

Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date:

Tuesday, 4 November 2014

Meeting time:

09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Michael Kay

Committee Clerk

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Agenda

1 Introductions, apologies and substitutions (09:00)

2 Papers to note (09:00–09:05) (Pages 1 – 3)

Intra-Wales – Cardiff to Anglesey – Air Service: Letter from James Price (6 October 2014) (Pages 4 – 60)

Scrutiny of Commissioners’ Accounts 2013–14: Letter from the Public Services Ombudsman for Wales (14 October 2014) (Pages 61 – 63)

The Well-being of Future Generations (Wales) Bill: Letter to the Auditor General for Wales (14 October 2014) (Page 64)

Scrutiny of Arts Council of Wales Annual Report 2013–14: Letter from Nick Capaldi (17 October 2014) (Pages 65 – 80)

EU Structural Funds update: Letter from Sir Derek Jones (21 October 2014) (Pages 81 – 82)

Grants Management in Wales: Letter from Sir Derek Jones (22 October (2014) (Pages 83 – 84)

3 NHS Wales Health Board's Governance (09:05–09:55) (Pages 85 – 175)

PAC(4)–27–14 Paper 1

PAC(4)–27–14 Paper 2

PAC(4)–27–14 Paper 3

Research Brief

Dr Andrew Goodall – Director General, Health and Social Services and **Chief Executive of NHS Wales**, Welsh Government

Simon Dean – Deputy Chief Executive NHS Wales, Welsh Government

Ruth Hussey – Chief Medical Officer, Welsh Government

4 NHS Wales Health Board's Governance (09:55–10:50)

Professor Andrew Davies – Chair, Abertawe Bro Morgannwg University Health Board

Paul Roberts – Chief Executive, Abertawe Bro Morgannwg University Health Board

Rory Farrelly – Director of Nursing, Abertawe Bro Morgannwg University Health Board

Hamish Laing – Medical Director, Abertawe Bro Morgannwg University Health Board

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: (10:50)

Item 6 and item 1 of the meeting on 11 November 2014

6 NHS Wales Health Board's Governance: Consideration of evidence received (10:50–11:00)

Y Pwyllgor Cyfrifon Cyhoeddus

Lleoliad: **Ystafell Bwyllgora 3 – y Senedd**

Dyddiad: **Dydd Llun, 13 Hydref 2014**

Amser: **13.30 – 17.20**

Gellir gwyllo'r cyfarfod ar Senedd TV yn:

<http://www.senedd.tv/Meeting/Archive/14099006-fce5-4941-a465-8614b4f6bd2a?autostart=True>

Cynulliad
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Wales



Cofnodion Cryno:

Aelodau'r Cynulliad:

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

Tystion:

Nick Capaldi, Cyngor Celfyddydau Cymru
Richard Davies, Swyddfa Comisiynydd y Gymraeg
Tony Evans, Swyddfa Comisiynydd Plant Cymru
Meri Huws, Comisiynydd y Gymraeg
Keith Towler, Comisiynydd Plant Cymru
Hywel Tudor, Cyngor Celfyddydau Cymru
Huw Vaughan Thomas, Archwilydd Cyffredinol Cymru
John Dwight, Swyddfa Archwilio Cymru

Staff y Pwyllgor:

Michael Kay (Clerc)
Claire Griffiths (Dirprwy Glerc)
Richard Bettley (Ymchwilydd)
Gareth David Thomas (Ymchwilydd)

1 Craffu ar Gyfrifon y Comisiynwyr ar gyfer 2013–14:

1.1 Trafododd yr Aelodau y papurau briffio gan y Gwasanaeth Ymchwil cyn y sesiynau craffu gyda Chomisiynydd Plant Cymru, Comisiynydd y Gymraeg a Chyngor Celfyddydau Cymru.

TRAWSGRIFIAD

Gweld [trawsgrifiad o'r cyfarfod](#).

2 Cyflwyniadau, ymddiheuriadau a dirprwyon

2.1 Croesawodd y Cadeirydd yr Aelodau i'r cyfarfod.

2.2 Cafwyd ymddiheuriadau gan Alun Ffred Jones a Julie Morgan. Dirprwyodd Jocelyn Davies a Keith Davies ar eu rhan.

3 Papurau i'w nodi

3.1 Nodwyd y papurau.

3.2 Cytunodd y Cadeirydd i ysgrifennu at Syr Derek Jones yn gofyn a oes polisi sy'n ymwneud â pheccynnau diswyddo ac, os felly, a ydynt yn gymwys i staff ar bob gradd.

3.1 Rheoli Cyflyrau Cronig: Llythyr gan Gadeirydd y Pwyllgor Iechyd a Gofal Cymdeithasol (30 Medi 2014)

3.2 Cyfrifon Blynyddol Cyfun Llywodraeth Cymru ar gyfer 2013–14: Llythyr gan Syr Derek Jones (6 Hydref 2014)

4 Y Bil Llesiant Cenedlaethau'r Dyfodol (Cymru): Gohebiaeth y Pwyllgor

4.1 Trafododd yr Aelodau yr ohebiaeth ac roeddent yn cefnogi cais y Pwyllgor **Amgylchedd a Chynaliadwyedd** i Archwilydd Cyffredinol Cymru wneud trefniadau i archwilio'r data sy'n sail i'r Aseiad Effaith Rheoleiddiol ym Memorandwm Esboniadol Llywodraeth Cymru i'r Bil Llesiant Cenedlaethau'r Dyfodol (Cymru).

4.2 Cytunodd y Cadeirydd i ysgrifennu at Archwilydd Cyffredinol Cymru yn rhoi gwybod iddo am ei benderfyniad.

5 Craffu ar Gyfrifon y Comisiynwyr ar gyfer 2013–14: Comisiynydd Plant Cymru

5.1 Craffodd y Pwyllgor ar Gyfrifon Comisiynydd Plant Cymru ar gyfer 2013-14, gan holi Keith Towler, Comisiynydd Plant Cymru a Tony Evans, Pennaeth y Gwasanaethau Corfforaethol.

5.2 Cytunodd Comisiynydd Plant Cymru i ddarparu manylion am gost prydlesu'r car, a sut y mae'r costau hynny'n cymharu â'r defnydd o gerbyd preifat. Cytunodd hefyd i ddarparu manylion am y cynnydd mewn gwariant gweinyddol arall o £18,000 rhwng 2012-13 a 2013-14.

6 Craffu ar Gyfrifon y Comisiynwyr ar gyfer 2013–14: Comisiynydd y Gymraeg

6.1 Craffodd y Pwyllgor ar Gyfrifon Comisiynydd y Gymraeg ar gyfer 2013-14, gan holi Meri Huws, Comisiynydd y Gymraeg a Richard Davies, y Swyddog Cyllid.

7 Craffu ar Adroddiad Blynyddol Cyngor Celfyddydau Cymru ar gyfer 2013–14

6.1 Craffodd y Pwyllgor ar Adroddiad Blynyddol Cyngor Celfyddydau Cymru ar gyfer 2013-14, gan holi Nick Capaldi, y Prif Weithredwr a Hywel Tudor, y Cyfarwyddwr Cyllid ac Adnoddau.

6.2 Cytunodd Nick Capaldi i ddarparu rhagor o wybodaeth am y cynllun benthyciadau 'Collectorplan', gan gynnwys cymhwysedd gwaith celf, rhywedd, incwm a daearyddiaeth. Cytunodd hefyd i ddarparu nodyn ar sut y mae Cyngor Celfyddydau Cymru yn gweithredu'r strategaeth i wella cyfranogiad pobl o grwpiau sydd heb gynrychiolaeth ddigonol fel rhan o'u targedau ar gyfer 2014-15 a'u nodau ar gyfer 2018.

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

8.1 Derbyniwyd y cynnig.

9 Craffu ar Gyfrifon y Comisiynwyr ar gyfer 2013–14: Trafod y dystiolaeth a ddaeth i law

9.1 Trafododd y Pwyllgor y dystiolaeth a ddaeth i law a chytunwyd i ysgrifennu at Dr Shooter fel rhan o'i adolygiad o'r Comisiynydd Plant ar y materion a godwyd, yn ogystal ag ysgrifennu at Gadeirydd y Pwyllgor Cyllid ynghylch lefel yr adnoddau.

10 Craffu ar Adroddiad Blynyddol Cyngor Celfyddydau Cymru ar gyfer 2013–14: Trafod y dystiolaeth a ddaeth i law

10.1 Trafododd y Pwyllgor y dystiolaeth a ddaeth i law a chytunwyd i ysgrifennu at Gyngor Celfyddydau Cymru yn gofyn am ragor o wybodaeth am rannau o'r Adroddiad Blynyddol na chawsant eu holi yn eu cylch oherwydd prinder amser.

Agenda Item 2.1

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

Cyfarwyddwr Cyffredinol • Director General



Llywodraeth Cymru
Welsh Government

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

6 October 2014

Dear Mr Millar

Response to the National Assembly for Wales Public Accounts Committee on the Intra-Wales Cardiff to Anglesey Air Service

Thank you for your letter of 23rd September. I have, as requested, enclosed a copy of the Terms of Reference of the review completed in July by ARUP and also a copy of the Invitation to Tender. I would draw the Committee's attention to Part 2C Point 2, which has been included to allow innovation in the tender in terms of potential provision of other routes.

Yours sincerely

James Price



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MEWN POBL | IN PEOPLE

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REVIEW OF THE INTRA WALES PSO AIR SERVICE

TERMS OF REFERENCE

Purpose:

To undertake independent market testing and explore demand for the existing and potential future provision of an Intra Wales PSO Air Service.

To provide market testing for an intra Wales air service between north and south Wales
To make recommendations and provide advice to Welsh Ministers on the findings of the review

To review existing provision of the intra Wales PSO Air Service

To review the value for money of the service and

To identify the wider economic benefits of the service.

A phase 1 review of the service was undertaken and reported to Welsh Government on March 2014 by ARUP Consulting. The report provides a preliminary assessment of the Air Service based on passenger and financial data since 2007 and makes recommendations for the scope of a second phase review.

Background:

The Intra Wales Air Service provides twice daily weekday flights between north and south Wales between RAF Valley, Anglesey and Cardiff. The Air Service has been designated by the UK Government as a PSO (Public Service Obligation) which allows the Welsh Government to provide financial support to sustain the service.

The service has operated in Wales since 2007, and is currently delivered by Citywin who provides ticketing and marketing functions. Links Air hold the operating license. The current contract expires December 2014. The Welsh Government is continuing its review of the service and this second phase scoping exercise will be used to inform future strategy should the Welsh Government decide to continue its support for the service.

Scope:

ARUP Consulting has been contracted to undertake an independent review of market conditions for the intra air service in Wales. The provider should explore and make suitable recommendations for the future of the PSO in Wales.

Considerations include, but are not limited to

Economic impact and opportunities
Social and political cohesiveness between North and South Wales
Marketing commercial opportunities
Marketing market investment
Marketing tender interest bidders
Stakeholder and customer engagement

Review of fares policy
Alignment with existing Welsh Government policies and priorities e.g. environment and sustainability
Connectivity
Relations for PSOs and
Resilience
Data handling

Timescale:

The work is due to be completed by July 2014.

THE WELSH MINISTERS

INVITATION TO TENDER

PROVISION OF PSO AIR SERVICE BETWEEN CARDIFF AIRPORT AND RAF VALLEY

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FOREWORD

This Invitation to Tender (“ITT”) is being made available only to those parties who have expressed an interest to be invited to tender for the Project. It is made available on the condition that it is used in connection with the Project and for no other purpose whatsoever.

Whilst reasonable care has been taken in preparing the ITT, neither the Welsh Ministers, (hereinafter “the Ministers”) nor any of its advisers accepts any liability or responsibility for the adequacy or completeness of any information or opinions stated in this ITT. No representation or warranty, express or implied, is or will be given by the Ministers or any of its representatives, employees, agents or advisers with respect to the information contained in the ITT or on which the ITT is based, nor with respect to any written or oral information made, or to be made available to any interested recipient or their professional advisers, and any liability for such matters is hereby expressly excluded.

Each person to whom the ITT is made available must make their own independent assessment of the obligations and risks associated with this Project after making such investigation and taking such professional advice as they deem necessary to determine their interest in the Project.

The information contained in the ITT and any further information provided by the Ministers or their advisers (“the Information”) is made available on the understanding that it will be kept confidential by the Tenderers and their advisers.

Copyright to this ITT rests with the Ministers and their appointed advisers. This ITT may not either in whole or in part be copied, reproduced, distributed or otherwise made available to any other third party without the prior written consent of the Ministers except in relation to the preparation of a Tender submission for the Project. All documentation supplied by the Ministers in relation to this ITT is, and shall remain, the property of the Ministers and must be returned on demand, without any copies being retained.

The Information is released to Tenderers on condition that it will be used solely for the purposes of submitting Tenders in response to this ITT. Furthermore it is a condition of bidding that Tenderers comply with the confidentiality obligations comprised herein. The Information must not be copied, reproduced, distributed or passed to any other person at any

time except to the Tenderer's team of advisors and then only to the extent that they have undertaken similar confidentiality obligations to the Tenderer in respect thereof.

Tenderers are expressly forbidden from discussing with any other Tenderer their responses to this ITT or otherwise exchanging information or colluding in respect of the Project.

Similarly Tenderers are expressly forbidden from canvassing the Ministers, the Welsh Government or its employees or advisors so as to obtain an unfair advantage. Tenderers should note the requirements for the submission of an Anti-Collusion Certificate (Part 7).

This ITT is not intended to provide the basis of any investment decision and should not be considered as a recommendation by the Ministers to any recipient of the ITT.

Nothing in this ITT is, or should be relied upon on as, a promise or representation as to the future. The Ministers reserve the right to provide the Tenderers with access to any additional information or to update information or to correct any inaccuracies, which may become apparent.

Each Tenderer shall be solely responsible for all the costs it incurs in the preparation and submission of its Tender up to and including the award of any contract by the Ministers. This shall also be deemed to cover the cost of attending any pre or post award meetings and site visits, and, should a Tenderer be successful, the preparation/engrossing of the contract documents. The Ministers shall in no event be responsible or liable for any such costs regardless of the conduct or outcome of the bidding process, and in this respect, the Tenderer shall have no recourse to the Ministers.

In so far as is compatible with any relevant laws, the Ministers reserve the right, without prior notice, to vary the procurement process, to terminate discussions with all or any of the Tenderers and the delivery of information at any time before the signing of any agreement relating to the Project and they are not obliged to award any contract at the conclusion of the procurement process. In no circumstances will the Ministers incur any liability in respect of the foregoing.

PART 1

INSTRUCTIONS TO TENDERERS

1. INTRODUCTION

- 1.1 The statutory Wales Transport Strategy sets out the outcomes that the Welsh Government wants to achieve through transport and established the framework for the creation of an integrated transport system in Wales.
- 1.2 The current National Transport Plan sets out solutions to transport issues along the main movement corridors in Wales. On the North – South corridor, the Intra - Wales air service was identified as a key intervention.
- 1.3 The provision of a scheduled air service between Cardiff Airport (Cardiff) and RAF Valley (“the PSO Services”) is currently operating a twice daily schedule, operating early in the morning and late in the afternoon. The PSO Services relate to a Public Services Obligation (PSO) which was revised in July 2010. The current PSO expires on 9 December 2014. The PSO Service is currently being provided by Citywing Aviation Services Limited and Links Air Limited under arrangements which will come to an end on that date.
- 1.4 In recognition of the importance of the PSO Services, compensation is made available by the Ministers (as defined hereinafter) under the PSO agreement to meet the deficit incurred by an operator in providing the PSO Services. However, in making provision for compensation the Ministers would expect Tenderers to identify ways in which the compensation deficit can be minimised and, if possible, be reduced over the life of the contract.

