

Public Accounts Committee

Meeting Venue:
Committee Room 3 – Senedd

Meeting date:
30 April 2013

Meeting time:
09:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Policy: Tom Jackson
Committee Clerk
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Agenda

1 Introductions, apologies and substitutions (09:00–09:05)

2 Motion under the Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

Items 3, 6 and 7 and the meeting on 7 May 2013.

3 Implications of the Public Audit (Wales) Bill – Consideration of correspondence from the Business Committee (9:05 – 9:30) (Pages 1 – 6)

4 The Procurement and Management of Consultancy Services – Evidence from Cardiff Council (09:30–10:15) (Pages 7 – 10)

Jonathan House, Chief Executive, Cardiff Council

Steve Robinson, Head of Commissioning and Procurement, Cardiff Council

5 Papers to note (Pages 11 – 20)

PAC(4) 12–13 – Paper 1 – Correspondence from the Auditor General for Wales – Response to action point from meeting on 18 April 2013

PAC(4) 12–13 – Paper 2 – Correspondence from Cardiff and Vale University Health Board – Private patients Accessing NHS Services

PAC(4) 12–13 – Paper 3 – Forward Work Programme

Minutes of the meeting on 18 April 2013

Minutes of the meeting on 23 April 2013

**6 The Procurement and Management of Consultancy Services –
Consideration of Evidence (10:15–10:20)**

**7 Grants Management in Wales – Consideration of draft concluding
report (10:20–11:00) (Pages 21 – 104)**

Agenda Item 3

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Mr Tom Jackson
Clerk of Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff

11th June 2013

Dear Tom

Re: The Procurement and Management of Consultancy Services, Committee Meeting 30 April 2013

Further to your letter of 31st May 2013, Jon House has asked me to provide the further information as requested.

North Wales Procurement Partnership

The North Wales Procurement Partnership initially put in place a Regional Property Consultancy Framework Agreement in August 2009, which covered mainly professional services involving design of property schemes. This particular framework agreement is currently being renewed with 3 Lots and a new framework award is expected around August 2013:

- **Lot 1 - North Wales**
- **Lot 2 – Mid Wales**
- **Lot 3 – South (East) Wales**

The North Wales Procurement Partnership (NWPP) formally came to an end on 1st June 2013, with staff being distributed to individual North Wales councils. The above Framework will be managed going forward by Gwynedd Council.

The North Wales Procurement Partnership during its lifecycle from 2008 until 2013 achieved the following cumulative savings - £2.4m (cashable savings) and £1.2m (cost avoidance savings), across a range of different category areas. This was against a cumulative cost of £1.5m for the operation of the NWPP between 2008 & 2013.

There are no current figures available regarding the savings having been obtained from the original Regional Property Consultancy Framework Agreement.

Good Practice in Consultancy and Procurement in South Wales

I have attached a Cardiff Council Case Study of the Cardiff Academy. It provides a brief overview of why the Academy was set up and benefits it has delivered to date.

The other good practice example to cite, and one that the Committee may already be familiar with is the Welsh Government's technical services consultancy framework which is available for use by the Welsh Public sector. This framework covers a range of construction related specialist consultancy services such as project management, planning, surveying, architecture, engineering, and Construction Design and Management as well as multi disciplinary lots to support major projects. The contract is now in its final year of operation and has delivered the following benefits:-

- Of the 90 suppliers across all lots some 70 had a significant Welsh footprint.
- The majority of suppliers have a local presence thereby reducing the travel and subsistence costs for commissions.

- A number of the suppliers are Welsh SMEs including a groundbreaking consortia of Welsh Micro businesses who have reported some significant contract wins.
- Lower rates than Government Procurement Service agreements.

The framework is predominately used by the Welsh Government but is also used by a number of local authorities including RCT, Powys and Cardiff. It has also been used across other sectors as well.

As set out above, Gwynedd Council is now leading the development of a Framework to replace the North Wales Procurement Partnership's Regional Property Consultancy Framework Agreement. In West Wales, Carmarthenshire Council are nearing the completion of their own West Wales collaborative framework for similar services. These national and regional frameworks should help ensure that the Welsh public sector achieves value for money should they need to secure these types of consultancy services. The Frameworks should also provide opportunities for Welsh based organisations to tender for work.

Once fully operational the National Procurement Service will be in a position to identify, develop, deliver and manage a wide range of frameworks for the Welsh public sector to ensure that value for money procurement is consistently delivered across Wales.

If you would like any further information, please do not hesitate to contact me.

