

Agenda – Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 7 October 2019

Meeting time: 12.45

For further information contact:

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(Private Pre-meeting)

(12.45 – 13.15)

1 Introductions, apologies, substitutions and declarations of interest

(13.15)

2 Paper(s) to note

(13.15)

2.1 Primary care out-of-hours services: Consideration of the Welsh Government Response to the Committee's Report

(Pages 1 – 14)

PAC(5)–24–19 Paper 1 – Welsh Government Response

3 Scrutiny of Accounts 2018–19: Welsh Government – General scrutiny of accounts

(13.15 – 14.45)

(Pages 15 – 72)

Research Briefing

[PAC\(5\)–24–19 Paper 2 – Welsh Government Consolidated Accounts 2018–19](#)

PAC(5)–24–19 Paper 3 – Recommendations contained in the Committee's Report on the 2017–18 Annual Report and Accounts

PAC(5)–24–19 Paper 4 – Letter from the Permanent Secretary to the Accounting Officers of the Welsh Government's Arm's Length Bodies and Commissioners in Wales (16 September 2019)

PAC(5)–24–19 Paper 5 – Letter from the Permanent Secretary – Update on Response to Recommendations (27 September 2019)



Shan Morgan – Permanent Secretary, Welsh Government

Gawain Evans – Director of Finance, Welsh Government

Peter Kennedy – HR Director, Welsh Government

David Richards – Director of Governance and Ethics, Welsh Government

4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting.

(14.45)

5 Scrutiny of Accounts: Consideration of evidence received

(14.45 – 15.15)

Agenda Item 2.1

Response to the Report of the National Assembly for Wales Public Accounts Committee Report on Primary Care Out of Hours Services

Provided by: Vaughan Gething AM, Minister for Health and Social Services

Date: September 2019

The Welsh Government welcomes the findings of the report and offers the following response to the 8 recommendations contained within it. While we recognise the leadership role of Welsh Government and that Out of Hours services form a part of the Primary Care Model for Wales and of unscheduled care services. It should be noted that the delivery of Out of Hours services remains the statutory responsibility of health boards.

A significant amount of work has been undertaken by Welsh Government and the NHS over the last two years to develop out of hours services. Much of this work responds directly to the recommendations of the original WAO Report and provides context to the recommendations contained in the PAC Report. A more detailed summary of this work can be seen at Annex 1.

Recommendation 1: We recommend the Welsh Government ensure there is capacity within the Out of Hours service to provide patients with reassurance and help them to access the services most appropriate to their needs.

Accept

Health Boards are responsible for providing out of hours services. Using a nationally developed model, they are currently undertaking a significant piece of work to analyse and understand the exact nature and timing of their demand. This will be used to ensure that rotas include the right balance of clinicians to meet this expected demand. We expect this model to be trialled over the coming winter and to be routinely in place in 2019/20.

Health boards actively manage shift fill for all out of hours staff groups, including but not confined to GPs. A submission of clinical staffing levels is shared with Welsh Government and other partners twice a week. This information is available to, and discussed on, the NHS Daily Executive Conference calls to assist in operational planning and resilience.

The development of one central Directory of Services (DoS), across Health, Local Authorities and third sector, remains a critical component in supporting urgent primary care – particularly when there is increasing range of health and well-being services working within and across organisational boundaries. This information is crucial in sign posting patients to the correct service whether this is by the patients themselves or through professionals or the 111 service. For example, a Health and Well-being App providing access to the DoS for professionals was launched in the summer, while the public have access to the DEWIS and NHS (D) W websites

Recommendation 2: We recommend the Welsh Government reviews the way it allocates funding to health boards for out of hours services to ensure that allocations more accurately reflect the current service needs and provide greater transparency in terms of investment and actual spend.

Reject

Funding for out of hours services are contained within the overall GMS allocation to health boards. The recommendation focuses on the allocation. It is for health boards to determine the appropriate level of investment in these services, using either the GMS allocation, or drawing on their substantial levels of discretionary funding, this does not therefore relate directly to central allocations. This blend of funding reflects the wider range of services now in place to support out of hours services. It is crucial that local organisations understand local services. Given this, we agree that it would be timely to review the current definition of expenditure to ensure funding is more transparent and reflects the wider range of services now in place to support out of hours access.

Recommendation 3: We recommend the Welsh Government share good practice across Health Boards in Wales in making out of hours services more attractive places to work, such as the approach taken in Aneurin Bevan University Health Board.

Accept

This is already well in train. A Peer Review was undertaken of each health board in the late autumn of 2018. Making out of hours a better place to work was a significant theme, while the review provided an opportunity to share best practice.

Following the review a summary report was produced that captured best practice from across Wales, this was shared with all health boards and WAST earlier this year. Further, the All Wales Quality and Safety OoHs / 111 Forum, a meeting of clinical and managerial leads has reorganised reinforcing the sharing of best practice relating to quality, safety and management. For example the clinical section shares and learns from clinical incidents and near misses, while the managerial section has helped delivered the new policy relating to Verification of Death training. A new website will be launched in the September which aims to provide a range of information to help inform clinicians about the benefits of working in out of hours (see also Recommendation 4 below).

The peer review identified 'isolation' as a key factor in some clinicians' decision not to work in the out of hours. There is still much work to do but the move to multi-disciplinary team working, the implementation of 111 and the embedding of out of hours in the 24 /7 model of primary care all help to reduce this feeling of isolation, making out of hours a much more attractive proposition for all staff.

Recommendation 4: We are concerned about the general decline in GP numbers not just for out of hours services but daytime services too across Wales. We recommend the Welsh Government actively develop policies to increase GP numbers.

Accept

The *Train, Work, Live* campaign is actively targeting GPs and GP trainees and is supported by 2 incentive schemes for GP trainees. The fill rate for GP training has improved significantly in recent years and as a result, we have increased the number of GP places from 136 to 160 this year, with the intention to further increase the number of places in the near future. We are also working with Health Education and Improvement Wales HEIW to further increase the number of GP training places from August 2021.

We have also introduced and continue to develop a number of tools to support primary care workforce sustainability, including establishing an all Wales Locum Register for locum GPs. This is a pivotal first step to structure the provision of sessional work to support our GP partners working in Wales.

HEIW have undertaken a project to address out of hours recruitment difficulties via a dedicated website development that is dedicated to Primary Care Out of Hours. The purpose of the website is to highlight opportunities in out of hours and attract potential and existing staff. The website is scheduled to launch in September 2019.

Recommendation 5: We recommend the Welsh Government resolve issues with the quality of data available on GP numbers as a matter of urgency as there needs to be better data available, including on out of hours care. If multidisciplinary teams are delivering the out of hours services, it is imperative to know who works in each team, where they are delivering the service to, and be able to track the staff numbers over years.

Accept

NHS Wales Shared Service Partnership (NWSSP) has been engaged by the Welsh Government to procure and implement the Wales National Workforce Reporting System (WNWRS), this provides a secure web based tool developed to capture all practice staff information for General Practices.

With the introduction of the WNWRS we hope to improve data quality across the board and we continue to work with all relevant stakeholders to ensure the data is of the highest quality. We are depending on GP practices providing as complete and accurate information as possible to support production of higher quality statistics.

We will explore the potential for further development of the WNWRS with NWSSP, to consider how information for clinicians working in out of hours can be captured and develop a proposal by the end of December 2019. If this development is not feasible, we will work with health boards and primary clusters to collect accurate and complete workforce data for GPs working in alternative settings, including out of hours

Recommendation 6: We are concerned that there appears to be a number of issues arising from the pay inequalities of GPs compared to England as well as taxation issues as reported to us in evidence. We recommend that the Welsh Government seek to address these issues and provide us with an update on any action taken to do so.

Reject

Although there appears to be some anecdote relating to pay inequalities in the east of Betsi Cadwaladr, we have no hard evidence of this and it doesn't appear that this is a national issue. We are also aware of the issues with taxation in relation to HMRC IR 35 but these are non devolved issues. Health boards have acted collectively in response to these issues, while Welsh Government have tracked progress and impact. There are however bigger and more general concerns with pensions and the Minister for Health and Social Services is pursuing these with the UK Government.

Recommendation 7: We recommend the good practice at CVUHB in terms of strengthening its performance management is shared with other health boards and that the Welsh Government explore in more detail how it can enhance the sharing of good practice. The Welsh Government may wish to consider, where possible, to give greater direction on such practice and monitor compliance with any directions issued.

