

Agenda – Public Accounts and Public Administration Committee

Meeting Venue:	For further information contact:
Committee Room 5	Fay Bowen
Meeting date: 7 June 2023	Committee Clerk
Meeting time: 09.15	0300 200 6565
	SeneddPAPA@senedd.wales

This meeting will be broadcast live on www.senedd.tv

(Private pre-meeting)

(09:15 – 09:30)

1 Introductions, apologies and substitutions

(09:30)

2 Papers to note

(09:30 – 09:50)

2.1 Letter from the Permanent Secretary to the Chair responding to recommendations from the Committee's report on Scrutiny of the Welsh Government's Accounts 2020–21

(Pages 1 – 59)

2.2 Letter from the Welsh Government on the Betsi Cadwaladr University Health Board Ernst and Young report

(Page 60)

(Break)

(09:50 – 10:00)

3 Public Appointments: Evidence session

(10:00 – 11:00)

(Pages 61 – 82)

Damian Bridgeman



- 4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**
(11:00)
The remainder of the meeting.
- 5 Public Appointments: Consideration of the evidence received**
(11:00 – 11:15)
- 6 Private papers to note**
(11:15 – 11:25)
 - 6.1 Letter from the Welsh Government in response to the Committee's letter of 6 April on Cardiff Airport**

(Pages 83 – 85)
 - 6.2 Letter from the Welsh Government in relation to an additional target for Cardiff Airport**

(Page 86)
- 7 Draft Report – Scrutiny of Accounts Welsh Government: 2021–22**
(11:25 – 11:55) (Pages 87 – 136)
- 8 Draft Report – Review of Commissioners**
(11:55 – 12:15) (Pages 137 – 166)
- 9 Auditor General Report: Maximising EU Funding – the Structural Funds Programme and the Rural Development Programme**
(12:15 – 12:30) (Pages 167 – 202)



Llywodraeth Cymru
Welsh Government

Dr Andrew Goodall
Ysgrifennydd Parhaol
Permanent Secretary

Mark Isherwood MS

Chair, Public Accounts and Public Administration Committee
Welsh Parliament
Cardiff Bay
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19 May 2023

Dear Chair,

Following the publication of the Public Account and Public Administration Committee's report on the Scrutiny of the Accounts for the Welsh Government 2020-21. I provide below a response to the recommendations made in the report. I have not provided a response to recommendation nine, as that is for the Auditor General for Wales to comment on.

Recommendation 1. We recommend the Welsh Government provides to the Committee its definition of 'secondment', together with its policies for such arrangements, including any specific guidance relating to the arrangements for Senior Civil Servants.

Accept. I support the recommendations for ensuring good governance and transparency for secondment arrangements which will hopefully aid PAPAC's understanding. To be clear, we welcome requests to undertake roles on a secondment or loan basis as part of recruitment to most Welsh Government roles, not just senior ones. Secondments are also a normal part of civil service staff options at all levels and are positively used across other public services and sectors.

Secondments and interchange play an important role in the First Minister's commitment to creating a 'One Wales Public Service' and neither the FM or I would want Senedd colleagues, public servants, or members of the public to have a negative view of secondments. They bring great benefit and we would not want the scrutiny process to curtail future ambitions or flexibility. Secondments facilitate an interchange of skills and experience, bring fresh ideas and innovation and particularly in the case of senior civil service roles, ensure we have the best people undertaking some of the most influential leadership roles in Wales.



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Secondments are in place at all levels and right across both the public, private and third sectors and are used by all government departments. The Civil Service Management Code states '*Secondment is the term used to describe the voluntary movement of individuals into or out of the Civil Service on a temporary basis, in a way which does not affect their employment status*'. More specifically, the term "secondments" only relates to the movement of non-Civil Servants into a Civil Service Organisation or the movement of an existing Civil Servant out to a non-Civil Service Organisation.

The Welsh Government approach takes into account the provisions of the management code, and we refer to secondments being '*the temporary exchange of employees between public and other sectors for a time limited period of time*'. Secondees to the Welsh Government - or indeed any other organisation - are temporary appointments who retain their terms and conditions of service of their permanent employer, including salary levels, for the full duration of the contract.

I have attached our Secondment and Loans policy (which applies to colleagues at all grades) and the Civil Service Management Code (which applies to all government departments). We are committed to continual improvement and following an internal audit, our HR team has action underway to review and improve this policy and supporting Welsh Government processes. I would suggest contacting the Cabinet Office and/or the Civil Service Commission if further clarification is needed on their processes and approvals regarding recruitment to senior roles, including on a secondment basis.

In responding, I note that during the scrutiny process there has been a focus on policies and processes underpinning secondments to the most senior roles within the Welsh Government, including my own arrangements. Despite previous briefing on the Welsh Government approach to secondments and explaining UK Cabinet Office and Civil Service Commissioner processes that apply there still appears to be concern amongst the Committee regarding secondments. This was further highlighted during the recent Senedd debate and I can confirm again that the processes required by Cabinet Office and the Civil Service Commission were fully followed and the necessary approvals gained both for my appointment to Permanent Secretary and also for Judith Paget's interim appointment. The processes and approvals for these senior roles are the same for every UK government department including Welsh Government.

My own recruitment process and appointment was led by Cabinet Office and chaired by the First Civil Service Commissioner with a panel that included the civil service Cabinet Secretary as the appointing line manager. The First Minister endorsed my selection further to advice from the Panel. My formal appointment and arrangements, including



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the offer to retain my existing secondment with NHS terms and conditions, met the recruitment criteria, were agreed through a Cabinet Office individual business case and were approved by a UK Government minister (the Chief Secretary to the Treasury) as part of the UKG oversight of the civil service.

The current temporary appointment of Judith Paget to the role of Director General, Health & Social Services / Chief Executive NHS Wales was made on a direct secondment basis as an interim arrangement. This had been the post I previously undertook prior to taking up the role of Permanent Secretary. A direct secondment is where an individual is appointed for up to two years without a recruitment exercise, usually in recognition of the specific skills and experience needed. In this case, it was vital that strong, consistent leadership was maintained, particularly as we worked through recovery and reset following the Covid pandemic, and it would not have been possible to leave the role unfilled while a recruitment exercise was undertaken. The processes required by Cabinet Office and the Civil Service Commission for a direct secondment were fully followed and the necessary approvals gained.

Recommendation 2. We recommend that any future secondment arrangements, both inward and outward, relating to staff at Senior Civil Service Pay Band 2 and over (Director, Director General and Permanent Secretary, including Chiefs Dental, Digital, Medical, Nursing, Social Care, Scientific and Veterinary Officer, as well as Chief Executives) within the Welsh Government are clearly communicated and set out to the Public Accounts and Public Administration Committee. This includes any changes to the periods of the secondments.

Accept. In response to recommendation 2 relating to clearer communication about secondments, terms of secondments and any subsequent changes made, I will ensure my HR team inform PAPAC about future secondment arrangements for any role at SCS pay band 2 (Directors and above) when the secondment commences and where applicable, at the point any amendments to terms are made. This is an operational level of detail and, whilst supporting your request transparency, I am concerned that the recommendation infers a negative view of such arrangements, when they are a recognised and wide-spread mechanism used across the civil service, public services and other sectors. For those senior staff members of Welsh Government who are Welsh Government Board members, their secondment status has always been included within the annual accounts.

Recommendation 3. Where the Remuneration and Staff Report in its Accounts and/or in its Pay Policy Statement disclose information about individual members



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of staff who are on secondment, we recommend the Welsh Government reports the term of office for the arrangements in those published documents.

Accept. I will also ensure disclosures in the accounts and the supporting pay policy statement provide transparency on secondment arrangements including term of office.

Recommendation 4. We note a substantive appointment process for the post of the Chief Executive of the NHS in Wales and Director General for Health and Social Services Group is due to commence in 2023. We recommend that the Public Accounts and Public Administration Committee be provided with a timeframe for and details of the process including the approach to recruitment i.e. will the role be advertised internally or externally and will the post be appointed on a temporary or permanent basis.

Accept. A 'fair, open and on merit' recruitment process has already been underway to make a substantive appointment to the Director General, Health & Social Services / Chief Executive NHS Wales role (as stated, Judith Paget's appointment on secondment to the role was an interim, temporary arrangement). This has taken place in line with the original approval for the interim appointment, that was always intended to provide certainty and stability for the NHS pending the substantive appointment. It would not be appropriate to comment on a live recruitment exercise apart from to outline that the process is currently at the assessment stages and we would expect an announcement to be made about the substantive appointment over the coming weeks.

The recruitment is being chaired by a Civil Service Commissioner and follows the external recruitment process set by the UK Cabinet Office as is the case for all Director General level appointments across the UK Civil Service. I cannot comment on the likely terms of the appointment as that would be subject to discussion with the successful candidate and subsequent approvals that Cabinet Office would facilitate. However, I can confirm that the Civil Service Commissioner and Cabinet Office oversee the compliance and agreement of any arrangements, including those made in Welsh Government. There are clear criteria in place in confirming such arrangements.

Recommendation 5. It is essential that significant changes relating to the role of the Permanent Secretary are flagged with the Public Accounts and Public Administration Committee at the earliest available opportunity to ensure timely and appropriate scrutiny of such matters. It is deeply concerning that, when asked about changes to the former Permanent Secretary's working arrangements in 2019, these were not divulged to our predecessor Committee. We recommend



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the Welsh Government demonstrates increased levels of transparency in its future engagement with the Committee on such significant matters of interest.

Accept. Work has been undertaken by Welsh Government and Cabinet Office officials to better define both parties' roles, responsibilities and accountability concerning the terms, conditions, and employment arrangements of a Welsh Government Permanent Secretary. The Permanent Secretary Terms and Conditions Framework has already been shared with PAPAC as you reference in your report and the framework has been operational since October 2022.

It includes notification of changes in the working arrangements of a Permanent Secretary and how the framework would be applied in relation to a secondee undertaking the Permanent Secretary role, which is pertinent given my secondee status. Any changes to my working arrangements will be communicated to PAPAC at the point a decision is made. However, I hope I have already been transparent and answered questions in respect of my employment and status in line with this recommendation.

The framework outlines the role of our HR Director in decision making in relation to the Permanent Secretary's employment. Both PAPAC and Audit Wales had issues with a 'subordinate' being involved in decision making but it is the operational norm across government and we will not be making changes to that arrangement. However, the framework provides clarity about those responsibilities.

A provision is made in the framework for a report to be provided to our Remuneration Committee at the end of each financial year on the application of each aspect of terms and conditions (for example, performance management and leave arrangements). The Non-Executive Director Chair of Remuneration Committee and the Non-Executive Director team received the report for 2022-23 and discussed its content in a closed session at their meeting on 28 April. I can confirm they did not identify any concerns.

A resourcing delegation and approval framework is now in place to support the Remuneration Committee's decision making in relation to SCS employees, outlining the specific processes that apply at each grade. A supporting SCS terms and conditions framework will now be developed and implemented. Any changes made to the working arrangements of Director Generals will be communicated to PAPAC at the point a decision is made.

Recommendation 6. We recommend the Welsh Government review its reporting and record-keeping practices to ensure that internal decisions around the Permanent Secretary role, along with any other roles at Director General level or



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above, are clearly documented. This is particularly significant where Welsh Government HR policies are being applied by subordinate employees. The outcome of this review should be shared with this Committee, once it is concluded.

Accept. I have already acknowledged the concerns raised by both the Auditor General and PAPAC about not keeping contemporaneous records relating to employment matters and decisions for the previous Permanent Secretary and improvements have been made. A 'filing plan' has been developed following an internal lesson learnt exercise to ensure all approvals and decisions regarding my employment and working arrangements, any future Permanent Secretary and all senior colleagues are fully documented.

We will provide the committee with an update on the outcome of the review.

Recommendation 7. We recommend the Welsh Government's Consolidated Accounts should include details of any substantive changes in a Permanent Secretary or Director General's working arrangements or remuneration, with an explanation as to why the change has taken place. This should be completed, as a matter of course, in the Accounts relevant to the accounting year the change took place. If this is not possible, this Committee should be informed in writing about any relevant changes, with an explanation provided about why this was not communicated in the relevant set of Accounts.

Accept. I have agreed at Recommendation 2 to provide the PAPAC with information in relation to any DG's or Permanent Secretary secondment arrangements, and changes to those arrangements as they arise, at Recommendation 3 to further expand disclosures in the Remuneration Report for Senior Officials on secondment and at recommendation 5 to provide PAPAC with details of changes when they are made to any DG or Permanent Secretary working arrangements.

Welsh Government already ensure that for all Senior Officials disclosure is made of appointment date, termination date, secondment status, partial retirement status and will include term of secondment going forward in addition to the required FReM and Employer Pension Notice remuneration and pensions disclosures.

Welsh Government will work with PAPAC to agree what further may be considered in scope of a 'substantive change' to ensure there is no ambiguity over what disclosures are requested, and to take forward that scope to assess its compatibility with GDPR UK personal data requirements, to confirm with PAPAC what disclosures can as a matter of course be enhanced in the Accounts in future.



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Recommendation 8. We note the weaknesses raised by our predecessor Public Accounts Committee in the Welsh Government's organisational culture that have given rise to deficiencies in the robustness of its record keeping processes and how these themes have reoccurred in our own work. As such, we recommend the Welsh Government should take specific action to ensure all staff are aware of the requirements of its internal record keeping processes as we do not expect poor record keeping to be a reoccurring theme. We request that the Welsh Government provide us with details on the action it will take to improve its record keeping processes.

Accept. The Permanent Secretary has, as recommended by the Committee, taken action to ensure all staff are aware of the requirements of its internal record keeping processes. The guidance to staff on record-keeping has been expanded and refreshed and draws on examples of poor record-keeping and its consequences as case studies. This revised guidance will be issued to staff shortly. In addition, the Permanent Secretary has commissioned work to review and expand the guidance given to staff as part of induction training for new appointments and to develop bespoke training on record-keeping which can be rolled out across the Welsh Government. He expects this work to be completed by the autumn.

Recommendation 9 is for the Auditor General to respond on.

Recommendation 10. We welcome the broader work the Cabinet Office intends to undertake on the relationship between Cabinet Office and the Permanent Secretaries of both the Welsh Government and Scottish Government. We recommend the Welsh Government advises the Committee on when this work is taking place and provides us with further information on what this work will involve and the timeframes for completion and outputs.

Accept. We previously updated PAPAC that Cabinet Office had made us aware that they intend to undertake further work on the relationship between Cabinet Office and the Permanent Secretaries of both the Welsh Government and Scottish Government. That work has not commenced yet, but we will play an active part when it does and will keep PAPAC updated accordingly. Obviously, that is fundamentally a matter for Cabinet Office to set and oversee but we look forward to fully participating and ensuring the content and tone is relevant to Wales and Welsh Government.

Recommendation 11: An explanation of why an estimate of fraud and error was not included in the 2020-21 accounts despite assurances from officials that the estimate could be provided. Reject. We included an estimation of fraud and error in



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the Welsh Government's Annual Governance Statement for 2020-21 and 2021-22, which forms part of Welsh Government Consolidated Accounts. This estimate was based on the evidence arising from Post Completion Monitoring undertaken, reporting from Local Government and instances of possible fraud reported to Welsh Government for fraud investigation. These disclosures cover separately schemes administered by Local Government and schemes administered by Welsh Government in the ERF.

Recommendation 12: The Welsh Government should establish a clear account of the action that LAs have taken to assess and respond to the risk of fraud and error in the business support grants they administered and report back to Committee.

Agreed. Welsh Government has issued a fraud and error survey to Local Authorities for the 2020/2021 and 2021/2022 financial years and have commenced a similar exercise for 2022/23 in relation to Covid 19 funds which outlines the number of identified fraud and error cases identified including value which has been published. These surveys reinforce the conclusion that the level of pre-application controls significantly contributed to countering instances of error and fraud. This is demonstrated by the level of rejected applications at 14%. The Annual Governance Statement will continue to include details of the levels of error and fraud.

However we do accept further work can be undertaken to further simplify and clarify action taken which has been agreed and will report back to committee.

The Welsh Government has also supported the National Fraud Initiative (NFI) and have supplied details of grant recipients to HMRC for this purpose. There have been no referrals to date of cases related to ERF and NDR from the NFI. Individual Local Authorities have operated the schemes under their established audit frameworks as instructed by Section 151 Local Authority Accounting Officers and are encouraged to use the NFI products if appropriate.