Yours sincerely

Mr Steve Robinson
Operational Manager, Commissioning & Procurement
Cardiff Council

cc

Jon House – Chief Executive, Cardiff Council

Arwel Staples – Strategic Procurement Manager, Denbighshire County Council

Good Practice Example - The Cardiff Academy

Cardiff Council launched the Cardiff Academy in 2011 to bring together all generic Learning & Development activity across the Council into a single and integrated framework. The Cardiff Academy delivers policy and skill related training as well as courses leading to nationally recognised qualifications. It also develops leadership skills across the Council and takes the lead in the development of business skills. This approach provides the platform through which the Council builds capability and capacity for new ways of working managing and nurturing its talent

Situation before the Cardiff Academy

Before the creation of the Cardiff Academy training budgets were devolved to service areas, reporting showed that learning and development activity, training courses, seminars and post entry training were in most cases unplanned and carried out on an 'ad hoc' basis, 'just in time' or nice to have. There was limited visibility of the L&D spend to enable the Council to assess the value of the investment, the activities, Return on Investment (ROI), or evaluate the relevance of the activity against organisation direction, priorities or objectives.

The estimated Learning & Development spend for 2009/2010 was £2.5m. It should be noted that training procured directly by service areas and funded through other operational budgets are not always captured on reporting systems, consequently the actual training expenditure for the entire Council may be significantly higher than £2.5m. This £2.5m equated to approximately 2252 training places at £1110 per place and represents 19% of the workforce. The national median for staff development spend then stood at £220 per employee.

Benefits of the Academy Approach

The Cardiff Academy provides many benefits and opportunities for the reinforcement of 'One Council' and is helping break down barriers, providing all staff access to Learning & Development opportunities. Other benefits include:

- Higher levels of performance, providing greater value for money and higher standards of service delivery
- The ability to raise awareness and understanding of service improvement across the Council.
- Demonstrate a clear progression route for staff development, encouraging staff to improve their skills and performance
- Provide a transparent record on spend, enabling a more accurate analysis on ROI
- Clear evidence of staff development and capacity improvement
- Integration of generic development – Leadership, Management and Business skills for all levels
- Provide a systematic, planned route for development spend in line with the priorities and objectives

- Provide value for money in the procurement and delivery of development interventions
- Provide an opportunity to for stakeholders – Trade Unions, Service Area representatives and external partners to have input into the Council's development priorities.
- A focused approach on organisation direction and staff capability and capacity
- A fair and equitable means of accessing learning opportunities for all staff.

Cardiff Academy Programmes

The launch of the academy framework consolidated existing learning & development provision and the procurement of interventions. This has enabled higher volumes of the workforce to access development opportunities, both generic and professional, that are relevant to the needs and priorities of the Council.

The annual budget of the Cardiff Academy is £350,000 and provides a range of training and coaching courses. Two of the key training programmes are:

- The *Service Improvement Programme* has been developed to enable staff to understand service improvement and to provide them with the skills to drive continuous improvement, thereby reducing the requirement to employ consultants to deliver change. Around 280 staff receive this training annually with more than 200 of these obtaining qualifications at Foundation, Practitioner and Expert levels. Building service improvement capability across the Council.
- The *Cardiff Leadership Programme* was designed to meet the specific needs of the Council. It enables 42 staff per annum to acquire a CMI Level 5 Management & Leadership Qualification, there by supporting the development of future leaders within the Council.

In its first year the Cardiff Council Academy framework provided development opportunities to 17% of staff evidencing the maximisation of Learning & Development spend and providing visibility and accessibility to development opportunities for all staff.

The Future

There is potential for this model to be replicated across Wales. This would enable the Welsh public sector to evidence that they are improving the capability and skills of their workforces whilst delivering savings both in the reduced costs of providing the training but also in reducing the requirement to employ consultants to help deliver change.

June 2013



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Wales Audit Office / Swyddfa Archwilio Cymru

Date: 25 April 2013
 Our ref: HVT/1870/fgb
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Mr Darren Millar AM
 Chair of the Public Accounts Committee
 National Assembly for Wales
 Cardiff Bay
 Cardiff CF99 1NA

Dear Darren

PAC CONSIDERATION OF THE AGW'S REPORT ON THE PROCUREMENT AND MANAGEMENT OF CONSULTANCY SERVICES

At the conclusion of the Committee's 18 April evidence session on the *Procurement and Management of Consultancy Services*, you requested additional information on both the number of business cases and the number of single of tender actions for consultancy service projects that we identified from our examination of a sample of 93 contracts.

