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WALES **AUDIT** OFFICE
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The Wales Audit Office's programme of value for money studies

Briefing Paper for the Public Accounts Committee

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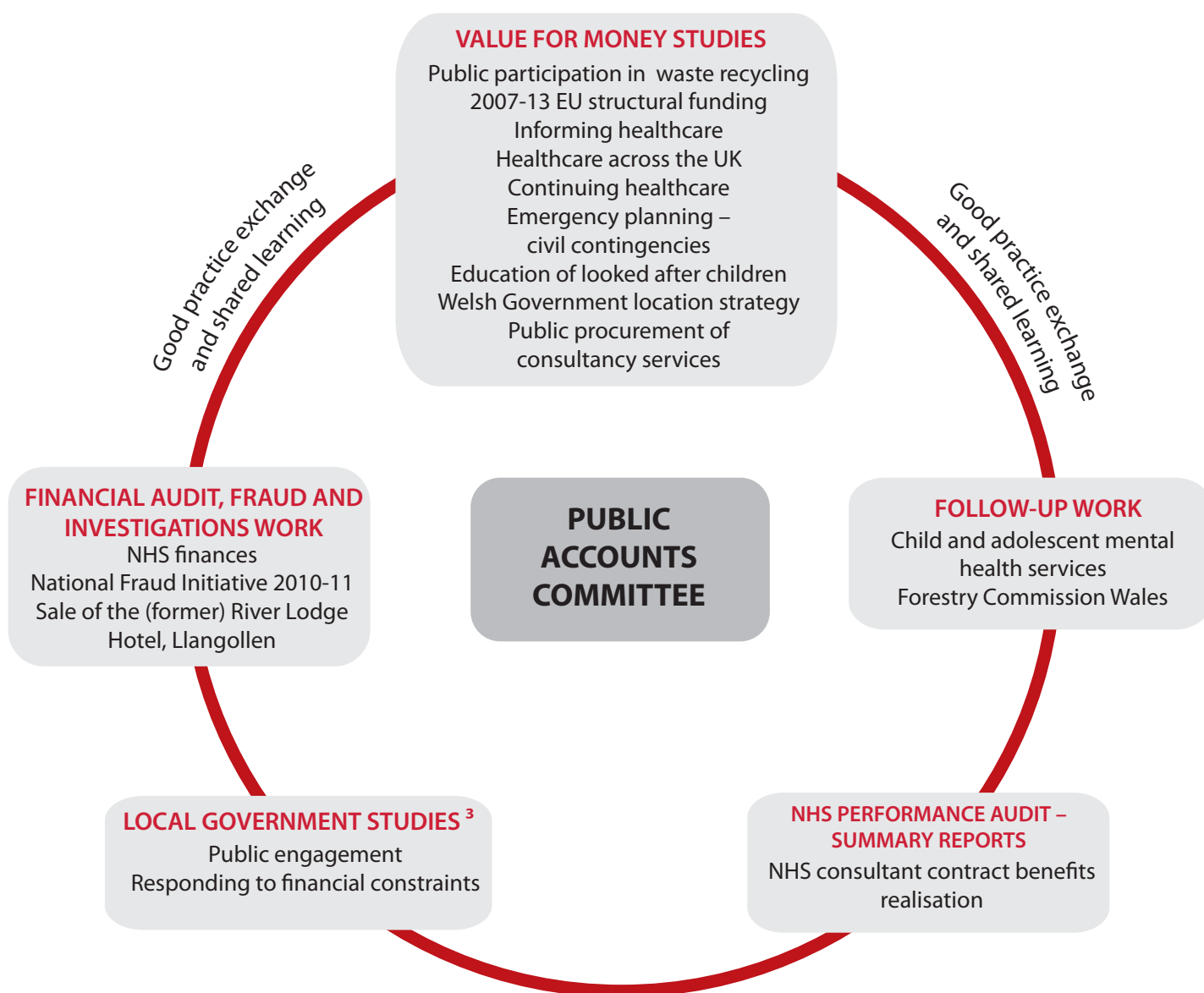
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Work in progress