Recommendation 13: Welsh Government to provide further clarity on the latest position on recovery from the Covid-19 support for business schemes it had administered including explanation of how these figures relate back to the sums reflected in the Auditor General's memorandum and those provided by Welsh Government during oral evidence.

Accept. The ERF provided the discretionary funding element linked to targeted intervention unlike the flat rate eligibility of NDR grants for example. The latest position in relation to recoveries as a result of ERF PCM activity is:



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- Phases 1 and 2 – 23 recoveries completed £0.9m, 3 cases written off due to insolvency £0.08m (£77.5k) and 29 recoveries in progress totalling £2.5m
- Other phases – 15 recoveries completed £0.3m, no cases written off, 18 recoveries in progress totalling £0.4m

The Welsh Government is proposing to provide an update and a reconciliation of the data on recovery of funding, in conjunction with the update agreed at recommendation 15.

Recommendation 14: Welsh Government to provide the Committee with an update on the staffing situation regarding the PCM team beyond summer 2023.

Accept. The ERF PCM team are now permanent WG employees, and the team is due to be in place on this vital work until March 2025. The ERF PCM team has recently been restructured to take account of the changing balance of work and while the overall size of the team has reduced to reflect the move to dealing with more complex cases, we have recruited an additional 2 experienced grant managers.

Recommendation 15: That Welsh Government provides the Committee with six monthly updates on the progress being made on Post Completion Monitoring.

Accept. The latest position as of April 2023 in relation to the ERF PCM is provided below. The Welsh Government will provide a further update to the PAPAC at the end of October 2023.

Phases 1 and 2:

- 9,094 surveys issued to micro businesses (flat rate support and eligibility) supported during phases 1 and 2, receiving returns from 3029 (33%).
- 1,257 surveys issued to SME's supported during phases 1 and 2, receiving returns from 421 (33% response).
- 1,270 issued requests for fuller PCM information to SME's supported during phases 1 and 2 with 392 responses currently being considered and 585 cases closed (46% closure rate).



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- 52 requests for information issued to large businesses supported during phases 1 and 2 with 51 cases closed (98%).

Phase 3:

- We have issued 1,205 surveys in phase 3 and 690 returned (57%).
- There are 804 awards requiring fuller PCM and this is due to be covered in 2 phases due to the conditions in the grant with different dates being set dependent on other awards made under the earlier phases.
- 584 businesses have received requests for information to April 2023 and 183 cases are now closed (31%).

Phases 4–7:

- ERF phases 4 -7 (January – August 2021) began in the summer of 2022, with 3,866 surveys issued and 1,248 returned (32%).
- There were 425 requests for fuller PCM issued for completion by businesses and 76 cases closed to date.

ERF Phase 8 (December 2021 - February 2022):

- The work to send out the requests for this phase of funding is currently being prepared for submission to grant recipients

Recommendation 16. We recommend that the Welsh Government provides the Committee with further information on the timescales and discussions that took place between the Welsh Government and HM Treasury regarding the Welsh Government’s request to carry forward at 31 March 2021 a sum in excess of the limit on the Wales Reserve. This information should include details of any discussions that took place prior to and following the year-end (March 2021) and November 2021.

Agreed. The Welsh Government operated within the overall DEL budgetary control set by HM Treasury and although we had been given to understand that the revenue to capital imbalance could be managed after year end, we were eventually denied this



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flexibility. The detailed timeline for the discussions had with HMT and the Chief Secretary are detailed below:

18 February 2021

MFLG confirmed in writing to CST that WG would want to use full flexibility to carry forward funds outside of Wales reserve (noting that the total was less than we had wanted).

17 March 2021

HMT requested confirmation of figures WG were looking to carry for Main Estimates 2021/22.

23 March 2021

HMT requested similar information for 2020/21 as they were to publish a Written Ministerial Statement (WMS) on a reduction to our 2020/21 budget. At this time officials were working with an over-programmed capital position but were seeking to switch revenue to capital. **£501m** was required to support plans in our third Supplementary Budget. Other revenue and capital proposals were under consideration at that time.

WG confirmed amounts to be carried and £501m switch but sought clarification on the impact of any WMS published after parliament has approved Estimates on our budgets.

24 March 2021

HMT confirmed for administrative purposes the budgets would be lowered and any spending in excess of those limits regarded as a breach.

Discussion was had with HMT officials on outstanding elements in our position and that we were likely to breach individual controls if lowered for administrative purposes, but not overall. HMT officials felt window was now closed to make any changes for inclusion in the WMS but on the basis we could agree to tidy up anything in our outturn with them. Therefore, WG officials did not press for a further switch to capital at this time.

June 2021

Following provisional outturn exercise WG start to press HMT for clarity on treatment. HMT question reasoning behind overspend and Wales reserve position.

25 August 2021

WG respond to HMT.



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Sept/October 2021

WG press on a number of occasions for a response. Spending Review pressures, CST etc cited for delay.

Early November 2021

HMT team suggest planning assumption should be on prudent basis that overspend will be treated as breach and deducted from 2021/22 budgets. HMT confirm verbally “read out” from CST is that the Consolidated Budgeting Guidance (CBG) rules would apply and capital cut in year. Consequent revenue underspend in prior year would be liable to surrender as breaching limit of Wales reserve.

January 2022

At the request of HM Treasury, Welsh Government officials provided a series of options for how the funding could be reprofiled and returned to Wales. It was disappointing that despite raising the matter HM Treasury declines to take forward any of the suggestions.

29 March 2022

MFLG met with CST and discussed the issue that there had been no resolution to the matter of an excess revenue underspend occurring at the end of 2020-21 which cannot be accommodated within the Wales Reserve. MFLG agreed to follow up in writing.

4 April 2022

MFLG wrote to CST setting out the matter discussed at the bi-lateral on 29 March.

18 April 2022

Response from CST confirming that no additional flexibility would be provided.

14 June 2022

MFLG response setting out dissatisfaction with CST’s position.

5 August 2022

MFLG wrote to the Finance Committee with 2020-21 outturn report highlighting issue with revenue underspend.

Recommendation 17 – Welsh Government to seek early approval from HMT to prevent further loss of funds:



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Accept. The Welsh Government always seeks to be timely and transparent in all its dealings with HMT. In relation to 2020-21 year end, we communicated openly with HMT over year end and beyond but on this occasion the CST felt that it would not be possible to allow us to switch revenue to capital, something that we have done many times before.

If you require any further information, please let me know.

Yours,
Andrew Goodall

Dr Andrew Goodall
Ysgrifennydd Parhaol/ Permanent Secretary
Llywodraeth Cymru/ Welsh Government



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CIVIL SERVICE CODE

CIVIL SERVICE CODE

Presented to Parliament pursuant to section 5 (5) of the
Constitutional Reform and Governance Act 2010.

Presented to the National Assembly for Wales pursuant to section
5 (7) of the *Constitutional Reform and Governance Act 2010.*

Civil Service values

1. The statutory basis for the management of the Civil Service is set out in Part 1 of the Constitutional Reform and Governance Act 2010.
2. The Civil Service is an integral and key part of the government of the United Kingdom. It supports the Government of the day in developing and implementing its policies, and in delivering public services. Civil servants are accountable to Ministers¹. They are in turn accountable to the National Assembly for Wales².
3. As a civil servant, you are appointed on merit on the basis of fair and open competition and are expected to carry out your role with dedication and a commitment to the Civil Service and its core values: integrity, honesty, objectivity and impartiality. In this Code:
 - ‘integrity’ is putting the obligations of public service above your own personal interests;
 - ‘honesty’ is being truthful and open;
 - ‘objectivity’ is basing your advice and decisions on rigorous analysis of the evidence; and
 - ‘impartiality’ is acting solely according to the merits of the case and serving equally well Governments of different political persuasions.
4. These core values support good government and ensure the achievement of the highest possible standards in all that the Civil Service does. This in turn helps the Civil Service to gain and retain the respect of Ministers, the National Assembly for Wales, the public and its customers.

¹. In this version of the Code, “Ministers” means the First Minister for Wales, the Welsh Ministers, Deputy Welsh Ministers and the Counsel General to the Welsh Government as referred to in the Government of Wales Act 2006. The Counsel General to the Welsh Government may not be an Assembly Member but he/she may participate in Assembly proceedings. Since May 2016, individual Welsh Ministers have been known as Cabinet Secretaries and individual Deputy Ministers as Ministers. However, this is a presentational change and does not alter the position constitutionally. So, for example, a Cabinet Secretary (which is a term that has no legal basis) will exercise Welsh Minister functions.

² Civil servants advising Ministers should be aware of the constitutional significance of the National Assembly for Wales and of the conventions governing the relationship between the National Assembly and the Welsh Government.

5. This Code³ sets out the standards of behaviour expected of you and other civil servants. These are based on the core values which are set out in legislation. The Welsh Government also has its own mission and values statements based on the core values, including the standards of behaviour expected of you when you deal with your colleagues.

Standards of behaviour

Integrity

6. You must:

- fulfil your duties and obligations responsibly;
- always act in a way that is professional⁴ and that deserves and retains the confidence of all those with whom you have dealings⁵;
- carry out your fiduciary obligations responsibly (that is make sure public money and other resources are used properly and efficiently);
- deal with the public and their affairs fairly, efficiently, promptly, effectively and sensitively, to the best of your ability;
- ensure you have Ministerial authorisation for any contact with the media⁶;
- keep accurate official records and handle information as openly as possible within the legal framework; and
- comply with the law and uphold the administration of justice.

7. You must not:

³ The respective responsibilities placed on the First Minister for Wales, the Welsh Ministers, Deputy Welsh Ministers and the Counsel General to the Welsh Government and special advisers in relation to the Civil Service are set out in their Codes of Conduct: www.wales.gov.uk/civilservicecode. Special advisers are also covered by this Civil Service Code except, in recognition of their specific role, the requirements for objectivity and impartiality (paras 10-15 below).

⁴This includes taking account of ethical standards governing particular professions.

⁵ Including a particular recognition of the importance of cooperation and mutual respect between civil servants working for the Welsh Government, and UK Government and other devolved administrations, and vice-versa.

⁶ The whistleblowing legislation (the Public Interest Disclosure Act 1998) may also apply in some circumstances. The 'Directory of Civil Service guidance' and 'the Civil Service Management Code' give more information.

- misuse your official position, for example by using information acquired in the course of your official duties to further your private interests or those of others;
- accept gifts or hospitality or receive other benefits from anyone which might reasonably be seen to compromise your personal judgement or integrity; or
- disclose official information without authority. This duty continues to apply after you leave the Civil Service.

Honesty

8. You must:

- set out the facts and relevant issues truthfully, and correct any errors as soon as possible; and
- use resources only for the authorised public purposes for which they are provided.

9. You must not:

- deceive or knowingly mislead Ministers, the National Assembly for Wales or others; or
- be influenced by improper pressures from others or the prospect of personal gain.

Objectivity

10. You must:

- provide information and advice, including advice to Ministers, on the basis of the evidence, and accurately present the options and facts;
- take decisions on the merits of the case; and
- take due account of expert and professional advice.

11. You must not:

- ignore inconvenient facts or relevant considerations when providing advice or making decisions; or frustrate the implementation of policies once

decisions are taken by declining to take, or abstaining from, action which flows from those decisions.

Impartiality

12. You must:

- carry out your responsibilities in a way that is fair, just and equitable and reflects the Civil Service commitment to equality and diversity.

13. You must not:

- act in a way that unjustifiably favours or discriminates against particular individuals or interests.

Political Impartiality

14. You must:

- serve the Government, whatever its political persuasion, to the best of your ability in a way which maintains political impartiality and is in line with the requirements of this Code, no matter what your own political beliefs are;
- act in a way which deserves and retains the confidence of Ministers while at the same time ensuring that you will be able to establish the same relationship with those whom you may be required to serve in some future Government; and
- comply with any restrictions that have been laid down on your political activities.

15. You must not:

- act in a way that is determined by party political considerations, or use official resources for party political purposes; or
- allow your personal political views to determine any advice you give or your actions.

Rights and responsibilities

16. The Welsh Government has a duty to make you aware of this Code and its values. If you believe that you are being required to act in a way which conflicts with this Code, the Welsh Government will consider your concern, and make sure that you are not penalised for raising it.

17. If you have a concern, you should start by talking to your line manager or someone else in your line management chain. If for any reason you would find this difficult, you should raise the matter with The Welsh Government's nominated officers who have been appointed to advise staff on the Code.

18. If you become aware of actions by others which you believe conflict with this Code you should report this to your line manager or someone else in your line management chain; alternatively you may wish to seek advice from your nominated officers. You should report evidence of criminal or unlawful activity to the police or other appropriate regulatory authorities. This Code does not cover HR management issues.

19. If you have raised a matter covered in paragraphs 16 to 18, in accordance with the relevant procedures⁷, and do not receive what you consider to be a reasonable response, you may report the matter to the Civil Service Commission⁸. The Commission will also consider taking a complaint direct. Its address is:

G/08, 1 Horseguards Road, London SW1A 2HQ.
Tel: 020 7271 0831
email: info@csc.gov.uk

If the matter cannot be resolved using the procedures set out above, and you feel you cannot carry out the instructions you have been given, you will have to resign from the Civil Service.

20. This Code is part of the contractual relationship between you and your employer. It sets out the high standards of behaviour expected of you which follow from your position in public and national life as a civil servant. You can take pride in living up to these values.

January 2017

⁷The whistleblowing legislation (the Public Interest Disclosure Act 1998) may also apply in some circumstances. The Directory of Civil Service Guidance and the Civil Service Management Code give more information: [GOV.UK - Civil Service Management Code](http://gov.uk/civil-service-management-code)

⁸The Civil Service Commission's Guide to Bringing a Complaint gives more information, available on the Commission's website: [Civil Service Commission](http://civilservicecommission.gov.uk).

SECONDMENTS AND LOANS

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Annex A - Civil Service Commission Recruitment Principles
Annex B - Government of Wales Act 2006 – Section 83
Annex C - OUTWARD Secondment/Loan Proforma for CSSC
Annex D - Glossary of Terms

USEFUL LINKS

[E-form for Inward Secondment/Loan Approval and Business Case](#)

[Civil Service Commission Recruitment Principles](#)

[Civil Service Recruitment Internet site](#)

[Academi Wales](#)

[People Exchange Cymru](#)

[gov.uk – Civil Service Secondments and Loans](#)

[Performance Management Policy and Resources](#)

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[Recruitment Policy](#)

SECONDMENTS AND LOANS

POLICY SUMMARY

The Welsh Government (WG) strives to be an exemplar employer and recognises the value of both inward and outward Secondments and Loans.

It is our policy to encourage and facilitate, wherever appropriate, the temporary exchange of employees between the WG and United Kingdom Government departments and bodies, other devolved Governments, public sector organisations and other sectors of the economy, for mutual benefit. This allows employees from different organisations to learn from each other and share good practice, expertise, ideas and experience.

Inward secondments and loans to the WG are usually arranged to undertake specific time-limited projects or roles which require specialist expertise which cannot be provided by existing staff and for which recruitment of permanent employees is not appropriate.

An outward secondment is a voluntary move on a temporary basis to an organisation which is not a Government Department. An outward loan is a voluntary time limited move on a temporary basis to a UK or other Government Department.

Managers and HR Business Partners (HRBPs) should only consider such opportunities when there is a clear benefit to the WG, the other employer and the individuals concerned. Secondments and loans should never be used as a means of moving employees with underperformance issues between organisations.

Secondees and Loanees into the WG are not WG employees and are not eligible for progression campaigns or movement between posts or grades within the WG during the term of the secondment or loan.

In providing secondment or loan opportunities and in engaging secondees and loanees, the WG must comply with the Civil Service Commission's Recruitment Principles which are enshrined in law and can be found in the Constitutional Reform and Governance Act 2010. You will find a full explanation on the [Civil Service Commission website](#).

Managers throughout the WG must follow the guidance and procedures to implement this policy when agreeing and arranging secondments and loans into and out of the WG. Failure to follow these procedures could result in disciplinary action.