The following table summarises our findings in respect of the Welsh Government and the health and local government sectors:

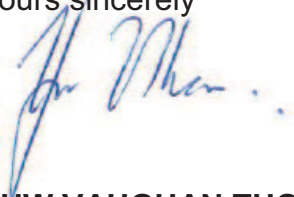
| | Percentage of contracts supported by a business case | Percentage of contracts let by single tender |
|-------------------------|---|---|
| Welsh Government | 30% | 22% |
| Health | 17% | 75% |
| Local Government | 12% | 8% |

All the projects we examined had been approved at an appropriate level. However, we judged that the majority were not supported by a business case that set out a clear justification for the project and met most of the good practice requirements set out in paragraph 3.12 of my report.

Date: 25 April 2013
Our ref: HVT/1870/fgb
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All of the projects we examined that were let by single tender were below European Union procurement thresholds and, therefore, were not unlawful. All of the Welsh Government's single tender procurements were signed off at an appropriate level and complied with its 'departures policy', which sets out the circumstances where standard procurement processes can be varied. However, most health and local government single tender procurements contravened internal regulations and/or standing orders, and included a number of projects that were approved retrospectively.

Yours sincerely



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Ysbyty'r Eglwys Newydd
Whitchurch Hospital

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Heol Parc, Yr Eglwys Newydd
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Eich cyf/Your ref:
Ein cyf/Our ref: AC-jb-04-2577
Welsh Health Telephone Network:
Direct Line/Llinell uniongychol: 02920 745681

Adam Cairns
Chief Executive

24 April 2013

Darren Millar AM
Shadow Minister for Health
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Dear Darren

Private Patients Accessing NHS Services

Following my appearance at yesterday's Public Accounts Committee, I am writing to clarify the position of patients who have sourced initial clinical opinion as a private patient and subsequently access NHS treatment.

Cardiff and Vale University Health Board has published discrete guidance for consultants on their private practice, which outlines clearly the position for those private patients who elect to access, or are referred for, NHS treatment.

I reproduce below the pertinent section of that guidance which I think makes clear that any patient who has accessed initial services in the private sector should not then be treated differently from a patient who has followed an NHS route. For ease, I have emboldened those points I consider of particular relevance to yesterday's discussion.

"3. The Referral of Patients between the NHS and Private Sector

3.1 A patient who chooses to be treated privately is **entitled to NHS services on exactly the same basis of clinical need** as any other patient.

3.2 Where the patient wishes to change from private to NHS status, consultants should help ensure that the following principles apply:

- A patient cannot be both private and NHS patient for the treatment of one condition, during a single visit to a NHS organisation. Any patient seen privately is entitled to subsequently change his or her status and seek treatment as an NHS patient. However, in certain circumstances, private patients admitted as an inpatient/daycase for an authorised procedure and length of stay may develop complications and the patient, if self funding, may have to revert to NHS status. Insured patients may be able to have additional authorisation for the extended length of stay and any further diagnostic/invasive tests or surgery required.

- Any patient changing their status after having been provided with private services should not be treated on a different basis to other NHS patients as a result of having previously had private status.
- Patients referred for an NHS service following a private consultation or private treatment should join any NHS waiting list at the point, as if the consultation or treatment had been provided through the NHS. Their priority on the waiting list should be determined by the same criteria as NHS patients.
- Should a patient be admitted to an NHS hospital as a private inpatient, but subsequently decide to change to NHS status before having received treatment, there should be an assessment to determine the patient's priority for NHS care.
- A private patient is legally entitled to revert to NHS status at any stage during treatment, though obviously this is discouraged and should only occur in exceptional circumstances. This may be as a result of an unforeseen change in circumstances, e.g. if a patient is admitted for a minor operation and is then found to be suffering from a different, more serious complaint. If a patient elects to change status they will be liable for all charges incurred to that point.
- Patients who change their status from private to NHS should have their clinical priority assessed and should not gain advantage over other NHS patients."

The important point to note is that, regardless of how and where a patient is initially seen, they should receive equitable treatment and be listed by the UHB at the most clinically appropriate stage of the relevant pathway, a decision which will be made based on the relevant clinical considerations. This could mean that the patient is listed directly for the appropriate treatment. It could, equally, mean that the patient is listed for another outpatient consultation prior to being listed for treatment.

In both scenarios, an RTT clock starts when the patient is listed which, as you know, means the UHB then has 26 weeks to treat the patient. Essentially, routine NHS treatment is scheduled on the basis of how long the patient has been waiting, with the starting point being the date the UHB received the referral. On this basis, there should be no discernible advantage in waiting time terms between a patient listed directly for treatment and one who has started the pathway as a new outpatient appointment.

