

Inquiry in the funding of Commissioners

Written evidence Future Generations Commissioner for Wales, Sophie Howe

December 2022

Dear Chair,

Please find our responses to your letter dated 30 November 2022 about the funding of my office.

Headlines

- Duties and powers were vastly underestimated by the Government and do not reflect the reality of the role and remit, this has not yet been resolved.
- New bodies, and therefore new duties on the Commissioner, have been added to the Future Generations Act without being funded. More bodies are due to be added and the funding is being negotiated with the Government and is not yet guaranteed.
- Ministers refer to many specialist areas being covered under the Act (lately fair work, the proposed private members' food Bill, digital decarbonisation etc.) implying we need technical knowledge and input in a huge amount of technical topics without giving us the corresponding budget.
- I have managed to negotiate with Welsh Government annual uplifts in the last few years, but this does not enable me to recruit staff on a permanent basis. I need to train often and cannot always retain talent. Increasing my baseline would be much more efficient for my office and enable longer-term thinking as required by the Act.
- We have sought to save and generate income by recovering costs, through the sharing of staff and other resources with other Commissioners and broader partners.
- The legislation prohibits my office charging and making a profit for services which, if addressed, could enable my office to generate income from elsewhere to support public body work and compensate for the lack of funding. I have still managed to

bring over my term additional resources for my office of around £1.9million over my term.

- The budget alignment exercise has further substantially inhibited our ability to find alternative resources to support ongoing long term public body support work and to work in collaboration as required by the Act. It has raised questions of independence when we have to ask for funding, for example, to review Welsh Government or monitor and assess their progress in greater depth.

Responding to your questions highlighted in blue throughout the document:

Roles and responsibilities:

A summary of the roles and responsibilities of your office, together with information about how these may have changed over time, as suggested by the Senedd ESJ Committee in its Report.

General duty and powers

As [Future Generations Commissioner for Wales](#), my **general duty is to promote the sustainable development principle.**

My general duty under section 17 of the Act includes:

“Promoting the sustainable development principle (including the five ways of working), in particular to act as a guardian of the ability of future generations to meet their needs; and encourage public bodies to take greater account of the long-term impact of the things they do.

For that purpose, monitoring and assessing the extent to which well-being objectives set by public bodies are being met.”

As the first Commissioner, I am raising awareness about the Act and the sustainable development principle and I am a critical friend for public bodies, public services boards and anyone who can help contribute to the achievement of the national well-being goals.

I support and challenge public bodies to embrace their duty and improve all aspects of economic, social, environmental and cultural well-being for the whole population of Wales, which is a huge task as most decisions currently made in Wales will impact the well-being of current and future generations. Over 350 well-being objectives have been set as well as thousands of steps to meet those.

I have chosen to use my general duty to make a difference over my term by setting **four strategic purposes**:

Purpose 1 - Highlighting and acting upon the big issues and challenges facing future generations

Purpose 2 - Supporting and challenging public bodies to use the Well-being of Future Generations Act

Purpose 3 - Creating a movement for change

Purpose 4 - Walking the talk – being the change that we want to see in others.

You can find my term strategic plan [here](#).

To carry out my general duty, I have a range of **specific [functions and powers](#)**:

- Section 18 (a) General duty – Promote the sustainable development principle
- Section 18 (b) General duty – Monitor and assess the extent to which well-being objectives set by public bodies are being met
- Section 19 (a) Power - Provide advice or assistance to public bodies (which includes providing advice on climate change)
- Section 19 (b) Power - Provide advice to the Auditor General Wales on the Sustainable Development principle
- Section 19 (c) Power - Provide advice to a public services board in relation to the preparation of its local well-being plan
- Section 19 (d) Power - Provide any other advice or assistance to any other person who the Commissioner considers is taking steps that may contribute to the achievement of the Well-being Goals
- Section 19 (e) Power - Encourage best practice in public bodies in taking steps to meet their well-being objectives in accordance with the Sustainable Development principle

- Section 19 (f) Power - Promote awareness amongst public bodies of the need to take steps to meet their well-being objectives in accordance with the Sustainable Development principle
- Section 19 (g) Power - Encourage public bodies to work with each other and with other persons if this could assist them to meet their well-being objectives
- Section 19 (h) Power - Seek the advice of an advisory panel in relation to the exercise of the Commissioner's functions
- Section 20 to 22 - Power to conduct reviews and to make recommendations

I also have a great number of specific powers and duties under the Act, including:

Specific powers and duties

Powers and duties relating to Welsh Government (WG)

- I must be consulted on revisions of WG indicators and milestones (s.10).
- I must be consulted if the WG by regulations to amend the threshold dictating when a community council is caught by the Act s.40.
- I must be consulted if the WG by regulations amends the definition of public body in the Act s.52.
- If I make recommendations to WG on goals and indicators, we must publish them s.21.
- In setting their objectives WG must take into account my Future Generations report s.8.
- I may provide advice or assistance (including advice on climate change) public bodies, AGW, PSB, any other person who may contribute to the goals s. 19.
- Power to make recommendations to WG on goals and indicators s.21.

