

Public Accounts Committee

Meeting Venue:
Committee Room 2 – Senedd

Meeting date:
16 May 2013

Meeting time:
09:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Agenda

1. Introductions, apologies and substitutions

2. Issues arising from the findings of the Wales Audit Office report 'Caldicot and Wentlooge Levels Internal Drainage Board' (9:00 – 12:35) (Pages 1 – 33)

Welsh Government (9:00 – 10:00)

Gareth Jones, Director General, Sustainable Futures, Welsh Government

Natural Resources Wales (10:00 – 10:50)

Emyr Roberts, Chief Executive, Natural Resources Wales

Break (10:50 – 10:55)

Caldicot and Wentlooge Levels Internal Drainage Board and the Association of Drainage Authorities (10:55 – 11:45)

PAC(4) 14–13 – Paper 1

PAC(4) 14–13 – Paper 2

Richard Penn, General Manager, Caldicot and Wentlooge Levels Internal Drainage Board

Dr Jean Venables, Chief Executive, Association of Drainage Authorities

Former Clerk and Engineer of Caldicot and Wentlooge Levels Internal Drainage Board (11:45 – 12:35)

Dean Jackson-Johns, Former Clerk and Engineer, Caldicot and Wentlooge Internal Drainage Board

3. Papers to note (Pages 34 – 37)

PAC(4) 14-13 – Paper 3 – Response to action point from the Public Accounts Committee meeting on 23 April from Hywel Dda

Minutes from the previous meeting.

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

Item 5.

5. Consideration of evidence on Caldicot and Wentlooge Levels Internal Drainage Board (12:35 – 13:00)

**Public Accounts Committee
PAC(4) 14-13 – Paper 1**

Supporting statement to the National Assembly for Wales Public Accounts Committee on 16 May 2013

Caldicot and Wentlooge Levels Internal Drainage Board, 2010/11 Accounts - Wales Audit Office Report in the Public Interest

This statement is intended to assist the Public Accounts Committee with its inquiry into the findings of the Wales Audit Office Report in the Public Interest (October 2012) following its review of the 2010/11 Accounts of the Caldicot and Wentlooge Internal Drainage Board. It supports the oral evidence that will be provided by Richard Penn, Clerk General Manager of the Board at the meeting of the Committee on 16 May 2013.

The Public Interest Report set out findings following the WAO's long investigation into concerns brought to its attention in its capacity as the external auditor of the Drainage Board. The overall conclusions and recommendations in the Report related to the Board's operations between 2003 and 2011, and with regard to land values since 1992. During the investigation all relevant documentation (including minutes of all meetings, supporting working papers for financial transactions and all internal audit reports carried out by Newport City Council) were provided to the WAO, but it is a fact that all this documentation had already been made available to the WAO auditors during the external audit process that takes place each year. Many of the detailed issues covered in the document were only highlighted by the WAO as a result of its investigation following the 'whistle blowing' allegations during 2011, despite the fact that the WAO had carried out an annual audit (at a not inconsiderable cost to the Board) since at least 2003/04. The Board was very concerned that any concerns by the WAO about these issues had not been followed up in subsequent audits as a way of checking that they had been dealt with by the Board. Organisations like IDBs which, by their very nature, are small in size and focussed on the operational side of their role, rely heavily on the regular external annual audit programme to ensure their financial and governance probity. The Board does not have the capacity to undertake the necessary work internally and it did seem grossly unfair to Board members that the CWLIDB should be subject to such a negative report by the same organisation that has been responsible for its routine annual audit programme. The view was that the detailed criticisms of deficiencies and shortfalls should have been made as part of the annual audit programme rather than be dealt with only following 'whistle blowing' allegations.

The Caldicot and Wentlooge Levels IDB, like all other IDBs, is a 'public body' under the provisions of the Land Drainage Act 1991. IDBs are unusual as public bodies for a number of reasons:

- they have a long history prior to becoming public bodies in 1991. Most IDBs have been in existence in one form or other for centuries and have the fundamental quality of local cooperative working to address common local drainage and water management problems

- they are essentially self-funding. For the purposes of rating, properties are divided into ‘agricultural land and buildings’ and ‘other land’ (such as domestic houses, factories, shops etc.). A drainage rate is collected from the former whilst occupiers of all ‘other land’ pay Council Tax or Non-Domestic Rates to the relevant local authority through a ‘Special Levy’. The Board, therefore, only demands drainage rates direct for agricultural land and buildings. The collection of the drainage rate from ‘other land’ is in fact a streamlining mechanism for collecting the drainage rate and is not actually a payment from the local authority’s own financial resources
- unlike other public bodies IDBs do not receive any Grant in Aid or other similar funding from either the UK or the Welsh Government
- IDBs are characteristically small in size, particularly with respect to non-operational and support staff, offices and administrative support. CWLIDB employs only two people in its financial/resource management function and they perform more general administrative roles as well
- the governance of IDBs is carried out by Board members who are volunteers receiving no remuneration. Whilst this is no reason to excuse failings in governance it does merit consideration when drawing comparisons with other public bodies, such as local authorities, whose members receive substantial payment, allowances and staff support
- IDBs have in the main had their ‘public body’ roles and responsibilities superimposed on an existing structure and operation, which is in stark contrast to the majority of public bodies which have been set up or established specifically for their purpose.

The Board contends that all of these features of IDBs justify a more understanding and sympathetic approach to their audit as public bodies. Any audit review should consider the CWLIDB in the context generally of other IDBs in the UK and in particular its unusual characteristics as a public body. It is not objective or balanced to make comparisons with other much larger and much better resourced public bodies in Wales.

It was difficult for the Board to accept the conclusion that CWLIDB has not been delivering value for money. During a period when many parts of Wales and the UK have suffered significant flooding this Drainage District has remained unaffected. This is a remarkable record given the nature of the District and the surrounding catchment, large areas of which have been the subject of major industrial and residential development in recent decades, all significantly adding to the risk of flooding. The Board believes that the review has not assessed this true measure of the Board’s effectiveness as well as its accountability to the people living on the Gwent Levels. All of the local communities and the local business and industrial infrastructure have been very well-served so far as drainage and water level management is concerned throughout a particularly challenging period.

The nature of the Board's structure and its operational arrangements has contributed significantly to this successful track-record, as land owning and other relevant interests have had direct control over the operation of the Board at the local level. It may be correct to question the large number of Board members, and the Board accepts that reform of its structure is inevitable, but it has ensured that all interests have been directly involved and that the Board's operational work has been accountable to those directly affected.