I trust this information is helpful and clarifies our discussion from yesterday.

However, should you have any further queries, please do not hesitate to contact me.

Yours sincerely



Adam Cairns
Chief Executive

Draft Public Accounts Committee Forward Work
Programme: Summer term 2013¹

Thursday 18 April (9:30–12:30)

- 1. Introductions**
- 2. Consideration of advice from the Auditor General for Wales on issues arising from the Committee's report 'Progress in delivering the Welsh Housing Quality Standard'**
 - a. Members' consideration of advice
- 3. Procurement and Management of Consultancy Services**
 - a. Welsh Government– Michael Hearty and Value Wales
 - b. NHS Shared Services partnership
- 4. Motion to go into private session**
- 5. Procurement and Management of Consultancy Services**
 - a. Members' consideration of evidence

Tuesday 23 April (9:00–11:00)

- 1. Introductions**
- 2. The Consultant Contract in Wales**
 - a. Adam Cairns, Chief Executive, Cardiff and Vale University Health Board and Janet Wilkinson, Director of Workforce, Hywel Dda
- 3. Motion to go into private session**
- 4. The Consultant Contract in Wales**
 - a. Members' consideration of evidence
- 5. Grants Management**
 - a. Members' consideration of draft report

¹ Explanatory note from Clerk- in line with the PAC's discussions on the use of Thursdays, a meeting has generally been scheduled on approximately the third Thursday of each calendar month. Where possible, Thursday meetings have been scheduled to:

- enable the Committee to make effective progress with work;
- avoid clashes with the Finance Committee;
- minimise potential membership clashes with the Smoking Regulations committee; and
- minimise the impact of membership clashes with the Health and Social Care Committee.

Tuesday 30 April (9:00–11:00)

- 1. Introductions**
- 2. Correspondence from Business Committee**
- 3. Procurement and Management of Consultancy Services**
 - a. John House, Chief Executive Cardiff County Council
- 4. Motion to go into private session (including meeting of 7 May)**
- 5. Procurement and Management of Consultancy Services**
 - a. Members' consideration of evidence
- 6. Grants Management**
 - a. Members' consideration of final report

Tuesday 7 May (9:00–11:00)

PRIVATE MEETING

- 1. Consideration of correspondence from Wales Audit Office on the Welsh Government's subsidy of the North/South Wales Air link**
- 2. Consideration of support for Committee**
- 3. Consideration of potential work to seek updates on implementation of recommendations of previous Committee reports**
- 4. Forward Work Programme**
 - a. Members' consideration of Forward Work Programme
- 5. Civil Emergencies**
 - a. Members' consideration of draft report

Thursday 16 May (9:30–13:00)

- 1. Introductions**
- 2. Issues arising from findings of WAO report on Caldicot & Wentlooge Internal Levels Drainage report**
 - a. Natural Resources Wales tbc
 - b. General Manager of Caldicot and Wentlooge Levels Internal Drainage Board

- c. Former Clerk and Engineer of Caldicot and Wentlooge Levels Internal Drainage Board tbc
- d. Welsh Government

3. Motion to go into private session

4. Issues arising from findings of WAO report on Caldicot & Wentlooge Internal Levels Drainage report

- a. Members' consideration of evidence (12:50–13:00)

Tuesday 21 May (9:00–11:00)

1. Introductions

2. Issues arising from findings of WAO report on Caldicot & Wentlooge Internal Levels Drainage report

- a. Wales Audit Office tbc (9:00–9:45)
- b. Audit Commission tbc (9:45– 10:30)

3. Motion to go into private session

4. Issues arising from findings of WAO report on Caldicot & Wentlooge Internal Levels Drainage report

- a. Members' consideration of evidence (10:30–10:40)

5. Civil Emergencies

- a. Members' consideration of final report (10:40–11:00)

– – – Half Term – – –

Suggested dates for meetings in second half of term:

- Thursday 6 June²
- Tuesday 11 June
- Tuesday 18 June
- Tuesday 25 June
- Tuesday 2 July
- Tuesday 9 July
- Tuesday 16 July³

² Obviously, this is not the third Thursday of June. However, use of this date (rather than 20 June) is likely to minimise impact of a membership clash with the Health and Social Care Committee.