Powers and duties relating to public bodies

- I must be consulted by the Auditor General during their examinations of public bodies (s.15). Duty once during period (1 year before election/1 year 1 day after).
- Public bodies must take all reasonable steps to follow our review recommendations unless good reason not to do so s.22.
- In conducting a review, I must take into account examinations by the AGW s20, we must publish a report of a review.

- In revising their objectives public bodies must take into account my FG report s.9.

Powers relating to Public Services Boards (PSBs)

- Before publishing their Well-being assessments the PSBs must consult me and provide me with a draft s.38.
- Before publishing their Well-being plans the PSBs must consult me and provide me with a draft s.43.
- Before publishing a revision of their Well-being plans the PSBs must consult me s.44.
- Local Authority Overview and Scrutiny Committees must send me their reports or recommendations to the PSBs with respect to the board's functions or governance arrangements s.35.
- Each PSB must send me a copy of their well-being assessments s.37.
- Each PSB must send me a copy of their well-being plan s.39.
- Each PSB must send me a copy of their revised well-being plan s.44.
- Each PSB must send me a copy of their annual report setting out the steps taken to meet the objectives contained in their plan s.45.
- I must give advice within 14 weeks to PSBs on how to take steps to meet the local objectives to be included in the plan according to the Sustainable Development (SD) principle. It must be in writing and will be published with the plan (s.42)
- In setting their well-being assessments PSBs must take into account our FG report s.39.
- I may promote awareness on need to take steps to meet objectives.

Miscellaneous powers

- I must be consulted on appointments and dismissals of members of the advisory panel s.27.
- I must prepare and publish before end of reporting period (before 5 May 2020) a Future Generations Report including an assessment of improvements public bodies should make to set and meet objectives in accordance with SD principle. (s.23)
- I must consult statutory consultees before publishing the FG report s.24, must take into account the WG annual reports, future trends report and AGW's reports.

- I must publish an annual report before 31st August and must send a copy to the Welsh Ministers - must include summary of activity, effectiveness of such actions, summary of work programme past and future years, summary of complaints; can include an assessment of necessary improvements to be made by public bodies to meet their objectives in accordance with SD (Sch2. Para.17).
- I must consult advisory panel before publishing annual report (Sch2. Para.17). (Annual report laid before the Assembly – would expect scrutiny/appearance??)
- I must prepare estimates for each financial year of income and expenses before 5th of December Sch.2 para.19.
- Duty to keep proper accounting records, prepare accounts Para 20.
- Duty to submit accounts to Auditor General before 31 August
- I may conduct joint reviews with other commissioners s.25.
- I may do anything the Commissioner considers appropriate in connection with the Commissioner's functions Sch.2 para 8.

Changes over time

Whether there has been any financial impact of such changes and the details of those implications.

My powers and duties have not changed since the Act came into force, but the numbers of bodies coming under its remit have changed, thus affecting the burden on my office.

In December 2021, **4 public bodies** (Joint Corporate Committees) have been added to the list of bodies caught by the Act without any additional funding.

The numbers of **PSBs have reduced from 19 to 14** this year through mergers. But, as the PSBs have now been in operation for 7 years, the advice and challenge required has been **more demanding** as many PSBs seek to be **more ambitious and / or review the way they have operated to date**. In seeking to influence the work of the PSBs more effectively, we are also **working more closely with PSBs during this second round of well-being assessments and plans**, meeting with them regularly and providing ongoing, iterative support and advice (which is supplemented by our formal advice). This approach has been welcomed but didn't equate to a reduction of work despite the mergers.

Expected additions

The Welsh Government is conducting a review of the public bodies which should fall under our legislation from April 2023. There is a **proposal for 8 additional bodies** in the current government's consultation and this increase will have a direct impact on my resources and **needs to be properly resourced given the existing constraints on my budget.**

I am in the process of negotiating these additional costs with Welsh Government to ensure that the new RIA reflects the additional costs for my office.

The addition of new bodies to the Act without addressing the ongoing shortfall in funding for support would only add to this problem. I need to be able to retain fixed-term staff who have built up expertise on the Act and would be difficult to replace. We hope for a sustainable increase in our baseline this year onwards to enable us to make these posts permanent. **Sadly, this is not what the draft budget 2023-24 implies, confirmed by a Ministerial letter on 27th of January 2023.** The staff team I have been able to develop to support public bodies beyond Welsh Government to implement the Act, and beyond just the provision of statutory duties, will have to be cut as there is insufficient funding in the baseline budget to resource them if I don't get annual uplifts.

I have estimated that the addition of 8 national bodies (on top of the 4 Corporate Joint Committees) will require the recruitment of 3 posts, 2 full-time in my public bodies team and a Grade 4 on a part-time basis to undertake delegated projects and work from members of my SMT and my time necessary to be dedicated to the new bodies. I have also indicated transitional costs which should be reflected in the Welsh Government's upcoming RIA.

The Welsh Government have not confirmed yet the resource allocation for new bodies to be added to the Act. I have pointed out to them that new bodies will need a bigger supportive intervention in the early period to help them consider the Act, upskill staff setting well-being objectives and understand how best to apply the five ways of working to their functions. Then after a few years, they will need more in-depth and more technical support as they reform their policies and undertake bigger sustainable projects, as we have experienced so far.

The ESJ Committee had suggested finding longer term solutions to my funding and this is not happening. The amount of time which my team has to dedicate to these annual negotiations is further valuable time taken away from the exercise of my functions.

