roles and so reduce the reliance on temporary staff.

In addition the All Wales Strategic Workforce Deployment Group commissioned a business cases on the use of key developments which would enable more flexible deployment of the workforce, including the use of DBS checks which are run on a continuous mandate and so are portable across organisations rather than needing to be redone each time an individual wants to work for a different employer.

In addition, a new online system has been developed to support the recruitment and deployment of locum GPs across multiple practises which has the potential to extend across other staff groups to provide an effective way of deploying staff flexible across different employers and locations. This was used during the Covid period to deploy staff quickly across the NHS and now has the potential to make deployment of existing staff more efficient and effective and broaden the potential pool of temporary

staff so reducing the reliance on agency and locum staff from an existing small pool of individuals.

Due to efforts being focused on our response to COVID 19 work to help control and manage agency staffing was paused. Work on this has now resumed, albeit it in a slightly different format, but will still be focussed on the following areas –

- Enhanced national leadership
- Improved data collection and analysis
- Reducing the demand for temporary staff by minimising gaps in the substantive workforce by:
 - recruitment and retention into the substantive workforce
 - more effective deployment of existing staff

Building on the work started pre Covid we are now able to draw on the learning from the earlier work, and build on some developments which supported deployment of staff during Covid period, and accelerate progress to collaboratively to take forward –

- The roll-out of standardised E-rostering across Wales which will maximise increased efficiency and opportunity for more flexible staff deployment both locally and nationally, this will initially be focused on nursing staff. This will include the safecare module to help ensure safe staffing levels on wards.
- E-rostering combined with the development of a Collaborative Workforce Bank will provide potential to reduce the cost of the temporary workforce by enabling more flexible deployment of staff across Wales. On the Medical front, work had progressed to define the core elements required to establish Medical banks across all Health Boards.

Yours sincerely



Andrew Goodall

Director General for Health and Social Services and Chief Executive of NHS Wales

Document is Restricted

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
Welsh Parliament
Cardiff Bay
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7 September 2020

Dear Chair

Further to my letter of 4 December 2019, and in advance of the Committee meeting on 14 September, I am pleased to provide an evidence paper on our progress on procurement related activities.

As requested, this evidence paper covers:

1. Progress and implementation of the future procurement programme under development and being driven by a new strategy that was being shaped by consultation with stakeholders;
2. The evolution of the National Procurement Service (NPS);
3. The procurement process for Jobs Support Wales and the conclusions of the review undertaken by the Permanent Secretary;
4. ESNR's contribution to the procurement of PPE; and
5. ESNR's contribution to the procurement of school meals.

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

With best wishes.

Yours sincerely

Andrew Slade
Director General
Economy, Skills and Natural Resources



1. Future procurement programme and new strategy

In early 2020, good progress was being made on the development and implementation of a new strategy against the [procurement written statement \(2018\)](#) and associated government commitments. Progress included further development of the nine strands action plan in consultation with our stakeholders, and clarifying the frameworks that would be taken forward by NPS or local government. In March 2020, the report '[Progress towards the development of a new procurement landscape in Wales](#)' was published outlining progress.

Recent events

The emergence and immediate impact of Covid-19 in March 2020 resulted in the procurement profession across Welsh Government and Wales having to rapidly refocus effort and resources to respond to the pandemic. Whilst Covid-19 has brought its challenges, it has also presented a significant number of opportunities.

For example, the significant challenge of addressing Personal Protective Equipment (PPE) supply and demand accelerated collaborative working between procurement professionals and others across the Welsh public sector, and indeed the UK, to ensure appropriate, effective delivery.

Cross-government working and stakeholder engagement has increased significantly during this period with rapid response working groups established and regular meetings with local authority, NHS and Welsh Government (WG) representatives to mobilise and co-ordinate resources. Much positive feedback has been received from key stakeholders throughout this process; for example, representatives of the WLGA and WCVA have commented positively on the role played by NPS through the crisis. This close engagement and collaborative ways of working are continuing into the reconstruction and recovery period. (We are still, of course, in the midst of the pandemic.)

As we move into a new normality, emphasis has also returned to the delivery of the actions in the written statement and the associated plan, taking into account good practice and lessons learned in responding to the crisis. It has become clear that a more holistic approach to procurement policy and delivery can be provided, working in partnership with the rest of the public service, and helping deliver on wider ambitions for procurement in Wales. Focus is now on the new ways of working and optimising the lessons learnt from the Covid-19 pandemic.

The Wales Procurement Policy Statement

With this new way of working in mind, focus has been given to updating the [Wales Procurement Policy Statement](#) (WPPS) and developing the capability and capacity of the procurement profession within the Welsh public sector through our Skills and Capability plan.

The WPPS, which was last fully updated in 2015, provides the strategy and framework for the Welsh public sector to undertake public procurement. Effective application of the WPPS has delivered positive impacts. A revised WPPS is being developed to reflect and build upon new closer working arrangements and relationships that have been established between WG and wider public sector, in responding to the Covid-19 Pandemic.

We have previously engaged with our stakeholders to obtain views and feedback in relation to Public Procurement in Wales. We will use this feedback to shape and inform the revised WPPS and we will further consult to ensure maximum opportunity is given for stakeholder involvement in shaping the future WPPS. We intend to engage with stakeholders on a draft of the revised WPPS during this autumn with a view to launching a new WPPS by the end of the year.

Public Procurement, in line with the Well-being of Future Generations (Wales) Act, provides a significant opportunity for public bodies to make progress towards their well-being objectives and our national well-being goals. There is an opportunity to update the WPPS to better reflect the well-being goals and to address perceived or real tensions between lowest costs and achieving wider outcomes. As part of the revised WPPS we will consider the recommendations and findings of the Future Generations Report 2020 in respect to Public Procurement. We are also actively engaging with the Future Generations Commissioner and her office on the way forward for the WPPS and procurement in Wales in general.

Our Value Wales (VW) team has previously provided guidance, training and tools to help authorities adopt the principles in the WPPS. These will be reviewed and updated alongside the refreshed WPPS. We have undertaken a review of all Procurement Advice Notes (PANs) which are regularly issued by VW to Welsh public sector buying organisations. It is recognised that there are some omissions and that a number of PANs need to be updated.

There are currently 18 PANs available to the Welsh public sector on the gov.wales website. Three of these link to Procurement Policy Notes written by UK Government relating to Covid-19, which WG reviewed and made available to the Welsh public sector.

In order to make the PANs more readily accessible to stakeholders, we are considering the options available to publish them in a dedicated area, organised in a chronological and a more intuitive way for buyers' convenience.

Skills

We have also taken time to further develop our Skills and Capability Plan. The Plan focuses on increasing the number of qualified procurement professionals within the

Welsh public sector. We now have a professional procurement programme underway to assist in addressing this need.

- We have launched a Welsh focused MCIPS Corporate Award programme, contextualised specifically for Wales. Expressions of interest were sought from across the Welsh public sector and demand was such that we committed to funding two cohorts. We now have a total of 36 students representing all sectors on the two cohorts starting in September at CIPS Level 4.
- We will also be launching an Advanced Practitioner Corporate Award (Level 5/6) in January 2021, again for a cohort from across the Welsh public sector. This award has already been advertised asking for applications from candidates. Students graduating from this course will achieve full MCIPS accreditation as long as they have the required number of years' experience set out by the professional body.
- In addition, to help future-proof the profession, we are running a sandwich placement scheme pilot from September, in conjunction with the University of South Wales. The pilot will see five students in the penultimate year of their Supply Chain and Logistics degree, spending a year in public sector organisations. These students will receive invaluable practical work experience whilst benefiting from our procurement capability programme and any procurement training from their host organisation. We hope to fund the retention of the students on a part-time basis in the organisations following the pilot, with a view to them applying for full time roles, ensuring a future pipeline of talent.
- We are also investigating the feasibility of apprenticeship schemes and in the longer term, are hoping to work with colleagues in Education and Careers Wales to raise the profile of procurement in schools as an attractive career option.

In addition to increasing the number of procurement professionals, we are upskilling existing staff through a suite of new eLearning modules. Early focus is on core commercial procurement modules and key procurement policy areas via a suite of eLearning modules. Modules will include Project Bank Accounts (PBAs), Supply Chain Interventions / Community Wealth Building, Decarbonisation, Circular Economy and Social Partnerships.

2. The evolution of the National Procurement Service (NPS)

During this challenging time, the evolution of the NPS into a function focussed on category management of a reduced portfolio of national contracts while delivering practical policy integration has continued. There is an ever-growing number of examples of NPS policy interventions through procurement.

The NPS framework agreement for Supply Teachers has delivered significant influence over how the supply teacher market operates, providing benefits to teachers and other school workers. The framework was co-designed through engagement across the public sector, including colleagues in WG's EPS group, supply teacher representatives and through market engagement. Market-leading

outputs include a minimum daily rate for supply teachers, on-going training and development supporting the new curriculum and robust safeguarding measures in place.

The agreement now embraces over 25 agencies from across Wales and is being used far more widely across Wales when compared to the previous framework model.

Support for the foundation economy has been a key element in a number of NPS agreements through supply chain interventions. For example, the NPS stationery agreement with Lyreco supports both the foundation economy and recycling through its Cymru Copier scheme that sees a Welsh social enterprise undertake confidential waste disposal. This has seen some 90 jobs created for the long term economically inactive, helping to directly change the lives of those involved.

The scheme is framed around the use of 100% recycled chlorine free paper, which in addition to being better for the environment is cheaper than brands using chlorine to bleach the product.

The NPS Cleaning and Materials framework was brought rapidly into action in mid-March, used to support organisations in responding to Covid-19. With suppliers drawn predominately from across Wales it has effectively delivered a number of key policy interventions.

The framework directly supports the WG's policy initiative to tackle period poverty and we've been in close liaison with a number of local authorities to support them to purchase sanitary items via our framework. Work has been undertaken with framework suppliers to support the local economy and increase supply chain resilience by bringing on new suppliers as part of the supply chain e.g. Swansea University and Newhall collaborating on hand sanitiser.

Supporting the Welsh economy, Chemsol Cymru Ltd, a family business based in Conwy, were awarded a place on the new NPS Cleaning and Janitorial Materials Framework in February 2020. The family business, based in Conwy, have since been awarded a range of new business via the NPS framework including a contract with Cardiff Council to supply 1500 hand sanitiser stations which were manufactured in Conwy.

The NPS Solicitors framework was subject to review as part of a wider consideration of the legal sector in Wales undertaken by the Justice Commission. At that time, spend with Welsh based firms was 91% of the overall spend through the framework of circa £5 million per annum. Building upon recommendations from the Commission, a new procurement model has evolved from that sound foundation and aims to further widen business opportunities for Welsh based legal practices. The original NPS framework let in 2015 was successful, especially in terms of providing opportunities for the Baglan based supported business Ministry of Furniture. (MOF). Under the framework Swansea Council and MOF delivered a

range of savings both financial and carbon based by refurbishing the Council Civic centre with remanufactured product.

The new framework has seen another supported business appointed, Merthyr Institute for the Blind, along with a number of existing and new Welsh SMEs. The framework has been reengineered to support the use of remanufactured product instead of purchasing new, and work has commenced with the Welsh Government funded WRAP programme to provide guidance to public sector framework users to help them adopt this approach that will reduce both expenditure and carbon content. The framework also requires the suppliers to work with Welsh social enterprises ensuring that economic benefits will remain in Wales.

In addition, as part of the Critical Equipment Requirements Engineering Team (CERET) PPE work described later in this paper, the NPS is working closely with repurposed Welsh manufacturers to help support their longer term sustainability. While the work is in its infancy, the NPS has facilitated business relationships between three of the manufacturers and wider UK distributors. The policy interventions referenced, together with the many others being deployed across NPS frameworks have helped promote the use of the frameworks across the public sector.

At the end of the Financial Year 2018/19, framework expenditure was some £366 million; and in 2019/20, this has increased to some £390 million. These figures are positive in light of the fact the number of NPS agreements are reducing in response to the written statement made by the then Cabinet Secretary for Finance in 2018 in respect of the repositioning of NPS and VW.

In developing its revised national plan, the NPS has worked alongside the WLGA who have been developing their own regional approach. This has rightly taken time to allow thorough consideration of the best approach to adopt for Wales, across the original NPS programme of 67 frameworks. The result is a planned national programme of 32 frameworks, with a WLGA regional approach for a further 15 frameworks in development. The other frameworks in the former NPS pipeline of 67 have been explored and will be delivered through other routes. e.g. through local organisational arrangements, other UK wide agreements such as Crown Commercial Services, (CCS), or through consolidation into new NPS frameworks as appropriate.

As the NPS transitions to the new pipeline, NPS staff numbers have reduced. However, the posts have not been lost and have been reallocated to support wider procurement transformative work.

Also in response to the written statement, further work is being undertaken to develop the new Procurement Policy and Delivery Service which integrates the NPS delivery service with the policy development and support team. This service will aim

to provide an integrated service that not only tests policy but also the effective and efficient delivery of Wales-wide frameworks. The development of the new service is still in the inception phase; when it is further developed we will consult on our initial plans with key stakeholders to maximise the benefits to the Welsh public sector.

3. The procurement process undertaken for Jobs Support Wales and the conclusions of the review undertaken by the Permanent Secretary

On 27 January 2020, advice was submitted to the Minister for Economy and Transport recommending the procurement exercise designed to award the framework to deliver Job Support Wales (JSW) should be discontinued following legal advice received and that a different means of delivering the policy outcomes be developed. The recommendation was approved by the Minister.

The First Minister discussed the matter with the Minister for Finance and Trefnydd, asking her to commission a rapid review of the issues with this procurement, and of any related risks that could arise elsewhere in the Welsh Government.

The review was completed by governance officials within ESNR Group's central Operations Team in March 2020, quality assured by the Welsh Government's Internal Audit Services, and reported to the Director, Treasury within the Permanent Secretary's Group.

The scope of the review included:

- a) To ascertain the facts of why the first attempt to procure this framework was abandoned.
- b) To obtain, review and check for implementation the lessons learned from this first process.
- c) To ascertain and verify the facts of why the procurement for this framework was abandoned for a second time.
- d) To produce a lessons learned report on what went wrong.
- e) To provide a recommendation on whether further investigation is required across other tenders.