However, the Board accepted without reservation the findings set out in the Wales Audit Office Report, and publicly acknowledged that there had been significant and unacceptable failings in the way the organisation was governed and managed in the period prior to 2011. In its response to the Report the Board emphasised that the organisation that was described in the Report was very different from the current organisation. The four managers involved in the conflict that is highlighted in the Report have all left the Board's employment, the Board itself is significantly changed in terms of its membership (and with a new Chair), the processes and procedures (both operational and in terms of governance) are very different as a result of the work carried out by myself as the Interim General Manager with others in the period from August 2011 to the Report's publication in October 2012 work. With unwavering support from the Board and the staff who remained significant progress was made towards the objective I set out of ensuring that the organisation would be a 21 Century organisation that is 'fit for purpose'. Yet, despite a number of references to positive changes over the 12 months to October 2012, the Report still gave an overwhelming impression that the organisation is currently very badly managed, very poorly governed and not 'fit for purpose'. This is not correct and was particularly of concern as the Board was at that time in the middle of a consultation process by the Welsh Government about its future. I did request when I saw the draft Report that it should reflect much more accurately and positively the current state of play, the changes that had already taken place and the Board's commitment to continuing and completing its improvement programme as quickly as possible. There has been a radical and comprehensive reform of the Board's governance, business planning, financial management and employee reward and management arrangements that is scheduled for completion in the near future. However, few changes were made to the draft report to reflect this.

In addition to the points made above the Board believed that there was a strong case to be made for not issuing the Report 'in the public interest', based in particular on the following factors and considerations:

- there are no similar or equivalent public bodies in Wales which would be likely to benefit from the type of issues raised and 'lessons to be learnt' from this audit report
- many of the incidents and admitted failings identified in the draft document relate to the period around 2009/10 and before, and as indicated above, these have little or no direct relevance to the current situation
- the IDBs wholly or partly in Wales are currently the subject of a Welsh Government consultation in respect of their future management. It would be highly inappropriate if a historical review such as that represented in the draft consideration document played a key part in determining the future of an organization that should be assessed instead on its current state of 'fitness for purpose'.

The Board did not wish to minimise or to hide the criticism of its past governance and performance, and had formally resolved to place the final report in the public domain as an alternative to its publication ‘in the public interest. However, the Appointed Auditor concluded it should be published ‘in the public interest’

Since the publication of the Report the Board has continued with the programme of organisational improvement that had started in August the previous year. At its meeting on 15 October 2012 the Board resolved:

‘That recommendations R1 to R3 of the Wales Audit Office Report be accepted, and that with regard to recommendation R3 a standing item be included on the agenda for future Board meetings every two months: “To review progress against actions arising from the Wales Audit Office Report”’.

In line with Recommendation 1 above the first bi-monthly progress report was on the agenda for the Board meeting on 17 December 2012. A copy of the latest progress report that was on the agenda for the Board meeting on 15 April 2013 is attached for information showing the significant improvements that are now in place.

Recommendation 2 of the Report required the Board to commission an independent review of progress with the improvement programme to be carried out in October 2013, 12 months after the Report was published, to assess the impact and effectiveness of the programme. Arrangements are in hand to procure an independent organisation to carry out this review.

Finally, it may be of interest to members of the Committee to know how the Board sees the future for itself and the other IDBs wholly or mainly in Wales. A Welsh Government consultation last year set out options for the future delivery of IDB functions in the context of the Welsh Government’s ‘Living Wales’ agenda, the creation of the new single environmental body Natural Resources Wales and the wider reform of public service delivery in Wales.

The Consultation Document presented three options for the future delivery of the functions of the IDBs operating wholly or mainly in Wales. These are:

- Option 1 – Delivery through IDBs in line with current arrangements
- Option 2 – Delivery through IDBs, with changes to organisational arrangements
- Option 3 – Delivery through any new single body for natural resource management in Wales

The Consultation Document made it clear that, on the basis of an assessment of these three options using criteria developed by Welsh Government officials, Option 3 was the preferred option for the Government.

The response from the CWLIDB to this consultation by the Welsh Government provided detailed comments on the Consultation Document - particularly on the three options, the criteria used and the assessment that results - as well as answers to other questions posed in the Document. It also provided details about the work of the Board, but the main thrust of the response was to clearly state the Board's preferred option and the reasons for this preference. The CWLIDB Board strongly supported Option 2 – '*Delivery through IDBs, with changes to organisational arrangements*' - but with an important variation that promoted the development of a Water Management Alliance for Wales that will administer the three existing IDBs and any further IDBs in Wales created to administer the eleven IDD in North and West Wales currently administered by the Environment Agency Wales. The CWLIDB Board believes that there is great value in involving local communities in decisions that affect water level management in those parts of Wales with specific drainage needs. Internal Drainage Boards provide locally representative bodies to manage water levels in these areas and have important longstanding experience, skills and expertise essential for managing the risks within their districts. IDBs work closely with local farmers, residents and businesses in their districts and their understanding of local land use can help unlock local issues. That is why the Board believes that there is a continuing need for independent IDBs working in close partnership with Natural Resources Wales, local authorities and other key stakeholders. The Flood & Water Management Act already gives all of these bodies the power to work in partnership and share resources, and IDBs are using these powers extensively to assist Lead Local Flood Authorities within and beyond their boundaries on local flood risk management plans, strategies, sustainable drainage systems, consenting and enforcement, and planning matters.

The Board accepted that there is a need to simplify and modernise the size, shape and structure of Internal Drainage Boards including the CWLIDB, so that IDBs can adapt in response to local needs. This could facilitate forming a *Water Management Alliance for Wales* of the three existing IDBs in Wales. The Alliance would provide specialist staff and services to these Boards that would retain local offices and local staff/contractors to undertake work on behalf of the local Boards in line with their locally-determined priorities and resources. These Boards would continue to meet as independent Boards in their own right. The Alliance would offer a single point of contact for the new single body in Wales to communicate with Welsh IDBs, improving partnership working and local consultation. The Alliance would also provide a structure to explore the potential for creating Boards for the 11 Drainage Districts in North Wales currently administered by the Environment Agency. Farmers and landowners in a number of these districts are keen to have a greater say on the water management of their local area and are interested in re-forming IDBs. This would not result in a significant new financial burden for local authorities or ratepayers in those districts as they currently already pay special levies and rates to the Environment Agency that would transfer to an IDB.

