

Mark Isherwood MS  
Chair  
Public Accounts and Public Administration  
Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

24 Cathedral Road / 24 Heol y Gadeirlan  
Cardiff / Caerdydd  
CF11 9LJ  
Tel / Ffôn: 029 2032 0500  
Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

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Dear Mark

## Delivering for Future Generations: The story so far – response to recommendations

I am writing to respond formally to Recommendation 12 of the Public Accounts Committee's Report, Delivering for Future Generations: The story so far. The clerking team has also invited me to comment on Recommendation 11. Please see below my response and comments.

### **Recommendation 12.**

**As we enter the second reporting period, the Auditor General for Wales must raise his expectations of public bodies and not hesitate to highlight poor adoption of the sustainable development principle - ACCEPTED**

This recommendation is broadly in line with the direction of travel of our work under the Act and the approach that my auditors will be taking in forming judgements on the extent to which public bodies are acting in accordance with the sustainable development principle. When we undertook our examinations work under the Act in the previous reporting period, we set out some principles to guide our work. One of these principles was that:

“The essence of the Act is about changing behaviours and mind-sets and these will take time to embed.”

However, we also set out that:

“Over the medium and long term, the Auditor General will expect that public bodies are able to demonstrate how the Act is shaping what they do.”

As we moved into the second reporting period 2020-2025, we have revised our approach to our work under the Act. As part of this we have issued new and updated audit guidance to our auditors, and part of this guidance emphasises that we will be raising our expectations of audited bodies in line with our earlier principle set out above. We will however continue to approach our work under the Act in a way that seeks to help public bodies to self-reflect and explore what they could do differently and encourages public bodies to develop their own actions in response to our findings.

While the Committee noted in its report the collaborative spirit in which we developed our audit approach in the first reporting period, this is not to say that we have not challenged public bodies to date. Our local reports over the previous reporting period, covering all of the 44 bodies listed in the Act, identified strengths and areas for improvement in the extent to which each body had applied the sustainable development principle.

In my statutory report in May 2020, which drew on that local audit work I said:

“Overall, we have found that public bodies can demonstrate that they are applying the sustainable development principle. But it is also clear that they must improve how they apply each of the five ways of working if they are going to affect genuine cultural change – the very essence of the Act. In the next five-year reporting period, public bodies across Wales will need to work together in taking a more system-wide approach to improving well-being if they are to take their work to the next level.”

Later in that report I also set out that:

“In the next reporting period, we will expect to see public bodies using the framework of the Act to address these [challenges set out in our report] and other challenges.”

Therefore, I believe that Audit Wales is well placed to act in accordance with the spirit of this recommendation. Nevertheless, we shall continue to report independently, without fear or favour, and in a way that demonstrates that we are being fair in our judgements based on the available evidence. For example, in a local audit report published during the current reporting period we highlighted how, in one council, there was significant scope for it to apply the sustainable development principle and focus on delivery of its well-being objectives through its out-sourced leisure contract.

## **Recommendation 11.**

**Public bodies subject to the Well-being of Future Generations (Wales) Act 2015 must ensure that the five ways of working are embedded in their plans for recovery from the Covid-19 pandemic. We recommend that any gains they have made in their immediate response to the pandemic are not lost, and that they shift their focus from the day-to-day to long-term and prevention.**

I recognise the importance of public bodies applying the sustainable development principle as they move to the recovery phase. This is an important opportunity for public bodies to demonstrate the application of the five ways of working in balancing current and future needs and to ensure that the experience gained over the course of the pandemic informs both short and medium to long-term plans.

A key area of focus for our audit work has been, and will continue to be, the plans that public bodies are putting in place to recover from the COVID-19 pandemic. For example, over 2021-22 we are undertaking a review across all 22 principal councils called 'Springing Forward', that will examine how they are using the experience and reflecting on the changes that have arisen from the pandemic to maintain, adapt and transform services. This review is focusing on how councils are making changes in the use of their buildings and managing their workforce. We are considering both the extent to which councils are acting in accordance with the sustainable development principle as well as the extent to which they are putting in place proper arrangements to secure value for money in the use of their resources. Following this review we will publish a local report for each principal council, as well as a national summary report, and will support these with Good Practice Exchange (GPX) events.

Our forthcoming Picture of Public Services outputs will also be positioned against the backdrop of the impact of, and recovery from, the pandemic. Our main report will highlight what we consider to be some of the key issues for public services in the coming years and important aspects of service transformation where we will be focusing our attention.

Yours sincerely



**ADRIAN CROMPTON**  
**Auditor General for Wales**