All our policies are fully inclusive of all staff regardless of age, marriage and civil partnership (both same sex and opposite sex), pregnancy and maternity, race, religion or belief, sex, sexual orientation, whether they have an impairment or health condition, are neurodivergent or use British Sign Language, their gender identity or gender expression. We acknowledge that the terms 'gender identity' and 'gender expression' are not protected characteristics as defined by the Equality Act 2010, however, we believe that Government policy which includes provision for those persons who identify within the 'trans' umbrella (rather than on the basis of binary

SECONDMENTS AND LOANS

gender) is a more inclusive approach and one which ensures the Welsh Ministers are in a position to comply with all their statutory duties related to equality and the promotion of well-being in Wales. If you have any feedback on the inclusivity of this policy, please email EqualityintheWorkplaceTeam@gov.wales

GUIDANCE AND PROCEDURES

1. ROLES AND RESPONSIBILITIES

Inward Secondments and Loans

WG Receiving Division/Line management is responsible for:

- Identifying the secondment/loan opportunity
- Obtaining approval to recruit via this means for a maximum of two years from the business area's Resourcing Panel and the External Resourcing Panel via a Business Case,
- Using the Inward Secondments and Loans [E Form](#) to submit details of the arrangement and the secondee or loanee to the Corporate Shared Service Centre (CSSC)
- advertising internally as appropriate via the CSSC
- Making the secondment/loan opportunity known to relevant bodies and Government Departments
- Sending a copy of the Policy and this guidance to the Parent Organisation
- Meeting salary and other job-related costs (including travel and subsistence) for secondees and loanees from DRCs or Programme monies
- Ensuring the secondee is aware of the principles of the Business Appointment rules and any specific conditions relating to conflicts of interest before signing the Secondment Agreement
- Providing the CSSC with any specific conditions of the secondment or loan (relating to principles of the Business Appointment Rules) which must be included in the Agreement
- arranging IT equipment via the IT Helpdesk and ensuring that the secondee/loanee provides the Personal Details required by the CSSC
- Ensuring the secondee/loanee attends an induction session and appropriate training e.g. line management training if applicable
- Using the agreed Performance Management Reporting system and ensuring reviews are carried out
- Maintaining contact with the Parent Organisation
- Arranging payment of Invoices for salary costs from the Parent Organisation
- Ensure that all notes, memoranda and records (written or electronic) produced by the inward secondee or loanee, in carrying out the services specified for their secondment or loan are returned to the WG at the end of the secondment term.
- Liaising with the CSSC on seeking assurances as required by HMRC regarding income tax and NI from the Employer

SECONDMENTS AND LOANS

- Submitting Business Cases for extensions to the Resourcing Team in HR for approval by Director of Corporate Services, OFMCO.

HR Resourcing Team¹ is responsible for:

- Arranging for the Business Case for extensions to existing inward secondments/loans to be endorsed
- Submitting any internally authorised inward Secondment/Loan extension requests to the Civil Service Commission for authorisation after the extension has been approved by the Deputy Director, Expert Services and People
- Recording any proposed extensions to existing Secondments and Loans, monitoring and regulating the Secondment/Loan programme and ensuring compliance with policy, procedures and legislation
- Taking forward any taking decisions on requests for consideration of eligibility for WG recruitment campaigns from employees out on secondment or loan
- Monitoring and regulating Secondments and Loans

HR Business Partners (HRBPs) are responsible for:

- Providing advice and guidance on the Secondment and Loan Policy, Guidance and Procedures and the Civil Service Commission rules
- Ensuring that a signed secondment/loan agreement is in place **before** the arrangement starts, including delaying the start date until the agreement is completed if necessary
- Checking and ongoing monitoring to ensure that the Secondment or Loan is compliant with the Secondment and Loan Policy, this guidance and [Civil Service Commission Recruitment Principles](#)
- working with the business area's Resourcing Panel, including submitting requests for extensions to the HR Resourcing Team for approval by the Director of Corporate Services, OFMCO
- Ensuring that line managers are taking action to end secondments/loans at the appropriate time
- Submitting inward secondment requests to the External Resourcing Panel
- Liaising with Recruitment Team Leaders in the CSSC to deal with any queries or issues

Case Advisory Team (CAT) is responsible for:

- Supporting Line Managers on issues relating to performance, attendance, conduct and discipline for any inward Secondments and Loans

Corporate Shared Service Centre (CSSC) is responsible for:

- Advising on and liaising with the Receiving Division regarding the processes
- Producing Secondment and Loan Agreements using data provided by the Receiving Division

¹ The HR Resourcing Team provides a range of expert advice which includes compliance with legislative and governance requirements, equality benchmarking, routine recruitment audits, recruitment process improvements and implementation of new recruitment initiatives.

SECONDMENTS AND LOANS

- Issuing a Secondment/Loan pack for signatures (including copies of the Official Secrets Act, security forms and relevant policies), advising it is to be returned within 10 working days and that the arrangement cannot start before a signed agreement has been received
- Reminding the individual, Line Manager and HR Business Partner if a signed agreement is not received within 11 working days of issue and asking for a revised start date
- Escalating the matter to the Team Leader if a signed agreement is not received within 15 working days of issue who will advise the Deputy Director HR Expert Services of the situation
- Undertaking vetting and security processes.
- Monitoring Secondments and Loans.
- Collating all personal details to incorporate into HR computer systems, including a scanned copy of all agreements saved in the person's virtual file and any extension letters
- Transferring individuals on Inward Loans onto the WG payroll.
- Sending reminders to the line manager at 90 days and 30 days, and also to the employee at 30 days prior to the agreed end date of each Secondment or Loan
- Actioning routine leaver arrangements
- Collating the WG's HMRC returns regarding deduction of Income Tax and NI returns for secondees and notifying [the VAT and Tax Team in Finance](#) of notification from employers

Deputy Director Expert Services and People is responsible for:

- Monitoring Secondments and Loans via the HR Resourcing Team
- Sanctioning delays in start dates if a signed agreement hasn't been received

Resourcing Panels in business areas are responsible for:

- Working with HRBPs and considering whether to agree the Business Case for a Secondment or Loan based on funding and resourcing requirements and considering any subsequent requests for extensions where possible

HR Policy Team is responsible for:

- Maintaining and updating the Secondment and Loan Policy
- Handling queries referred from the CSSC and the Resourcing Team in relation to secondments and loans

Outward Secondments and Loans

Employees are responsible for:

- Securing agreement in principle from line management before applying for a secondment or loan outside the Welsh Government
- Applying for Outward Secondment or Loan

SECONDMENTS AND LOANS

- Submitting a Business Case, including details of the secondment or loan, requesting approval from the Line Manager to undertake the opportunity if an application is successful
- Considering whether the secondment may pose a conflict with their Civil Service role and following the procedures set out by the [Financial Dealings and Conflicts of Interest policy](#) where this is the case
- Agreeing the remuneration and length of a Secondment or Loan up to a maximum of two years in consultation with the WG Employing Division, CSSC and the Host Organisation (the government department or other body to which they will be seconded or loaned)
- Making themselves available to discuss the experience if required
- Ensuring that the Host Organisation produces and returns the signed Secondment or Loan Agreement to the CSSC
- Submitting a Business Case to support any extension proposal to their Departmental Resourcing Panel
- Notifying the CSSC of any change of personal/contact details whilst on secondment/loan
- Applying for posts at least 3 months before the end of the secondment or loan (if post not being kept open) and contacting their HR BP for assistance through this process

WG Employing Division/Line Management is responsible for:

- Approving in principle or refusing a request for an outward secondment or loan
- If approved, agreeing the remuneration and length of Secondment/Loan (up to a maximum of two years), in consultation with the Employee, CSSC and the Host Organisation
- Confirming whether the current post is to be held open until the end of the secondment or loan
- Liaising with the Host Organisation regarding the employee's performance management (including assessment of a performance category) whilst on secondment
- Agreeing 'keeping in touch' arrangements and ensuring they are acted on during the term of the Secondment or Loan.
- Considering any proposed extensions to the term of the Secondment or Loan, and forwarding to the relevant HRBP for consideration
- Providing a copy of the policy and this guidance to the Host Organisation
- In exceptional circumstances, producing a business case for consideration by the Chief Security Officer and Deputy Director, ICT Services, about possible retention of an office pass and IT profile by the employee.

HR Business Partners (HRBPs) are responsible for:

- Providing advice and guidance on Secondments and Loans policy and procedures
- Considering whether to endorse Business Cases, including submitting requests for extensions to the HR Resourcing Team and, where appropriate, the HR SCS Team for approval.

SECONDMENTS AND LOANS

- Liaising with the employee, advising them on securing a post to return to on return from secondment or loan where their post has not been kept open, or arranging a temporary post in their Business Area if applications have not been successful by the return date
- Liaising with Recruitment Team Leaders in the CSSC to deal with any queries or issues

HR Case Advisory Teams (CAT) are responsible for:

- Supporting line managers on issues relating to performance, attendance, grievance and discipline for outward loans and secondments

Corporate Shared Service Centre (CSSC) is responsible for:

- Advertising Secondment/Loan Opportunities on the Job Vacancy Intranet pages
- Notifying secondees of keeping in touch arrangements
- Once notification of an outward secondment or loan is received, writing to the host organisation to request a draft agreement by 10 working days before the start date
- If a draft is not received by this time, requesting it again and reminding the host organisation that the employee will not be able to start until a signed agreement is in place and the start date may need to change, copied to the HR Business Partner
- If no response received within 3 working days of the start date, escalating to the Team Leader who will advise the HR Business Partner, copied to the Deputy Director, HR Expert Services, that the person cannot start without a signed agreement
- Collating copies of Agreements and extension letters
- Arranging with IT services to delete the Employee IT Profile, unless agreed otherwise by WG Employing Division/Line Manager
- Taking payroll leaver action for outward loans
- Invoicing Host Organisations for full Secondee salary costs + 20% VAT
- Sending reminders to the line manager and HR Business Partner at 100 days prior to the agreed outward Secondment/Loan end date

Deputy Director or Director in the relevant business area is responsible for:

- Agreeing the Business Case for an outward Secondment/Loan opportunity and any extension requests before seeking formal approval from their Resourcing Panel.

Deputy Director Expert Services and People is responsible for:

- Sanctioning delays in start dates if a signed agreement hasn't been received

SECONDMENTS AND LOANS

2. Introduction

- 2.1 Secondments and loans into and out of the WG can help to develop and improve links with UK and devolved governments and departments and with both private and public sector organisations. Secondments and loans usually last from a few months to a normal maximum of two years. [See Civil Service Commissioners Recruitment Principles](#).
- 2.2 The organisation offering the Secondment or Loan opportunity is responsible for producing the Secondment or Loan Agreement which is a legal document.
- 2.3 A Secondment or Loan agreement cannot be used where one public body is undertaking the functions of another under section 83 of the Government of Wales Act 2006 (Agency arrangements and provision of services). If section 83 is invoked a Service Level Agreement must be drawn up by WG lawyers and put in place to cover the arrangement.
- 2.4 Non-WG staff employed on duties related to s83 arrangements to exercise a specific function of either their employing authority or the WG cannot use the WG IT system without the specific permission of the WG Security Adviser. Full security clearance is necessary if permission is granted to use the WG IT system. (Annex C)
- 2.5 General questions regarding secondments and loans should be addressed to the CSSC in the first instance.

3. INWARD SECONDMENTS (NON-CIVIL SERVICE STAFF)

Identifying an inward secondment opportunity:

- 3.1 When the need for an inward secondment opportunity has been identified by the Receiving Division, initial discussions must be held with the relevant Director or their delegated managers to confirm availability of finance and accommodation. The Receiving Division must also seek advice and guidance from their HR Business Partner to ensure that an inward secondment is the most appropriate way of resourcing the role. A business case must be produced for the consideration of the business area's Resourcing Panel and then the External Resourcing Panel.

Arranging an inward secondment:

- 3.2 If the post is at SCS level, the Receiving Division must present a Business Case to the Director, Corporate Services, OFMCO. Where necessary the Director, OFMCO, will present a Business Case to the SCS Remuneration Committee for approval.

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- 3.3 The Receiving Division should complete a New Post Form for evaluation by the HR Organisational Development and Job Evaluation Team before advertising a post to ensure it is being advertised at the correct level.
- 3.4 Appointments must comply with the [Civil Service Commission Recruitment Principles](#). The revised Principles were published in 2018 (Annex A). Inward secondments of up to 2 years can be arranged without forming a field of candidates. If, at the outset, the inward secondment is expected to be for a longer term, or it is considered that there may be a need to extend the secondment beyond 2 years then a fair and open recruitment exercise must be held.
- 3.5 Inward secondments usually last from a few months to two years. Even with extensions a secondment must never last for longer than 4 years.
- 3.6 The Receiving Division is responsible for making the opportunity known to potential applicants through those with whom they have links. This can include notifying local authorities or voluntary groups or the wider public through the WG internet recruitment pages where there is a need to satisfy the fair and open competition criterion. As a minimum, the opportunity should be advertised on the [People Exchange Cymru Portal](#). The HRPB can provide guidance to the Receiving Division on advertising inward secondment opportunities more widely and on what should be contained in the advertisement, e.g. the terms of the secondment, and how to reflect details of the Civil Service Competency Framework.
- 3.7 Where an inward secondee is not recruited through fair and open competition (see Annex A) and an extension to the initial two-year term is needed, then specific written approval from the Civil Service Commissioners must be secured before any extension is granted.
- 3.8 Applicants for a secondment into the WG should, wherever possible, be shortlisted and interviewed in accordance with the WG's Recruitment Policy and in line with workforce planning data. HRBPs should be consulted whenever the Recruitment Policy is not used for shortlisting and/or interviewing. The HRBP and the HR Resourcing Team can advise on the recruitment and selection process.
- 3.9 The terms of attachment for any foreign nationals must not conflict with the Civil Service Nationality rules.
- 3.10 The majority of secondees move laterally so they remain on the same pay they receive from their Parent Organisation. It is only in exceptional cases, e.g. where the secondment post banding level equates to a temporary promotion in terms of pay, that there can be flexibility on pay.
- 3.11 The Receiving Division must notify the CSSC of the inward secondee using the [E Form available on the Intranet](#). Inward secondees to the WG must complete and sign a personal details form, a pre-employment form 1 (Security and Vetting) and sign a copy of the Official Secrets Act. These are issued by

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the CSSC. Security checks must be completed in line with the WG Security Policy and prior to the secondee commencing work for the WG. Depending on the nature of the secondee's role, additional security clearance may be required, including Disclosure and Barring Service (DBS) checks.

- 3.12 The [E Form](#) supplies the required information to allow production of the Secondment Agreement for signature by the parties to the Agreement (the WG responsible person, the Parent Organisation and the Secondee). The line manager in the Receiving Division liaises with the HRPB, the secondee and the Parent Organisation to explain the details of the Agreement. It must be made clear to the Parent Organisation and the Secondee at the outset that the Agreement template, which is a standard legal document template, cannot be altered by either party. The CSSC completes the blank fields on the Agreement Template, arranges signing and issues copies to key parties, keeping a record.
- 3.13 The CSSC will write to the Parent Organisation, explaining they have 10 working days in which to return the signed copy of the agreement to WG. If the agreement has not been received within 11 working days, the CSSC will send out a reminder to the individual, the recruiting Line Manager and the HRBP explaining that they will not be able to start the secondment until a signed agreement is in place. The reminder will ask for a revised start date. If there is no response within 5 working days of the reminder, the CSSC will forward the case to the CSSC Team leader, providing a full trail of all actions. The Team Leader will contact the HRBP, copying in the Head of HR Resourcing and Head of HR Strategy and Policy. The secondee will not start until a signed agreement is in place and therefore no IT profile will be created or activated. The Deputy Director HR Operations & Performance will also be copied in so that they are aware of the situation and can confirm they are content for the start to be delayed until such time as a signed agreement is received.

Terms and Conditions of Service

- 3.14 Inward secondees to the WG retain the Terms and Conditions of Service of the Parent Organisation. However, as a condition of their secondment, they are required to observe the principles of the Business Appointment Rules when the secondment ends in that they must not use sensitive information, commercial or otherwise, gleaned through their secondment to WG, to influence any gain to their employer or their own private interests. This is referred to in the Secondment Agreement and the WG line manager should discuss this with the secondee and the employer before the Agreement is signed and also ensure that any specific conditions, relating to any potential conflict of interest that might occur following the end of the secondment period, are included in para 15.2 of the Secondment Agreement.

3.14.1 - **Leave:** inward secondees retain their contractual annual leave and privilege holiday allowance as stated in their employment contract with the

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Parent Organisation. They continue to accrue annual leave during the term of the secondment. Inward secondees are not entitled to WG privilege holidays and where they have no similar entitlement must either take annual leave on a WG Privilege Day or work at home by agreement with the WG line manager if the WG office base is normally closed.