In March 2020, the review was ready to conclude with the report being cleared and advice being prepared for Ministers. The review has not been published sooner due to officials being heavily involved in the Welsh Government's emergency response to the Covid-19 pandemic which involved non-Covid-19 related work being paused. The report has now been sent to Ministers, and the operational and administrative recommendations in the review have been acted upon.

The Minister for the Economy and North Wales has undertaken to update members of the Welsh Parliament with the outcome of the review which we anticipate will happen when the Welsh Parliament reconvenes after summer recess.

4. ESNR's contribution to the procurement of PPE during the C-19 pandemic

The huge challenge of ensuring critical Personal Protective Equipment (PPE) demand across Wales could be met has required procurement professionals across the Welsh public sector, and the wider UK, to work collaboratively to ensure appropriate, effective delivery.

This is exemplified by the establishment of CERET by the WG. CERET was set up at the beginning of the Covid-19 pandemic to work with Welsh Industry to procure critical supplies and equipment for the NHS and Social Care via the shared service arm the National Health Service Shared Service Partnership (NWSSP). The group is comprised of representatives from business areas and organisations including:

- Economy – Innovation, Thematic Sectors, CPS, International Relations, Foundational Economy (ESNR Group).
- Health and Social Services Group.
- Surgical Materials Testing Laboratory (SMTL).
- Life Sciences Hub.
- Industry Wales.
- National Health Service Shared Service Partnership (NWSSP).

The remit of CERET is to support the NWSSP with a focus on delivering Welsh manufacturing solutions to create far greater supply chain resilience for Welsh health and social care. There have been many success stories including four Welsh companies now producing medical grade masks, visors being produced by the Royal Mint, hand sanitiser from a number of sources, and a small industry of sewers helping to produce hospital scrubs.

Welsh Government Commercial and Procurement staff drawn from the NPS and CPS have supported CERET in a number of ways including:

- Supporting the rapid establishment of commercially robust contracts for a range of goods and services, using the greater flexibility afforded under emergency regulations;
- Working alongside the Life Sciences Hub contributing to the processing of over 2000 offers;
- Developing guidance on PPE due diligence, which was shared across the Welsh Public sector;
- Sourcing PPE for other public sector settings; and
- Supporting the new manufacturers by bringing them greater market reach through NPS PPE framework providers.

Addressing future PPE demand, NPS are now working in close partnership with NWSSP to explore new PPE procurement arrangements.

When the world became aware of Covid-19 and the outbreak in China, the WG undertook a risk assessment of its collaborative agreements operating across the Welsh public sector. This identified a number of agreements, particularly those related to ICT, protective clothing and other smaller office use commodities that had a greater dependence on Chinese supply chains. Engagement with key suppliers allowed identification of their plans to address these issues.

Within the ICT sector, there was an evidence of capability to cope and this was borne out by the rapid and increasing demand for hardware to support remote working. Other areas, such as protective personal equipment, were at risk of being overwhelmed by a combination of global supply chain interruption and unprecedented global demand.

With the implementation of lockdown and a move away from normal business practice, it was clear that a number of businesses faced significant financial hardship. Through its spend analytics system, the WG undertook a risk assessment of businesses across a number of key categories. The Business Intelligence team supported a range of Covid-19 procurement activities including category recovery spend analysis reports. This included work in identifying key categories and their critical suppliers through analysis. This was combined with financial health scores, supporting narrative, and market intelligence to give internal category areas information to support their Covid-19 related activity.

5. ESNR Group's contribution to the procurement of school meals

Following the early closure of schools prior to the start of the Easter Holidays, WG Support for Learners Division was asked to develop a national system of support for the families of learners who receive free school meals (FSM) but unable to attend school because of the Coronavirus outbreak. Initial funding of up to £7m would be made available to allow local authorities to deliver local schemes for four weeks (including what would have been the Easter Holidays) until the WG could develop and deliver a national scheme.

The scheme in Wales was to be built around a national solution that would allow local authorities the flexibility to react to local requirements and to ensure that the most vulnerable children received the help in the most suitable format. This also needed to be able to identify additional groups of vulnerable children (such as those who are under age four) who could be added to aid the fight against food poverty during the Covid-19 crisis.

This unique Welsh approach would allow local authorities to either:

- a. opt in to the national scheme, which would mean that vouchers would be sent to eligible households, whilst also allowing school/LAs to identify families who need specific help, such as delivery of food;
- b. continue to provide vouchers locally;
- c. continue with arrangements to make direct payments to eligible families bank accounts; or

- d. continue to make food deliveries direct to eligible families.

Due to the challenging timescales, the WG's CPS directorate reviewed whether there was a compliant Contract or Framework that would allow a scheme like this to be delivered in Wales within a short timescale.

CPS confirmed that a framework agreement already existed with a company called Edenred for the provision of a managed service for employee benefit schemes (The "Lot" is titled "Reward and Recognition Solutions"). However, it was agreed that alternative models of delivering provision (eg working with supermarkets who might be prepared to consider providing discounts) should also be considered.

CPS worked with WG Support for Learners Division and WG Legal Services to review alternative contracting options and outline the risks of these options. Public contracts for services above £122,976 have to be awarded in compliance with the Public Contracts Regulations 2015 (PCR 2015). In these circumstances, this involves either:

- 1) utilising an existing framework
- 2) amending an existing contract
- 3) running a compliant procurement process with shortened timescales
- 4) making a direct award under regulation 32

CPS along with Legal Services advised Support for Learners Division that putting in place a contract to one supermarket, by the 20 April 2020 would have limited the potential for compliant and robust procurement exercise. Support for Learners Division were advised the option which carried the less risk would in fact be to make a call off from the Framework Agreement to Edenred.

A contract with Edenred offered parents access to a choice of vouchers from Tesco, Sainsbury, Asda, Morrison's, John Lewis/Waitrose and Marks & Spencer. Edenred were also pursuing options to include the Co-op and possibly Iceland. Support for Learners Division concluded that a contract with Edenred offered families the opportunity to select any one of a number of retailers was more demonstrably aligned with the provisions of Section 149 of the Equality Act 2010, allowing families to select the option which best suits their requirements.

However, before the contract was agreed CPS were made aware that Edenred were struggling to fulfil their contractual obligations for England and would not have the necessary capacity to service Wales' needs. At the same time, Support for Learners Division colleagues confirmed that local authorities had gone through the process of setting up their own solutions, which were already working well. On 22 April 2020, plans to provide funding to support local authorities with their own arrangements were announced and the Commercial Directorate were no longer required to advise on national-level arrangements. Once again, this was a good example of joint operations within and across Welsh Government and across the wider public sector to deliver an outcome at pace.

**Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol**

**Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group**



**Llywodraeth Cymru
Welsh Government**

Nick Ramsay MS
Chair, Public Accounts Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF991SN

28 August 2020

Dear Mr Ramsay

Thank you for your letter regarding procurement of Personal Protective Equipment (PPE).

At the onset of the Covid-19 pandemic, the NHS Wales Shared Services Partnership (NWSSP) expanded their existing procurement role, taking responsibility for supplying all necessary PPE to the NHS and to local authorities for use in social care settings. Since early March, NWSSP has issued over 293 million items of PPE to the health and social care sectors in Wales. This enormous sourcing and logistical effort, drawing on both local and international suppliers, has helped Wales reach a stable position with regard to PPE and enabled us to offer support to other parts of the UK through mutual aid. We were also able to ensure that, whilst there were concerns on shortages, the level of supply was maintained at the most challenging time. In a very short period of time, we changed an NHS only based supply and distribution process for health boards to one delivering across hundreds of settings, from social care providers through to primary care professionals; for example GPs and pharmacists. This has been a significant change and achievement, embedded initially by our ability to access pandemic stocks that had been planned. As we plan for the winter months ahead, NWSSP have already taken measures to improve resilience and will continue to build on this through the development of a strategic plan for PPE procurement.

As you note in your letter, the Health, Social Care and Sport Committee's report on the, *'Health Inquiry into the impact of the COVID-19 outbreak, and its management, on health and social care in Wales'* contained several recommendations on PPE.

The Welsh Government's response to this report is attached to support the Public Accounts Committee's consideration of public procurement. You will find the relevant sections on PPE at page 3-5.

Yours sincerely

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

Dr Andrew Goodall



Ein cyf/Our ref MA/VG/2497/20

Dr David Lloyd MS
Chair
Health, Social Care and Sport Committee

19 August 2020

Dear Dr Lloyd,

Thank you for your letter 8 July providing me with the committee's report on the '*Health Inquiry into the impact of the COVID-19 outbreak, and its management, on health and social care in Wales*'. I would like to thank the committee for their time in considering this important topic. It was a challenging time for us all.

I want to put on record my thanks to staff across the health and social care sector who worked incredibly hard to treat and care for those who contracted COVID-19, those who had other urgent health and social care needs and to protect those who are most vulnerable in our communities. The system has undergone an extraordinary transformation across all settings in demanding and exceptional timescales. In relation to PPE, I also wanted to acknowledge the enormous logistical and manufacturing challenge that was faced by the service to secure millions of items at what was a very difficult time.

In the context of the reasonable worst case scenarios at that time, the scale of the levels of capacity that was anticipated, the numbers of critical staff required and seeing other well regarded health systems overwhelmed, this was an exceptionally intense and worrying time for all those involved.

I took the early decision on 13 March to step away from routine activities to ensure the NHS and care system had appropriate time to prepare, including the creation of capacity and the training and realignment of staff. Routine primary and secondary care was paused to support the anticipated numbers of patients infected with COVID-19. Difficult decisions were taken that reflected the pressure and significance of the situation that we were all confronted with and we were mindful of the need to respond to a rapidly changing environment, through April and May in particular.

Our actions were focused on protecting the Welsh population, saving lives and protecting the NHS. In this context, the UK modelling work, translated for Welsh scenarios, demonstrated the need for 10,000 extra beds to be made available and 950 critical care beds. In order to address the very visible pressures and potentially overwhelmed systems, we were able to put plans urgently in place that allowed for a tripling of critical care capacity

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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.

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.

if required through surge capacity and also doubled the number of acute hospital beds in Wales – all within days and weeks in the face of this unprecedented challenge.

Thanks to the professionalism and agile response that characterised the co-operation from all parts of the health and care system and our rapid preparation overall, Wales was able to respond quickly to deal with this public health emergency. The response was assisted by the close proximity and openness of relationships across health organisations and with social care partners across Wales, building upon existing structures and partnership arrangements. Regular communication and collaborative decision making facilitated delivery of a number of key milestones from the temporary scaling back of routine NHS activities, to field hospital developments and later the establishment of local TTP arrangements. These strengthening arrangements lay an important foundation for the emergence of the new NHS Wales Executive.

The evidence base at the time, informing our decisions and, crucially, supported by the broader impact of the population respecting regulations to stay at home, thankfully meant that we did not see (and continue not to see) the over 100,000 hospital admissions that were expected at that time and the up to 28,000 potential deaths in Wales. However, sadly, many people have lost loved ones and we were mindful throughout this situation that preventing more families from experiencing tragedy from COVID-19 was paramount. This was and remains an exceptionally challenging time for all those on the front lines of our services and particularly as we prepare for the unpredictable winter period ahead.

I want to recognise also the level of transformation, supported by digital innovation, which has been immense in supporting the health and care system. Thanks to the scale of the challenge and rapid acceleration, many of the new ways of working and innovative approaches have received positive feedback from a range of stakeholders, including patients and clinicians. We continue to learn from our work so far and will build on these efforts as we plan for the winter and beyond. The recommendations from the Committee will also help inform our future approach and actions.

The committee has taken evidence from a number of key sources and has appreciated the complex position that those managing the pandemic were faced with. The committee's report says that it will apply the evidence as known at the time but, in some cases, it would appear that knowledge known now has been applied retrospectively. This is particularly apparent in terms of its observations about decisions taken regarding care homes and the policy for asymptomatic patients.

I know Dr Rob Orford, chair of the Technical Advisory Cell (TAC) wrote separately to you on 14 July, explaining the unique role that TAC has and continues to play in offering advice to the Welsh Government. I understand that you have invited him and colleagues to attend the Committee on 16 September. I am sure this will assist the committee's understanding of the milestones for decisions and evidence. This will be especially relevant in terms of the decisions made about testing for care homes and the discharge of people from hospital to care homes. Our decisions were made in absolute good faith and based on our knowledge and understanding at the time. As the evidence has evolved, we have adapted our approach where that is appropriate and this will continue. I can assure the committee that protecting those living in care homes has been an urgent priority throughout this pandemic. Protecting the most vulnerable in our society and acting in their best interests remains at the heart of our decision making.

Committee members will have received a copy of the Deputy Minister for Health and Social Services' Written Statement on 30 July which sets out the actions we are taking to provide support for the care home sector. Our actions will consider lessons learned and any further

measures required regarding infection prevention and control; personal protective equipment; general and clinical support for care homes; residents' well-being; social care workers' well-being and financial sustainability. We have commissioned an independent facilitator to carry out a rapid review of the operational experience of care homes between March and June this year. The outcome of seven regional care home support plans and a national overview report will inform the Welsh Government winter preparedness planning. In addition, a scientific paper analysing discharges from hospitals and COVID-19 care home outbreaks in Wales has been written by Public Health Wales. The paper has been submitted to a peer review journal for publication. We will share the paper with you as soon as it is available.

I support and 'accept' or 'accept in principle' the majority of the recommendations from the committee. I have not accepted part of recommendation 10. This is in relation to home testing kits being used in care homes. Extensive guidance and training for administering the home testing kits has been developed and this approach is recognised as effective and flexible to meet the particular needs of care homes. I have also not accepted recommendation 20 in relation to contact tracing, which can only begin on receipt of a positive test.

I can confirm that many of the recommendations reflect areas which are already in train and where there is already strong progress. Over the next few weeks we will be taking steps to deliver further improvements, mindful of the financial implications. Choices will need to be made to secure the best 'value based healthcare' going forward and in the context of preparing for a challenging winter period.

You will be aware that there was no blueprint for COVID-19. While plans for a flu pandemic had been developed and tested, the scale and impact of COVID-19 was unprecedented. Together with partners across health, social care and beyond we are learning to prevent, contain and treat this disease and we recognise that we will continue to live with the virus in many aspects of our daily lives for some time to come.

