

Y Pwyllgor Cyfrifon Cyhoeddus

Lleoliad:
Ystafell Bwyllgora 3 – y Senedd

Dyddiad:
Dydd Mawrth, 10 Chwefror 2015

Amser:
09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



I gael rhagor o wybodaeth, cysylltwch â:

Michael Kay

Clerc y Pwyllgor

0300 200 6565

SeneddArchwilio@Cynulliad.Cymru

Agenda

1 Cyflwyniadau, ymddiheuriadau a dirprwyon (09:00)

2 Papurau i'w nodi: (09:00–09:05) (Tudalennau 1 – 3)

Gwasanaeth Awyr oddi mewn i Gymru: Llythyr gan James Price, Llywodraeth (2 Chwefror 2015) (Tudalennau 4 – 6)

Y Pwyllgor Gohebiaeth: Llythyr gan Archwilydd Cyffredinol Cymru Eluned Parrott AC (4 Chwefror 2015) – Buddsoddiad Llywodraeth Cymru ym Masn y Rhath (Tudalennau 7 – 14)

3 Arlwy a Maeth Cleifion mewn Ysbytai: Y Wybodaeth Ysgrifenedig Ddiweddaraf gan Lywodraeth Cymru (09:05–09:15) (Tudalennau 15 – 23)
PAC(4)-05-15 Papur 1 – Yr Athro Jean White – GIG Cymru

4 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes canlynol: (09:15)

Eitemau 5 a 6

5 Sesiwn briffio gan Swyddfa Archwilio Cymru ar Reoli Ymadawiadau Cynnar yng Nghyrff Cyhoeddus Cymru (09:15–09:45) (Tudalennau 24 – 83)
PAC(4)-05-15 Papur 2 - Rheoli ymadawiadau cynnar yng ngwahanol gyrff cyhoeddus Cymru

6 Craffu ar Gyfrifon 2013–14: Ystyried yr Adroddiad Drafft (09:45–10:20) (Tudalennau 84 – 127)

Y Pwyllgor Cyfrifon Cyhoeddus

Lleoliad: **Ystafell Bwyllgora 3 – Senedd**

Dyddiad: **Dydd Mawrth, 3 Chwefror 2015**

Amser: **09.00 – 11.00**

Cynulliad
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Wales



Gellir gwyllo'r cyfarfod ar [Senedd TV](http://senedd.tv) yn:
<http://senedd.tv/cy/2604>

Cofnodion Cryno:

Aelodau'r Cynulliad:

Darren Millar AC (Cadeirydd)
Jocelyn Davies AC
William Graham AC
Mike Hedges AC
Sandy Mewies AC
Julie Morgan AC
Jenny Rathbone AC
Aled Roberts AC

Tystion:

**Huw Vaughan Thomas, Archwilydd Cyffredinol Cymru,
Swyddfa Archwilio Cymru**
Steve Ashcroft, Swyddfa Archwilio Cymru
Albert Heaney, Llywodraeth Cymru
Lisa Dunsford, Llywodraeth Cymru
Dr Andrew Goodall, Llywodraeth Cymru

Staff y Pwyllgor:

Leanne Hatcher (Ail Clerc)
Tanwen Summers (Dirprwy Glerc)
Joanest Varney-Jackson (Cynghorydd Cyfreithiol)

1 Cyflwyniadau, ymddiheuriadau a dirprwyon

Tudalen y pecyn 1

1.1 Croesawodd y Cadeirydd yr Aelodau i'r cyfarfod.

1.2 Ni chafwyd ymddiheuriadau.

2 Papurau i'w nodi

1.2 Nodwyd y papurau.

3 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes canlynol:

3.1 Derbyniwyd y cynnig.

4 Fframwaith Cenedlaethol ar gyfer Gofal Iechyd Parhaus y GIG: Sesiwn frifio gan Swyddfa Archwilio Cymru

4.1 Rhoddodd Swyddfa Archwilio Cymru wybod i'r Pwyllgor am ei hadroddiad diweddar ar Ofal Iechyd Parhaus y GIG – Adroddiad Dilynol.

5 Fframwaith Cenedlaethol ar gyfer Gofal Iechyd Parhaus y GIG: Sesiwn dystiolaeth 1

5.1 Clywodd y Pwyllgor dystiolaeth gan Dr Andrew Goodall, Cyfarwyddwr Cyffredinol Llywodraeth Cymru ar gyfer Iechyd a Gwasanaethau Cymdeithasol a Phrif Weithredwr GIG Cymru, Albert Heaney, Cyfarwyddwr Gwasanaethau Cymdeithasol ac Integreiddio, a Lisa Dunsford, Dirprwy Gyfarwyddwr yr Is-adran Integreiddio, Polisi a Chyflawni.

5.2 Cytunodd swyddogion Llywodraeth Cymru i ddarparu'r wybodaeth a ganlyn:

- egluro pa gyfran o'r 20 o achosion gan ddau fwrdd iechyd yn sampl yr archwiliad oedd yn ymwneud ag anabledd dysgu neu ddementia a rhannu canlyniadau'r adolygiad o'r achosion hynny;
- cadarnhau pa fwrdd iechyd dynnodd yn ôl o'r gwaith o brofi'r Offeryn Gwneud Penderfyniadau;
- darparu nodyn ar yr anawsterau y mae Betsi Cadwaladr wedi'u hwynebu yn recriwtio i rolau proffesiynol a chadarnhau a ydynt bellach yn gweithredu'n llawn; a
- darparu nodyn am faint y tendr o fewn pob bwrdd iechyd mewn perthynas â'r gwasanaethau eiriolaeth ar gyfer gofal iechyd parhaus.