Accept

We are working with the Welsh out of hours community to strengthen the emphasis on understanding the nature of the demand within individual health boards both in terms of case mix and time of the day. This involves developing the good practice already developed in CVUHB around demand and capacity modelling so that it can be used across Wales. A 'Once for Wales' model has been developed and is being tested by each health board this winter with a view to rolling it out formally in readiness for use in 2019/20. We believe that developing the clinical model based on demand is the key. Once these building blocks are in place we will increase the emphasis on performance management.

Recommendation 8: We recommend that our successor committee of the sixth assembly examine the progress and success of the implementation of the 111 service following full roll out in 2021/22.

Noted

We are pleased to **note** that the Committee recognise the success of the 111 roll out to date and recognise the opportunities presented by the service. We would welcome the committee of the sixth assembly examining the progress and success of the 111 service. This will continue to remain a key priority for NHS Wales in the future and we are actively supporting a number of initiatives to ensure its long term success.

Progress Following the WAO Report into Out of Hours Services – August 2018

Background

While we were pleased to note that the WAO report recognises that out of hours services are well regarded by the public, we accepted the recommendations contained within the report as being a helpful contribution to the delivery of an effective Out of Hours (OoH) service in Wales. In common with other parts of the UK there have been issues with recruiting clinical staff, in particular GPs in the OoHs period over the last few years.

Over the last 2 years, Welsh Government working closely with the NHS have been focusing on the areas highlighted in the WAO report delivering national and local actions that are making the system more resilient. At the same time the roll out of 111 has increased resilience and created opportunities for more and better regional and national working.

The WAO made 8 major recommendations and we believe a significant amount of work has been undertaken, much of which was underway prior to the Report's publication, but due to the timing of the report and field work was not necessarily fully recognised in the final report.

In particular, we recognised the call for greater involvement and leadership from both the Welsh Government and the NHS and Judith Paget the Chief Executive of the Anuerin Bevan Health Board has been providing a strategic lead, chairing the Urgent Primary Care (OoHs) Group, which coordinates key actions on a journey to the greater integration of services as part of the Primary Care Model for Wales.

Our ambition is to bring greater consistency and equity to the delivery of Out of Hours services across Wales, learning from the best practice that already exists. However, it should be remembered that ultimately Health Boards remain responsible for the delivery of primary care services in the out of hours period.

The Primary Care Model for Wales

The Primary Care Model for Wales focusses on the delivery of Primary Care services over the 24/7 period of which OoHs is an important part. The resilience of, and access to, in hours services has a key bearing on Out of Hours (OoHs) services. Therefore, Out of Hours services in Wales are now being planned in the strategic context of the Primary Care Model for Wales.

The Model, which supports the vision set out in A Healthier Wales It is predicated on collaboration at a very local level through the primary care clusters to plan care and support to meet population need. Cluster led planning and delivery is about seamless and effective care from a multi professional team on a 24/7 basis, with priority for the sickest people.

In this context, our approach is embedded in a 24/7 service. We know services delivered during the in hours period can impact on demand for services out of hours. Some GP practices across Wales are facing challenges in terms of achieving sustainability and accessibility. We are working in close collaboration with health boards and GP practices to address the challenges of GP recruitment and introduce access to a wider range of health professionals and signpost people to other local services such as community pharmacies.

In terms of attracting more GPs and other health professionals to Wales, our national and international campaign “This is Wales: Train, Work, Live” was launched in October 2016 to market Wales and NHS Wales as an excellent place for doctors, including GPs. The campaign has resulted in a significant increase in the fill rate for GP training. Following all rounds of recruitment this year, 98% of GP training places have been filled - 134 from the 136 places available. It is positive that more doctors are choosing Wales to train as a GP.

Our strategy is for expansion of multi-disciplinary teams in primary care, including out of hours, led by GPs, by investing in a range of healthcare professionals, such as advanced practitioners, clinical pharmacists, mental health clinicians and physiotherapists.

We are also reforming the national contract for in hours primary care services to improve the way they are planned and delivered leading to more sustainable and accessible services.

Since the GP contract reform in 2004 that saw GP OOHs removed from the GMS contract, the delivery model for in and out of hours has been managed and delivered through different providers (i.e. OoHs directly delivered by Health Boards and Shropdoc, not-for-profit social enterprise in Powys). However, it is recognised that there is the ‘golden thread’ of urgent care that runs across in hours and out of hours services. It is clear that the management of urgent primary care in hours has an impact on urgent primary care services out of hours and vice versa. Therefore, we need to consider the 24/7 urgent primary care offer as a whole whilst recognising that service delivery will be slightly different in and out of hours.

As part of the implementation of the Primary Care Model for Wales, the Strategic Programme for Primary Care has five specific workstreams to progress actions on a national level to support implementation of the primary care model for Wales at a local level. A key workstream within this is the *24/7 Model work stream*, intentionally labelled to ensure we consider what the overall offer is to the public. There is a recognition that across Wales the urgent care services offered to the public from Primary and Community Care are very different depending upon the time of day and often the location of the prospective patient. This work stream looks to ensure that as far as possible the service offer is consistent and appropriate in both time of day and geography. Whilst we recognise that service delivery will be slightly different in and out of hours, the overall principles and components of the model should be the same for example call-handling systems, the extended MDT and wider community service infrastructure (key components of the Primary Care Model for Wales).

The 24/7 work stream is focussed upon urgent care services within Primary and Community Care and should complement the work of the National Unscheduled Care Board. The work stream will pick up upon the actions associated with the recent OOHs Peer Reviews, investments in Primary and community services associated with the Winter period, escalation metrics and tools within primary care, access to and use of the totality of independent contractor footprint within a locality and the success of and options for the delivery of clinical triage through in hours GMS services. This work will have a watching brief on the development of the population segmentation and risk stratification at cluster level.

Leadership

The work of the Urgent Primary Care (OOHs) Group, chaired by Judith Paget continues to maintain the focus on specific issues for OOHs of services already identified. However, there is strong alignment with the Strategic Programme for Primary Care and, where appropriate, actions are being taken forward through the workstream of the Strategic Programme in order to ensure we deliver a 'blended' model going forward. For example:

- Winter Plans – the 24/7 workstream will consider all recent investments in primary and community care (across in hours and out of hours) to develop a guide to no more than 10 services/initiatives in primary and community care services that add significant value to the whole system in terms of demand management and supply capacity at times of peak demand.
- Escalation metrics and tools – again these are under developed in primary care compared to secondary care. An outcome of the 24/7 workstream is to ensure that there escalation tools in place which allows rapid assessment of capacity issues in primary care (in and out of hours) with resultant support mechanisms.
- Wider community services and pathways – a focus of the 24/7 workstream is a consistent and standardised community service response across health and social care which prevents avoidable emergency admission to hospital. We know that unscheduled social care needs is a pressure particularly out of hours so it is important that the focus is wider than just health.

It is planned that over the coming months, actions relating to OOH services will be aligned to the Strategic Programme. However, currently there is a need for the Urgent Primary Care (OOHs) Group to continue to ensure a focus and profile on some of the critical areas identified specific to OOH Services. (For noting, the over-arching governance for the Strategic Programme and the Urgent Primary Care Group is the National Primary Care Board).

The Peer Review process delivered in 2018 (and to be repeated in 2019), was a clinically led, data driven review of each health board's OoH service, designed to act as a 'critical friend' in offering advice and support as part of development of a safe effective OoHs service.

The Peer Review Panel was led by an independent chair (Dr CDV Jones) with membership including Clinical Directors, operational leads, Associate Medical

Directors, Directors of Primary Care, the 111 Programme, HEIW, RCGP and Welsh Government. The intended outcomes included:

- recognise good practice and shared learning;
- provide positive peer support for improvement;
- offer increased clarity of direction for NHS Wales regarding the wider transformation for urgent primary care and greater consistency of approach both in-hours and out of hours (24/7); and
- assist in the development of a clinically led, solution focussed, sustainable model for Wales

The output from each review was a summary report and action plan which was endorsed by local clinical leaders and the wider executive team.