3.14.2 - Sickness Absence/Family leave: arrangements are in accordance with the standard procedures of the Parent Organisation. Inward secondees are required to let their WG line manager know by 9.30am on the first day of absence if they are not able to attend work due to illness and the estimated length of the absence. For family leave, such as maternity, paternity or adoption leave, etc., the terms of the employer apply. Attendance issues must be dealt with by the WG line manager. Formal proceedings are dealt with jointly with the HR Department of the employer. Support can be requested from the Case Advisory Team (CAT).

3.14.3 - Pay and expenses: Inward secondees remain on their Parent Organisation's payroll. The latter must invoice the Receiving Division quarterly for the agreed salary costs. The inward seconded is subject to the WG Travel and Subsistence Policy and Procedures during the secondment period as the WG meets T&S costs. Claims for T&S must be authorised in the normal way by the line manager in the Receiving Division. It is a requirement of HMRC that the WG seeks assurance from the employer that, where an inward seconded earns £220 per day or more, income tax and NI is deducted by the employer, and, since 6 April 2017, that all earnings are subject to tax and NI as appropriate. The CSSC Helpdesk will carry out this function and may require the support of the Receiving Division to liaise with the employer. The CSSC will notify the [VAT and Tax Team in Finance](#) when the assurance is received.

3.14.4 - Pension: Secondees cannot join the Civil Service Pension Scheme by virtue of being seconded to WG and, if a member of a pension scheme, will remain in their current pension scheme. Auto-enrolment to the Principal Civil Service Pension Scheme will not apply to inward secondees.

3.14.5 - Injury Benefit Arrangements: the line manager, HRBP and the Parent Organisation must agree the arrangements for injury benefit cover before any Secondment commences. Secondees are usually covered for injury benefit cover as part of their employer's pension scheme or private insurance policy. The seconded and the Receiving Division must check what injury benefit arrangements are in place before the secondment commences. The Receiving Division can decide whether the WG will cover injury benefit only if it is made a condition of the Secondment taking place.

3.14.6 - Performance and Training: The Receiving Division is responsible for arranging an induction programme, agreeing the Performance Management monitoring system and completing and documenting timely reviews. The inward seconded is entitled to use the Core Training programme offered by

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the WG. Requests for training not covered by the programme must be authorised and funded by the line manager and Receiving Division respectively. Performance issues must be dealt with informally in the first instance by the WG line manager. If underperformance issues persist and it becomes necessary to take formal action it may also be necessary to terminate the Agreement giving the appropriate notice. Support can be requested from the Case Advisory Team.

3.14.7 - Grievance and Discipline: Inward secondees disciplinary and grievance matters must be dealt with in accordance with the Parent Organisation's procedure. Matters must be raised with the WG line manager in the first instance. They will contact the Case Advisory Team for guidance, before contacting the HR department of the Parent Organisation to discuss the matter further. The Parent Organisation will then take appropriate action in accordance with their procedures, keeping the WG informed. WG staff who have information or are involved in any discipline or grievance matter relating to an inward secondee must be advised of, and co-operate with, the employer's procedures.

3.14.8 The WG may terminate the secondment without notice if the secondee commits any act of gross misconduct or repeats or continues any serious breach of their duties which would justify dismissal without notice of the secondee under their own Terms and Conditions. For the purposes of this policy and guidance, an act of gross misconduct has the same meaning as within standard terms and conditions of employment. The WG will liaise with the employer to agree and take next steps.

3.14.9 The WG must assist and co-operate with the employer in conducting any disciplinary investigations/proceedings relating to the inward secondee and must make all relevant data available provided it is appropriate and legal to do so. If Data Protection or confidentiality issues (e.g. politically sensitive, protected policy or personal information) arise in managing conduct or discipline matters with the employer further advice should be sought through the Case Advisory Team which considers the propriety and legal implications and advises accordingly.

Legal Requirements – The Secondment Agreement

3.15 The Secondment Agreement between the WG, the Parent Organisation and the inward secondee is a legal document which is completed and provided by the CSSC when an inward secondment is being arranged. The Agreement **must** be completed and signed before the security vetting arrangements are completed and the secondee commences work for the WG.

Health and Safety

3.16 The WG is responsible for the Health and Safety of the inward secondee while they are seconded to the WG. It is the responsibility of the Receiving Division

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to arrange the initial DSE assessment when the secondee starts and on a regular basis as required. Where the inward secondee is located in non WG premises, the Receiving Division must obtain written agreement from the Host Organisation that they will:

- inform the secondee of emergency and any other procedures relating to H&S for the building
- provide furniture/equipment to the required standards and arrange a DSE assessment
- treat the secondee as an employee in relation to H&S generally.

Keeping in Touch during the Secondment Period

3.17 The inward secondee should keep in touch with their Parent Organisation to ensure that they are aware of all staff notices, job opportunities, etc., that arise during their absence. The WG line manager must make contact with the Parent Organisation on a regular basis to advise of attendance, performance and any other relevant issues, and at the end of the secondment period regarding the return to the Parent Organisation.

Notice Periods

3.18 At any time the WG, the employer or the inward secondee may give four weeks' notice in writing that the Secondment Agreement is to be terminated and that the inward secondee will resume duties with the Parent Organisation. The line manager must confirm the return date with them and notify the CSSC accordingly. The WG may terminate the secondment without notice in certain circumstances such as gross misconduct.

Extension of inward secondment period

3.19 Approval **must** be given by the Civil Service Commission for any extension of the secondment period for secondees recruited under Exception 3 of the Civil Service Recruitment Principles (see Annex A). The Receiving Division must produce a comprehensive Business Case for an extension for consideration by the Resourcing Panel and the HR Director. The Deputy Director, HR Operations & Performance, will consider the extension request, and if they consider it reasonable, will instruct the HR Resourcing Team to send the case to the Civil Service Commission for agreement. Without a fully approved extension, the secondee must return to the Parent Organisation on the date agreed in the initial Secondment Agreement. Agreement to an extension to a secondment must be secured at least three months before the original end date of the secondment (see para 3.4).

Monitoring and escalation arrangements at the end of the secondment period

3.20 The inward secondee's line manager will receive automated prompts from the CSSC at 90 days and 28 days before the agreed secondment end date, to

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facilitate reviewing the secondment arrangements and to take appropriate extension or leaver action. The secondee will receive an automated prompt at 28 days before the secondment end date to ensure that they take all relevant leaver actions, guidance on this is provided within the prompt. If there is no response to the CSSC by the 28-day point, the CSSC will take appropriate routine leaver action, involving the removal of the IT profile, recovery of the building pass and termination of pay arrangements.

4. INWARD LOANS (CIVIL SERVICE STAFF)

Identifying an Inward Loan opportunity

- 4.1 When the need for an inward loan opportunity has been identified by the Receiving Division initial discussions must be held with the relevant Director or their delegated managers to confirm the availability of finance and accommodation. The Receiving Division must also seek advice and guidance from their HRBP to ensure that an inward loan is the most appropriate way of resourcing the role.

Arranging an inward loan – the Process

- 4.2 If the post is at SCS level, the Receiving Division must present a Business Case to the HR Director who, where necessary will present a Business Case to the SCS Remuneration Committee for approval. In all cases, once it has been agreed that an inward loan is the way forward the Business Case must be submitted to the HRBP for approval.
- 4.3 The Receiving Division should complete a New Post Form for evaluation by the HR Organisational Development and Job Evaluation Team before advertising a post to ensure that it is being advertised at the correct level.
- 4.4 If approved, it is the Receiving Division's responsibility to advertise the post and arrange the inward loan with the support of the CSSC. The opportunity must be publicised to UK Government Departments and other devolved administrations. The HRBP can provide guidance to the Receiving Division on what should be contained in the advertisement, e.g. the terms of the loan, and Civil Service Competency Framework details.
- 4.5 When the loanee has been selected, the Receiving Division must notify the CSSC using the [E Form](#) available on the Intranet. The CSSC is responsible for producing the inward Loan Agreement. The Receiving Division Line Manager, in consultation with the HRBP, the Employer and the inward loanee, must also liaise with the CSSC as required to help them prepare the Loan Agreement for signature by the parties to the Agreement (the WG responsible person, the Parent Department and the inward loanee). The Line Manager liaises with the HRBP, the loanee and the Parent Department to explain the terms of the Agreement. It must be made clear to the Parent Department and the loanee at the outset that the Agreement is a standard legal document, and

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its Terms must not be altered. The CSSC issues copies of the signed Loan Agreement to key parties, keeping a record. **In order to ensure a signed Agreement is received before the start date, the process set out in 3.13 above will apply.**

- 4.6 CSSC issues the relevant security vetting forms, details of the Official Secrets Act and a personal details form to be completed by the inward loanee. The Receiving Division must ensure that all notes, memoranda and records (written or electronic) produced by the inward loanee, in carrying out the services specified for their loan, are returned to the WG at the end of the loan term.

Terms and Conditions of Service

- 4.7 Inward loanees transfer to the WG's Terms and Conditions of Service.

4.7.1 - Annual Leave and Time Off: the inward loanee is entitled to leave in accordance with the WG's [Annual Leave Policy](#), [Public and Privilege Holidays policy](#) and the family leave policies.

4.7.2 - Sickness Absence: The inward loanee's service, including sickness records, transfers with them during the period of the loan. Absence is managed in line with WG policies and procedures. The loanee must inform their WG line manager before 9.30am by telephone on the first day of any sickness absence. See [Attendance Management Policy](#). The WG line manager must also keep the Parent Department aware of sickness absence.

4.7.3 - Pay and Expenses: Inward loanees are put on the WG's payroll for the period of the loan. The WG meets the costs of business-related Travel and Subsistence during the loan term. The loanee claims T&S through the normal WG internal systems.

4.7.4 - Pension: During the term of the loan the inward loanee remains in their normal civil service pension scheme, unless they have opted out of a pension scheme. **Inward loanees should be vigilant in checking Pensions Benefit Statements annually to ensure that pensions records show continuity of reckonable service.**

4.7.5 - Injury Benefit: The loanee is covered by the WG's injury benefit scheme for the duration of the loan period for a qualifying injury that occurs during the term of the loan.

4.7.6 - Performance and Training: Performance Management objectives (in accordance with the WG Performance Management system) must be agreed between the loanee and the WG line manager at the start of the loan period with performance reviews carried out at agreed intervals. The WG line manager must arrange an induction programme/training and agree any appropriate line management training for the inward loanee. The loanee is

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entitled to use the Core Training Programme offered by the WG by agreement with their line manager.

4.7.7 - Grievance and Discipline: Any discipline or grievance matter relating to the inward loanee is handled in accordance with the WG's policies and procedures. The line manager should immediately take advice from the Case Advisory Team, prior to contacting the Parent Department to inform them of the matter at the earliest opportunity. The WG will take appropriate action in accordance with the relevant procedure and keep the Parent Department fully informed.

4.7.8 – Promotion- Inward loanees cannot apply for promotion in the WG as they were recruited on loan to carry out a specific role.

Legal Requirements – The Loan Agreement

4.8 The Loan Agreement between the WG, the Parent Department and the inward loanee is a legal document which is completed by them, having been provided by the CSSC when an inward loan is being arranged. The Agreement **must** be completed and signed before any necessary security vetting arrangements are completed and the loanee commences work for the WG.

Health and Safety

4.9 The WG is responsible for the Health and Safety of the inward loanee while they are on loan to the WG. It is the responsibility of the Receiving Division to arrange the initial DSE assessment when the loanee starts and on a regular basis as required. Where the inward loanee is located in non WG premises, the Receiving Division must obtain written agreement from the Host Organisation that they will:

- inform the loanee of emergency and any other procedures relating to H&S for the building
- provide furniture/equipment to the required standards and arrange a DSE assessment
- treat the loanee as an employee in relation to H& S generally.

Keeping in Touch during the inward loan period

4.10 The inward loanee should keep in touch with their Parent Department to ensure that they are aware of all staff notices, job opportunities, etc., that arise during their absence. The WG line manager must make contact with the Parent Department on a regular basis to advise of attendance, performance and any other relevant issues, and at the end of the loan period regarding the return to the Parent Department.

Notice Periods

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- 4.11 At any time, the WG, the Parent Department or the inward loanee may give four weeks' notice in writing that the Loan Agreement is to be terminated and that the inward loanee will resume duties with the Parent Department. The line manager must confirm the return date with the Parent Department and notify CSSC accordingly. The WG may terminate the loan period without notice if the loanee commits an act of gross misconduct which would justify dismissal without notice. The Receiving Division, with the support of the HRBP/Case Advisory Team, must liaise with the Parent Department to agree and take next steps.

Extension of the Inward Loan Period

- 4.12 A Business Case to extend a loan period must be authorised by the business area's Resourcing Panel. An extension must not be granted to a loanee without the express permission of the HR Resourcing Team. Agreement to an extension of a loan period should be secured at least three months before the original end date of the loan.

Monitoring and escalation arrangements at the end of the loan period

- 4.13 The inward loanee's line manager will receive automated prompts from CSSC at 90 days and 28 days before the agreed loan end date to facilitate reviewing the loan arrangements and the taking of appropriate action for extension or leaver action. The loanee will receive an automated prompt at 28 days before the loan end date to ensure that they take all relevant leaver actions, guidance on this is provided within the prompt. If there is no response to the CSSC by the 28-day point, the CSSC will take appropriate routine leaver action, involving the removal of the IT profile, recovery of the building pass and termination of pay arrangements.

5. OUTWARD SECONDMENTS (TO NON-CIVIL SERVICE BODIES)

Eligibility and Finding an Outward Secondment opportunity

- 5.1 To be eligible to seek an outward secondment opportunity, an employee **must** satisfy the following criteria:
- be permanent and have passed probation
 - have been in their current post for at least 12 months
 - not be classed as an underperformer in the performance management system
- 5.2 When an employee is interested in applying for an outward secondment opportunity they must first discuss the details, how it was advertised or notified to them, and their interest, with their line manager to assess whether release to take up such an opportunity is feasible. It may not be possible to release an employee if their current post is business critical: if so, the line manager must explain to the employee the specific business reasons why they cannot be

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released. If agreement in principle is given to the employee at the initial discussion stage, they may then apply for the secondment opportunity.

- 5.3 Outward secondment opportunities may be advertised through [Civil Service Recruitment](#). A contact point, along with the application procedure is normally provided with the advertisement.

Arranging an Outward Secondment – the process

- 5.4 If successful in obtaining an outward secondment opportunity, the employee must formally submit a comprehensive Business Case to their line manager and Director. This must state the benefits of the opportunity to both the WG and the employee and reference any potential issues or conflicts of interest that may arise as a result of the secondment. Secondments must not be used as a means of temporarily placing staff whose performance is of concern: such staff should be performance managed within their Division.
- 5.5 If, at this stage, it becomes apparent that there is no real benefit to the WG, or if there are now specific business reasons why the employee cannot be released or if an identified conflict of interest presents difficulties the request can be refused. There is no appeal process when a request to apply for secondment is refused. However, if the employee believes they have been treated unfairly, they can pursue the matter through the [Grievance Policy](#).
- 5.6 If the request is authorised, the Employing Division must decide, based on business needs and the nature of the benefits of the outward secondment, whether the post will be kept open for the employee on their return. For secondments of up to 12 months, the post should be kept open, and the Division has discretion on whether the post can be kept open for longer secondments. Where it is agreed that the post will be kept open, the employee can return to that post at the end of the outward secondment. The outward secondment should not last for more than two years. Where a post is not being kept open, see para 5.14.
- 5.7 When the line manager has formally agreed that the secondment can take place, the employee can formally accept the secondment offer and must provide CSSC with full details of their Host Organisation, job description, starting dates etc. using the Proforma at Annex D. Any conflicts of interest that are a result of the secondment but have been deemed acceptable should still be recorded in line with the Financial Dealings and Conflicts of Interest policy. Where the outward secondment is to last more than six months, the line manager should ensure that the employee's IT profile is deleted for the duration of the secondment. The content of the employee's mailbox can be stored locally on iShare. Advice about transferring data can be obtained from the IT Service Desk. In exceptional circumstances, it may be possible for the IT profile to be maintained so that the outward secondee can retain access to WG systems and for an office pass to be retained for access to WG buildings. The line manager must set out the reasons for such a proposal and obtain the

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express permission of the Chief Security Officer and the Deputy Director, IT Services for such exceptions to be agreed.