2. DEFINITION OF TERMS

- 2.1 For the avoidance of doubt, the following definitions used in this document are included below.
 - “Confidential Information” – means all information supplied by the Ministers to a Tenderer whether in writing, verbally or in any other form, directly or indirectly from or pursuant to discussions with such Tenderer or which is obtained through

observations made by such Tenderer which is designated by the Ministers as confidential or which is otherwise of a confidential nature..

- “Contract” – means the Terms and Conditions of the Contract as set out in Part 8 of this ITT.
- “Invitation to Tender” – means all of the documentation and information made available to Tenderers to enable them to prepare a Tender for the Project, including the ITT.
- “ITT” – means the Invitation to Tender (see above).
- “ITT Updates” means updated information issued by the Ministers to Tenderers containing details of amendments to the ITT or further information in respect of the project.
- “Ministers” – the Welsh Ministers, the contracting authority.
- “Project” – refers to the operation of the proposed airline services between Cardiff Airport and RAF Valley.
- “PSO Service(s)” - means the service(s) to be provided by the successful Tenderer pursuant to the terms of the Contract, as described in this ITT.
- “Service Requirements” – refers to the Ministers’ requirements at Part 2 of the ITT relating to the provision of the PSO Services.
- “Tender” – means the tender proposal submitted by the Tenderers in response to the requirements contained in this ITT.
- “Tenderer” – includes any person to whom this ITT is addressed and any person who proposes to enter, or, enters a tender proposal for the services.
- “VAT” – means value added tax as applied by the Inland Revenue.

3. GUIDANCE AND COMPLIANCE

3.1 Tenderers should read the instructions set out herein carefully before submitting a response to this ITT. Failure to comply with these requirements for completion and

submission of the Tender response may result in the rejection of the Tender response. Tenderers are therefore advised to acquaint themselves fully with the instructions and conditions set out in this ITT.

3.2 The Ministers require adherence to all instructions and conditions within this ITT from each of the Tenderers and the participation in the tender process by each Tenderer shall be construed as unqualified acceptance of such obligations by and on behalf of the Tenderer.

4. **REQUIREMENT**

4.1 The Ministers are seeking to procure the services of an airline operator to provide a scheduled air service between Cardiff Airport and RAF Valley on Anglesey. The specification relating to the provision of the PSO Services is detailed in Part 2 of this ITT (PSO Service Requirements).

4.2 The Ministers do not accept any responsibility for the accuracy or validity of Part 2 and shall not be liable for any error, discrepancy or omission therein.

4.3 A single contract shall be awarded to one Tenderer as a result of this ITT and such Tenderer shall provide the PSO Services contemplated by this ITT.

4.4 **IMPORTANT:** In the event that no Tender is evaluated as a fully compliant bid, the Ministers reserve the right to negotiate with the Tenderer scoring the highest score to see if a compliant bid can be achieved. If this cannot be achieved, the Ministers may, at their sole discretion, choose to negotiate with the second highest scoring Tenderer, and then further Tenderers (at their discretion). Should these steps fail or should no Tender be received, the Ministers reserve the right to consider and adopt all other options available to it including, but not limited to, entering into direct negotiation with a single selected service provider.

5. **SUBMISSION PROCEDURES**

5.1 A complete response to the Tender must be submitted through the Welsh Government's electronic tendering portal by the closing time and date noted below.

10th October 2014 at 14.00hrs

- 5.2 The Tenderer is required to submit the Tender in the English language and, where appropriate, must provide certified English translations of relevant documents attached in support of the Tender.
- 5.3 Late Tenders may, at the Ministers' discretion, be excluded from further consideration.
- 5.4 Any enquiries/clarification must be submitted in accordance with paragraph 15 of this ITT. Note that the window for submitting enquiries/clarifications is restricted to the period:

3rd October at 14.00hrs

- 5.5 In the event that the Tenderer decides not to provide a Tender response, then the Tenderer is required to return all ITT documentation to the Ministers and confirm in writing that the Tenderer has not retained any of the documentation. All documentation is to be returned no later than the date specified above.
- 5.6 It is essential that the Tender is based upon firm proposals that are capable of delivery. The Tender should only include proposals that are firmly guaranteed and committed as part of the Tender. Tenderers should not leave matters open for discussion but must give a full and detailed response to the Ministers' requirements.
- 5.7 All requested elements within the Qualification, Technical and Commercial Envelopes of the electronic tender must be fully completed with all information requested provided in direct response to specific question on the portal or information requested within this tendering documentation. Failure to provide the required information will be taken into consideration and may result in your tender being deemed non compliant and your tender rejected.
- 5.8 The Tenderer shall provide the full legal name and registered office of the Tenderer and the Tender shall be signed, dated (and duly witnessed) with the usual signature of the person or persons authorised to legally bind the Tenderer.
- 5.9 Where a joint venture/consortium or sub-contracting approach is proposed, all Tender information requested should also be provided in respect of joint venture/consortium

members or sub-contractors who will play a significant role in the delivery of the PSO Services under any ensuing contract. For the purposes of this ITT a significant role is where a joint venture/consortium member or subcontractor is proposed to deliver 10% or more of the Service Requirement. Responses must enable the Ministers to assess the overall service proposed. Tenderers should note that in the case of consortium approach the Ministers will require that the liability of the joint venture/consortium members shall be joint and several. In the case of a sub-contractor approach the Ministers will require a collateral warranty from the proposed sub-contractor/s.

- 5.10 Tenderers MUST (in relation to the pricing proposed) not exceed the Ministers' financial envelope for the PSO Services (see Part 2 A paragraph 1.5 for (*Service Requirements*)).

6. **DOCUMENTATION TO BE SUBMITTED**

- 6.1 Please refer to Document Checklist and Form of Tender (Parts 4 and 5 of this ITT) .

7. **MEMBERSHIP AND ELIGIBILITY**

- 7.1 The Ministers must be notified in writing of any change in the control, composition or membership of a Tenderer that has taken place subsequent to the submission of the Tender response.

- 7.2 Similarly, the Ministers must be notified in writing of any changes that have been made to any nominated sub-contractors. The Ministers reserve the absolute right to withhold approval for any such changes and to disqualify the Tenderer concerned from any further participation in the procurement process.

8. **TERMS AND CONDITIONS OF CONTRACT**

- 8.1 The terms and conditions of contract shall be those contained in Part 8 of the ITT (*Terms and Conditions of Contract*). In order to be compliant, save for matters of clarification or fine tuning of a non material nature to ensure consistency, Tenders shall be based on the terms of the Contract without amendment. Tender submissions which seek to amend or negotiate any material terms of the Contract will be deemed non compliant and excluded from further participation in the procurement process.

9. **COMMENCEMENT/DURATION**

9.1 It is the intention of the Ministers that any award of Contract resulting from this ITT will be for a term of four (4) years, the anticipated commencement date being on the 10th December 2014.

10. **AMENDMENTS TO ITT**

10.1 Throughout the procurement, the Ministers may issue ITT Updates, which will be identified by a number and the date.

10.2 Such Updates will contain details of any amendments to the ITT, together with any further information, which may assist Tenderers in the preparation of their Tender submissions. No statements issued by the Ministers in relation to the Project shall be relied upon unless subsequently ratified by an ITT Update.

10.3 The Ministers reserve the right to make amendments to the ITT at any time up to the award of the Contract.

10.4 Any amendments made will be issued through the messaging facility within the electronic tendering portal.

10.5 Any supplier queries or clarifications must be made through the messaging portal. The Ministers will make any response available to all tenderers through the messaging portal.

11. **TENDER VALIDITY**

11.1 Any proposal submitted by the Tenderer shall remain valid and open for acceptance by the Ministers for a period of not less than 180 days from the Tender return date.

12. **CONTRACTUAL COMMITMENT OF TENDER**

12.1 Except for manifest error or as may otherwise be expressly agreed by both the Ministers and the Tenderer, the contents of submitted Tenders will be deemed to be binding upon the Tenderer and open for acceptance by the Ministers for the duration of the validity period as set out in paragraph 11 above. Therefore, Tenderers are cautioned to verify their proposals before submission to the Ministers. The Ministers

reserve the right, at their absolute discretion, not to accept any Tender submitted in response to this ITT.

12.2 Prior to submitting its Tender, it is the Tenderer's responsibility to ensure that all proposed suppliers and sub-contractors are fully aware of all the technical, commercial and legal requirements relating to this procurement.

13. **EVALUATION PROCEDURE**

13.1 Each Tender will be reviewed, evaluated and scored applying the evaluation criteria set out in this paragraph 13.

13.2 The Tenderer should ensure that all information that is requested within this ITT is included within the Tender proposal. To aid evaluation of its Tender, the Tenderer should cross-reference its proposal in accordance with any numbering that is used within this ITT. Where information has been requested and not submitted and where a Tender document is not clearly referenced, this will be taken into consideration as appropriate when performing the Tender evaluation exercise.

13.3 **IMPORTANT** - following receipt of the Tenders, they will be evaluated in two phases and in accordance with scoring / evaluation methodology set out below.

13.4 Phase 1 - Tenders will be subject to an initial screening to ensure that they comply with the Ministers minimum requirements. Any Tenderer which registers a 'non – compliant' response to ANY question will be excluded from further participation in the procurement process. Tender submissions that register 'compliant' responses to ALL questions will proceed to Phase 2 of the tender evaluation process. Details of the Phase 1 questions / information required from Tenderers are set out in Part 2 D (*Tender Information to be Submitted*) of this ITT.

13.5 Phase 2 – will consist of a two stage evaluation process. Tenders will be scored on both quality and financial information submitted in response to the questions set out in Part 2 D (*Tender Information to be Submitted*).

13.6 Quality - Quality issues have been broken down into various criteria/ sub-criteria, with relative weighting (marks out of 100) and sub-weightings allocated as indicated. Evaluation will be based on an assessment of information provided in response to each

weighted section as indicated. The information will be assessed by reference to the extent that it evidences that the Tenderer: has experience in providing services similar to those required by the Welsh Ministers; and/or can provide the services in accordance with the Welsh Ministers' requirements (which shall include the requirements set out in this ITT, and any requirements of relevant legislation, regulatory guidance, codes of practice, and/or best industry practice). The information provided will be evaluated by applying the scoring matrix detailed in the Tender Quality Assessment document which can be found in the Attachments section of this tender.

13.7 Financial - financial scoring will be assessed on the total subsidy required (as expressed in Tender submitted) to provide the PSO Services. The Tenderer with the lowest bid will receive 100 marks with those above (the lowest bid) pro-rated by a deduction of one mark for every 1 % above lowest bid.

13.8 The scores achieved in respect of the Quality / Financial Sections will be combined using a weighting ratio of 70:30. The winning Tenderer is the one who has achieved the highest overall score in the evaluation process.

13.9 The Ministers will then, as appropriate, enter into a contract with the successful Tenderer on the terms and conditions of Contract referred to at Part 8.

14. **INDICATIVE TIMETABLE / KEY DATES**

14.1 An indicative timetable/ key dates for the Tender evaluation procedure (all of which are subject to confirmation and/or change at Ministers' sole discretion) are as follows:

Date	Activity
Week commencing 11th August 2014	Issue of ITT documents
14.00 hours on 10th October 2014	Return of Tenders
No earlier than 3rd November 2014	Select successful Tenderer, clarify and/or confirm commitments in Tender (Provisional)
	Formal execution of contracts
10th December 2014	PSO Services Commence

15. COMMUNICATIONS

15.1 All enquiries associated with this ITT must be made through the messaging facility within the e-tendering portal. Except where the response to an enquiry relates to commercially confidential matters, the Ministers will copy their response to all participating Tenderers.

16. FREEDOM OF INFORMATION

16.1 Tenderers are reminded that the Ministers are subject to the requirements of the Freedom of Information Act 2000 ("FOIA") and the Environmental Information Regulations 2004 ("EIR"). Accordingly the Ministers may be required to disclose, on request, information submitted to it by Tenderers in connection with this tender. Information may be exempt from disclosure under FOIA where its disclosure would be likely to prejudice the commercial interests of any person but the Ministers can give no assurances as to whether or not information received from Tenderers in connection with this Tender would be disclosed in response to a request made under FOIA.

16.2 In the event that such a request is received by the Ministers, the Ministers shall, in accordance with its obligations under the Code of Practice made under section 45 FOIA, consult with any party whose interests are likely to be affected by disclosure. However the Ministers shall be responsible for determining at their absolute discretion whether any such information is exempt from disclosure in accordance with the provisions of the FOIA, the EIR or any other relevant legal requirements.

16.3 Tenderers are also reminded that the Ministers are required to provide the European Commission with certain information under Council Regulation (EC) No 1008/2008 and, in accordance with that Regulation, may be requested to communicate Tender submissions to the European Commission.

17. **CONFIDENTIAL INFORMATION**

17.1 Each Tenderer shall hold in confidence any Confidential Information, provided that such Tenderers shall not be restricted from passing such information to its professional advisers, its proposed sub-contractors and funders (subject to obtaining appropriate confidentiality restrictions) but only to the extent necessary to enable it to prepare its Tender submission.

17.2 Any Confidential Information held by any Tenderers must be returned upon the demand of the Ministers. The Ministers will not refund return postage if required to be sent by post.

PART 2 A

SERVICE REQUIREMENTS

1. BACKGROUND

- 1.1 Most of the population in Wales lives along the coastal strips in the north and south of the country, with the main transport links operating along the east – west axis (the so-called M4 and A55 corridors). Mid Wales is sparsely populated with difficult terrain, and north-south transport links are relatively poor.
- 1.2 The PSO Services allow the possibility for day-return journeys between North West and South Wales, an important requirement for business travellers. Good air links are essential to support economic development, as well as enhancing the economic, social and political cohesiveness of Wales.
- 1.3 The Ministers consider that the PSO Services are in the public interest, given the extent of the economic and social benefits. The Ministers intend to impose a further PSO in respect of the PSO Services commencing on the expiry of the existing PSO.
- 1.4 The Ministers wish to procure an air carrier to provide the PSO Services for a four year period commencing on 10th December 2014 and terminating on 9th December 2018.
- 1.5 **NOTE** – the Ministers have allocated an annual budget range of £1,000,000 to £1,300,000 (£1m to £1.3m) for the provision of the PSO Services (including any additional services – (see Part 2 C paragraph 2 (*Operational Requirements of the Services*))). Pricing proposals submitted by Tenderers that exceed this financial envelope will be deemed non compliant and excluded from the tender process.
- 1.6 The successful Tenderer shall be required to observe all conditions, restrictions and/or obligations in relation to the operation of the PSO Services as are set out in the documents referred to in 1.8 below and shall be deemed to have taken into account all issues to which they give rise.
- 1.7 The Ministers are interested in improving transport connectivity within and to/from Wales and are interested in other aircraft services that Tenderers may already provide

or may be planning that have synergies with the PSO service. While not forming part of the tender or the PSO, tenderers may describe additional services on other routes offering synergies with the PSO; however, no element of subsidy will attach to those additional services

1.8 Tenderers should note the annexes to Part 3 (Important Note To Tenderers) setting out the following:

- the RAF Operational Requirements,
- Cardiff Airport Operational Requirements,
- contract between the Crown and Isle of Anglesey County Council for the provision of airport services at RAF Valley,
- the Lease agreement and Deed of Rectification between the MoD and Isle of Anglesey County Council, relating to the terminal building, associated car park, and aircraft parking rights.