Key summary messages arising from the Peer Review visits were:

- Clinical teams and their wider organisations found the peer review visits constructive and assisted with wider learning and shared best practice.
- Local and national workforce plans need to be strengthened to ensure they support GPs leading and working within a wider multi-disciplinary team.
- Urgent Primary Care (OOHs) should adopt a more consistent approach to demand and capacity planning linked to workforce modelling
- Now that LHBs are all on the same version of Adastra, it should be possible to benchmark in a more consistent manner.
- Having effective non-clinical and clinical triage processes are critical to the effectiveness of the urgent care pathways. The 111 team are assisting the standardisation of these approaches across Wales and increasingly there will be greater scope for developing these at a regional or national level.
- The integration between 111, NHS Direct, and OOHs will increasingly offer significant opportunities for wider system resilience.
- The role of the 111 clinical hub (over time) could increasingly offer urgent care advice and support for a number of key clinical pathways such as mental health, dental, palliative care and paediatric advice.
- Maintaining and updating one central Directory of Services (across Health, Local Authorities and third sector) remains a critical component to support urgent primary care – particularly when there is an increasing range of services.
- The Peer Review identified variation in the reporting of Serious Incidents (SIs), Near Misses and Never Events. Processes should be reviewed and strengthened locally to ensure ongoing learning between clinical teams (both locally and nationally) and for wider clinical governance purposes. Urgent Primary Care Services/the OoHs Forum have reviewed their reporting mechanisms to ensure they are robust and effective and have linked to appropriate governance structures within each organisation.
- Local work environments are being reviewed to ensure that they are conducive to patient care and staff welfare and that where appropriate, they broadly have access to a similar range of services as in-hour colleagues.
- LHBs, 111 and Welsh Government actively supported a range of initiatives as part of winter planning in 2018/19. Particular focus was on wider MDT input including pharmacy support, mental health, palliative care, advanced

paramedic practitioners (APPs), Health Care Support Workers (HCSW) and initiatives to support improved access to urgent dental care. All schemes have been evaluated and were actively supported (usually for 3- 6 months) to ensure the benefits of such schemes are fully understood. The majority of schemes were kept in place until post Easter as a minimum.

- Maintaining executive buy-in and oversight of the urgent primary care agenda is essential.
- A number of pilots have been instigated across organisations which reflect established (good) practice. It was agreed by executive and clinical teams that in most instances that subject to appropriate evaluation these should be mainstreamed and recognised as business as usual).

Overall, the Peer Review Panel was impressed by the ongoing dedication and commitment that was demonstrated by all staff and their continued focus on delivering high quality patient care. There was a evident 'passion' to deliver long term sustainable change aligned to the wider 24/7 urgent primary care agenda and the national 111 Programme.

It was recognised that Out of Hours can offer excellent working and training opportunities for staff. It can allow trainees and newly qualified professionals the opportunity to get a fuller understanding of the urgent and emergency care system and with a structured induction and ongoing mentorship programme are being put in place, to enhance future recruitment and retention.

Health boards have a new cohort of clinical leaders and operational staff in place who are often in the vanguard of developing new approach to urgent primary care both locally, regionally or nationally.

The new standards upgraded in consultation with clinicians and managers from the service are key to driving forward both the new delivery model and a high quality response to patients.

Staffing

Non devolved HMRC IR35 changes to the 'off payroll working' in the public sector has had an impact on the way GPs are taxed. From April 2017 any health board who engage GPs via a personal service company are responsible in deciding whether the IR35 rules apply for those GPs that they engage, and therefore whether they must deduct the appropriate amount of tax and NICs at source.

Furthermore, HMRC concluded that GPs working directly for LHBs, whether in OoH services or locum capacity should be treated within the scope of IR35 and therefore 'on-payroll' with a view to PAYE and NI deductions being deducted at source. This change came into effect on 1 November 2017.

Feedback from LHBs is that the impact of the ruling from HMRC has not been as a significant on shift fill or recruitment to out of hours services in NHS Wales as was first expected.

There are a wide variety of both national and local initiatives being undertaken to make OoHs a more attractive place to work. These are often aimed at reducing the general feeling of isolation by: creating a team culture, increasing its (OoHs) profile, and offering well defined roles for all staff by developing a cross cutting competency framework - clinical, managerial and administrative, better training and development opportunities, reducing the reliance on GPs and introducing new professionals/roles. For example:

- Demand/capacity work – compared to secondary care services the tools for supporting demand capacity work are under developed in primary care. As part of the Strategic Programme Workforce Group, demand capacity models are being considered in order to provide a ‘once for Wales’ approach for in hours and out of hours primary care. Out of Hours have been in the vanguard of this work and are close to implementing a single methodology for all Welsh LHBs.
- All Wales roles for urgent care – a sub-group of the Urgent Primary Care (OOHs) Group is looking at developing national roles and has developed a set of core competencies for urgent care. This work will be particularly important as we consider the use of the role of urgent care practitioners in and out of hours.
- Workforce plan – the demand/capacity modelling and the development of national urgent care roles are critical to inform workforce plans. The Strategic Programme Workforce Group is taking workforce planning forward for both in and out of hours services to provide clusters and Health Boards with the tools to develop more robust workforce plans and in turn inform IMTP plans going forward. HEIW is fully linked into the workforce group so any educational or training requirements can be considered as they arise.
- Website development – HEIW have undertaken a project to address Out of Hours recruitment difficulties via a website development that is dedicated to Primary Care Out of Hours for provision of a one stop shop for information, education and direct contact details of local out of hours services. The purpose of the website is to highlight opportunities in OoHs and attract and recruit potential staff. The launch of the website in September 2019 will coincide with an active social media campaign designed to raise awareness of out of hours as a viable career option and to support marketing of recruitment opportunities and will link to the new GP Wales website. The objectives are as follows:
 - To make the Urgent Primary Care Out of Hours service more attractive to clinicians;
 - To widen the pool of potential staff by offering information and support that can be easily accessed, encouraging interest in working in the Urgent Primary Care Out of Hours service; and
 - To provide resources to facilitate effective recruitment and retention activities.

Standards

The previous (up until end of March 2019) *Wales Quality and Monitoring Standards for the Delivery of Out of Hours Services*, were developed and agreed in 2014, by the

111 / OoH Sub-Group of the Urgent & Emergency Care Board involving the NHS and Welsh Government. The service was given four years to achieve these, by 31 March 2018.

Following the roll out of 111, the OoH/111 community have been keen to create a single 'universal' suite of standards and quality indicators. The intention was to develop a set of measures that could be adopted, and used by all health boards, regardless of whether they are operating 111 or OoHs.

The new standards (introduced 1 April 2019) are based on the existing *Wales Quality and Monitoring Standards for the Delivery of Out of Hours Services*, and *interim 111 standards*, but in line with a strong evidence based clinical view, are consistent with, or been 'relaxed' slightly from the current standards. For example, home visits, where very low numbers can skew achievements of the total face to face measure, have been removed from the NHS Delivery Framework for 2019/20 and thus the measure now focusses on solely attendances at Primary Care Centres.

As noted, the new standards are based on the existing standards and have been refined in conjunction with key service stakeholders, drawing on expertise from both clinical colleagues, and those managing the OoH / 111 service. The refined standards have been through the information standards process and were presented for comment and discussion key stakeholder groups. All of these had an opportunity to play into the standards, including crucially the GP Out of Hours Forum and the WAST board.

While it is generally recognised that the Standards present a challenge to the current service, it was agreed that these 'stretch' standards would continue to drive the development of the delivery model for OoHs. They will also drive improvement, innovation, regional/ national working in a prudent manner. Internal reporting against these standards will start in July 2019 but will be captured in the 2019/20 Annual Report

Although the evidence base is still relatively small it appears that delivery of these clinically based standards will be better using the 111 model, making it easier to get the right clinician to the right person at the right time.

Performance

Measuring Out of Hours has been an on-going and continuing journey. Since 2004, OoHs services developed independently across Wales and despite using the same management system – Adastra, local configuration was such that there was no consistency, standards or equity of access to information. From this low base where little information was available to run or measure the service, much work has been undertaken on an all Wales basis to bring consistency to the information available to a point where:

Detailed work is being undertaken to measure and understand demand;

Capacity requirements and shift fill are captured in a more meaningful and consistent manner;

Both the previous and new OoHs standards can be measured and monitored on a more consistent basis (although there are still some issues);

The clinical outcomes available within the system are consistent and are increasingly useable for benchmarking purposes;

Information was at the core of the peer review exercise; and
Standards have been agreed and implemented.

Our latest performance shows improvement against the standards and evidence from out of hours services, gathered during the peer review and subsequently when reviewing winter demonstrate an increasingly resilient service. Although this remains difficult to demonstrate and we accept there remains much work to do in this area to meet the increasing demand for information on the 24/7 model. The delivery of a new model will be a major step forward and much of the dialogue to date has been about the data and information.

The Roll-out of 111

Where we are rolling out 111 in Wales, this is already making OoHs more resilient – this can be seen in ABMU, Hywel Dda, Powys and more recently Anuerin Bevan, where the 111 service which manages people with urgent needs in the out of hours period. The 111 programme roll out, to be completed by 2021/22, will initially support primary care out of hours and provides a significant opportunity by simplifying access to services for the public, providing greater national alignment for the call handling and clinical triage.