I announced the development of a national Winter Protection Plan on 7 August, which will be issued in September. This will be an overarching plan setting our expectations for health and social care and informing engagement with wider partners and stakeholders. It will provide a clear direction for the remainder of the year and will also support many of the committee's recommendations.

The work of the committee has helpfully focused on a number of key areas: Personal Protective Equipment (PPE); Testing; Shielding; Test, Trace and Protect; and financial implications for adult social care. I will address these and further information to support this response is provided in Annex 1.

Personal Protective Equipment (PPE)

These three recommendations are accepted.

Recommendation 1

The Welsh Government must, as a matter of urgency:

- *publish a strategy for securing a resilient supply of PPE;*
- *stockpile appropriate PPE in sufficient quantities for any future outbreak;*
- *keep under review the PPE it has stockpiled to ensure that it remains of adequate quality and is fit for purpose, including that the design and fit is appropriate for all wearers and suitable for staff, patients or carers who are deaf or hearing impaired;*
- *publish a strategy for ensuring resilience of distribution arrangements for PPE;*

- *work with partners to ensure that guidance on PPE is kept up to date in the light of the most recent scientific advice, and communicate this advice clearly to staff.*

Recommendation 2

The Welsh Government must review its own systems to ensure the mechanisms are in place to enable manufacturers in Wales to respond quickly in supplying appropriate PPE in the event of any future outbreaks. This must include having procurement arrangements that are able to respond in a timely manner.

Recommendation 3

The Welsh Government must ensure that third sector organisations providing vital care services have reliable access to appropriate PPE.

A strategic plan for PPE procurement for health and social care is being developed. This work is being coordinated through the PPE Stock, Sourcing and Distribution Group, chaired by the Welsh Government. The plan will be developed as part of the wider winter preparations undertaken by Health and Social Services within the Welsh Government in the national Winter Protection Plan. NHS Wales Shared Services Partnership (NWSSP) have already taken measures to secure a stable stock position in respect of PPE and will continue to build upon this to further improve resilience.

Welsh businesses have an important role to play in strengthening our resilience to a second peak of COVID-19 and the risks posed by a no-deal Brexit. Our PPE procurement plan for health and social care will blend local manufacture with international supply. Increased orders from Welsh businesses are anticipated over the coming year, as their production of PPE items come on-stream.

Industry Wales and their partners will be integral to informing our future engagement with business regarding future PPE requirements as well as exploring the potential to on-shore more of our other procurement requirements.

The Welsh Government has funded NHS Wales Shared Services Partnership (NWSSP) to supply PPE to the health and social care sectors in Wales. Where third sector organisations operate in support of the statutory health and social services, they are supplied with PPE by local health boards or local authorities in order to carry out those functions. A number of third sector organisations providing medical care, such as hospices, have been part of NWSSP's core distribution for many years and this has continued throughout the COVID-19 response.

With regard to social care, NWSSP provides PPE directly to local authorities through their Joint Equipment Stores (JES) for onward distribution to care providers. NWSSP will continue to source and distribute PPE to local authorities to meet the needs of the social care sector for the remainder of this financial year, maintaining a stable supply of PPE throughout the recovery phase.

PPE is the legal responsibility of the employer including of course a number of independent sector providers in domiciliary and residential care. NWSSP has stepped in to provide PPE to ensure that staff and people they care for are protected because of the extraordinary tightening of normal PPE supply chains. We should not lose sight of the significance of this successful undertaking in logistical or financial terms.

Financial implications: PPE costs arising from the development of the strategic plan for health and social care will be met through the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis.

This was announced by Welsh Ministers on 5 August. Any additional costs will be drawn from existing programme budgets.

Testing

The following recommendations are accepted.

Recommendation 4

The Welsh Government, and its partners, must ensure that there is local access to testing for anyone who needs it, as and when they need it. GPs and primary care need to be an integral part of these arrangements.

Recommendation 5

The Welsh Government, working with its partners, must ensure an ongoing campaign of clear, consistent and repeated public messaging – at a national and local level – about when to seek a test for Covid-19 and how to do this.

Recommendation 6

The Welsh Government should ensure there is similarly clear and consistent messaging about the value of testing, not only in identifying people with the virus but to assist in research and development of future solutions.

Recommendation 7

The Welsh Government, working with NHS Wales, must develop a clear plan for regular and repeated testing of health and social care staff, including asymptomatic staff.

Recommendation 8

Given the concerns about a future second spike of infection, the Welsh Government, working with its partners, should assess the likely future demand for testing and take steps to ensure there is sufficient capacity so that anyone who needs a test will be able to access one quickly and easily. As part of this, the Welsh Government and partners must remain alive to the development of different types of testing models.

Recommendation 9

The Welsh Government must ensure that all patients being discharged from hospital directly into a care home have been tested in accordance with latest best practice to ensure maximum protection for residents and staff.

The Testing Strategy published on 15 July outlines the plan for testing of health and social care staff. Our strategy is based upon the latest evidence. As ever, it is subject to change as the evidence base may change during the course of the pandemic.

<https://gov.wales/covid-19-testing-strategy-html>

The Welsh Government is working with local health boards to agree a whole system testing approach for Wales and will continue to review the testing policy for health and care settings as the evidence evolves. Additional NHS testing capacity is being used to routinely and strategically test asymptomatic frontline staff as part of infection prevention and control measures.

Estimating the need for testing is affected by a number of variables including the spread of the disease, the incidence of new cases and transmission rates in the community, the prevalence of symptoms and emerging evidence on how testing can best be deployed to prevent infection. New scientific advice will be continually reviewed, alongside re-modelling

and international experience and this evidence will be kept under review, adapting our estimates of need accordingly.

A national testing infrastructure has been established with an extensive network of testing facilities available across Wales, from Coronavirus Testing Units, to Mobile Testing Units and Mass Drive-through Testing centres. Home testing kits are available for those that are unable to attend test sites. Individuals can apply for tests online via the GOV.UK platform or via telephone through the 119 service.

Our sampling capacity more than meets current requirements. Welsh laboratories hold capacity for over 15,000 tests per day, together with access to wider UK capacity, which is being used for population testing, surveillance testing in care homes and for key workers. Welsh capacity is being used to respond to clinical need and outbreak management.

For people being discharged from hospital, test results must be available prior to discharge. We have also established an additional discharge pathway for people who test positive or are still infectious; they will go to step-down care to be cared for and will be tested again to ensure a negative test result before returning to their care home. This is set out in the guidance, *COVID-19: update to step-down and step-up care arrangements guidance*: <https://gov.wales/hospital-discharge-service-requirements-covid-19>

All of this capacity is not being used currently, reflecting the low prevalence of the disease at present. Maintaining the capacity to respond to spikes in testing need arising from outbreaks is vital.

The Welsh Government has been leading on a sustained COVID-19 public awareness campaign since the start of the outbreak. This work has been and continues to be vital in communicating the latest health advice to the public. This ensures people understand how to get a test as soon as they start displaying symptoms, while reassuring them about the role of contact tracing in keeping Wales safe from future outbreaks.

The campaign to-date has included a digital campaign, media coverage, community outreach, print advertising, social media and radio adverts. Over 450 pieces of campaign materials have been produced in 34 different languages. Partners such as NHS, local authorities and wider public services communications teams have been given access to the campaign materials to use. The campaign will continue to focus on reinforcing who, how and when people should get tested, as well as the role of contact tracing as lockdown is eased.

The Welsh Government is supporting Health and Care Research Wales who are leading on the communications with the public on recruiting people to help with the research and development of future solutions.

Financial Implications – The financial implications of the testing in Wales will be covered from a combination of funding as part of the direct UK infrastructure and the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August.

Any additional costs will be drawn from existing programme budgets in the Health and Social Services Main Expenditure Group. The additional costs for recommendation 8 in relation to the Reasonable Worst Case for Winter Welsh R Model work is £250K and will be met from programme budgets in the Health and Social Services Main Expenditure Group.

Recommendation 10

The Welsh Government must ensure that:

- *testing within care homes takes place on a regular and systematic basis,*
- *such tests are administered by suitably trained individuals rather than using home testing kits and*
- *Sufficient capacity is available to support both of the above.*

The first bullet recommendation is accepted in principle.

There has been regular and systematic testing in care homes in Wales. All residents and staff in care homes were tested during May and June. In mid-June a policy to test all care home staff on a weekly basis was introduced, which was subsequently extended. The release of the Welsh Government's Testing Strategy on 15 July supported the reduction in the frequency of testing care home staff to a fortnightly basis, if prevalence rates remained low.

The results have been closely monitored and prevalence rates have remained low. As part of developing a more targeted and differentiated approach to testing, where prevalence remains high or a spike occurs, more regular, systematic testing may be maintained or reintroduced.

The second bullet recommendation is rejected.

Local health boards have provided guidance and training for administering tests using home testing kits. Home testing kits delivered to care homes as testing satellites have provided an effective and flexible approach that meets the particular needs of care homes. Health boards continue to support, train and advise care homes on testing and on infection control measures.

The third bullet recommendation is accepted.

There is sufficient capacity in Welsh laboratories and the UK Lighthouse laboratory to enable testing in care homes in Wales. Repeat testing occurs via the Lighthouse labs model using home testing kits.

Where incidents occur (two or more positive cases), then Public Health Wales laboratories are used, where sampling is administered by trained individuals to support outbreak management. This enables a more flexible, responsive approach to outbreaks supporting the Test, Trace and Protect process.

Financial Implications – No additional as in line with existing policy. The financial implications of the testing in Wales will be covered from a combination of funding as part of the direct UK infrastructure and the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August.

Shielding

The following recommendations are accepted/accepted in principle.

Recommendation 11

The Welsh Government must take steps to: ensure there are no further breaches of patient data going forward, and better communicate with people who have been advised to shield. This needs a clear, well-structured, responsive, timely and transparent approach, and must be an integral part of the future strategy for support to this very vulnerable group of individuals.

Recommendation 12

The Welsh Government must re-examine the arrangements with major supermarkets to ensure it can satisfy itself that there will be sufficient capacity for online food shopping and home delivery to meet demand, particularly during the coming winter period.

Recommendation 13

The Committee recognises that there is a cohort of people not on the shielded patients list who are otherwise vulnerable or normally rely on online food shopping and delivery services. The Welsh Government must look at how best to identify and offer support to these people.

Recommendation 14

The Welsh Government should commission a focused and rapid review of the current arrangements for delivery of medicines to ensure they are robust, reliable, safe and sustainable, and able to meet both current demands and potential future pressures, especially during the winter months.

Recommendation 15

The Welsh Government must work in partnership with local authorities to review existing support arrangements for shielded people, and implement improvements as necessary.

The Information Commissioner's Office has closed the investigation into the breach that occurred with no regulatory action, recognising that it was a case of human error and also that remedial action was swift. Whilst this incident was unacceptable, lessons have been learned and we are committed to continuing to improve in this area.

A data group has been established within the Welsh Government to ensure appropriate data issues are resolved promptly with the onward sharing of data to Local Authorities and other partners. More stakeholder engagement has been undertaken where stakeholders have been able to discuss shielding and related communications directly with officials. This has influenced both the content and method of distribution of our communications materials.

The Welsh Government has worked with seven major food retailers, sharing data to enable them to prioritise on-line orders and home deliveries for people who are shielding. We welcome the effort these retailers have made to expand their on-line ordering and home delivery operation and to prioritise shielding people.

The Minister for Environment, Energy, and Rural Affairs regularly meets major food retailers and her officials have also held discussions with seven main retailers offering on-line ordering. Priority online delivery slots are working well and retailers have confirmed they will carry on ensuring that there are priority slots for shielding people after shielding advice was paused on 16 August. The Welsh Government has identified that there are people who are vulnerable and has been working with local authorities and voluntary councils who have been supporting both these groups, providing access to food, support and wider befriending. The Minister for Housing and Local Government wrote to all local authority leaders in April to scope the extent of support provided for non-shielding vulnerable people and was assured that effective support is in place. Ministers have agreed that there will be a further letter to leaders and Voluntary Councils in August to enable them to update the information they provided.

The number of volunteers recruited to support the Volunteer Scheme and the capacity of the Royal Mail service exceeds current demand from pharmacies and dispensing doctors across Wales. Following the advice from the Chief Medical Officer to pause shielding, both the Volunteer Delivery Scheme and the Royal Mail Service will continue, as planned, to

support these patients until 30 September. A review of the COVID-19 medicines delivery arrangements has been undertaken in consultation with stakeholders and participants. The findings of the review will inform the need to respond to a further spike in the autumn or to local outbreaks of community transmission.

With regard to the third sector, almost £7m has been distributed in emergency grants and loans to 150 organisations through the Voluntary Sector Emergency Fund since the start of the pandemic, potentially benefitting over 730,000 individuals. Each Voluntary Council has received £25,000 to support local organisations to respond to their community needs; as at 31 July this fund has supported over 200 organisations.

Financial Implications – Funding for shielding communication is allocated from within programme budgets in the Health and Social Services Main Expenditure Group.

In relation to recommendation 13, under the Test Trace Protect scheme, £1m has been agreed as part of the Local Government Hardship Fund to support local authorities in the Protect element of the scheme, to help those people who are required to isolate as a result of contact tracing and no access to any support from family or friends. This will be included in the general strand of the fund and the amount available will be kept under review.

In relation to recommendation 14, £5.8m within the Community Pharmacy Contractual Framework funding has been re-purposed to support these arrangements throughout 2020-21 if required, with £7m having been distributed to the third sector.

These recommendations are accepted in principle.

Recommendation 16

The Welsh Government must ensure that there is clear guidance made available to those who are shielding about accessing routine healthcare services and how to do this safely.

Recommendation 17

The Welsh Government must ensure there is clear guidance provided for families and carers of people who are shielding about returning to work, and the support they can expect.

The Chief Medical Officer (CMO) wrote to those who are shielding on what to do in relation to attending health settings for routine care and planned appointments. Early advice was to avoid the settings wherever possible and when an individual did need advice or treatment, it was important to communicate directly with the setting that they were shielding.

Advice changed on 13 June in relation to the wearing of face masks, to clarify people who had received a shielding letter from the CMO (including a carer of patient or child who is on the Welsh shielded list) should wear a medical mask when there was an unavoidable need to access health or social care settings. Masks should be provided to people in this category if required.