- 5.8 An outward secondment agreement must be agreed and signed before the secondee can commence the arrangement. Once notification is received by the CSSC that a secondment is to take place, they will write to the host organisation asking them to provide a draft agreement, giving a date that is 10 working days before the start date for the draft to be received. If the agreement has not been provided by this time the CSSC will write to the host organisation, copied to the HRBP, reminding them to provide the agreement, stating that the employee will not be able to start their secondment without a signed agreement being in place and that, if the agreement is not forthcoming, the start date must be changed. If there is no response within 3 working days of the start date, the CSSC will forward the case to the CSSC Team Leader providing a full trail of all actions. The Team Leader will liaise with the HRBP, copying the information to the Head of Resourcing and the Head of HR Policy. The Deputy Director HR Operations & Performance will also be copied in so that they are aware of the situation and can confirm they are content for the start to be delayed until such time as a signed agreement is received.

Terms and Conditions of Service

- 5.9 Employees on outward secondments do not cease to be civil servants and the Civil Service Code, Terms and Conditions of Service rules relating to civil servants, including those on disclosure of information, Business Appointments, acceptance of outside appointments and conduct/discipline, continue to apply.

5.9.1 - **Leave:** The outward secondee must apply for leave through the line manager in their Host Organisation and must be able to show the record of annual leave taken when they return to the WG. They are entitled to public and privilege holidays in accordance with their WG terms and conditions of employment. The Host Organisation must advise the WG of any special leave without pay, or family leave of any kind which is authorised.

5.9.2 - **Sickness Absence:** The normal WG sickness absence rules apply. The Host Organisation must inform the WG of any sickness absence that occurs during the period of secondment and must ensure that Fit Notes are sent to the CSSC once they have recorded them internally. The Host Organisation must liaise with the WG regarding management of any long term sickness absence, i.e. over 28 days. The WG Employing Division or Case Advisory Team (where a post is not being held open) will manage sickness absence issues.

5.9.3 - **Pay and Expenses:** The outward secondee remains on the WG payroll. The CSSC must invoice the Host Organisation quarterly in arrears for reimbursement of salary costs plus VAT. The outward secondee must claim any T&S relating to the secondment role through the Host Organisation's

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policy and T&S system. In very exceptional circumstances where the employee seconds to a Voluntary Sector organisation, the WG may absorb the costs, if this has been agreed by the Director or their delegated managers for the Employing Division or the Permanent Secretary. In such cases, there is no VAT liability. The secondment agreement must indicate that there is no cost, other than incidental T&S costs, to the seconding organisation in relation to the secondment.

5.9.4 - Pension: unless they have opted out of a pension scheme, the outward secondee remains in their normal pension scheme and continues to pay contributions through the WG payroll. The Host Organisation reimburses the WG through payment of the invoices raised by the WG. If the Host Organisation agrees a rate of pay higher than the substantive one for the duration of the secondment, both employer and employee pension contributions are based on the **substantive rate of pay** and not the rate agreed for the secondment.

5.9.5 - Injury Benefit: the Host Organisation should provide injury benefit cover for the period of the outward secondment. In cases where the Host Organisation does not have Injury Benefit arrangements the employee must decide whether to accept the secondment without such cover. In these circumstances the employee may wish to take out private insurance against loss of earnings due to injury sustained during the outward secondment. The Injury Benefit arrangements must be outlined in the Secondment Agreement.

5.9.6 - Performance and Training: If an outward secondment is for less than 12 months, the employee must arrange a final check-in conversation and agree and review their performance category with their Employing Division. For secondments of over 12 months, the WG's Performance Management procedures are applied by the Host Organisation. Training must be provided to the line manager in the Host Organisation. This should be outlined in the Secondment Agreement. The outward secondee is entitled to continue utilising the Core Training programme offered by the WG provided the Employing Division, or the CSSC where the post is not being held open, endorses the request for training. The outward secondee must submit a written request explaining the benefits of such training. Any other training required during the outward secondment period must be funded by the Host Organisation. If the outward secondee is continuing with WG assisted learning and development, such as a degree course or other qualification, during the period of secondment, arrangements for any relevant payments must be agreed with the Employing Division before commencement of the secondment.

5.9.7 – Progression: If the outward secondee applies for any WG progression campaign during their secondment period, their eligibility will be based on their last WG Performance Assessment. This is to avoid any disadvantage caused by a dip in performance assessment caused by the newness and learning curve of the secondment role. Requests for consideration of eligibility will be

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taken forward and considered on a case-by-case basis by the Head of Resourcing.

5.9.8 - Grievance and Discipline: Discipline and/or Grievance issues for outward secondees must be handled in accordance with the WG's policies and procedures, but any matter must be raised in the first instance by/with the Host Organisation. The WG and the Host Organisation must work together to resolve such issues at all formal stages.

Legal Requirements – The (outward) Secondment Agreement

- 5.10 The Secondment Agreement between the Host Organisation, the WG and the outward secondnee is a legal document which is drawn up by the Host Organisation when an outward secondment is being arranged. The Agreement **must** be completed and signed by all parties before the employee commences the outward secondment. The Secondment Agreement is explicit in that it is for a specific role, time period and notice periods.

Health and Safety

- 5.11 The Host Organisation is responsible for Health and Safety for the outward secondnee during the term of the secondment.

Keeping in Touch arrangements during the Outward Secondment

- 5.12 The outward secondnee is responsible for notifying the WG of any change of personal details, such as home address or bank details. At the outset the CSSC will provide links to the WG Internet Newsroom pages and the recruitment system. Where the secondnee's previous post is being kept open, the line manager must also keep in touch to update the secondnee on business developments and other general issues. The security pass should be returned for the period of the secondment unless, exceptionally, working from a WG building forms part of the Secondment Agreement, in which case arrangements should be made with Security.

Notice periods

- 5.13 At any time the Host Organisation, the WG, or the outward secondnee may give four weeks' notice in writing that the Secondment Agreement is to be terminated and that the outward secondnee will return to the WG. (See para 5.14 below re returning)

Extension of Outward Secondment Period

- 5.14 When an extension is required, the outward secondnee must submit a written Business Case to the Employing Division, or, where applicable, to the CSSC, stating the benefits to the WG of extending the secondment, the duration and the reason(s). The case must be endorsed by the Host Organisation. If

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authorisation is approved by the business area's Resourcing Panel, the extension must then be cleared by the HR Resourcing Team. Without a fully approved extension the outward secondee must return to the WG on the date agreed in the initial outward Secondment Agreement. The CSSC should be notified by the HR Resourcing Team and must confirm the extension in writing to the outward secondee. Agreement to an extension of a secondment period should be secured at least three months before the original end date of the secondment. (See para 5.15 re returning)

Returning from Outward Secondment

- 5.15 When a post is not being kept open, the outward secondee will need to contact the CSSC and apply for posts at least 3 months before their date of return. If the secondment is to end earlier than expected, the secondee must contact the CSSC as soon as they are aware. If a new post is not secured by the time the outward secondee is due to return, they will be required to undertake a temporary role in their originating department, funded by that department's DRCs, until a more suitable posting can be secured. The HRBPs will discuss arrangements with the returning employee and the originating department.
- 5.16 When the Employing Division is keeping the post open the outward secondee should return to the WG on the date agreed in the Secondment Agreement unless an extension has been formally agreed. The Employing Division must arrange for the IT profile to be re-instated and make other relevant domestic arrangements. The Employing Division must advise the CSSC when the date of return is confirmed, the post reference and any other relevant details.

Post Outward Secondment

- 5.17 An employee returning from secondment is required to be available to discuss the benefits of their experience with other employees who may be interested in taking up an outward secondment opportunity. They must also write a short report about the skills and knowledge and benefits that they have acquired during their secondment for the information of other staff.

6. OUTWARD LOANS (TO CIVIL SERVICE BODIES)

Eligibility and finding an Outward Loan opportunity

- 6.1 To be eligible to seek an outward loan opportunity to another government department or agency, an employee **must** satisfy the following criteria:
- be permanent and have passed probation
 - have been in their current post for at least 12 months
 - not be classed as an underperformer in the performance management system

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- 6.2 When an employee is interested in applying for an outward loan opportunity they must first discuss the details of the opportunity, how it was advertised, and their interest with their line management to assess whether release to take up such an opportunity is feasible. It may not be possible to release an employee if their post is business critical and line management must formally explain the sound, specific, business reasons why they cannot be released, to the employee. If agreement in principle is given to the employee at the initial discussion stage, they may then apply for the loan opportunity.
- 6.3 Outward loan opportunities may be advertised through [Civil Service Recruitment](#). A contact point, along with the application procedure is normally provided with the advertisement.

Arranging an Outward Loan – the process

- 6.4 If successful in obtaining an outward loan opportunity, the employee must formally submit a comprehensive Business Case to their line manager and Director or their delegated managers. This must state the benefits of the opportunity to both the WG and the employee. Loans must not be used as a means of temporarily out placing staff whose performance is of concern. Such staff should be performance managed within their Division.
- 6.5 If, at this stage, it becomes apparent that there is no real benefit to the WG or if there are now specific business reasons why the employee cannot be released, the request can be refused. There is no appeal process when a request to apply for a loan opportunity is refused. However, if the employee believes they have been treated unfairly, they can pursue the matter through the [Grievance Policy](#).
- 6.6 If the request is authorised, the Employing Division must decide, based on the business needs and the nature of the benefits of the outward loan, whether the post will be kept open for the employee on return. For loans of up to 12 months, the Employing Division should keep the post open, and has discretion on whether the post can be kept open for longer loans. Where it is agreed that the post will be kept open, the employee can return to that post at the end of the outward loan. The outward loan should not last for more than 2 years. (see para 6.13 re return)
- 6.7 When the line manager has formally agreed that the loan can take place, the employee can formally accept the loan offer and must provide full details of their Host Government Department or Agency, job description, starting dates, etc., using the Proforma at Annex D. Where the outward loan is to last more than six months, the Line Manager must ensure that the employee's IT profile is deleted for the duration of the loan. The content of the employee's mailbox can be stored locally on iShare. Advice about transferring data can be obtained from the IT service Desk. Administrative arrangements are generally managed in the same way as a transfer to another government department or agency. In exceptional circumstances, it may be possible for the IT profile to be maintained so that the outward loanee can retain access to WG systems

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and for an office pass to be retained for access to WG buildings. The line manager must set out the reasons for such a proposal and obtain the express permission of the Chief Security Officer and the Deputy Director, IT Services for such exceptions to be agreed.

- 6.8 **In order to ensure a signed Agreement is received before the start date, the process set out in 5.8 above will apply.**

Terms and Conditions of Service

- 6.9 The outward loanee will transfer to the Host Government Department's Terms and Conditions of Service from the date of commencement of the loan.

6.9.1 - **Leave:** the annual leave entitlement for the period of the loan, and the public and privilege holiday entitlement and any other family leave, are in accordance with the Host Department's policies and procedures. A full record of annual and other leave must be provided to the WG at the end of the loan period.

6.9.2 - **Sickness Absence** – sickness absence arrangements are managed by the Host Department and a full record of sickness absence must be provided to the WG at the end of the loan period. The Host Department must inform the CSSC of any sickness absences and in particular, where formal attendance management procedures are being followed.

6.9.3 - **Pay and Expenses:** the outward loanee transfers to the Host Department's payroll for the duration of the loan period. The CSSC will make arrangements with the Host Department for the transfer of personal and payroll details. Travel and subsistence arrangements during the period of the outward loan are made in accordance with the Host Department's system and terms and conditions.

6.9.4 - **Pension:** the outward loanee remains in their normal pension scheme for the duration of the loan. If that scheme is a non PCSPS scheme, then arrangements must be made between the CSSC and the Host Department to continue payments of employer's and employee's contributions to the relevant pension scheme, e.g. Rhondda Cynon Taf Pension Scheme for ex-WDA employees. **Outward Loanees should be vigilant in checking Pensions Benefit Statements annually to ensure that pensions records show continuity of reckonable service.**

6.9.5 - **Injury Benefit:** the outward loanee is covered by the Host Department's Injury Benefit Scheme for the duration of the loan period. This must be specified in the Loan Agreement.

6.9.6 - **Performance and Training:** The outward loanee is subject to the Host Department's performance management system for the duration of the loan. Any training required during the outward loan period must be organised and

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funded by the Host Department. If the outward loanee is continuing with WG-assisted learning and development, such as a degree course or other qualification, during the period of the loan, arrangements for any relevant payments must be agreed with the Employing Division before commencement of the loan.

6.9.7 – Promotion: If the outward loanee applies for any WG promotion campaign during their loan period, they will need to undergo the assessment procedures in place for the promotion grade at the time of application.

6.9.8 - Grievance and Discipline: Any issues related to the outward loanee are dealt with in accordance with the Host Department's terms and conditions and procedures. The Host Department must inform the WG at the outset of any formal procedures being undertaken. This must be outlined in the Loan Agreement.

6.9.9 – Salary Sacrifice: If the Host Department does not operate a Salary Sacrifice Scheme through their payroll and the outward loanee uses the WG scheme, they will not be able to continue in the scheme once the loan commences.

6.9.10 - Legal Requirements: The Outward Loan Agreement between the Host Department or Agency, the WG and the outward loanee is a legal document which is drawn up by the Host Department when an outward loan is being arranged. The Agreement **must** be completed and signed by all parties before the employee commences the outward loan.

6.9.11 – Promotion: Where a WG employee on loan to another government department is successful in a formal promotion exercise leading to a substantive promotion, the WG will honour their promotion on return.

Health and Safety

6.10 The Host Department is responsible for the Health and Safety of the loanee for the duration of the loan.

Notice periods

6.11 At any time the Host Department, the WG, or the outward loanee may give four weeks' notice in writing that the Loan Agreement is to be terminated and that the outward loanee will return to the WG. (see para 6:14 re return)

Keeping in Touch arrangements during the Outward Loan

6.12 If the post is being kept open for the outward loanee to return to, the outward loanee and the Employing Division must keep in touch with each other on a regular basis. The outward loanee is responsible for notifying the CSSC of any change of personal details, such as home address or bank details. At the

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outset the CSSC will provide links to the WG Internet Newsroom pages and the recruitment system. The Host Department must keep the WG informed of sickness absence, other leave, and any formal conduct, discipline or grievance issues that arise. The security pass should be returned for the period of the loan unless working in a WG building is, exceptionally, part of the Loan Agreement, in which case arrangements must be made with Security.

Extension of Outward Loan Period

- 6.13 When an extension is required, the outward loanee must submit a written Business Case to the Employing Division, or, where applicable, to the CSSC, stating the benefits to the WG of extending the loan, the duration and the reason(s). The case must be endorsed by the Host Department. Authorisation must be given by the Resourcing Panel in the business area and cleared by the HR Resourcing Team. Without a fully approved extension the outward loanee must return to the WG on the date agreed in the initial outward Loan Agreement (see 6:14). The CSSC should be notified by the HR Resourcing Team and must confirm the extension in writing to the outward loanee. Agreement to an extension of a loan period should be secured at least three months before the original end date of the loan.

Returning from an Outward Loan

- 6.14 When a post is not being kept open, the outward loanee will need to contact the CSSC and apply for posts at least 3 months before their date of return. If the loan is to end earlier than expected, the loanee must contact the CSSC as soon as they are aware. If a post is not secured by the time the outward loanee is due to return, then they will be required to undertake a temporary role in their originating department, funded by that department's DRCs, until a more suitable posting can be secured. The HRBP will discuss this with the returning employee.
- 6.15 When the Employing Division is keeping the post open, the outward loanee should return to the WG on the date agreed in the Loanee Agreement, unless an extension has been formally agreed. The Employing Division must arrange for the IT profile to be re-instated and make other relevant domestic arrangements. The Employing Division must advise the CSSC when the date of return is confirmed, the post reference and any other relevant details

Post Outward Loan

- 6.16 An employee returning from a loan may be required to be available to discuss the benefits of their experience with other employees who may be interested in taking up an outward loan opportunity.

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Annex A

CIVIL SERVICE COMMISSION RECRUITMENT PRINCIPLES

Exception 3 Secondments

Departments may make inward secondments from outside the Civil Service of up to two years. Any proposal for a longer secondment at the outset, or to extend the appointment beyond two years, or to appoint an individual on a second secondment within 12 months of an earlier secondment, requires the prior approval of the Commission. Please click for the [Civil Service Commission Recruitment Principles](#).

Fair and Open Competition (from Recruitment Principles)

THE LEGAL REQUIREMENT

The legal requirement is for selection for appointment to the Civil Service to be made on **merit** on the basis of **fair** and **open** competition. All three elements have to be met for the appointment to be lawful.