- 1** At its first meeting on 5 July 2011, I presented to the Public Accounts Committee (the Committee) a paper summarising the role of the Wales Audit Office¹. The paper also provided the Committee with an update on the Wales Audit Office's programme of value for money studies. These studies examine issues relating to the economy, efficiency and effectiveness with which the Welsh Government and its sponsored and related public bodies use their resources to discharge their functions.
- 2** My reports provide the foundation for much of the Committee's own work programme, as well as potentially supporting the work of other National Assembly committees. Therefore, in developing my programme of studies I am required to take account of the Committee's views, and my July paper indicated my intention to bring back to the Committee a paper setting out in more detail proposed priorities for new work to start in 2012.
- 3** **Figure 1** depicts the range of work that the Wales Audit Office is currently engaged in which could be available for consideration by the Committee through to the end of 2012-13. It also demonstrates the different origins of this work in terms of overall breadth of the Wales Audit Office's activity.
- 4** **Appendix 1** provides further details about the work described in **Figure 1**. I currently expect that most of these projects will result in a published report available for the Committee's consideration between now and the end of 2012-13. I would be happy to facilitate informal briefings if individually or collectively, members wish to discuss any of this work at any time.
- 5** In some cases, reports that we had previously intended for publication by the end of the December 2011 are now working to different timetables. The reasons for the changing timescales vary, including issues of competing priorities internally, commitments to new work, longer-than-anticipated clearance processes or decisions we have taken to conduct further fieldwork to extend the scope of our reports.

¹ *The role of the Wales Audit Office and our programme of value for money studies*, Wales Audit Office, June 2011. http://www.wao.gov.uk/assets/englishdocuments/Forward_prog_update2011_Final_English.pdf

Figure 1: Work in progress that could be available for consideration by the Committee through to the end of 2012-13²



² Since July 2011, I have decided not to proceed with a detailed review of the Care and Social Services Inspectorate Wales' arrangements for the regulation of care homes. I shall be writing to the Committee outlining the reasons for this decision but also drawing attention to particular matters that are likely to be relevant to the Health and Social Care Committee's inquiry on residential care for older people.

³ My local government studies and the public interest reports of my appointed auditor for local government are not undertaken with the Public Accounts Committee as the primary intended audience. However, these reports are still likely to be of interest to Committee members and, depending on their scope, can potentially inform the Committee's own work programme.

- 6** The topics described in **Figure 1** and **Appendix 1** do not include reference to various other reviews undertaken recently as part of our local NHS performance audit programme. That programme includes follow-up work on unscheduled care and the management of chronic conditions. I do envisage bringing forward a national summary report(s) on these topics, which featured in the work programme of the previous Public Accounts Committee, when we have completed local fieldwork and reporting. I am also planning to write to the Committee in respect of recent follow-up work on maternity services, in light of the evidence presented by the Welsh Government to the previous Committee in early 2011.
- 7** Other local audit work across the NHS over the past 12 months has examined issues relating to operating theatres and day surgery utilisation, follow-up work on the European Working Time Directive for junior doctors, ICT disaster recovery and business continuity and data quality. Local reports on these topics will be available on our website once the relevant governance committees of the individual NHS bodies have considered them. I do not currently anticipate producing summary reports on this work, but if there are areas that are of particular interest to members then we would again be happy to discuss that work individually or collectively.
- 8** Our local NHS performance audit programme for 2012 will include reviews across all of the local health boards and, where relevant, NHS trusts, on orthopaedics, GP prescribing and information governance.

