

**Grwp yr Economi, y Trysorlys a'r Cyfansoddiad
Economy, Treasury and Constitution Group**

Cyfarwyddwr Cyffredinol - Director General



**Llywodraeth Cymru
Welsh Government**

Mark Isherwood AS/MS
Chair
Public Accounts and
Public Administration Committee
Senedd Cymru
Cardiff Bay
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6 February 2024

Dear Chair

Amgueddfa Cymru

Thank you for your letter of 8 December 2023 setting out the Committee's further questions following the evidence session I attended on 29 November 2023 in relation to Amgueddfa Cymru. Responses are set out below.

Calling-in arrangements and other lessons learned

Does the Welsh Government accept the recommendations the Auditor General makes in his Public Interest Report and, if so, what actions is it taking to implement them and ensure the issues at Amgueddfa Cymru are not repeated elsewhere in the public sector?

The Auditor General makes two recommendations in his report which relate specifically to Welsh Government. We fully agree with them and had identified them as areas of priority. We have already produced draft guidance for managing concerns and complaints against senior leaders in the public sector. This has been presented to Chief Executives of our Arms' Length Bodies for comment. Once their feedback has been considered, and the guidance appropriately updated, it will be presented to our Devolved Sector Group for further consultation before being finalised.

In addition to this, we are considering how the recommendations might apply to other circumstances where Welsh Government might find itself a party to a proposal from an Arm's Length Body that has novel, contentious or repercussive financial outlay.

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Tailored Review

What do the findings of the Tailored Review Panel tell the Welsh Government about whether Amgueddfa Cymru remains fit for purpose and well-governed? Is it properly accountable and has it provided the required assurance to Ministers and the Principal Accounting Officer?

The role of the Review Panel was to challenge and identify areas of improvement, which help us look to the future by learning lessons from recent events. We have confidence in the way Amgueddfa Cymru is governed, but we are also eager to work with colleagues at Amgueddfa Cymru, led by the new Chair and Chief Executive Officer, to respond to the Review Panel's recommendations. The Panel puts forward proposals for significant reforms to Amgueddfa Cymru's governance arrangements and processes that will help to mitigate the risk of similar issues arising in the future.

Amgueddfa Cymru has set up a Task and Finish Group to consider the Review Panel's recommendations, working with Welsh Government officials as members of this group. Project initiation documents are being prepared for each recommendation, or related set of recommendations, and the Group is meeting monthly. Senior managers will receive regular updates on progress from colleagues.

Our wider partnership and monitoring arrangements also continue. Amgueddfa Cymru and the Welsh Government Partnership Team meet once a quarter to discuss performance and progress towards meeting the key objectives set out in Amgueddfa Cymru's operational plan. The Deputy Minister for Arts, Sport and Tourism meets the Chair and Chief Executive Officer on a biannual basis and officials will conduct the Chair's annual performance review on behalf of the Deputy Minister. These arrangements are consistent with those for the other Arm's Length Bodies across ETC Group.

Did the outcome of the Tailored Review tell the Welsh Government and its sponsorship team anything they didn't already know about Amgueddfa Cymru?

We were aware of much of the context provided in the Tailored Review report. Its findings, however, challenge both us and Amgueddfa Cymru to consider how things can be done better, more efficiently and with the wider Welsh and international contexts in mind. It also provides us with an opportunity to reflect on our relationship with Amgueddfa Cymru and on the current processes we have in place. For example, it suggests our move from 'sponsorship' to 'partnership' teams in Welsh Government should be underpinned by new, formalised, partnership working arrangements which we are currently exploring.

The Tailored Review Panel made 77 recommendations in its final report, noting it had been suggested it prioritise some of its more far-reaching ones. Is this something the Welsh Government requested and if so, why?

Officials recall this was raised during discussions with the panel. We were mindful of the financial challenges we were all facing at the time the review was undertaken - challenges that have only increased since the Panel's report was published. As a result, officials suggested it may be helpful if the Panel were able to prioritise its recommendations. We understand why Panel members decided not to do so since they wanted all their proposals and recommendations to have equal value and be considered in the round.

