

Dr Dai Lloyd AM  
Chair, Health, Social Care & Sport Committee

Llyr Gruffydd AM  
Chair, Finance Committee

8 January 2020

Dear Committee Chairs,

### **Ministerial Direction – NHS pension arrangements for 2019/20**

As you are aware, on the 18 December 2019, the First Minister issued a Ministerial Direction to the Permanent Secretary – the first of its kind in Wales since devolution.

The First Minister and the Permanent Secretary wrote to the Public Accounts Committee, Finance Committee and the Health, Social Care and Sport Committee advising us of the direction and some of the context within which the direction was issued. We were also all in receipt of detailed advice from the Auditor General for Wales, dated 6 January 2020, setting out the nature and purpose of Ministerial Directions, suggested handling by the National Assembly and potential lines of inquiry Assembly Committees may wish to pursue.

The Public Accounts Committee considered this correspondence at its meeting on 6 January 2020. Given this is the first Ministerial Direction issued in Wales the Committee agreed it was important to examine the process in more detail and question the Permanent Secretary, as Principal Accounting Officer, on her role and seek her views on the governance arrangements surrounding the procedure.

The Committee intends to use this session to ascertain how Ministerial Directions are triggered and the thresholds involved in terms of decisions being escalated,



and in this instance the communication between the Welsh Government and Whitehall. We also want to establish whether any consultation was undertaken with HMRC either at UK Government level, Welsh Government or both. We will also take the opportunity to explore the handling of future Ministerial Directions and establish whether there are any lessons to be learned from this occasion.

The Committee agreed to hold a scrutiny session with the Permanent Secretary to discuss these matters in early February and will also be writing to HMRC seeking their views on the recent Ministerial Direction to establish whether the approach taken complies with tax rules and legislation.

However, given that the Public Accounts Committee's remit does not extend to policy or budgetary issues, I am asking that you consider scrutinising the relevant Ministers on the policy and budgetary implications of the Ministerial Direction as part of your forthcoming budget scrutiny sessions.

In this context, you may be interested in our recent work on Out of Hours Services where we raised concerns about the impact of GP Tax and Employment status on Out-of-Hours Services and the unexpected costs to Health Boards associated with this. Our findings are set out in our report on [Primary Care Out-of-hours Services](#).

I trust you will find this useful.

Yours sincerely,



**Darren Millar AM**  
**Chair (Temporary)**