Proposals for new value for money studies

- 9 In my July paper, I indicated that in light of the Welsh Government's emerging policy agenda, we would be undertaking a fresh analysis of potential value for money study areas.
- 10 We have also taken time to consider how our work programme aligns with the work of other audit, inspection and regulatory bodies. We are discussing with colleagues in Estyn, Healthcare Inspectorate Wales and the Care and Social Services Inspectorate Wales opportunities for collaborative work in 2012-13 and beyond. Although these discussions have not yet been finalised, I am keen to take up the opportunity to work with Estyn in 2012-13 on a review of arrangements relating to the use of supply teachers.
- 11 At this stage, I am proposing to start work on a further five studies during 2012-13 (Figure 2). The volume of new work proposed and the topics prioritised take account of our existing commitments, including new work that we have taken forward since July 2011, some of which is in response to issues that have been brought to our notice, and topics on which work is planned but not yet started. Figure 2 also shows some of the topics which we are considering turning our attention to in 2013-14.

Figure 2: New work taken forward since July 2011 and proposals for future work

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| New work taken forward since July 2011 |
| Sale of the (former) River Lodge Hotel, Llangollen |
| Healthcare across the UK: A comparison of the NHS in England, Scotland, Wales and Northern Ireland |
| Operations of the Forestry Commission Wales/Ffynone and Cilgwyn Woodlands (follow-up work) |
| Child and adolescent mental health services (follow-up work in collaboration with Healthcare Inspectorate Wales) |
| Previously planned studies that are yet to start |
| Young people not in employment, education or training (NEETs) |
| Medicines management |
| Proposals for new work to start in 2012-13 |
| Welsh Government arrangements for working with the third sector |
| Financial planning and management in higher education |
| Supply teachers (possibly in collaboration with Estyn) |
| Public sector workforce planning/managing workforce reduction |
| Grants to farmers (possibly focusing on the Glastir agri-environment scheme) |
| Some of the topics which we are considering turning our attention to in 2013-14 |
| Public Sector Broadband Aggregation |
| Inland flooding (possibly to incorporate follow-up work on coastal erosion and tidal flooding) |
| The Wales and Borders rail franchise |
| Public sector buildings management/rationalisation |
| Strategic capital investment – investing to save |
| Sustainable procurement |
| Tackling health improvement – eg, obesity |
| Economic renewal/regeneration (eg, digital inclusion, enterprise zones, or strategic renewal areas) |

12 As I emphasised in my July paper, it is important to retain some flexibility in my programme of value for money studies to ensure that we can respond at short notice to issues of public concern or other unforeseen calls on our resources. For example, the work we are currently undertaking in relation to the sale of the (former) River Lodge Hotel, Llangollen, has emerged from issues brought to my attention over recent months and following a request by the Welsh Government's Permanent Secretary for me to examine this matter.

13 I am always open to, and welcome, the Committee's views in terms of the relative priorities for my future work or other topics that it would like to see the Wales Audit Office examine. Since my previous update paper, some members have expressed interest in the possibility of future work on the impact of benefit changes in Wales, tourism promotion, public procurement and sustainability, community pharmacy, senior management pay in the public sector, and post-16 education. In the case of tourism promotion, the Welsh Government has initiated its own externally led review of this area. However, several of the topics listed in Figure 2 will provide an opportunity to explore the issues that members have expressed particular interest in. For example:

- in considering our report on the National Fraud Initiative (NFI) the Committee could explore the possible relationship between benefit changes and the levels of fraud being identified;
- work on NEETs and on financial planning and management in higher education would provide opportunities to explore issues relating to post-16 education;
- our recent report on the Welsh Housing Quality Standard and current work on the procurement of consultancy services will

present opportunities for the Committee to consider issues relevant to sustainable procurement;

- work on medicines management could provide an opportunity for us to examine matters relating to community pharmacy; and
- the proposed review of public sector workforce planning/workforce reduction could consider action taken to reduce staff costs at all levels, including senior management, although it is difficult to consider matters relating to pay rates for senior executives purely in a Wales context.