PART 2 B

RAF VALLEY OPERATIONAL INFORMATION

1. Operational information for RAF Valley and Cardiff Airport are included in Annex A to Part 3. The following is a brief summary of RAF Valley operational information:
2. Royal Air Force (RAF) Valley is a military, high-intensity, flying training aerodrome, which operates from 08:00 to 18:00 on Monday to Thursdays and from 08:00 to 17:00 on Fridays. It is tasked with the training of combat pilots for the Royal Air Force (RAF) and Royal Navy (RN), the training of helicopter Search and Rescue (SAR) crews for the RAF and accommodates an operational SAR flight utilising the Sea King helicopter.
3. As a training facility, RAF Valley does not operate over weekends, public holidays and other holidays, when the airfield will be closed. An example of how RAF Valley may profile its opening schedule is as follows:
 - Easter: Closed for Public Holidays and Maundy Thursday
 - Early May Bank Holiday: Closed for Public Holiday
 - Late May Bank Holiday: Closed for Public Holiday
 - August Bank Holiday: Closed for Public Holiday and one additional day
 - Christmas and New Year: Closed from 21 December, reopening on 4 January.
 - A small number of non-weather related, additional closure days may be added at short notice but are unlikely to exceed two to three days.
 - Permitted aircraft movements will take place within the period from 08:00 to 18:00 on Monday to Thursdays and from 08:00 to 17:00 on Fridays.

PART 2 C

OPERATIONAL REQUIREMENTS OF THE SERVICES

Minimum Tender Requirements

1. A minimum of two daily return flights between Cardiff Airport and RAF Valley on each day from Monday to Friday. No services are required to operate on Saturday and Sunday.
2. Additional flights on the PSO route may be operated with the prior consent of the Welsh Government. Where such consent is granted, any such additional flights must be in addition to the minimum requirements as outlined and must themselves also comply with the Operational Requirements of the Services. Any such additional services will be subject always to the Ministers maximum allocated budget for the PSO Services and will only attract a subsidy if and to the extent that the Welsh Ministers agree;
3. Total capacity per one-way flight of no more than 19 passenger seats (See also, Part 3 paragraph 2.1, Important Note to Tenderers);
4. Flights must be non-stop;
5. Standard Rotations / Timings
 - Timings must be scheduled within RAF Valley's opening hours of 08:00 to 18:00 on Monday to Thursday, 08:00 to 17:00 on Friday. Note that early closure on Friday restricts the ability to offer later services.
 - First departure from Cardiff no later than 08:00.
 - First departure from RAF Valley no later than 09:00.
 - Last departure from RAF Valley no earlier than 17:00 Monday to Thursday and no earlier than 16:00 on Friday.

6. Fares prices may be set by the Service Provider, but are always subject to the prior written consent of the Welsh Ministers. (See also, Part 3 paragraph 2.1, Important Note to Tenderers);
7. Ability to start operations on 10th December 2014.
8. The flight crew used in the operation of the PSO must be fully trained and licensed on the type of aircraft employed.
9. The aircraft type must be compatible with the level of fire cover provided at RAF Valley.
10. The operator must comply with the Department for Transport's *Access to Air Travel for Disabled Persons and Persons with Reduced Mobility – Code of Practice*.
11. Check-in must remain open until at least 30 minutes before scheduled departure times.
12. Both (i) sales and promotional literature and (ii) a website must be provided in the medium of Welsh as a mandatory requirement. In addition, a Welsh language operator for call centre customers must be provided.
13. A marketing strategy must be developed to increase awareness of the service and raise patronage.
14. The operator must hold accurate passenger records and have robust measures in place to ensure the integrity of data held. The operator must undertake an independent annual audit of passenger information.
15. The operator must undertake a twice-annual passenger survey, format and content to be agreed by Welsh Ministers, which can be published by the Welsh Government.
16. Tenderers must, as part of their Tender submission, complete the Operational Information spreadsheet at Part 3 Annex E

PART 2 D

TENDER INFORMATION TO BE SUBMITTED

Phase 1 – Initial Screening of Tenders

Tenderers must confirm that they are compliant with each of the Requirements set out in Phase 1, (Initial Screening of Tenders), by completing the tables below.

Operational Requirements	Compliant	Non - Compliant
1. Minimum service frequency provided		
2. Minimum timing requirements met		
3. Maximum fare levels within guidelines		
4. Suitable aircraft and crew available for start date		
5. Suitable aircraft and crew available for contract duration		
6. Availability of web and telephone booking/information services, with the provision for Welsh Language		
7. Experience of operating other similar scheduled services or contracts		

8. Complies with Department for Transport's "Access to Air Travel for Disabled Persons and Persons with Reduced Mobility" – Code of Practice.		
9. Commitment to produce marketing strategy to increase awareness and raise patronage		
10. Commitment to undertake twice annual passenger survey		
11. Measures outlined to ensure the integrity of passenger data		
12. Compliance with Air Passenger Rights Directive		

Technical Capability	Compliant	Non - Compliant
1. Air Operator to hold appropriate EU Operating Licence or equivalent		
2. Air Operator to hold Air Operator's Certificate		
3. Details of insurance cover (together with copy certificates) in respect of the following insurances: <ul style="list-style-type: none"> • Employer's Liability; • Public Liability; and such other insurances		

(including any needed to satisfy the RAF Operational Requirements and Cardiff Airport Operational Requirements) as are necessary in relation to all risks arising out of or in connection with the provision of the PSO Services.		
4. Confirmation that the proposal meets the necessary operating requirements for Cardiff Airport and RAF Valley.		
5. References - at least two (2) recent references from clients in respect of the provision of air services (to include details of the date of commencement, duration of the services, approximate value, names of staff involved, and their roles).		

Provision of financial information	Compliant	Non - Compliant
1. The Tenderer shall submit a copy of its full audited accounts for the last 2 years.		
2. A statement of its turnover, Profit and Loss and cash flow position for the most recent full		

<p>year of trading (or part if full year not available) and an end period balance sheet, where this information is not available in an audited form at 1 above.</p>		
<p>3. If the organisation is a subsidiary of a group then the information in 1 and 2 above are required for both subsidiary and the ultimate parent company.</p>		
<p>4. Within the portal the Tenderer should confirm that none of the following applies to its organisation:</p> <ul style="list-style-type: none"> • It is bankrupt or is being wound up or its affairs are being administered or it has entered into an arrangement with creditors, or it is in any analogous situation arising from a similar procedure under national laws and regulations; • It is the subject of proceedings for the declaration of bankruptcy, for an order for compulsory 		

<p>winding-up or administration or for an arrangement with creditors or is the subject of any other similar proceedings under national laws or regulations;</p> <ul style="list-style-type: none"> • It has been convicted of an offence concerning its professional conduct by a judgement which has the force of res judicata; • It has been guilty of grave professional misconduct proven by any means which the contracting authorities can justify; • It has not fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of the country in which it is established or those of the United Kingdom; • It has not fulfilled obligations relating to the payment of taxes in accordance with the legal provisions of the 		
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country in which it is established or those of the United Kingdom.		
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Tender Completion	Compliant	Non - Compliant
1. Acceptance of Terms and Conditions (including Schedule to the Conditions) without amendment		
2. Acceptance of duration of PSO Services and commencement date		
3. Acceptance of payment terms		

Phase 2 - Quality Evaluation

<p>1. Operational Management – 20%</p> <ul style="list-style-type: none"> • Proposals for establishing the service set –up arrangements by the service commencement date (10th December 2014). (5%) • Details of safety processes and how safety oversight is maintained. Tenderers should provide a summary of their operational safety record for the last three years including all recorded incidents or ‘near miss’ incidents. (10%) • Details of the office management systems and proposed administration procedures proposed, 	
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<p>including website and call centre provision). Details should be provided on any resources or quality assurance processes allocated to ensure proper and timely performance of the PSO Services and related administration (e.g. invoicing procedures, recording/identifying expenditure incurred, reporting methods and frequency, complaints handling, 6-monthly passenger survey and data analysis etc). (5%)</p>	
<p>2. Operational quality- 15%</p> <ul style="list-style-type: none"> • Details of the aircraft to be operated, including aircraft specification. (10%) • Passenger experience e.g. services offered to customers during and before/after flight. (5%) 	
<p>3. Wider benefits – 10%</p> <ul style="list-style-type: none"> • Details of systems engaged to manage environmental practices and processes, including policy on sustainability. (5%) • Details of initiatives/proposals for wider benefits such as: support for developing the Welsh economy; Corporate Social Responsibility programmes. (5%) 	
<p>4. Contingency plans – 15%</p> <ul style="list-style-type: none"> • Proposals for operating contingency plans in the event of a service failure including communication of alternative arrangements both internally and 	

<p>externally to customers; back-up plane availability and alternative transport proposals. (15%)</p>	
<p>5. Reliability/Punctuality performance – 20%</p> <ul style="list-style-type: none"> • Proven track record in delivering similar contracts. Bidder must provide statistical information in support of their response, for example, punctuality reports, reliability and performance records. (20%) 	
<p>6. Proposals to maximise value for money – 20%</p> <ul style="list-style-type: none"> • Proposals on which the Tenderer will seek to reduce the amount of compensation paid in respect of the PSO Services over the lifetime of the Contract to achieve maximum value for money for the Ministers. (10%) • Marketing plan focussed on increasing patronage (with identified budget allocation). (10%) 	

Phase 2 - Additional Information Required

The following additional information is required from Tenderers to support the Ministers' tender assessment and evaluation process. The information to be submitted by the Tenderer in response to the questions set out in this section will **NOT** be scored. However, failure to respond/provide the information requested will result in the Tender being deemed non-compliant and excluded from the process.

1. Consortia / Joint Ventures or Use of Sub-Contractors

- 1.1 The Tenderer is required to confirm whether its organisation will be providing the required PSO Services itself, by way of a joint venture / consortium arrangement, or whether it intends to sub-contract any element of the PSO Services to a third party. **NOTE** – see Part 1 paragraph 5 (*Instructions to Tenderers*) for submission requirements.

2. Company Information

- 2.1 Name and registered office address of the air operator holding the appropriate EU Operating Licence or equivalent.

3. Technical Information

- 3.1 Details of aircraft to be used on the PSO route, and contingency aircraft in the event of unavailability of main aircraft including:
- 3.1.1 Aircraft type and model number.
 - 3.1.2 Pressurised (yes/no).
 - 3.1.3 Where is aircraft registered?
 - 3.1.4 Passenger seating capacity.
 - 3.1.5 Ownership status (owned, wet lease, dry lease).

4. Health and Safety and Duty of Care

4.1 The successful Tenderer will be wholly responsible for ensuring that its staff adheres to appropriate Health and Safety at Work regulations. The Tender must provide details of how it will accommodate these requirements in any working practices and must provide comprehensive details of the processes deployed by its staff to ensure compliance at all times.

5. Equality and Diversity

5.1 The Tenderer should provide an overview of its policy with regards equality and diversity within its organisation as part of its Tender submission, including (but not limited to) its understanding of Department for Transport's *Access to Air Travel for Disabled Persons and Persons with Reduced Mobility – Code of Practice*.

6. Welsh Language

6.1 The successful Tenderer will need to ensure that services provided through this contract are compliant with the Welsh Language Scheme for the Welsh Government. A copy of the Scheme can be found at <http://new.wales.gov.uk/topics/welshlanguage/publications>

Phase 2 - Financial Evaluation (Pricing Information Required)

1. Tenderers **MUST** complete the attached price schedule contained in Part 3 Annex F (in electronic format).
2. **NOTE** - Tenderers must submit, with their Tenders, a completed price schedule for a bid that satisfies the minimum tender requirements set out in Part 2C. At their own discretion, bidders may also submit a separate price schedule for proposed additional services (such additional services to be subject always to the Ministers approval and to the Ministers maximum allocated budget for the PSO Services).
3. In completing the Price Schedule tenderers must refer to Part 3 (*Important Note to Tenderers*). For the purposes of completing the price schedule, Tenderers should note the following:
 - 3.1 In respect of calculating non salary crew costs (including provision for crew and engineering allowances) Tenderers should apply the Welsh Government travel and subsistence rates for contracts outlined in the attached document.



T&S for
Contracts.doc

- 3.2 Tenderers are asked to note that for monitoring purposes the successful Tenderer will be required to provide supporting receipts for **all** expenditure claimed in line with the maximum deficit being sought.

PART 3

IMPORTANT NOTE TO TENDERERS

Tenderers should be aware of the following

1. TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246)) may apply to the re-tendering of the PSO Services. However it is the sole responsibility of Tenderers to undertake the necessary due diligence, ascertain the position and take appropriate legal advice as to the applicability (or otherwise) of TUPE. Tenderers should refer to the TUPE information set out in Annex D to this Part 3.
2. Tenderers are reminded of the need to comply with the operational requirements at RAF Valley, including the current restriction of aircraft to a maximum of 19 seats.
 - 2.1 During the term of this contract the Welsh Government may investigate the steps necessary for RAF Valley to meet the UK National Aviation Security Programme requirements to enable aircraft larger than 19 seats to operate on this route. The results of any such investigation would be discussed with the successful tenderer with a view to increasing the size of aircraft used on the route should this be warranted by market demand.
3. The successful Tenderer, will be required to enter into a direct contractual arrangement with Cardiff Airport, must ensure that it can satisfy Cardiff Airport's operational requirements..
4. The contract relating to the provision of Terminal Operator (Handling Agent) services at RAF Valley (*Terminal Operations Contract for Anglesey Airport*) is available upon request.
5. The successful Tenderer may be required to enter into suitable collateral arrangements with the Isle of Anglesey County Council, MoD, Cardiff Airport and the terminal operator (Handling Agent) and such other persons, bodies or organisations as the Ministers may require.

6. The successful Tenderer will be required to negotiate a contract with the Base Meteorological Office for any meteorological services and information.
7. Landing and navigation fees.
 - 7.1 There are no airport charges payable by the airline in respect of the use of **RAF Valley** for all scheduled civil movements under the PSO air service.
 - 7.2 The airport charges payable for additional movements, at **RAF Valley** (for example, those occurring after departure en-route, as a result of aircraft unserviceability and/or aircraft emergency) may be raised in the normal manner and charged to the aircraft operator. The successful Tenderer should contact RAF Valley directly to confirm the position.
8. The airport charges in respect of the use of **Cardiff Airport**, are set out in Part 3, Annex B. Bids should be priced according to Cardiff Airport's set tariffs.
9. Fares prices may be set by the Service Provider, but are always subject to the prior written consent of the Welsh Ministers. The suggested pricing structure at service commencement is a maximum single ticket price of **£60** (inclusive of passenger service charge, security charge but excluding air passenger duty will apply) to at least 60% of the load factor of the aircraft with a higher fare limit of £90 applying to the remaining seats. In addition, the availability of transferable tickets within this higher fare limit that allow passengers flexibility to cancel a booking and re-book at no additional cost.

PART 3 ANNEX A

RAF OPERATIONAL REQUIREMENTS

IMPORTANT – the information set out below may have been superseded (either in whole or in part). It is the sole responsibility of Tenderers to contact RAF Valley, undertake the necessary due diligence and ascertain the position to ensure that they conversant with the operational information that currently applies.