This is why the only option is to increase my baseline and at the same take into account the original underestimate.

Inability to generate income

The inability for my office to generate income and the loss of my reserves following the alignment exercise further inhibits me from taking a longer-term financial profile and to provide a better level of security for staff and work programmes. For example, resources I have been able to bring in from other partners to resource particular work or aspects of work no longer free up allocated cash to support a stable core staff team to meet duties (as current baseline funding is insufficient) and instead could be lost following the alignment exercise. A solution which would need to be explored is the possibility to allow my office to charge at profit for the services I provide to others than public bodies and possibly to public bodies when justifiable. This year for the first time we got an indication of what next year's budget could be too (24-25) but with no commitment as explained in the letter.

We operate on a partnership first approach with every piece of work and are highly successful at achieving **collaborative funding arrangements**. The downside of this is that we can **never be certain** that we will be able to obtain funding or a partnership contribution for planned nor when this will happen. Every time we have achieved this, we have been able to utilise reserves and planned funding for additional support work, often maintaining continuity of staff in roles which would otherwise have to cease. (see my latest statutory estimate and below for more detail).

Temporary increased resources

For the **last 2 years, I have used increased resources**, first using my **reserves** and then thanks to a **one-off permission to 'carry over into 2022-23 of a level of useable reserves** which must not exceed £300,000' in a letter from the Deputy Minister in response to mine, highlighting the contents of my estimate and the limitations of my budget. Following a similar process, for 2023-24, the Welsh Government's draft budget proposes a £171K similar 'useable reserves' uplift for my office, with an indication of their intent to do the same for 2024-25.

The past increased resources have enabled me to:

- Maintain **dedicated regional contacts for public bodies and PSBs** advising on a range of topics from advice when they revise their corporate strategies to advice on governance structures for a citizen involvement project. But I have still had to decline 99 requests for support in the 2021-2022 financial year and 16 requests so far for this financial year (at November 2022).
- **Recruit** a dedicated member of staff to work on **equality, diversity and inclusion policy**, developing links and partnerships with diverse communities and ensuring our internal approaches are progressive.
- Continue to employ the team deliver on **international work and Leadership Academy** while funding is being agreed.
- Undertake **my Section 20 Review** into the machinery of Welsh Government's implementation of the Act.

As set out in my estimate for 2022-23, following from my duties set out in the Act, my expenditure is **uneven over the 5-year cycles** meaning that additional resource cover will be needed for those duties additional statutory work such as large reviews year on year. 2023-24 corresponds to a Year 3 in the cycle and the additional foreseen costs are £82K. (see last year's and this year's estimate for the full detail).

I have made a case in these estimates for an increased baseline to enable me to discharge my **powers and duties in the way the Act requires** and to **maintain my independence** in discharging my functions in particular conducting reviews.

How the actual cost of delivering your functions compares with any cost estimates that may have been made at the time your role was established (such as any estimates set out in the Explanatory Memorandum/Regulatory Impact Assessment to support the legislation), with reasons to explain any variances (where appropriate).

The original budget for my office was **based on an out-of-date regulatory impact assessment** which seriously affected the service that my office was able to provide and undermined the Government's aspiration to embed future generations 'thinking and doing' throughout public services in Wales.

I have repeatedly explained, I believe the Regulatory Impact Assessment which allocated the initial budget to my office substantially underestimated the costs of meeting the statutory duties placed on me:

- At the time it could **not have been known** that public bodies between them would set in **excess of 350 well-being objectives (with thousands of steps to meet them)** and the Act places statutory **duties** on me to monitor and assess progress being made against these objectives which is **impossible based on current level of resources**.
- The power to conduct reviews was added by amendment to the Bill and its corresponding costs were not included in the RIA.
- I remain the lowest funded Commissioner body with the largest remit, as confirmed by the Senedd in April 2022.

The different roles and remits of Commissioners are difficult to compare but my distinct statutory **duties relating to the monitoring and assessing** of 44 public bodies in Wales, I believe, was not fully appreciated at the point at which my budget was set. **Over 350 well-being objectives have been set with thousands of steps to meet them**. The power to conduct **reviews was not included** at all.

National Insurance contribution increase added significant pressure to wages from April 2022.

In addition to the normal salary increases eating in my budget every year, in view of the **cost-of-living crisis**, we anticipate larger increases this year and possibly in coming years of at least 4% of salary costs but this should be 10% if we were to follow inflation and avoid any real term pay cut.

The existing baseline has **never been adequate** and with **inflation, statutory cost increases and well-being considerations my spending power is now down significantly**. With Inflation running over 10% this year, a dynamic employee market and emotional burn out from the pandemic is having a heavy impact on people's employment choices too.

This year, the **Welsh Government's Alignment of Salary Pay Directive** will cost us £36K to become fully analogous with Welsh Government minima pay scales as of April 2021, out of which, only £32K will be funded by the £652K fund set aside for Welsh Government minima

alignment. The gap between cost of minima alignment and WG provided support is forecast to increase in future years, further eating into my budget. Importantly, aligning to minima *only* does not address pay parity fully. As a fair and progressive employer, this is not a situation that we wish to be in. To remunerate our staff fairly and equitably for work of a comparable level to WG officials, it would cost our office at least £70k annually to align with WG pay scales in full. We believe this is the right and only course of action. However, with annual support limited to £16k from WG for two more years, with no promise of anything further thereafter, we found ourselves in a position where it was not an affordable option to commit to at present owing to our already stretched budget and the uncertainty around our annual baseline.