The 111 service is improving access by signposting people to local services and sources of help, using a free to call number. In due course this will be delivered using other multimedia / digital opportunities. There will be greater regional and national working to meet the demand for advice and treatment at peak times and to safely reduce the workforce at quiet times.

Contacts with patients will be increasing based around multi-disciplinary team working, these will be less reliant on GPs but place greater emphasis on their clinical leadership role. Good communication systems means professional teams have access to up-to-date clinical records, which is essential so people receive appropriate care, especially those with complex conditions and/or at the end of life.

Plans are in place to roll the service out in Cwm Taf Morgannwg health board later in 2019/20. The project will then instigate a 'firebreak' in autumn 2019/20 to introduce a new national 111 IT platform to support the service. Following the implementation of the IT system, roll out of the 111 service will be extended to Betsi Cadwaladr and Cardiff & Vale health boards.

Document is Restricted

Public Accounts Committee

Scrutiny of Accounts 2018–19

Recommendations contained in the Committee's Report on the 2017–18 Annual Report and Accounts

Recommendation 1. The Committee recommends that the Welsh Government takes the necessary measures to prevent any recurrence of officials refusing to provide information to the Public Accounts Committee (in confidence if need be) on the supposed grounds that they cannot legally do so (and in flagrant contravention of A4.12.11).

Recommendation 11. The Committee recommends that the Welsh Government publishes its timetable for the production publication of its accounts and annual report on an annual basis to aid transparency and understanding of the process.

Recommendation 12. The Committee recommends that the Welsh Government provides an update to the Committee in respect of its discussions with the Wales Audit Office, including the agreed actions to address the issues encountered during the preparation and audit of the 2017–18 accounts.

Recommendation 13. The Committee recommends that the Welsh Government clarifies for the Committee the resources it has in place for the process, as well as explain how it ensures it has sufficient skills and capabilities for the delivery of its annual accounts.

Recommendation 14. The Committee recommends that the Welsh Government makes more detailed financial and performance information, such as analyses of annual expenditure within each MEG and how these programmes are delivering against planned outcomes. This should include information to allow the public to see how decisions are made and also reports about its in-year performance to increase transparency and accountability.

Recommendation 15. The Committee recommends that the Welsh Government puts measures in place to ensure that it complies with the Welsh

Language Standards to publish simultaneously its accounts in English and Welsh.

Recommendation 16. The Committee recommends that the Welsh Government updates the Committee on the timetable for taking the Welsh Government's policy on the internal use of the Welsh language to the Board and shares the outcome along with any accompanying papers considered by the Board.

Recommendation 17. We recommend that Welsh Government considers how to comply with best practice in financial reporting by including information about its performance, and adopting this practice for the preparation of next year's annual report and accounts, before issuing further guidance to its sponsored bodies. As a minimum, the annual report and accounts should set out how the money has been spent and what it has achieved, with reference to the targets set by Welsh Ministers and the Welsh Government, as well as performance against them. This should include an analysis of spend against the aims of "Prosperity for All" (and the subsequent programmes) and other organisational targets in the accounts, aligned to the expenditure reported in the financial statements.

Recommendation 18. The Committee recommends that the Welsh Government makes clear the requirements with which it aims to comply when preparing its annual report and accounts. It should also be clear about the Welsh requirements for Annual Reports and ensures that all bodies comply with this guidance, including themselves. This will help to provide sufficient and appropriate information is disclosed enabling effective scrutiny.

Recommendation 19. The Committee recommends that Welsh Government considers what information can be included in its accounts to promote transparency in respect of the support provided for business without deterring potential investors.

Recommendation 20. The Committee recommends that the Welsh Government liaises with its counterparts in the Scottish Government to enhance its understanding of the potential merits of introducing a Whole of Government Accounts for Wales and provides an update to the Committee.

Recommendation 21. The Committee recommends that the Welsh Government shares with the Committee its action plan for reducing the gender pay gap.

Recommendation 22. The Committee recommends that, to aid transparency and facilitate scrutiny, the Welsh Government considers whether more information could be included in its future accounts to explain the purpose of exit packages and/or severance schemes.

Recommendation 23. The Committee recommends that the Welsh Government includes in its annual report and accounts information about the efficiency activities across its organisation. This should include outturn against the targets set, with an explanation where performance goals are not met.

Recommendation 24. The Committee recommends that the Welsh Government provides, in advance of the Committee's scrutiny of its 2018–19 accounts, an update in respect of the work of the Improving Efficiency Board and in particular, the actions implemented as a result of the independent review of its corporate services.

Recommendation 25. The Committee recommends that the Welsh Government clarifies why and how the “future proofing initiative” differs from “Fit for the Future”, the scheme introduced by the former Permanent Secretary. This should set out how the new programme is working not only to improve the efficiency of the organisation but also advance its capacity and agility.

Recommendation 26. The Committee recommends that the Welsh Government clarifies for the Committee its position in respect of adopting the UK Civil Service's Success Profiles and how these will work in the Welsh context, including the relationship – or otherwise – between this approach and that of the standards and values for internal promotion at gateway grades developed with the input of Future Generations Commissioner and which framework has pre-eminence.

Recommendation 27. The Committee recommends that, to ensure they are able to provide independent oversight and challenge of the Executive and

avoid conflicts of interest (actual or perceived), the Welsh Government should not commission its Non-Executive Directors to undertake work beyond the scope of their non-executive roles.

Recommendation 28. The Committee recommends the Welsh Government explains fully how it will gain documented assurances for those matters previously reported through the “calling in procedure”



Grŵp yr Ysgrifennydd Parhaol
Permanent Secretary's Group

Llywodraeth Cymru
Welsh Government

Ein Cyf/Our Ref: DAO (Wales) 03/19

16 September 2019

To the Accounting Officers of the Welsh Government's Arms Length Bodies and Commissioners in Wales

DAO (Wales) 03/19

Dear Accounting Officers

In March this year the Public Accounts Committee published its report "Scrutiny of Accounts 2017-18". The first recommendation of the report was:

"The Committee recommends that the Welsh Government takes the necessary measures to prevent any recurrence of officials refusing to provide information to the Public Accounts Committee (in confidence if need be) on the supposed grounds that they cannot legally do so (and in flagrant contravention of A4.12.11)."

I wrote to the Committee providing the following response to the recommendation:

As I said in my initial response, I entirely share the view of the Committee that the Welsh Government and its arms-length bodies should be as open and transparent as possible in their accounts and with the Committee itself. I am very aware of the specific responsibility upon myself as Principal Accounting Officer for the Welsh Government, and upon other appointed Accounting Officers, to assist the Committee in its work. I think that the arrangement which we arrived at in relation to details of guarantees given to companies included in the contingent liabilities note, by addressing concerns through a closed session, worked well. I hope that the Committee found it helpful and that we can continue with such arrangements in future where appropriate.

I also appreciate the concerns of the Committee about the need for as full a disclosure as possible in relation to severance payments. I will write to all the Welsh Government arms-length bodies to remind them that such agreements should not be matter of course, and all endeavours should be made for disclosure; that where the use of such agreements is necessary on legal advice, that legal advice is obtained to ensure disclosures are made as far as possible; and that, as we did in relation to contingent liabilities, where there are obstacles to public disclosure that they can offer to the Committee a closed session to discuss such agreements, to enable the

Committee to exercise its scrutiny role properly. I will be sending this letter shortly and I will provide the Committee with a copy of the letter.

In my role as Principal Accounting Officer for the Welsh Government I am now writing to the Accounting Officers of all ALBs appointed by the Welsh Government to draw your attention to my response to the Committee and in particular to what I have said about as full a disclosure as possible of severance agreements.

Part of the responsibility which all of us share as Accounting Officers is a duty to assist the Public Accounts Committee to exercise its scrutiny role effectively. This may be in our appearances as witnesses if we are called, but also by being open and transparent in our accounts and other documents in which we report on our activities. This includes references to severance agreements, particularly where they relate to high-profile individuals or where the sums are significant. As noted in my reply to them, the Committee do appreciate that it may not always be appropriate for them to take evidence in open session and they are prepared to consider a closed session where circumstances would justify such a move.

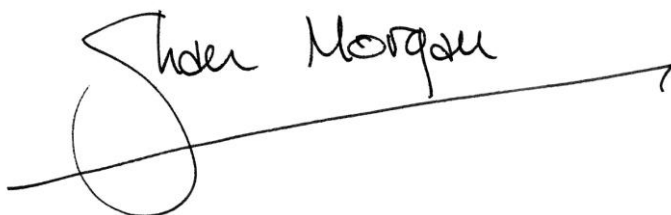
This is not a new requirement upon Accounting Officers, of course. You will find that "Managing Welsh Public Money" already covers these matters in paragraph 3.5.4 (giving evidence to PAC); paragraph 4.13 (Transparency) and A4.12.11 (dealing with Special Severance Payments, and which the PAC reference in their Report).