INTRA WALES PSO TENDER – OPERATIONAL INFORMATION

Reference A. Joint Services Publication 360 (Edn May 2005) – Use of Military Airfields by British and Foreign Civil Aircraft (or amendment thereto)

ALL TIMES LOCAL

GENERAL

1. Royal Air Force (RAF) Valley is a military, high-intensity, flying training aerodrome operating Monday to Thursday from 0800-1800 and Friday 0800-1700. It is tasked with the training of combat pilots for the RAF and Royal Navy (RN), the training of helicopter search and rescue (SAR) crews for the RAF and accommodates an operational SAR flight utilising the Sea King helicopter, which operates H24.

OPENING HOURS

2. As a training facility, RAF Valley does not operate over weekends, public holidays and other holiday occasions when the airfield may be closed for an extended period. An example of how RAF Valley may profile its opening schedule is as follows.

- a. Easter. Closed for Public Holidays and Maundy Thursday
- b. Early May Bank Holiday. Closed for Public Holiday
- c. Late May Bank Holiday. Closed for Public Holiday

- d. August Bank Holiday. Closed for Public Holiday and one additional day
- e. Christmas and New Year. Airfield closed for a two week period over the Christmas/New Year period.

NOTE: RAF Valley's main runway (13/31) is due for resurfacing, starting mid-2015 and estimated to take eight (8) months. The runway will be out of use for the duration although runway 01/19 will be available for all but three (3) weeks when the runway intersection is being completed. These three (3) weeks are anticipated to be in mid-September 2015, but until the contract is let and work has commenced the RAF cannot confirm these dates.

- 3. A small number of non-weather related, additional closure days may be added at short notice.
- 4. Permitted aircraft movements will take place within the period from 0800 hours – 1800 hours Monday to Thursday and from 0800 hours –1700 hours Friday but will be constrained to 2 operating windows at the start and end of each period; these periods will be determined in advance of the start of operations. Variance from these times will impede the normal Defence activities of the RAF Valley Base and will not be permitted without written authorisation from the Designated Officer (Officer Commanding RAF Valley) or his Deputy. In the event of a refusal to grant an extension to the permitted hours of operation, the MOD shall not be liable for any costs incurred in relation to the cancellation or curtailment of the service.

ACCESS

- 5. Subject to military necessity, unavoidable maintenance or health and safety requirements, or events beyond our reasonable control that shall include but not be limited to any Act of Nature, hostilities, national strike, fire, flood, changes in law, foreign Government policy, terrorism, biohazards, UK ban on trade source country and sonic booms, the airline operator will have access to the Airfield's runway and use of such taxiways, manoeuvring areas and aircraft parking areas. All such access requires the approval of the Designated Officer or nominated official.

6. The MOD shall have the overriding authority at all times for the use of the Airfield including those areas which the airline operator has been authorised to use and may withdraw such authority for a particular flight or series of flights to land at the Airfield should military necessity or essential maintenance or health and safety requirements or any other circumstances beyond the reasonable control of the MOD that shall include but not be limited to any Act of Nature, hostilities, national strike, fire, flood, changes in law, foreign Government policy, terrorism, biohazards, UK ban on trade source country and sonic booms dictate.

7. NOT USED

8. The MOD shall retain control over the use of the Airfield runway.

9. The airline operator must obtain the prior authorisation of the MOD for civil air traffic on training flights involving periods of circuit or instrument consolidation.

10. NOT USED

11. NOT USED

12. NOT USED

OPERATOR'S RESPONSIBILITIES

13.

a. The provision of the Services may be suspended by the MOD at any time to meet its unavoidable operational, maintenance and health and safety requirements; or for circumstances beyond MOD's reasonable control.

b. The MOD reserves the right to close the Airfield at any time following the last scheduled commercial Movement of a particular day.

c. NOT USED

- d. The supply of aviation fuel by the MOD is subject to its availability and that the supply of aviation fuel is at the discretion of the Designated Officer.
- e. The MOD may have to reduce the LCG of the whole or part of the Airfield.
- f. The airline operator will be responsible for the security of civil aircraft and their passengers, equipment and freight.
- g. In the event that the MOD is unable to provide fire, crash and rescue services civil operations requiring that level of cover shall be suspended.
- h. The Airline Operator will require the prior approval of the Designated Officer for civil aircraft to be parked in bays other than those provided for in the lease and contract between MOD and Isle of Anglesey County Council.

EQUIPMENT AND HEALTH & SAFETY

- 14. The airline operator shall not make any changes to ground markings, signs or lighting without the prior agreement of the MOD.
- 15. The airline operator may only leave identified ground handling equipment on the Airfield which has been previously agreed with the MOD and such equipment must be stored in a manner so as to present no health and safety hazard to anyone present on the Airfield.
- 16. The airline operator must inform the Designated Officer of any issues which may threaten or detract from the security of the Airfield.
- 17. The MOD reserves the right to exclude from the Base on safety grounds any personnel, passengers, visitors, aircraft, property or thing of the airline operator and the airline operator shall, if so directed by the MOD, cause any such person, aircraft, vehicle or thing to be removed from the Airfield as soon as reasonably practicable.
- 18. The airline operator warrants that any equipment, materials or other substances which the airline operator brings onto the Base or they are required to provide for the purposes of the

Contract are not a safety hazard and that they comply with all the relevant health and safety legislation and regulations.

19. The MOD reserves the right to inspect such equipment, materials or other substances and, if the MOD reasonably considers them to be unsafe or to pose an unacceptable risk of injury or damage to persons or property to refuse to allow them onto the Base or to have them removed therefrom.

20. In the event of such refusal, the MOD shall not be liable for any additional costs or delay in relation to the provision of the Services.

21. The airline operator shall be responsible for all health and safety issues associated with their activities.

22. All of the airline operator personnel shall comply with the airline operator approved Health and Safety at Work etc Act 1974 Work Statement whilst working within the perimeter of the Airfield.

23. The airline operator Health and Safety Statement must be compliant with the Health and Safety at Work etc Act 1974 provisions and an up to date copy shall be supplied to the MOD by the airline operator within 30 working days of any alteration made.

ADHERENCE TO REGULATIONS

24. All civilian flights into and out of the Airfield are subject to military flying regulations for civil aircraft as advised by the MOD and the regulations laid down in the UK Aeronautical Information Publication.

25. The airline operator will possess an Air Operator's Certificate (AOC), granted by the Safety Regulation Group (SRG) of the Civil Aviation Authority (CAA)

26. The airline operator shall ensure that they possess a CAA Operating License (Type A or B) commensurate with the type of aircraft that they intend to operate into and out of RAF Valley.

27. Passengers boarding or disembarking aircraft are to be escorted to and from the terminal building at all times and no unauthorised personnel are to be granted access to the airfield from the terminal building.

28. When employed within the boundaries of the Base, the airline operator personnel shall comply with such rules, regulations and requirements (including those relating to security arrangements) as may be in force for the time being for the conduct of personnel at the Base.

29. All vehicle drivers operating on the Airfield must hold the following:

- a. A driving licence, which is valid in the UK
- b. Appropriate and comprehensive insurance cover
- c. An Airfield Driving Permit issued by the Base

30. The airline operator shall be responsible for the civil aircraft, personnel, passengers and their belongings, vehicles, equipment and freight on the areas which the airline operator have been authorised by the MOD to use but must act subject to any instructions and directives issued by the MOD.

31. The airline operator will be bound by all schedules, conditions and clauses imposed by the MOD, which will not necessarily be limited by the examples contained in this document.

32. NOT USED

INSURANCE

37. In order to ensure that the airline operator has adequate resources to pay claims for compensation they must hold an aviation liability insurance policy and a copy of the policy certificate must be provided prior to the start of any scheduled service.

- a. The policy must be described as covering “aviation liability insurance”.

b. The period of insurance is current and remains current for the full period of use, and

c. The sum insured under the policy is not less than £25,000,000.

38. In accordance with Reference A, aircraft operators are required to pay a Civil User Indemnity Administration Charge which recovers the cost of the MOD insurance policy covering risks associated with civil aircraft movements on military airfields. The charge is valid for a 12-month period and is levied on a per-aircraft basis; the charge covers unlimited movements during the year. Operators of aircraft in the weight category 14.5 - 24.9 metric tonnes would pay a charge of £130 +VAT for each aircraft that they intend to use on the service.

39. The MOD shall notify the airline operator of any changes to insurance requirements within 30 working days of the MOD becoming aware of any such changes and the airline operator will comply with such changes.

ATC AND AIRCRAFT OPERATIONS

40. Scheduled civil aircraft movements will comply with published RAF Valley air traffic control procedures.

41. Whilst the MOD will make every endeavour to ensure that scheduled civil movements will not be subject to inordinate delays either arriving or departing RAF Valley, aircraft operators should note that at no time, other than in emergency, will civil aircraft movements have priority over military operations.

42. The complete Military Aeronautical Information Publication entry for RAF Valley follows. This information is to be used only for the PSO Tendering process and is not to be used for aircraft operations or navigation. This information is not subject to any form of amendment action and the use of this information for aviation purposes could constitute a flight safety hazard.

OPERATIONAL CONTRACT

43. Prior to commencement of operations at RAF Valley, the airline operator will be required to enter into a contract that will state their acceptance of the conditions and limitations that will comprise, but is not limited to, those detailed in this document.

PART 3 ANNEX B

CARDIFF AIRPORT OPERATIONAL REQUIREMENTS



Cardiff Airport
Charges & Conditions

PART 3 ANNEX C

LEASE AGREEMENT AND DEED OF RECTIFICATION BETWEEN THE MOD AND ISLE OF ANGLESEY COUNTY COUNCIL, AND AIRPORT SERVICES CONTRACT BETWEEN THE CROWN AND ISLE OF ANGLESEY COUNTY COUNCIL

1. COPY OF LEASE AGREEMENT AND DEED OF RECTIFICATION



Scan-20-Oct-09.pdf



Scan-20-Oct-09.pdf

2. COPY OF AIRPORT SERVICES CONTRACT



Airport Services
Contract.pdf

Note: The current contract is in operation until 10 December 2014, with a similar contract planned to be in place after this date.

PART 3 ANNEX D
TUPE INFORMATION

Background

The PSO Service is currently being operated by Citywing Aviation Services Limited and Links Air Limited under arrangements which will come to an end on 9 December 2014.

TUPE information to follow.

PART 3 ANNEX E

**Operational Information Schedule for IntraWales Air Service
2014 - 2018**

	Year 1	Year 2	Year 3	Year 4	Details/ Explanations
	10 Dec 2014- 9 Dec 2015	10 Dec 2015- 9 Dec 2016	10 Dec 2016- 9 Dec 2017	10 Dec 2017- 9 Dec 2018	
Operational Information					
Aircraft Type					
Aircraft Cost Basis (ACMI, Owned etc)					
Number of Sectors (one way flights)					
Aircraft seating capacity					
Passenger numbers					
Average revenue per sector					

PART 3 ANNEX F

Price Schedule for IntraWales Air Service 2011 - 2014

	Year 1	Year 2	Year 3	Year	
Revenue Information	10 Dec 2014- 9 Dec 2015	10 Dec 2015- 9 Dec 2016	10 Dec 2016- 9 Dec 2017	10 Dec 2017- 9 Dec 2018	Cost Details / Explanations
Passenger Revenue					
Other Revenue					
Total Revenue					

Direct Operating Costs					
Fuel					
Fuel Burn /Landing Fees					
Handling					
Parking					
Navigation					
Scheduled Maintenance*					
Line Maintenance					
**Non-Salary Crew Costs					
Contingency costs associated with service failures					
Total DOCs					
Passenger Variable Costs					
Passenger Charges at Cardiff					
Reservation					

System/Distribution Cost					
Advertising, PR and Promotion costs					
Welsh Language translation cost for call centre					
Welsh Language translation cost for advertising					
Total PVCs					
Average per Pax					
Aircraft Costs					
Lease Cost/Cost of Ownership					
Insurance*					
Salaries* please specify details of staffing levels					
Total Aircraft Costs					
General Costs					
Overhead %					
Overhead Amount					
Profit Allowance %					
Profit Allowance Amount					
Total General Costs					
Total Costs including general					

Total Subsidy Required					

***Costs not applicable for ACMI lease arrangement**

**** In respect of non salary crew costs please refer to the notes for tenderers in respect of payable allowances - see earlier paragraph 3.1 Phase 2 *Financial Evaluation (Pricing Information Required)***

i. In determining staffing costs please note there is no requirement for cabin crew.

ii. In calculating fare revenue, tenderers should specify separately any baggage charges proposed.

PART 4

DOCUMENT CHECKLIST

The Tenderer is required to complete and include this sheet at the front of its Tender. The items included with the Tender should be ticked as being present and a list of any other items that have been included in the Tender should be included and ticked as being present.

Check (☐)

Tender Submission

Documents

- Part 2D: Service Requirements:
- Part 3 Annex E: Operational Information Schedule:
- Part 3 Annex F: Price Schedule:
- Part 4 Document Checklist
- Part 5: Form of Tender
- Part 6: Certificate as to Canvassing
- Part 7: Certificate of Non – Collusive Submissions
- Part 8: Terms and Conditions of Contract including the Schedules
- any other items comprising the Tender as follows:
- _____
- _____
- _____

(Tenderer to complete as appropriate)

SIGNED by

On behalf of []

PART 5

FORM OF TENDER

I/We the undersigned, having considered the Tender documents, and subject to and upon the terms and conditions of Contract contained in the documents set out below, offer to supply the PSO Services to the Ministers as detailed in the ITT at the prices entered in the Tender.

1. Part 1 – Instructions to Tenderers
2. Part 2 – Service Requirements
3. Part 4 – Document Checklist
4. Part 5 – Form of Tender
5. Part 6 – Certificate as to Canvassing
6. Part 7 – Certificate of Non – Collusive Submissions
7. Part 8 – Terms and Conditions of Contract including the Schedules

*I/We further undertake not to disclose the amount of *my/our Tender to any person or body before the date and time for opening of Tenders hereinafter mentioned.

*I/We agree to abide by this Tender from the date fixed for receiving Tenders until the award of the Contract.

*I/We understand that the lowest Tender will not necessarily be accepted.

Signature:

Name: (BLOCK CAPITALS)

Designation:

Duly authorised to sign Tenders for and on behalf of:

Name of Tenderer

Nature of Firm

Address

Telephone No (INCLUDE AREA CODE)

Date

It must be clearly shown whether the Tenderer is a limited liability company, statutory corporation, partnership, or single individual trading under his own name. Tenders received after the stated time may, at the Ministers sole discretion, be rejected.

PART 6

CERTIFICATE AS TO CANVASSING

To:

[]

Welsh Ministers

I/We hereby certify that I/we have not canvassed or solicited any officer or employee of Welsh Ministers or its agents in connection with the award of the Contract for PSO Services.

I/We certify that no person employed by me/us or acting on my/our behalf has done any such act.

I/We further hereby undertake that I/we will not in the future canvass or solicit any officer or employee of the Welsh Ministers or its agents in connection with the award of the Contract for PSO Services. I/We certify that no person employed by me/us or acting on my/our behalf will do any such act.

Signed 1) Status

2) Status

For and on behalf of

Dated.....

PART 7

CERTIFICATE OF NON-COLLUSIVE SUBMISSIONS

To: []

Welsh Ministers

The Welsh Ministers wish to receive only *bona fide* competitive Tenders from all persons. In recognition of this principle:

I/We certify that this is a *bona fide* Tender, intended to be competitive and that I/we have not fixed or adjusted the amount of our Tender or the rates and prices quoted by or under or in accordance with any agreement or arrangement with another person.