We have heard that Welsh Government did not spend all their budget on alignment and we would be keen to know how they will use the underspend.

Budget approval process:

Views on the budget process, including timescales and engagement with Welsh Ministers and officials, such as those in Partnership Teams (sponsors) within Welsh Government departments. Is any information provided by Welsh Government officials ahead of the submission of your estimate for the forthcoming year, such as the Welsh Government's best assessment of the level of funding available in future years and factors to take into account when preparing the estimate.

The Act requires us to produce an annual estimate for the expenses of our office **by 31 of November** before a new financial year. This estimate we understand is **discussed with officials** and then the Commissioner can have a conversation **with the Deputy Minister** to make her case directly.

A budget line is included in the **draft budget** which often comes as a surprise to us on publication and a **settlement letter** should finally confirm our budget position. But we would like to point that so far we have received such letters **after the start of the new financial year** (e.g. 28th of April in 2021) and we have **not received one at all** for this year 22-23. We got confirmation of our budget by a letter from the Deputy Minister on 14th of February 2022 on our estimate but had no settlement letter.

We would welcome receiving **settlement letters systematically and before the beginning of the financial year** to enable us to plan better, especially now we cannot keep reserves to compensate for any slippage.

The suggestion of planning budget per Senedd term is very welcome. This would give us much better clarity and enable more and longer-term thinking.

There seems to have been **confusion in the settlement letter we received in April 2021 as to whether the uplift in our baseline of £83K was a one-off or an ongoing uplift** (we believe it is ongoing). The line published in the budget did not include the uplift and we are waiting for clarification from the Welsh Government on this, in the absence of a settlement letter.

For the upcoming financial year (23-24), we were asked to produce our estimate early in the year, something I had suggested, and I was happy to send my estimates for 2023-24 **by August 2022** as requested by the Deputy Minister. **This is better practice as the statutory November deadline is too late in the process.**

There seems to be **inconstancy** in the way our budget is confirmed. We would **welcome some consistency, certainty and early warning** wherever possible in particular receiving settlement letter earlier.

What process is in place to agree any modifications to the estimate. How are these communicated and agreed. How significant have they been and what impact have they had on the work of, and plans for, your office.

Our budget allocation does not seem to have been linked directly to my estimate and it seems to me that my estimate has always been published as I sent it to Welsh Government without modification but the corresponding line for my office's budget in the Welsh Government's budget does not seem to relate to my estimates.

My budget has been set by letter from the Deputy Minister and the publication of the Welsh Government budget, rather than by modification of my estimate after the event and the figures do not correspond to my estimates in the last few years, from what I can see.

Having budgets confirmed very late once the financial year has started, without connexion to our estimate makes it **very difficult** for us **to plan and to retain staff** on fixed term contracts.

In December 2021, the Welsh Government published its Draft Budget 2022-23 and its first multi-year Welsh Budget since 2017. To what extent are you and the Welsh Government moving to a 'Term of Government' approach, while complying with the statutory requirement to submit an estimate to Welsh Ministers at least five months before the financial year to which it relates. What are the main benefits to doing this.

Moving to multi-year budgets is something we would really like to see and something we have been pushing for as part of our work on national budgeting. This should be explored as a matter of urgency, and we welcome any recommendations from the Committee on this issue.

Collaboration, including sharing functions and staff:

During its scrutiny of the 2013-14 Accounts, the Public Accounts Committee of the Fourth Assembly explored with the then Commissioners whether they could deliver savings through greater collaboration and possibly, sharing back-office functions. In its Report, Scrutiny of Accounts 2013-14 (March 2015), the Committee summarised the evidence and recommended: ...that efforts to achieve efficiencies and greater productivity through collaboration, including integration of back-office functions, continue between the Commissioners and the Ombudsman, and that this be reported on in their 2014-15 annual reports and accounts. Responses to the Report are included on the Committee page for the scrutiny of accounts for 2013-14. The Committee would welcome an update about how Commissioners collaborate and the benefits that arise from any joint working, as well as any sharing of backroom functions and staff.

In my case, there are formal and informal strands in my collaboration with other Commissioners.

All Commissioners sit on my advisory panel as is required by the Act.

We also meet regularly on a more informal basis at the Commissioners' level on one hand and at senior staff level on the other hand. Meetings are often quarterly to share new development, ask for advice and share good practice.

Officers liaise with one another seeking information or advice as they conduct their work as necessary.

Details of any sharing of functions or staff with other public bodies/regulators in Wales.

I welcome and actively pursue any opportunities to be more efficient and to work in collaboration. You will be aware that around seven years ago just as I took up post the Welsh Government commissioned a review of the opportunities for Commissioner bodies built on this report to collaborate and as a result of this and my desire to walk the talk of collaboration in line with the Act.