Richard Penn
Clerk and General Manager, CWLIDB
May 2013



CALDICOT & WENTLOOGE LEVELS INTERNAL DRAINAGE BOARD

Audit of Accounts 2010-11 – Report in the Public Interest

Review of progress with the Board's response to the findings of the Report

Control Objective 1: Governance

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
17 – 24	The Drainage Board's governance arrangements were inadequate and ineffective.	Public bodies must demonstrate that they are delivering the services for which they are responsible in accordance with principles of good governance. This means that public bodies must put in place robust arrangements	Key strategic documentation currently being produced: Strategic plan, operational plan, organisational budget, work programme, Private works policy, which links to the overall agreed work programme	Jan 2013 and will continue to be developed Spring 2013	General Manager General Manager Board Engineer
25 – 35	The Drainage Board's decision-making framework was not properly constituted and, as a result, the Drainage Board has been operating contrary to the law.	The Drainage Board is a statutory body and must act in accordance with legislation that governs its operations.	Governance documents currently being revised for adoption – delay due to NCC not appointing representatives until December 2012. WG Ministerial approval will be sought in January 2013 once adopted by Board.	Achieved Rules approved by WG Minister on 13/02/2013	F&SSM General Manager F&SSM
36 – 48	The Drainage Board's Establishment Committee did not have a clear membership and remit, and inadequate records were kept of its proceedings prior to 2011.	Appointments to & membership of the Board's Establishment was unclear The records of the proceedings of meetings of the Establishment Committee prior to 2011 were inadequate	No committee structure in place since July 2011. The Board has established a Capital Expenditure Working Group to make recommendations to the Board	Achieved	Board Engineer F&SSM

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about major items of capital expenditure

Control Objective 1: Governance

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
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49 – 55	The formal records of committee and Board proceedings contain inaccuracies, anomalies, breaches of information law and, in a number of cases, minutes appear to have been drafted to represent the views of the former Clerk and Engineer and former Office and Personnel Manager	The record of proceedings for meetings of a public body is extremely important in demonstrating that the body has operated in a lawful, fair and transparent way and made its decisions objectively.	Improvements were put in place in July 2012 for the recording of proceedings for meetings. Since Oct 2012 the Board has engaged the services of Peter Evans, Head of Democratic Services MCC, to take the minutes of future Board meetings in order to demonstrate a further measure of independence.	Achieved	General Manager
56 – 67	The Board's failure to introduce key governance policies and procedures has contributed to major governance failings within the Drainage Board's operations.	Public bodies should establish robust and effective governance arrangements which set out the parameters within which the organisation operates and which help direct and guide the behaviour of members of staff and Board Members.	Governance documents currently being revised for adoption – delay due to NCC not appointing representatives until December 2012. WG Ministerial approval will be sought in January 2013 once adopted by Board.	Achieved Suite of amended governance documents received at Board meeting 11/02/2013 further amended documents approved at Board meeting 18/03/2013	General Manager F&SSM

Control Objective 2: Members & Officers

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
68 - 123	Some members and officers acted in a way which is likely to undermine public confidence in the way in which the Drainage Board operated.	<p>The standards expected of those holding public office are high. It is essential that such individuals conduct themselves in accordance with the seven principles of public life the so-called 'Nolan principles'.</p> <p>The former Clerk & Engineer had a conflict of interest when he drew up proposals for his own redundancy package and presented those proposals to the Board's Establishment Committee.</p> <p>The Board failed to put in place arrangements to ensure the independent review of the former Clerk & Engineer. The Clerk & Engineer was involved in submitting proposals relating to his pay to committees of the Board</p>	Appropriate changes in the way such issues are handled by the Board are now in place to ensure there is no repetition of such action by either Board members or Board employees	Achieved	General Manager F&SSM

Control Objective 2: Members & Officers

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
124 – 158	Three members of the Board and the former Clerk & Engineer participated in proceedings of the Board relating to an ongoing case when they had a conflict of interest in the matter.	Three members of the Board participated in proceedings on several occasions of the Board relating to the sea defences case when they had disqualifying personal interests.	All Board members are fully aware that it is their responsibility to register any relevant interests and to declare such interests in relation to the proceedings of the Board. A Register of Interests is kept and all declaration of interest is recorded.	Achieved Revised Register Of Interest declaration circulated to Board members for completion 08/04/2013	General Manager and all Board Members

Control Objective 3: Budget

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
159 -	The Drainage Board did not exercise good financial management and control at corporate level	<p>The Drainage Board's budget setting process for 2010-11 was not robust and Board minutes do not record that the Board formally approved the budget or amendments to it.</p> <p>The Drainage Board did not have a formal budgetary control system in place for financial years prior to 2011-12 and had no documented financial control procedures.</p>	<p>Improvements have been put in place for producing the 2013/2014 budget. A work programme and operational plan will be produced and responsible delegated budget holders.</p> <p>NCC the Board's internal auditors carried out an audit of Budgetary control systems in August 2012</p> <p>Procedures now in place</p>	<p>Achieved</p> <p>A more detailed work programme to be produced for 2013/2014</p> <p>Implementation of recommendations</p> <p>In producing 2013/2014 budgets.</p> <p>Achieved</p>	<p>F&SSM and all budget holders.</p> <p>F&SSM and all budget holders.</p> <p>F&SSM</p>
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		<p>The way in which the Board has set the annual rate has resulted in a potential inequity between the respective financial burdens placed on the taxpayer and the local ratepayer. Furthermore, the Drainage Board is unable to demonstrate that it has been setting a lawful rate for several years.</p>	<p>The necessary information required to demonstrate the Board is setting a lawful rate has not yet been obtained as the information is not readily available from local authorities or the Wales Valuation Office in the format requested by the F&SSM</p>	<p>Local authorities unable to provide information requested. A further meeting to be arranged with WAO to discuss way forward.</p>	<p>F&SSM</p>
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Control Objective 1: Taxpayer's Money

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
179 – 180	The Drainage Board has failed to demonstrate that it has achieved value for money and acted lawfully in some key areas.	Public bodies are funded by taxpayers. It is therefore imperative that they use the resources that they have at their disposal in an economic, efficient and effective way. They should be able to demonstrate value for money.	The Board acknowledges that there is a need to demonstrate that its resources are being used in an economic, efficient and effective way and that it needs to demonstrate VFM. The General Manager is considering ways in which the Board's activities can be better scrutinised	On going	General Manager
181 – 198	The Drainage Board spent taxpayer's money funding 'inspection' visits by Board Members and officers without having any business case to justify these visits or any effective means of assessing the benefits realised from these visits. The expenditure did not represent value for money and the expenditure was contrary to law.	The Drainage Board failed to demonstrate that it achieved value for money in respect of its inspection trip to Italy, Northern Ireland & the Netherlands.	There have been no further 'inspection visits' and any such visits will only be organised in the future if a robust business case can be demonstrated	Achieved	General Manager
199 – 228	The Drainage Board did not have adequate procedures in place for the procurement of goods and services, and did not always comply with its own procedures. As a result, the Drainage Board is unable to demonstrate that it has achieved good value for money from their purchases	When purchasing equipment, public bodies must ensure that they can demonstrate that procurement complies with proper procedure and that value for money has been secured.	Appropriate procurement procedures have been put in place to ensure VFM from purchases.	Achieved	Board Engineer F&SSM

Control Objective 1: Taxpayer's Money

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
229 - 234	On some occasions, the Drainage Board used public resources in supporting external organisations which it had no statutory powers to do so	The Drainage Board is a statutory body. It is only able to act in accordance with the statutory powers granted to it. It cannot use public resources to undertake any activities which are outside its legal remit.	A review of the external organisations supported by the Board was carried out last year and the Board now only supports appropriate external bodies in line with its legal remit	Achieved	General Manager