I/We also certify that I/we have not done and undertake that I/we will not do at any time any of the following acts:

- a) communicating to a person other than Welsh Ministers or their advisors the amount or approximate amount of my/our proposed Tender (other than in confidence in order to obtain quotations necessary for the preparation of any application for insurance); or
- b) entering into any agreement or arrangement with any other person that he shall refrain from tendering or as to the amount of any tender to be submitted; or
- c) offering or agreeing to pay or give or paying or giving any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other tender or proposed tender for the PSO Services any act or omission.

Signed 1) Status

 2) Status

For and on behalf of

Dated

PART 8

TERMS AND CONDITIONS OF CONTRACT

Terms and conditions of contract will be issued on the etendering portal no later than Monday
18 August.

Our ref: NC/SMH

Ask for: Nick Bennett

Your ref:

 01656 641150

Date: 14 October 2014



Mr Darren Millar, AM
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
CARDIFF
CF99 1NA

Dear Chair

Public Accounts Committee – 7 October 2014
Item 4 – Scrutiny of Public Services Ombudsman for Wales’s Accounts 2013-14

Thank you for the opportunity to give evidence to the Committee on the Public Services Ombudsman for Wales’s Accounts for 2013-14. My colleagues and I welcomed being able to discuss and expand on the detail on these. I hope that Committee Members found this useful.

At the evidence session, we gave an undertaking to provide Committee Members with further details concerning the provisions for pension arrangements and an explanation of the basis for historic pension deficits. A note on these aspects is attached.

Yours sincerely



Nick Bennett
Ombudsman

Public Services Ombudsman for Wales – Pension Arrangements

Despite being a relatively small organisation with around 50 staff, PSOW has complex pensions arrangements. Two schemes operate on behalf of current staff - Civil Service Pensions and the Cardiff and Vale Local Government Pension. There is an ongoing liability to fund the pensions of three former Ombudsmen. There is a significant difference between the way the schemes work:

- **Unfunded** – the money people pay in is paid out straightaway to current pensioners with any shortfall being met by the taxpayer. No funds are invested to meet future pension payments. Most public sector pension schemes, with the exception of Local Government, are unfunded with liabilities currently estimated at almost £1 trillion
- **Funded** – the pensions are paid for by the money people pay in being invested into a fund so that there is enough money to pay pensions over a period of time. Most private sector pensions fall into this category as well as the Local Government Scheme. However, many schemes are in deficit. The 2013 triennial Local Government scheme valuations show an aggregate deficit of £45 billion with Cardiff valued at a deficit of £120 million.

Civil Service Pensions

An unfunded scheme similar to Teachers, NHS, Armed Forces and Police

For the majority of staff pensions are provided through Civil Service pension arrangements, either one of the defined benefit schemes based on final salary (closed to new employees) or a whole of career scheme NUVOS where pension builds up each year at 2.3% of pensionable earnings. Employee contributions are salary related and range from 3.5% to 8.25% with employer contributions, currently 16.7% to 24.3% determined centrally.

The liability for this scheme ultimately lies with the Treasury but increases in employee and employer contributions to reduce the liability have been recommended by the scheme actuary and will be implemented in April 2015.

Local Government Pension Scheme

A funded scheme with Cardiff valued at a total deficit of £120 million in 2013

When the office of the Public Services Ombudsman for Wales was established in 2006, a number of members of staff formerly employed by the Commission for Local Administration in Wales were entitled to remain in the Local Government Pension Scheme.

The Scheme is administered by Cardiff County Council through the Cardiff and Vale of Glamorgan Pension Fund and is a funded defined benefit final salary scheme with 3 active members, 6 deferred and 8 pensions in payment.

In the triennial review in 2010, the Scheme Actuary estimated the closure liability would be £1,565k. Following discussion between the Ombudsman, Cardiff County Council as administrators of the scheme and AON Hewitt as the Actuary to the Scheme, the following payments to extinguish the deficit, as identified at the 31 March 2010 valuation, were included within the second supplementary estimate for 2011-12:

2011-12	NIL
2012-13	£231k
2013-14	£242k
2014-15	£254k
2015-16	£266k
2016-17	£279k
2017-18	£293k
Total	£1,565k

The latest actuarial valuation has identified the PSOW element of the Cardiff scheme to be a deficit of £720k as at 31 March 2014.

We received a statement from the Pensions Manager of the Fund on 12 September 2014:

"In their 2013 valuation report, the Cardiff & Vale of Glamorgan Pension Fund's actuaries certified a contribution rate and schedule of additional payments to target 100% funding of PSOW's LGPS liabilities on a low risk basis by February 2018 when the youngest active member reaches the age of 60. Provided this target is met, no further deficit contributions will be due after that date. Progress towards the target will be reviewed at the 2016 valuation or earlier if requested by either PSOW or the Fund's administrators."

Pensions for Former Ombudsmen

An unfunded scheme with no active members and three pensions in payment

The office of the Public Services Ombudsman for Wales was established on 1 April 2006 under the Public Services Ombudsman (Wales) Act 2005. On that date the staff of the predecessor bodies (Welsh Administration Ombudsman, Commissioner for Local Administration in Wales and Health Service Commissioner for Wales) transferred to the PSOW's employment. The pensions of three previous Local Government Commissioners remain the responsibility of PSOW and costs are met locally through net expenditure - £82k was paid in 2013-14. Pensions are uplifted annually as set out in the annual Pensions Increase Review Order and provisions updated annually using life expectancy tables and discount rates.

The provision (liability) fell £14k to £521k at 31 March 2014 with the life expectancy profiles estimating that the liability to fund these pensions would end in 2023-24.

Agenda Item 2.3

Pwyllgor Cyfrifon Cyhoeddus Public Accounts Committee



Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

14 October 2014

Dear Huw,

Well-Being of Future Generations (Wales) Bill

Thank you for your letter of 6 October, following the letter from Chair of the Environment and Sustainability Committee of 3 October.

At its meeting yesterday afternoon, the Public Accounts Committee discussed the Environment and Sustainability Committee's request for you to conduct an audit of the costs set out within the Welsh Government's Explanatory Memorandum to the Well-Being of Future Generations Bill. Your letter stated you could undertake such a study using your powers under section 145A of the Government of Wales Act 1998.

The Public Accounts Committee was content for you to undertake such a study.

I am copying this letter to the Chair of the Environment and Sustainability Committee and to the Chair of the Finance Committee, who has written in support of you undertaking this study.

Yours sincerely

Darren Millar AM
Chair



17 October 2014

Mr Darren Millar AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff C99 1NA

Dear Mr. Millar

Arts Council of Wales' Collectorplan scheme

Further to the evidence presented to your Committee earlier this week I undertook to provide you with additional information on two matters: the operational detail of our Collectorplan scheme; and, the steps we're taking to increase the participation of people from under-represented groups.

Starting with Collectorplan, Committee members wished to know more about:

- the data and business intelligence we have about the scheme
- the geographical distribution of Collectorplan galleries
- the scheme criteria (including the measures for assessing gallery eligibility) and the extent to which the scheme benefits Welsh artists
- growth and development of the scheme
- the gender and socio-economic profile of individuals using the scheme
- the geographical distribution of the take-up of loans

Data and business intelligence

We collect and analyse a range of data about the scheme, including:

- volume, value and geographical distribution of loans
- information about the artists
- gender and socio-economic profiling of those purchasing works of art through the scheme
- the administrative costs of the scheme

Additionally, we commissioned in 2013 a business review of the Collectorplan scheme. This was undertaken by independent arts specialist Artservice.

Plas Bute, Caerdydd CF10 5AL

Ffôn: 0845 8734 900

Ffacs: 029 2044 1400

Minicom: 029 2045 1023

Ebost: gwybodaeth@celfcymru.org.uk

Gwefan: www.cyngorcelfyddydau.cymru.org.uk

Bute Place, Cardiff CF10 5AL

Tel: 0845 8734 900

Fax: 029 2044 1400

Minicom: 029 2045 1023

Email: info@artswales.org.uk

Website: www.artscouncilofwales.org.uk



BUDDSODDWR Mewn Pobl
INVESTOR IN PEOPLE

Swyddfeydd Lleol/Local Offices:

Caerdydd/Cardiff, Bae Colwyn/Colwyn Bay, Caerfyrddin/Carmarthen

Rhif Elusen Gofrestredig/Registered Charity Number: 1034245

Geographical distribution

Over 50 galleries, spread across Wales, are members of the Collectorplan scheme. The details of this network are attached to this letter as Appendix 1.

The scheme criteria

Galleries must be registered with Arts Council of Wales and be in possession of current and valid authorisation from the Financial Conduct Authority enabling them to carry out consumer credit activities.

In assessing potential Collectorplan members we are looking for well-managed galleries that exhibit and stock high quality work.

Eleven criteria are used to assess a gallery's eligibility for inclusion in the Collectorplan scheme. I believe that the first three of those criteria would be of particular interest to the Committee, given the focus of its questions:

1. A significant function of the business [ie: the gallery] must be the exhibition and sale of original art and/or craft-works
2. The gallery must be committed to promoting and selling contemporary art and craftwork that will raise the profile of visual art and craft in Wales
3. The gallery programme must include a significant number of exhibitions or a changing display of work by a range of professional artists and makers

As I explained in my evidence, the scheme predominantly supports Welsh artists, although not exclusively so. In 2013/14, 78% of the artists supported through the scheme were either Welsh artists, or living in Wales. For the purpose of comparison, the equivalent figure for 2012/13 was 83%.

The growth and development of the scheme

Collectorplan was established in 1983. The early years of the scheme saw consistent growth year-on-year. More recently there has been something of a reversal with a low point in 2012/13.

This, we believe, is largely attributable to the tough economic context. We are, however, looking at the Artservice business review to see if there are cost effective ways of better promoting the aims of the scheme.



Nevertheless, since 2004 we've supported nearly 11,000 loans with a value of over that period of some £7.6m.

Year	Value of loans	Number of loans
2004/05	854,792	1320
2005/06	857,421	1234
2006/07	907,274	1303
2007/08	821,116	1175
2008/09	828,781	1182
2009/10	762,104	1091
2010/11	645,012	895
2011/12	715,758	979
2012/13	593,417	877
2013/14	632,963	921
Total	7,618,637	10,977

The scheme has proved popular with the participating galleries. As part of the Artservice business review, galleries were asked to estimate the percentage of their sales that involved Collectorplan. Some 36% indicated that Collectorplan loans accounted for over 15% of sales, this being (for some) the key factor in securing their financial viability.

Artservice also surveyed purchasers asking them to respond to a number of factors exploring their reasons for using the scheme. 83% of respondents rated "making it possible to buy work that would otherwise be unaffordable" as important.

Gender and socio-economic profile of purchasers

Of the total number of those taking out loans under the scheme in 2013/14 55% were female and 45% were male, where the gender was evident. (In 2012/13, 58% were female and 42% were male.)

The scheme doesn't means test those who wish to take advantage of the scheme. So we have no empirical data on the incomes of users of the scheme. However, I suggested in my evidence to the Committee that users of Collectorplan were likely to be those with higher levels of disposable income.

The 2013 Artservice business review included Mosaic Profiling and Mapping and offered the following comment:

"The analysis confirms that Collectorplan appeals primarily to people in higher income brackets; with higher levels of disposable income; and with discriminating tastes and habits."

Furthermore, the Artservice analysis noted that there were significantly fewer buyers who were on low disposable incomes, living on state benefit or living on restricted incomes (for example elderly people).

The Arts Council also undertakes socio-economic mapping of purchasers, but using different analysis techniques.

The geographical base used for the Wales Index of Multiple Deprivation (WIMD) is Lower Super Output Areas (LSOAs), of which there were 1,896 for the 2011 WIMD release. The 10% most deprived LSOAs in Wales correspond to Communities First areas and accounted for 2% of Collectorplan loans in 2013/14 (0.7% in 2012/13).

As the chart below shows, the 50% most deprived LSOAs accounted for 23.5% of the loans made.

	2012/13		2013/14	
	Number of Collectorplan Loans	% of Welsh Collectorplan Loans	Number of Collectorplan Loans	% of Welsh Collectorplan Loans
Most Deprived 10% LSOAs	5	0.7	14	2.0
Most Deprived 20% LSOAs	28	4.1	30	4.4
Most Deprived 30% LSOAs	47	6.9	47	6.8
Most Deprived 40% LSOAs	90	13.3	92	13.4
Most Deprived 50% LSOAs	158	23.3	162	23.5
Total (Wales)	678	-	688	-
Total (including outside Wales and non-recognised postcodes)	876	-	920	-

Whichever basis of analysis one uses, it remains the case that we are not yet achieving the engagement we would like to see with those on lower incomes. This is an issue that we are currently trying to address.

Geographical distribution of loans

A map showing the geographical distribution of loans is attached as Appendix 2.

The administrative costs of the scheme

We do not recover the full administrative costs of the scheme. However, member galleries are charged according to their usage of Collectorplan at the rate of 4% of the value of each loan. The charge is invoiced four times a year.

As the table below demonstrates, the net cost to the Arts Council of administering the scheme in 2013/14 was £36,365 (2012/13, £27,741). The higher costs incurred during 2013/14 reflect the fact that we undertook a more concentrated programme of gallery inspection in that year. This meant that the net administration cost per loan in 2013/14 was £39.00 (as compared to £32.00 in 2012/13).

	2013/14 £	2012/13 £
Total volume of credit sales	632,963	593,417
Income from member galleries	(25,296)	(23,589)
Staff salaries, NIC and pension	39,420	41,663
Running costs: credit checking, marketing, gallery monitoring, etc	22,232	9,667
Total expenditure	61,652	51,330
NET COST/SUBSIDY OF SCHEME	36,356	27,741

New loans are effectively funded from the repayment of existing loans. The original cash 'pool' for loan advances was funded from government grant-in-aid.

Committee members sought clarification around the cost/benefit of administering the smaller £50 loans, and the desirability of offering the scheme on an interest free basis.

The strategic thrust of the scheme is to make contemporary art affordable to as many people as possible. Although we have increased the upper limit (from £1,000 to £2,000), Council members felt strongly that we should *not* raise the lower limit and risk excluding the affordability of modest purchases for the less well-off buyer. To date, Council has concluded that to do so would be against the spirit of the scheme and would compromise affordability. This, we believe, could well discourage purchases. We should also note that to drop the interest free basis for the scheme would place us in a more expensive and more onerous category in terms of Consumer Credit regulation.

As it currently stands, Collectorplan offers important benefits:

1. Artists potentially increase the demand and value of their work – and sell more
2. Galleries make commission on the increased sales, helping to secure the viability of their businesses
3. Contemporary art is made affordable to the public
4. The collecting and habitual purchasing of art is encouraged

You might also like to know that we're currently in discussion with the Financial Conduct Authority, the regulator of the scheme. We are hoping to achieve changes in the licensing arrangements which, if successful, could reduce costs to galleries and thus potentially bring more galleries on to the scheme. This would increase number of outlets for buyers and artists and might provide new opportunities for identifying appropriate galleries in less affluent parts of the country.

Increasing participation of people from under-represented groups

Increasing engagement and participation is a Council priority. We want as many people as possible to experience and enjoy the arts: to be inspired by imagination and creativity, excited by ambition and spectacle, intrigued by the new and unfamiliar. In particular, we want to increase participation and attendance across the arts as a whole and also through the work of the organisations that we fund.