Merit means the appointment of the best available person judged against the essential criteria for the role. No one should be appointed to a job unless they are competent to do it and the job must be offered to the person³ who would do it best.

Fair means there must be no bias in the assessment of candidates. Selection processes must be objective, impartial and applied consistently.

Open means that job opportunities must be advertised publicly. Potential candidates must be given reasonable access to information about the job and its requirements, and about the selection process. In open competitions anyone who wishes must be allowed to apply.

¹

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Annex B

GOVERNMENT OF WALES ACT 2006 (as amended)

Functions - Supplementary

Section 83 - Agency arrangements and provision of services

- (1) Arrangements may be made between the Welsh Ministers and any relevant authority for—
- (a) any functions of one of them to be exercised by the other,
 - (b) any functions of the Welsh Ministers to be exercised by members of staff of the relevant authority,
 - (c) any functions of the relevant authority to be exercised by members of the staff of the Welsh Government, or
 - (d) the provision of administrative, professional or technical services by one of them for the other.
- (2) Any arrangements under paragraph (a), (b) or (c) of subsection (1) for the exercise of functions of the Welsh Ministers do not affect the responsibility of the Welsh Ministers; and such arrangements for the exercise of any functions of a relevant authority do not affect the responsibility of the relevant authority.
- (3) The references in subsections (1) and (2) to functions do not include functions of making, confirming or approving subordinate legislation contained in a statutory instrument.
- (4) In this section “relevant authority” means any Minister of the Crown or government department, any public authority (including any local authority) in England and Wales or the holder of any public office in England and Wales.
- (5) This section applies to the First Minister and the Counsel General as to the Welsh Ministers.

Explanatory Note to the original Act as approved in 2006

304. This section empowers the Welsh Ministers (and the First Minister and Counsel General) and any Minister of the Crown, government department, public authority or holder of a public office in Wales, to enter into an arrangement under which each (including their respective staffs) exercise the functions of the other. Functions to which such arrangements may relate may not, however, include functions of making, confirming or approving subordinate legislation contained in a statutory instrument. The fact that a party to such an arrangement has made arrangements under it for the other party to exercise a function on its behalf does not relieve the former of its legal responsibility in relation to the exercise of that function.

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Annex C

Outward Secondment/Loan Template

Before an outward Loan or Secondment can be agreed, Local Resource Group approval must be in place. Please speak with you HR Business Partner for advice on the approval process.

This Template is to be completed by Staff Member leaving the Welsh Government and submitted to their HR Business Partner Team. The HR Business Partner, once all approvals in place, must forward this Template to the Corporate Shared Service Centre (CSSC) for action. **CSSC will only action if all sections are complete.**

Please note:

- No formal start date can be agreed until all approvals are in place and CSSC has confirmed that a start date should be agreed.
- A Loan takes the CSSC a minimum of 4 weeks, a secondment a minimum of 4-6 weeks, to arrange.

Name:	Grade:
HRIS Number:	
Group and Division:	Management Code:
Line manager:	Deputy Director:
Please ensure your HR Self Service contact details are in line with below	
Home Address:	Telephone Number:
	Contact Email:
<p>A Loan is where an individual moves to another Civil Service Government Department on a temporary basis. A Secondment is where an individual moves to a Non-Civil Service organisation on a temporary basis.</p> <p>Please confirm whether this is a Loan or Secondment:.....</p> <p>Please note: If on Loan for under 6 months, or on Secondment, you will remain on Welsh Government Terms and Conditions and Pay Roll. If on Loan for 6 months +, you will move onto the Terms and Conditions and Pay Roll of the Other Government Department you are on Loan with.</p>	
Please outline the benefits of this Loan/Secondment in relation to:	
You:	

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Division:	
Host Organisation:	
Welsh Government:	
Loan/Secondment details:	
Name of Organisation/Host:	
Job Title:	
Start Date:	End Date:
Did you apply to an Advert for this Loan/Secondment: Yes / No	
If Yes, please attach a copy of the Advert/Job Description below:	
Salary of Loan/Secondment: £	
Host Organisation Contact Details:	Host Line Manager Contact Details: (if different to those stated)
Name:	Name:
Address:	Address:
Telephone Number:	Telephone Number:
Email Address:	Email Address:
Secondments only:	
When on Secondment, you (the secondee) will remain on Welsh Government Terms and Conditions and Pay Roll. To ensure you are paid the correct salary for the duration of the Secondment and that Welsh Government can recoup the correct costs/salary, please confirm below.	
Salary of Secondment: £	Current Salary in WG: £

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<p>Divisional Code from which your current salary is paid:</p>	<p>Please indicate if eligible to claim from the Host Organisation:</p> <p>Excess Fares: <input type="checkbox"/></p> <p>Relocation Expenses: <input type="checkbox"/></p> <p>Detached Duty: <input type="checkbox"/></p> <p>If so: Amount £</p>
<p>Host Finance Officer Contact Details <i>(this is the individual in the Host organisation who will raise a Purchase Order to cover the cost/salary of your Secondment):</i></p> <p>Name:</p> <p>Telephone Number:</p> <p>Email Address:</p>	<p>Welsh Government Finance Officer Contact Details <i>(this is the WG Finance Officer in your current Group who will receive the Host's Purchase Order and arrange regular invoices from WG to the Host in order to recoup the cost/salary of your Secondment)</i></p> <p>Name:</p> <p>Telephone Number:</p> <p>Email Address:</p>

APPROVAL FOR Loan/Secondment
<p>Line Manager:</p> <p>If the Secondment/Loan is less than 12 months, it is standard practice to ensure that the Staff Member is able to return to their original post. It is recognised that this is not always possible when the duration of the Secondment/Loan is more than 12 months.</p> <p>If the duration of the Secondment/Loan is for more than 12 months and their Welsh Government post requires SC or DV clearance then please note that their security clearance may lapse (unless it is possible for the current level of clearance to be transferred). Please bear this in mind when deciding whether to hold the post open as on return to the Welsh Government it could be a significant amount of time before they can resume their role fully. For example, SC clearance usually takes 6-8 weeks from when the forms are submitted. DV clearance can take up to 9 months.</p> <p>Will this staff members current post be held open for the duration of the secondment: Yes / No</p>

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If No, please outline your reason and confirm that you have discussed, and agreed this, with your staff member:

Please confirm that you have agreed 'keep in touch' arrangements with your staff member for the duration of the Secondment/Loan: Yes/No

In order to seek an outward Secondment/Loan, individuals must satisfy the following criteria:

- Be permanent and have passed probation
- Have been in their current post for at least 12 months
- Not be classed as an underperformer in the performance management system

Please confirm the staff member meets these criteria: Yes/No

Line Manager's Approval and Endorsement:

Signature/Name:

Group Resourcing Approval and Endorsement:

Secondments and Loans out are agreed by exception only and must be agreed by your Local Resourcing Panel before proceeding. See Business case template below:

<https://documents.hf.wales.gov.uk/id:A41331621/document/versions/published>

Please attach email of Local Resource Panel Approval here:.....

HR Business Partner Approval: Yes / No

Signature/Name:

HR Business Partner: Once completed please return this form to Shareservicehelpdesk@gov.wales

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Annex D

GLOSSARY OF TERMS

Outward Secondment	A temporary move of a WG employee to another public sector, voluntary sector or private employer for a limited period under the terms of a Secondment Agreement
Inward Secondment	A temporary move of an employee of another public sector, voluntary sector or private employer into the WG for a limited period under the terms of a Secondment Agreement
Loans	Temporary moves of civil servants between UK and devolved Government Departments, Executive Agencies and other government bodies under the terms of a Loan Agreement
Outward Secondee	WG employee who is on Secondment to another public sector, voluntary sector or private employer
Outward Loanee	WG employee who is on Loan to a UK or devolved government body.
Inward Secondee	An individual who seconds from an outside organisation under a Secondment Agreement to the WG for a specified period of time
Inward Loanee	An individual who joins the WG on loan from another UK or devolved government department or agency with civil service status, under a Loan Agreement for a specified period of time
HRBP	HR Business Partners – general advice and business planning etc
CAT	HR Case Advisory Team – attendance, grievance and discipline issues
Civil Service Commission	The Commission is independent of Government and of the Civil Service. It is an executive Non-Departmental Public Body sponsored by the Cabinet Office and regulates recruitment to the Civil Service, provides assurance that appointments are on merit after fair and open competition, and helps promote the Civil Service values of Honesty, Integrity, Objectivity and Impartiality.
Business Case	A comprehensive request outlining the benefits of a Secondment/ Loan opportunity
Employing Division	The WG Division from where the employee is being Seconded or Loaned.

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Receiving Division	The WG Division which the inward secondee/loanee is working for
Host Organisation/ Government Department	The external organisation which the outward Secondee/Loanee is working for
Secondment/Loan Term	Length of the Secondment/Loan
Parent Organisation/Department	The legal employer of the Secondee/ Loanee
Injury Benefit Cover	<p>The Civil Service Pensions Injury Benefit Scheme provides benefits to staff who suffer reduced earning capacity as a result of injury at work suffered in the course of official duty.</p> <p>It is a 'no fault' scheme and entitlement to benefits does not mean that the member of staff necessarily has a personal injury compensation claim that is likely to succeed.</p> <p>It should also be noted that if a member of staff successfully pursues a claim for compensation against the employer and is in receipt of injury benefits, they have to be repaid upon settlement of the personal injury claim.</p> <p>There are a number of stringent criteria that have to be met before benefits are awarded. To be eligible for cover the member of staff must have a qualifying injury and their earnings capacity impaired as a result of the injury.</p>

Agenda Item 2.2

David Richards OBE

Cyfarwyddwr Priodoldeb a Moseg
Director of Propriety and Ethics



Llywodraeth Cymru
Welsh Government

Mark Isherwood MS

Chair

Public Accounts and Public Administration Committee

SeneddPAPA@senedd.wales

23 May 2023

Dear Chair,

I understand that the Committee are very interested in the content of the recent Ernst and Young report and have asked if the Welsh Government were able to supply the Committee with a copy. I suggest that this request should be best directed to Betsi Cadwaladr University Health Board, since it was they who commissioned the report. They will be best placed to make a judgement on how to respond to the Committee while at the same time taking account of any issues of confidentiality or employment rights which might be raised by disclosure. They will also be able to take account of the contractual basis with which the report was commissioned with Ernst and Young. The report is still on a very limited circulation within the Welsh Government and, while we certainly would not wish to be unhelpful to the Committee, we could not release it ourselves without the prior agreement of the Health Board.

Yours Sincerely,

David Richards OBE

Cyfarwyddwr Priodoldeb a Moseg
Director of Propriety and Ethics
Llywodraeth Cymru/ Welsh Government



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding

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Agenda Item 6.2

By virtue of paragraph(s) vi of Standing Order 17.42

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Maximising EU Funding – the Structural Funds Programme and the Rural Development Programme

June 2023



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Key messages

Context

- 1 Wales has long been a recipient of EU funds. While there have been other programmes, the two largest components of EU funding have been:
 - **the Structural Funds Programme** – made up of the European Regional Development Fund (ERDF) and the European Social Fund (ESF); and
 - **the Rural Development Programme** – which is divided into ‘Measures’ that address EU priorities.
- 2 The Welsh Government manages both programmes in Wales, each covering a wide range of projects/activities. In practice, the Welsh European Funding Office (WEFO)¹ manages Structural Funds and the Welsh Government’s directorate for rural affairs manages the Rural Development Programme. Welsh Government departments are the main recipients of Structural Funds, managing projects approved by WEFO. The Rural Development Programme generally awards funding to farmers, businesses, and external organisations. Both programmes must be co-financed by domestic funding alongside EU grant (**Exhibit 1**).

1 WEFO is part of the Welsh Government and is responsible for the shared management of Structural Funds in Wales, in partnership with the European Commission. As ‘Managing Authority’, WEFO is responsible for the efficient management and implementation of the programme. Where we refer at the same point to both WEFO and the Welsh Government, it is to distinguish between the responsibilities for managing Structural Funds and the Rural Development Programme.

Exhibit 1: summary of the coverage and value of the Structural Funds Programme and the Rural Development Programme¹

Programme	Examples of activities supported	EU grant	Total value with domestic co-financing
Structural Funds Programme	Major transport schemes, large work-based learning programmes, smaller local schemes addressing poverty and exclusion.	£2.1 billion ²	£3.2 billion
Rural Development Programme	The programme aims to promote strong, sustainable rural economic growth and community-led development in Wales. It supports projects within the food, farming and forestry industries to improve productivity, diversity, and efficiency.	£562 million	£842 million

Notes:

¹ EU funding is provided in Euros. For this report, we have quoted values in £s which are calculated by WEFO and the Welsh Government by applying a planning conversion rate. The current conversion rate is £1: €1.17. The overall programme values would change with any fluctuations in the planning conversion rate, but grant already drawn down is not affected by any future fluctuations.

² For Structural Funds, ERDF accounts for around £1.2 billion of the EU grant allocation and ESF £878 million.

Source: Audit Wales summary

- Both programmes follow the EU seven-year budget cycles. This report covers the 2014-2020 cycle. In practice, the programmes can spend until 31 December 2023. However, there are some key differences in the deadlines for the two programmes (**Exhibit 2**). There will also be programme closure activity well beyond 2023.

Exhibit 2: key differences in the deadlines for the Structural Funds Programme and the Rural Development Programme

Structural Funds Programme projects have until 31 December 2023 to incur expenditure. All projects must submit final claims to WEFO 21 days after project end dates for WEFO to process. WEFO then has until July 2024 to claim the final remaining EU grant.

Under the **Rural Development Programme**, expenditure must be incurred by a beneficiary and paid by the Welsh Government by 31 December 2023. To allow time for checks and processing, the Welsh Government has set a deadline of 7 July 2023 for most beneficiaries to submit their final claims. The exception is a small number of agri-environment capital works schemes.

Source: Audit Wales summary

- Following the UK's departure from the European Union, Wales is not participating in the 2021-2027 EU funds programme. The UK Government has launched the Shared Prosperity Fund as a replacement for Structural Funds. The UK Government is managing the Shared Prosperity Fund itself.
- In April 2022, the Welsh Government announced a £227 million, three-year, funding allocation to ensure continuity for some areas previously supported by the Rural Development Programme. The Welsh Government has established its Sustainable Farming Scheme which sets out its post-Brexit agricultural support for farmers and is expected to be in place for 2025. The Welsh Government intends that the scheme will reward farmers for actions that address nature and climate emergencies as well as food production, and that it will support wider land management improvement.

- 6 This narrowly scoped report examines whether Wales is on track to maximise use of the remaining EU funding from the Structural Funds Programme and the Rural Development Programme. We focus on the position with commitment and expenditure at the start of 2023, and how key risks are being managed. We updated our analysis as we were finalising this report to show the position at the end of March 2023.
- 7 We have prepared this report to provide insight for those with an interest in the programmes and to support scrutiny. However, given the short time remaining and limited scope for changes to the management or delivery of the programmes, and having identified relevant issues for both programmes to manage in previous reports, we are not making any specific recommendations as part of this report.
- 8 **Appendix 1** provides more detail about our work leading to this report, and about our previous work. **Appendix 2** provides further information about programme structures.

Key findings

- 9 Overall, we have concluded that WEFO and the Welsh Government have committed all the EU funding and more to projects but still had significant sums available to spend during 2023. They are managing some significant risks to maximising the drawdown of the funding, some of which are no longer in their control.
- 10 Despite some challenges, including delays caused by the COVID-19 pandemic, WEFO and the Welsh Government managed to commit all the EU grant and more to projects and beneficiaries (**Exhibit 3**). They nonetheless had just under £650 million of EU grant available to spend in 2023. The rate of spending by beneficiaries and projects in both programmes needs to be higher in the final year of the programme than in earlier years. If all the projects and beneficiaries deliver as planned and claim all the committed funding, expenditure over the 100% EU grant will need to be funded by the Welsh Government.

Exhibit 3: levels of commitment and spend across the Structural Funds Programme and Rural Development Programme

	Structural Funds Programme (December 2022)	Rural Development Programme (January 2023) ¹
EU grant	£2.1 billion	£562 million
% EU grant committed	102%	104%
EU grant spent ²	£1.5 billion	£488 million
EU grant available to spend ³	£576 million	£73 million
Value of over-commitment	£48 million	£20 million

Notes:

¹ Commitment and spend are up to January 2023 for the Rural Development Programme rather than December 2022 as we used the information available at the time of our field work. The Welsh Government publishes details about commitment and spend on its website for both the [Structural Fund Programme](#) and the [Rural Development Programme](#).