The Welsh Government aims to provide guidance which would support all of those individuals with the appropriate action to take. Employers have a legal obligation to minimise the risk of exposure to COVID-19 in the workplace. Advice is available via the 'Work, skills and financial support' website on how to stay safe at work and how to access help on money or the security of employment. <https://gov.wales/work-skills-financial-support>

Financial Implications – None.

Test, Trace Protect Strategy

This recommendation is accepted.

Recommendation 18

The Welsh Government must take the opportunity now to review all arrangements to ensure that the scale of the infrastructure, the technological rollout and the necessary recruitment exercises are in place to ensure an efficient and effectively functioning contact tracing system. The system must not be compromised because of a lack of planning, resources or technology, when there has been time to prepare and important opportunities for learning.

The Test, Trace and Protect system has been designed to scale, as required with regional plans to support this. Resourcing, infrastructure and capacity planning have been undertaken based on the latest modelling and scientific advice.

Working in close partnership with Public Health Wales and NHS Wales Informatics Service, health boards and local authorities, continual improvements and refinements are being implemented at pace and at a system wide level.

This recommendation is accepted in principle.

Recommendation 19

The Welsh Government, working with Public Health Wales, must aim for all test results to be returned within 24 hours.

Speed is vital to the effectiveness of the contact tracing system. Health board testing leads and Public Health Wales are working at pace on a number of improvements including:

- Improving in-lab processes to enhance efficiency and speed.
- Provision of extra staff and equipment for the Public Health Wales regional laboratories based at University Hospital Wales, Cardiff, Singleton Hospital, Swansea and Ysbyty Glan Clwyd, Rhyl, so they can operate 24 hours a day, seven days a week.
- Creation of six Hot Labs at acute hospitals across Wales, which will have rapid, under four hour, testing equipment and new testing equipment for other conditions to free up staff to work on COVID-19 testing. They will operate from 8:00am – 10:00pm, seven days a week.

Financial Implications – Whilst work is ongoing with NHS Wales on this, funding for improvements will be met from the £800m stabilisation package to support the Welsh NHS. Funding approval has been provided of £32 million to speed up turnaround times.

This recommendation is rejected.

Recommendation 20

The Welsh Government should move immediately to a system where contact tracing begins either on receipt of a positive test, or within 24 hours.

Contact tracing begins on receipt of a positive test. The vast majority of those who are tested return a negative result (93.5% negative as at 9 August). Initiating contact tracing before test results are known could result in significant negative impacts on those contacts asked to isolate unnecessarily and undermine confidence in the system. It would also require significant additional resources within contact tracing teams. Our approach takes

into consideration both the latest medical advice and the broader socio economic impacts of asking close contacts to self-isolate. This is an evolving situation and subject to ongoing review.

Financial Implications – No additional costs. Funding has been allocated to health boards and local authorities to support the Test, Trace, Protect programme.

This recommendation is accepted in principle.

Recommendation 21

The Welsh Government must ensure there are systems in place to both monitor effectively the false negative rate, and to ensure testing is delivered responsively and flexibly to minimise the false negative rate.

The Testing Strategy, previously referred to, outlines how testing for Wales will be delivered. Low prevalence of the disease is likely to generate a higher rate of false positives and false negatives. False negatives are hard to measure, however work is underway to provide an estimation of false negative rates based on the clinical sensitivity of testing.

Financial Implications – No additional costs. Funding will be drawn from agreed budgets for testing as described above.

This recommendation is accepted.

Recommendation 22

In consultation with Public Health Wales, the Welsh Government should:

- *publish a strategy to increase the number of people presenting for tests in order to utilise more fully the available testing capacity*
- *take steps now to provide assurances that 20,000 tests per day will be able to be delivered*
- *ensure that safeguards are in place to guarantee that capacity from facilities outside Wales is fit for purpose and sufficient to meet demand*
- *ensure that the system is able to respond to increases in demand, and expand to meet these.*

In collaboration with Public Health Wales, local health boards and the UK Government's Department of Health and Social Care, a national testing infrastructure has been developed to ensure those who need a test are able to access one easily and quickly. A communications strategy is focussed on reinforcing who, how and when people should get tested, encouraging those with symptoms to access testing.

Extensive modelling work is helping to inform requirements for capacity planning. Reserve Mobile Testing Units can be drawn on flexibly to help respond to outbreaks ensuring an agile response to outbreak management. We have already seen these used to good effect in responding to outbreaks within Wales.

Financial Implications – No additional costs. The financial implications of the testing in Wales will be covered from a combination of funding as part of the direct UK infrastructure and the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August.

This recommendation is accepted.

Recommendation 23

The Welsh Government must, as a matter of urgency review its decisions about the number of staff needed for contact tracing in order to assure itself and the public that the system will be able to function effectively at times of highest demand, and can flex and respond according to changes in demand. It should publish the results of the review.

The Welsh Government has not set a target regarding the number of staff needed for contact tracing. The policy is to build on and develop the contact tracing expertise that exists in our local authorities and health boards in order to create a workforce that can be rapidly scaled up or down depending on circumstances.

This partnership approach has enabled a workforce to be established quickly with some 700 people, which is more than sufficient to cope with the current low number of people testing positive currently. The initial assumption that a workforce of 1000 contact tracers was based on earlier modelling. If a second wave of this scale occurred, this would require a workforce of some 1,800. All health boards and local authorities are currently implementing their workforce training and recruitment plans and the position will be closely monitored and fully reassessed in September.

This recommendation is accepted.

Recommendation 24

The Welsh Government must confirm, as a matter of priority, the financial support package for local authorities to support the employment of professional tracers, rather than depend on redeployment of existing staff.

Local authorities and health boards will need support and resource. Up to £45m is available this financial year to support a total contact tracing workforce of 1,800 with capacity to contact trace up to 11,000 new positive test cases per week. The position will be kept under constant review.

Financial Implications – None. £45m has been made available in 2020-21. Funding has been allocated to health boards and local authorities to support the Test, Trace, Protect programme. Any additional costs will be reviewed on an ongoing basis.

This recommendation is accepted.

Recommendation 25

The Welsh Government, working with its partners, must ensure a system of clear and repeated public messaging – at a national and local level - about individual responsibilities to self-isolate on symptoms, and the importance of urgent self-referral for testing.

The Welsh Government has been leading on a sustained COVID-19 public awareness campaign since the start of the outbreak. This work has been and continues to be vital in communicating the latest health advice to the public. It is ensuring everyone understands how to get a test as soon as they start displaying symptoms and reassuring them about the role of contact tracing in keeping Wales safe from future outbreaks. Partners such as NHS, local authorities and wider public services communications teams have been given access to the campaign materials. The campaign will continue to focus on reinforcing who, how and when people should get tested, and also the role of contact tracing as lockdown is eased.

Financial Implications – No additional costs. The additional costs will be drawn from programme budgets within the Health and Social Services Main Expenditure Group.

This recommendation is accepted.

Recommendation 26

The Welsh Government must pursue with the UK Government the arrangements for statutory sick pay for social care workers in Wales required to self-isolate. This should be done urgently.

Statutory sick pay (SSP) is a non-devolved matter and Ministers continue to raise the financial impact of isolation at a UK level. The First Minister and Health Minister have written formally to the UK Government on this issue without a positive reply. The Health Minister has raised this regularly in 4 nations Cabinet Health Minister meetings. Employees in self-isolation are entitled to SSP for every day they are in isolation as long as they meet the eligibility conditions, including self-isolating for at least 4 days in a row (including non-working days). People who have been contact traced and required to self-isolate, due to being in contact with someone who has tested positive for coronavirus, are also covered under the regulations UK Government made on 27 May 2020, subject to eligibility criteria.

Financial Implications – None.

This recommendation is accepted.

Recommendation 27

The Welsh Government must provide further information about the protocol on cross-border arrangements.

Processes are in place to enable the sharing of data and information between England and Wales to support contact tracing. The process of sharing information occurs daily between Public Health England and Public Health Wales, electronically via a secure system (and vice-versa) and is underpinned by a data-sharing agreement between both organisations. The Test, Trace and Protect or Test and Trace system where the person resides, is the one that takes the lead to make contact with the individual.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets.

Financial Implications for local government /funding for adult social care

This recommendation is accepted.

Recommendation 28

The Welsh Government must, as a matter of urgency, put in place a short-term, guaranteed funding commitment to support adult social care services to mitigate the financial impact of Covid-19. This commitment must be developed in consultation with service providers, including local government.

The Welsh Government has allocated to date over an additional £155m to meet the costs faced by local authorities in responding to COVID-19. This includes just under £63m to help them meet the additional costs adult social care providers are incurring.

The financial pressures local authorities are under due to loss of income are recognised and a further £78m to assist local authorities with these costs has been agreed.

The Welsh Government is committed to working closely with the Welsh Local Government Association (WLGA) and the Society of Welsh Treasurers to understand the impact of the pandemic on local government and act as required to address this.

Financial Implications – Around £155m has been made available to local authorities in Wales to support additional costs from COVID-19.

Winter for the NHS and social care sector is always challenging, but this winter in particular brings additional issues and concerns. The Winter Protection Plan is under development and will seek to provide a national framework under which organisations will be collaborating to produce integrated plans that will deliver seamless care across the health and social care sector.

Earlier this week the Welsh Government also announced more than £260m for local authorities. This will help them prepare their budgets and ensure they are able to cover increased costs and manage the additional cleaning requirements to support our collective approach to COVID-19.

I will update members of the committee when the Winter Protection Plan is issued. I hope this information is helpful.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive, flowing style.

Vaughan Gething AS/MS

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

Response to the recommendations in the Health, Social Care and Sport Committee Report – Inquiry into the impact of the Covid-19 outbreak, and its management, on health and social care in Wales

Personal Protective Equipment (PPE)	
<p>Recommendation 1 The Welsh Government must, as a matter of urgency:</p> <ul style="list-style-type: none"> ▪ publish a strategy for securing a resilient supply of PPE; ▪ stockpile appropriate PPE in sufficient quantities for any future outbreak; ▪ keep under review the PPE it has stockpiled to ensure that it remains of adequate quality and is fit for purpose, including that the design and fit is appropriate for all wearers and suitable for staff, patients or carers who are deaf or hearing impaired ▪ publish a strategy for ensuring resilience of distribution arrangements for PPE; ▪ work with partners to ensure that guidance on PPE is kept up to date in the light of the most recent scientific advice, and communicate this advice clearly to staff. <p>Response – Accept A strategic plan for PPE Procurement for Health and Social Care is in development. This work is being coordinated through the PPE Stock, Sourcing and Distribution group, chaired by Welsh Government with representation from NHS Wales Shared Services Partnership (NWSSP), Local Health Board PPE Operational Executive Leads and the Association of Directors of Social Services. The plan will be developed as part of the wider winter preparations undertaken by Health and Social Services within Welsh Government.</p> <p>The strategic plan will include steps to increase levels of stock and expand storage capacity to secure an appropriate winter ‘buffer’ of PPE supplies, as well as replenishing our pandemic stock. Recent investment in stock management systems and modelling capability has ensured that we are in a better-informed position on ‘burn-rates’ on PPE usage, and demand and supply analysis by product and sector as we prepare for the winter period. This will continue to be refined and developed. To further build resilience, the plan will consider securing products from international suppliers as early as possible and blending more Welsh-based manufacturers of PPE into supply lines.</p> <p>Wales has contributed to formulation of guidance, via membership of the UK infection prevention and control (IPC) Cell, and adheres to the UK evidence based IPC guidance (and accompanying Personal Protective Equipment (PPE) tables) https://www.gov.uk/government/publications/wuhan-novel-coronavirus-infection-prevention-and-control</p>	

A Nosocomial Transmissions Group (NTG) has been established across Welsh Government, health and social care, jointly chaired by the Deputy Chief Medical Officer and the Chief Nursing Officer. The purpose of the group is to advise, support and provide direction on the actions needed to minimise nosocomial transmission and enable the safe resumption of services.

IPC guidance, including that on PPE, forms an integral part of the remit of the NTG and to facilitate this, a NTG sub-group, focussed upon IPC, chaired by a Director of Nursing has been established. This group comprises representation from health and social care in Wales as well as Health Education and Improvement Wales (HEIW) and amongst other work will develop the core IPC training standards and revise cleaning standards. The IPC group will oversee a survey and training needs analysis of workforce IPC education, training and capacity of both health and social care settings. A task and finish group has been directed to develop standardised and current IPC education and training for Wales.

Financial implications: PPE costs arising from the development of the strategic plan for Health and Social Care will be met through the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August.

Recommendation 2

The Welsh Government must review its own systems to ensure the mechanisms are in place to enable manufacturers in Wales to respond quickly in supplying appropriate PPE in the event of any future outbreaks. This must include having procurement arrangements that are able to respond in a timely manner.

Response – Accept

Welsh businesses have an important role to play in strengthening our resilience to a second peak of Covid-19 and the risks posed by a no-deal Brexit. Our PPE procurement plan for health and social care will blend local manufacture with international supply, and we anticipate increasing orders from Welsh businesses over the coming year as their production of PPE items come on-stream.

CERET (The Critical Equipment Requirement Engineering Team) was established March and is chaired by Industry Wales to provide a conduit between the health sector and industry and expedite a supply pipeline of PPE. CERET has supported a number of Welsh-based manufacturing organisations to bring a manufacturing capability to Wales.

Industry Wales and their partners will be integral to informing our future engagement with business regarding future PPE requirements as well as exploring the potential to on-shore more of our other procurement requirements.

We have used the current Covid-19 provision for direct procurement awards to engage local business in PPE supply chains. We are keen that we continue to use every lever possible so that those businesses who stepped up at a critical point in the onset of the pandemic can continue to access public contracts so that we can better use public expenditure to support economic and social wellbeing across Wales.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets.

Recommendation 3

The Welsh Government must ensure that third sector organisations providing vital care services have reliable access to appropriate PPE.

Response – Accept

Welsh Government has funded NWSSP to supply PPE to the health and social care sectors in Wales. Where third sector organisations operate in support of the statutory health and social services, they are supplied with PPE by Local Health Boards or local authorities in order to carry out those functions. A number of third sector organisations providing medical care, such as hospices, have been part of NWSSP's core distribution for many years and this has continued throughout the Covid-19 response.