6 Gofal heb ei drefnu: Y wybodaeth ddiweddaraf gan Lywodraeth Cymru

6.1 Trafododd y Pwyllgor y papur wedi'i ddiweddarau a gafwyd gan Lywodraeth Cymru.

7 Rheoli effaith y newidiadau i ddiwygiadau lles: Trafod ymateb Llywodraeth Cymru

7.1 Trafododd y Pwyllgor ymateb Llywodraeth Cymru i adroddiad yr Archwilydd Cyffredinol ar Reoli Effaith y Newidiadau i Ddiwygiadau Lles.

Eitem 2.1

Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth
Department for Economy, Science and Transport

Cyfarwyddwr Cyffredinol • Director General



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair – Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

2 February 2015

Dear Mr Millar

I am writing to follow up on the actions captured at the PAC evidence session on 20 January, regarding the Intra Wales Air Service.

I have enclosed a document which attempts to do this as fully as possible. Please let me know if you require any further information.

Yours sincerely

James Price



Welsh Government response to actions noted at the PAC evidence session on 20 January 2015.

Action: Welsh Government to confirm what date the decision was made to retender the Cardiff to Anglesey Air Service and at what point Arup were commissioned to support the retendering process.

WG response: The Minister approved the procurement of the new Intra Wales PSO Air Service on 7 August 2014.

Arup was contracted on 25 February 2014 to undertake a review of the air service and make suitable recommendations for the future of the PSO in Wales, including an agreement to provide support to the Welsh Government if the Minister decided to retender the service.

Action: Welsh Government to provide information on what experience Arup has in terms of providing advice in this field in Britain and why specifically Arup were selected.

WG response: Arup was selected to provide transport related advice as part of the Welsh Government framework and has extensive experience in a wide variety of strategic transport projects. Arup provides strategic and technical advice covering all aspects of airlines and airports giving an understanding of aviation business planning and aviation economics. Arup has previously provided advice to a number of airports and airlines in regional locations including Newquay Airport development and business plans, Edinburgh and also to a regional (confidential) airport on the restructuring of aeronautical charges with a view to attracting new airlines. The company has previously contributed to a study on the feasibility of PSO services to the Isle of Skye in Scotland. Other relevant experience includes appraising service options, completing Business Case work, considering potential service options and aviation planning.

The core Arup team secured further support from two sub-contractors (York Aviation LLP and Martin Evans) to add expertise in a number of areas. York Aviation has substantial experience in the provision of regional air services, having previously advised the Welsh Government in connection with the previously operated Route Development Fund, and has provided similar advice in Scotland and Northern Ireland. York Aviation has particular experience in the assessment of market demand and in the economic appraisal of the economic benefits of air route connections, as well as airport capacity and capability assessment. Martin Evans is the Director of Aviation Analysis and has a thorough understanding of the Welsh aviation sector. Martin has frequently spoken on the subjects of Cardiff Airport, air travel in Wales and the role of aviation in the economy and success of Wales. Martin is also a visiting lecturer at the University of South Wales.

Action: Welsh Government to provide a note confirming how much of the 15% increase on last years' service bookings was as a direct result of the new marketing strategy and how the Welsh Government intends to evaluate this strategy.

WG response: It is not possible to attribute the recent increase in passenger numbers under the new contract to one individual source (e.g. recent press articles or the new marketing strategy).

The new contract states the operator is required to undertake passenger surveys twice a year, and is also required to undertake an independent annual review; the review will consider all elements of contractual requirements. Links Air will also monitor fluctuations in passenger numbers for each direction of the PSO alongside any marketing it undertakes.

Action: Welsh Government to share the redacted Arup report when it is available

WG response: The redacted report is due to be published by mid-late February.

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Ms Eluned Parrott AM
Assembly Member for South Wales Central
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Date: 4 February 2015
Our ref: HVT/2266/fgb
Page: 1 of 3

Dear Eluned

WELSH GOVERNMENT INVESTMENT IN ROATH BASIN

On 16 June 2014, you wrote asking me to examine claims made by the former First Minister – Rhodri Morgan – that the Welsh Government had spent £10 million on road improvements in Cardiff Bay to enable BBC Wales to build a new headquarters building at the Roath Basin site adjacent to the BBC's 'Drama Village'. Media coverage at the time of your letter had quoted Mr Morgan's assertion that the decision by BBC Wales to instead locate its new headquarters in the centre of Cardiff was contrary to indications he had been given by a former BBC official – Nigel Walker – that, when required, the new headquarters would indeed be located at Roath Lock.

I am writing now to advise you of the outcome of work that Wales Audit Office staff have undertaken on my behalf to consider these issues. Wales Audit Office staff have reviewed relevant documentary evidence and they have discussed this matter with Welsh Government officials. They have also sought confirmation of certain factual matters from the BBC. However, they have not sought to discuss the details of this matter with current or former BBC officials, or with the former First Minister.

I should emphasise that my audit powers give me no right of access to the BBC. The BBC Trust appoints its own auditor, currently Ernst and Young, and while the National Audit Office (NAO) does conduct value for money studies of the BBC's use of licence fee income, these are underpinned by the provisions – specifically clause 79 – of the July 2006 'Broadcasting Agreement', as amended in September 2011, between the Secretary of State for Culture Media & Sport and the BBC. There is no wider statutory basis for the National Audit Office's value for money work at the BBC. The National Audit Office carried out a study of the BBC's property strategy in 2014 and the BBC Trust has recently [published](#) the findings from that work. The report includes references to the BBC's estate in Wales, but the NAO did not examine the details of the deal to locate the

new BBC Wales headquarters in central Cardiff. The BBC has confirmed that the Roath Basin site was included in a previous longer shortlist of potential sites for its new headquarters but did not make the final shortlist of three sites, one of which was in the Cardiff Bay area.