² The EU grant spent figure covers funding that has been approved and distributed to projects and beneficiaries.

³ EU grant spent and available to spend does not tally to the overall EU grant total due to rounding.

Source: WEFO and Welsh Government data

- 11 WEFO and the Welsh Government have made further progress in the early part of 2023. At the end of March 2023, there was £504 million of EU grant left to spend (£446 million Structural Funds Programme, £58 million Rural Development Programme). Overall spending for each programme in the early part of 2023 was broadly in line with the trajectory needed to maximise drawdown. WEFO also committed a further £22 million of EU grant to Structural Funds projects, taking the over-commitment from £48 million to £70 million.
- 12 Nonetheless, WEFO and the Welsh Government are managing some significant risks, some of which are no longer in their control:
 - WEFO and the Welsh Government are continuing to adapt the programmes to ensure that funding remains committed and maximise the prospects for spending the EU grant. However, with little time left, there is limited scope to extend or set up new schemes or projects and deliver them. WEFO and the Welsh Government are now reliant on projects and beneficiaries delivering on time and to budget.
 - WEFO and the Welsh Government are closely monitoring the exchange rate, but the impact of any fluctuations lessens over time.
 - WEFO and the Welsh Government are continuing to carry out checks on claims to manage the risk that funding is subsequently reclaimed by the EU due to ineligibility or errors.
 - WEFO and the Welsh Government are reminding projects and beneficiaries of the need to ensure good record keeping beyond 2023. This is a particular risk because with no replacement funding, some external organisations may no longer exist and may not be able to engage in the closure processes as required by the EU.
 - WEFO and the Welsh Government are considering options to boost and retain their own staffing capacity to process claims, carry out the required checks before the end of the programmes, and support the post-2023 closedown processes.



I do not underestimate the challenge of trying to maximise the spend of the remaining EU funds. Landing the programmes short involves a loss of money to Wales but landing in the other direction would mean a potentially substantial bill for the Welsh Government. Despite difficult circumstances, it is encouraging to see that WEFO and the Welsh Government have committed all EU funding and that there is a positive trajectory for programme spending. That progress needs to be sustained while also managing significant risks and ensuring value for money.

Adrian Crompton
Auditor General for Wales





WEFO and the Welsh Government have committed all of the EU funding and more to projects but still had significant sums available to spend during 2023

01

- 13 This part of the report sets out progress with committing EU funding to projects and spending. **Exhibit 4** sets out the meaning of ‘commitment’ and ‘spend’ for each programme.

Exhibit 4: definitions of commitments and spend for the Structural Funds Programme and the Rural Development Programme

	Structural Funds Programme	Rural Development Programme
Commitment	Approved project funding and a signed contract with the beneficiary.	Approved project funding and signed acceptance of grant offer by beneficiary.
Spend	Amount paid to beneficiaries following approval of claims.	Amounts paid to beneficiaries following the receipt and processing of a valid claim.

Note: in response to our 2018 report on the impact of Brexit on the Rural Development Programme, the Welsh Government has clarified its definition of ‘commitment’ for the programme.

Source: Audit Wales summary

WEFO and the Welsh Government have faced some significant challenges in progressing the programmes

- 14 WEFO and the Welsh Government and have faced challenges in progressing the programmes. The COVID-19 pandemic in particular caused disruption with some projects being delayed or having to be cancelled and an impact on the pace of spend. The programmes have also faced recent challenges due to high inflation, which has impacted the costs of materials. Supply chain issues and labour shortages have also impacted on project delivery. Our 2018 reports on the impact of Brexit on the programmes highlighted several challenges to committing funding, including early delays on the programmes and uncertainty associated with Brexit, even before the pandemic and recent economic pressures.

WEFO and the Welsh Government have managed to fully commit all the EU funding and more to projects and beneficiaries

- 15 Both WEFO and the Welsh Government consider the fact that they have managed to over-commit all funding to be a significant success, given the challenges encountered through this programme period. WEFO and Welsh Government data shows that:
- as of December 2022, WEFO had committed 102% of the EU grant for the Structural Funds Programme. This means all the grant had been allocated and it had over programmed by around 2% (£48 million). The £48 million overcommitment was split almost equally across the ESF and ERDF; and
 - as of January 2023, the Welsh Government had committed 104% of the EU grant for the Rural Development Programme. This means all the grant had been allocated and it had over programmed by 4% (£20 million).
- 16 Over-committing funding is a common practice in programme management. It provides a buffer for some projects under-delivering and therefore not being able to draw down their grant funding. Predicting the right level of over programming is difficult and not without risk. If all the projects and beneficiaries deliver as planned and claim all the committed funding, expenditure over the 100% EU grant will need to be funded by the Welsh Government.

- 17 WEFO has been more cautious about over commitments than in previous rounds. Under previous rounds², WEFO had a degree of comfort that elements of funding could transition between one programme and the next if it looked like there would be an overspend. As Wales is not participating in the 2021-2027 Structural Funds Programme, this mitigation is not available. The Shared Prosperity Fund is being administered by the UK Government and provided directly to local government, and across City and Growth Deal Areas³, so the Welsh Government is not able to use that funding to mitigate these risks. The situation is different for the Rural Development Programme, where the Welsh Government retains control over the replacement programme's design and funding.

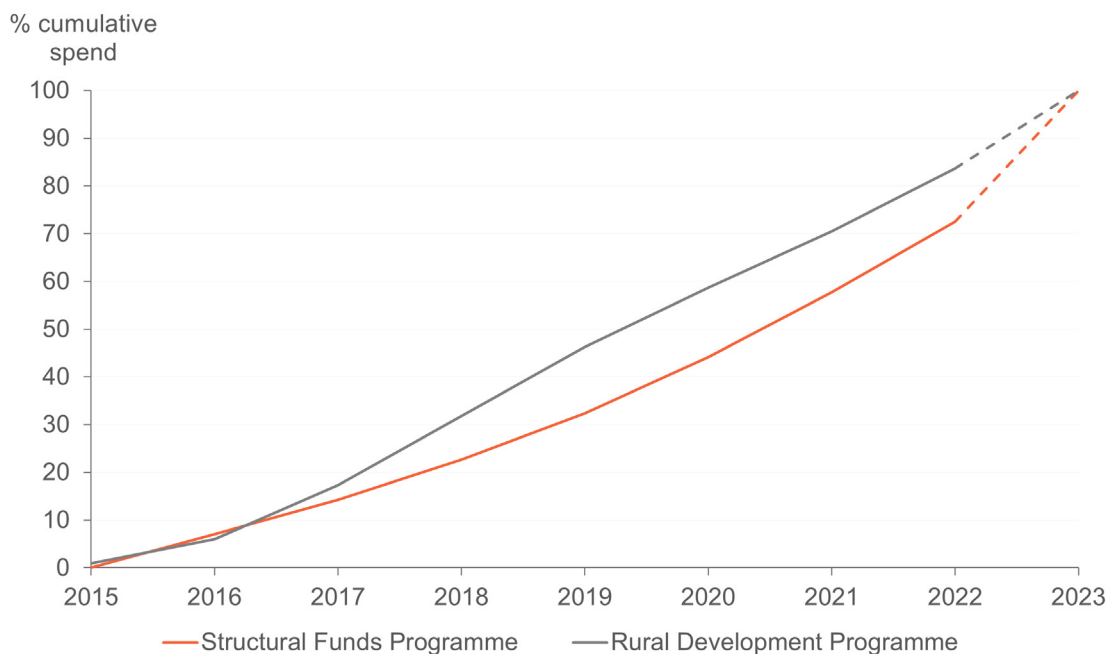
WEFO and the Welsh Government had around £650 million of EU funding available to spend during 2023

- 18 Although all the EU funding and more is committed for both programmes, there were significant sums of money left to spend during 2023.
- as of December 2022, £576 million (27.5%) of the EU grant for the Structural Funds Programme was still to be spent before 31 December 2023. This included £355 million from ERDF and £221 million for the ESF.
 - as of January 2023, £73 million (13%) of the EU grant for the Rural Development Programme was still to be to be spent.
- 19 Both programmes need to increase the rate of expenditure over the final year. **Exhibit 5** shows that if all the funding is to be drawn down, Structural Funds need to be spent at a substantially faster rate than in previous years. The rate of spend for the Rural Development Programme looks steadier when mapped to the end of December 2023. However, the timetable and rules (**Exhibit 2**) mean that spending by beneficiaries needs to increase substantially if most are to submit final claims by July 2023.

2 The Welsh Government was unable to provide us with information on the level of over-commitment in previous rounds of the Rural Development Programme for comparison.

3 The City and Growth deals receive regional funding. They are the Cardiff Capital Region Skills Partnership, Swansea Bay City Deal, Ambition North Wales, and the Growing Mid Wales Regional Partnership.

Exhibit 5: cumulative percentage of available EU grant spent across the Structural Funds Programme and Rural Development Programme and left to be spent, 2015 to 2023^{1,2}



Notes:

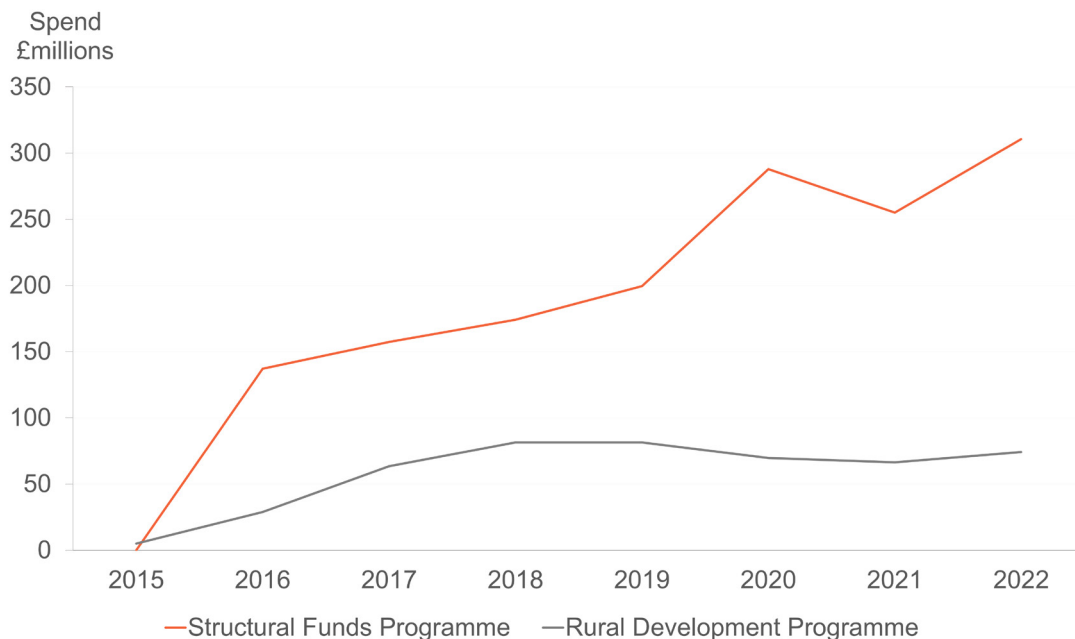
¹ **Exhibit 2** explains the different rules for the two schemes. Structural Funds projects have until 31 December 2023 to keep spending. Within the Rural Development Programme most beneficiaries have been asked to submit final claims by 7 July 2023, so that the Welsh Government can check and pay them by 31 December 2023.

² 2015-2022 spend is cumulative spend. 2023 is remaining spend to be claimed.

Source: Audit Wales analysis of WEFO and Welsh Government data

20 The pattern of higher spend late in the programmes has been a feature in previous rounds. However, the situation is more challenging in the current round due to disruption caused by the events which led to many projects being delayed and spending later than initially expected (**paragraph 14**). In particular, the COVID-19 pandemic contributed to a drop-off in EU grant spending on the Rural Development Programme in 2020 and 2021 (**Exhibit 6**). While annual EU grant spend on the Structural Funds Programme increased for 2020, it dropped back slightly in 2021 before increasing again in 2022.

Exhibit 6: annual EU grant expenditure across the Structural Funds Programme and Rural Development Programme, 2015 to 2022



Source: Audit Wales analysis of WEFO and Welsh Government data

21 In previous programming rounds, WEFO and the Welsh Government have not spent all the available EU grant funding. Achieving full spend is complicated by the issue of fluctuation in the exchange rate. For the two previous Structural Funds rounds – 2000-2006 and 2007-2013 – WEFO spent around 97% of the EU grant. The previous round of the Rural Development Programme spent around 93% of the EU grant⁴. Outcomes equivalent to those in the previous round would leave around £102 million of EU grant unspent overall (£63 million for the Structural Funds Programme and £39 million for the Rural Development Programme). Across the two programmes combined, every 1% of grant not spent equates to just under £27 million.

4 We do not have a figure for the Rural Development Programme for 2000-2006.

WEFO and the Welsh Government have made further progress in early 2023 and by the end of March the amount of EU grant left to spend fell to £504 million

- 22 WEFO and the Welsh Government provided us with updated information on spending to the end of March 2023 as we were finalising this report. It shows that the total amount of grant left to spend fell from £650 million to £504 million.
- 23 The amount of EU Structural Funds left fell by £130 million, from £576 million at the end of December 2022 to £446 million at the end of March 2023. WEFO also committed a further £22 million of EU grant, mainly to ERDF projects, taking the over-commitment from £48 million to £70 million. Overall, the rate of expenditure early in 2023 was broadly in line with the trajectory needed to maximise drawdown. However, there was significantly more progress in spending ESF grant. The remaining ERDF fell from £355 million to £304 million (-14%) while ESF fell from £221 million to £142 million (-36%). **Paragraph 31** sets out the challenges around having several large projects due to complete later in the year, many of which are in the ERDF programme.
- 24 For the Rural Development Programme, the remaining EU grant fell from £73 million at the end of January 2023 to £58 million at the end of March 2023. The overall rate of spending during February and March is broadly in line with the trajectory needed to maximise drawdown. **Paragraphs 32 and 33** explain the particular challenges around the balance of the remaining projects as at the end of January, with socio-economic schemes having historically tended to underspend against their allocation. The Welsh Government data available to us, up to the end of March 2023, did not include an update on the amount of EU grant remaining across the different types of projects.



WEFO and the Welsh Government are managing some significant risks to maximising the drawdown of the funding, some of which are no longer in their control

- 25 This part of the report sets out the key risks that WEFO and the Welsh Government face as they seek to maximise the use of the remaining available EU funding.

WEFO and the Welsh Government are continuing to adapt the programmes to ensure all the funding remains committed

- 26 It is inevitable on large programmes that plans will change: some projects under-deliver or do not come to fruition and funding needs to be moved around. This movement of funding has been a feature of previous rounds in the Structural Funds and Rural Development Programme. For this round, the challenges have been compounded by the delays caused by the COVID-19 pandemic, which have required some projects to be dropped and new projects introduced to replace them or for other projects to be extended. For both programmes there are strict, although different, rules governing any changes from the plans approved by the EU (**Exhibit 7**).

Exhibit 7: rules relating to adapting the programmes

For the **Structural Funds Programme**, grant funding cannot be moved between ERDF and ESF nor between the two geographical regions of West Wales and the Valleys and East Wales (**Appendix 2**). For both ERDF and ESF, the EU signs off on the total funding available at a priority level for each region. In the final year of the programme, WEFO has flexibility to overspend up to 15% of the agreed amount for any priority in a region and fund it through underspends in other priorities within that region, without needing EU approval.

For the **Rural Development Programme**, the Welsh Government sets the allocations against the various Measures and this is approved by the EU. Unlike Structural Funds, there is no flexibility to move funds between Measures without further EU approval through a programme modification. The Welsh Government can, however, flexibly manage schemes within the limits set for the Measure.

- 27 For the Structural Funds, the COVID-19 pandemic has had the biggest impact on ERDF projects where some projects have been delayed, reduced in scope, or cancelled. Some projects, especially capital projects, have also faced cost pressures because of inflation and labour shortages. In March 2023, WEFO obtained EU approval for a formal Programme Modification. This has largely involved moving funding from projects upgrading roads and railway stations that were delayed, and reinvesting into a priority area supporting small and medium enterprises. WEFO anticipates that if any further changes are needed to move money between Priorities, it can be accommodated within the 15% flexibility it has under EU rules (**Exhibit 7**).
- 28 The Welsh Government has made several programme modifications to the Rural Development Programme to date. These have been needed for reasons such as project underspends, unsuccessful projects, and penalties for non-compliance with scheme rules. Although the Programme is more than fully committed overall, several individual Measures are over-committed, while several others are under-committed. The Welsh Government intends to make a final programme modification on 30 September 2023. After that point, it cannot make any further modifications. As noted in **paragraph 16**, the Welsh Government would need to cover any overspend against the EU grant allocations for each Measure from domestic funding. Any underspends for each Measure will be lost to Wales.