With regard to social care, NWSSP provide PPE directly to local authorities through their Joint Equipment Stores (JES) for onward distribution to care providers. NWSSP will continue to source and distribute PPE to local authorities to meet the needs of the social care sector for the remainder of this financial year, maintaining a stable supply of PPE throughout the recovery phase.

We recognise that local authorities are best-placed to identify the care providers operating within their local area which require PPE, including services provided by third sector organisations. As NWSSP will supply PPE to meet the need identified by local authorities, we do not consider it necessary or practical to have an additional direct distribution route to third sector organisations.

Financial Implications – No additional financial implications. This is covered in the strategic PPE plan referenced above.

Testing

Recommendation 4

The Welsh Government, and its partners, must ensure that there is local access to testing for anyone who needs it, as and when they need it. GPs and primary care need to be an integral part of these arrangements.

Response: Accept

We now have a national testing infrastructure that means anyone who needs a test can access one. An extensive network of testing facilities is available across Wales, from Coronavirus Testing Units, to Mobile Testing Units and Mass Drive-through Testing centres. Home testing kits are available for those that are unable to attend test sites. Individuals can apply for tests

online via the GOV.UK platform or via telephone through the 119 service. We will continue to explore community based provision through local sites and utilise access to home testing kits in community settings which can provide rapid results.

Financial Implications – The financial implications of the testing in Wales will be covered from a combination of funding as part of the direct UK infrastructure and the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August.

Recommendation 5

The Welsh Government, working with its partners, must ensure an ongoing campaign of clear, consistent and repeated public messaging – at a national and local level – about when to seek a test for Covid-19 and how to do this.

Response: Accept

Welsh Government has been leading on a sustained COVID-19 public awareness campaign since the start of the outbreak. This work has been and continues to be vital in communicating the latest health advice to the public, ensuring everyone understands how to get a test as soon as they start displaying symptoms, and reassuring them about the role of contact tracing in keeping Wales safe from future outbreaks.

The campaign to-date has included a digital campaign, media coverage, community outreach, print advertising, social media and radio adverts. Over 450 pieces of campaign materials have been produced in 34 different languages. Partners such as NHS, Local Authority and wider public services communications teams have been given access to the campaign materials to use on their internal and external communication channels.

The campaign will continue to focus on reinforcing who, how and when people should get tested, and also the role of contact tracing as lockdown is eased.

The Technical Advisory Group have also created a Risk Communication and Behavioural Insight Group, chaired by Professor Ann John in order to provide advice on effective risk communication, behavioural science and engagement.

Financial Implications – The additional costs will be drawn from programme budgets within the Health and Social Services Main Expenditure Group.

Recommendation 6

The Welsh Government should ensure there is similarly clear and consistent messaging about the value of testing, not only in identifying people with the virus but to assist in research and development of future solutions.

Response: Accept

Welsh Government has been leading on a sustained COVID-19 public awareness campaign since the start of the outbreak. This work has been and continues to be vital in communicating the latest health advice to the public, ensuring everyone understands how to get a test as soon as they start displaying symptoms, and reassuring them about the role of contact tracing in keeping Wales safe from future outbreaks.

The campaign to-date has included a digital campaign, media coverage, community outreach, print advertising, social media and radio adverts. Over 450 pieces of campaign materials have been produced in 34 different languages. Partners such as NHS, Local Authority and wider public services communications teams have been given access to the campaign materials to use on their internal and external communication channels.

The campaign will continue to focus on reinforcing who, how and when people should get tested, and also the role of contact tracing as lockdown is eased.

Welsh Government is supporting Health and Care Research Wales who are leading on the communications with the public on recruiting people to help with the research and development of future solutions.

The Technical Advisory Group have also created a Technical Testing Advisory Group, chaired by Professor Robin Howe in order to provide advice on COVID-19 testing in Wales. Several public facing guidance documents on testing have been published by TAG.

Financial Implications – The additional costs will be drawn from programme budgets within the Health and Social Services Main Expenditure Group.

Recommendation 7

The Welsh Government, working with NHS Wales, must develop a clear plan for regular and repeated testing of health and social care staff, including asymptomatic staff.

Response: Accept

The Welsh Government's testing strategy published on the 15th July on gov.wales outlines the plan for testing of health and social care staff. We are working with LHBs to agree a whole system testing approach for Wales and we will continue to review our testing policy for health and care settings as the evidence evolves. We will support LHBs through our NHS Planning Framework to mobilise testing for both staff and patients. In line with the Technical Advisory Group advice, when the prevalence of the disease is low, as it is now, care needs to be taken in using RT-PCR tests as a screening tool. Low prevalence of the disease is

likely to generate a higher rate of false positives and false negatives. We will adapt our approach according to need in high prevalence situations and in line with scientific advice.

For critical worker screening, this may lead to significant unnecessary exclusion from work which has to be balanced against the risk to patients of transmission particularly where they are vulnerable and at risk of more severe illness. The balance of risks needs to be carefully considered.

We are currently utilising additional NHS testing capacity to routinely and strategically test asymptomatic frontline staff as part of infection prevention and control measures.

Financial Implications – The financial implications of the testing in Wales will be covered from a combination of funding as part of the direct UK infrastructure and the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August.

Recommendation 8

Given the concerns about a future second spike of infection, the Welsh Government, working with its partners, should assess the likely future demand for testing and take steps to ensure there is sufficient capacity so that anyone who needs a test will be able to access one quickly and easily. As part of this, the Welsh Government and partners must remain alive to the development of different types of testing models.

Response: Accept

Estimating the need for testing is affected by a number of variables: the spread of the disease, the incidence of new cases and transmission rates in the community, the prevalence of symptoms, and the emerging evidence on how testing can best be deployed to prevent infection. We will continue to review new scientific advice, our modelling and international experience and we will keep this evidence under review and adapt our estimates of need accordingly.

We currently have sampling capacity that more than meets our current requirement, with our Welsh laboratories holding capacity for over 15,000 per day and we also have access to wider UK capacity, which is being used for population testing, surveillance testing in care homes and for key workers. Welsh capacity is being used to respond to clinical need and outbreak management. We are not using all of this capacity, reflecting the low prevalence of the disease at present. But it is vital that we maintain the capacity to respond to spikes in testing need arising from outbreaks. However, we know that the end to end process and the effective staffing and resources will require contingency plans with partners to meet any spike in demand.

The Modelling Subgroup of the Technical Advisory Group (TAG) have refined the UK Cabinet Office Commission for a Reasonable Worst Case for Winter using the Welsh data. Two Welsh R Models have been developed to help support strategic planning for the winter.

Financial Implications – The additional cost for the Reasonable Worst Case for Winter Welsh R Model work is £250K and will be met from programme budgets in the Health and Social Services Main Expenditure Group.

Recommendation 9

The Welsh Government must ensure that all patients being discharged from hospital directly into a care home have been tested in accordance with latest best practice to ensure maximum protection for residents and staff.

Response: Accept

The Welsh Government's test strategy published on 15 July, in order to safeguard those residents currently living in care homes, all potential new residents and all patients being discharged to a care home or a hospice from hospital will continue to be tested before admission into a care home.

For people being discharged from hospital, test results must be available prior to discharge. We have also established an additional discharge pathway for people who test positive or are still infectious; they will go to step-down care to be cared for and will be tested again to ensure a negative test result before returning to their care home. This is set out in the guidance, *Covid-19: update to step-down and step-up care arrangements guidance*: <https://gov.wales/hospital-discharge-service-requirements-covid-19>.

Testing if patients leaving care homes has been in place since 2nd May <https://gov.wales/testing-process-care-homes-covid-19.html>. The Technical Advisory Group have recently published revised testing regime for patients leaving hospitals for care homes <https://gov.wales/technical-advisory-group-testing-criteria-discharging-asymptomatic-patients-care-homes>. The guidance seeks to improve flow by further evaluating positive testing against threshold levels and antibody positivity.

Financial Implications – No additional as in line with existing policy. The financial implications of the testing in Wales will be covered from a combination of funding as part of the direct UK infrastructure and the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August.

Recommendation 10

The Welsh Government must ensure that:

- testing within care homes takes place on a regular and systematic basis,
- such tests are administered by suitably trained individuals rather than using home testing kits and
- Sufficient capacity is available to support both of the above.

Response – Accept in principle/ reject/ accept

Accept in principle - There has been regular and systematic testing in care homes in Wales during the past few months. All residents and staff in care homes were tested during May and June. On 15 June we introduced a policy to test all care home staff on a weekly basis, which was extended from an initial period of four weeks to eight weeks. When releasing the Welsh Government's Testing Strategy on 15 July, the Minister for Health and Social Services indicated that the frequency of testing care home staff would be reduced to fortnightly if prevalence rates remained low. The results of the testing have been closely monitored and prevalence rates have remained low. However, as part of developing a more targeted and differentiated approach to testing, where prevalence remains high or we see a spike, more regular, systematic testing may be maintained or reintroduced.

In line with the Welsh Government Testing Strategy, testing must have a 'clear purpose' and regular and systematic testing in care homes must be informed by analysis of scientific evidence and consideration of levels of vulnerability and risk of transmission. However, work will continue to support, train and advise care homes on testing and on infection control measures.

Reject - Local health boards have provided training for administering tests using home testing kits and extensive guidance is available via gov.wales. Home testing kits delivered to care homes as testing satellites have provided an effective and flexible approach that meets the particular needs of care homes.

Accept - There is sufficient capacity in Welsh labs and the UK Lighthouse labs to enable testing in care homes in Wales. Repeat testing occurs via the Lighthouse labs model through home testing kits. Where incidents occur (2 or more positive cases) then we utilise PHW labs and sampling routes where sampling is administered by trained individuals to support outbreak management. This enables a more flexible, responsive approach to outbreaks supporting the TTP process.

Financial Implications – No additional as in line with existing policy. The financial implications of the testing in Wales will be covered from a combination of funding as part of the direct UK infrastructure and the £800m stabilisation package to support the

Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August.

Shielding of Extremely Vulnerable People

Recommendation 11

The Welsh Government must take steps to:

- ensure there are no further breaches of patient data going forward, and
- better communicate with people who have been advised to shield. This needs a clear, well-structured, responsive, timely and transparent approach, and must be an integral part of the future strategy for support to this very vulnerable group of individuals.

Response - Accept

The Information Commissioner's Office have closed the investigation into the breach that took place with no regulatory action, recognising that it was a case of human error and also that remedial action was swift. Whilst this incident was unacceptable, lessons have been learned, including the importance of Welsh Government officials working more closely alongside NWIS colleagues to ensure issues and questions with regard to data can be swiftly resolved. In addition to a more structured set of meetings in place with NWIS to discuss the Shielded Patients List (SPL), a data group has been established within Welsh Government with attendance by NHS Delivery Unit representatives to ensure appropriate data matters are discussed and issues resolved promptly with the onward sharing of data to Local Authorities and other partners.

We have been responsive to feedback from stakeholders throughout the process for shielding but recognise that active engagement with interested parties had been lacking. Since June, we have had a part-time member of staff dedicated to stakeholder engagement and have run a number of events where stakeholders have been able to discuss shielding and related communications with the policy team. This has influenced both the content and method of distribution of our communications materials. The Chief Medical Officer for Wales and his Deputy have met with the Disability Equality Forum on three occasions in recent months to hear directly from and respond to the queries from this Group. We are committed to continuing to do better in this area.

Financial implications: No additional. Funding for shielding communication is allocated from within programme budgets in the Health and Social Services Main Expenditure Group.

Recommendation 12

The Welsh Government must re-examine the arrangements with major supermarkets to ensure it can satisfy itself that there will be sufficient capacity for online food shopping and home delivery to meet demand, particularly during the coming winter period.

Response: Accepted in principle

We engage regularly with the major retailers offering priority online delivery slots to people who are shielding and they have reassured us they will continue to make these available.

Welsh Government has worked with seven major food retailers, sharing data to enable them to prioritise on-line orders and home deliveries for people who are shielding. We welcome the effort these retailers have made to expand their on-line ordering and home delivery operation, and to prioritise shielding people.

Over 269,939 orders have been placed for on-line deliveries from the shielding population in Wales, with 249,419 currently delivered (w/e 24 July 2020). Geographic coverage provided by online shopping is extensive, with online shopping offered by two retailers across the whole of Wales. A third retailer provides additional coverage for the vast majority of Wales and another provides coverage to 89% of the Welsh population.

The Minister for Environment, Energy, and Rural Affairs regularly meets major food retailers and her officials have also held discussions with seven main retailers offering on-line ordering. Priority online delivery slots are working well and retailers have confirmed they will carry on ensuring that there are priority slots for shielding people after shielding advice is paused on 16 August.

Financial implications: None

Recommendation 13

The Committee recognises that there is a cohort of people not on the shielded patients list who are otherwise vulnerable or normally rely on online food shopping and delivery services. The Welsh Government must look at how best to identify and offer support to these people.

Response: Accept

The Welsh Government has identified that there are people who are vulnerable because of their age, because they are pregnant or because of their health condition and are therefore at increased risk of Covid 19. Others may be economically vulnerable and not able to afford food. The Welsh Government has been working with local authorities and county voluntary councils who have been supporting both these groups through providing access to food, access to support and wider befriending support. This has included linking people to volunteers who can do their shopping or provide other support.

The Minister for Housing and Local Government wrote to all local authority leaders in April to scope the extent of support provided for non-shielding vulnerable people and was reassured that effective support is in place. Ministers have agreed that there will be a further letter to leaders and CVC chief executives in August to enable them to update the information they provided.

Financial implications: Under the Test Trace Protect scheme, £1m has been agreed as part of the Local Government Hardship Fund to support local authorities in the Protect element of the scheme, to help those people who are required to isolate as a result of contract tracing and no access to any support from family or friends. This will be included in the general strand of the fund and the amount available will be kept under review.