Since then, I have **shared a number of posts and functions** with other Commissioners and the Ombudsman including:

- **policy posts**, e.g. a post shared with Children's Commissioner who developed "The Right Way" toolkit (Children's Rights & Well-being of Future Generations Act);
- a **shared HR Manager** 2 days a week with the Children Commissioner for 5 years,
- **provision of resilience support** for the Children's Commissioner from my Director of Finance, for 6 months;
- **joint procurement** and attendance of a coaching accredited course for the SMT members of my office and of the Children Commissioner;
- **Joint procurement** of internal audits;
- **shared payroll services** with the Ombudsman for the last 7 years and still ongoing;
- **shared office space** with the Welsh Language Commissioner for 6 years taking on unused space at Market Chambers to save costs and offering hot-desking free for the Children's Commissioner and her team.

I have also developed a **new model with Audit Wales** to collectively meet our respective duties. Whilst this will not generate cost savings (based on the fact that the resources required to meet the monitoring and assessing duties of the Commissioner were vastly

underestimated), the new approach with Audit Wales is designed to be as collaborative and efficient as possible in meeting both our duties.

I have also pursued other opportunities for collaborating and reducing costs with **other organisations** in **multiple joint appointments and shared cost secondments** which included:

- Secondments from Welsh Government 2 posts for 2 years each and an Academi Wales graduate
- One Secondment to Welsh Government
- Two secondments from the Police
- One Secondment back to the Police
- One secondment back to Welsh Government
- One Secondment from South Wales Fire and Rescue 1 year
- Secondments from Public Health Wales for the last 4 years and still ongoing
- Eight secondments from all of the Art of the Possible bodies for 18 months each
- Five Cynefin place co-ordinators to look at involvement for 1 year each

I also shared a post with Construction Excellence Wales for a couple of years working with us on housing and planning.

In addition to saving costs, I have also been able to **recuperate costs charging for services** as the Act allows me to do, thus securing additional resources for my office such as an annual £50k from Cardiff University to fund academic work or placements and bringing in over £120K each year from the public private and third sectors and academia to deliver the Future Leaders Academy.

Savings and additional income

Over the length of my term, I have **already implemented large saving costs** (and brought in substantial additional funding) above and beyond collaboration with the other Commissioners.

Already I have had to explore every avenue to reduce costs and bring extra resources to delivering the functions of my office:

- Since 2016, I have reduced Director roles from 4 to 1 saving £232K a year.
- I have relocated my office saving £100k over 3 years.
- I have secured an additional £1.9 million of cash and staff resources through charging for services, collaborating with others, securing partner contributions and secondments.

In total, I have secured at least an additional **£1.96 million of cash and staff resources** through charging for services, collaborating with others, securing partner contributions and secondments.

Having considered in depth ways to reduce my costs, it will be quite difficult for me to find additional areas for saving on costs, but I am always keen to look further.

Any learning from these experiences: what worked well; how did you mitigate any risks with accountability; what savings did you make; and why you may not have continued with such arrangements.

Looking at learnings, working in collaboration, one of the 5 ways of working under the Act, has been **very productive** as you can see from the **savings** and the **increased expertise and cross-fertilisation of knowledge and skills** between our staff.

It is something we are **keen to continue** and so are the other Commissioners and their offices based on our regular conversations and meetings.

I have had an **initial conversation with the new Children Commissioner** to see where we could save costs by working collaboratively and we will explore some areas with our teams although we cannot see where cost saving can be made but there might be a possibility for us to further enhance our operational resilience.

My team have had some conversations with other Commissioners' teams and we will explore further how we can share procurement of training and public affairs briefings, for example.

We are committed to collaboration and our teams meet on regular basis, in addition to our regular meetings of Commissioners.

We will also continue to share information and to date this close collaboration between all the Commissioners and between their offices has been very helpful.

Looking at experience to date, bringing in secondees helps us understand the landscape better, increases networks, expertise. Seconding people to other organisation helps embed the Act further and deeper but I cannot sadly prioritise these opportunities given my current level of funding.

Wherever possible I want to continue this where cost-efficient and useful for both organisations for example like my payroll being processed by the Ombudsman's office.

Looking in more detail at the different arrangements to date, I have been successful in securing a number of **no cost secondments** to undertake specific pieces of work – paid for by the seconding organisation for mutual benefit of staff development and delivering joint priorities. Whilst this is desirable and walking the talk of the Act, the staff resource which goes into identifying and securing these partnerships should also be recognised. Nonetheless securing these arrangements has been essential in enabling me to complete a number of pieces of work including guidance for public bodies, policy development on skills, both section 20 procurement reviews and enhancing relationships with public bodies. There have been added benefits around upskilling people who return to their organisations better equipped around the Well-being Act. A challenge however is that these arrangements are generally short-lived, take time to develop and are heavily dependent of the capacity of other organisations to make such commitments of resources.

The 8 secondments from the Art of the Possible bodies were **jointly funded** by eight different bodies from the public private and third sector to develop guidance on delivering each of Wales' well-being goals for public bodies. This was a fruitful exercise which resulted in comprehensive guidance being published for each of Wales' well-being goals. It also resulted in the upskilling of those people who were seconded and the implementation of sustainable, well-being Act policies in their home organisations. Many remain friends of the office and for example the seconded staff member from United Welsh Housing went back to lead work on climate literacy and establish a Climate Assembly in Gwent.