Our investment strategies recognise the need to target under-represented communities. For example:

- around 200 of the organisations and individuals that we supported during 2013/14 have delivered activities in one or more of Wales' Communities First areas. These include specialist community arts agencies and organisations that have a focus on working with disabled people
- our Creative Steps programme provides advice and financial support to communities who, for whatever reason, have previously felt unable to secure Arts Council support. With our assistance, under-represented communities are helped to develop their ideas and to apply for the funding they need
- our Ideas:People:Places programme invests in community driven, locally delivered regeneration. Tackling engagement and participation is at the heart of our approach
- our Night Out scheme takes high quality small-scale touring activity to local communities across Wales. In 2013/14 over 530 Night Out events were presented, of which 114 were in Communities First areas



- we have a range of initiatives designed to address issues of child poverty. These include our Family Friendly Arts project and Momentum, our initiative that helps engage disenfranchised youngsters who, for whatever reason, have dropped out of formal education or training
- we are developing a nation-wide Disability Ticket Scheme, making it more affordable for disabled people and their carers/companions to enjoy and take part in the arts

We measure our progress against the evidence that's collected through the independently compiled annual Adult and Children Omnibus Surveys. These measure participation using standard socio-economic categories.

According to the Omnibus Survey, between 2006 and 2013 adult participation has increased by 9.8 percentage points. Between 2008 and 2013 participation by children and young people has increased by 3.1 percentage points.

Adult participation

Year	AB	C1	C2	DE	Overall Participation
2006	32.6%	24.1%	22.6%	18.1%	23.3%
2007	53.6%	34.5%	24.2%	24.5%	32.4%
2008	46.1%	32.9%	21.8%	30.4%	31.2%
2009	51.0%	42.8%	34.6%	27.0%	34.6%
2010	52.5%	35.5%	24.3%	20.0%	26.9%
2011	38.7%	33.6%	29.3%	18.9%	27.4%
2012	47.4%	50.5%	34.3%	31.2%	37.8%
2013	49.8%	40.1%	30.4%	27.9%	33.1%

Children and Young People's participation

Year	ABC1	C2DE	Overall Participation
2008	84.6%	77.7%	81.2%
2009	88.6%	78.0%	83.3%
2010	81.3%	71.2%	76.3%
2011	84.6%	77.9%	81.3%
2012	83.3%	77.1%	80.2%
2013	86.5%	82.1%	84.3%

As can be seen from the tables above, there have been encouraging increases in participation amongst the most disadvantaged socio-economic groups, narrowing the gap with their better off comparators. We recognise that our future targets are ambitious, but it's a challenge that we're happy to accept.

Finally, if I can be of any further assistance, please don't hesitate to contact me.

Yours sincerely

Nick Capaldi

Nick Capaldi
Chief Executive



Appendix 1

Collectorplan: member galleries

[Aberystwyth Arts Centre](#)

Penglais
Aberystwyth
SY23 3DE

[Albany Gallery](#)

74b Albany Road
Cardiff
CF24 3RS

[Brecknock Museum](#)

Captain's Walk
Brecon
Powys
LD3 7DW

[Attic Gallery](#)

37 Pockets Wharf
Maritime Quarter
Swansea
SA1 3XL

[Chapter Arts Centre](#)

Market Road
Canton
Cardiff
CF5 1QE

[Craftsman Gallery](#)

58 St Helen's Road
Swansea
SA1 4BE

[Cynon Valley Museum & Gallery](#)

Depot Road
Gadlys
Aberdare
CF44 8DL



Denbigh Library Museum & Art Gallery

Hall Square
Denbigh
Denbighshire
LL16 3AU

Ffin y Parc

Betws Road
Llanrwst
Conwy
LL26 OPT

Fountain Fine Art

6-8 Morgan Arcade
Cardiff
CF10 1AF

Fountain Fine Art

115 Rhosmaen Street
Llandeilo
Carmarthenshire
SA19 6EN

Galeri

Victoria Dock
Caernarfon
Gwynedd
LL55 1SQ

Galeri Betws y Coed

Holyhead Road
Betws y Coed
Conwy
LL24 0BW

Gallery/Ten

23 Windsor Place
Cardiff
CF10 3BY

Gwynedd Museum & Gallery, Bangor

Ffordd Gwynedd
Bangor
Gwynedd
LL57 1DT



[King Street Gallery](#)

33 King Street
Carmarthen
SA31 1BS

[Llantarnam Grange Arts Centre](#)

St David's Road
Cwmbran
Torfaen
NP44 1PD

[Martin Tinney Gallery](#)

18 St Andrew's Crescent
Cardiff
CF10 3DD

[Mission Gallery](#)

Gloucester Place
Maritime Quarter
Swansea
SA1 1TY

[Mostyn](#)

12 Vaughan Street
Llandudno
Conwy
LL30 1AB

[National Eisteddfod of Wales](#)

Office: 40 Parc Tŷ Glas
Llanishen
Cardiff
CF14 5DU

[Newport Museum & Art Gallery](#)

5 John Frost Square
Newport
NP20 1PA

[Oriel Canfas](#)

44a Glamorgan Street
Canton
Cardiff
CF5 1QS



[Oriel Ceri Richards](#)

Taliesin Arts Centre
University of Wales Singleton Park
Swansea
SA2 8PZ

[Oriel Clwyd Theatr Cymru](#)

County Civic Centre
Mold
Flintshire
CH7 1YA

[Oriel Myrddin Gallery](#)

Church Lane
Carmarthen
SA31 1LH

[Oriel Plas Glyn-y-Weddw](#)

Llanbedrog
Pwllheli
Gwynedd
LL53 7TT

[Oriel Tegfryn](#)

Cadnant Road
Menai Bridge
Ynys Môn
LL59 5EW

[Oriel Wrexham](#)

Rhosddu Road
Wrexham
LL11 1AU

[Oriel y Bont](#)

Tŷ Crawshay
University of Glamorgan
Pontypridd
CF37 1DL

[Oriel Ynys Môn](#)

Rhosmeirch
Llangefni
Ynys Môn
LL77 7TQ



[Oriel-y-Felin](#)

5 Nun Street
St Davids
Pembrokeshire
SA62 6NS

[Pontardawe Arts Centre](#)

Herbert Street
Pontardawe
Neath Port Talbot
SA8 4ED

[Rhondda Heritage Park](#)

Lewis Merthyr Colliery
Coed Cae Road
Trehafod
CF37 2NP

[Rhyl Library, Museum & Arts Centre](#)

Church Street
Rhyl
Denbighshire
LL18 3AA

[Royal Cambrian Academy](#)

Crown Lane
Conwy
LL32 8AN

[Ruthin Craft Centre](#)

Park Road
Ruthin
Denbighshire
LL15 1BB

[St David's Hall](#)

The Hayes
Cardiff
CF10 1SH

[St Davids Studio Gallery](#)

14 Nun Street
St Davids
Pembrokeshire
SA62 6NS



Swansea Grand Theatre

Singleton Street
Swansea
SA1 3QJ

Swansea Museum

Victoria Rd
Maritime Quarter
Swansea
SA1 1SN

The Art Shop

8 Cross Street
Abergavenny
Monmouthshire
NP7 5EH

The Glynn Vivian Art Gallery

Alexandra Road
Swansea
SA1 5DZ

The Golden Sheaf Gallery

25 High Street
Narberth
Pembrokeshire
SA67 7AR

The Lion Street Gallery

6 Lion Street
Hay-on-Wye
Powys
HR3 5AA

The Old School Gallery

The Bleddfa Trust
Bleddfa
Knighton
LD7 1PA

The Potters Gallery (North Wales Potters)

1 High Street
Conwy
LL32 8DB



Venue Cymru

Promenade
Llandudno
Conwy
LL30 1JJ

Wales Millennium Centre

Bute Place
Cardiff
CF10 5AL

West Wales Arts Centre (Talking Point)

16 West Street
Fishguard
Pembrokeshire
SA65 9AE

White Lion Street Gallery

White Lion Street
Tenby
Pembrokeshire
SA70 7ES

Workshop Wales

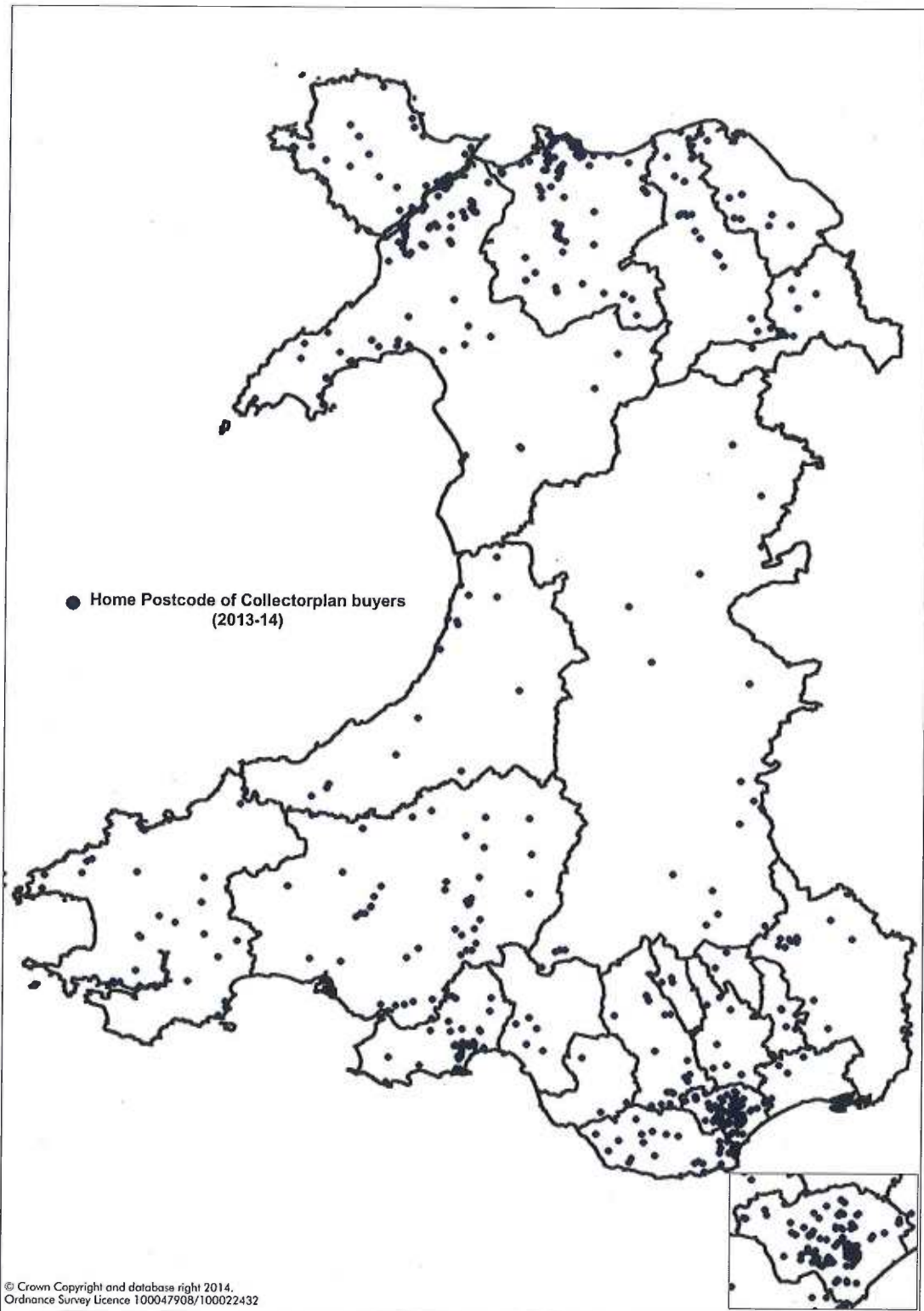
Manorowen
Fishguard
Pembrokeshire
SA65 9QA

Y Capel

Castle Street
Llangollen
Denbighshire
LL20 8NU



Appendix 2 Geographical distribution of Collectorplan loans 2013/14



Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

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

21st October 2014

Dear Darren,

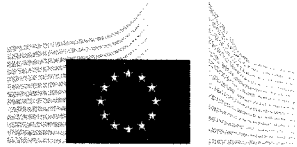
Following my recent appearance before the Committee and the discussion about the interruption of ERDF structural funds payments, I am pleased to tell you that the European Commission has now given formal confirmation that the conditions set by them for lifting the interruption have been fulfilled, and, as a result, the interruption has been lifted with immediate effect. (Written confirmation from Walter Deffaa, Director General of Regio is attached.)

We are in the process of working with the Commission to expedite payment of the backlog of claims which has accumulated.

We will be learning lessons from this episode to ensure that we do all we can to prevent a recurrence.

I am copying the Auditor General for Wales, Huw Vaughan Thomas.

*Yours,
Derek*



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY

The Director-General

Brussels
REGIO/F1/MAA/

Subject: Wales: West Wales and the Valleys (2007UK161PO002) and East Wales (2007UK162PO012)
Lifting the procedure to suspend and interrupt ERDF interim payments

References: Commission letter of 26 May 2014 [Ares (2014)1705876]
Letter from the Welsh authorities of 24 July 2014

Your Excellency

I refer to the issues mentioned in my letter.

The Commission services acknowledge receipt of the letter from the Welsh authorities of 24 July 2014.

I would therefore like to inform you that the conditions for lifting the procedure to suspend and interrupt ERDF interim payments concerning the afore-mentioned programmes are fulfilled.

This means that interim payments for these programmes can now be processed again.

Yours faithfully

Walter Deffaa

Copy: Managing Authority, Certifying Authority, Audit Authority
ALL BY SFC 2007 ONLY
DG Regional and Urban Policy: A3, B4, C0, C3, D4, F1
DG Employment, Social Affairs and Inclusion: H1

His Excellency Mr Ivan ROGERS
Ambassador Extraordinary and Plenipotentiary Permanent Representative
Permanent Representation of the United Kingdom to the EU
Avenue d'Auderghem/Oudergemselaan 10
1040 Bruxelles/Brussel

Agenda Item 2.6

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

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

22nd October 2014

Dear Darren,

Thank you for your letter of 23 September 2014. As you will be aware, the AWEMA report produced by the Auditor General for Wales in October 2012 was considered part of the discussions that led to the issuing of the final PAC report and the Welsh Government accepted all of the recommendations in the reports.

It has been well documented through a number of cases, including AWEMA, that our grant processes and procedures had not been operating as well as they should. Learning from these cases is important, and has enabled us to improve grant management across the Welsh Government. A significant amount of work has been undertaken and a range of improvements are now in operation as a result of this work. In terms of what lessons have been learned these include:

- The need to act on warning signs at an early stage;
- to be well networked across Welsh Government (and other public sector) interests;
- intervening decisively and being prepared to take a robust position even when there are reputational risks for the Welsh Government in doing so;
- to act swiftly to secure documentation when it is needed to verify claims;
- accessing the appropriate specialist professional advice when circumstances require it;
- where appropriate to convene a task and finish group to oversee any work that is needed; and
- to push for an earlier settlement with Administrators.

The Welsh Government took action on AWEMA as there were serious concerns about the proper use of Welsh Government grant funding by the organisation. Despite the outcome of the court proceedings against the Chief Executive of AWEMA, we still consider the correct approach was taken.

It is clearly important to learn from all these cases but we cannot automatically assume that what works for one case will apply across the board; we recognise that each case needs to be actioned on its own merits and with the Welsh Government funding approximately five thousand organisations, a "one size fits all" approach is not suitable.