14 I intend to provide a further update on progress with our programme of studies towards the end of the summer term. This will assist the Committee in planning its programme of work between September 2012 and March 2013. In the meantime, Wales Audit Office staff will maintain a regular dialogue with the Committee clerks about the timescales for publication of individual reports and their impact on the Committee's work programme.

Appendices

Appendix 1 - Descriptions of work in progress and planned timescales

Planned publications between January and June 2012

Public participation in waste recycling

Waste recycling is an important part of the Welsh Government's plans for citizens in Wales to live within the limits of available resources, as set out in *One Wales: One Planet*. In addition to EU targets, there are very challenging Welsh Government targets that require local authorities to increase recycling from the present rate of 44 per cent, to at least 70 per cent by 2025. Recycling relies upon voluntary participation from the public and needs citizens to change their behaviour. This report will examine whether the Welsh Government and local authorities are doing enough, through the application of policies and the provision of services, to maximise public participation in recycling.

Wales Audit Office Director: Alan Morris

Wales Audit Office Project Manager: Andy Phillips

NHS finances

My recent report *A Picture of Public Services 2011* provided a high-level overview of the financial challenges facing the NHS. This more detailed report on NHS finances will examine the ways in which the NHS has achieved financial balance in the past and examine the short, medium and long-term challenges facing the NHS as it seeks to achieve financial balance in an environment of real terms funding reductions.

Wales Audit Office Director: Gillian Body

Wales Audit Office Project Manager: Matthew Coe

Local government study – public engagement

In 2004, the Welsh Government's strategy document, *Making the Connections: Delivering Beyond Boundaries*, stated that 'we need to find ways of giving people a stronger voice in their communities – both local communities and communities of interest – in shaping services and priorities to meet current and future needs'. This report will examine the progress made by local government in developing a strategic and effective approach to public engagement and establishing whether the current processes enable citizens to help shape what local government does.

Wales Audit Office Director: Alan Morris

Wales Audit Office Project Managers: Michael Palmer and Helen Keatley

Planned publications between January and June 2012

2007-13 European Union structural funding

Wales is eligible to receive around €2.22 billion (£317 million a year) from the 2007-13 European Union for the Convergence and Competitiveness programmes, mostly to fund activities to improve the economy of West Wales and the Valleys. The programmes operate within a tight framework of spending targets and regulations on expenditure, management and financial control. The report will examine progress in delivering the programmes and assess whether they are on track to deliver their expected benefits. It will also examine the arrangements that the Welsh Government has put in place to administer the programmes and evaluate their impact.

Wales Audit Office Director: Ann-Marie Harkin

Wales Audit Office Project Manager: Ben Robertson

Informing healthcare

The Welsh Government published its Informing Healthcare (IHC) strategy in 2003 in response to growing concerns that NHS information systems were no longer able to cope with the demands of a modern and increasingly complex health service. The Welsh Government set up the IHC programme as a 10-year ICT-driven development framework, which sought to introduce new ways of accessing, using and storing information to reduce administrative delays and clinical errors. This report will examine whether the IHC programme was set up for success and the progress being made to deliver the intended benefits.

Wales Audit Office Director: Dave Thomas

Wales Audit Office Project Manager: Mandy Townsend

NHS consultant contract benefits realisation

The Welsh Government agreed an amended Consultant Contract for Wales, which came into effect on 1 December 2003 and was the first major change to NHS consultants' terms and conditions since 1948. In Wales, the amended contract was introduced explicitly to help deliver the following benefits for the NHS:

- to improve the consultant working environment;
- to improve consultant recruitment and retention; and
- to facilitate health managers and consultants to work together to provide a better service for patients.

This report will bring together the findings from local audit work to consider the effectiveness of job planning arrangements for consultants in delivering the intended benefits of the consultant contract.