With regard to the Third Sector:

- Almost £7m has been distributed in emergency grants and loans to 150 organisations through the Voluntary Sector Emergency Fund since the start of the pandemic, potentially benefitting over 730,000 individuals.
- We have also provided each Voluntary Council with £25,000 to support local organisations to respond to their community needs; as at 31 July this fund has supported over 200 organisations.
- These funds have enabled the organisations to support the most vulnerable in our communities including those who are shielding
-

Recommendation 14

The Welsh Government should commission a focused and rapid review of the current arrangements for delivery of medicines to ensure they are robust, reliable, safe and sustainable, and able to meet both current demands and potential future pressures, especially during the winter months.

Response: Accept

We have undertaken a review of the Covid-19 medicines delivery arrangements in consultation with stakeholders and participants. The findings of the review will inform the need to respond to a further spike in the autumn or to local outbreaks of community transmission.

The National Prescription Volunteer Delivery Scheme (The Volunteer Scheme) and the Royal Mail Track 24 Click and Drop Service (The Royal Mail Service) were established to ensure prescription medicines continued to be made available to those shielding and those who were self-isolating with no other means of support during lockdown. The Volunteer Scheme was fully rolled out by 5th May and the Royal Mail Service became operational across all of Wales on June 1st. Agreements are in place to continue and fund both until 30th September.

The Volunteer Scheme and Royal Mail Service were introduced to increase capacity and resilience of pre-existing medicines delivery arrangements operated by community pharmacies, and dispensing doctors, in response to the additional demand resulting from measures taken to reduce the spread of COVID-19. The Committee's report refers to the arrangements needed to meet current demand; we can confirm the number of volunteers recruited to support the Volunteer Scheme and the capacity of the Royal Mail service exceeds current demand from pharmacies and dispensing doctors across Wales, many of whom did not require additional support. We do not, therefore, consider capacity to have been an issue in terms of the current arrangements.

The Committee's recommendation also refers to potential future pressures. The current arrangements are restricted to the shielding period ending on 16th August. Following the advice from the Chief Medical Officer to pause shielding, both the Volunteer Delivery Scheme and the Royal Mail Service will continue, as planned, to support these patients until 30th September. We are now working with Royal Mail, Pro Delivery Manager and third sector organisations such as British Red Cross and St John Ambulance Cymru to discuss the logistics of a 'paused model' of support for medicines delivery to allow rapid remobilisation should a second wave occur in the winter months. This would allow arrangements to be reinitiated rapidly in the event of a significant subsequent wave of COVID-19.

Delivery services are provided by community pharmacies on a commercial basis and not as part of NHS terms of service. However, we have been reassured that all community pharmacies have arrangements in place to ensure those patients we have prioritised receive their medication and have repurposed £5.8m within the Community Pharmacy Contractual Framework funding to support these arrangements throughout 2020-21 should they be required. For patients not in prioritised groups, many pharmacies continue to offer private delivery arrangements.

Financial Implications – £5.8m within the Community Pharmacy Contractual Framework funding has been re-purposed to support delivery of medications throughout 2020-21

Recommendation 15

The Welsh Government must work in partnership with local authorities to review existing support arrangements for shielded people, and implement improvements as necessary.

Response: Accept

The relationship with Welsh Local Government Association, Local Authorities, Wales Council for Voluntary Action, Community Voluntary Councils and the shielding policy team is well established and has been a vehicle for open discussion on what could be better. As well as providing a fast track response to queries and issues from Local Authorities, the shielding team have direct contact through WLGA and WCVA multiple times per week to ensure issues are raised, discussed and resolved in a timely

manner. As the relationship has developed and the implementation issues have become less, this relationship has supported improved communications, in line with other stakeholders, to improve information sharing on announcements and guidance changes at an earlier stage.

We recognise that our relationship with our Local Authority partners is key in supporting those who have been shielding as the advice to shield is paused, whether it is because of an ongoing vulnerability or as part of their role in supporting the Test, Trace Protect programme and involvement in outbreak management.

At Ministerial level, there has been weekly contact with leaders by a variety of Ministers as appropriate. The Minister for Health and Social Services has attended for conversations on shielding and the Test, Trace, Protect system.

We intend to continue to invest in these important relationships, with a focus on continuous improvement, to support our citizens.

Financial implications: None

Recommendation 16

The Welsh Government must ensure that there is clear guidance made available to those who are shielding about accessing routine healthcare services and how to do this safely.

Response: Accept in principle

The letters from the Chief Medical Officer contain information for those who are shielding on what to do in relation to attending health settings for routine care and planned appointments. However, it is challenging to make this more specific to the setting the individual is attending. Whilst advice to shield has been in place, the advice was to avoid the settings wherever possible and when attending due to an absolute requirement it was important to communicate directly with the setting you were visiting to highlight that you were shielding.

When the advice changed in relation to the wearing of face masks (13th June), it was clarified that people who had received a shielding letter from the Chief Medical Officer for Wales (including a carer of patient or child who is on the Welsh shielded list) should wear a medical mask when there is an unavoidable need to access health or social care settings. Masks should be provided to people in this category if required.

Financial implications: None

Recommendation 17

The Welsh Government must ensure there is clear guidance provided for families and carers of people who are shielding about returning to work, and the support they can expect.

Response: Accept in principle

It is important to note that there is a broad range of people, with actual or perceived vulnerability, who are worried about returning to work. As a Government, we aim to provide guidance which would support all of those individuals with the appropriate action to take. In all instances the most important conversation to be had is with the employer, and this should be done as early as possible in order to facilitate a safe return to work. Employers have a legal obligation to minimise the risk of exposure to COVID 19 in the workplace. Advice is available via the 'Work, skills and financial support' area of our website <https://gov.wales/work-skills-financial-support> on how to stay safe at work and also how to access help if people have concerns around money or the security of employment.

Financial implications – None

Test, Trace, Protect Strategy**Recommendation 18**

The Welsh Government must take the opportunity now to review all arrangements to ensure that the scale of the infrastructure, the technological rollout and the necessary recruitment exercises are in place to ensure an efficient and effectively functioning contact tracing system. The system must not be compromised because of a lack of planning, resources or technology, when there has been time to prepare and important opportunities for learning.

Response: Accept

The TTP system has been designed to scale as required with regional plans in place to support this. Resourcing, infrastructure and capacity planning have been undertaken based on the latest modelling and scientific advice.

Working in close partnership with PHW, NWIS, health boards and local authorities, we are making continual improvements and refinements at pace and at a system wide level, to ensure that contact tracing continues to be run efficiently and effectively.

Financial Implications – No additional costs. Funding has been allocated to health boards and local authorities to support the Test, Trace, Protect programme.

Recommendation 19

The Welsh Government, working with Public Health Wales, must aim for all test results to be returned within 24 hours.

Response: Accept in principle

We know speed is vital to the effectiveness of the contact tracing system. We are working at pace with health board testing leads and Public Health Wales on a number of improvements. An additional £32 million in funding has been approved for Public Health Wales to implement improvements to ensure faster results to support the contact tracing process. This includes:

- Improving in-lab processes to enhance efficiency and speed.
- Provision of extra staff and equipment for the Public Health Wales regional laboratories based at University Hospital Wales, Cardiff, Singleton Hospital, Swansea and Ysbyty Glan Clwyd, Rhyl, so they can operate 24 hours a day, seven days a week.
- Creation of six Hot Labs at acute hospitals across Wales, which will have rapid, under four hour, testing equipment and new testing equipment for other conditions to free up staff to work on Covid-19 testing. They will operate from 8:00am – 10:00pm, seven days a week.

It is expected the three regional laboratories will be able to operate 24 hours from October. The six new Hot labs will be up and running in November. Work is underway to implement these changes with Public Health Wales undertaking a recruitment drive to recruit up to 160 staff into the new roles. Additional activity has also focused on improving courier scheduling and processes.

In addition to the improvements within the labs we are working with partners to improve and optimise the pre-lab turnaround time by increasing the throughputs of sampling sites, frequency of sample collection, speed at which the samples reach the labs and ensuring an effective arrival time.

There are some testing routes which are not set up to achieve a turnaround within 24 hours. Home testing for example cannot operate within this timeframe. Similarly Care Homes have some flexibility in how the tests are administered to reflect staff shift patterns and working hours. We will always seek to deliver the fastest time possible in line with the aims and purposes of the tests being undertaken.

Officials are also working to improve accessibility to local testing by introducing new hyper-local walk-in sampling sites and mobile pop-up sites which will mean that symptomatic individuals can access a test quickly.

Financial Implications – Whilst work is ongoing with NHS Wales on this, funding for improvements will be met from the £800m stabilisation package to support the Welsh NHS. Funding approval has been provided of £32 million to speed up turnaround times.

Recommendation 20

The Welsh Government should move immediately to a system where contact tracing begins either on receipt of a positive test, or within 24 hours.

Response: Reject

Contact tracing begins on receipt of a positive test. The vast majority of those who are tested return a negative result (93.5% negative as at August 9th) Initiating contact tracing before test results are known could result in significant negative impacts on those contacts asked to isolate unnecessarily. TTP relies on people adhering to the advice given and we need to be very mindful of this in considering the behavioural impacts of any approach. Asking people to isolate without evidence that they need to do so could undermine confidence in the system. It would also require significant additional resources within contact tracing teams. Our approach takes into consideration both the latest medical advice and the broader socio economic impacts of asking close contacts to self isolate. This is an evolving situation and subject to ongoing review.

Financial Implications – No additional costs. Funding has been allocated to Health Boards and Local Authorities to support the Test, Trace, Protect programme.

Recommendation 21

The Welsh Government must ensure there are systems in place to both monitor effectively the false negative rate, and to ensure testing is delivered responsively and flexibly to minimise the false negative rate.

Response: Accepted in principle

The testing strategy published on the 15 July outlines how we will deliver testing for Wales. Low prevalence of the disease is likely to generate a higher rate of false positives and false negatives. False negatives are by their nature hard to measure in the system, however work is underway to provide an estimation of false negative rates based on the clinical sensitivity of testing.

Financial Implications – No additional costs. Funding will be drawn from agreed budgets for testing as described above.

Recommendation 22

In consultation with Public Health Wales, the Welsh Government should:

- publish a strategy to increase the number of people presenting for tests in order to utilise more fully the available testing capacity;
- take steps now to provide assurances that 20,000 tests per day will be able to be delivered; ensure that safeguards are in place to guarantee that capacity from facilities outside Wales is fit for purpose and sufficient to meet demand.
- ensure that the system is able to respond to increases in demand, and expand to meet these.

Response - Accept

In collaboration with Public Health Wales, Local Health Boards and the UK Government's Department of Health and Social Care, we have developed a national testing infrastructure to ensure everyone who needs a test is able to access one easily and quickly. Our communications strategy is focussed on reinforcing who, how and when people should get tested, encouraging those with symptoms to access testing. Our communications strategy is focussed on reinforcing who, how and when people should get tested, encouraging those with symptoms to access testing.

Our Testing Strategy released on 15 July outlines how we will utilise our testing capacity effectively to ensure that those requiring a test have access to one. The strategy also outlines how tests will be routed to provide optimum pathways and outcomes RT-PCR testing is and will continue to be deployed within defined targeted settings or cohorts in line with Technical Advisory Group advice. We have an extensive network of sampling and testing facilities of drive-through Mass Testing Centres, Mobile Testing Units and Coronavirus Testing Units, and home testing kits available for those unable to attend testing sites

We have and continue to take active steps to build our testing capacity. Our Welsh Laboratories hold capacity for over 15,000 test per day alongside access to wider UK capacity used for population testing, testing in care home and for key workers. New sampling routes via walk-in Local Test Sites will help to bolster capacity alongside increased provision from UK Lighthouse Labs.

We continue to work closely with UK government colleagues to ensure that the provision offered from facilities outside of Wales is fit for purpose and sufficient to meet demand. Our strategy enables us to route tests according to need ensuring an effective response.

Extensive modelling work is helping to inform requirements for capacity planning. Reserve Mobile Testing Units can be drawn on flexibly to help respond to outbreaks ensuring an agile response to outbreak management. We have already seen these used to good effect in responding to outbreaks within Wales.

Financial Implications – No additional costs. The financial implications of the testing in Wales will be covered from a combination of funding as part of the direct UK infrastructure and the £800m stabilisation package to support the Welsh NHS to continue to respond to and recover from the impact of the coronavirus crisis, announced by Welsh Ministers on 5 August

Recommendation 23

The Welsh Government must, as a matter of urgency review its decisions about the number of staff needed for contact tracing in order to assure itself and the public that the system will be able to function effectively at times of highest demand, and can flex and respond according to changes in demand. It should publish the results of the review.

Response - Accept

The Welsh Government has not set a target regarding the number of staff needed for contact tracing.

The policy is to build on and develop the contact tracing expertise that exists in our local authorities and health boards in order to create a workforce that can be rapidly scaled up or down depending on circumstances.

This partnership approach has enabled us to quickly establish a contact tracing workforce of some 700 which is more than sufficient to cope with the current low number of people testing positive. The initial assumption that a workforce of 1000 contact tracers would need to be in place by 1 June was based on earlier modelling of the spread of the virus.

Going forward, all regions have undertaken detailed contact tracing workforce resource planning based on the assumption that there will be a very significant second wave of the virus in the autumn which, at peak, could require up to 11,000 new positive cases per week to be contact traced.

A second wave of this scale would require a total workforce of some 1,800 and Welsh Government has subsequently allocated funding of £45m to the regions to fully meet the cost of a workforce of this size. Requirements are being continually monitored and there is a major review planned for September.

All health boards and local authorities are currently implementing their workforce training and recruitment plans and the position will be closely monitored and fully reassessed in September to ensure that it is sufficient.

Financial Implications – None. £45m has been made available in 2020-21. Any additional costs will be reviewed on an ongoing basis.

Recommendation 24. The Welsh Government must confirm, as a matter of priority, the financial support package for local authorities to support the employment of professional tracers, rather than depend on redeployment of existing staff.

Response: Accept

We are acutely aware that local authorities and health boards will need our full support and the resource implications will be high.

We have made up to £45m available this financial year. This is sufficient to support a total contact tracing workforce of 1,800 with capacity to contact trace up to 11,000 new positive test cases per week.

The position will be kept under constant review as we move forward.

Financial Implications – None. As above £45m has been made available in 2020-21. Funding has been allocated to health boards and local Authorities to support the Test, Trace, Protect programme. Additional costs will be reviewed on an ongoing basis.