Control Objective 1: HR Policies & Procedures					
Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
235 – 242	The Drainage Board did not have HR policies and procedures in place. This has led to a lack of transparency over the grading and remuneration of staff. Furthermore, the former Clerk and Engineer recommended to the Board that the Office and Personnel Manager's post be re-graded even though he had a personal and pecuniary interest.	Internal drainage boards may remunerate their staff as they see fit as long as this is within reasonable limits and is transparent. It is incumbent on each board to develop effective HR policies and procedures.	HR policies and procedures have been reviewed and a new organisational structure for both office-based and Field Staff has been put in place. The remuneration framework has also been reviewed and implemented. Performance appraisal arrangements for all staff are currently being consulted on and will be in place for the New Year	Largely achieved. The majority of HR policies & procedures have been updated. A new Employee Handbook will be produced to reflect revised terms and conditions of service following consultation and Board approval in early summer 2013	General Manager F&SSM
243 – 246	The decisions taken to allow senior staff time off in lieu of extra-contractual hours worked were not taken properly.	These decisions, which were based on the recommendations made by the former Clerk and Engineer, benefited only three members of staff including the former Clerk and Engineer and the former Office and Personnel Manager.	The arrangements for time off in lieu have been reviewed and will be terminated as from April 2013	Achieved	F&SSM

Control Objective 1: Services to other Drainage Boards & Private Works

Ref	Weakness identified in PIR	PIR comment	Agreed management action to address weakness	Date	Responsible Officer
247 – 251	The Drainage Board provided services to other drainage boards without having considered the strategic implications, costs and risks of doing so.	It was concluded that factors such as risks and rewards, impact and financial cost weren't adequately considered by the Drainage Board before agreeing to provide services to other internal Drainage Boards.	<p>The current arrangements whereby services are provided to other Drainage Boards have been reviewed to ensure they are currently 'fit for purpose' and represent VFM. The current arrangements with River Lugg and North Somerset Levels IDBs will terminate at the end of 2013</p> <p>Such arrangements will be further reviewed in the light of the Welsh Government decision on the future of IDBs in Wales</p>	<p>Achieved</p> <p>No decision made by WG as at 04/04/2013</p>	General Manager
252 - 260	The Drainage Board's recording and pricing of private works has not been sufficiently robust and the operation of its 'profit incentivisation' scheme was contrary to law.	Internal Drainage Boards may charge the cost of undertaking private works to organisations and individuals for whom they undertake these works. The legislation does not empower an Internal Drainage Board to price the cost of the work it undertakes to generate a profit.	<p>The arrangements for undertaking 'private works' have been reviewed and such work is now restricted to drainage work within the IDD.</p> <p>There is now no profit element in the pricing of such work and the former 'profit incentivisation scheme' was discontinued after 2010.</p>	Achieved	General Manager Board Engineer

Public Accounts Committee

PAC(4) 14-13 – Paper 2

ADA Supporting Statement to the National Assembly for Wales Public Accounts Committee

This statement is intended to assist the Public Accounts Committee with its inquiry into the findings of the Wales Audit Office report 'Audit of accounts 2010-11: Caldicot and Wentlooge Internal Drainage Board'. It supports the evidence provided by Dr Jean Venables, appearing on behalf of the Association of Drainage Authorities. It addresses two issues of interest to the Committee: steps to improve the governance and administration of Internal Drainage Boards; and the future of Internal Drainage Boards in Wales.

Steps to improve the governance and administration of Internal Drainage Boards

ADA is positively using the opportunity provided by the Wales Audit Office Report in the Public Interest on the Caldicot and Wentlooge Internal Drainage Board to reduce the risk that the problems identified in that IDB cannot re-emerge there, or similar problems arise in any other IDB.

ADA has used the opportunity provided by the WAO report to assist IDBs in improving and strengthening their governance frameworks, administrative arrangements and procurement procedures.

The lessons ADA has had reinforced from the WAO report are:

- Board members and staff must be fully aware of the Nolan Principles of public life;
- Boards must have strategic documentation in place setting out their strategy, objectives and performance measures, operational plans, budgets and work programme;
- Boards must have standing orders and/or rules for their proceedings and constitution;
- Boards must have clear and transparent rules, procedures and policy in place for: financial management and procurement; human resources management; conduct of members and staff; and dealing with personal and pecuniary interests and gifts and hospitality. All members and staff must be fully aware of these rules, procedures and policy;
- Boards must maintain clear and up to date records, including rate records.

ADA is working to make External Audit and Internal Audit functions more robust. As a key part of this, the Practitioners' Guide on governance and accountability in Internal Drainage Boards in England is being updated. Historically the Practitioners' Guide was for England

and Wales. Pending further advice from the Welsh Government, this guide is still being used by IDBs in Wales.

Most IDBs already have effective governance, administrative and procurement rules and procedures in place. However ADA is determined to see that all IDBs come up to the standards of the best, reflecting the requirements identified from the WAO report. ADA is encouraging them to review their procedures, checking them for compliance with current requirements.

ADA has a work programme in hand to ensure that the lessons learned from the WAO report are implemented across all IDBs as soon as possible. Following the WAO report a list of necessary governance documents was prepared with agreement between Caldicot & Wentlooge Levels IDB and the Welsh Government. ADA has used this list as a starting point, adding other documents deemed necessary following ADA's detailed consideration of the WAO report. ADA is using this list (at Annex A) to check that Boards have all these documents in place and they are up to date.

ADA is also creating a suite of model governance documents for IDBs, making it easier for them to prepare fit-for-purpose documents. This should reduce IDBs' administrative costs whilst also ensuring consistent high standards.

To date ADA has approached all member Boards to make sure they have up to date Standing Orders in place with Ministerial Approval. This was considered an important starting point given that these Standing Orders provide the fundamental framework for the governance and decision-making of all Boards.

Standing Orders are based on a model provided by Defra. Historically the Defra model set were for England and Wales, but CWLIDB has now produced a suite of governance documents, including 'Rules' (Standing Orders), that were approved by the Board earlier this year. In line with the requirements of the Land Drainage Act, those Rules have now been approved by the Minister for Environment and Sustainable Development. The Lower Wye IDB – that is administered by CWLIDB - has also approved recently a suite of governance documents and the Rules were submitted in April 2013 to the Minister for formal approval.

The future of Internal Drainage Boards in Wales

ADA was pleased to see acknowledgement in the Welsh Government's consultation paper 'Internal Drainage Districts and Internal Drainage Boards Wholly or Mainly in Wales' that a truly holistic approach to managing flood risk is needed. It includes considering how the ways we use land offer opportunities to reduce and manage risk whilst also providing other ecosystem services: this approach is familiar to Internal Drainage Boards. And that the work, knowledge and functions of IDBs are integral to delivering the holistic approach set out in the National Strategy for Flood and Coastal Erosion Risk Management in Wales.

