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Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref JH/3178/21

Mark Isherwood MS
Chair
Public Accounts and Public Administration Committee
Senedd Cymru
Cardiff Bay
Cardiff CF99 1SN

1 October 2021

Dear Mark,

Response to the Report of the Public Accounts Committee (5th Senedd) *Delivering for Future Generations – the story so far.*

Thank you to the members of the previous Public Accounts Committee for their valuable work in looking at the barriers to the implementation of the Well-being of Future Generations (Wales) Act 2015.

We recognise that the nature of the inquiry led by PAC means that it made recommendations that concern policy matters relating to the implementation of the Well-being of Future Generations. We have considered the report and its conclusions and recommendations carefully and I attach a response to the policy recommendations which are the responsibility of Welsh Ministers.

The Welsh Government is committed to using the Well-being of Future Generations framework to put Wales on a more sustainable path and help tackle the long-term sustainability challenges Wales faces. Over the past 18 months we have seen considerable scrutiny of how the Well-being of Future Generations Act is being implemented from Members of the Senedd, the Future Generations Commissioner and the Auditor General for Wales.

The broad coverage of the findings, ideas and recommendations of these reports reflect the nature with which the Well-being of Future Generations legislation is penetrating Government and the Welsh public service and its bearing on policies, processes and

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

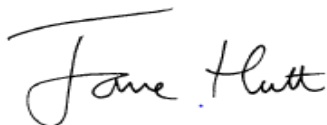
We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

people. Whilst this can be complex and viewed as a weakness of the legislation, it continues to demonstrate the WFG agenda is not an add-on activity, and is being used to challenge, question and improve current ways of working so more sustainable choices can be considered. These reports will provide an essential reference point as we work with the Future Generations Commissioner and public bodies to remove the barriers to implementation, and build on the enthusiasm found in public officials and stakeholders which Members highlighted in their report.

Within our response we have sought to accept the recommendations, which we agree will help tackle the barriers to implementation. However, for some the specific suggestions for the completion of work by a prescribed timetable or in a prescribed way mean we have accepted these in principle.

Next week, I will be writing to the Auditor General for Wales detailing our response to their report which we agreed with Audit Wales we would consider alongside the findings and report of the Public Accounts Committee. I will also write to the Future Generations Commissioner to conclude our response to the Future Generations Report (2020).

Yours,

A handwritten signature in black ink that reads "Jane Hutt". The signature is written in a cursive style with a long horizontal line above the first few letters.

Jane Hutt AS/MS

Y Gweinidog Cyfiawnder Cymdeithasol
Minister for Social Justice

Welsh Government response to the report of the Public Accounts Committee (5th Senedd) Delivering for Future Generations – the story so far.

RECOMMENDATION 1

The Welsh Government should carry out of a review of how it can provide longer-term financial security to the public bodies that are subject to this Act. This review should be completed in time to inform funding decisions in relation to the 2023-24 financial year.

Response: Accept in principle

It remains the Welsh Government's aspiration to provide longer-term budgets for our partners and stakeholders and we remain open to exploring options to provide certainty where this is possible as it set out in our Budget Improvement Plan which we publish alongside our Draft Budget. The Committee's recognition of the lack of forward funding figures from the UK Government is welcomed, and has previously meant the Welsh Government has been unable to give multi-year funding settlements. The Welsh Government has continued to press the case to the UK Government to publish multi-year settlements with the prospect of the forthcoming UK Spending Review and Budget on 27 October indicating we could expect a 3 year settlement.

Under current funding arrangements for public bodies we already provide an indication of funding for future years where this is possible. We are moving to a programme of Term of Government Remits for Arms-length Bodies in Wales, and this will be much more productive if we receive a multi-year settlement from the UK Government, which would enable us to provide bodies with longer-term indicative budgets.

Financial implications

The potential exploration of options would be met from within existing resources.

RECOMMENDATION 2

The Welsh Government should carry out a review of how the work of Public Service Boards is funded. The review should begin no later than six months after the next Senedd election, with its conclusions implemented in time for them to inform funding allocations for the 2023-24 financial year. The review should be undertaken with the following principles in mind:

- PSBs should be able to access pooled funds, drawn from the resources of their statutory members, which they could either hold as formal corporate entities, or via informal arrangements.
- PSB budgets should be determined by clear, consistent guidelines set out by the Welsh Government.
- PSB budgets should be informed by the role that the Welsh Government has set out for them.

- The contributions that each organisation is required to make to finance PSBs should recognise wider commitments that they have to other partnerships (including to other PSBs).

Response: Accept in principle

The Welsh Government has taken the view to date that it is for the PSBs to decide how they collectively resource their work – including pooling funding. However, we recognise partners have had varying degrees of success with this and there may be scope to support the development of a common approach to pooling resources. Some partners may also value additional guidance on the existing flexibilities regarding funding available from other sources.

We will work with PSBs to get a better understanding of where they have pooled – or attempted to pool – resources and identify and share good practice. Alongside this we consider, on an annual basis, the package of funding and support we make available directly to PSBs and will be looking at how we can raise awareness of the range of funding sources available to them.

The immediate priority is supporting the delivery of the local assessments of well-being, which need to be undertaken by next spring. Whilst this work is therefore unlikely to commence at the time recommended by Public Accounts Committee, we would seek to provide guidance to inform PSBs by the time they complete preparation of their local well-being plans and put in place arrangements to resource delivery of them.

Financial implications

Any review of the approach to funding would be met from within existing resources.

RECOMMENDATION 5

The Welsh Government must continue with plans to set and publish milestones as required by section 10 of the Well-being of Future Generations (Wales) Act 2015 no later than six months after the 2021 Senedd election.