Wales Audit Office Director: Dave Thomas

Wales Audit Office Project Manager: Malcolm Latham

Planned publications between January and June 2012

Sale of the (former) River Lodge Hotel, Llangollen

This report will examine whether the decisions made by the Welsh Government in respect of the acquisition of River Lodge, Llangollen, and its subsequent use provide good value for money. Specifically:

- Were the key decisions made underpinned by adequate consideration of value for money?
- Were the governance arrangements supporting the decision-making processes sufficiently robust and transparent?
- Has a proper, thorough and transparent process now been established to consider the most appropriate option for the hotel and site?
- Has the Welsh Government identified lessons to be learned from the events surrounding the River Lodge and implemented changes to working practices?

Wales Audit Office Director: Paul Dimblebee

Wales Audit Office Project Manager: Ian Hughes

National Fraud Initiative 2010-11

The NFI is a biennial exercise which matches data across organisations and systems to help public bodies identify fraud and overpayments. Since its commencement in 1996, NFI has resulted in the detection and prevention of more than £16 million of fraud and overpayments in Wales. This report will present the results from the latest exercise, NFI 2010-11, and will set out proposals for developing the NFI in the future.

Wales Audit Office Director: Anthony Barrett

Wales Audit Office Project Manager: David Rees

Planned publications between July 2012 and March 2013

Healthcare across the UK

Wales Audit Office staff are contributing to a project led by the National Audit Office, and also involving Audit Scotland and the Northern Ireland Audit Office, to examine differences in healthcare structures, priorities, performance and outcomes across the four nations of the UK. Possible areas for commentary in the final report could include:

- trends in real-term funding in healthcare;
- balance of resources between primary and secondary care;
- variations in type of activity (eg, elective admissions versus day case rates); and
- access to healthcare (eg, waiting times), quality (eg, hospital-acquired infection rates) and outcomes (eg, mortality rates).

To gain a better understanding for any organisational or performance differences, the work will also involve a more in-depth examination of four particular areas of healthcare: obstetrics, hip replacements, vaccinations/immunisations, and breast cancer screening.

Wales Audit Office Director: Dave Thomas

Planned publications between July 2012 and March 2013

Emergency planning – civil contingencies

Civil contingencies are devastating events that can result in the loss of life but also cause serious disruption and considerable cost to the economy. The Welsh Government does not have devolved responsibility for civil contingencies but is co-ordinating the implementation of the Civil Contingencies Act 2004. There has not been a substantive review of the effectiveness of arrangements for civil contingencies in Wales. However, in 2011, the Simpson Review of local authority service delivery recommended the regional organisation of emergency planning for local authorities and blue-light services. This report will examine how well the Welsh public sector is placed to address emergency planning issues and to implement the Civil Contingencies Act 2004.

Wales Audit Office Director: Alan Morris

Wales Audit Office Project Manager: Andy Phillips

Education of looked-after children

Educational outcomes for looked-after children have been significantly below those of other children and young people. The Welsh Government and local authorities have sought to remove barriers to learning and improve support for looked-after children and care leavers through a range of initiatives. This report will examine whether the actions taken have been sufficient to improve significantly the educational outcomes for looked-after children.

Wales Audit Office Director: Alan Morris

Wales Audit Office Project Manager: Stephen Martin

Forestry Commission follow-up work

In November 2008, the Wales Audit Office published a report on the *Operations of the Forestry Commission Wales*, followed, in August 2010, by a report on *Forestry Commission Wales – Public Funding of Ffynone and Cilgwyn Woodlands*. The Public Accounts Committee produced its own reports on these topics in March 2009 and February 2011 respectively. In response to a recommendation made in the Committee's report on the Ffynone and Cilgwyn woodlands, this study will examine the progress made by Forestry Commission Wales and, where applicable the Welsh Government, in implementing the various recommendations in all four previous Wales Audit Office and Committee reports.