Which recommendations does the Welsh Government see as the most critical for Amgueddfa Cymru?

We consider the recommendations on governance to be critical. The report puts forward several corporate governance reforms, designed, as the Panel describes, to ‘improve decision making and transparency, to comply more fully with good governance guidance and practice and to make fuller use of the skills, experience and talents of trustees and senior managers.’ These recommendations are key to help move forward from recent events. Strengthening Amgueddfa Cymru’s governance arrangements will also help ensure a more effective response to the other important recommendations outlined in the Tailored Review Panel’s report.

The Tailored Review Panel recommended the Welsh Government provide funding to Amgueddfa Cymru on an invest-to-save basis to implement its recommendations. Has it done this and if so, are you able to provide details?

Recommendation 75 of the Tailored Review Panel’s report suggests Welsh Government ‘should consider providing funding to implement the changes on an invest to save basis.’ Since receiving your letter of 8 December, you will be aware of the content of the draft budget announced on 19 December 2023 and the extreme financial challenges Welsh Government faces. Whilst recommendation 75 remains something for us to consider, it is very much dependent on the budget we will have available over the next few years.

As a starting point, officials are working with colleagues at Amgueddfa Cymru as members of the Task and Finish Group to understand the financial implications of the Tailored Review Panel’s recommendations, bearing in mind the current context.

Following the pilot at the National Library for Wales, the Welsh Government said all Tailored Review reports would be published to “ensure action is taken in response to recommendations and to share good practice”. Given this, why was the Tailored Review Panel’s interim report about corporate governance at Amgueddfa Cymru not published or shared with this Committee?

The interim report on corporate governance was shared with members of Amgueddfa Cymru’s senior executive team, its Board and relevant officials at Welsh Government in December 2022. The intention was always to get initial feedback on the Panel’s findings, up to that point, rather than to make the report available more widely.

The findings of the interim report were integrated into the [final report](#), taking account of the feedback received and the further evidence gathered between December 2022 and March 2023. We remain committed to publishing final copies of Tailored Review reports.

Follow-up points

Have all the recommendations from the Tailored Review of the National Library of Wales been implemented and when were they implemented, respectively?

The National Library provides officials with updates on progress as part of our wider monitoring processes. The update received from Library colleagues last month outlines that 29 out of the 34 recommendations have been actioned, some of which are on an ongoing basis.

It was agreed that the recommendation on the development of a digital collections' strategy could be a consideration for the new Culture Strategy. Storage space remains an ongoing issue, as well as the Library's financial situation. Since the Tailored Review report was published, action has been taken to support the Library's financial sustainability, including providing additional funding to support pressures relating to pay, the cost of living and utilities. However, bearing in mind the current economic and fiscal climate, discussions regarding the Library's financial situation are ongoing.

Officials will also be working with colleagues at the Library to update its current framework document, taking into account the recommendation made by Amgueddfa Cymru's Tailored Review Panel regarding the introduction of a partnership agreement.

The implementation of the recommendations made by the National Library of Wales' Tailored Review Panel will continue to be discussed with officials at their quarterly monitoring meetings.

How was the non-recurrent funding of £750,000 to the National Library of Wales determined as a sum, for what was it allocated for, specifically, and what specific outcomes did it deliver?

Following the publication of its Tailored Review report in November 2020, the National Library of Wales began developing an action plan to implement its recommendations which allowed Welsh Government to develop the necessary implementation budget. On 3 February 2021, the then Deputy Minister for Culture, Sport and Tourism [announced](#) the £750,000 allocated to the Library to accelerate the implementation of the Tailored Review findings as part of a wider funding package for the National Library and Amgueddfa Cymru in 2020/21 and 2021/22.

The additional funding was used for a variety of purposes to help the Library to deliver the recommendations. This included the commissioning of reports on raising income, the Library's potential as a cultural visitor destination and a report to measure the organisation's impact on the local, regional and national economy. The additional funding also enabled the Library to embark on an ambitious digital transformation programme and corporate restructuring process. In addition, consideration was given to Library's role in relation to local libraries and archives in Wales.