ADA is also pleased to see that the majority (77%) of responses to the consultation supported Option 2, delivery through IDBs with changes to organisational arrangements. This is the option supported by ADA, as set out in its response to the consultation (copy at Annex B).

ADA believes that this level of support for delivery through IDBs reflects appreciation that the IDB model is best suited to deliver the objectives of the National FCERM Strategy and Sustaining a Living Wales. The changes in administrative arrangements that ADA has proposed in its consultation response will provide effective public service delivery by providing greater local accountability and streamlined organisational administration.

Whilst ADA agrees that the new Natural Resources Body for Wales should improve the overall delivery of effective management of Wales' natural environment, it remains convinced, for the reasons set out in its consultation response, that the Natural Resources Body for Wales could not deliver the functions of water level and flood risk management within IDD as effectively as IDBs working in partnership with the Natural Resources Body for Wales.

As ADA pointed out in its consultation response, IDBs in Wales are already very well connected, with a proven track record for working with land managers across drainage districts. This understanding of local land use and needs would help resolve local issues in partnership with the Natural Resources Body for Wales, supporting delivery of the Living Wales agenda as well as the national FRCM Strategy.

This connection would be significantly improved with the establishment of the Wales Water Management Alliance (WWMA) proposed in ADA's consultation response. This group would jointly administer the Welsh IDBs, reducing their costs and improving efficiency to achieve the Welsh Government's objectives for effective public service delivery, whilst providing a simple and strategic point of contact with the Natural Resources Body for Wales.

When the arrangements for the Natural Resources Body for Wales were finalised, it was decided to leave responsibility for managing flood risk from ordinary watercourses with local authorities, for sound reasons of local accountability. It would be inconsistent, and cause considerable confusion, if responsibility for managing flood risk from ordinary watercourses in areas covered by IDBs was transferred to the Natural Resources Body for Wales.

However it would be equally inappropriate to transfer IDB functions to local authorities. There are five principal reasons for this:

- i. IDBs have a wider remit than Lead Local Flood Authorities. In addition to managing flood risk, IDBs are responsible for managing water levels and land drainage.

- ii. IDBs provide better administrative efficiency (to manage water effectively a number of local authorities would have to work together, with attendant organisational and funding complexities);
- iii. There would be a loss of revenue (funds raised through local tax currently paid to IDBs as special levy would be retained but landowner contributions would be lost);
- iv. There would be a loss of control of funds (funds received by IDBs can only be used for IDB purposes but grant to local authorities is not ring-fenced and could be diverted from water level management); and
- v. There would be a loss of specialist expertise and local experience (IDB staff have extensive local experience and specialist knowledge. Local authorities find it difficult to retain specialist staff with appropriate expertise).

Lead Local Flood Authorities provide a good model for managing local flood risk. However IDBs provide the best model for managing both local water levels and flood risk, whilst also managing land in an integrated way to deliver ecosystem services, Water Framework Directive requirements and biodiversity gains. Responsibility for the 11 IDDAs in North Wales that are currently administered by the Environment Agency should be transferred to IDBs.

ADA looks forward to the findings of the additional work on the costs and benefits of Options 2 and 3 and hopes that the Welsh Government will provide an opportunity for interested bodies to comment on the findings before making a decision on which option to take forward.

Public Accounts Committee

PAC(4) 14-13 – Paper 2

ADA Supporting Statement to the National Assembly for Wales Public Accounts Committee: Annexes

Annex A: List of necessary governance documents for IDBs (generated from discussions between CWLIDB and the Welsh Government, and further added to by ADA based on IDB best practice)

- Standing Orders
- Financial Regulations
- Schedule of Matters Reserved for the Board/Scheme of Delegation
- Duties of IDB members and Officers
- Division of responsibilities between Chair and General Manager
- Employee Handbook/Terms and Conditions of Service
- Employees Code of Conduct
- Members Code of Conduct
- Register of Interests
- Gift and Hospitality Policy
- Gift and Hospitality Register
- Publication Scheme
- Risk Management Strategy
- Corporate Bribery Act Policy
- Anti-Fraud and Corruption Policy
- Whistle Blowing Policy
- Investment Strategy

Annex B: Copy of ADA response to the consultation on Internal Drainage Districts and Internal Drainage Boards Wholly or Mainly in Wales

1. Which of the three Options for the future delivery of IDB functions in Wales do you support and why?

ADA supports Option 2 – Delivery through IDBs, with changes to organisational arrangements.

ADA supports Option 2 for IDBs in Wales because we feel there is clear value in including local communities in decisions that affect water level management in those parts of Wales with specific drainage needs. Internal Drainage Boards provide locally representative bodies to manage water levels in these areas and have important experience, skills and expertise essential for managing the risks within their districts and wider catchments. Their focus on areas of special drainage need and relevant practical expertise go beyond those that could reasonably be expected to be provided by a single Natural Resources Body for Wales (Single Body).

IDBs have a proven track record for working closely with land managers in their districts and have the potential to be a useful partner in facilitating and supporting the delivery of a Living Wales agenda. Their understanding of local land use and needs could help unlock local issues in partnership with a Single Body for Natural Resources Management in Wales and local authorities in the future. A good example from recent practice is the role Caldicot & Wentlooge Levels IDB (CWLIDB) played in developing the water level management regime for the Newport Wetlands Reserve.

The CWLIDB has worked directly with the Countryside Council for Wales, the RSPB and the Gwent Wildlife Trust (GWT) in conservation projects on the Gwent Levels. It provided essential water management advice during the planning and construction of the Reserve created to compensate for the barraging of Cardiff Bay. It also provides advice and acts as the main drainage contractor to the Newport Wetlands and the GWT's Magor Marsh Reserve.

Using the partnership working powers within the Flood & Water Management Act 2010, IDBs can be utilised to assist Lead Local Flood Authorities within and beyond their boundaries on local flood risk management plans, strategies, sustainable drainage systems, consenting and enforcement, and planning issues.

Alternative Options

Considering the alternative options, it is clear that Option 3 would be a significant backwards step in terms of local democracy, community involvement and local expertise in addressing a uniquely local set of challenges. There are substantial concerns that delivery through a Single Body would reduce water level management activity in these Internal Drainage Districts and increase the risk of flooding given the problems being experienced in England over main river maintenance, especially in rural communities. Communication with communities appears to have become strained regarding the maintenance of main rivers by the Environment Agency. IDBs have noted that members of the community now contact the IDBs directly with concerns rather than the EA as a conduit for alleviating conveyance problems.

Very little information is provided in the consultation document to explain how the Welsh Government would ensure the continued delivery of essential services such as pumping and maintenance of the hydrological systems within Internal Drainage Districts. Therefore, ADA consider that the Welsh Government must acknowledge in its risk assessment that there is a heightened risk of flooding to land, people, property and infrastructure within existing Internal Drainage Districts under Option 3, especially in the medium to long term.

Option 1 is similarly an unacceptable option as it does not take the opportunity of the changing environmental management landscape in Wales to make improvements to the management of IDBs.

