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Wales Audit Office Work Programme Update

Briefing paper for the Public Accounts Committee

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Introduction

- 1 Between March and June 2010 the Wales Audit Office undertook a public consultation on topics for inclusion in its future programme of national studies¹. That consultation followed on from the long list of topics discussed with the Public Accounts Committee (then the Audit Committee) in October 2009.
- 2 The list of potential topics identified within the consultation had been developed from a combination of the Wales Audit Office's ongoing monitoring of public service developments in Wales, consideration of the work undertaken or planned by other UK audit bodies, and discussions with key stakeholders.
- 3 The responses to the consultation have been used to help inform the prioritisation of future work in three core areas of the Wales Audit Office's programme:
 - value for money examinations (supported by the central funding that the Wales Audit Office receives from the National Assembly);
 - local government studies; and
 - local performance audit work in the NHS.
- 4 The consultation exercise elicited 30 separate responses from a combination of public sector bodies, other representative organisations and individuals. Not unexpectedly, the consultation attracted some conflicting responses on the value or timing of certain proposals, as well as identifying additional topics of concern to individual respondents. But, underlying the responses from several public sector organisations and representative groups were two key points of concern:
 - the need for the Wales Audit Office to demonstrate that its work adds value and that it is aligned well to the challenges facing public service delivery, specifically the current constraints on public spending; and
 - the need to avoid duplication with other review bodies and for our work to be aligned with and take account of other local and national initiatives.

¹ www.wao.gov.uk/assets/englishdocuments/studies_consultation_march_2010.pdf

Developing the Wales Audit Office's work programme

Core principles

- 5 The Wales Audit Office's 2009-2012 strategy, *Sustained Impact in a Time of Change*², set out six strategic themes that were designed to underpin all of the organisation's work during this period. In addition to two themes focused on our role in support of the NHS reforms programme and the implementation of the Local Government Measure, the strategy identified that our work would:
- help Welsh bodies to improve their use of resources within the growing constraints of the economy and the environment;
 - promote improved comparisons, clear performance data, and accessible reporting to decision makers and citizens;
 - promote better outcomes for citizens by working across boundaries to improve the way public services are planned, delivered and reviewed; and
 - support the translation of Assembly Government strategy into action, both directly and through others.
- 6 That strategy will in due course need to be reviewed, particularly as regards the financial challenge facing public services in Wales. In the meantime, my personal concern is that the Wales Audit Office's programme of studies should:
- be balanced towards the more immediate issues of the day, for example challenging the public sector to greater efficiency while also identifying ways to improve services to the public;
 - seek, where possible, to provide a view of how Wales compares with other parts of the United Kingdom, or countries further afield;
 - include a focus on policy interventions and service provision targeted at vulnerable people;
 - have an eye to the future, and the social, economic and environmental needs of future generations; and
 - help public services to learn the lessons of the past to inform future policy development and delivery.
- 7 There are already examples of the Wales Audit Office engaging closely with key stakeholders and experts in the scoping and reporting of its national studies, for example through the use of expert panels. However, I am keen to take this further and to explore opportunities to bring in external expertise to support Wales Audit Office staff right throughout the life of these studies. This could see us contracting more regularly with external organisations to support the delivery of our work, for example with academic institutions. I also intend looking for opportunities to bring more staff into the organisation on short-term secondments.

² www.wao.gov.uk/assets/englishdocuments/WAO_strategy_eng.pdf

- 8 These developments will necessitate a change in thinking and approach in terms of how individual studies are designed, managed and resourced.

Proposals for new value for money studies

- 9 In deciding the Wales Audit Office's priorities for future studies I am mindful of the amount of ongoing or planned work that I have inherited (Figure 1). I need to ensure that there is an appropriate balance of resources to support the timely completion of this work, while also starting other work so that there is a steady flow of material to support the work of the Public Accounts Committee. As stated in my *Estimate of income and expenditure of the Wales Audit Office for the year ending March 2011*, I intend to provide the same level of activity and service that the Committee has expected in the past five years. However, the exact number of published reports can vary from year to year and depends on the relative scale of our different projects.
- 10 The work identified in Figure 1 includes four pieces of work which, since launching its public consultation, the Wales Audit Office has already decided to take forward:
- a report on housing for adults with mental health needs, to be published by the end of the calendar year – drawing out specific evidence from the wider follow-up review of adult mental health services;
 - a review of the Care and Social Services Inspectorate Wales – initiated at the request of the Chair of the Public Accounts Committee and to start by the end of this calendar year;