Part-funded secondments have also been successful and I have had on ongoing shared secondment with Public Health Wales for 3 years now through a Shared Futures Literacy appointment with Public Health Wales. This has been a fruitful exercise which has enable us

to boost our futures capacity, share learning with Public Health Wales and expand this learning to others. It has also given resilience when the secondment went on maternity leave and a member of my team could cover the role as both organisation and team members were aware of the work, participated in it and could pick it up seamlessly. This is something I would like to explore further.

Construction Excellence Wales jointly funded post to deliver guidance to the construction sector and contribute to our work on reforms to planning policy. A fruitful relationship which enabled us to permeate the construction sector in a way which would not have otherwise be possible. However, it came to an end when Welsh Government funding for Constructing Excellence Wales ended and they could no longer afford to part fund a post.

Shared policy post for example the one seconded from the Children's Commissioner for one year to develop joint guidance for public bodies on implementing a Children's Rights and Future Generations Approach. It has enabled both organisations to help show the integration between strands of work, policies and legal requirements to the public bodies subject to the different Acts. It was an important piece of work to develop much needed guidance for public bodies on how to implement multiple duties.

Sharing a Head of HR post was invaluable, especially at the inception of my office. It has enabled me to build policies from scratch with someone who already had such knowledge of the environment we operate into and who could understand the role of Commissioners. That person was also very creative and understood extremely well the ambition behind the Act. Sadly, the part-time nature of the arrangement was insufficient to meet our growing needs to reform policies in general as well as fulfilling all the usual HR needs of the team. It was also very demanding on the individual to be stretched across two active organisations. But it was invaluable, and sharing posts is something I will continue to explore, for fixed term periods.

I have offered to develop work jointly with Commissioners and other member bodies on my Advisory Panel including the TUC on equality, diversity and inclusion. It is for the new Commissioner to decide what he will want to take forward.

We have also experimented secondment outwards and loaning out members of my team.

Our Finance Director (part-time) was loaned to the Children's Commissioner's office to support work to reform their internal financial procedures, which was for a period of 6

months and in order to deal with a period of staff absence, **offering once more staffing resilience** to the partner. This is something I would consider doing again.

Secondments outwards whilst beneficial are trickier as they require spare capacity from my office which I do not have. This is something I regret and wish I were able to do much more as I am convinced of the efficiency of such arrangement to discharge my duty to promote the sustainable development principle in depth within the organisation, upskilling them while also giving invaluable insight to my team on return.

In relation to **shared accommodation**, we explored continuing to share our space with Commissioners or other public bodies. At the time of our decision to move out of Market Chambers, in 2021, we considered the co-location with other Commissioners, and we concluded:

1. "Although the Welsh Government had hoped that, at some point, all the commissioners could co-locate, this has been rejected on more than one occasion by the various parties:
 - The Children's Commissioner for Wales has recently signed a new agreement for a site in Port Talbot. We were not consulted on this or asked if we would be interested in co-locating on this occasion;
 - The Older People's Commissioner signed a long-term lease in 2017 for their site in Cardiff Bay when it was proposed that we could look at co-locating as a group of Commissioners. They are able to terminate their lease in 2023 when there might be an opportunity for future collaboration;
 - When Market Chambers was put up for sale, the Welsh Language Commissioner had indicated that they were signing a lease on property in Cathedral Road. Again, we were not consulted. However due to the favourable term of the lease on Market Chambers, they withdrew and decided to continue in their existing set up on the first and second floor signing a ten-year lease with one break clause in 2023. Their current offices in Market Chambers (beneath us) would require substantial remodelling to meet our needs of a modern collaborative workspace and ongoing problems with high maintenance costs and challenges with accessibility would remain.
2. Given the above, the option of co-locating with another commissioner was not considered feasible at this stage. We did not consider a best use of public money to

pay for extra office space at Market Chambers we no longer need until 2023 to co-locate at that time with another Commissioner. Our decision could be re-examined in 2023 at the next break clause in particular as a new Commissioner would then be in post.”

On **shared training**, this was very effective and it allowed us to build relationships with each other’s SMT. Training is something we would like to continue exploring for future collaboration.

Collectively, between the Commissioners offices, we think that working on joint programmes and sharing resources to help us deliver front line activities would be more efficient than sharing back-office resources.

The alignment exercise and the lack of an uplift of my baseline will make it harder on us to work collaboratively as the Act requires of us.

Current financial position and future challenges:

An assessment of the current financial position of the organisation and an assessment of future needs in the context of the pressures on public funds.

As I explained in my 2022-23 statutory estimate, I raised concerns about how my funding level is having a negative impact on the quality and level of my support and advice to Public Bodies and in turn their ability to fulfil their duties under the Act, which I reiterated in my estimate for 2023-24 explaining the real terms cut to the underestimated baseline budget coupled with an increase in demand for my services.

In addition to the Regulatory Impact Assessment underestimate, the breadth of my remit is not sufficiently reflected in my funding: While there is no like-for-like comparison – other bodies with similar requirements to audit and monitor or with much more limited remits receive substantially more funding to meet these duties, and I provided indicative figures in last year’s estimate. I receive for example:

- less than half the funding of the Welsh Book Council,
- a quarter of the Education Workforce Council’s budget,

- £12.4mil less than the National Library.