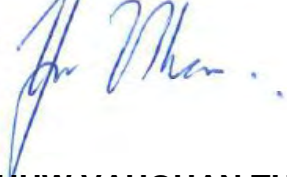
Wales Audit Office staff have confirmed that, on 7 December 2009, the Welsh Government's Cabinet Committee on Budget and Performance approved a £10 million package of investment in Roath Basin, not all of which related specifically to improved access. The Welsh Government has, in fact, since spent £11.9 million in total as part of its package of investment in Roath Basin, having approved up to a further £2 million of funding in March 2011 to cover increased costs arising from unexpected town planning obligations.

The Welsh Government's investment was part and parcel of changes to a development agreement for Roath Basin that the Welsh Government had entered into in 2007 with Igloo Regeneration, and was clearly related to the development of the drama village. Wales Audit Office staff have seen no evidence to suggest that the Welsh Government's decision to invest in Roath Basin was based upon any formal agreement that the BBC would locate its headquarters there, although the BBC had negotiated an option to do so. That option agreement, and some of the background to the Welsh Government's investment, was outlined in March 2010 in an independent report – [The Heart of Digital Wales: a review of creative industries for the Welsh Assembly Government](#). That report had called upon the Welsh Government to seek to secure Roath Basin as the site for the new BBC headquarters, pointing to the potential economic benefits that could result, well in excess of the benefits forecast from the drama village alone.

I have annexed to this letter some further details about these matters. Taking into account the findings of the preliminary review undertaken by Wales Audit Office staff, I do not intend to take forward any further audit work regarding the role that the location of the BBC headquarters played in the Welsh Government's original investment decision. However, please let me know if you would like to discuss this matter with me or with Wales Audit Office staff. While I have set out, for context, some additional factual information about the overall development agreement that the Welsh Government has entered into for Roath Basin, I have not sought to form a view at this stage about the overall value for money of that arrangement.

I am copying this letter to Darren Millar AM who, in his capacity as Chair of the Public Accounts Committee, has also raised this matter with me.

Yours sincerely,



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Enc: Annex A: Welsh Government Investment in Roath Basin – Briefing Paper

cc Mr Darren Millar AM, Chair of Public Accounts Committee

WELSH GOVERNMENT INVESTMENT IN ROATH BASIN – BRIEFING PAPER

1. The Roath Basin site is home to the BBC Wales drama production centre – the ‘Drama Village’. This 176, 510 square foot facility comprises a number of studios and produces BBC Wales made dramas which to date have included Casualty, Pobol y Cwm, Doctor Who, Upstairs Downstairs and the children’s production Wizards vs Aliens. The Drama Village opened in 2011. Also located at the site is a 32,000 square foot office block originally known as the Digital Media Centre, but now known as GloWorks.
2. In 2003, the Welsh Government developed a ‘master plan’ for the derelict former dockworks at the Roath Basin site, with the aim of providing one million square feet of commercial property for use by media and life sciences focussed businesses, together with just over 1,010 residential properties and waterfront walkways. The ambition was for completion by 2020, The Welsh Government undertook an open competitive process to select a private sector partner to support its delivery of the masterplan and, on 20 August 2007, signed a ‘development agreement’ with [Igloo Regeneration](#)¹. At that time, the Welsh Government envisaged that Igloo Regeneration would build and sell the first 500 residential apartments and use the capital receipts to fund the initial infrastructure work.
3. Within a short time of the development agreement being agreed, a number of factors meant that the master plan and the proposed mechanism for funding the infrastructure work was no longer feasible. In particular:
 - plans for a life sciences technium on the site fell through; and
 - the recession and the subsequent downturn in the housing market created an oversupply of residential apartments, casting doubt on the prospect that Igloo Regeneration would be able to fund the infrastructure work through the development and sale of the proposed apartments².
4. At around the same time, the BBC entered the property market looking for a site either for a stand-alone drama production facility or a site to accommodate both drama production and a new headquarters building. Representatives acting on behalf of the BBC approached the Welsh Government to identify if there was any scope for the Welsh Government to support elements of the BBC’s plans. The Welsh Government told the BBC that State Aid rules would restrict the nature of any investment it could make, but that it was willing to explore how it could help the BBC develop its drama production facilities in Wales.

¹ The Igloo Regeneration Fund describes itself as ‘a partnership of pension, life and charity funds managed by Aviva Investors, which invests in sustainable urban regeneration across the UK’.

² The Welsh Government had expected to lever in around £250 million of private investment from Igloo Regeneration between 2012 and 2020. While Welsh Government officials are working with Igloo Regeneration to identify a way to take forward the residential element of the development agreement, this is still not deemed commercially viable at present.