What concerns, if any, were identified at the performance review of the former President of Amgueddfa Cymru?

As part of the former President's performance review process in May 2021, governance concerns were raised by some colleagues at Amgueddfa Cymru, mainly from its senior executive team. The nature of the feedback received regarding the President's performance was polarised and because of this, and the issues which were raised, the review process was paused and concerns were escalated within Welsh Government. As set out in the Auditor General's report, formal complaints were then received the following month which led to the independent investigation which reported in November 2021.

When will the revised version of Welsh Public Money be published and how will it differ from the previous iteration?

The revision of Managing Welsh Public Money is being led by colleagues in the Chief Operating Officer's Group (COOG). They are currently reviewing the calling in arrangements, and the outcome of this work will be reflected in the revised Managing Welsh Public Money.

Has the Welsh Government assessed whether financial awards have been made at employment tribunals that match the amount of this relevant settlement, where the key element of the case didn't include allegations of sexual or racial discrimination?

In terms of Welsh Government's exposure in the Employment Tribunal proceedings, we assessed against settled case law the likely range of awards the former Director General could receive in the event he was successful in his argument that Welsh Government was vicariously liable for the alleged actions of the former President. That assessment, together with a carefully considered cost benefit analysis of defending the matter all the way to a 12-day Employment Tribunal hearing, concluded the £10,000 injury to feelings and £10,000 loss of employment contributions paid by the Welsh Government were reasonable.

It was not possible to 'match' previous Employment Tribunal awards to the total amount under the settlement agreement as it covered much more than the remit of the Employment Tribunal in the two cases they were required to consider. There would as such be no immediately comparable Employment Tribunal cases to consider.

What was the composition of the Challenge Panel and what outputs did they produce that fed into the Tailored Review?

The Challenge Panel was made up of two senior Welsh Government officials and an independent member:

- Tim Moss – Chief Operating Officer, Welsh Government;
- Peter Kennedy – the then Director of People and Places, Welsh Government; and
- Elan Closs Stephens – Interim Chair of the BBC, Independent Member of the Permanent Secretary's Board and Chair of its Corporate Governance Committee, and senior academic in field linked to culture and broadcasting.

The Challenge Panel met the Tailored Review Panel on 11 May 2023 to consider the draft report, which had taken account of feedback from Amgueddfa Cymru and Welsh Government officials. Each Challenge Panel Member shared their thoughts and comments on the report and its recommendations. The Review Panel considered the feedback received and, where they agreed, made changes to the final report.

The changes made in light of Challenge Panel Members' comments related to prioritisation, structure and readability rather than the fundamental principles set out in the report and its recommendations, based on the evidence the Review Panel had amassed during the previous eight months.

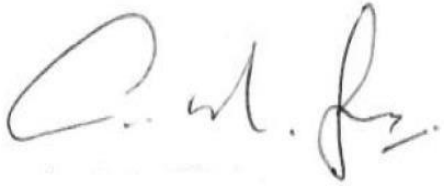
Is it common practice for the Welsh Government to engage in mediation where the other party specifies a particular mediator? Did the former Director General of Amgueddfa Cymru specify that he would only engage in mediation if he was able to select the mediator?

All interested parties agreed the terms of the mediation process. The settlement agreement includes appropriate and reasonable non-disclosure clauses agreed by all parties as an outcome of the mediation. This includes details on the mediation process which limits what can be shared publicly.

As I indicated during the evidence session in November, responsibility for Welsh Government policy as it relates to public appointments, public bodies and HR matters, does not sit with me or ETC Group – these are matters for my colleague Tim Moss and COOG. As COOG also has responsibility for Managing Welsh Public Money, this letter has been prepared with input from appropriate officials in COOG and is copied to Tim Moss.

With best wishes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Slade', written in a cursive style.

Andrew Slade
Director General
Economy, Treasury and Constitution

cc Tim Moss, Chief Operating Officer, Welsh Government