Recommendation 25

The Welsh Government, working with its partners, must ensure a system of clear and repeated public messaging – at a national and local level - about individual responsibilities to self-isolate on symptoms, and the importance of urgent self-referral for testing.

Response: Accept

Welsh Government has been leading on a sustained COVID-19 public awareness campaign since the start of the outbreak. This work has been and continues to be vital in communicating the latest health advice to the public, ensuring everyone understands how to get a test as soon as they start displaying symptoms, and reassuring them about the role of contact tracing in keeping Wales safe from future outbreaks.

The campaign to-date has included a digital campaign, media coverage, community outreach, print advertising, social media and radio adverts. Over 450 pieces of campaign materials have been produced in 34 different languages. Partners such as NHS, Local Authority and wider public services communications teams have been given access to the campaign materials to use on their internal and external communication channels.

The campaign will continue to focus on reinforcing who, how and when people should get tested, and also the role of contact tracing as lockdown is eased.

Financial Implications – No additional costs. The additional costs will be drawn from programme budgets within the Health and Social Services Main Expenditure Group.

Recommendation 26

The Welsh Government must pursue with the UK Government the arrangements for statutory sick pay for social care workers in Wales required to self-isolate. This should be done urgently.

Response: Accept

Concerns continue to be raised with UK Ministers about the financial impact of isolation. Statutory sick pay in itself simply cannot cover cost of living expenses and poses a risk to financially vulnerable individuals and families in our communities. Statutory sick pay (SSP) is a non-devolved matter and we are strongly urging the UK government to take action to ensure appropriate financial support for those expected to self-isolate.

Employees in self-isolation are entitled to SSP for every day they are in isolation as long as they meet the eligibility conditions, including self-isolating for at least 4 days in a row (including non-working days).

People contact traced and required to self-isolate due to being in contact with someone who has tested positive for coronavirus, are also covered under the regulations UK Government made on 27 May 2020, subject to eligibility criteria.

If people cannot work from home whilst they are self-isolating, they may also be entitled to an Employment Support Allowance accessed through gov.uk.

Financial Implications – None.

Recommendation 27

The Welsh Government must provide further information about the protocol on cross-border arrangements.

Response: Accept

The necessary processes are in place to enable the sharing of data and information between England and Wales to support contact tracing.

The Customer Relationship Management (CRM) system in Wales identifies cases and contacts who reside outside of Wales and places them in a separate queue to other contacts for sharing with PHE. The process of sharing this data and information between England and Wales occurs daily between PHW to PHE, electronically via a secure system (and vice-versa) and is

underpinned by a data-sharing agreement between both organisations. The TTP or Test and Trace system where the person resides, is the one that contacts them.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets.

Financial implications for local government and funding for adult social care	
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<p>Recommendation 28. The Welsh Government must, as a matter of urgency, put in place a short-term, guaranteed funding commitment to support adult social care services to mitigate the financial impact of Covid-19. This commitment must be developed in consultation with service providers, including local government.</p>
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Response: Accept

As the Committee acknowledges, local authorities have been an integral part of the response to the pandemic providing vital services and support in their communities in difficult circumstances. To enable this, we have allocated to date over an additional £155 million to meet the costs faced by local authorities in responding to Covid-19. This includes approximately £63 million (as outlined below) to help them meet the additional costs adult social care providers are incurring. Added to this, we recognise the financial pressures local authorities are under due to loss of income and so have allocated a further £78 million to assist local authorities with these costs. We will continue to work closely with the WLGA and the Society of Welsh Treasurers to understand the impact of the pandemic on local government and act as required to address this.

In relation to the financial impact of Covid-19 on adult social care providers, as an immediate response to the pandemic the Welsh Government made available to local authorities up to £40 million to help them meet providers' additional day-to-day costs. This package of support was developed in consultation with stakeholders and was to enable providers to continue to operate at this time so as to maintain their care provision. This funding was originally for April and May but was extended to cover June.

While this provided much needed support to the sector, many providers continue to face financial pressures, particularly care homes who are facing the additional challenge in relation to a loss of income caused by lower occupancy rates than usual. As a result we have already committed to provide further funding over a longer period of £22.7 million to enable local authorities to continue to assist adult social care providers with these on-going costs. This further injection of funding has again been developed in partnership with stakeholders and is available until the end of September, when the situation will be reviewed. This commitment provides both adult care social providers and local authorities with an assurance over how unplanned costs arising from the pandemic will be met in the short-term while we assess the longer term impact of Covid-19.

Financial implications: £155m available to local authorities in Wales to support additional costs from COVID-19.



Llywodraeth Cymru
Welsh Government

Tracey Burke

Cyfarwyddwr Cyffredinol / Director General

Y Grŵp Addysg a Gwasanaethau Cyhoeddus
Education and Public Services Group

Nick Ramsay MS
Chair
Public Accounts Committee
Senedd Cymru
Cardiff Bay
CF99 1NA

07 September 2020

Dear Mr Ramsay,

Procurement of school meals

Thank you for your letter of 24 August concerning procurement of school meals.

Local authorities and schools (or their contracted caterers) have the responsibility for purchasing food for use in school meals and they are able to establish cost-effective procurement arrangements with local food producers. We recognise the very clear benefits of doing this in terms of a number of issues including food miles and helping children and young people connect with their local environments.

For financial reasons, local authority catering teams must strive for a balance between quality and affordability and for this reason, and to help ensure a balanced diet, it would not be recommended to make the procurement of local produce for school meals mandatory. In some areas particularly, where local providers are less common or potentially over-subscribed, schools could face increased costs for providing food to their pupils. Such an increase could make school meals more expensive for parents, or require the school to use other budgets to meet those costs.

Current legislation allows schools and local authorities to procure Welsh produce if they wish to, but doesn't impose a requirement on schools which are unable to reach an affordable agreement. We believe this allows schools the greatest degree of flexibility and choice and takes into account the different geographical settings in Wales and individual and regional contexts.

The National Procurement Service (NPS) has developed a number of food procurement agreements for use by the wider public sector which, further to the Written Statement of September 2018 on the repositioning of NPS and Value Wales, are now being managed by Caerphilly County Borough Council. While use of these agreements is voluntary, they embrace a range of key initiatives in relation to providing nourishing school meals and readily allow participating organisations to work with providers to explore bringing Welsh produce into their supply chain. Caerphilly Council and the Welsh Government are working together to see how they can continue to build upon the good work done to date to encourage greater use of local produce.

I hope you find my comments helpful. Please let me know if you would like any clarification or further information.

Yours sincerely



Tracey Burke



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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.

Agenda Item 7

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

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

17 July 2020

Dear Mr Ramsay,

SCRUTINY OF ACCOUNTS 2018-19: WELSH GOVERNMENT

Thank you for early sight of the PAC report into the scrutiny of the Welsh Government annual report and accounts 2018-19. Details of how I propose to respond to the recommendations contained within the report are attached at Annex A. I have also taken this opportunity to address the question raised by the committee concerning the creation of the Welsh Government Land Division. This is attached at Annex B.

In respect of the publication of the Welsh Government Annual Report and Accounts for 2019-20, I previously wrote to the committee to explain that due to concerns over the availability of staff and access to the data needed to validate year end accounts, the Auditor General for Wales (AGW) and I had agreed the audit and publication of the 2019-20 Annual Report and Accounts for the Welsh Government should be deferred by at least 9 weeks to the end of October 2020. Whitehall departments have also delayed publication of their accounts by up to 3 months.

In the last few weeks, HM Treasury under advice from the Financial Reporting Advisory Board (FRAB), has issued revisions to the Financial Reporting Manual (FRM) in relation to the preparation of 2019-20 reports and accounts. These revisions seek to reduce the volume of information that Devolved Governments and Whitehall



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departments must disclose in the annual report. We have reviewed the changes to the FReM alongside what we consider to be additional key aspects of the annual report in Wales, such as our progress on the use of Welsh Language within the organisation and the implementation of the Wellbeing of Future Generations Act. As a result, we are not proposing wholesale changes to the content of the Welsh Government Annual Report and Accounts for 2019-20. The main items not included this year will be the case studies, which draw on information from teams across the organisation and grants. Our grants centre of excellence (CoE) is one of the central teams most impacted by the Covid-19 crisis. They have been receiving a significant number of additional queries from grant managers and have been closely involved in the development of new schemes aimed at supporting the public, private and third sectors in Wales. Nevertheless, grants are a key delivery mechanism for the Welsh Government and, therefore, I am proposing that for this year only the grants CoE prepares a separate interim report early in the new year. This report would outline the work of the team during 2019-20 and also reflect on the support and guidance provided during the peak of the Covid-19 crisis.

The Governance Statement and Core Financial Statements (parts 2 and 3 of the report and accounts) will remain unchanged.

Ysgrifwr,


Shan Morgan
Ysgrifennydd Parhaol/ Permanent Secretary
Llywodraeth Cymru/ Welsh Gove



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Responses to the recommendations made by the PAC following the scrutiny of the 2018-19 Welsh Government Annual Report and Accounts

Recommendation 1. We recommend that the Welsh Government reviews its approach to the publication of Board and Audit and Risk Assurance Committee (ARAC) papers, and that it does not simply restrict publication to agendas and summary minutes

Recommendation accepted. The Welsh Government currently publishes the agenda and full minutes of all Board meetings on our website. Going forward we will also publish associated papers, with the exception of those containing official sensitive information and the personal details of staff. Following discussions with the Chair of the Welsh Government Audit and Risk Assurance Committee, he and I have agreed that given the sensitive nature of many of the papers and the need to provide external members with an environment where they can challenge officials in an open and frank manner, it would not be appropriate to publish associated minutes or papers. We believe that this approach is consistent with other UK Governments and many larger sector public bodies.

Recommendation 2. We recommend that the Welsh Government works with its sponsored bodies to review what information they make publicly available about their Board and audit committee meetings to ensure a consistent minimum standard and allow the public to see how decisions are made.

Recommendation accepted. The Public Bodies Unit will work with our public bodies to ensure consistency and transparency for the public. This work will be completed by the autumn of this year.

Recommendation 3. We recommend that the Welsh Government demonstrate best practice in financial management, budgeting and reporting. This will include the publication of indicative spending plans and priorities linked to outcomes, alignment of budgets to outturn, the publication of Whole of Government accounts and forward-looking public finance plans and forecasts. Specifically, we recommend that:

Responses to the individual recommendations are detailed below. On the broader issue of performance reporting, the annual report for the Welsh Government focusses on the management and oversight of the organisation and administrative

performance of the civil service. With this in mind, the 2019-20 annual report will include a new set of performance indicators for those areas of the Welsh Government which are my responsibility as Permanent Secretary. We will continue to develop these performance indicators during 2020-21 and will publish further details in next year's annual report and accounts. Reporting performance against objectives set out in the Programme for Government remains a matter for Welsh Ministers. I confirmed with the committee during the scrutiny of the 2018-19 annual report and accounts that the First Minister was content with this approach.

a. The Welsh Government gives further active consideration to the merits and practicalities of preparing a Whole of Government of Wales Account and updates us in autumn 2020.

Recommendation accepted. We will consult with the Scottish Government, HM Treasury and Audit Wales on the merits of a Whole of Government of Wales Account. I will write to the Chair before the end of the calendar year on the outcome of those discussions and the proposed way ahead. However, regardless of the outcome, the Welsh Government will need to complete the alignment project and consider the procurement of a consolidation tool before we can move ahead with a Whole of Wales Account. This means that it will not be possible to prepare a full dry run of the Whole of Wales account until at least 2022-23.

b. The Statement of Resource Outturn sets out more information about significant variances and makes clear the different types of variances, taking account of the issues outlined in paragraph 33 of the report;

Recommendation accepted. The content of the explanations in the SORO have been reviewed and will be enhanced for 2019-20 to ensure that they are more understandable for the reader. Additional information on the top 10 revenue and capital areas of expenditure based on BEL level information plus main areas of AME expenditure will also be included in the annual report. These capture the vast majority of Welsh Government expenditure in the year. For example the top 10 revenue BELs account for circa 85% of total revenue expenditure.

c. The Outturn Report is formally published, as well as being presented to the Finance Committee, at the same time, or soon after, the Welsh Government's annual consolidated accounts;

Recommendation accepted. The Minister for Finance and Trefnydd has agreed that the outturn report can be made more accessible to PAC members and published

on the Senedd website. We will strive to complete the outturn report within 4 weeks of signing off the Annual Report and Accounts.

d. The Welsh Government includes information on its website that sets out its overall approach to reporting and the connections between the four key annual reports that it produces as set out in Table 1 of this report;

Recommendation accepted. A link to a description of the overall approach to reporting and the relationship between the four key reports will be published on the website alongside the 2019-20 Annual Report and Accounts.

e. Should plan to introduce a clear and streamlined suite of common objectives and indicators across the reporting areas outlined in Table 1 to facilitate improved alignment of comprehensive performance reporting.

Recommendation accepted. I am in the process of introducing a new set of performance indicators for those areas of the Welsh Government activity which are my responsibility as Permanent Secretary

Recommendation 4. The Welsh Government provides us with a list of the key performance indicators that it intends to report on for 2019-20 to measure the administrative performance of the civil service and a timetable for reporting on the remaining indicators.

Recommendation accepted. Attached at Annex C are details of the latest position on proposed key performance indicators although we continue to develop the approach.

Recommendation 5. We recommend including a summary of the principal risks and any changes to them during the period covered by the accounts. This should set out information about the potential impact of the risks and how these are being mitigated. We are not calling for the inclusion of the Welsh Government's entire risk register in its accounts.

Recommendation accepted. Details of the principle risks to the Welsh Government are outlined in the Annual Report and the Governance Statement. During financial year 2019-20 the main risks were Brexit and the onset of the Covid-19 crisis. In the past we have documented the principle risks but not necessarily detailed the potential impacts or mitigation actions. This will be addressed for the 2019-20 Annual Report and Accounts.

Recommendation 6. We recommend that the Welsh Government provides the Committee with a fuller explanation of how and why it has decided to move from requiring external certification of local authority grant claims to relying on internal sign-off alone, and why it has discontinued its efforts to obtain assurances that grants are delivering their intended outcomes.