Wales Audit Office Director: Alan Morris

Wales Audit Office Project Manager: Emma Giles

Continuing healthcare

To help ensure more appropriate, fair and consistent access to Continuing NHS Healthcare (CHC), the Welsh Government issued a framework in 2010, which set out the Welsh Government's revised policy for eligibility for CHC and the responsibilities of health boards and local authorities. The report will examine the progress made by health boards and their partners in implementing the framework.

Wales Audit Office Director: Paul Dimblebee

Wales Audit Office Project Manager: Steve Ashcroft

Planned publications between July 2012 and March 2013

Child and adolescent mental health services – follow-up work

In November 2009, the Wales Audit Office published, with Healthcare Inspectorate Wales, Estyn and the Care and Social Services Inspectorate Wales, the findings from a joint review on services for children and young people with emotional and mental health needs. The report concluded that despite some improvements in previous years, services were still failing many children and young people. The report highlighted a number of areas in which the safety of children and young people was being put at risk. This follow-up report will examine, in collaboration with Healthcare Inspectorate Wales, whether appropriate steps have been taken to remove or minimise these risks.

Wales Audit Office Director: Paul Dimblebee
Wales Audit Office Project Manager: Steve Ashcroft

Local government study – responding to financial constraints

This study will review how local authorities are using their finances to achieve improvement in this challenging economic climate. It will consider how local authorities are identifying and securing efficiencies and the potential impact on services and outcomes. The study will not be a comprehensive examination of all local authorities' responses to the fiscal situation, but will provide an overview of these approaches with case studies to illustrate potential shared learning.

Wales Audit Office Director: Alan Morris
Wales Audit Office Project Manager: To be confirmed

Procurement of consultancy services

The public sector in Wales spends around £275 million per year on external consultancy services. If consultancy services are not well procured and managed, they can be an expensive and inefficient way to deliver public services and can limit the opportunity for public bodies to use existing skills or gain new knowledge and skills. Getting value for money is dependent on defining and justifying the need, astute procurement, effective project management, tight governance, accountability structures and a thorough assessment of the benefits achieved. By identifying areas where public bodies can make more efficient and effective use of consultants through, this study aims to highlight opportunities for co-ordination and collaboration, identify examples of good practice and help inform the delivery and development of national strategies in these areas.

Wales Audit Office Director: Paul Dimblebee
Wales Audit Office Project Manager: Jeremy Morgan

Planned publications between July 2012 and March 2013

Welsh Government Location Strategy

The Welsh Government published its Location Strategy in 2002, which was based on the overall principle of decentralising services from Cardiff. Phase I of the programme centred on the construction of three new office buildings in Merthyr Tydfil, Aberystwyth and Llandudno Junction, along with a number of projects concentrating on issues such as relocation of staff and communications. It also included rationalisation of the Welsh Government's facilities management arrangements. This study will examine the delivery of Phase I of the programme to identify whether the Welsh Government delivered the programme's objectives in a way that is sustainable and provides value for money. Our report may also consider progress with Phase II of the programme, which started in 2010, is due for completion in 2015, and focuses on rationalisation of the Welsh Government's estate.

Wales Audit Office Director: Paul Dimblebee

Wales Audit Office Project Manager: Jeremy Morgan (acting)

Appendix 2 - Choosing our programme of work

Our strategy sets out a range of factors we take account of when deciding which areas to look at:

- the levels of public interest and concern;
- whether the Wales Audit Office is in a position to facilitate or achieve a suitable outcome;
- the scale of the issues and the risks involved;
- whether the lessons learned will be transferable;
- if the work is timely; and
- whether it is better to work solely or with others.

We also take account of a range of other factors, including the wider policy context. This includes, for example, the extant financial climate and the Welsh Government's goal of making 'sustainable development' the guiding principle for government in Wales. We also need to take into account relevant legislation, such as the Equality Act 2010, which requires the Auditor General, in the exercise of his functions, to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations. Specifically in respect of our value for money studies, we also need to ensure a balanced programme of work across the Welsh Government's expenditure portfolios.