Suggested changes to IDBs under Option 2

Under Option 2 the Welsh Government has put forward a set of suggested changes to IDBs. The following three paragraphs address ADA's view of these suggestions.

1. Simplifying legislative processes

ADA thinks it is important that legislation is brought forward to simplify the process by which the size, shape and structure of Internal Drainage Boards are changed in the future, so that IDBs can adapt in response to local needs and the needs of Wales. ADA also supports proposals to adjust the membership profile of IDBs to help each board retains the right suite of skills, expertise and experience from land managers and the wider community, whilst making boards' makeup more proportionate to expenditure.

2. Circular Payments

Circular payments between the Environment Agency and IDBs can be solved by netting off the value of Precepts and High Land Water Contributions as has been agreed by many IDBs with the Environment Agency. As the Precept is almost always more than the discretionary High Land Water contribution paid by the Environment Agency for water entering an Internal Drainage District it therefore would result in a net payment from the IDB to the Environment Agency. Care must be taken to review the value of these payments periodically to ensure they remain equitable to the works and services being provided by both parties before being netted off.

3. Reform of Special Levy

ADA does not support replacing the Special Levy with contractual arrangements between IDBs and relevant local authorities in Wales as this would undermine the basis on which IDBs are funded and the payment of agricultural drainage rates. The Special Levy replaced IDBs collecting a rate directly from all homes and properties within their districts in the 1980s, as it was more efficient for the rates to be collected as part of council tax by the local authority and passed on to the IDB. The balance between special levy and drainage rates is in proportion to the annual value of farmland versus homes and other property in the district. Moving to a wholly contractual basis would break this fundamental link of the beneficiaries pays. However a better balance could be found if the Welsh Government supported a review of annual values for Internal Drainage Districts in Wales.

2. Are there any other options for the future delivery of IDB functions in Wales that you think the Welsh Government should consider?

Yes. ADA considers that if either Option 1 or 2 are taken forward the Welsh Government and the new Single Body should support the IDBs in Wales operating within a consortium. This body, the Wales Water Management Alliance (WWMA), is being set up with representatives of existing IDBs with the intention of pooling resources and expertise where appropriate whilst retaining local officers, and the Boards themselves.

The Wales Water Management Alliance

The WWMA is a group of Internal Drainage Boards (IDBs) who share vision, values and standards, which have chosen to jointly administer their affairs in order to reduce costs, strengthen their own organisations and increase influence at both a national and regional level, without losing an unacceptable degree of autonomy. The Consortium would ensure that the three IDBs in Wales (and potential any new Boards created in North Wales) have access to a full suite of professional engineering, environmental, financial and administrative services.

The funding for the works conducted by the Boards will remain fully accountable to the ratepayers and other stakeholders within their districts. The individual Boards are still the legal corporate bodies that retain all of the powers and duties that fall to them from the Land Drainage Act 1991 and Flood & Water Management Act 2010 as well as the environmental and health and safety legislation.

The WWMA is to be controlled by its Member Boards and run for the benefit of those Member Boards. The WWMA is not about centralising delivery of the drainage service and taking away control from its members. As a Service Provider the WWMA will provide shared administrative and support services to its constituent Member Boards, allowing those Member Boards to concentrate on delivery within their Drainage Districts. All back office functions will be handled by the WWMA at the behest of the Member Boards, and, as a

result, each Member Board is able to use more of its resources and energy supporting the public and providing quality front line services.

Consortia arrangements amongst IDBs are common place within England and have been encouraged by MAFF and Defra for many years to build capacity amongst the IDB community. As such there are a number of good examples of how such management arrangements would work for Welsh IDBs. The clearest and most closely aligned model to the one envisaged for the WWMA is the Water Management Alliance in East Anglia. Their website has a helpful Governance section (www.wlma.org.uk/index.pl?id=58) which explains the type of arrangements that the WWMA would seek to put in place if IDBs are retained in Wales. Other good examples include the Bedford Group of IDB (www.idbs.org.uk), Somerset Drainage Boards Consortium (www.somersetdrainageboards.gov.uk) and York Consortium of Drainage Boards (www.yorkconsort.gov.uk).

The WWMA would offer a single point of contact for the new Single Body, relevant Unitary Authorities and the Welsh Government to communicate with Welsh IDBs, improving partnership working and local consultation. This will allow IDBs to work collectively with the Welsh Government to make further reforms and improvements to IDBs in Wales to ensure they are fit for purpose as 21st century Welsh public authorities. The Alliance may also provide a useful maintenance and service provider for other flood risk management authorities in Wales outside of Internal Drainage Districts as is the case for a number of Lead Local Flood Authorities in England who utilise the skills and expertise of IDBs. Notable examples of this practice include the partnerships relevant IDBs have developed with Lincolnshire, Central Bedfordshire, Northamptonshire and Milton Keynes Councils. Through these partnerships IDBs have assisted local authorities by taking on the consenting role under Section 23 of the Land Drainage Act on behalf of these authorities.

IDDs in North Wales

The WWMA would also provide a structure to explore creating Boards for the eleven Internal Drainage Districts in North Wales currently administered by the Environment Agency. Landowners in a number of these districts are concerned about the service provided by the Environment Agency and are keen to have a greater say on the water management of their local area. They have contacted existing Welsh IDBs and ADA regarding the potential for re-forming IDBs to govern water level management in these districts. If this were to occur, this would need the experience of existing IDB staff and the WWMA would be well placed to provide this. Not all of these districts may desire or need an IDB and it is almost certain that the districts could be amalgamated to be managed through between one and four IDBs.

A number of concerns regarding IDD in North Wales stem from the mismanagement of drainage rates by the Environment Agency Wales which they failed to levy for a period of six years. However, rates are now being levied and the Environment Agency Wales has rectified a number of errors with its ratings database. Therefore, re-forming IDBs in North Wales should not provide a significant new financial burden for local authorities or ratepayers in those districts as both currently pay a special levy and drainage rates respectively to the Environment Agency so these charges would simply transfer to any new IDB/s formed. For local projects and maintenance IDBs can often offer greater value for money in service

delivery than the Environment Agency by utilising local drainage contractors or directly employed staff.

A similar process of reforming Boards for Environment Agency Internal Drainage Districts was conducted in Suffolk in 2008. This resulted in the formation of the East Suffolk IDB from eight Internal Drainage Districts. This amalgamation and formation of a new IDB was made possible through the work of consortium of East Anglian IDBs. The new Board is now part of this Consortium (the Water Management Alliance) and manages water levels within the Suffolk Coasts and Heaths Area of Outstanding Natural Beauty and includes some internationally important environmental assets, most notably Minsmere National Nature Reserve. The area is home to around 10,000 people, and is a hugely popular tourist destination.