5. We understand that, in early 2009, the BBC's Finance Committee rejected the idea of constructing both a new drama village and a headquarters on a single site in Wales at that point in time on cost grounds, and taking into account the organisational and resource demands of other major commitments to developments in Salford, London and its preparation for the 2012 Olympics. However, the Finance Committee supported the idea of BBC Wales looking for a site for a new drama production unit for the production of a range of programmes, or a stand-alone unit to produce *Casualty*. The Welsh Government decided that it would not offer any support for a stand-alone facility to produce '*Casualty*'. The Welsh Government's view was that only a drama village producing a range of programmes would act as a catalyst for the expansion of the creative industries sector in Wales, something that remains a key Welsh Government objective³.
6. In June 2009, BBC Wales selected Roath Basin as its preferred option for a drama village. There was then a period of negotiation between BBC Wales and Igloo Regeneration, and Welsh Government officials intervened to help broker an agreement. These negotiations included discussions about the prospect of agreeing a time-limited option to develop a new headquarters on the site.
7. On 14 December 2009, the then Deputy First Minister agreed plans in relation to the development of the drama village and changes to the original development agreement with Igloo Regeneration which would mean that⁴:
 - The Welsh Government would sign a 25 year lease with Igloo Regeneration for the drama village and GloWorks, with Igloo Regeneration then taking forward the construction of these premises. The total rent payable for both properties was estimated at £2.1 million per annum. Under the terms of the 2007 development agreement, the final rental payments can only be confirmed once the construction costs of the two buildings are finalised. Those final construction costs and the implications for the amount of rent payable are still to be agreed, although negotiations are underway.
 - The Welsh Government would agree a 20 year sub-lease with the BBC for the drama village under which the BBC is committed to an annual rental payment to the Welsh Government of £1.35 million. The sub-lease gives the BBC the option to exercise a break clause after 10 years (on giving 12 months' notice and a penalty payment of two years rent) and also at year 15 (on giving 12 months' notice and a penalty payment of one year's rent)'. - The Welsh Government would invest what was expected at the time to be £10 million in capital works, comprising:
 - £1.5 million to 'fit out' GloWorks; and

³ See *Economic Renewal: a new direction*, Welsh Government, July 2010.

⁴ In December 2009, Ieuan Wyn Jones held the posts of Deputy First Minister and Minister for Economy and Transport. It was as the Minister for Economy and Transport that he agreed the changes to the Development Agreement with Igloo Regeneration.

- £8.5 million of infrastructure work to: decontaminate a section of land; bring utilities on-site; and to provide vehicle and pedestrian access, installing a road through the site from the Queensgate roundabout to the Norwegian Church next to the Outer Roath Basin Lock and upgrading the Roath Basin Inner Lock Swing Bridge and the Outer Roath Basin Lock bridge. The original development agreement anticipated that Igloo Regeneration would use capital receipts to fund this work (paragraph 2).
 - The original development agreement would be amended, such that Igloo Regeneration would no longer have to pay, at the end of the agreement in 2026, the anticipated sum of £2.5 million⁵ for the first phase of land due for release with any remaining land to have been sold for the nominal sum of £1. Instead, all land would be paid at the prevailing open market value relative to each phase of building works. However, even when assuming planning consent for the development and completion of the infrastructure works that the Welsh Government was committing to fund, professional advice at the time indicated that the value of the land on which GloWorks and the drama village was located was nil or nominal. On that basis, the Welsh Government still sold that land for £1. The professional advice that the Welsh Government obtained suggested that, over 10 to 15 years, land receipts could exceed the facilitating investment.
 - The Welsh Government's lease arrangement with Igloo Regeneration would entitle Igloo Regeneration to only a 6.3 per cent rate of return, compared to the 12.5 per cent rate of return permitted in the original development agreement.
8. On 15 January 2010, the Welsh Government and Igloo Regeneration signed a 'deed of variation' to the original 2007 development agreement, to reflect the changes listed above. On 15 January 2010, the Welsh Government, Igloo Regeneration, and BBC Wales, signed an agreement that confirmed a near four-year option (until 31 December 2013) for the BBC to require that Igloo Regeneration develop on the site a new headquarters to cover approximately 150,000 square feet that would be leased by the BBC.
9. The Welsh Government had sought funding for its investment in infrastructure work at Roath Basin from the UK Government's Strategic Investment Fund (SIF). Ultimately, the UK Government, through the Department for Trade and Industry, decided instead to provide SIF funding for the High Performance Computer Network in Wales⁶. While they were seeking SIF funding from the UK Government, Welsh Government officials also submitted a bid for funding from the Welsh Government's Strategic Capital investment Fund (SCIF) for the full £10 million package of work. On 7 December 2009, the Welsh Government's

⁵ The figure of £2.5 million comprised costs incurred by the Welsh Government to the point at which it signed the development agreement in August 2007.

⁶ High Performance Computing Wales is a collaboration between the Welsh Government, Welsh universities and Fujitsu. It describes itself as giving 'businesses and researchers access to world-class, secure and easy to use high performance computing technology'

Cabinet Committee on Budget and Performance had approved that bid⁷. The Welsh Government's Cabinet Secretary has confirmed that, as First Minister, Mr Rhodri Morgan attended the Cabinet Committee meeting on 7 December 2009.

10. The minutes of the Cabinet Committee meeting on 7 December 2009 record that: 'The funding of the Media Capital and Roath Basin Regeneration project was dependent upon the BBC agreeing to locate its new Cardiff drama studios in Roath Basin'. Wales Audit Office staff have not seen the full set of minutes for this meeting, but Welsh Government officials have confirmed that this is the only reference to the funding decision. This and other documentary evidence reinforces the key relationship between the Welsh Government investment and the decision by the BBC to commit to the drama village in Roath Basin. There appears to have been no secret about the fact that the BBC was investigating the possibility of an option to locate its new headquarters at Roath Basin. For example:
 - The Welsh Government's bid document for SCIF funding refers to the BBC having reached an in principle agreement for that option, although the option is not mentioned in the paper that went to the Cabinet Committee. The paper for the Cabinet Committee focuses on the link with the proposed development of the drama village.
 - The submission to the Deputy First Minister that informed his decision to approve the £10 million Welsh Government investment on 14 December 2009 stated that the risk of the BBC pulling out of the drama village before the full 20 year period of its lease elapsed would be reduced should the BBC decide to exercise its option also to locate its headquarters in Roath Basin.
11. In March 2011, Ieuan Wynn Jones, the then Deputy First Minister, approved a further £2 million of funding for the project, due to 'increased infrastructure costs arising from unexpected town planning obligations'. Welsh Government officials told us that the single largest component of the additional work required was 'Variable Messaging Signage to direct traffic to the relevant site entrance depending on whether the Inner Lock Swing Bridge accessing the site is open or not. Under a further deed of variation, the additional investment reduced the rental liabilities of the Welsh Government by £126,000 per annum. The total cost of the additional infrastructure was £4.5 million. At the time the work was completed, Igloo Regeneration met the £2.5 million balance. The extent to which that £2.5 million is an eligible cost for the purpose of calculating rent (paragraph 7) is part of ongoing negotiations.
12. Also in 2011, Igloo Regeneration sold on the drama village and GloWorks to British Steel Pension Trustees. This sale will generate an overage payment of