RECOMMENDATION 6

The Welsh Government must continue with plans to review and publish revised national well-being indicators no later than six months after the 2021 Senedd election. The review should recognise the challenges and opportunities presented by the Covid-19 pandemic and take into account the views of public bodies, the public, and key stakeholders of the private and voluntary sectors.

Response (5 & 6): Accept in principle

We published a consultation on the national milestones and indicators on 1 September 2021 and are committed to publish the first set of national milestones and updated national indicators by December 2021.

Whilst we agree it is important to move quickly on the development of National Milestones and reviewing and making small changes to the National Indicators, it is

equally important for us to find the right balance between moving at pace and undertaking quality engagement. We believe the timetable outlined in the delivery roadmap still reflects the right balance overall.

The existing timetable is already tight and attempting to move forward publication by a month to comply with the recommendation would involve significantly curtailing the time currently reserved for collaborating with stakeholders or, alternatively, seriously impact our plans for a written consultation in the autumn. Given Welsh Ministers have a statutory duty to consult public bodies on the National Indicators and Milestones before they are set, our view is attempting to change the timing of the roadmap at this stage would be more problematic than beneficial to the delivery of both the National Milestones and the revised National Indicators for Wales.

Financial implications

None, any additional costs will be drawn from existing programme budgets.

RECOMMENDATION 7

The Welsh Government must carry out a review of the public bodies that are subject to the Act. The findings of that review should be implemented in sufficient time for any newly added public bodies to receive their funding allocations and associated remit letters for the 2022-23 financial year. The review should:

- take into account the impact on the implementation of the Act at a national level that including/omitting any particular public body would have;
- acknowledge that the inclusion of any additional public bodies will result in additional reporting, monitoring and auditing requirements that will inevitably have financial/resourcing implications;
- clearly set out the expectations of public bodies that are not formally subject to the Act in relation to sustainable development, and how those expectations will be monitored and enforced; and
- clearly set out the criteria against which inclusion/exclusion decisions were made and the process or timeframes by which future reviews will be initiated.

Response: Accept in principle

The Welsh Government is committed to realising the benefits of the Well-being of Future Generations Act and recognises there is value in considering whether more public bodies should be subject to the well-being duty. We will carry out a review of the bodies subject to the WFG Act. The four tests applied in determining which public bodies were subject to the Well-being of Future Generations (Wales) Act 2015 when it was being developed will form the basis of this work.

Given the need to engage with all affected parties and understand the implications on such bodies we intend to conclude the review by summer 2022. This will allow us to review the list alongside the proposals for the social partnership duty in the proposed Social Partnership and Public Procurement (Wales) Bill which will place a social partnership duty on the same bodies captured by the Well-being of Future Generations (Wales) Act 2015. Maintaining a close link between the well-being duty and social

partnership duty will ensure there is consistency between the two pieces of legislation, and reinforce the role that employees have in shaping Wales' future.

Financial implications

The financial implications of extending the duty to additional bodies will be assessed as part of a Regulatory Impact Assessment. There will be costs in consulting and engaging with public bodies, costs on bodies, and implications for the Future Generations Commissioner for Wales and Auditor General for Wales

RECOMMENDATION 8

The Welsh Government must continue with plans to frame remit letters around the Well-being of Future Generations (Wales) Act 2015, following consultation with the Future Generations Commissioner. The new remit letters should be in use no later than in relation to the 2022-23 financial year.

Response: Accept

The Welsh Government has moved to Term of Government Remit Letters following the Senedd Cymru election on 6 May 2021. These Remits will be applied from the 2021-22 financial year. The Term of Government Remit Letter Framework includes a requirement to meet fully the well-being duty set out in the Well-being of Future Generation Act (Wales) 2015.

Financial implications

None, any additional costs will be drawn from existing programme budgets.

RECOMMENDATION 9

The Welsh Government must not create any new partnership or collaborative structures to fulfil any functions unless it has fully explored whether:

- existing partnership structures could undertake those functions instead;
- the new structure could replace existing ones;
- the functions can be carried out by existing public bodies; and after consultation with public bodies affected by the proposed changes, can demonstrate support for the new structures from a majority of public bodies affected by them.

RECOMMENDATION 10

The Welsh Government must publish guidance no later than six months after the next Senedd election that sets out:

- how the work of Regional Partnership Boards, Public Services Boards, Corporate Joint Committees, alongside other major partnership structures, interact with each other within the framework of the Well-being of Future Generations (Wales) Act 2015, with examples of good practice;

- what flexibility partnerships have to make decisions to better and more efficiently organise themselves;
- where partnerships and organisations can take action to simplify or consolidate the governance and reporting structures to reduce repetition and duplication;
- the Welsh Government's view of the landscape of partnership structures over the next reporting period (2020-25), including any proposals to abolish or consolidate those structures.

Response: Accept in principle

The outcome of the *Review of Strategic Partnerships*, which was agreed by Partnership Council for Wales, contained clear recommendations not to create new partnerships, or add to the remit of existing partnerships, without considering the existing landscape. It noted there was no support for standing down any specific partnerships and focused on partnerships being supported to simplify their own arrangements locally. The report concluded that any change should come from the ground up, rather than being imposed by the Welsh Government.

We believe delivering against the recommendations from the review will also deliver the aims within recommendation 9 and 10. We will be working closely with the Chairs of strategic partnerships to support local action to align and rationalise the landscape in the way that makes most sense to that area. As per the recommendations of the *Review of Strategic Partnerships*, the Partnership Council for Wales will be monitoring and evaluating progress. As part of its regular review of progress, they will determine what further action may be needed.

However, the immediate priorities for local government are the successful implementation of the Local Government and Elections (Wales) Act 2021.

Financial implications

This commitment will be met from within existing staff resources.