The Boards in that Consortium offers an example of what can be achieved by IDBs working in partnership with each other, local authorities and other risk management authorities to deliver a high quality water management service. We hope that this is a model that the Welsh Government would enthusiastically take forward for managing areas of special drainage need in Wales working alongside a Single Body for Natural Resources Management in Wales.

ADA requested at the outset of the consultation period details regarding service delivery and cost for EA Wales working in IDD in North Wales. The EA Wales has not yet been able to provide this information, which has been a barrier to further developing more detailed plans for re-forming IDBs in North Wales at this stage. ADA and existing IDBs in Wales would be pleased to support the Welsh Government and Single Body with this process.

3. Do you have any further information or evidence which you feel the Welsh Government should consider in reaching their final decision on the future delivery of IDB functions in Wales?

*Yes. Using the same criteria as used in the Consultation Document, the Association of Drainage Authorities and IDBs in Wales would like to submit an assessment of delivery via a consortium of IDBs in Wales, the **Wales Water Management Alliance (WWMA)**. We hope that this is a model that the Welsh Government would enthusiastically take forward for managing areas of special drainage need in Wales working alongside a Single Body for Natural Resources Management in Wales.*

Criteria	Assessment
Delivery of the requirements of the flood and coastal	High

<p>erosion risk management system for Wales, as set out within the National Strategy.</p>	<p><i>The Consortium of IDBs will fulfil their roles as designated Welsh Risk Management Authorities in close cooperation with other relevant bodies. The IDBs have specialist knowledge of the particular topographies which present the sometimes unique challenges within their districts. The IDBs will continue to work towards mitigating these risks whilst simultaneously adopting the goals of the National Strategy, working in cooperation with the single body and relevant local authorities. A greater breadth of delivery by IDBs could be achieved through partnership working with LLFAs or through the rational expansion of IDB districts.</i></p>
<p>Criteria</p>	<p>Assessment</p>
<p>Delivery of the Living Wales agenda and an ecosystem approach to resource management in Wales.</p>	<p><i>High</i></p> <p><i>The functions of the IDBs will remain the same and improvements to the governance and other administrative and operational arrangements via the WWMA will ensure that the IDBs meet their requirements under the Living Wales Agenda. Some boundary reviews could be undertaken and the size of districts increased, although the existing IDB districts are very much in line with the Indicative Flood Risk Map for England and Wales (Environment Agency Flood Zone 2 data) and therefore are broadly fit for purpose for serving areas of special drainage needs in low lying parts of Wales.</i></p>
<p>Alignment with the expectations of twenty first century public service delivery in Wales.</p>	<p><i>Medium to High</i></p> <p><i>The IDBs are aware that the general population rightly expects and deserves full transparency and accountability in respect of the delivery of public services The IDBs accept that there has been cause for concern in the past and have already made large improvements in this area. The WWMA will ensure that all IDBs in Wales are operating in a professional manner and to the highest standards. The Boards propose to build on the Transparency Code within the Draft Local Audit Bill. By abiding by the Transparency Code IDBs in Wales would publish online:</i></p> <ul style="list-style-type: none"> <i>• all items of expenditure and end of year accounts;</i> <i>• minutes, agendas and papers of formal meetings;</i> <i>• internal audit reports;</i>

	<ul style="list-style-type: none"> • a list of councillor/board responsibilities • annual governance statements; and • the location of IDB land and building assets. <p><i>The IDBs also believe that all IDBs in Wales should have or develop the following standard policies:</i></p> <ul style="list-style-type: none"> • Risk Management Strategy and Policy • Whistle blowing Policy • Anti-Fraud and Corruption Policy • Bribery Act Policy • Data Protection Policy • Freedom of Information Publication Scheme • Investment Strategy • Employees Code of Conduct <p style="text-align: right;"><i>(cont.)</i></p>
Criteria	Assessment
<p>Alignment with the expectations of twenty first century public service delivery in Wales. (cont.)</p>	<p><i>(cont.) The Boards consider that through this proactive approach and by working with the Welsh Government and Wales Audit Office they can put the governance and accountability of IDBs in Wales beyond reproach. To succeed the Welsh Government will need to set out a clear set of public service requirement for public bodies in Wales.</i></p>
<p>Scope for maintaining and building expertise in flood and coastal erosion risk management, including local requirements.</p>	<p><i>High</i></p> <p><i>The IDBs already have extensive expertise in this area, managing the risks within their districts. Boards also have an excellent understanding as to how the areas outside of their boundaries within the surrounding catchment are affected by the flow of water through the drainage districts. Factors that affect attenuation in other areas for example, are of interest to the Boards as this can impact on the speed at which water flows into their districts.</i></p> <p><i>If Boards districts were expanded or IDBs were utilised to assist local authorities with, for instance, consenting and enforcement outside of their districts IDBs already have the expertise to build up the requisite knowledge quickly. Additionally, if existing IDD become IDBs further local expertise could be harnessed.</i></p>

<p>Ability to address cross border requirements, including risks and management activities.</p>	<p><i>High</i></p> <p><i>The two IDBs with parts of their districts in England are already addressing and meeting cross border requirements. The IDBs are concerned with the flows of water in and out of their districts and therefore maintain a keen awareness of factors affecting flow within their catchments regardless of political boundaries. There could be benefits in strengthening cross border ties by amalgamating Powysland IDB with neighbouring Rea IDB and Molverley IDB in England in the future.</i></p> <p><i>IDBs already have a working relationship with local authorities either side of the border on matters such as planning applications from outside of drainage district which may impact on the water levels in the Boards district.</i></p>
<p>Criteria</p>	<p>Assessment</p>
<p>Delivery of a cost effective and efficient flood and coastal erosion risk management service.</p>	<p><i>High</i></p> <p><i>IDBs can often offer greater value for money in service delivery than the Environment Agency by utilising local drainage contractors or directly employed staff. The consortium approach will obtain the highest level of cost effectiveness by the combining and sharing of resources where appropriate, whilst enabling the smaller Boards to utilise the proven value for money resources that are already available to them. The free resource of expertise offered by Board members will be maintained and local people will continue to get excellent value for money.</i></p> <p><i>If the IDD's in North Wales become IDBs they are likely to be able to manage their financial resources more closely than under the current regime and would be able to draw on the ratings expertise of staff within the Alliance.</i></p>

4. Are there any other matters that you would like to draw to the attention of the Welsh Government in relation to the delivery of IDB functions in Wales?

We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

Yes. ADA is aware that following the case of Attewell v. Environment Agency & others (2011), heard in the High Court in Cardiff, CWLIDB is obliged to maintain the sea wall in pursuance of its duties under the Caldicot and Wentlooge Levels Act 1884. These duties would therefore be transferred to the Single Body if Option 3 is pursued.

Responses to consultations may be made public – on the internet or in a report. If you would prefer your response to be kept confidential, please tick here:

ADA is content for its response to be made public.