⁷ In 2008, the Welsh Government established for a period of three years the Strategic Capital Investment Panel, comprising six independent experts, to advise it on allocating its Strategic Capital Investment Fund. Final decisions about the allocation of the funding fell to the Cabinet Committee. The Panel did not initially recommend funding the project, but subject to further work developing the project the Cabinet Committee reconsidered the project under the second tranche of SCIF funding.

£3.75 million. The Welsh Government has agreed with Igloo Regeneration, and through it with British Steel Pension Trustees, that this overage payment should be converted from a cash payment to a rent reduction. Under a further deed of variation, the overage reduced the rental liabilities of the Welsh Government by £178,850 per annum. The Welsh Government took this decision because of the revenue risk it is carrying, given that it had agreed a longer lease with Igloo Regeneration than it had agreed with the BBC.

13. In entering into the lease agreement with Igloo Regeneration, the Welsh Government acknowledged at the time that these arrangements exposed it to a potential liability of around £760,000 because it did not, at that time, have any tenants for GloWorks. The Welsh Government also acknowledged the risk that BBC Wales could exercise its break clause, albeit with penalty payments, potentially leaving the Welsh Government without a sub-tenant to help meet the total costs of its rental agreement. As of July 2014, GloWorks had two tenants, both creative sector industries, and the building was 80 per cent occupied.
14. It is not possible at this time to put a value on the Welsh Government's liabilities, should it not achieve full occupancy of GloWorks. As stated above, the final rental costs are determined by the final construction costs, which have not as yet been agreed between the Welsh Government and Igloo Regeneration. As at August 2011, the Welsh Government was estimating that the final annual rent for the two buildings will be below the initial forecast of £2.1 million.
15. Pending agreement of the final rent with Igloo Regeneration and British Steel Pension Trustees, to date the Welsh Government has received rental income of £4,393,459 and made payments of £4,326,192. These figures do not include any payments for GloWorks, nor do they include any income from that building as the current tenants have the benefit of a initial commercial rent free period.

Yr Adran Iechyd a Gwasanaethau Cymdeithasol
Department for Health and Social Services
Prif Swyddog Nyrsio - Cyfarwyddwr Nyrs GIG Cymru
Chief Nursing Officer - Nurse Director NHS Wales



Llywodraeth Cymru
Welsh Government

Our ref: JW/PAC/012015

Darren Millar, AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff CF99 1NA

30 January 2015

Dear Mr Millar,

UPDATE TO PUBLIC ACCOUNTS COMMITTEE ON INQUIRY INTO HOSPITAL CATERING AND PATIENT NUTRITION

I am pleased to provide an update to the Committee on progress that has been made on the inquiry on hospital catering and patient nutrition which was requested by Tuesday 3 February 2015. This follows on from the last time the issue was discussed by the Committee on 20 May 2014. We understand that the Wales Audit Office will be following up on the recommendations made to the Health Boards on hospital catering and patient nutrition as part of their local programme of audit work in 2015.

This update therefore provides context to the work undertaken on the seven original recommendations from the Committee as well as clarifying issues that have arisen during the course of your scrutiny.

Recommendation1:

We recommend that the Welsh Government issues supplementary guidance to all NHS bodies in Wales clearly stating that the protected meal times policy should not be used to exclude relatives and carers from providing assistance with eating to patients, and that where relatives and carers wish to assist at mealtime that they are actively encourage to do so by ward staff.

A Chief Medical Officer/Chief Nursing Officer circular entitled 'Hospital catering and food provision' was sent to all NHS provider organisations in 14 March 2012. This communication provided additional information and clarification on the protected meal



times policy and on providing patient information, specifically the WAO publication 'Eating Well in Hospital – What You Should Expect'

The section on protected meal times includes the following statement:

"We would like to emphasise that the protected meal times policy should not be used to exclude relatives and carers who wish to provide assistance with eating at meal times. In fact where relatives and carers wish to assist, they should be actively encouraged to do so."

The matter has also been discussed by the Chief Nursing Officer with the Nurse Directors to reinforce the message contained within this circular.

Welsh Government has evidence of compliance with the protected meal time policy through the annual Fundamentals of Care audit. In the 2014 audit, which gathered data in October and November 2013 and is published in June 2014, a specific question was included that refers to the policy:

'Is there a system in place to allow family/friends to assist with meal times?' Results of this audit showed 87% of areas had systems in place.

The eating and drinking section of the audit also asked patients *'Throughout your stay, how often did you feel that you were given help with feeding and drinking if you needed this?'* Results from this patient experience question indicated 93% were happy with the level of support they received.

Recommendation 2:

We recommend that the Welsh Government ensures that Local Health Boards provide the Wales Audit Office guidance note 'Eating Well in Hospital – What You Should Expect' to every hospital patient in Wales at the point of admission.