There will always be a degree of risk in grant funding and the measures we have in place help to mitigate these risks. However, we must also guard against becoming risk averse by introducing so many processes and procedures that the whole process becomes over bureaucratic, unmanageable and unfair to smaller organisations. That is the balance we are trying to achieve.

In all this work, I am determined that our grants management should be as consistent, robust and well managed as possible and I am grateful for the encouragement and constructive challenge of yourself and the Committee.

Yours,
Derek



Mark Drakeford AC / AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Llywodraeth Cymru
Welsh Government

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

17 September 2014

Dear Darren,

PUBLIC ACCOUNTS COMMITTEE REPORT INTO GOVERNANCE ARRANGEMENTS AT BETSI CADWALADR UNIVERSITY HEALTH BOARD

I am attaching a short update to the Welsh Government's response to the Public Accounts Committee report into the Governance Arrangements at Betsi Cadwaladr UHB, which I provided to the Committee in February.

*Best wishes,
Mark.*

Mark Drakeford AC / AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Update to the Welsh Government's response to PAC Report on the Governance Arrangements at Betsi Cadwaladr University Health Board

In February 2014 the Welsh Government submitted its formal response to the PAC recommendations in relation to the Governance arrangements at Betsi Cadwaladr University Health Board. In our response we committed to provide a further update on work to implement some of the recommendation after 6 months. Our original response and the updated position is set out below for the relevant recommendations:

Recommendation 1:

We recommend that to ensure senior leaders are held to account, the Welsh Government reviews and where necessary strengthens the performance management and appraisal process arrangements for Chief Executives and Chairs of NHS organisations to ensure that they are appropriately robust, clearly understood and implemented.

Response: Accepted

Performance review processes are already in place for both Chairs and Chief Executives of NHS Organisations in Wales. However we are taking action to ensure that these processes are robust and clearly understood. Welsh Government and Academi Wales published "Doing it right, doing it better" the Good Governance Guide for NHS Wales Boards in January 2014. This document underlines the importance of the performance appraisal process and, in particular, the appraisal of the Chief Executive by the Chair.

The Minister for Health and Social Services conducts a biannual review of the Chair of each LHB and Trust in Wales. These meetings agree objectives for the coming period as well as reviewing performance over the previous period. Self- assessment evidence is provided by Chairs in advance of the review meeting and the Minister provides feedback in written form following the review. This process identifies issues to be addressed and any development needs. In addition to the formal process, the Minister meets the Chairs as a group on a quarterly basis and informally with individuals as issues arise.

All Chief Executives in Wales have objectives in place which have been agreed with their respective Chair and the Chief Executive of NHS Wales. A review of their performance is conducted formally twice a year. The mid year review is undertaken by the Chair of the LHB and the Chief Executive of NHS Wales receives a copy of the review. The end year review is conducted jointly by the Chair and Chief Executive of NHS Wales.

The Minister also conducts a quarterly meeting with the Chairs and Chief Executives as a single group.

Update as at August 2014

End of year reviews were conducted with all Chairs and Chief Executives. For the performance year 2013/14 the end year review of individual Chief Executives was conducted by the relevant Chair only as there was an interim NHS Wales Chief Executive in place. A copy of the formal record of the discussion were received by Welsh Government and sent to the Permanent Secretary. Objectives for the current year have now been agreed for both Chief Executives and Chairs of NHS bodies and these will be formally reviewed at the mid year point.

A link is also being made to the escalation status of individual NHS bodies and the performance arrangements. A new disciplinary protocol for Chief Executives is also in preparation

Recommendation 2:

We recommend the Welsh Government undertakes an urgent review of the training available to board members across all Welsh NHS bodies. The outcome of this review should inform the development and delivery of a national training programme for board members, participation in which should be a condition of board membership. The programme should develop core competencies, clarify requirements and include training specifically developed for newly appointed board members to attend as part of their induction into board membership.

Response: Accepted

Welsh Government considers effective Board development to be of critical importance. We believe that there is a need to ensure that we have the right blend of consistent national activity and bespoke local arrangements to ensure non-executive Board members full understand their roles and responsibilities and Board functions.

The Chief Executive of the NHS has already written to Chairs of NHS Organisations in Wales restating that effective Board development is of critical importance and reemphasising the need to ensure there is the right blend of consistent national activity and bespoke local arrangements to support non-executive Board members. The letter makes clear that the bespoke local arrangements are for LHBs to define and secure.

David Sissling's letter also advised Chairs of the national support which is available through Academi Wales – which includes:

- Two at the Top – New Chief Executive and Chair pairings to use this support in their first year, existing Chief Executives and Chairs to access when needs arise;
- Board Development Series – all Health Boards and Trusts should undertake the two parts of the programme over the next 2 years;
- The Good Governance Guide for NHS Wales Boards – to be used by all Board Members on an on-going basis;
- Governance Master class Series – Chairs to identify appropriate Board members to attend the series, learning to be shared with Boards on return to organisation;
- Bespoke Development – all Health Boards and Trusts were asked to discuss other development support with Academi Wales as needs arise.

In response to the Chief Executive's letter all NHS bodies were asked to provide a summary of planned Board development activity for 2014. This information was received in December and has been assessed. Academi Wales are now working with NHS Organisations to fill any potential gaps in the programme.

Furthermore, the recently published Good Governance Guide for NHS Wales Boards – “Doing it right, doing it better” sets out a framework for Board learning and development. The guidance reminds Boards that the strategic challenges facing Boards give rise to the need for specific skills, and this requirement must be kept under review in a systematic way. In order to ensure an effective balance of knowledge, skills and background, the guidance advocates that Boards should undertake regular skills audits of current Board members.

We have also noted the comments by the Commission on Public Service Governance and Delivery on the training of Boards of Public Services and we will be considering what further action is necessary in the light of the Commission's findings.

Update as at August 2014

The NHS Leadership Development programme designed and delivered by Academi Wales provides a variety of interventions to support individual members and whole boards. As part of this, January 2014 saw the launch of 'The Good Governance Guide for NHS Wales Boards' which provides clarity on roles and accountability, performance and development as well as governance and risk management.

A Medical Leadership Programme designed to support North Wales Senior Clinical Medical Leaders with the implementation of major service reconfiguration is now also being delivered to 21 participants from BCU. The programme is delivered through a blended approach which delivering key themes leading improvement, teams and across organisational boundaries.

Meanwhile, bespoke development interventions been delivered for the senior team at Cwm Taf Health Board, the Mental Health Strategy Leaders Group, as well as ABM and Cwm Taf University Health Board (supporting the team of the Chief Operating Officer and support of the new clinical directors respectively). These were part of 131 interventions delivered in 2013-14 under the Leadership and Organisational Development aspect of Academi Wales work.

Following the submission of Board development plans earlier this year, the Welsh Government will also be writing to Board Secretaries formally asking them for an update on what training has been undertaken as a result. This will be used as a mechanism to check progress and identify any areas where further support from Academi Wales may be required.

Recommendation 4:

We recommend that the time commitment required for Independent Members be reviewed to ensure that it is adequate to allow them to fully discharge the functions expected of them.

Response: Accepted

As the *Good Governance Guide for NHS Wales Boards* states – Board Chairs have a key responsibility to plan and manage the time commitment required of Independent Members. Therefore, in the first instance we are writing to the Chairs of NHS bodies in Wales to ask them to review the time available from Independent Members against the requirements of the role. External support will be provided to them in undertaking the review if they require it.

We will consider this matter further following the review by the Chairs and in the light of the findings of the Commission on Public Services Governance and Delivery and provide an update to the PAC on this in 6 months time.

Update as at August 2014

Initial findings from our discussions with Chairs of NHS bodies do indicate that there is a need to more formally review the time commitment of independent members in some NHS bodies. In light of these findings consideration is now being given to whether a formal review of this issue should be undertaken ahead of advice being provided to the Minister.

Recommendation 5:

We recommend that the Welsh Government takes action to enable a more robust and consistent system of appraisal for Independent Members of Welsh Health Boards, including the identification of personal training and development needs, and that a peer mentoring scheme for independent members be developed.

Response: Accepted

Arrangements are in place to ensure Independent Members receive annual appraisals which should identify personal training and development needs Welsh Government. Furthermore, to reinforce this system, *The Good Governance Guidance Guide for NHS Wales Boards* includes a section on Building Board Capacity and Capability which covers Independent Board Member performance appraisals and provides a framework for learning and development of Board members.

Welsh Government already ensures that the information from the performance reviews of independent members is fed into the reappointments process.

We will work with Academi Wales and Chairs of NHS organisations to develop a framework for appraisals and put in place a peer mentoring scheme for independent members. We will ensure that Chairs are held to account for their part in ensuring the appraisal of independent members is robust and considers training and development needs.

We will provide an update to the PAC on this work in 6 months time.

Update as at August 2014

A peer mentoring scheme is now being piloted for some independent members. Initial feedback suggests that this is positive and the intention is to build upon this work including by looking across Welsh Government for opportunities to apply the approach to public appointments in other parts of the public service.

Chairs are also now being held to account for ensuring the appraisal of IMs as part of their own reviews

Recommendation 7:

We recommend that Welsh Government consider providing statutory protection for the role of Board Secretary.

Response: Accepted

Statutory protection for the role of Board Secretary will be looked at alongside the recommendations flowing from the findings of the Commission on Public Service Governance and Delivery.

Update as at August 2014

The role of Board Secretary is already set out in standing orders issued under powers of direction in section 12 (3) of the 2006 NHS Act. Any further indemnity for role of the Board Secretary would require primary legislation. The need for changes to the relevant primary legislation is being looked at as part of the preparation of a NHS Governance and Quality Green paper which we are intending to publish next year.

Recommendation 9:

Having considered the evidence, the Committee welcomes the action being taken by the North Wales Community Health Council to monitor compliance with infection control procedures in hospitals across North Wales. We recommend that the Welsh Government reviews its processes for validating quality and safety, and other critical data from NHS organisations. It is vital that such data is reported accurately if meaningful action is to be taken.

Response: Accepted

We have already strengthened the quality and safety management systems within Welsh Government. We have put in place a group chaired by the Deputy Chief Medical Officer which meets regularly to oversee regularly updated quality and performance information and intelligence about NHS organisations. This enables interaction and, if necessary, escalation with Health Boards and Trusts within the overall delivery framework.

Work is in hand to strengthen data quality and data completeness is already a Tier 1 Measure. We are also ensuring that we triangulate the information from various data sets, including serious incidents, and routinely reported information sources. An example is work in hand in respect of data and reporting of clostridium difficile incidence and associated deaths.

Update as at August 2014

On healthcare associated infections, for example, we now require Health Boards to benchmark their progress against the new *C.difficile* and *MRSA* bacteraemias Tier 1 targets and against other Health Boards. At bi-monthly telecon, infection control specialists, health protection specialists, epidemiologists and executives discuss their data alongside their peers to ensure that everyone is clear about the context of their own position. The first of these telecons took place in July and the Welsh

Government will continue to monitor progress and determine whether there is a need to escalate matters of concern internally and with the relevant organisations.

Recommendation 10:

We recommend that the Welsh Government finalise, introduce and implement a common set of key performance indicators of quality and safety for use by Health Boards. This would assist in improving performance and identifying risks so that swift action can be taken to address them.

Response: Accepted

The existing delivery framework already includes a range of Tier 1 quality and safety indicators such as mortality, infections and pressure ulcers which are monitored at a national level. These are published by Welsh Government on the My Local Health Service website. Performance indicators which relate to timely access are also an important measure of quality and safety

In addition, NHS organisations depending on the make up of their services, are agreeing a set of indicators to track performance across all their services as part of their overall assurance framework. To assist with this, the National Quality and Safety Forum has previously agreed a set of quality trigger questions and associated indicators for use at local level. The 1000 Lives Improvement programme within Public Health Wales is leading work during 2014 on behalf of all NHS organisations to further develop a measurement framework to assist Boards in seeking assurance on quality. The quality improvement work is ongoing.

Update as at August 2014

The suite of service-specific delivery plans now in place also require Health Boards to publish regular progress reports. Outcome measures for these and the required national reports have been developed for each plan. Work is ongoing also to ensure that all deaths in hospital are reviewed consistently with measurement of themes arising. One learning theme already identified is the recognition and care of the deteriorating patient and work is progressing rapidly to develop robust measurement of sepsis diagnosis and management.

Welsh Government continues to monitor the quality and performance data on each LHB on a monthly basis and discusses concerns with the relevant LHB at regular Quality Delivery meetings. Outstanding concerns are escalated to the Welsh Government's Integrated NHS Delivery Board that determines the escalation level for each organisation.

Recommendation 11:

We recommend that the Health Board makes the results of its investigations into the high RAMI scores across hospitals in North Wales publically available, together with

information on the actions that are being taken to address any patient care issues that are identified.

Response: Accepted

This is a recommendation for BCU Health Board. However we would expect them to do this, subject to any necessary caveats to protect any potentially identifiable patient information.

Update as at August 2014

The work undertaken by BCU to investigate risk adjusted mortality (RAMI) data at hospitals was recently reviewed by Professor Stephen Palmer, as part of his Ministerial review of RAMI and Welsh hospitals with higher than average scores. He reported positively on the quality of the work undertaken for each major district general hospital in North Wales and was assured patient care issues were appropriately investigated.

Recommendation 12:

We recommend that the Welsh Government makes information on RAMI scores across all hospital sites in Wales more accessible to the general public, ideally by placing all the data on a single web page, with clear explanations of what the data means.

Response: Accepted

The Welsh Government is now making this data available, together with contextual narrative, through My Local Health Service website. Work will continue to develop a range of mortality measures which better reflect the Welsh NHS and to make those easily accessible to the Welsh public. The proposals will shortly be set out in a statement from the Mortality and Transparency Taskforce which is expected in the Spring. A copy of the statement will be sent to PAC members.

Update as at August 2014

Mortality measures are updated quarterly. Work continues to enable the publication of a wider range of mortality measures which provide more meaningful evidence of NHS service outcomes. It should be noted that RAMI data are not comparable between hospitals with different service configuration.

The Mortality and Transparency Task force is being reconvened to advise on the recommendations made in the Palmer review. One major conclusion of this review is that RAMI data are unhelpful, not meaningful as a measure of quality and their publication is misleading.

Recommendation 13:

The failure to adhere to accepted budget processes is an issue of particular concern. We do not believe that budgets should be signed off with caveats and recommend that assurances should be provided to us that this practice has now been discontinued within the Health Board.

Response: Accepted

The Welsh Government agrees that budgets should be signed off and owned by budget holders at the start of the year, including agreeing and signing off any variations that may be agreed by the Board during the year. All Health Boards should be adopting this practice which is clearly stipulated within the Health Boards Standing Financial Instructions. The Welsh Government is reinforcing this message through the Directors of Finance forum. We will also ensure that evidence is provided through the submission of the Health Boards 3 year plans that all individual Divisions and budget holders have been fully engaged and involved in agreeing relevant savings plans and cost reduction programmes.

Update as at August 2014

In addition to the information provided in the 3 year plans, Welsh Government sought confirmation from each LHB and Trust that their internal budget process for 2014-15 accorded with their standing financial instructions and appropriate processes were in place to ensure budget holders were properly held to account for the management of their delegated budget. Confirmation has now been received from all NHS bodies.

Recommendation 15:

We recommend that the Welsh Government emphasises to health boards that they should wherever possible avoid utilising unsustainable solutions to financial pressures, such as cancelling or postponing operations, which simply defers costs to the next accounting period.

