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Dear Darren

Welsh Government Response – Intra-Wales Air Service

The Clerk's letter of 10 September requested the Auditor General's advice on the Welsh Government response to the Committee's final report on the *Intra-Wales – Cardiff to Anglesey – Air Service*. The Auditor General is on annual leave and in his absence he has asked me to respond on his behalf. While the Welsh Government has accepted seven of the Committee's nine recommendations, accepting the remaining two recommendations in principle, there are a number of matters that warrant clarification.

Recommendation 1: The Welsh Government has accepted this recommendation in principle, on the basis that it reserves the right to change the scope of a commission where possible within procurement rules. The Welsh Government's position in this regard appears reasonable. However, the response is framed simply in the context of any future external advice about the Air Service. We understood that the Committee was making this recommendation to cover Welsh Government practice in general and thereby requiring a more corporate response.

The Committee might wish to refer back to the Auditor General's February 2013 report on *The Procurement and Management of Consultancy Services*. One of the recommendations in that report related to the development by public bodies of template documentation to set out all essential factors which they should consider when purchasing consultancy services. The recommendation referred to the articulation at an early stage of exactly what service is required, the desired outcomes and the likely costs, to provide a firm foundation for project approval and subsequent contract management and evaluation. In its own report on the same topic in September 2013, the Committee recommended that the Welsh Government should ensure that the National Procurement Service develops guidance and templates to ensure that business cases exist for different procurement exercises, and are robust. We understand that the National Procurement Service may shortly be submitting evidence on action taken in response to the Committee's report on consultancy services.

Recommendation 2: Again, the Welsh Government has responded to this recommendation specifically in the context of the Air Service contract, rather than from a more corporate perspective. In respect of the Air Service, the basis on which the recommendation has been accepted only in principle is not entirely clear. Given the Committee's previous concern about the timescale for the most recent procurement exercise, it might have been useful for the response to have confirmed the expected timescale for the completion of a review to inform any future procurement exercise ahead of the expiry of the current Air Service contract in December 2018.

Recommendation 3: The Welsh Government has given a commitment that it will continue to work with all parties to explore opportunities to extend the opening times at RAF Valley and the potential for the airport to be developed to enable larger aircraft to be used on the Air Service route. While the response addresses the spirit of the Committee's recommendation, we took it that the Committee would expect to receive evidence at some point setting out the Welsh Government's assessment of these issues, and any related costs and benefits. In the case of the use of a larger aircraft, any such assessment might understandably be best undertaken when there is also clearer evidence of there being a growth in demand to support a larger aircraft.

Recommendation 4: It would have been helpful if the Welsh Government could have re-confirmed the latest expected timetable for the closure of RAF Valley, given previous slippage, and set out the related timetable for publicity to passengers. The position reflected in the Committee's report was that the closure was expected to happen in summer 2016. The Committee's recommendation pointed to the need for communication 'well in advance' to ensure minimum disruption to uptake of the service.

Recommendation 6: While the Welsh Government has committed to the publication of annual passenger data at the start of 2016, it would have been helpful if the response could have quantified the higher passenger numbers in the first six months of the current contract compared with the same period from the previous year.

Recommendations 7 and 9: The response to recommendation 7 appears to place the onus on Links Air to make use of the passenger survey information. However, the response to recommendation 9 confirms that the Welsh Government will be reviewing Links Air's marketing strategy. We assume that any such review would take into account relevant information from the passenger surveys. Nevertheless, the Welsh Government's response to recommendation 9 does not confirm whether this review will be undertaken in early 2016 as recommended by the Committee.

Recommendation 8: The Welsh Government has not given an explicit commitment that it will include in its publication of the annual passenger figures and assessment of the value for money of the service any suitable comparisons.

I trust that this advice is helpful to the Committee.

Yours sincerely

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

Matthew Mortlock
Director Performance Audit