³ We haven't scheduled a Thursday meeting in July, as scheduling a Thursday meeting on either 4 July or 18 July would have a significant impact in terms of membership clash with the health and social care committee. It is also plausible that 4 July could be required by Finance Committee, as the Welsh Government has historically tended to lay its first supplementary budget of the financial year in late June/early July.

Anticipated work in second half of term:

- **Procurement and Management of Consultancy Services**
 - Members' consideration of draft and final reports
- **The Consultant Contract in Wales**
 - Members' consideration of draft and final reports
- **Issues arising from findings of WAO report on Caldicot & Wentlooge Internal Levels Drainage report**
 - Members' consideration of draft and final reports
- **Consideration of forthcoming Wales Audit Office reports, and further inquiries as considered appropriate by Members**
- **Visit to House of Commons' Public Accounts Committee**

Anticipated Publication of Committee reports:

| Inquiry | Evidence Sessions | Committee's consideration of draft report | Approximate publication |
|---|--------------------------|--|---|
| River Lodge Hotel | Completed | Completed | Late May (delayed due to legal concerns) |
| Grants Management | Completed | 23 April–30 April | Early June |
| Civil Emergencies | Completed | 7 May– 21 May | Late June |
| Procurement and Management of Consultancy Services | 18 April –30 April | Early June | Late June/Early July |
| The Consultant Contract in Wales | 23 April | Late June | Mid July/Summer recess |
| Issues arising from findings of WAO report on Caldicot and Wentlooge Internal Levels Drainage Board | 16 May–21 May | Early July | Summer recess |

Public Accounts Committee

Meeting Venue: **Committee Room 3 – Senedd**

Meeting date: **Tuesday, 23 April 2013**

Meeting time: **09: – 11:00**

This meeting can be viewed on Senedd TV at:

http://www.senedd.tv/archiveplayer.jsf?v=en_400000_23_04_2013&t=0&l=en

Cynulliad
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Wales



Concise Minutes:

Assembly Members:

Darren Millar (Chair)
Mohammad Asghar
Mike Hedges
Julie Morgan
Jenny Rathbone
Aled Roberts
Jocelyn Davies

Witnesses:

Adam Cairns, Cardiff and Vale University Health Board
Richard Tompkins, Welsh NHS Employers' Unit
Sue Fish, Hywel Dda Health Board
Janet Wilkinson, Hywell Dda Health Board
Thomas, Auditor General for Wales, Wales Audit Office
Matthew Mortlock, Performance Specialist. WAO
Usher, Wales Audit Office
Malcolm Latham, Wales Audit Office

Committee Staff:

Tom Jackson (Clerk)
Daniel Collier (Deputy Clerk)

1. Introductions, apologies and substitutions

- 1.1 The Chair welcomed Members and members of the public to the meeting.
- 1.2 Apologies had been received from Gwyn Price.

2. Consultant Contract in Wales: Progress with Securing the Intended Benefits – Evidence From the Health Board

2.1 The Chair welcomed Adam Cairns, Chief Executive, Cardiff and Vale University Health Board; Janet Wilkinson, Director of Workforce, Hywel Dda Health Board; Dr Sue Fish, Medical Director, Hywel Dda Health Board; and Richard Tompkins, Director, Welsh NHS Employers' Unit.

2.2 The Committee questioned the witnesses.

Action points:

Cardiff and Vale University Health Board:

- Further information on an advert in Bristol Airport promoting private practices at Cardiff and Vale University Health Board;

Cardiff and Vale University Health Board and Hywel Dda Health Board agreed to provide:

- Clarification on the GP to consultant process to fast-track patients on NHS waiting lists in Cardiff and Vale University Health Board and Hywel Dda Health Board.

3. Papers to note

3.1 The Committee noted correspondence from the WCVA on Grants Management and the Welsh Government's response to action points from the meeting on 19 March 2013.

4. Motion under the Standing Order 17.42 to resolve to exclude the public from the meeting for the following business

5. Consultant Contract in Wales: Progress with Securing the Intended Benefits – Consideration of evidence

5.1 The Committee discussed the evidence received on Consultant Contract in Wales: Progress with Securing the Intended Benefits.

6. Grants Management in Wales – Consideration of Draft Report

6.1 Julie Morgan declared an interest in Grants Management in Wales as her husband was the former First Minister for Wales with overall responsibility for Grants Management during periods highlighted in the draft report and excluded herself from participating in proceedings.

6.2 The Committee commented on its draft report on Grants Management in Wales and would consider it further at a forthcoming meeting.

TRANSCRIPT

View the [meeting transcript](#).

By virtue of paragraph(s) vi of Standing Order 17.42

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