Please ensure that you act in accordance with this letter and with the provisions of "Managing Public Money" referred to above.

If you have queries in respect of this letter, please direct them to the Public Bodies Unit in the first instance.

I am copying this letter to the Chair of the Public Accounts Committee and to the Auditor General for Wales.

Yours,

A handwritten signature in black ink that reads "Shan Morgan". The signature is written in a cursive style and is positioned above a long, thin horizontal line that extends to the right.

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Mr N Ramsay
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

27 September 2019

Dear Mr Ramsay,

PAC SCRUTINY OF ACCOUNTS 2017-18

Further to my response to all the recommendations included in the above report provided on [30 April 2019](#), and my letter dated [16 July 2019](#) in which I provided further information on two of the recommendations. I agreed to provide a response to other recommendations requiring action, nearer to the agreed dates.

Of the 18 recommendations, 13 have been fully completed, 4 are progressing and 1 forms part of the annual accounts cycle and is therefore an ongoing commitment. Please find a comprehensive update to all recommendations as follows:

Recommendation 1

The Committee recommends that the Welsh Government takes the necessary measures to prevent any recurrence of officials refusing to provide information to the Public Accounts Committee (in confidence if need be) on the supposed grounds that they cannot legally do so (and in flagrant contravention of A4.12.11 of Managing Welsh Public Money).

Welsh Government Response 30 April 2019

I share the Committee's concern that the Welsh Government and its arms-length bodies should be as open and transparent as possible in their accounts and with the Committee itself, in relation to severance payments as with everything else full transparency is not always possible - as the Committee recognises, there are



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sometimes issues of data protection or legal obligations to be taken into account. But I think that we can do more to meet the concerns of the Committee and I am considering how we might achieve this.

I provided the following update in my letter dated 16 July 2019:

As I said in my initial response, I entirely share the view of the Committee that the Welsh Government and its arms-length bodies should be as open and transparent as possible in their accounts and with the Committee itself. I am very aware of the specific responsibility upon myself as Principal Accounting Officer for the Welsh Government, and upon other appointed Accounting Officers, to assist the Committee in its work. I think that the arrangement which we arrived at in relation to details of guarantees given to companies included in the contingent liabilities note, by addressing concerns through a closed session, worked well. I hope that the Committee found it helpful and that we can continue with such arrangements in future where appropriate.

I also appreciate the concerns of the Committee about the need for as full a disclosure as possible in relation to severance payments. I will write to all the Welsh Government arms-length bodies to remind them that such agreements should not be matter of course and all endeavours should be made for disclosure; that where the use of such agreements is necessary on legal advice, that legal advice is obtained to ensure disclosures are made as far as possible; and that, as we did in relation to contingent liabilities, where there are obstacles to public disclosure that they can offer to the Committee a closed session to discuss such agreements, to enable the Committee to exercise its scrutiny role properly. I will be sending this letter shortly and I will provide the Committee with a copy of the letter.

September update

I issued the letter to Accounting Officers on 17 September, and a copy was provided to the Committee on 19 September

Recommendation Status: Fully completed

Recommendation 11.

The Committee recommends that the Welsh Government publishes its timetable for the production publication of its accounts and annual report on an annual basis to aid transparency and understanding of the process.

Welsh Government Response 30 April 2019

Details of the timetable for preparation of the annual accounts have been published on the Welsh Government website.



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<https://gov.wales/welsh-government-consolidated-annual-accounts>

Recommendation Status: Fully completed. This will be an ongoing action for future years.

Recommendation 12.

The Committee recommends that the Welsh Government provides an update to the Committee in respect of its discussions with the Wales Audit Office, including the agreed actions to address the issues encountered during the preparation and audit of the 2017-18 accounts.

Welsh Government Response 30 April 2019

A copy of the information I shared with the Auditor General for Wales on the actions agreed to address the issues encountered during the preparation of the 2017-18 was attached at annex B to the Welsh Government Report response.

Recommendation Status: Fully completed. Reviewing the account process for lessons learned is an integral part of planning for subsequent years accounts preparation.

Recommendation 13.

The Committee recommends that the Welsh Government clarifies for the Committee the resources it has in place for the process, as well as explain how it ensures it has sufficient skills and capabilities for the delivery of its annual accounts.

Welsh Government Response 30 April 2019

The information provided at Annex B to the Welsh Government Report response to the Committee provided further details of the additional resources now in place within the team responsible for preparing the core and consolidated accounts and the submission to the Whole of Government Account. All staff are suitably qualified; SEO, Grade 7 and senior civil service staff all hold a relevant professional accountancy qualification, and a number of the staff have previously worked in a central accounts team. In total I have doubled the number of qualified/part qualified staff preparing the 2018-19 accounts when compared with last year.

Recommendation Status: Fully completed. The resources and skill required to produce the accounts are reviewed as part of the accounts planning process annually.



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Recommendation 14.

The Committee recommends that the Welsh Government makes more detailed financial and performance information, such as analyses of annual expenditure within each MEG and how these programmes are delivering against planned outcomes. This should include information to allow the public to see how decisions are made and also reports about its in-year performance to increase transparency and accountability.

Welsh Government Response 30 April 2019

The annual outturn report which is issued to the Finance Committee after the annual accounts provides comprehensive details of how the Welsh Government outturn compares with the budget. The statement of resource outturn, which is a mandatory requirement for all annual accounts, details expenditure against each of the MEGs. For 2018-19 the Welsh Government will be introducing a further table comprising the 30 largest areas of expenditure. The issue of performance reporting is addressed under recommendation 17.

September update

In the Accounts preparation process it became apparent that simply extracting the 30 largest areas of expenditure into a table, which would include non-cash accounting charges as well as direct expenditure added little useful information for the user of the Accounts. Analysis has been included of the top 5 expenditure areas covering two-thirds of the net expenditure outturn. The annual outturn report issued to the Finance Committee provides the context for the outturn more meaningfully than an additional table in the Accounts.

The outturn report is prepared once the Accounts have been audited to provide certainty of reporting.

The Welsh Government will ask the Minister for Finance and Trefnydd if the outturn report can be copied in future to the PAC at the same time it is submitted to the Finance Committee.

Recommendation Status: Fully completed

Recommendation 15.

The Committee recommends that the Welsh Government puts measures in place to ensure that it complies with the Welsh Language Standards to publish simultaneously its accounts in English and Welsh.

Welsh Government Response 30 April 2019



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The Welsh and English versions of the 2018-19 annual accounts will be published simultaneously. GOWA 2006 specifies that the Wales Audit Office must lay the accounts with the Assembly. In the past the WAO has only laid the English version as the Welsh version is not subject to audit. To avoid any possible confusion over publication dates, I will be suggesting to the Auditor General for Wales that we forward copies of the Welsh and English versions of the accounts to his officials and that they then deliver both to the Assembly.

September update

The Welsh and English versions of the 2018-19 Welsh Government Consolidated Accounts were laid simultaneously on the 27th August 2019 and published simultaneously on the Welsh Government website on the 28th August 2019.

Recommendation Status: Fully completed.

Recommendation 16

The Committee recommends that the Welsh Government updates the Committee on the timetable for taking the Welsh Government's policy on the internal use of the Welsh Language to the Board and shares the outcome along with any accompanying papers considered by the Board.

Welsh Government Response 30 April 2019

I have commissioned a paper to be presented to the Welsh Government's Board at its meeting in May for discussion on the Welsh Government's policy on the internal use of Welsh during the next few months. I have asked for the paper to consider developments in the time since an original paper on the matter and quoted in the Committee's report, was drafted in 2017. The paper will also consider the balance between an ambitious policy based on the Welsh Language Strategy's target on one hand, and practical matters on the other. This is clearly a sensitive issue for staff and we must carefully consider how any changes may affect the workforce. In preparing the paper we have also been considering best practice within other public sector organisations in Wales and my officials have met with Assistant Chief Constable of South Wales Police, Jeremy Vaughan, the Assembly Commission, Rhondda Cynon Taf Council and Ynys Mon Council to discuss their practices in ensuring Welsh language skills capacity within the workforce and facilitating and promoting the increased use of Welsh within these organisations. Board policy papers of this nature are not normally published, but following the Board's discussion of the matter, the paper, taking account of the views of the Board, will be submitted to the First Minister and the Minister for the Welsh Language and International Relations for consideration. I will share with the Committee the outcome of this consideration together with any relevant papers. I hope to be able to do this by September.