Figure 1 – Work in progress or planned

| Planned publications between now and the end of March 2011 |
|---|
| Major transport projects |
| Housing for adults with mental health needs (summary of local work) |
| The Merlin ICT contract – follow-up |
| Informing healthcare |
| Adult mental health services – follow-up (summary of local work) |
| Grants management |
| Hospital catering (summary of local work) |
| To be published from May 2011 onwards |
| 2007-2013 European Union convergence funding for West Wales and the Valleys |
| Emergency planning – civil contingencies |
| Education of looked after children |
| Consultant contract benefit realisation (summary of local work) |
| Innovation and efficiency: Picture of public services II |
| Welsh Housing Quality Standard |
| Review of the Care and Social Services Inspectorate Wales |
| Public participation in recycling and composting |
| Continuing healthcare |
| Nutrition in schools |
| National Fraud Initiative 2010-11 |

- an overview report and additional good practice work in relation to grants management – this work has been taken forward as a response to the issues highlighted in several of our recent reports and should be completed by the end of the current financial year; and
 - further work focused on innovation and efficiency in public services, including good practice outputs and a second Picture of Public Services report – informing this work is the involvement by Wales Audit Office staff in observing and commenting on developments through the Assembly Government’s Efficiency and Innovation Programme and Board.
- 11** I am keen to consider the impact on public service delivery in Wales of the UK Government’s Comprehensive Spending Review and the result of the National Assembly elections in May 2011 before committing to a fuller medium to long-term programme of new work. However, taking into account the responses to the consultation and other intelligence – for example from our participation in the Efficiency and Innovation Programme and Board – I have identified four topics as my preferred priorities for other new work to start before the end of this financial year. Those four topics are: public sector procurement; medicines management; young people not in education, employment or training; and the Assembly Government’s relocation strategy (Figure 2).
- 12** I am keen to explore in more detail:
- a** The scope for a study on the public sector support for and engagement with the third sector although it will be interesting to first consider the impact of the Comprehensive Spending Review on future budget allocations. Financial pressures may lead to reductions in financial support for voluntary sector bodies but, conversely, could provide a stimulus for the statutory sector to look to the third sector to support service delivery.
 - b** Possible future work on progress with the Wales Transport Strategy, although again it will be interesting to first consider future transport budget allocations in the wake of the Comprehensive Spending Review, as well as the issues that may emerge from the Public Accounts Committee’s consideration of our planned report on major transport projects.
 - c** The prospect of the Wales Audit Office using its reach across Welsh public services to support the identification and dissemination of good practice in relation to citizen and community engagement. Without effective engagement, public bodies may find it difficult to deliver the transformational changes that will be needed as part of their response to the current financial challenges.

Figure 2 – Proposals for new value for money studies

| Topic | Details |
|---|--|
| Public sector procurement | <p>The Welsh public sector spends some £5 billion each year on goods and services. This work would assess the procurement behaviour of individual organisations and the savings that are being achieved through improved procurement practices. The review would also consider the effectiveness of the Assembly Government’s Value Wales division in helping organisations achieve sustainable improvements in procurement. I am also keen for this review to consider whether procurement processes across the Welsh public sector are easily accessible to the private sector compared with similar processes elsewhere in the UK.</p> <p>There are opportunities to draw on similar work undertaken by Audit Scotland and the National Audit Office and to take into account the issues raised by Sir Philip Green’s recent review of UK Government spending. Wales Audit Office staff have already been discussing the potential scope of this work with Value Wales and the Efficiency and Innovation Programme – Procurement Board.</p> |
| Medicines management | <p>General practitioners alone prescribed (and in some cases also dispensed) over half a billion pounds worth of prescription items, including medicines, in 2008-09. Our consultation paper identified that ensuring the safe, effective and financially prudent use of medicines would be a key challenge for the new health boards. This examination would identify the scope to secure cost and quality improvements in NHS medicines management, taking into account the factors that influence prescribing rates in Wales.</p> <p>This study would build on local audit work already undertaken at Hywel Dda Health Board which is also being used to support the national programme board that has been established to develop the NHS’s approach to medicines management.</p> |
| Young people not in education, employment or training | <p>This study would examine the efforts of the Welsh public service in improving outcomes for young people aged 16-24 who are not in education, employment or training, of whom there are an estimated 68,800 in Wales. Detailed scoping of this work will consider the options in terms of looking beyond the specific education and training dimension to include issues relating to community disaffection and disengagement or youth justice. There may also be opportunities to consider issues relating to participation and completion in higher and further education (higher education participation having been identified as a topic in its own right in the recent consultation document). This work would take into account the recent report and recommendations on this topic by the National Assembly’s Enterprise and Learning Committee and the Assembly Government’s response to that report.</p> |
| Assembly Government relocation strategy | <p>As its external auditor, I am keen to retain a focus within my programme of value for money examinations on topics that relate to the internal administration of the Assembly Government. With the Assembly Government’s new buildings in Merthyr Tydfil, Aberystwyth and Llandudno Junction now open. I believe that the time is right to consider whether the aims and objectives of the relocation strategy that these new buildings support are being realised, set against an assessment of the overall costs of relocation.</p> |

