

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Nick Ramsay, AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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07 November 2019

Dear Mr Ramsay,

**SCRUTINY OF ACCOUNTS 2018-19
WELSH GOVERNMENT – GENERAL SCRUTINY OF ACCOUNTS**

I write further to the Public Accounts Committee meeting, held on 21st October 2019 at which I agreed to provide more information on the following:

Update the Committee on the bilateral discussions scheduled for November regarding the European Agricultural Funds Rural Development Accounts

We will provide the Committee with an update further to the bilateral discussions.

Provide further information regarding the scale of loss in 2018-19 regarding expired drug stocks and explore if the drugs could have been utilised elsewhere prior to their expiry date, including why the figures for drugs written off were higher than for previous years

2018/19 Wales Pandemic Flu Medicines Write Off:

The pandemic flu medicines write off for 2018/19 was £7.550m, which was made up of:

- £7million for the antiviral zanamivir (Relenza);
- £100k for the antiviral oseltamivir (Tamiflu); and
- £450k for antibiotics.



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Why is the write off cost higher than previous years?

The reason for the larger write off in 2018/19 was because of the £7m write off for the antiviral drug Relenza. This was purchased in 2008/9 and was the major part of the original batch of antiviral drugs purchased for Wales, as part of the UK wide Pandemic Flu Preparedness Programme. These antivirals have provided cover for the last ten years but are now past their shelf life for use in the event of an influenza pandemic.

Could the medicines have been used prior to expiry?

Neither of the antivirals i.e. Relenza or Tamiflu, are widely used in the NHS for the treatment of seasonal influenza and so there is no opportunity for the drugs to be recycled.

The antibiotic write off is in relation to our secondary care pandemic stock. In keeping with good antimicrobial stewardship, for the avoidance of antimicrobial resistance, these antibiotics are reserved for a few specific indications and only used following authorisation by consultant microbiologists. Hence, in the absence of an influenza pandemic, stock is likely to go out of date and significant recycling into general use is not possible. We do, however, recycle at the UK level, the primary care antibiotic stockpile.

Consideration has also been given to recycling medicines just prior to expiry. Whilst this approach may have some popular appeal it is not used in the UK as it is not supported by the World Health Organisation because of legitimate questions relating to safety. The logistics involved, additional administrative costs and ethical considerations are also other factors that prohibit recycling of these medicines.

In order to ensure there is an effective health response to a pandemic, the Welsh Government, and all the other UK Governments, maintain stocks of antivirals, antibiotics and other health countermeasures that could not be acquired quickly in a future pandemic. An influenza pandemic remains a top national risk with a 4% chance each year of a pandemic occurring.

The level of medicines stockpiled is based on the reasonable worst case pandemic with a 50% (population) clinical attack rate. The 2015 cost effectiveness update paper by the Department of Health confirmed that maintaining a 50% antiviral stockpile remains highly cost effective. There is also a four nations approach to procurement to ensure value for money and to enable governments to benefit from economies of scale.



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Send further details regarding the Welsh Government's free swimming grant for over 60 year olds

Since its introduction in 2003 Welsh Government has provided funding of £3m per annum for the Free Swimming Initiative (FSI) but having recently undergone a comprehensive review this funding will be reduced to £1.5m.

The review found that while FSI had achieved much since being introduced, recent data showed that there has been a significant reduction in participation rates particularly among young people. Although the data suggested that the over 60s rates were more consistent, it was estimated that around only 6% utilised the scheme. It was therefore deemed to no longer be fit for purpose or providing value for money.

A Sport Wales led working group was set up to evaluate the findings and following extensive consultation with stakeholders it was agreed that the scheme needed to be refocused in line with Welsh Government priorities.

While direct funding to support the FSI will be reduced, this will release resources to deliver Welsh Government aspirations for getting the Welsh population more physically active.

Although a greater emphasis will be placed on encouraging young people particularly from areas of social deprivation to participate, the over 60's remain a target audience, and local authorities and their delivery partners are expected to find ways to best cater for this group which will include a free swim option, with supplementary offers including subsidised swimming and/or multi-sport offers.

It is for local authorities to offer free swimming which satisfies the minimum criteria and Welsh Government encourages all delivery partners to extend their offer wherever possible. Implementation will inevitably vary locally, therefore current users of the FSI are invited to speak to their local swimming pool to find out how potential changes will affect sessions they currently attend and to share their views.

Working with Sport Wales, each local authority will continue to review feedback from participants and use existing insight on the communities they are trying to engage with to tailor sessions, when appropriate, to better cater for local needs. Consequently, regular reviews will take place by delivery partners and Sport Wales during an 18 month transitional phase.

Send further information once the report of the evaluation of the flexible funding pilot is produced

We will provide the Committee with an update on the key findings and recommendations made in the evaluation of the flexible funding approach when the report becomes available.



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Clarify why only 41 % of the allocated funding of the Rural Development Plan had been spent as at August 2019

We have a high degree of confidence the budget for the Rural Development Plan will be spent in full. As at August 2019 a total of £664.9m of the funds have been committed, representing 80% of the total programme expenditure. We have robust plans in place to achieve 100% commitment by the end of 2020.

Our most up to date figures show overall programme spend to date has exceeded £342.6m. This is generally in line with other countries as at the end of 2018, EU Member States had, on average, drawn down 42% of their funding. We are confident that the projects and programmes will continue to spend and draw the funds in total.

The period over which we have to spend the EU funds is helpful. Whilst the RDP is a seven year programme, spend takes place over a ten year period under the “N+3” rules. This means we can profile spend up until 2023, (and beyond for schemes like forestry).

The EU sets all Member States spend targets, the first of which was in December 2018 and was for €123,814,873. The Welsh Government achieved this well ahead of schedule in November 2017 which provides assurance on our plans and ability to draw down and utilise EU funds.

Yours,



Shan Morgan

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Llywodraeth Cymru/ Welsh Government



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