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Mr Peredur Owen Griffiths MS  
Chair of the Finance Committee  
The Senedd

**Reference:** LF21005/AC283/caf  
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Dear Peredur

## Finance Committee Meeting 29 September 2021 – Scrutiny of Annual Report and Accounts 20-21, Audit Findings Report and Annual Plan

At the Committee's meeting on 29 September where it considered our Annual Report and Accounts 2020-21 and Annual Plan 2021-22, you asked that we provide updates on the following:

### A note on current progress with the Travel & Subsistence review

Pre-pandemic, our operating model saw our audit staff routinely travelling to audited bodies. Our mileage had been reducing for many years, however, as we sought to drive down costs, reduce our environmental footprint and developed new ways of working, including our investment in videoconferencing. In 2019 with the support of the Finance Committee, our External Auditors undertook a Value for Money review of our T&S scheme. This found that our payment of a fixed Travel Allowance of £3,350 to many of our staff was costly, did not provide good value for money and was out of step with other public bodies' reimbursement for travel schemes. Our auditors recommended that we seek an alternative arrangement.

Mindful of the sensitivity of change and the financial impact it could have for some staff, we established a staff Task and Finish group to develop proposals for a fit for the future T&S Scheme and transition arrangements. The Task & Finish group operated within parameters set by our Board, including the need to remove the

current fixed Travel Allowance and to achieve at least £1m savings over a 5-year period.

The Finance Committee welcomed both the value for money study and the establishment of the Task and Finish group. It also recognised the direct financial consequences for staff, and the need to ensure that due consideration was given to salaries and staff retention in developing proposals to change the scheme.

The proposals from the Task and Finish Group were presented to the Board in July 2021. The Board were supportive of the proposals which focussed on a transition period of 2 years with no changes being implemented until 2024. From 2024 there would be partial mitigation of the loss of the allowance by reinvesting a portion through a salary uplift. Staff would also have the option of an up-front payment of £7,000 which provides a small incentive of £300 more than the value of two years allowance. This was recommended by the Task and Finish Group to incentivise staff to implement the changes earlier – with savings being delivered from April 2022.

The proposed new scheme would have no fixed allowance and instead provide for all travel to be reimbursed at standard HMRC mileage rates. The Board also supported the Task & Finish group's recommendation that the £26 per month Home Working Allowance, which Audit Wales has paid since early in the pandemic, be continued.

These proposals sit alongside some related travel policy changes and were shared with TUs and staff in August 2021. The consultation period included a large amount of staff engagement including three all staff meetings, specific sessions for trainees, managers' briefings and supporting materials, dedicated space on the intranet with FAQs and direct individual feedback from a dedicated inbox. Throughout this process management has been sympathetic and empathetic around the detrimental financial impact consistent with views expressed by the Finance Committee, and the transition arrangements are designed to support staff to make necessary adjustments by not rushing to implement early. Due to starting the consultation during the summer period it was extended to cover six weeks so that all staff could have their say. Consultations concluded on 24<sup>th</sup> September 2021.

We are now in a period of negotiations with our trade union partners. Subject to those negotiations, we hope that the TUs will ballot their members on final proposals in November. We will be in a position to provide greater detail to the Committee once those negotiations have been concluded, and the ballot has been held.

If agreement is reached through this process, our aim will be to implement any up-front payments in April 2022 and fully implement the new arrangements from April 2024.

To fund the up-front payment, Audit Wales would require a Supplementary Estimate for the current financial year of up to £1.48m. This is the maximum cost of all eligible staff opting to receive an up-front payment rather than continuing to receive travel allowance for the next two years. Any unused balance would be returned to WCF.

Savings would start to be delivered from April 2022 with the cost of the up-front payments recovered in full within just over two years from savings on travel allowance. The changes to the T&S Scheme would then deliver ongoing annual savings in line with the Board's intention. Savings delivered from these changes will be reflected in future Estimates both as a reduced call on WCF and reduced fees for audited bodies.

We would be grateful if the Finance Committee would indicate whether it is prepared to support the rationale for the Supplementary Estimate in principle. Should the Committee not support the Supplementary Estimate, we would continue to pay the allowance to eligible staff until 1 April 2024 at which point the new arrangements, and the generation of savings, would commence.

### **A note on “the 5-year strategic plan we’re currently finalising to prioritise the key points of organisational change/transformation.”**

During the Spring and Summer of 2021, our Executive Leadership Team has been working to articulate a long-term 5-year strategy for Audit Wales to support the annual planning process. The focus for this strategy is to create a clear vision for our organisation, and a roadmap for staff and external stakeholders on how we will reach the four ambitions to:

- Fully exploit our unique perspective, expertise and depth of insight;
- Strengthen our position as an authoritative, trusted and independent voice;
- Increase our visibility, influence and relevance; and
- Be a model organisation for public sector in Wales and beyond.

Over the Autumn of 2021 we will be engaging with our internal stakeholders to make sure the strategy is right and in early 2022 we will start to share our thinking externally ahead of launching the strategy in April 2022. This is not a big bang, new set of aspirations – this is the opportunity to ensure we are clear about what we need to do to succeed and deliver our purpose.

Themes running through the strategy will be the development of a more holistic and impactful audit programme, enhancing the impact of our communication and ensuring we create the organisational environment in which we can thrive now and in the future.

Please do not hesitate to contact us if there is any further clarification we can helpfully provide.

Yours sincerely



**LINDSAY FOYSTER**  
Chair, Wales Audit Office



**ADRIAN CROMPTON**  
Auditor General for Wales