Recommendation accepted. The pilot sought to identify whether the risk of issues arising with grant funding awarded to Local Government was sufficient to justify a separate audit. The pilot highlighted that the funding was already subject to audit during the annual audit cycle for Local Government. Therefore, following a number of discussions with Audit Wales, the Welsh Government concluded that the audit work already being undertaken along with further assurances from the Section 151 officer at year end, would be sufficient. Furthermore, all hypothecated grant schemes are subject to detailed terms and conditions and are monitored by relevant grant managers. Should any concerns arise, during the monitoring process, the terms and conditions for all grants awarded by the Welsh Government allow us to retrospectively review compliance and where necessary recover funding.

Recommendation 7. We recommend that the Permanent Secretary provide greater clarity through detailed explanation of her lines of accountability and any measures in place to address potential conflicts of interest.

Recommendation accepted. In October 2019 HMT Treasury issued Dear Accounting Officer (DAO) 04/19 which included an update to Managing Public Money (MPM) that recommended the introduction of the Accounting Officer System Statement (AOSS) to support the Annual Governance Statement. The AOSS should cover all of the accountability relationships and processes within the Welsh Government, making what it clear what it is accountable for from the Accounting Officer down. This includes relationships with arms length bodies and third party delivery partners. The accountability links should, where possible, be shown diagrammatically. The Welsh Government recognises MPM as demonstrating best practice in areas such as financial management and governance and, therefore, an AOSS will be published on the Welsh Government website alongside the Annual Report and Accounts. PAC members may also recall that we had planned an update to Managing Welsh Public Money. Unfortunately this work has had to be put on hold during the Covid-19 crisis due to the significant increase in the volume of work undertaken by the Governance Centre of Excellence in providing support and advice. As for conflicts of interest, the Welsh Government has procedures in place to manage conflicts of interest. These include a Conflict of Interest Policy and

associated Register and an annual return from all relevant staff published on the Welsh Government Internet site which discloses all board and similar memberships of third party organisations held by Welsh Government officials.

Recommendation 8. Finally, in preparation for engagement with the Auditor General's upcoming work on Welsh Government workforce planning, the Committee believes it would be useful for the Permanent Secretary to set out how her responsibility for staffing relates to Ministerial priorities.

Recommendation accepted. The First Minister has responsibility for the Civil Service in Wales with issues relating to staffing, structures and organisational running cost budgets delegated to the Permanent Secretary as Head of the Civil Service and Principal Accounting Officer.

The governance framework through which those responsibilities are exercised includes fortnightly oversight of staffing and resourcing issues by the Executive Committee (ExCo), chaired by the Permanent Secretary and made up of Directors General and the Directors responsible for Corporate Services, Governance and Ethics, Finance, Legal Services and the Welsh Treasury. Two ExCo Sub-Committees covering People and Corporate Services and Finance provide an opportunity for consideration of strategic workforce issues and organisational running costs to be informed by Director-level representation from all Groups and corporate business areas.

Workforce strategy and resourcing, including activity to strengthen equality and inclusion, is regularly reviewed by the Board with the Remuneration Sub-Committee taking formal responsibility for agreeing SCS recruitment and remuneration.

The Permanent Secretary meets regularly with the First Minister to discuss delivery priorities for the Civil Service and also discusses resourcing issues with individual Cabinet members. When new responsibilities are transferred to Wales or resource pressures emerge because of, for example, crisis situations such as the Covid 19 emergency response, rapid realignment of resources within and across DG-led Groups may become necessary. New pressures and emergency resourcing issues are discussed with the First Minister and relevant Ministers so that their views inform the alignment and potential re-prioritisation of staff resources within available budgets. The First Minister and Cabinet are also consulted on broader strategic workforce planning issues, including pay and reward, organisational structure, capability, diversity and inclusion.

Creation of the Welsh Government Land Division

Unlocking the potential of publicly owned land for development to help meet the demand for more affordable housing and deliver against wider government policies is a ministerial priority for this current Assembly term.

In early 2019 I, therefore, asked my officials to prepare a proposal that would bring together different elements of the organisation in order to provide an agile response to this emerging policy area. Officials recommended that as a first step a new Land Division should be established within Welsh Government. It was noted that such a change would also address recommendations that had emerged from the Affordable Housing Review, published in April 2019.

The Finance Minister has a particular portfolio interest in the Land Division as she has overall ministerial responsibility for assets and it was the case a number of Welsh Government land assets would be transferred to the new Division from the Economy portfolio. Consequently, a briefing was issued to the Minister on 08 August 2019 recommending that a new Land Division should be established and confirming the budgeting and resourcing position.

In a subsequent paper to Cabinet on 16 September 2019, the development of the Land division and its mission to deliver greater public value from the way in which our assets are managed was noted. The cabinet also agreed to the transfer of land assets with residential potential from the Economy property portfolio to the new Land Division. It was following this meeting that a Ministerial written statement was issued.

Annex C

Update on Proposed Key Performance Indicators

Proposed indicators for 'Function' themes

(Please note indicators may be subject to change as development continues)

Theme	Theme status	Proposed indicators
Policy Making		Indicators to be developed [delay due to Covid19] Indicators to be developed [delay due to Covid19] Indicators to be developed [delay due to Covid19]
Fiscal & Financial Management		£ difference between forecast and outturn/percentage difference [or percentage error] between forecast & outturn (incl. decomposition factors) Score / ranking in Open Budget Index (measure of budget transparency) Total amount of underspend identified and released in appropriate timescale Percentage of recommendations by category identified in Gateway reviews undertaken for major programmes/projects
Legislation		Feasibility of successful delivery of legislative programme [progress] Feasibility of successful delivery of commitments to make law accessible and process of law making transparent [progress] Indicator to be developed [delay due to Covid19; Update expected in July]
Resilience, Contingency Planning & Response		Outcomes/effectiveness score of Business Contingency test exercises and lessons learned exercises Indicators to be developed [delay due to Covid19] Indicators to be developed [delay due to Covid19]

Procurement / Grants		<p>Procurement Indicators:</p> <ul style="list-style-type: none"> - Procurement savings as % of total influenceable spend - Contribution to social value spend as a % of total influenceable spend - Percentage of total influenceable spend won directly by Wales based businesses including SME's? - Percentage of total influenceable spend with suppliers off formal contract/Departure spend as a % of total influenceable spend <p>Grants indicators to be developed</p>
HR Management		<p>Average length of time for end to end recruitment</p> <p>Number of applications received from applicants from key equalities groups</p> <p>Percentage positive score for People Survey question '<i>The organisation is committed to moving resources to areas of Ministerial priority</i>'</p> <p>Percentage positive score for People Survey question '<i>The organisation takes action to support the health and wellbeing of its workforce</i>'</p>
ICT & Digital for Officials		<p>Percentage positive score for People Survey question '<i>I have the technology (ICT/IT) I need to do my job effectively</i>'</p> <p>Overall average score for SOCITM Digital Maturity Assessment (and average scores for the 9 separate themes)</p> <p>Use of digital tools by staff in order to carry out a range of tasks / do their job [survey of staff]</p>
Internal Finance		<p>Proportion of prompt payments made within 5, 10 and 30 day targets</p> <p>Accuracy of cash management processes (forecasting cash flow): Performance of WG against variances set by the Treasury</p> <p>Accuracy of Budget profiles</p>
Estate Management		<p>Use of occupied space expressed as sq. m per FTE; m2 per FTE for the estate as a whole</p> <p>Improvements to workspace efficiency expressed as £ per FTE: £ per FTE for the estate as a whole</p> <p>Environmental performance against objectives and targets for CO2 emissions: tCO2e per FTE</p>
Tax Administration		<p>Indicators to be developed [liaise with WRA]</p> <p>Indicators to be developed [liaise with WRA]</p> <p>Indicators to be developed [liaise with WRA]</p>
Digital Services for Citizens		<p>Take-up of digital services / percentage of target population</p> <p>Social follower figures across main Twitter and FB channels</p> <p>WG Website visitor numbers</p>

Proposed indicators for 'Attribute' themes

(Please note indicators may be subject to change as development continues)

Theme	Theme status	Proposed indicators
Ways of Working & Core Values		Percentage Positive Index Score for 5 WFGA questions [People Survey and Stakeholder Survey; Stakeholder Survey currently not conducted] Percentage 'yes' for People Survey Civil Service Code questions (awareness, reporting and confidence in action being taken) Number of incidents reported relating to core values/behaviour (grievances, disciplinarys and complaints)
Openness		Number of open datasets that have become available over previous 12 months Overall compliance rate with Corporate Standards / Regulations - Complaints, DPA / Records Management, ICT breaches, FOI Percentage positive for measures relating to engagement with stakeholders and citizens [People Survey & National Survey] - <i>Where I work, we regularly look to collaborate with external stakeholders to help achieve the Welsh Government's objectives</i> - <i>Where I work, we regularly look to involve those who are affected by the work we do (e.g. citizens, customers)</i> - <i>In general, how good would you say the Welsh Government is at listening to people's views before it takes decisions?</i>
Capabilities		Percentage positive score for People Survey question ' <i>The organisation is committed to building the capability and skills of its employees</i> ' Capability maturity level of Welsh Government professions [incl. needs assessment] Percentage positive for People Survey question ' <i>I have the skills I need to do my job effectively</i> '
Equality & Inclusiveness		Number of WG staff with protected characteristics Percentage positive score for People Survey question ' <i>The organisation promotes the dignity and respect of all staff</i> ' Percentage positive score for People Survey question ' <i>I think that the organisation respects individual differences (e.g. cultures, working styles, backgrounds and ideas etc.)</i> '
Staff Engagement		Percentage positive Employee Engagement Index Score Percentages for People Survey 'intention to stay' question Average working days lost (rolling average, short term sickness, adjusted for FTE)
Welsh Language		Percentage positive score for People Survey question ' <i>The organisation is committed to supporting the Welsh language to thrive</i> ' Percentages for people survey question: ' <i>Which language do you use to carry out your work?</i> '

		Compliance with Welsh Language Standards - Number of complaints reported to the Commissioner related to compliance with Welsh Language Standards - Number of complaints received relating to Service Delivery Standards Provision of a Welsh language Service (investigated / discontinued)
Innovation		Percentage positive score for People Survey question 'I believe I would be supported if I try a new idea, even if it may not work' Percentage positive scores for People Survey questions: - <i>'The people in my team are encouraged to come up with new and better ways of doing things'</i> - <i>'The people in my team work together to find ways to improve the service we provide'</i>
		Average score for Digital Maturity sub-theme ' Digital Innovation' (within Digital Vision & Leadership)

Theme status	
Complete	
Nearly complete, just small additions due in 2021	
Partially complete, additions due in 2021	
Not fully developed, but some progress made. Theme not available until end of 2021	
Not developed. Theme not available until end of 2021	

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

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

28 July 2020

Dear Mr Ramsay,

Cymraeg. It belongs to us all.

Although this has been a difficult and uncertain time for us all, I was very pleased earlier this year to launch our new strategy for promoting the use of Welsh within the Welsh Government to staff, *Cymraeg. It belongs to us all.*

I am extremely proud of the strategy because it sets an ambitious, long-term goal for use of the language, which should have a positive effect for generations to come. It has involved work by many colleagues from across the organisation over an extensive period.

The Welsh Government's first ever formal strategy on the internal use of Welsh sets a challenge for us to gradually become a bilingual organisation over the next thirty years. Our aim is that the Welsh Government should be truly bilingual by 2050; a workplace in which it is routine for the Welsh and English languages to both be used naturally and interchangeably. This means that, over the course of the next three decades, Welsh Government employees now and in the future will work together to grow the organisation's collective Welsh language capability to enable our workforce to at least be able to understand basic Welsh.

This is a long-term goal, but we need to put steps in place to work towards it now. We will strengthen learning and development by expanding and improving Welsh language



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training, as well as providing more opportunities to use the language. This will help us deliver first class bilingual services to the people of Wales.

As a result of the Welsh Language Measure (Wales) 2011, we have a statutory duty to adopt a policy, which promotes and facilitates use of Welsh in the workplace. In 2017 the Welsh Government's Welsh language strategy, *Cymraeg 2050: A million speakers* asked us to “lead by example” in our internal use of the language. And the First Minister, in his manifesto to become leader of the Labour Party in Wales, promised to “mainstream” the Welsh language across all our policy areas. Other public bodies have also made great strides in this area, both local authorities and national bodies, and so it was time for us to take more action ourselves.

The strategy sets a long-term goal. But we will concentrate initially on the first five years, 2020-2025, during which we will aim to become an exemplar when compared to similar bodies in Wales. This involves 10 actions underpinned by principles designed to ensure that we start on the path to 2050 in a gradual, reasonable and proportionate way. The principles are:

- **Making a long-term commitment and leading the way:** change will be incremental and will happen over time, but we intend to lead by example in the way we promote use of the language in the workplace.
- **Investing in staff and providing opportunities to learn Welsh and develop language skills:** it is crucial that effective and convenient training is provided, with people given both time and motivation to continuously improve their Welsh language skills.
- **Remaining an open, inclusive and diverse organisation:** everyone has the potential to be a Welsh speaker and this strategy does not conflict with our commitment to being open, inclusive and diverse – although Welsh language skills will progressively be needed for more posts, developing a bilingual workforce does not mean (or imply) those skills being a universal pre-requisite for joining the Welsh Government.
- **Continuously reviewing our ways of working to facilitate the increased use of Welsh:** when we introduce new internal policies and initiatives we will review the extent to which they provide further opportunities for staff to use Welsh in their day-to-day work.



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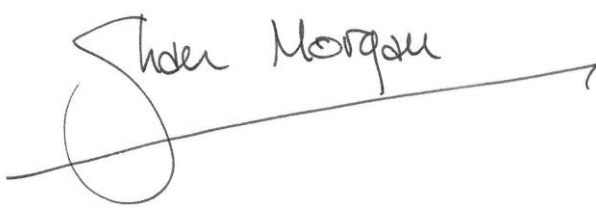
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In time, I hope the strategy can be used to inspire other organisations as they work towards our goal of seeing a million Welsh speakers by 2050.

I am confident we can achieve the goal, because the Welsh language belongs to us all.

Yours,


Shan Morgan

Ysgrifennydd Parhaol/ Permanent Secretary
Llywodraeth Cymru/ Welsh Government



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