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Mr Nick Ramsay
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Date: 14 February 2017
Our ref: HVT/2687/fgb
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Dear Nick

**DISCUSSION PAPER: THE GOVERNANCE CHALLENGES POSED BY INDIRECTLY PROVIDED,
PUBLICLY FUNDED SERVICES IN WALES**

I am pleased to enclose an advance copy for you of my discussion paper on the topic of 'arms-length governance', which I will be publishing later this week.

The paper is not a typical audit report (and so it is not being laid formally before the Assembly under my studies powers). Instead, and whilst it draws upon my previous audit work, it sets out the nature of the challenges facing those who are responsible for designing and operating robust governance arrangements for Welsh public services that are delivered at arms-length. The paper is intended to be neutral, rather than judgemental, and my intention is that it will promote constructive debate about the way forward in relation to governance issues affecting public services in Wales. Its overall purpose is therefore to support improvement across what is an increasingly complex public service delivery landscape.

Partly as a response to recommendations made by the previous Public Accounts Committee during the Fourth Assembly in some of its reports, the Welsh Government is working to improve the consistency of its oversight arrangements in relation to arms-length bodies. My staff are liaising with them to take forward the issues raised in the paper, and Sir Derek Jones and I jointly chaired a very useful workshop session with his senior team last November to explore this topic in more detail.

In addition to supporting the work of your Committee, I intend that the key messages within the paper will be disseminated more widely during 2017 via the Wales Audit Office's ongoing programme of 'Good Practice Exchange' events. The timetable that I envisage for rolling-out the paper is as follows:

- **Mid-February:** publication of the paper. As this is not a standard audit report, I do not plan to issue a formal press notice. Instead, we will be distributing the paper via e-mail to key stakeholders alongside invitations to register for a 'webinar'. The paper (in both English and Welsh) will then be uploaded to our website.
- **12 April (provisional date):** The WAO will host a 'webinar' (an approach we are using very successfully in our Good Practice Exchange work) involving a facilitated live panel of three or four experts discussing this topic, and also answering on-line questions from pre-registered participants. If judged a success, it is possible that further such webinars could follow over subsequent months.
- **Autumn 2017:** WAO to facilitate seminar / workshop events in both North and South Wales, under our 'Good Practice Exchange' banner, to encourage wider debate and facilitate shared learning. These could well include case studies of successful arms-length governance arrangements.

Key to this overall approach is our intention and ability to be flexible, in order to secure key stakeholders' engagement and participation in debate, input and action.

I look forward to discussing the contents of the paper with you in due course, as well as working with you to use its contents to inform the Committee's future work.



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Enc: Discussion paper: The governance challenges posed by indirectly provided, public funded services in Wales