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September update

I announced at the Culture Welsh Language and Communications Committee the proposed timetable for developing a comprehensive and ambitious policy for developing the use of the language within the Welsh Government. The objective in the short term is for the Welsh Government to become exemplar in its internal use of the language, while in the longer term, by 2050, the Welsh Government will become an organisation where all staff can understand Welsh, bilingual working is enabled and there is a significant increase in the use of the language. Our vision to become an exemplar organisation ensures that the Welsh Government civil service plays a full part in assisting the First Minister achieve his ambition of seeing one million speakers of the language by 2050, as set out in the Welsh language strategy, *Cymraeg 2050; a million Welsh speakers*.

The long term nature of this work means that the policy will evolve and develop over time; reflecting the gradual approach to implementation. I believe this will be best achieved over a rolling five year cycle of agreed actions, implementation and review. The focus initially will be on facilitation, encouragement and incentivising. There will be a need to increase the impact of the policy over time in order to reach the goal, and this will need to be planned carefully.

Over the summer five work streams are underway and their task is to consider specific issues that will inform the first five years of the policy, but also consider the trajectory to 2050. TUS are involved in all 5 work streams. The five work streams are:

- a. Workforce planning, recruitment and main streaming the language internally;
- b. Training;
- c. Technology and efficiency;
- d. Communications, internal practice and behaviour science;
- e. External factors and statistics.

Work is now underway to finalise the policy, milestones and first work programme with a view to launching the new policy and work programme in November 2019, after formal consultation with the Trade Union Side.

Recommendation Status: In progress – target completion end of November 2019.

Recommendation 17.

We recommend that Welsh Government considers how to comply with best practice in financial reporting by including information about its performance, and adopting this practice for the preparation of next year's annual report and accounts, before issuing further guidance to its sponsored bodies. As a minimum, the annual report and accounts should set out how the money has been spent and what it has achieved, with reference to the targets set by Welsh Ministers and the Welsh Government, as well as performance against them. This



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should include an analysis of spend against the aims of “Prosperity for All” (and the subsequent programmes) and other organisational targets in the accounts, aligned to the expenditure reported in the financial statements.

Welsh Government Response 30 April 2019

I have asked Jeff Farrar in his role as a Non-Executive Director on the Welsh Government Board to lead a task and finish group to advise on a suitable approach to preparing an enhanced and systematic set of Key Performance Indicators (KPIs) for the Welsh Government. He has been asked to draw upon existing material and consider what additional measures we could usefully adopt to allow us to monitor progress and achievement more effectively. The terms of reference for the group are “to consider and make recommendations to the Permanent Secretary on a new suite of performance management information and KPIs in relation to her responsibilities for the running of the Welsh Government.”

Mr Farrar has begun his work and I have asked for a report by the end of June. I think it unlikely that much of this work will be ready in time to appear in our forthcoming accounts but I will be able to update the Committee on progress in the autumn. The work relates to the operational performance of the Welsh Government and those areas which fall to the responsibility of the Permanent Secretary, rather than with Ministers. However, I will discuss the potential wider implications of this particular recommendation with the First Minister and I will certainly draw his attention to the concerns which have been expressed by the Committee.

September Update

The recommendations arising from the work of Mr Farrar and the task and finish Group which supported him are being taken forward by Knowledge and Analytical Services, who are developing a comprehensive management framework. This framework will be based upon the International Civil Service Effectiveness Index, as proposed by Mr Farrar. This will help improve and maintain the performance and efficiency of the organisation. Some new KPIs will be included in the 2019-2020 Report and Accounts. Others will take longer as new data will need to be collected and analysed.

Recommendation status: Implementation in progress

Recommendation 18.

The Committee recommends that the Welsh Government makes clear the requirements with which it aims to comply when preparing its annual report and accounts. It should also be clear about the Welsh requirements for Annual Reports and ensures that all bodies comply with this guidance, including themselves. This will help to provide sufficient and appropriate information is disclosed enabling effective scrutiny.



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Welsh Government Response 30 April 2019

The Welsh Government issues an accounts direction to its public bodies which details how annual accounts should be prepared and who they can speak to if there are any questions. It also works closely with its subsidiaries to ensure that the information provided to support the preparation of the consolidated accounts is robust. All information submitted to the Welsh Government for consolidation into the accounts is independently audited by either the WAO or one of the large accountancy firms. The main source of guidance for the Welsh Government and all other organisations is the Financial Reporting Manual (FReM) which is published and updated by HM Treasury.

The FReM sets out with regard to the form and content of annual reports and accounts that the Welsh Government determines the appropriate level of reporting for the Performance Report for each organisation in Wales, taking into account specific legislation in Wales.

HM Treasury is advised on all matters relating to accounting standards by the Financial Reporting Advisory Board (FRAB). The Welsh Government has a permanent seat on the FRAB and is represented by the Finance Director.

Recommendation Status: Ongoing as part of regular cycle of Annual Reporting

Recommendation 19.

The Committee recommends that Welsh Government considers what information can be included in its accounts to promote transparency in respect of the support provided for business without deterring potential investors.

Welsh Government Response 30 April 2019

The Welsh Government publishes all the information it can without breaching agreements over commercial confidentiality. This information is reviewed every year to determine whether it remains commercially sensitive. Following the publication of the 2017-18 accounts, the PAC requested a closed session to discuss any information that could not be published and I would suggest that a similar meeting following the publication of this year accounts would be an appropriate means of ensuring transparency and facilitating scrutiny of the decisions taken by the Welsh Government.

Recommendation Status: Fully completed



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Recommendation 20.

The Committee recommends that the Welsh Government liaises with its counterparts in the Scottish Government to enhance its understanding of the potential merits of introducing a Whole of Government Accounts for Wales and provides an update to the Committee.

Welsh Government Response 30 April 2019

I will provide an update to committee when we meet in the autumn. However, at this stage the Welsh Government has not been provided with a strong case for preparing a Whole of Wales account.

Recommendation Status: Fully completed based on discussions with Scottish Government having been undertaken.

Recommendation 21.

The Committee recommends that the Welsh Government shares with the Committee its action plan for reducing the gender pay gap.

Welsh Government Response 30 April 2019

The Welsh Government is working with Chwarae Teg (in Spring 2019) to develop an action plan for reducing the gender pay gap. This will be shared with the Committee once it has been finalised and agreed.

September Update

Our pay systems are fair but a pay gap results from percentages of men and women working at different grades and far larger numbers of women working part time. We have recently taken part in the Chwarae Teg Fair Play Employer Award benchmarking process, and met Chwarae Teg in August 2019 to discuss their findings and recommendations. We will also use recommendations relating to employment from the Gender Review Phase 2 report to inform our work. Our approach, which we were pleased to see mirrored in the Chwarae Teg benchmarking, is to focus on wider issues which affect women (and other staff with protected characteristics) and which may affect quality of experience, progression and consequently the gender pay gap. We will embed resulting actions in our new Diversity and Inclusion Action Plan which will target our drive for workplace equality in the period from April 2020 onwards. Chwarae Teg are supportive of integrating the gender pay gap actions into our new Diversity and Inclusion Plan rather than developing a stand-alone action plan.

Recommendation Status: In progress – target completion April 2020



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Recommendation 22.

The Committee recommends that, to aid transparency and facilitate scrutiny, the Welsh Government considers whether more information could be included in its future accounts to explain the purpose of exit packages and/or severance schemes.

Welsh Government Response 30 April 2019

The Welsh Government will include additional information on exit packages and severance schemes in future accounts. We will also be writing to our arms-length bodies to stress the importance of their doing likewise.

September update

I issued the letter to Accounting Officers on 17 September, and a copy was provided to the Committee on 19 September.

The Welsh Government Consolidated Accounts included additional information in 2018-19 on the purpose of the Voluntary Exit Scheme.

Recommendation Status: Fully completed

Recommendation 23.

The Committee recommends that the Welsh Government includes in its annual report and accounts information about the efficiency activities across its organisation. This should include outturn against the targets set, with an explanation where performance goals are not met.

Welsh Government Response 30 April 2019

The work being undertaken by Jeff Farrar will inform how Welsh Government can best create an enhanced and systematic set of KPIs that will help to demonstrate how it is delivering efficiencies across the organisation. We are also considering how we will take forward the pursuit of efficiency savings in the Welsh Government, including the arrangements for measuring them and reporting on them. I will be able to update the Committee in the autumn.