As I have stressed in my estimate last year and before Senedd Committees, I still need significant additional funding to enable me to discharge both my duties and powers adequately, with more parity with other organisations, considering the very wide remit of my duties, their fluctuating nature and showing the Welsh Government's commitment to support the implementation of such flagship legislation envied worldwide.

This was echoed by the then Public Account Committee and public bodies who have recognised that my office is under resourced and current budget levels have not enabled me to provide the level of support public bodies want and need. Using my reserves in 21/22 and the one-off uplift of my useable reserves have meant that I was able to increase my support to public bodies and PSBs, demonstrating how additional funding is needed to be deployed. I have recently met with all public bodies to finalise our plans for this work and there was strong support for continuation of the point of contact model as well as our approach to bringing together other organisations who can provide support and developing communities of practice. Of course, this will only be able to be continued if the additional allocation made this year is embedded in my core grant in aid.

The Equality and Social Justice Committee agreed with my assessment in their findings and recommendations relating to my capacity and resources and stated: "we would reiterate our concerns about the potential impact on the Commissioner's capacity and the importance of ensuring that the resources allocated to the Commissioner are commensurate to the work that her office is expected to undertake..."

The **Minister for Social Justice** recognised the difficulties that I faced with operating within a very limited budget and as an interim measure, my grant-in-aid for 2021-22 was increased to allow me to carry over into 2022-23 a level of useable reserves of £300k. Another £171K has been proposed for 23-24. I am grateful for this, but this does not allow me to secure my public bodies staff. This additional funding has effectively enabled me to increase my resource budget for 2022-23 by the same amount which will enable me to provide core services as I was able to do the previous year by using my historical reserves. The increase this year will be around half of the increase in the past two years.

The Minister also stated that she and her officials "are eager to continue the open dialogue [...] to consider a range of options which are designed to alleviate these pressures." I can

only agree with the Equality and Social Justice Committee's assessment that this **"temporary fix should be superseded by more sustainable long-term funding arrangements** at the earliest opportunity and the Senedd should be given ample opportunity to scrutinise them."

On 27th January 2023, I received another funding letter from the Minister awarding my office a one-off uplift of £171K of 'useable reserves' for 23-24, with the indication of an intention to do the same in 24-25. We welcome the attempt to give us an indication of their intention for 24-25, which we never had before, but this offers no guaranty as explained in the letter. We also have had no clarification or certainty as to whether we will receive additional funding for additional bodies (to come under the Act in the next two months) and we are awaiting to be told whether any underspend we might have at the end of this year (under 5%) can be carried over or not on top of the £171K in the letter. So at the end of January, we still have no budget clarity and sadly, we seem to still be in the temporary solution area, as no increase of my baseline has been proposed for 23-24 or after that.

I would also like to insist on the fact that the legislation as passed by the Senedd **prevents me from generating a profit through charging for services**. It would seem to me that this would be a **useful** area to address as I can certainly see opportunities to develop the work of my office in this way bringing new incomes in to support the broader and necessary work of my office with public bodies. I previously (in my statutory estimate in 2019/20) requested one off funding from Welsh Government to enable me to develop this longer-term charging model with a view to it being self-financing and driving broader benefits to what my team would have the capacity to offer to public bodies. It is unfortunate that the Government were not able to support this long term invest to save approach.

Using my reserves, before the alignment exercise, I have been able to recruit a team to provide increased engagement and advice from my team. This has helped secure procedural changes in how public bodies and PSBs are tackling procurement, health, housing, food systems, decarbonisation, social value, community engagement and measurement frameworks. This level of advice, assistance and challenge had not been possible without the additional funding.

The pilot I ran in 2021-22 of having an assigned contact for each public body has been very successful, as the quotes below show:

▪ “[We] welcome the Future Generations Commissioner decision to support Health Board implementation of the Well-being of Future Generations (Wales) Act through the allocation of a dedicated point of contact within the Future Generations team.” Health Board

▪ “This is a welcome initiative to have that point of contact with the Commissioner and the Commissioner’s office.” Local council leader

▪ “I am definitely in support of this initiative, before this we didn’t have too much interaction with the Office and now it feels like we have a two-way conversation.” Cabinet Member within a local council

▪ “It’s made the world of difference (having a Point of Contact)” National Library

▪ “I really welcome this way of working together. It’s great to have a consistent and frequent point of contact.” Denbighshire Council

▪ “The Point of Contact is something that is needed, and we have been requesting this for some time. It is good there is an acknowledgement that reports is not the only way to communicate with public bodies.” North Wales Fire and Rescue Service

▪ “The relationship is working really well with having the regular liaison and us getting to know each other and having that contact.” Vale of Glamorgan Council.

Following on from the success of the pilot, we have now formed a Public Bodies and PSBs team in 2022-23 with the temporary uplift granted to me. The new Commissioner will need to retain this team and permanent contracts need to be secured for the whole team, which sadly is not possible without an increase in our baseline.

Requests for advice and assistance from my office identify significant gaps in capacity in all public bodies and lack of support being provided on ‘implementation’ of Welsh Government and other policy such as help with implementation of the Act including:

- systemically applying the Act across an organisation;
- correctly and consistently applying the sustainable development principle and ways of working;

- aligning equality and other duties with the Well-being of Future Generations Act duties;
- support in budgeting for well-being duties;
- support for applying the well-being Act to procurement and help in developing better well-being objectives.