In the Chief Medical Officer/Chief Nursing Officer circular entitled 'Hospital catering and food provision', sent to all NHS provider organisations in 14 March 2012 there is specific reference made to providing all patients admitted to hospital with the WAO publication 'Eating Well in Hospital – What You Should Expect'. The circular provided information about accessing copies of the leaflet and included a link to the WAO website where the leaflet could be downloaded:

<http://www.wao.gov.uk/news/eating-well-hospital-what-you-should-expect>

Recommendation 3:

We recommend that the Welsh Government takes action to ensure that the progress of NHS organisations in delivering their own action plans is rigorously monitored and made publicly available.

The NHS organisations' respective actions plans have been implemented in the intervening years since the recommendations were made in 2011 and progress was monitored by Welsh Government during this process, as previously reported to Committee. While responsibility to ensure the actions are fully embedded in practice rests with the NHS organisations, on-going compliance with the standards occurs through a variety of mechanisms including the Healthcare Inspectorate Wales inspections; quality and delivery meetings; and national audits.

Recommendation 4:

We recommend that the Welsh Government monitors the progress of NHS bodies in delivering its guidance, including sourcing local food which contributes to a healthy balanced diet for patients where possible.

The All Wales Nutrition and Catering Standards for Food and Fluid Provision for Hospital Inpatients were introduced in 2011 and the All Wales Menu Framework was launched by the then Minister for Health and Social Services on 31 January 2013 to implement the standards and ensure an all Wales approach. There is a focus on meeting the needs of vulnerable patients and those at risk of malnutrition.

Food procurement is the responsibility of NHS Shared Services and a dietician's post has been funded within Shared Services to support healthy food procurement.

Standard 9 of the Fundamentals of Care standards relate to eating and drinking. The National Fundamentals of Care Audit report published in June 2014 indicated 89% of patients reported that they always or usually felt that they were provided with nutritious food and snacks throughout their stay while 94% of patients reported that they were always or usually provided with fresh drinking water and plenty of drinks when they needed them. 93% of patients stated that they were always or usually given help with feeding and drinking if they needed. A number of areas of good practice were noted:

- Patients are given assistance to achieve a comfortable position prior to mealtimes
- Bed and communal areas are made clear and tidy in preparation for meals
- Patients are given assistance to use the toilet and wash hands before meals
- Food and fluid charts are kept up to date

The spot checks ordered by the Minister for Health and Social Services following publication of the Trusted to Care report, included assessment of whether older patients are being kept hydrated. The spot checks into adult in-patient care on 70 wards in 20 hospitals completed in the summer found no systemic failures but some areas where improvements could be made, for example, ensuring that water jugs are changed 3 times daily. The second phase of the spot checks undertaken in November and December 2014 in 25 elderly mentally ill in-patient areas included assessment of whether people's basic healthcare needs are being met in relation to dietary and fluid intake. This second phase will report in early 2015. Good practice from both phases of spot checks will be incorporated into a new toolkit being developed in partnership with the 1000 Lives Service Improvement team that will enable front line NHS staff to drive local improvement activities. It is planned that the toolkit will be issued for use by organisations by April and its subsequent use by frontline staff will be supported by their local service improvement leads.

In response to one of the recommendations from the Trusted to Care report, a national campaign on the importance of hydration based on the 'drink a drop' initiative in Cwm Taf University Health Board is in the early development stage and will be run from March 2015. The campaign is being organised through the 1000 Lives service improvement team which has previous experience of running such health campaigns. The campaign sets out to encourage health staff as well as family/carers to offer a small drink during each patient contact for those patients able to take oral fluids. This campaign is a practical way to embed the standard around good hydration into everyday practice. The campaign developers are considering how this campaign could expand beyond hospital settings, as the principle of good hydration equally applies to those people receiving care in residential care settings.

Healthcare Inspectorate Wales has a rolling programme of Dignified and Essential Care Inspections, which includes assessment of nutrition and hydration of patients. The frequency and scope of inspections has significantly increased in 2014/15. Welsh Government officials meet HIW on a monthly basis and themes arising from inspections are discussed. All reports from the inspections are posted on the HIW website and these provide a summary of noteworthy practice as well as areas identified for improvement. During 2014 there were several examples of DECI inspection reports that specifically referred to nutrition and hydration, for example an inspection in June 2014 to Ward 4 (medical ward) at Prince Philip Hospital identified the following area of noteworthy practice: the appointment of a dedicated nutrition lead nurse on the ward who liaises with hospital catering services regarding special diets.

In addition to reflect the concerns and recommendations of the Francis Enquiry report for the first time during their annual Hospital Patient Environment programme of visits in 2013 the Community Health Council (CHC) teams commented on the availability of and assistance with hydration in hospital wards. The 2013 report commended Health Boards for ensuring that patients have access to fresh water and the assistance they need to keep hydrated. This is an important message coming from an independent CHC report.

The CHCs have a rolling programme of visits to clinical areas, which focusses on fundamentals of care, which includes nutrition and hydration, and seeks the experience of patients receiving care. Feedback is provided to the NHS organisations but can be escalated to HIW or Welsh Government if there are serious concerns.

There is a consultation underway to review the Health Care Standards for NHS Wales (2010) and the Fundamentals of Care (2003) standards (explicitly refers to nutrition and hydration), with a view to producing one integrated set of standards for publication in April 2015. The monitoring/inspection regime by Healthcare Inspectorate Wales and Welsh Government will be revised in line with these new standards.

The NHS look to source local food as far as possible. A large proportion of the expenditure on food is managed by NHS Wales Shared Services Partnership – Procurement Services (NWSSP-PS) where 31 contracts are contracted and managed. These are supplemented by collaborative arrangements with the NHS. The value of these purchases, when the original information was provided in 2012 as part of the public sector food procurement survey, totalled approximately £10.1m per annum, of which around £7.7m is British produce. Of the UK figure of £7.7m approximately £567m is produced in Wales.