September update

Please refer to the update provided at Recommendation 17. An update on the work of the Improving Efficiency Board is included at Annex B.



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Recommendation status: Implementation in progress

Recommendation 24

The Committee recommends the Welsh Government provides, in advance of the Committee's scrutiny of its 2018-19 accounts, an update in respect of the work of the Improving Efficiency Board and in particular, the actions implemented as a result of the independent review of its corporate services.

Welsh Government Response 30 April 2019

I will write to committee members ahead of the scrutiny of the 2018-19 accounts on the Improving Efficiency board and in particular, the actions implemented as a result of the independent review of its corporate services.

September update

An update on the work of the Improving Efficiency Board is included at Annex B.

Recommendation status: Fully completed

Recommendation 25.

The Committee recommends that the Welsh Government clarifies why and how the Future-proofing initiative differs from Fit for the Future, the scheme introduced by the former Permanent Secretary. This should set out how the scheme is working not only to improve efficiency of the organisation but also advance its capacity and agility.

Welsh Government Response 30 April 2019

Future-proofing is a people-centred organisational improvement initiative which aims to equip the Welsh Government civil service to meet the complex challenges it faces in supporting Ministers to deliver its current programme while also building a confident, skilled and sustainable civil service for the future. It builds upon the excellent work of my predecessor through his change programme "Preparing for the Future" and takes account of the learning and insight from that programme.

"Preparing for the Future" looked primarily at organisational and structural ways in which the Welsh Government needed to adapt. Future-proofing now switches the emphasis to people-related change and the integrated and system-wide nature of the way we are approaching the behaviour change programme.



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As well as introducing a new set of expectations and behaviours which capture the ways of working we encourage and value, we have made significant changes to our performance management systems, promotion systems, leadership training and wider capability-building programme to encourage and embed the expectations across the organisation.

Further information was provided in Annex C to the Welsh Government Report response to the Committee.

Recommendation Status: Fully completed

Recommendation 26.

The Committee recommends that the Welsh Government clarifies for the Committee its position in respect of adopting the UK Civil Service's Success Profiles and how these will work in the Welsh context, including the relationship - or otherwise – between this approach and that of the standards and values for internal promotion at gateway grades developed with the input of Future Generations commissioner and which framework has pre-eminence.

Welsh Government Response 30 April 2019

The Welsh Government plans to adopt the UK Civil Service's Success Profiles recruitment framework in Autumn 2019 (subject to engagement and consultation with trade unions and staff networks within the Welsh Government).

The Assessment and Development Gateway for internal promotion has piloted a number of elements of Success Profiles, including strengths based interviewing. The behaviours and strengths assessed at the Gateway were specifically chosen to be complimentary to the standards and values developed with the input of Future Generations Commissioner.

September update

Work has started to introduce Success Profiles within Welsh Government through our corporately run recruitment campaigns such as our apprenticeship campaign and promotion gateways.

We will continue to introduce the framework across corporately run campaigns over the next year before considering the best approach to implementing the framework across the organisation.

The experience and evidence from applying Strengths Profiles to our corporate campaigns will inform how we design our assessment processes for roles below Grade 7 and specialist recruitment. However all resourcing activity will be underpinned by the



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Expectations we have developed to reflect the needs of our devolved context and the Well-being of Future Generations ways of working.

The Strengths Profiles approach to assessment give us the opportunity to blend strengths, skills and competencies in our assessment methodology with an underpinning set of Expectations that articulate the behaviours and ways of working that we are committed to and we see the two frameworks as complementary in terms of our overall approach to assessing colleagues for promotion.

Recommendation Status: Fully completed

Recommendation 27.

The Committee recommends that, to ensure they are able to provide independent oversight and challenge of the Executive and avoid conflicts of interest (actual or perceived), the Welsh Government should not commission its Non-Executive Director's to undertake work beyond the scope of their non-executive roles.

Welsh Government Response 30 April 2019

The Welsh Government will not in future commission its NEDs to take on other roles for the Welsh Government which are not undertaken as part of their NED role. In addition, the Welsh Government would only be content for its NEDs to undertake roles for arms-length bodies of the Welsh Government where it is convinced that there is only minimal scope for conflict of interest; where it is confident that that conflict of interest can be managed properly; and where there is a clear public benefit in the NED undertaking the additional role with an arms-length body.

Recommendation Status: Fully completed

Recommendation 28.

The Committee recommends the Welsh Government explains fully how it will gain documented assurances for those matters previously reported through the 'calling in procedure'.

Welsh Government Response 30 April 2019

We are still finalising the detail of how our new approach will be applied and I will write again to the Committee once we have concluded our deliberations.

I provided the following update in my letter dated 16 July:



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- a) For 2019-20 we have agreed with the First Minister transitional arrangements to provide assurance to him and the Permanent Secretary that the removal of the calling-in procedures with arms-length bodies does not pose an unacceptable risk to the Welsh Government or the effective delivery of the Government's Programme. These are interim arrangements to provide the Welsh Government with baseline data by which it can assess the volume of issues where responsibility is being transferred and to be sighted on the approach each body is taking to the new arrangements.
- b) The intention of the transitional arrangements is to keep the Welsh Government informed of how the new process is working in practice, rather than the continuation of a mechanism for approval by the Welsh Government. The Welsh Government will still have the power to intervene in decisions where they have concerns.
- c) We have agreed with the First Minister that for this year we will put in place **Approval, Pre-notification** and **Notification** arrangements for decisions previously the subject of these calling-in arrangements. These are set out in Annex A to this letter.
- d) Accounting Officers in Public Bodies will be wholly accountable for the decisions requiring pre-notification and notification to the Welsh Government. Officials within the Welsh Government may give advice on issues it has been notified about, but it is ultimately for the Chief Executive to take the decision. The exception will be the decisions requiring approval, where the Welsh Government will be responsible and accountable for the decision.

The Public Bodies Unit continues to engage with Public Leaders, Sponsors and other stakeholders e.g. Wales Audit Office, as we are refining our approach and will continue to do so during these transitional arrangements. The Public Bodies Unit will prepare a lessons learned report at the end of December 2019 so I may form a view on the efficiency and effectiveness of these new arrangements. I will share the report and my conclusions with the Committee.

September Update

We have further refined the calling-in arrangements to clarify the procedure to be followed in the event of a public body choosing to disregard Welsh Government advice on an issue requiring pre-notification. Annex A has been updated to reflect these changes notified to Public Bodies in July 2019.



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Recommendation Status: Fully completed

Yours,

Shan Morgan

Shan Morgan

Ysgrifennydd Parhaol/ Permanent Secretary
Llywodraeth Cymru/ Welsh Government



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Table B Pre-notification Arrangements

CEOs should notify their sponsor of any proposed decisions falling under the following categories as and when they arise. These decisions should also form part of a 'stocktake' discussion at quarterly monitoring meetings:

Decision	Pre-notification Action	Further Advice
<p>Novel, contentious or repercussive proposals in line with Managing Welsh Public Money, including, but not restricted to, proposals that:</p> <p>Are non-standard for the sector</p> <p>Are politically sensitive and/or likely to attract negative media attention</p> <p>Could result in unwelcome consequences for the organisation and/or for the wider public sector</p> <p>Could set a precedent for the sector and wider public sector</p>	<p>Sponsor, in conjunction with the appropriate policy teams, to prepare advice to discuss with Public Bodies Unit, who will seek written advice of the Corporate Governance Centre of Excellence and any other Body with expertise in the issue.</p>	<p>Additional Accounting Officer and Minister, as appropriate</p>
<p>Any course of action considered by the Board that would contravene the principles of regularity, propriety, prudent and economic administration, efficiency and effectiveness which the CEO has advised against.</p>	<p>Sponsor to prepare advice to Additional Accounting Officer</p>	<p>Additional Accounting Officer</p>
<p>Policy or practice change that has wide financial implications</p>	<p>Sponsor to prepare advice to Head of Budgetary Control copied to Public</p>	<p>Minister, as appropriate</p>



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	Bodies Unit	
Staff remuneration & terms and conditions	<p>Sponsor to submit proposed pay remit to Head of Pay and Remuneration, Public Bodies Unit on:</p> <ul style="list-style-type: none"> • Changes falling outside WG public sector pay principles; • Organisational design changes likely to lead to severances 	Ministerial approval required for changes falling outside Welsh Government pay principles
Anything that might affect the future level of resources required, e.g. potential budget pressures or underspends	Sponsor to consider	Welsh Government Finance Director, as appropriate

Table C Notification Arrangements

During the transition period, CEOs should notify sponsors at their quarterly monitoring meetings of any other decisions they have made or are likely to make in the next quarter that would previously have been referred to the Welsh Government.