- 13** The Wales Audit Office has a vital and unique role to play in terms of ensuring early warning and intervention where things go wrong with the flow of funds through the public service machine. In that respect, I am completely convinced of the importance of our financial audit work. It is in this area that the people of Wales must look for the assurance that public funds are properly used. I am, therefore, keen that we do more to promote the quality and impact of our financial audit work and that we bring forward to the Committee more evidence in terms of the outcomes and impact of that work. For example, I am aware that the Committee has considered, in the past, reports on the finances of NHS Wales and the results from financial audit work across central government. There is a case for similar work in future to provide assurance that financial management arrangements stand up to scrutiny as public bodies respond to the financial challenges they currently face.
- 14** In addition to comments about the 35 different topics identified in the consultation document, individual responses identified a further 12 areas of interest covering:
- the NHS reforms programme;
 - value for money in information communication service delivery;
 - best practice in integrated care;
 - children's budgeting;
 - NHS patient transport;
 - services for children and adults with a learning disability;
 - local government planning services;
 - youth provision;
 - services in hospital for older people;
 - collaboration between local education authorities;
 - wildlife in Wales and biodiversity targets; and
 - the RAF St Athan Business Park and Defence Training Academy.
- 15** Although these topics do not feature among my short-term priorities for new work, several could feature in some way within our future work programme or relate to recent or ongoing work at a national or local level. For example, the question of value for money in information communication service delivery could form part of our public sector procurement work. Also, our local audit teams are completing a 'structured assessment' exercise to assess whether, in the context of the NHS reforms, NHS bodies have in place the necessary arrangements to ensure that their resources are used efficiently, effectively and economically, and in a way which results in sustainable service improvements. I shall be considering whether to bring forward a report summarising the results from that local work.
- 16** Several of these topics have also been the subject of other recent reviews, for example, the Older People's Commissioner has been reviewing the issue of dignity and respect in hospital and we have provided evidence from our work on hospital catering to inform that review. As regards RAF St Athan, the Committee will recall that it published its own report on the Red Dragon project in late 2009, which referred to the aspirations at that time in terms of the Defence Training Academy.

Maintaining a balanced programme of work

- 17 Overall, the new work that I have identified, combined with the work I have inherited provides what I believe to be a reasonably balanced programme in terms of:
- the core principles described in paragraphs 5 and 6;
 - a mix of pan-public sector work – exploiting the unique position of the Wales Audit Office – and sector-specific studies across different areas of public expenditure;
 - focusing some of our resources on follow-up work to ensure that appropriate action is taken in response to our previous audit reports, and reports by the Public Accounts Committee;
 - taking the opportunity to report, as appropriate, the findings of our local audit work across the public sector;
 - undertaking work as a direct response to issues of public concern; and
 - pieces of work whose prime purpose is the identification and dissemination of good practice and shared learning.

- 18 In developing and adding to the Wales Audit Office's work programme over the coming years, I will be seeking to maintain this balanced approach. To inform medium to long-term planning, I will be asking Wales Audit Office staff to undertake a fresh risk assessment exercise in the summer of 2011. I would then plan to bring some new proposals forward to the Public Accounts Committee in October 2011. If, in the meantime, I decide to proceed with other new work or to bring forward other reports that draw on our local audit work, then I will keep the Committee informed of those developments.