Recommendation 5:

We recommend that the Welsh Government provides us with details of how and when we can expect waste reduction targets to be met.

Progress of reducing food waste from patient meals

NHS Wales has met the overall target not to exceed 10% wastage of untouched meals. This was introduced in response to a recommendation in the 2011 WAO report. The data collected for EFPMS in 2013-14 shows that the average wastage of untouched

meals is 8.1%. At the major acute hospitals the average wastage of untouched meals is 5.6%. A number of other actions to reduce and monitor untouched waste are being actively pursued. By all Welsh NHS bodies including changes to the ordering process including the timing and size of portions etc. WAO will follow this up when they review the local recommendations in the 2011 WAO report on hospital catering in March 2015.

For example, Abertawe Bro Morgannwg University Health Board has signed a Hospitality and Food Services Agreement with the Waste Resources and Action Programme (WRAP). The Health Board is currently scoping a support project to look at reducing hospital food waste. This will look at options around patient meal ordering systems, menu planning and staff awareness and engagement.

In terms of actions to reduce other aspects of food waste, including production and plate waste there was a food waste pilot study undertaken at Llandough Hospital in February 2014. The purpose of the study was to look at how food waste practices could be improved across NHS Wales. Although the pilot was only at the one site for one day it provided sufficient data for the Welsh Government to consider the merits of taking it forward across NHS Wales.

An Outline Business Case (OBC) has been developed by NHS Wales Informatics Service and NHS Shared Services Partnership – Specialist Estate Services (NWSSP-SES). The OBC looks to consider a National Catering IT Solution for all of NHS Wales and builds on the work already being done by Aneurin Bevan University Health Board.

The National Catering IT Solution is intended to address many of the recommendations in the 2011 WAO report including cost variations, meal subsidies and food waste. By using the IT Solution to monitor meal preferences (for patients and non-patients), share standardised recipes and only accessing stock for the exact quantity of ingredients required, practices can be updated and aligned and wastage to reduce. Ordering closer to mealtimes through the use of mobile technology linked to the IT Solution will help improve patient satisfaction levels and also reduce food wastage.

The common theme when developing the OBC was that sites across the UK with different catering systems had all made financial savings as a result of implementing an electronic catering system in terms of the cost of provisions, staff efficiencies and non patient catering. The draft OBC is currently with NHS bodies for their validation and support before being formally submitted to Welsh Government.

Food waste disposal and engagement with local authorities

As part of their scrutiny the Committee has raised concerns about the way food is disposed of. This included the potential for collaboration with local authorities. NWSSP-SES has had a number of meetings with the Welsh Local Government Association (WLGA) around better collaboration between local authorities and NHS Wales. This work is being progressed.

The Minister for Health and Social Services has also asked officials from the Department of Health and Social Services and the Department for Natural Resources and Food to look at the potential for increased collaboration with local authorities. Meetings have been arranged to take this forward and the first meeting was on 15 January 2015.

The Environment Bill White Paper included a number of proposals which would have a major effect of food waste segregation, monitoring and disposal. The proposals support the Welsh Government's policy to maximise the amount of food waste separately collected and sent to anaerobic digestion for energy generation and high quality fertiliser. One proposal is to ban the disposal of food waste from non-domestic premises (including public sector premises) to sewer. The Committee may recall that when we gave evidence on 6 February 2014 the food waste digesters at Velindre NHS Trust and Hywel Dda Health Board were highlighted as best practice at the time. However, it is likely that the proposed Environment Bill provisions will ban the disposal of food waste to sewer (including the output of technologies such as food waste digesters). This has implications for NHS bodies planning food waste disposal which will need to be considered.

Recommendation 6:

We recommend that the Welsh Government takes action to ensure food ratings are displayed publicly in all hospitals in Wales.

95% of hospitals in Wales have a good or very good food hygiene rating. Officials from the Welsh Government and the Food Standards Agency, the non-Ministerial Government Body with UK-wide responsibility for food safety and consumer information have held a number of meetings with hospital catering managers and local authority representatives to discuss the display of food hygiene rating scheme stickers in hospitals and wider food related matters. The first meeting revealed that there was a need to promote a consistent approach on the display of hygiene ratings in hospitals.

There was little support for putting food hygiene rating stickers on every ward door, on the grounds of practicality for both the hospital and local authorities. Hospitals confirmed that they would prefer to display their food hygiene rating stickers at their main public entrances, main reception desks and on their information boards in hospital reception areas. Recent feedback has confirmed that generally hospitals are now finding appropriate places to display their hygiene rating stickers but there were still some examples of varying approaches of where to display. The Food Standards Agency (FSA) and the Welsh Government are continuing to work with hospitals to address any remaining issues concerning the display of rating stickers.

The hospital catering managers found these meetings helpful and this led to wider discussions around food safety. Some hospitals had a number of separate registrations for their food businesses e.g. staff canteen, main kitchens and ward kitchens. There was an overall consensus that hospitals would benefit by moving to one registration for their food business. This would exclude other food businesses operating on hospital grounds, coffee chains etc. The Food Standards Agency, local authorities and hospitals will work to this principle in future.

Local authorities are responsible for the enforcement of food safety and food standard controls on food products and inspect food premises including hospitals to check compliance with food law. Health Boards have to work with different local authorities depending on where their hospitals are located. Some concerns were raised about local authorities delivering a consistent approach and hospital catering managers identified occasional inconsistencies particularly around approaches to record keeping.