Response: Accepted

LHBs already take action to avoid using unsustainable solutions to financial pressures. Decisions are taken by LHBs to postpone operations for a variety of reasons that are not linked to financial pressures. This includes the LHB taking appropriate action to cope with surges in demand for surgical beds as a result of emergency admissions, unexpected absences of key staff and the need to take infection control measures.

Last autumn all NHS organisations in Wales put in place comprehensive winter plans. These plans are helping to ensure the disruption to services from surges in

demand for unscheduled care is reduced wherever possible. These plans are wide ranging and include:

- Capacity – with up to 490 additional beds (or equivalents) in the plans
- Enhanced staffing and working arrangements
- Reducing delays in discharge - with enhanced partnership working between the NHS and Social Services Departments
- Improved monitoring and intervention arrangements.

We will reemphasise the need for effective communication with public about the reason for the need to postpone operations at the next meetings of the Chief Executives and Chairs.

Update as at August 2014

The winter planning work undertaken at a national and local level resulted in all performance indicators for last winter being better than 2012/13. Cancelled operations were reduced which was a consequence of better managing capacity to balance the increased winter needs in unscheduled care.

Processes are already in place to learn lessons from last winter, share best practice, and help LHB's to refresh plans for the coming year through a series of National Workshops. The final one is planned for late September.

For the current and future years, the IMTP process is ensuring NHS Bodies have clear agreed delivery profiles in this year to which they will be held to account.

Recommendation 16:

We recommend that the Welsh Government ensures that all health boards minimise the inconvenience and distress caused to patients and their families by requiring that Boards communicate with patients as soon as possible following a decision to cancel or postpone elective operations.

Response: Accepted

We will reemphasise the need for LHBs to minimise the inconvenience and distress caused to patients and their families by ensuring more effective and timely communication about cancelled or postponed elective operations. This matter will feature on the agenda for the next meetings of the Chief Executives and Chairs.

Update as at August 2014

NHS organisations are reminded through the regular Quality and Delivery Meeting, as well as periodically through the Chief Executives and Chairs meeting that effective and timely communication on this matter is important.

Recommendation 18:

In relation to the sharing of the findings of external reviews the Committee believes that it is vitally important, that safeguards are in place to ensure that such findings are widely utilised to learn lessons and improve processes within health boards. We recommend that Welsh Government takes this forward.

Response: Accepted

The CMO has already written to all Medical Directors asking them to share the outcomes from any externally commissioned clinical reviews.

The National Quality and Safety Forum also agreed at its last meeting that a key priority of its work and terms of reference going forward in 2014 should be to develop effective mechanisms to share and disseminate wider learning across NHS Wales and with its key partners. A recent Team Wales event, which brings together executives from all organisations and Welsh Government considered the all Wales learning from the Duerden review of infection control arrangements in Betsi Cadwaladr UHB. As part of the work we are undertaking with WAO and HIW (set out against recommendation 20) we will also be sharing and discussing findings from reports and reviews with the WAO and HIW on a biannual basis.

(See also response to recommendation 6 in respect of the sharing of WAO report on Betsi Cadwaladr UHB).

Update as at August 2014

The handling of the Trusted to Care review of care provided to elder patients at the princess of Wales and Neath Port Talbot Hospitals has demonstrated how lessons from one or two areas can be applied for the benefit of the whole of Wales. This report provided by Professor June Andrews and Mark Butler was published on 13th May 2014. The Minister and NHS Chief Executive made it clear this was a report with lessons for all Wales and initiated an assurance process of unannounced spot checks across all Welsh Hospitals. Feedback and publication of the findings are planned on an all Wales basis.

Recommendation 19:

The Committee believes it is vital that senior leaders set a clear vision for their organisations to respond to the three challenges of developing service, workforce and financial plans. Given the issues around governance arrangements at Betsi Cadwaladr University Health Board, it is imperative that the new senior management of the Board renew and reunite the Executive and non-Executive leadership team, and close the gap between the Board and Wards.

Response: Accepted

All NHS organisations in Wales are well advanced in developing 3-year plans which bring together the key elements of service provision, workforce and finance in one document. The statutory requirement for these Integrated Medium Term Plans is now set out and National Health Service Finance (Wales) Act 2014 and detailed requirements and expectations for Boards specified in the Planning Framework issued in November 2013, These plans, will form the basis of a clear vision for each organisation.

A new Chair and Vice Chair are already in post in Betsi Cadwaladr UHB. The recruitment process for a new Chief Executive is underway. Once the full team is in place we will be setting specific objectives for both the Chief Executive and the Chairs to ensure the Board and the non-executive leadership team operate effectively.

The effectiveness of the new team will also be tested as part of:

- The biannual meetings between the senior executive team in Welsh Government and individual LHBs (ie Joint Executive Team (JET) meetings)
- The regular meeting between the Minister and the Chair.
- The annual WAO Structural Assessment.

Update as at August 2014

The new executive team are now in place in BCU and are taking a range of actions to close the gap between the Board and wards, including reviewing the CPG structure.

Work has progressed well on the introduction of integrated service, workforce and financial plans for NHS bodies. Four 3-year IMTPs have been approved by the Minister. The remaining organisations are finalising one year plans. Detailed discussions are taking place with them as they prepare their plans and move towards 3 year IMTPs. As a result of this process, each organisation will have a clear set of delivery expectations for 2014/15, and to which they will be held

Recommendation 20:

We recommend that Welsh Government work with the Wales Audit Office and Healthcare Inspectorate Wales to develop a clearer set of scales of escalation. This should include a detailed criteria upon which intervention is triggered, the rationale for the type of intervention, and clarity on who should be notified when intervention commences and ceases. We believe that this information should be made accessible to the public.

Response: Accepted

The Welsh Government, Healthcare Inspectorate Wales (HIW) and Wales Audit Office (WAO) have been working together to review and where appropriate enhance the collective arrangements for identifying and handling risks to NHS service delivery or organisational effectiveness.

Work has been undertaken to identify the key sources of information and intelligence on NHS bodies that are held by respective parties, and how these can be shared to ensure that emerging concerns are identified and addressed swiftly and effectively. Arrangements are being developed in which this information can be exchanged in a timely manner, and to identify triggers and prompts for escalation and intervention, and who should undertake those actions. Transparency of the process and the communication requirements arising from it are being considered as part of this. The Welsh Government, HIW and WAO will be engaging with NHS Wales and other interested parties over the next few weeks whilst finalising the arrangements.

The NHS Escalation and Intervention Arrangements will be launched in time for the new Financial Year and will be published.

Update as at August 2014

The new joint Framework was published in March 2014. Internal Welsh Government meetings have been held on a regular basis to share information on NHS bodies.

As part of the new arrangements, a formal meeting was held with HIW and WAO in July to follow on from the 6 monthly series of meetings between Welsh Government and NHS body executive.

Recommendation 21:

We recommend that the Welsh Government gives urgent consideration to the creation of a pool of additional short term leadership capacity, for NHS Wales, that can be drawn upon at short notice and does not impact on other NHS Wales Health organisations.

Response: Accepted

We are already considering this and are at the stage of looking at how to overcome the practical constraints of there being people available with appropriate background and skills at the time needed. This means considering also using the wider UK interim market and putting in place framework arrangements that enable these to be accessed within EU procurement rules in a timely manner when needed.

However, the new escalation arrangements we are putting in place with WAO and HIW are aimed to reduce the risk of us needing to deploy additional support at short notice.

Update as at August 2014

To date, where needed, additional capacity is being provided by drawing in expertise from the Royal Colleges and by providing peer support within NHS Wales.



GIG
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WALES

Bwrdd Iechyd Prifysgol
Betsi Cadwaladr
University Health Board

National Assembly for Wales
Public Accounts Committee
PAC(4)-27-14 (Paper 2)

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Dyddiad / Date: 22nd October 2014

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

Dear Mr. Millar

Governance Arrangements at Betsi Cadwaladr University Local Health Board

Many thanks for the letter which you sent to me in your capacity of Chair of the Public Accounts Committee for the National Assembly for Wales.

This is my response to the main question therein, regarding how I carry out my role as Board Champion for Infection Prevention and Control. However, if there is any additional information you require when you have considered this response please do let me know and I will be more than happy to be of assistance.

I was appointed as Champion for this crucial area of the Health Board's activity in March 2014 and to date I have exercised my role in the following ways:

- Holding regular meetings with the Executive Director of Nursing; Assistant Director of Nursing, Infection Prevention; Medical Director; and the Head of Operational Estates Department. These meetings allow me to:
 - Be briefed both on how the Health Board is progressing in its aim to lower the prevalence in its Healthcare Acquired Infection rates;
 - Support the various officers in identifying any blockages to progress this;
 - Ensure the resources allocated to this important area of work are adequate; and
 - Allow me to speak using information that is accurate and up to date on these issues as they pertain to Betsi Cadwaladr University Health Board (BCU HB).

Cyfeiriad Gohebiaeth ar gyfer y Cadeirydd a'r Prif Weithredwr / Correspondence address for Chairman and Chief Executive:

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Gwynedd LL57 2PW **Gwefan:** www.pbc.cymru.nhs.uk / **Web:** www.bcu.wales.nhs.uk

- Making regular visits to BCU HB sites, including both acute and community hospitals to see how the issue of Healthcare Acquired Infection prevention is being dealt with. This includes speaking with front line staff (including cleaning teams as well as nursing and medical staff); visually inspecting the environment to be assured of the cleanliness of the areas, together with the provision of appropriate consumables; and bringing any issues back for discussion with colleagues.
- Meeting with the Infection Prevention Teams at the Health Board's various Hospitals to explore how they are approaching these issues.
- Attending the Strategic Environmental Cleanliness Group, which is a sub-committee of the Strategic Infection Prevention Group, which subsequently reports through to the Quality and Safety Committee.
- Meeting with key external advisors to BCU HB, i.e. Professor Brian Duerden, so that I am assured of the Health Board's progress towards meeting the targets it has set for reduction in its Hospital Acquired Infection rates.
- Meeting with Public Health Wales colleagues to keep myself updated on national / international developments related to Hospital Acquired Infection issues. I then use this information to assure myself and Board colleagues that the courses of action being recommended to the Board are appropriate.

In addition, I am actively involved in the wider Infection Prevention agenda as it relates to infectious diseases and their prevention in North Wales. I am in regular contact with the BCU HB's Director of Public Health to support the work of his team where appropriate, i.e. in their annual flu vaccination campaign. In addition in order to assure myself that the Health Board is prepared for epidemic / pandemic infections, I have acquainted myself for example with the current plans, to respond to a potential break-out of Ebola in the Health Board's area and receive regular briefings on the same. I also discuss the Health Board's progress towards meeting and / or maintaining its progression towards meeting national targets for a range of immunisations, particularly those for childhood diseases.

You also requested information on the actions we have taken in the Health Board to achieve the improvements seen to date. As you would imagine this involves a very wide range of issues, and I set out below a summary of some of the key actions to date:

- Infection Prevention Staffing: The Health Board has significantly invested in the corporate infection prevention service. It has appointed an expert lead nurse, who has now been in post for 1 year, and has recently secured the services of senior clinician with expertise in microbiology to support its work. It has also put in place effective leadership arrangements for its antimicrobial pharmacist team. As a result BCU HB has in place an integrated infection prevention improvement programme, based on Professor Duerden's recommendations.

- Focus on Antimicrobial Prescribing: The Health Board has put in place an antimicrobial prescribing policy for acute care, supported by a range of guidelines on the prescribing of specific antibiotic agents. To ensure staff are aware of the guidelines, they were launched on European Antibiotic Awareness Day 2013, supported by educational activity, posters and a pocket guide issued to all prescribers. In August 2014 BCU HB also launched a micro-guide 'app' for smart-phones, containing its policy and guidelines to support easy access for its prescribers. The Health Board recently launched an audit of antimicrobial prescribing and is working to encourage all medical teams to participate. In addition, it has produced antimicrobial prescribing guidelines for primary care to encourage prudent prescribing by General Practitioners. Over the past year there has been a significant reduction in prescribing of antibiotics high-risk for *Clostridium difficile* infection in general practice.

The following key actions illustrate how Betsi Cadwaladr University Health Board has improved its performance in relation to Health Acquired Infections:

- Focus on Key Practice Standards: The Health Board has implemented a focus on 10 key practice standards, which when performed consistently to a high standard are known to significantly reduce the risk of *Clostridium difficile* infection. This includes hand hygiene compliance, isolation practices, and the cleaning of commodes. When a case of *Clostridium difficile* infection occurs BCU HB has implemented rapid review audits of these practice standards as a collaboration between the Infection Prevention Nurses and the ward staff. This has led to a significantly improved awareness of the standards required and improved subsequent audit scores reflecting improved practices.
- Focus on Environmental Cleanliness: The Health Board have reviewed its cleaning systems, processes and monitoring arrangements for the latter. BCU HB has implemented a chlorine-detergent product called Actichlor-plus for routine cleaning in 2013 as an initial improvement. Subsequent review has led to a successful trial of a microfibre cleaning system. The Board is now investing in the roll-out of this system across its estate, which will deliver improved removal of bacteria from the environment, improve general environmental cleanliness, and improve the frequency of cleaning some key items.
- Improving Root Cause Analysis (RCA) Methodology: The Health Board has implemented the National Patient Safety Agency's 'Learning Through Action' tool to perform RCAs on deaths and severe cases of *Clostridium difficile* infection. This has resulted in improved learning over the past year and a 'Lessons Learned' summary is circulated across the Health Board each month to share that learning. The number of patients with *Clostridium difficile* infection being recorded on their death certificate has decreased with to less than 1 per month, and the Health Board continues to focus its efforts on reducing the numbers still further.
- Medical Leadership: BCU HB's Medical Director has taken an active role in promoting the importance of prudent antimicrobial prescribing and medical

leadership in the prevention of Health Acquired Infections. This has included hosting an evening workshop with key medical leads to explore what the role of doctors should be and how the Health Board can support them to demonstrate leadership within their clinical areas.

- The Health Board has developed and is implementing clear strategies and action plans for all the routine Childhood Immunisation Programmes, including the MMR vaccine to ensure processes are in place to follow up with vigour children who miss immunisations. In relation to our immunisation uptake rates, the latest COVER report (period to June 2014) shows the Health Board is continuing to exceed the 95% target for scheduled vaccinations for children up to their 2nd birthday. The MMR 1 rate for children under 16 is now above the 95% uptake level, with the MMR 2 rate reaching 90%, just short of the target.
- In relation to the 'Flu vaccination', the Board achieved a 71% coverage of target groups in the community in 2013, with the Health Board's staff uptake increasing by 5% to 41%. The Board is pursuing an active campaign in the current flu season to continue to improve on this performance. The staff campaign is multi-faceted, building on best practice from outside Wales and involves training clinical staff to give the vaccine to colleagues, making it easy to access. I will be actively monitoring our progress during the campaign and reporting on this to the Board.

In terms of executive responsibilities for Infection Prevention and Control, this rests with our Executive Director of Nursing & Midwifery, Angela Hopkins. I know that Angela would welcome an opportunity to meet with you to discuss all these issues, together with the Lead Nurse, Lead Doctor and the Lead for Antimicrobial Prescribing across the Health Board. Please contact Angela if you would wish to take this forward via her secretary, Marina.Marzelos@wales.nhs.uk or by telephoning 01248 384212.

I trust that this letter answers your questions, and provides you with the assurances you are seeking. If I can be of any further assistance, or if you would like to meet me in person to discuss these issues, please do not hesitate to contact me again.

Yours sincerely



Mrs Margaret Hanson
Vice Chairman
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By virtue of paragraph(s) vi of Standing Order 17.42

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