Annex C: Background - History of local authority involvement in IDBs

IDBs have always sought contributions to their work from those benefitting. Originally these contributions were collected directly from both landowners and those occupying property. Occupants of properties (homes and businesses) each paid a very small levy direct to the IDB. This large number of small payments was administratively very inefficient so it was decided that the local authority would collect the property levy alongside council tax, and pass the accumulated levy payments to the IDB. To make the arrangements even more efficient it was decided to collect the property levy with the council tax, so that property occupiers only had to make one payment to the local authority.

Local authorities pay the sum of the individual property levies collected to the IDB as a single payment known as the Special Levy. This is not payment by the local authority for IDB services; the local authority is merely acting as a collection agency on behalf of the IDB.

Local authorities have seats on IDB Boards to ensure local democracy by representing the interests of the householders and businesses paying for and receiving IDB services.

Annex D: Background – role of ADA and IDBs

ADA website: <http://www.ada.org.uk/>

IDBs: An Introduction:

<http://www.ada.org.uk/downloads/publications/IDBs%20An%20Introduction.pdf>

A Vision for Internal Drainage Boards in England and Wales:

<http://www.ada.org.uk/downloads/publications/IDB%20Vision.pdf>

Agenda Item 3



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd
Hywel Dda
Health Board

Ein cyf/Our ref: Your ref: Gofynnwch am/Please ask for:	SF/de/ Debbie Evans, Cynorthwy-ydd Personol Personal Assistant	Ysbyty Cyffredinol Bronglais Heol Caradog, Aberystwyth, Ceredigion. SY23 1ER Rhif Ffôn: 01970 623131
Rhif Ffôn /Telephone: Ffacs/Facsimile: E-bost/E-mail:	01970 635409 01970 635922 Deborah.evans@wales.nhs.uk	Bronglais District General Hospital Caradog Road, Aberystwyth, Ceredigion, SY23 1ER Tel: 01970 623131

5th May 2013

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

Dear Mr Millar,

Following the appearance of Hywel Dda Health Board at the Public Accounts Committee on 23rd April 2013 we said that we would advise you of the procedure that we follow in our Health Board if a patient is initially referred by their GP to see a consultant privately and then wishes to have the operation performed on the NHS.

The Health Board has agreed a financial procedure entitled Treatment of Private Patients, Control of Admission and Protection of Income. This is based on the agreement made between The Secretary of State and the medical and dental professions on principles to be observed in using health service facilities for private patients. The principles are designed to ensure the equitable operation of private practice in the NHS and are intended to provide additional, non-statutory, safeguards for the NHS.

The principles which are included in the procedure are as follows:-

- The provision of accommodation and services for private patients should not significantly prejudice non-paying patients.

Pencadlys Bwrdd Iechyd Hywel Dda
Llys Myrddin, Lôn Winch, Hwlfordd,
Sir Benfro, SA61 1SB
Rhif Ffôn: (01437) 771220
Rhif Ffacs: (01437) 771222

Hywel Dda Health Board Headquarters
Merlins Court, Winch Lane, Haverfordwest,
Pembrokeshire, SA61 1SB
Tel Nr: (01437) 771220
Fax Nr: (01437) 771222

Cadeirydd / Chairman
Mr Chris Martin
Prif Weithredwr /Chief Executive
Mr Trevor Purt

- Common waiting lists will include not only urgent and seriously ill patients but also those requiring highly specialised diagnosis and treatment. Whatever actual system is in use locally private and NHS patients in these categories should be selected for in-patient admission or out-patient attendance according to the same criteria irrespective of whether they are NHS or private patients.
- Subject to clinical considerations earlier private consultation should not lead to earlier NHS admission or to earlier access to NHS diagnostic procedures. Common waiting lists should be used for urgent and seriously ill patients and for highly specialised diagnosis and treatment. The same criteria should be used for categorising paying and non-paying patients.
- After admission, access by all patients to diagnostic and treatment facilities should be governed by clinical considerations. This principle does not exclude earlier access by private patients to facilities especially arranged for them if these are provided without prejudice to NHS patients and without extra expense to the NHS.
- Standards of clinical care and services provided by the hospital should be the same for all patients.
- When patients are seen they should be made aware that there are certain restrictions on the ability to change from private to NHS status and vice versa. All private patients, irrespective of whether they are covered by private medical insurance, are required to sign an Agreement to Pay form prior to admission.
- A private inpatient has a legal entitlement to change his status during the course of treatment, this may occur if the patient is found to be suffering from a more serious complaint than he was originally admitted.

As you can see from the above a private patient is unable to gain an advantage over a patient who has originally been referred as an NHS patient by swapping to NHS treatment after the original private consultation. Private consultations are only undertaken in a way that doesn't disadvantage the provision of NHS care to any other patient. All patients who are being treated under the NHS are treated in the same way and prioritised based on clinical need and not how they were added to the operating list.

I hope that this clarifies the position in Hywel Dda following on from our discussions but please let me know if you require any further information.

Yours sincerely,



Dr Sue Fish
Medical Director

Public Accounts Committee

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

Meeting date: **Tuesday, 7 May 2013**

Meeting time: **09:00 – 10:15**

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Assembly Members:

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

Witnesses:

Huw Vaughan Thomas, Auditor General for Wales, Wales Audit Office
Gillian Body, Assistant Auditor General, Wales Audit Office
Matthew Mortlock, Performance Specialist. WAO

Committee Staff:

Tom Jackson (Clerk)
Daniel Collier (Deputy Clerk)

1. Consideration of correspondence from the Wales Audit Office on the Welsh Government's subsidy of the Anglesey to Cardiff Air link

- 1.1 The Committee considered correspondence from the Auditor General for Wales on the Welsh Government's subsidy of the Anglesey to Cardiff air link.
- 1.2 The Committee noted that the Auditor General for Wales was conducting a value for money study on the Welsh Government's acquisition of Cardiff International Airport.

- 1.3 The Auditor General for Wales agreed to prepare a briefing note on the Welsh Government's subsidy of the Anglesey to Cardiff air link.
- 1.4 The Auditor General for Wales agreed to provide a note outlining the scope of his investigations into the Welsh Government's acquisition of Cardiff International Airport and the Welsh Government's subsidy of the Anglesey to Cardiff air link.

2. Consideration of support for the Committee

2.1 The Committee discussed the review of support provided to the Public Accounts Committee.

3. Consideration of the potential to seek updates on the implementation of recommendations made in previous Committee reports

3.1 The Committee agreed to invite the Welsh Government to provide written updates, and appear before the Committee to be scrutinised on the implementation of recommendations made in Committee reports on:

- Hospital Catering and Patient Nutrition
- A Picture of Public Services
- Capital Investment in Schools

4. Consideration of the Committee forward work programme for the summer term 2013

4.1 The Committee noted its work programme for the remainder of the spring/summer term 2013.

5. Grants Management in Wales – Consideration of draft concluding report

5.1 The Committee commented on its draft report on Grants Management in Wales and agreed to consider an amended version to via email.

TRANSCRIPT

View the [meeting transcript](#).