With little time left, there is limited scope to extend or set up new schemes or projects so WEFO and the Welsh Government are reliant on existing projects and beneficiaries delivering on time

- 29 The impending deadlines mean there is limited scope for WEFO and the Welsh Government to make changes to the programmes. It takes time to go through the process of setting up projects and schemes and then delivering the activity and benefits. WEFO and the Welsh Government recognise that while they can work closely with projects and schemes and help where they can, they are now heavily reliant on the projects and schemes delivering to agreed timescales.

- 30 As of 31 December 2022, there were 224 Structural Funds projects categorised as ‘active’, 54 of which had passed their due date. In principle, there was £624 million of EU grant committed to these projects and left to spend, including £48 million of over-commitment. After accounting for claims already submitted by projects but not yet paid by WEFO, the amount of funding left to claim was £470 million (**Exhibit 8**).

Exhibit 8: number of active Structural Funds Programme projects as at the end of December 2022 and the amount of EU grant left to claim

	Number of active projects	Committed EU grant left to claim (including over-commitment)
Projects past end date at 31 December 2022	54	£37 million
End date 1 January 2023 to 31 December 2023	170	£433 million
Totals [of which]	224	£470 million
End date 1 October 2023 to 31 December 2023	41	£153 million
End date 1 December 2023 to 31 December 2023	18	£68 million

Note: The £ figures here represent the amounts left to claim but excluding claims submitted to WEFO that had not been processed and paid out at the end of December 2022.

Source: Audit Wales analysis of WEFO data

- 31 Many of the active projects will run close to the deadline for spending. There are 41 projects that are due to end in the final quarter of 2023, with 18 of those due to end in the final month. Several of the projects finishing in 2023 are large schemes, funded through the ERDF, where the Welsh Government is the lead organisation. These include the A40 road improvement project and broadband infrastructure projects.
- 32 In principle, as at the end of January 2023, there was £93 million of committed EU grant funding remaining under the Rural Development Programme, including £20 million of over-commitment. Of the £93 million, £25 million related to Measures containing agri-environmental schemes and £50 million related to Measures containing socio-economic style schemes. The remainder was a mix of the two. Agri-environment schemes generally deliver in line with anticipated spend profiles and the Welsh Government is therefore more confident that they will spend in line with profiles.
- 33 The socio-economic style projects are generally more difficult to reliably forecast. Historically, they have been prone to under-delivery. The Welsh Government has been monitoring these socio-economic projects. As at the end of January 2023, there were still over 100 socio-economic projects expected to run to the end of June 2023. Any extensions to these projects would put at risk the Welsh Government's timetable to support the processing of claims (**Exhibit 2**).

WEFO and the Welsh Government are closely monitoring the exchange rate, but the impact of any fluctuations lessens over time

- 34 A fluctuating exchange rate has always been an ongoing risk that both programmes have had to carefully manage. The maximum level of funding available to Wales is set in Euros at the beginning of the programming period. Any drop in the value of the pound would mean that the expected value of the EU funding in pounds would increase and vice versa. A drop in the value of the pound happened earlier in the programmes, resulting in the overall EU grant funding allocations being considerably higher than first thought.

- 35 Despite earlier fluctuations in the exchange rate, it has remained relatively stable in recent years. The risk remains, albeit small, that an unforeseen event triggers a substantial shift in the rate before the programme ends. However, the closer to the end of the programme, the less the impact, as there would be less money remaining to be drawn down at the changed rate. While the risk is diminishing, WEFO and the Welsh Government will continue to monitor the exchange rate through to programme closure.

To manage the risk of the EU reclaiming funding, WEFO and the Welsh Government need to keep checking the eligibility of claims and work with projects and beneficiaries to ensure good record keeping beyond 2023

- 36 WEFO and the Welsh Government undertake a series of validation and management checks on claims prior to payment to ensure expenditure claimed is in line with the scheme rules and complies with EU regulations. These checks are important to minimise the risk that the EU claims back funding at some later point because it is ineligible or due to errors.
- 37 Our 2018 report on managing the impact of Brexit on the Structural Funds found that WEFO had strengthened the checks it carried out to ensure that projects only spend EU money in line with strict criteria. As a result, it had a very low error rate. We understand that those strengthened controls remain in place for the Structural Funds. The most recent Annual Control Report by the Welsh Government’s European Funds Audit Team – covering the accounting period 1 July 2021 to 30 June 2022 – identifies an extremely low error rate of 0.046%.
- 38 Our financial audit work on the Rural Development Programme since 2016 has concluded that, in general, the Welsh Government complied with the EU control standards. However, there was one area for improvement where officers were making administrative mistakes in interpreting scheme rules and determining the eligibility of claims for funding. In response, the Welsh Government has revised guidance and implemented refresher training and guidance for officers. In 2022, we found fewer mistakes compared to previous years, but still a notable number. The financial impact of the issues was not material⁵.

5 Materiality is calculated as 2% of gross expenditure. If extrapolated audit errors exceed this amount the audit opinion would be modified.

- 39 As the programmes move towards key milestones, it remains essential for WEFO and the Welsh Government to continue to carry out robust checks. There is a risk that in a rush to spend, the checks and oversight get relaxed. We have seen no evidence that either WEFO or the Welsh Government intend to relax their checks, but they will need to guard against this risk.
- 40 There will be further checks and audits on expenditure after the programme end date. WEFO and the Welsh Government will need to retain a full audit trail and have staff in post with the required knowledge to close the programmes appropriately and address audit queries, mitigating the risks of non-compliance with scheme or EU rules. WEFO and the Welsh Government are grappling with staffing issues and recognise the need to manage this risk (**paragraphs 43 to 46**).
- 41 Both WEFO and the Welsh Government are concerned about record keeping and access to some projects and beneficiaries as part of the closedown and audit process. In previous programme rounds, the European Union has asked to review documentation for projects after they have stopped receiving funding from a particular programme round. Because projects often continued into the next programme round, that process has been quite straightforward.
- 42 However, with this being the last programme, organisations that have relied heavily on EU funding for their work may simply no longer exist. This is largely outside of the control of WEFO and the Welsh Government, but they will need to continue working with projects and beneficiaries to do what they can to mitigate this risk. As part of its management of programme closure, WEFO has issued guidance on record retention. WEFO also told us they are having ongoing informal discussions with projects regarding the importance of record retention. The Welsh Government told us that its communications to date with beneficiaries under the Rural Development Programme have focussed more on the need to retain and make available data to support the checks prior to final payment, including on-site visits.

WEFO and the Welsh Government have identified staff capacity as a risk to robustly processing and checking claims in time and managing the closure of the programmes

- 43 Both WEFO and the Welsh Government have identified staff resourcing pressures as a risk to checking and processing claims in a timely manner, to ensure full drawdown of the remaining EU funding. They also need staff in place through the full closure process beyond 2023. The teams responsible for both programmes report that they are carrying vacancies in key areas. However, the staffing challenges are different for the two programmes.
- 44 For the Structural Funds Programme, WEFO is concerned that as the end date approaches some key staff will be looking for alternative employment. WEFO is mitigating this risk through a transition project. The project involves helping WEFO staff to stay in their WEFO post as the programme winds down, while planning for new roles after the end of the programme. WEFO also plans to ensure there is a legacy team after 2023 to deal with the closedown but has not decided on its size and structure.
- 45 WEFO reported that it is finding it difficult to recruit internally to fill gaps. It is concerned that WEFO roles are not perceived as attractive due to the impending closure of the programme. It has considered procuring external contractor support for some work but ruled this out due to the procurement timescales involved. WEFO is considering other external options for addressing staff capacity issues, including hiring agency staff if necessary.
- 46 For the Rural Development Programme, the Welsh Government has identified staff capacity as a risk due to vacancies and competing priorities. At the time of drafting this report, the Welsh Government was conducting an external campaign to recruit up to 15 new temporary staff, and extending existing temporary promotions for the duration of 2023. However, there remains a risk around key officers needing to balance working on the transition schemes and the future replacement schemes for the Rural Development Programme (**paragraph 5**), as well as managing the last year and closing-down of the current programme.



Appendices

- 1 About our work
- 2 About the Structural Funds Programme and the Rural Development Programme

1 About our work

Audit scope

Focusing specifically on the Structural Funds Programme and the Rural Development Programme, we considered whether Wales is on track to maximise use of the remaining available EU funding.

Key areas that we considered for both programmes in this narrowly scoped examination included:

- the current level of commitment and expenditure;
- the prospects for spending the full allocation;
- [where available] the track record of spend against commitment in previous programmes; and
- how risks to delivery are being managed.

Areas that this examination has not included in scope are:

- the history of how the 2014-2020 programmes have been managed overall;
- the performance of the programmes against their wider objectives;
- the robustness of arrangements in place to manage risks to delivery; and
- the successor schemes to EU funding.

We have reported previously on matters relating to the overall management of both programmes. For the 2014-2020 programming period, these included two reports in 2018 that considered the impact of Brexit at a time when there was still the prospect of the UK's withdrawal from the EU on a 'no-deal' basis⁶. Had the UK left the EU without a deal, EU funding to Wales would have stopped immediately with the UK Government only guaranteeing that it would replace funding for projects that had been 'signed before the UK leaves the EU'.

We also reported in June 2020 on the Welsh Government's processes and controls for Rural Development Programme grants awarded between January 2016 and January 2019⁷. We have not considered the Welsh Government's response to the recommendations in that report as part of this latest examination.

6 Auditor General for Wales, [Managing the impact of Brexit on EU Structural Funds](#), July 2018 and [Managing the impact of Brexit on the Rural Development Programme in Wales](#), November 2018

7 Auditor General for Wales, [Ensuring value for money from Rural Development Grants made without competition](#), June 2020

Audit methods

Financial analysis

We carried out a range of analysis including:

- reviewing current commitment and spend levels compared with the EU grant allocation based on current values;
- reviewing current commitment and spend levels compared with the same point in the previous programme;
- reviewing ineligible expenditure in current programmes in comparison with the previous programme;
- reviewing cumulative and annual expenditure trends over the lifetime of the programme; and
- reviewing project end dates in the final year of the programme.

Document review

We reviewed a range of documentation. This included Programme Monitoring Committee⁸ papers, Welsh Government management control and monitoring information and reports, and risk control and mitigation documents.

Audit Wales undertakes the Annual Certification audit of expenditure for the European Agricultural Fund accounts, working on behalf of the National Audit Office for the EU. The audit work covers the completeness and accuracy of the accounts, assessing the control environment and the legality and regularity of expenditure. We reviewed the Audit Wales audit reports.

The European Funds Audit Team is part of the Welsh Government's Audit, Assurance and Counter Fraud Division. The Team acts as the Audit Authority for Structural Funds programmes in Wales. We reviewed their recent audit reports. Audit Wales has not had a direct role in the audit of the 2014-2020 Structural Funds Programme.

8 The Welsh Government established the Programme Monitoring Committee to monitor the Structural Funds Programme and the Rural Development Programme and to comply with legal and administrative provisions set out by the European Union.

Interviews and observations

We met with WEFO and other Welsh Government officials responsible for the Structural Funds Programme and the Rural Development Programme respectively.

We discussed issues relevant to the scope of our work with the Wales Council for Voluntary Action and the Welsh Local Government Association. We also observed the January 2023 Programme Monitoring Committee meeting.

2 About the Structural Funds Programme and the Rural Development Programme

Structural Funds Programme

The programme has two key components: the European Regional Development Fund (ERDF) and the European Social Fund (ESF). Both ERDF and ESF are broken down into investment priorities, under which sit individual projects (**Exhibit 9**). The funding is also split between two geographical areas. West Wales and the Valleys gets a majority of the funding due to lower economic output, with the remainder for East Wales.

Exhibit 9: overview of the Structural Funds Programme

ERDF priorities	Examples of projects funded
Connectivity and urban development	<ul style="list-style-type: none"> • Upgrading of roads and railway stations. • Development of new employment sites. • Investment in key visitor attractions to drive growth in the tourism industry.
Research and innovation	<ul style="list-style-type: none"> • Research programmes at Welsh universities. • Research and development collaborations between academia and industry. • Assisting Welsh businesses to develop new products and services across a range of sectors.
SME competitiveness	<ul style="list-style-type: none"> • Financial and business support for small and medium-sized enterprises (including start-ups and social enterprises).
Renewable energy and energy efficiency	<ul style="list-style-type: none"> • Improving energy efficiency in low-income homes. • Small-scale renewable energy initiatives. • Supporting the development of leading marine energy industry.
Technical assistance	<ul style="list-style-type: none"> • Provides funding to help WEFO implement the programmes. • Includes audit and controls, research, monitoring and evaluation and information and publicity.

ESF priorities	Examples of projects funded
Skills for growth	<ul style="list-style-type: none"> Improving basic, technical and high-level skills in working people across Wales.
Youth employment and attainment	<ul style="list-style-type: none"> Projects to increase take-up and attainment of Science, Technology, Engineering and Medicine (STEM) subjects. Increasing the skills of early years and childcare workers.
Tackling poverty through sustainable employment	<ul style="list-style-type: none"> Increasing the skills and employability of economically inactive and long-term unemployed people.
Public services reform and regional working	<ul style="list-style-type: none"> Projects to stimulate new regional solutions, planning and service models. Helping organisations innovate and work together regionally.
Containing COVID through capacity	<ul style="list-style-type: none"> Projects to support the capacity of health and social care to respond to COVID-19.
Technical assistance	<ul style="list-style-type: none"> Provides funding to help WEFO implement the programmes. Includes audit and controls, research, monitoring and evaluation and information and publicity.

Source: Audit Wales summary

Rural Development Programme

The Rural Development Programme structure is more complex than Structural Funds. It is broken down into a range of 'Measures' to address six EU priorities. The six priorities are:

- fostering knowledge transfer and innovation in agriculture, forestry and rural areas;
- enhancing the viability and competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management;
- promoting food chain organisation, animal welfare and risk management in agriculture;
- restoring, preserving and enhancing ecosystems related to agriculture and forestry;
- promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors; and
- promoting social inclusion, poverty reduction and economic development in rural areas.

Under these six priorities are 'focus areas' and the programme includes target indicators against each area. The Welsh Government reports progress against these target indicators in an annual report to the EU and this information is also available to the Programme Monitoring Committee.

The day-to-day management of the programme is based on 'Measures'. Funding allocations were set at the outset and have been modified at points through the programme. The Welsh Government monitors the spend against these Measures. The Welsh Government has set up a range of schemes under each Measure (**Exhibit 10**). Each successful application from a farmer or organisation becomes a 'project' for EU rule purposes, although those receiving support are commonly referred to as beneficiaries.

Exhibit 10: overview of Rural Development Programme Measures and key schemes which contribute to them

Measure	Schemes
M1: Knowledge transfer and information actions	Knowledge Transfer and Innovation
M2: Advisory services, farm management and farm relief services	Rural Business Advisory Scheme
M4: Investments in physical assets	Farm Business Grant, Sustainable Production Grant, Food Business Investment, Glastir Capital Works, Glastir Small Grants
M6: Farm and business development	Rural Business Investment Scheme
M7: Basic services and village renewal in rural areas	Rural Community Development Fund
M8: Investments in forest area development and improvement of the viability of forests	Glastir Woodland Creation, Glastir Woodland Restoration, Glastir Woodland Management, Timber Business Investment Scheme, Forest Monitoring and Risk Management

Measure	Schemes
M10: Agri-environment-climate	Glastir Entry, Glastir Advanced, Glastir Commons
M11: Organic farming	Glastir Organics
M16: Co-operation	Enabling Wales's Natural Resources Scheme, Sustainable Management Scheme, Cooperation and Supply Chain Development Scheme, Cooperative Forest Planning Scheme, European Innovation Partnership
M19: Support for LEADER	LEADER
M20: Technical assistance	Technical Assistance

Note: Measure numbers and descriptions are set by the EU. The full list is included in Commission Implementing Regulation 808/2014. The Welsh Government decided which of these measures to take forward into its Rural Development Programme.

Source: Audit Wales summary



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.