Annex B

WELSH GOVERNMENT IMPROVING EFFICIENCY BOARD

The Improving Efficiency Board was first introduced by the now First Minister in his role as Cabinet Secretary for Finance. It is currently jointly chaired by myself and the Minister for Finance and Trefnydd. The purpose of the Board is to oversee a series of projects aimed at improving the effectiveness of processes and procedures, ensuring greater compliance with internal policy and reducing the administrative burden on officials in the Welsh Government thereby enabling us to release resource onto more pressing priorities.

Detailed below is a summary of the progress on existing projects. However, this is an iterative approach to improving the way we work and I fully expect that as current projects complete, more opportunities for improvements will be identified.

ADMINISTRATION OF PURCHASE ORDERS

The aim of this work is to introduce a single team to transact all purchase orders for the Welsh Government. In doing so we will be better able to ensure a consistent approach using best practice which will result in fewer errors and improved compliance with procurement and VAT policies. The approach will also reduce user numbers and hence licence costs and free more senior staff in the business to focus on other priority areas. To date we have piloted the approach within the Permanent Secretaries Group (PFG) and the Office of the First Minister (OFM) alongside a number of areas within ESNR; Environment, NPS, Planning, Scientific Officer, Agriculture, Marine, Food SHELL, Culture, Sport & Tourism (including CADW). Although we had agreed that some resource would be transferred from ESNR into the central team, this has not been needed as the more efficient approach has meant that existing staff have been able to absorb the additional work. Since we commenced the transition of purchase ordering to a single team, the Welsh Government has been able to reduce the number of users requiring access to our purchasing system from 490 to 284.

The next stages of the project, which will involve the transitioning of purchase ordering from the remainder of ESNR, EPS and HSS, will commence later in the year.



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GRANTS ASSURANCE PANEL

The Grants Assurance Panel was introduced in September 2018. The Panel provides advice, challenge and assurance to grant managers prior to the creation of new grant schemes. The Panel is chaired by the Director of Governance and consists of key officials from the Grants Centre of Excellence, State Aid, Legal Services, Internal audit, Counter Fraud, Tax Expert Services, Cabinet Office and the relevant policy team. Depending on the nature of the grant scheme other officials may also be asked to attend. The panel meets monthly and to date has reviewed more than 25 proposed new schemes.

The Grants Assurance Panel provides a unique opportunity for us to ensure that all new grant schemes align with wider government objectives and comply with grants policies and procedures; for example has the grant manager considered appropriate state aid and GDPR conditions and are the terms and conditions based on the Welsh Government mandatory award letter template. The Panel also ensures that grant managers receive a wide variety of advice, support and recommendations from expert services through a single forum and are made aware of lessons learned from other schemes.

The introduction of the Panel was reviewed in January 2019 with positive feedback being received from both panel members and grant managers.

GRANTS DUE DILIGENCE TEAM

Good due diligence is essential when considering which organisation should receive public funding. The Due Diligence Team was introduced in February 2019 as part of the broader Grants Centre of Excellence. The team provides a “corporate health check” on the organisations that the Welsh Government funds or is planning on funding, as a means of improving consistency and compliance, reducing duplication and providing grant managers with more comprehensive information to support decisions making. The team has also been able to develop system changes to the Welsh Government due diligence hub in order to make the results of health checks more readily available to officials throughout the Welsh Government.

Following an initial pilot and based on feedback from grant managers, the Due Diligence Team has enhanced elements of the support being made available. The team now also



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advises grant managers on potential mitigation action tailored to the outcome of the corporate health checks.

GRANTS TARGET OPERATING MODEL

The Welsh Government is seeking to bring greater efficiency, consistency and compliance with policy and procedure to the administration of grants. This will be delivered through the creation of a single team which will undertake a range of administrative activities on behalf of grant managers thereby enabling policy areas to release resources to other more pressing priorities. Grants represent a significant area of activity for the Welsh Government and therefore, implementation will be on a rolling basis to ensure we maximise benefits and learn lessons as we proceed. The revised operating model has a greater capacity to free up resources throughout the organisation than any other current Efficiency Board led project.

The proposed changes would also benefit external stakeholders in that it will address concerns raised in the 2018 Grant Survey, primarily the need for a more consistent approach to the way Welsh Government manages its grant application process including managing the amount of information we ask organisations to provide for the purposes of grant funding across the business. The operating model work will also be seeking to introduce an online application process for hypothecated grants.

FUTURE PROOFING OF WELSH GOVERNMENT CORPORATE SERVICES

The Corporate Services Review focussed on the efficiency and effectiveness of our existing HR, Finance, Facilities Management and Corporate Governance services. As a result of the recommendations made, the Welsh Government Executive Committee (ExCo) took the decision to adopt a far more integrated delivery model going forward. This integrated approach is based on developing a stronger framework for teams to work together by thinking about our services as an end to end function that focusses on the customer journey from start to finish.

Given the resource pressures arising from Brexit, it was decided that a phased approach to implementation would be undertaken, starting with HR.



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Since February 2019, the HR project has:

- Redefined the HR service of the future to ensure that it is responsive, joined up, focusses on the tools needed to deliver greater self service and is done once and done well with a greater emphasis on strategic workforce planning and adding-value.
- Agreed on the creation of a centralised recruitment service which will bring all recruitment advice, across all recruitment (internal, external, secondments and loans) within one team.
- Strengthened the approach to case advice through the pooling of resources into a single team in order to offer greater resilience for the service, clearer service provision and access points for staff within the different areas of the Welsh Government. The service will provide more proactive interventions based on management information and aligned to strategic business need.
- Delivered clarity on roles and responsibilities to remove duplication, providing greater clarity of ownership and delivering opportunities to standardise.

Further improvements will be introduced during the remainder of 2019/20.

PUBLIC BODIES UNIT

The Welsh Government has 51 arms-length bodies (ALBs) of various kinds, 15 of which are wholly-owned companies. Collectively they receive about £1.4bn from the Welsh Government. There are at least 82 Welsh Government officials involved in the sponsorship of these bodies, at a total cost of £3.5m. This includes 40 staff who administer the activities of 16 appeals panels, tribunals and external committees. The Delivering Together review of ALBs was initiated in response to concerns that the Welsh Government should review the way that it manages its relationship with its ALBs after issues arose with Sport Wales and with NRW; and on the back of a paper from the WAO about public bodies.

The Delivering Together review identified 37 recommendations under the 6 themes of:

- Sponsorship Form and Function
- Supporting Public Leaders
- Supporting Sponsors
- Improving the Control Framework
- Public Appointments
- Managing two-way communication



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The report also concluded that, while sponsorship was not broken, it was inconsistent across the Welsh Government (with no central coordination) and the arrangements were too parent-child orientated. Therefore, it identified opportunities to coordinate at corporate level activities that could be done once and well which has led to the creation of the Public Bodies Unit.

In its first year of operation the Public Bodies Unit has implemented a number of the specific recommendations outlined within the report:

- Removing the need for some categories of decision to be referred to the sponsor.
- Preparing for a pilot for Term of Government' remits rather than annual agreements.
- Delivering a corporate approach to Regulated Ministerial public appointments. Introducing changes and/or reforms to pay remit guidance, pay remit calling-in arrangements and the setting of remuneration rates a programme established to develop a pay parity road-map. All of these changes support delivery of the First Ministers commitment to develop a road map to create greater pay parity across ALBs.
- Removing the need for Welsh Government officials to attend every ALB board meeting.

The establishment of PBU has improved lines of communication, giving Sponsors and Sponsored Bodies a central resource to allow consistent information sharing, provide support to Sponsors on a number of issues including governance, policy, processes and workflows, and lessons learned on delivering more collaboratively and effectively.

The changes introduced to date have been welcomed by ALBs and Welsh Government officials alike.

Looking ahead, the PBU is collaborating with Academi Wales to provide a learning resource for Public Bodies and Sponsor Leads to empower Boards and Sponsors to deliver even more efficiently and provide greater assurance that governance arrangements and respective accountability are understood. It is also working in partnership with the National Library of Wales, to develop a pilot programme for Tailored Reviews of ALBs to test their purpose, governance and decision-making structures, efficiency, effectiveness, digital maturity and commercial readiness. Each body will have a review within the term of government (timing of the review of each body



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to be based upon a risk assessment agreed with the Chair and CEO of the ALB) to enable Ministers to take a decision in respect of funding in relation to the delivery of the programme for government. The first review will come to the Efficiency Board in December 2019. The Board will act as a challenge panel. The Chair and CEO will attend the Board.



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