We have seen by experience and from what public bodies tell us themselves, that the sustained provision of advice is crucial in their mastering and implementing the Act's requirements.

For example, they said they value my advice on their well-being assessments and objectives (Ceredigion PSB, Cardiff PSB, Wrexham PSB), or the ability of my office to sense check what they are doing and help to integrate across all their activities (Sport Wales, Amgueddfa Cymru, Arts Council for Wales, Caerphilly Council, Velindre NHS Trust) or the ability to provide encouragement and remind others of the legislation. These quotes demonstrate the value of the ongoing support my team is providing:

- *"influencing leadership, enabling our leaders to feel like they can make radical change is really helpful. Some of the work Sophie does in that space is fantastic, so more of that – more of the same. It goes back to...fear of failure, the fear of doing something too radical that rocks the boat. When people feel confident about doing that radical thing, they're more likely to take action."* (A National Park Authority representative)
- *"Sometimes we are ploughing a lonely furrow and it's nice to be energised, walking a bit taller and thinking 'yeah, we are on the right path'. That's the support I like to see from the team."* (A Local Authority representative)
- *"Having a named contact has been really helpful - to sense check what they're doing and that they are embracing the Act in the right way. It's helped them to integrate different things. So that's been a real positive in the past year - having an ongoing connection with the Commissioner's Office, so I'm really pleased to see that that's going to continue moving forward."* (A representative of a national organisation)

There is a significant increase in demand on my office to provide more advice and assistance by Public Bodies and Public Services Boards.

In 2021-2022, my Office received 416 requests from public bodies and others, which is a 58% increase since 2020-2021. In the first quarter of the 2022-2023 financial year my office received 128 such requests for support, which indicates that the number of requests my office receives is valued and expected to continue to increase.

In addition to this, more and new requests will come from the addition of new bodies within my remit in the proposed Social Partnership and Public Procurement Bill and the addition of the Corporate Joint Committees.

My team have currently only had introductory meetings with one of the new Corporate Joint Committees (CJC) as they establish themselves and seek clarity on some of their foundational questions. We have also been approached and provided advice to umbrella organisations, such as the WLGA, to advise on how CJsCs should meet their well-being duty. We expect this to increase as the CJsCs develop their well-being objectives and other statutory products.

Overall, there is a choice to make between continuing transactional 'business as usual' or fully implementing the Act. I believe that the budget the Government provides should enable me to implement all my statutory duties **in an effective and progressive way** in line with the aspirations of the Well-being of Future Generations Act. Nevertheless, I will continue as I always do to look for areas of savings, **but I imagine such new savings would be marginal.**

I have managed to include some of these newly created posts in my budget for 23-24 but not all of them and only on a short-term basis. An increased baseline for my budget as already stressed is needed so that I can retain all this talent and key members of my team and to discharge my functions properly.

Alignment exercise - The impact of the designation of your office under the changes to the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018 on your current and future financial position. What were the main challenges in moving to the new arrangements and what do you see at the most significant change(s) as a result of them.

The Well-being Act requires us to work collaboratively, in an integrated way and involving people (in addition to preventative and long-term aspirations). But partnerships take time to develop and compromise on timescales financial contributions and allocation of in-house staff time to deliver.

In short, the new WG budget alignment rules disincentivise bodies, including mine, from taking a innovative and collaborative approach as the new alignment rules mean that our ability to effectively build and make use of funding from partnerships have been limited by our inability to carry funds over. Far from us being able to make more savings, this new rule will make it significantly more difficult for us to explore innovative ways of funding the work of my office. As a matter of course, we take an approach of searching for co-financing partners for our work programme. On many occasions we are successful in attracting contributions, but this cannot be guaranteed and this does not fall neatly within financial years.

The new rules mean that we must either:

- Agree a partnership in advance of our work programme being confirmed – this is impossible as we do not know what our financial allocation from WG will be until very late in the previous financial years, for 2022-23 for example, we had our final budget confirmed in February 2022.
- Not seek partnerships and spend the full allocation we have made for the project which is easier and provides certainty for starting and ending the project within the specified annual budget timeframe and spending the allocated amount within the same timescales

I also made the point that the Alignment Project, once rolled out will prevent the use of any surplus grant-in-aid (reserves) to help **“smooth out” my irregular expenditure** profile from year to year. In any one year, my costs will comprise annual core work (undertaken every year) plus additional statutory work undertaken less frequently (e.g. large formal reviews, statutory advice to Public Services Boards on their well-being assessments and plans, and the production of the quinquennial report).

Reserves have in the past also been held for the purpose of **statutory reviews or other more exceptional or unforeseen projects**. As this will no longer be permitted, I have been advised by Welsh Government Officials that we must seek additional resourcing from Welsh



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Government if I want to conduct a review or any unforeseen additional project. **This clearly compromises the independence of Commissioners** and is not in the spirit of the purpose for which they are established.

On the question of independence, **it might be useful for the Committee to explore and make recommendations as to whether our independent offices should be funded by government or by parliament.**

I hope you will find this information helpful and look forward to reading your report when available.

Yours sincerely,

Sophie Howe

Future Generations Commissioner for Wales



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