It was agreed that local health boards in Wales could benefit from forming a primary authority partnership in relation to food hygiene compliance. The Better Regulation Delivery Office (BRDO) operates a Primary Authority Scheme, which offers organisations the opportunity to form a legally recognised partnership with one local authority, which then provides robust and reliable advice for other councils to take into account when carrying out inspections or dealing with non-compliance. The nomination of one local authority to act as the primary authority establishes a consistent approach on advice, inspection and enforcement. Large food businesses such as Tesco, Sainsbury's and Iceland take advantage of the Scheme. This approach provides consistency in advice that the Health Board receives, and a consistency of approach to registration and inspection between health facilities within the Health Board's area.

In Wales, Aneurin Bevan University Health Board was the first health board to take this approach when it formed a Primary Authority partnership with Monmouthshire County Council. So far it is the only Health Board to have formed such a partnership although Betsi Cadwaladr University Health Board is currently exploring a Primary Authority Scheme with Flintshire and Wrexham County Borough Councils.

The Director General for Health and Social Services has recently written to all Chief Executives of Local Health Boards to encourage them to consider the Primary Authority Scheme run by the Better Regulation Delivery Office (BRDO). BRDO will be providing a training event shortly for hospital catering managers to advise how the Primary Authority Scheme works and to further encourage take-up of the scheme.

Recommendation 7:

We ask that the Accounting Officer provides us with a plan of how and when the Welsh Government and Local Health Boards will have made the improvements recommended by the Auditor General.

Welsh Government officials have provided WAO with an updated plan to demonstrate progress against the Auditor General for Wales' recommendations to Welsh Government in the March 2011 report.

WAO have also asked Welsh Government to consider the recommendations for the Health Boards. This would be to highlight any action on the recommendations that has been taken forward centrally by the Welsh Government. We have also been asked for suggestions on any specific issues that could be looked at when WAO carry out their wider follow up work with the Health Boards.

Considerable improvements have been in addressing the improvements recommended by the Auditor General. Additional work is being progressed.

E-learning

The e-learning training package in the use of the All Wales Nutrition Care Pathway and All Wales Food Record Chart was introduced in September 2011. The packages include the Nutritional Screening and Food Chart e-learning module and the Fluid Chart e-learning module. 5333 members of staff had completed these modules by the end of December 2013. The e-learning modules were placed on a new 'Moodle' site in 2014 and 1292 members of staff have completed the modules in 2014.

In total, therefore, 6625 members of staff have completed the nutrition e-learning modules. Health Boards continue to encourage staff to complete the programme and 'shared' e-learning sessions are being held to enable group learning and discussion. This equates to roughly a third of all grades of nursing staff deployed on hospital wards.

The e-learning modules have also been made available to non medical health care students to complete during their pre-registration training.

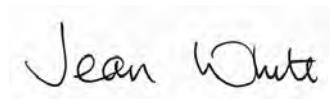
E-learning modules have been developed to address poor compliance with statutory and mandatory training across a number of NHS bodies. Over the last 18 months, there has been a significant increase in the use of e-learning materials as a means to complying with statutory and mandatory minimum levels of competence. This increased use of e-learning has also resulted in increased dissatisfaction with regards to access, processes, usability and quality of learning.

In order to address these issues, a Technology Enabled Learning Strategy (TEL) was developed with the engagement of the NHS Wales workforce community. It was agreed by the NHS Wales Directors of Workforce and Organisation Development (Sept 2014) that the TEL strategy would be managed by the NHS Wales Shared Service Partnership (NWSSP) Workforce Information Systems (WfIS) Team and short term funding was provided by Welsh Government to support the TEL programme of work which included the following:

- **Development of e-Learning** – a process has been drafted that effectively manages the development of e-learning from the identification of a need through to sign off by the sponsor.
- **Governance** – A new governance structure has been established to ensure e-learning is appropriately supported, developed, targeted and utilised across organisations.
- **Prioritisation** - A streamlined process has been developed to prioritise e-learning requirements across NHS Wales.
- **Quality Assurance** – Accredited e-learning development and quality assurance programmes were commissioned to up-skill e-learning leads across organisations and enable capacity for the ongoing development of e-learning programmes.
- **Standardisation** - Articulate e-learning software licences were procured and provided to e-learning leads along with training on how to use the software. This enabled e-learning programmes to be developed on a "Once for Wales" basis removing duplication and providing standard learning objectives, refresher periods and targeting of e-learning to staff groups.
- **Competence Assessment** – An assessment strategy was developed in partnership with WfIS and Skills for Health. This assessment strategy enabled the development of question banks so competence to be awarded to the learner making repeat training unnecessary.

- **Reporting** – An interim workaround developed by WfIS in the form of a ‘bridge’ between Learning@NHSWales and ESR has proved unreliable so an alternative solution has been agreed by WfIS and the DH ESR team which will involve a weekly upload of competences into ESR. This is a short term solution as ESR 2 will provide a national e-learning system which will allow automatic updating of competence on successful completion of e-learning.
- **Portability** - Standardisation and competence assessment means portability can now be achieved. Employees moving across NHS Wales organisations will no longer be required to undertake unnecessary repeat training as the competence and validity of training will travel with the individual.
- **Accessibility** – In addition to the NHS Wales workforce, access to e-learning materials hosted on Learning@NHSWales is now available to primary care, local government and the voluntary and education sectors. Undergraduates in Wales universities are also able to access statutory and mandatory e-learning modules as well as the IQT module and other health related e-learning.

Yours sincerely

A handwritten signature in black ink that reads "Jean White". The signature is written in a cursive style and is positioned above the typed name and title.

Professor Jean White
Chief Nursing Officer
Nurse Director NHS Wales

Eitem 5

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

Eitem 6

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon