

Agenda – Public Accounts and Public Administration Committee

Meeting Venue:	For further information contact:
Remote – Video conference via Zoom	Fay Bowen
Meeting date: 9 October 2024	Committee Clerk
Meeting time: 09.45 – 11.15	0300 200 6565
	SeneddPAPA@senedd.wales

Remote

Private pre-meeting (9.35 – 9.45)

Public meeting (9.45 – 10.00)

1 Introductions, apologies, substitutions and declarations of interest
(09.45)

2 Papers to note
(09.45–10.00)

2.1 Welsh Government's Response to the Committee's Report Scrutiny of Accounts: Amgueddfa Cymru 2021–22

(Pages 1 – 9)

Attached Documents:

PTN1 Welsh Government response – Amgueddfa Cymru Scrutiny of Accounts 2021–22



2.2 Letter from the Chair of the Culture, Communications, Welsh Language, Sport and International Relations Committee on the Committee's Report Scrutiny of Accounts: Amgueddfa Cymru 2021–22

(Page 10)

Attached Documents:

PTN2 Letter from the Chair of the Culture, Communications, Welsh Language, Sport and International Relations Committee – Amgueddfa Cymru, 21 August 2024

2.3 Letter from Future Generations Commissioner for Wales in relation to the Continuous Learning and Improvement Plan Section 20 review

(Pages 11 – 17)

Attached Documents:

PTN3 Letter from Future Generations Commissioner for Wales – Section 20 review update, 22 August 2024

2.4 Digital Health and Care Wales follow-up response to the Committee's Report Scrutiny of Digital Health and Care Wales

(Pages 18 – 21)

Attached Documents:

PTN4 DHCW follow-up response to the Scrutiny of Digital Health and Care Wales Report, 21 August 2024

2.5 Letter from the Director General and Chief Operating Officer in relation to Local Partnerships LLP

(Pages 22 – 30)

Attached Documents:

PTN5 Letter from the Chief Operating Officer – Local Partnerships LLP, 23 September 2024

2.6 Letter from the Chief Executive and Clerk of the Senedd – Scrutiny of Accounts 2022–23 Update on recommendations

(Pages 31 – 40)

Attached Documents:

PTN6 Letter from the Chief Executive and Clerk of the Senedd to the Committee, 23 September 2024

- 3 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting**
(10.00)

Private meeting (10.00 – 11.15)

- 4 Papers to note (Private)**
(10.00–10.15)

- 4.1 Letter from the Chief Executive and Clerk of the Senedd – Welsh Parliament Medium Term Resourcing Framework**

(Pages 41 – 95)

Attached Documents:

PPTN1(1) Letter from the Chief Executive and Clerk of the Senedd to the Committee, 30 September 2024

PPTN1(2) Welsh Parliament Medium–Term Resourcing Framework 2025–26 to 2027–28

PPTN1(3) Welsh Parliament Commission Workforce Plan, April 2024

- 4.2 Letter from the Velindre University NHS Trust Interim Chief Executive – Procurement Approach Summary**

(Pages 96 – 100)

Attached Documents:

PPTN2(1) Letter from the Velindre University NHS Trust Interim Chief Executive to the Committee, 26 September 2024

PPTN2(2) Velindre University NHS Trust Procurement Approach Summary

5 Consideration of Evidence – Senedd Commission Public Appointments and Scrutiny of Accounts 2023–24

(10.15–10.30)

(Pages 101 – 143)

Attached Documents:

P1 Senedd Commission Accounts 2023–24 and Public Appointments

6 Draft Report – Welsh Government Accounts Scrutiny 2022–23

(10.30–10.45)

(Pages 144 – 194)

Attached Documents:

P2 Draft Report – Welsh Government Accounts Scrutiny 2022–23

7 Audit Wales Report – Governance of Fire and Rescue Authorities

(10.45–11.00)

(Pages 195 – 218)

Attached Documents:

P3 Audit Wales Report – Governance of Fire and Rescue Authorities

8 Audit Wales Report – NHS Finances Data Tool

(11.00–11.15)

(Pages 219 – 221)

Supporting links:

[All Health Boards breach break even duty amid deepening financial pressures](#)

[| Audit Wales](#)

[NHS Wales Finances Data Tool | Audit Wales](#)

Attached Documents:

P4 Audit Wales – NHS Finances Data Tool 2023–24



Welsh Government's response

PAPAC report entitled Scrutiny of Accounts: Amgueddfa Cymru 2021-22

07/08/2024

This is the Welsh Government's response to the Public Accounts and Public Administration Committee's report, published June 2024, entitled Scrutiny of Accounts: Amgueddfa Cymru 2021-22

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Cabinet Secretary's foreword

I would like to thank the Public Accounts and Public Administration Committee for its scrutiny of, and report on, Amgueddfa Cymru's Financial Report 2021 to 2022. I am pleased to see the Committee highlight areas we had identified as priorities and where progress is already being made. My response to each recommendation is set out in this document.

This was an undoubtably challenging period for Amgueddfa Cymru. I am pleased the Committee is satisfied the decision to attempt to achieve a settlement, instead of proceeding to a tribunal, was the right course of action. The settlement delivered a reasonable outcome, allowing all parties to resolve the matter as quickly as possible and avoiding the need for a protracted dispute which would likely have resulted in a greater cost to the public purse. We, along with Amgueddfa Cymru, continue to learn lessons from these events. The Committee's report, along with the report by Auditor General for Wales and the report from the independent Tailored Review panel, have helped inform the next steps.

As the Tailored Review panel rightly pointed out in its report in July 2023, Amgueddfa Cymru has much to celebrate. It is a huge asset to the nation and is a jewel in the crown of Welsh culture. Amgueddfa Cymru is entering a new and exciting phase under the leadership of its new Chair and Chief Executive. We continue to work in partnership with Amgueddfa Cymru to strengthen and build on the fantastic work already being done to inspire and inform the people of Wales.

I am fully aware of the impact the reduction to its revenue budget for 2024 to 2025 has had on Amgueddfa Cymru. In preparing this financial year's Budget, Ministers had to make tough decisions to radically reshape spending plans. Unfortunately, there was no flexibility to prevent cuts to Amgueddfa Cymru's budget, however, I am committed to supporting Amgueddfa Cymru to thrive and not merely survive. Amgueddfa Cymru faces significant challenges in maintaining its historic and iconic buildings, with National Museum Cardiff the priority. We have been assured the national collections are currently safe. However, additional support is needed. We have identified additional funding to enable Amgueddfa Cymru to undertake urgent repairs this financial year and are working with them at pace to develop appropriate plans and identify potential funding options for the next five years. Amgueddfa Cymru's highly skilled staff are instrumental in caring for our national collections and retaining jobs must be our priority. This is why we have reprioritised revenue funding originally allocated to delivering the culture strategy in 2024 to 2025 to mitigate job losses within the culture sector, including at Amgueddfa Cymru.

In May we published our draft priorities for culture. These set out our priorities and ambitions for culture for the next six years. We haven't held back in our ambitions for the sector and I hope this is an indication of our commitment to continue to explore all opportunities to support Amgueddfa Cymru as one of our treasured national institutions.

Jane Hutt MS, Cabinet Secretary for Culture, Social Justice, Trefnydd and Chief Whip

1. Response

In this chapter we set out our response to the recommendations in the Public Accounts and Public Administration Committee's (PAPAC) report. PAPAC's report includes 14 recommendations, some of which are for Amgueddfa Cymru. We have carefully considered each of the recommendations for the Welsh Government and have responded to each, setting out whether they have been accepted, accepted in principle or rejected. For each response, we have also set out if there are any financial implications.

The recommendations for Amgueddfa Cymru have been included here for completeness. Amgueddfa Cymru will respond separately to these.

Recommendation 1

Recommendation: Amgueddfa Cymru should ensure that all future Financial Reports are laid in both English and Welsh before the Senedd, concurrently, in the future, regardless of whether they are laid within the specified statutory window for doing so.

This is a recommendation for Amgueddfa Cymru's consideration.

Recommendation 2

Recommendation: Amgueddfa Cymru should provide the Committee with a copy of their updated grievance policies, highlighting how these have changed since the time of the original grievances raised by the former Director General and former Chief Operating Officer. Amgueddfa Cymru should explain the reason for any amendments and set out further information on the process of amending the policies.

This is a recommendation for Amgueddfa Cymru's consideration.

Recommendation 3

Recommendation: The Welsh Government should consider implementing a system of reviewing the grievance policies at all of its arm's length and sponsored bodies, to ensure they are robust and fit for purpose as a matter of urgency. The Welsh Government should assist these bodies in amending these policies, where there are issues identified, and update this Committee about its progress in auditing the policies currently in place.

Response: Reject

Grievance policies, together with other HR policies, are the responsibility of individual Accounting Officers. The Advisory, Conciliation and Arbitration Service (ACAS) provides a statutory code of practice on disciplinary and grievance procedures. Our arm's length bodies must follow a full and fair procedure in line with the ACAS Code of Practice for any discipline or grievance cases. We will provide advice where it is required.

Financial Implications: There would be significant staff cost in reviewing the grievance policies of each Welsh Government public body.

Recommendation 4

Recommendation: Future referrals to the Charity Commission by the Welsh Government should be communicated to this Committee at the earliest opportunity after a referral, to ensure the Committee is fully informed about any governance or organisational failures at public bodies.

Response: Accept

Future referrals to the Charity Commission will be communicated to the Committee and the Auditor General even if it is on a private basis.

Financial Implications: There are no financial implications.

Recommendation 5

Recommendation: We endorse recommendation 3 of the Auditor General's Public Interest Report and recommend that the Welsh Government clarifies processes within Managing Welsh Public Money to address scenarios clearly whereby itself is an involved party, particularly given the disconnect between the guidance and the calling in procedure guidance.

Response: Accept

We will address this in the updated version of Managing Welsh Public Money.

Financial Implications: There are no financial implications

Recommendation 6

Recommendation: The Welsh Government should set out a specific target date for publishing an updated version of Managing Welsh Public Money and keep this Committee informed of its progress in doing so.

Response: Accept

We have very recently identified resource to support the team responsible in undertaking the update to Managing Welsh Public Money. This piece of work is in its initial planning stage. We will provide the Committee with a more detailed timetable for the update to Managing Welsh Public Money in September 2024.

Financial Implications: Currently none but additional resource (staffing) may be required once the plan has been fully developed.

Recommendation 7

Recommendation: The Welsh Government should share with the Committee the outcome of the thematic work on resolving similar situations at other arm's length bodies as soon as possible

Response: Accept in Principle

We believe there may have been a misunderstanding of what we are producing. We are developing guidance for raising a concern or complaint against a Chair of a public body in Wales. We will share this guidance with the Committee when it has been finalised.

Financial Implications: There are no financial implications in sharing the guidance.

Recommendation 8

Recommendation: We recommend the Welsh Government provide the Committee with details of the appointment process adopted for the appointment of the former President of Amgueddfa Cymru to a new role reviewing Cadw. This could include the timeline for initially approaching the former President, whether any other potential candidates were considered for the role and, if not, why not. In addition, the response should set out whether any advice was sought, including legal, as part of the appointment process.

Response: Accept in principle

Roger Lewis was asked to Chair a time limited task and finish group to review the governance arrangements for Cadw. The appointment of the Chair and members of this task and finish group were not classed as public appointments. It is common practice for members and Chairs of task and finish groups to be selected because of their specialist knowledge and experience of the subject of interest. Roger Lewis brought a strong and highly relevant mix of commercial, public service and heritage experience to the review. He also put together a strong and authoritative task and finish group, with recognised expertise in their respective fields, to support him in the review.

Financial Implications: There are no financial implications.

Recommendation 9

Recommendation: Amgueddfa Cymru should set out any recommendations from the Tailored Review panel that are “no longer under consideration” and set out why this is the case

This is a recommendation for Amgueddfa Cymru's consideration.

Recommendation 10

Recommendation: The Welsh Government should update the Committee once the rollout of its self-assessment model for reviewing arm's length bodies is concluded. They should provide further details about its own evaluation of the benefits and downsides of implementing such a system of review.

Response: Accept

We will provide further details to the Committee once the rollout of the Self-Assessment Model is concluded.

Financial implications: There are no financial implications in terms of providing the update.

Recommendation 11

Recommendation: The Committee asks Amgueddfa Cymru to explain how it is managing the reduction in its staff to meet the budget shortfall, including providing information about, and a copy of, its workforce strategy or plan. Amgueddfa Cymru should also explain how the organisation anticipates its workforce will look following the cuts in staffing.

This is a recommendation for Amgueddfa Cymru's consideration.

Recommendation 12

Recommendation: Amgueddfa Cymru should provide information about its voluntary severance scheme. This should include the criteria for assessing applications to ensure that requisite skills and experience are being retained by the organisation, as well as the anticipated cost and savings, together with the timetable for its completion.

This is a recommendation for Amgueddfa Cymru's consideration.

Recommendation 13

Recommendation: Amgueddfa Cymru should set out the arrangements being put in place to support staff wellbeing and, in particular, if additional support, specific measures or arrangements are being provided during this challenging period.

This is a recommendation for Amgueddfa Cymru's consideration.

Recommendation 14

Recommendation: The Committee requests that the Welsh Government provides an update about discussions with Amgueddfa Cymru regarding the additional funding required to protect National Museum Cardiff, including how much additional funding will be made available and when will this package of funding be put before the Senedd for agreement. If considerations are ongoing, the Committee would welcome notification that this is the case, together with an indication of when decisions are likely to be made and when the Welsh Government is expecting to be able to share the information requested.

Response: Accept

On 10 July, the former Cabinet Secretary for Culture and Social Justice issued a written statement¹ on additional funding to ensure Wales' cultural institutions are protected and preserved. In the statement, the Cabinet Secretary announced that we are providing additional funding this financial year, with £1.3m of this earmarked for National Museum Cardiff. Our investment will ensure repairs can be carried out this financial year whilst we continue to work closely with Amgueddfa Cymru to develop plans to address the wider maintenance issues at the site over the coming years. We will update the Senedd and the Committee when the appropriate business case has progressed.

¹ www.gov.wales/written-statement-additional-funding-protect-and-preserve-wales-national-treasures

Financial Implications: Amgueddfa Cymru estimates an additional £30m is required to address the maintenance issues at National Museum Cardiff.

**Culture, Communications, Welsh Language,
Sport, and International Relations
Committee**

Mark Isherwood MS
Chair
Public Accounts and Public Administration
Committee

21 August 2024

Scrutiny of Accounts: Amgueddfa Cymru 2021-22

Dear Mark

Thank you for sharing your report, "Scrutiny of Accounts: Amgueddfa Cymru 2021-22". The Committee discussed the report at both its meetings on 10 and 17 July 2024.

I would be grateful if you would keep the Committee informed of your next steps with this work including any response received from the Welsh Government and any further outcomes. We will keep an eye on this issue over the coming months.

Yours sincerely



Delyth Jewell MS
Committee Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.





Via email

22nd of August 2024

Dear Mark,

Thank you for your letter on the 24th June requesting my view on the progress made by Welsh Government since the Section 20 review was carried out by my predecessor in 2022. I am happy to build on the response I provided to the Equality and Social Justice Committee on the 3rd June 2024. For this purpose, I have also shared this letter with Jenny Rathbone.

As you are aware the Continuous Learning and Improvement Plan (CLIP) was informed by the recommendation made in the Section 20 review report. The Report's findings can be found in the Annexe of this letter.

Ensuring that public bodies continually identify areas for improvement and assess their progress is a fundamental principle for wider implementation of the Well-being of Future Generations (WFG) Act and the adoption of the sustainable development principle. The Maturity Matrix that we produced during the review, and have since developed into an interactive web-based tool (Ways of Working Journey Checker), is a useful for public bodies and others to identify the steps they should take to improve their use of the five ways of working. I have requested that all public bodies complete this tool and return their findings to me by the 9th of September 2024.

I am grateful to the collaborative approach taken by officials and my team to ensure we are regularly updated on progress.

Analysis

I am confident that good progress has been achieved in producing and delivering the CLIP. I am pleased that our Maturity Matrix produced by my office in response to the Section 20 review has been used to identify the areas of improvement.

It is clear from the update that some actions are well underway, but several actions are still in their infancy (including 2.9, 3.5, 3.7, 3.8, 3.9, 3.10, 4.9), of which I am unable to provide a full analysis.

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Please see an overview of my analysis below.

6.6 Developing a fresh prototype for the role of Board Champion

I particularly welcome the new approach to appointing Future Generations Champions to the Welsh Government Board, to ensure meaningful accountability, scrutiny and diversity. Drawing on the Future Generations Leadership Academy participants as rotating members of the Board is an innovative approach, and I would encourage other such public bodies to consider adopting this.

6.8 We will undertake a formative evaluation of our business information reporting system (BIRT) to evaluate user experience and effectiveness since its introduction

I welcome the various steps taken to improve the effectiveness of BIRT and eagerly await the outcome of changes made in January 2025.

1.5 We will consider ways to improve awareness of the well-being objectives of public bodies across Wales, drawing on the monitoring work of the Future Generations Commissioner for Wales

Working in partnership with Welsh Government to improve awareness of the well-being objectives of public bodies across Wales is a continued priority. My office continues to provide ongoing support to public bodies – including the new bodies which have been added to the legislation in the past month. We are now in early discussions on how best to produce a more public, user-friendly platform to share well-being objectives and steps. An analysis of progress made against well-being objectives will be included in the Future Generations Report 2025.

1.3 We will continue to engage with our international networks to share and learn from other governments across the world – this will focus on our membership of Regions4 and the Wellbeing Economy Governments partnership (WEGo)

I also welcome the continued efforts highlighted in the CLIP to engage with international networks to share and learn from other governments across the world. As the United Nations builds momentum to embed a Declaration on Future Generations and appoint a Special Envoy for Future Generations later this year – Wales' leadership on this agenda is to be welcomed.

4.5 We will continue to work with the Future Generations Commissioner for Wales' office who leads on the futures and foresight agenda in Wales, in order to upskill and develop capacity and capability in decision making in Wales using futures

The Plan's focus and energy to strengthen long-term thinking in the policy profession is also encouraging. As one of the ways of working in the legislation, and core to the ambitions of the WFG Act – we believe this is an area of progress that will have great impact if well-resourced and supported, as this will enable the culture change required. There are various activities in early infancy (including making wider use of the Future Trends Report and how it can be used by public bodies) by both parties which will bolster these efforts across Government and beyond, through the establishment of an informal Futures Group. We look forward to updating the Committee on these developments.

2.1 We will introduce development pathways for policy makers to mature and enhance their skills, knowledge and behaviours in applying the sustainable development principle

2.2 We will update the support for policy makers through formal and informal activities, including a series of focused exercises on each of the 5 ways of working in the sustainable development principle

I am encouraged by the efforts taken to support policy makers with application of the five ways of working through the development of a Policy Capability Strategy and Policy Capability Framework. I would advise Welsh Government to publish these resources to support the wider public sector.

Areas for improvement

When Welsh Government produced their Continuous Learning and Improvement Plan, my office provided feedback and produced a heat map to demonstrate how well the Areas for Improvement highlighted in the Section 20 review report were reflected in CLIP. Of the 22 Areas for Improvement in the report, we believed 9 were fully reflected, 10 were partially reflected and 3 were not reflected.

The three we believed were not reflected:

- Consistent and more integrated reviewing and evaluation of policy needed to understand cumulative impacts on sustainability.

- Ensure that there is a safe environment to try innovations that may sometimes fail but can be used as learning opportunities for the future.
- Ask more searching questions in the People Survey.

Keeping the content of the CLIP under review is important, and I would encourage Welsh Government to regularly identify opportunities to do this.

5.2 We will improve accessibility to the behaviour change manual, by designing a starter pack and seeking feedback on these both internally and externally

I recognise the capacity constraints within Welsh Government to complete all actions and appreciate that a targeted approach is necessary. However, I would invite Welsh Government to publish an annexed timeline as this will help with accountability and communication. For example, several actions (including 5.2, 5.4, 4.9) note that prototypes, tests or pilots are in place but no specific clarity on wider roll out.

2.3 We will continue to review and update our approach to assessing the impact of policy in an integrated way, supported by our Integrated Impact Assessment approach

The Section 20 review highlighted some concerns relating to the Integrated Impact Assessments (IIA). The CLIP update does highlight the various actions taken and I am pleased that Welsh Government have taken action to establish a community of practice (which members from my team collaborate on with Welsh Government) to improve IIA practice, but I would encourage Welsh Government not to lose the momentum built in their own application of IIAs and assessment of policy impact. The IIAs were highlighted by Government as a key implementation mechanism for the Act, it is vital to ensure these are used effectively.

4.3 We will provide more in-depth insight on well-being through themed 'Wellbeing of Wales' reports, building on the 2022 report on children and young people's well-being

I am keen for Government to consider how it can amplify the use of the Well-being of Wales Report and other resources (including research) more widely across the public sector. I have already met with officials to discuss this. As a repository of knowledge and research, I am keen to see how the CLIP can be used to encourage wider policy exchanges across government and wider public sector.

2.10 We will annually publish the 'Budget Improvement Plan' to show progress over the last 12 months, alongside our short and medium-term ambitions over a 5-year rolling period

The Committee is aware that my predecessor and I have proactively and consistently called on Welsh Government to improve the way it demonstrates how it has considered the WFG Act. This is an action I still believe requires attention, namely in its budgetary processes and the need to invest more into prevention. I have met with the Cabinet Secretary for Finance and her officials to reiterate my concerns. It is of utmost importance that budgetary decisions take into account the impact of cuts and investment on the ability of other public bodies to meet their well-being objectives and steps.

5.3 People Survey and other internal staff surveys will continue to be used to gather insight on embedding the 5 ways of working in our organisation's culture

CLIP also identifies a 'slight decline in staff views on the application of some of these behaviours. We know from experience that we need to increase our application of the Act in difficult circumstances and are working to ensure that staff across the whole organisation are supported to deepen their understanding and application of the Act, whatever their responsibilities.' I look forward to receiving further information on actions being taken.

2.5 We will continue to embed the Act in our broader organisation-wide internal capability plan and Learning and Development programme

2.6 We will raise awareness of the Act with corporate teams through a tailored approach reflecting their respective roles

The Section 20 review highlighted a need to ensure formal and informal learning and development opportunities were better produced, connected and shared. The CLIP updates (2.5 and 2.6) provide some assurance that this is being addressed, including development of new resources. The review highlighted a need to clarify the level of awareness and understanding of the Act according to job role and profession. It is unclear if this is widely understood across the organisation. Furthermore, it is essential that any learning and development opportunities go beyond awareness and seek to accelerate implementation and monitoring.

In addition to the areas for improvement I believe were not addressed in the CLIP (highlighted above) I would also like to highlight that the Section 20 review also encouraged further work should be taken to strengthen Ministerial Advice in regards of the Well-being of Future Generations Act.

As the implementation of this plan continues, we hope to see how Government is seeking to share this approach with other public bodies, as we strongly believe that there are learnings that sit beyond Government that could be adopted. The highlighted Stakeholder Forum and the Knowledge Exchange events could provide such opportunities.

All actions in the CLIP are necessary to ensure the implementation of the WFG Act is meaningful and effective – demonstrating the Welsh Government's leadership role. We would encourage Ministers and officials to ensure the Sustainable Futures Division have the appropriate resources to ensure delivery.

Thank you,



Derek Walker

Future Generations Commissioner for Wales

Annexe – Section 20 Findings

People and Culture

1. There is a sense of pride and enthusiasm in this world-leading legislation, but there is some discrepancy between the level of enthusiasm and commitment and a detailed understanding of application.
2. There is a plethora of learning materials around the Act – while some material is good, the Government should seek to better understand what works and build on innovative approaches being adopted in some parts of Government.
3. There are concerted efforts to embed long-term thinking across government, but the need to respond to multiple crises and capacity are often seen as barriers to civil servants fully applying this way of working.

Process

4. The WFG Act is driving changes in the ways policies are being developed, designed and implemented but it is not yet being consistently applied in a way which embeds all aspects of the Act, or across the whole organisation.
5. There are a range of accountability mechanisms to provide Ministers and senior colleagues that the WFG Act is being embedded and implemented in how the Government works, but they are not all utilised effectively.

Public Sector Leadership

6. There is untapped potential for Welsh Government to work with the Welsh public sector and beyond to deliver the Well-being of Future Generations Act to mobilise, promote good examples, create resources, and share learning.



21 August 2024

Russell George MS
Chair
Health & Social Care Committee

Mark Isherwood MS
Chair
Public Accounts and Public Assurance Committee

Dear Russell and Mark,

Digital Health and Care Wales' (DHCW) follow-up response to the Welsh Parliament's Health and Social Care Committee and Public Accounts and Public Administration Committee Scrutiny of Digital Health and Care Wales Report

DHCW provided its response to the Public Accounts and Public Administration Committee and the Health and Social Care Committee joint report on 16th August 2023. The report contained 16 recommendations, all of which were responded to.

Of the 16 recommendations, 3 required a further update by the end of 2023 which we were pleased to provide on 19th December 2023.

A further 3 recommendations required an update by the end of February 2024. The response was submitted on time.

Another recommendation required an updated response as at the end of June 2024. This was submitted at the beginning of July 2024.

Updates are required by the end of August 2024 for the following three recommendations:

Recommendation 3: The Welsh Government and Digital Health and Care Wales should provide the Health and Social Care Committee and the Public Accounts and Public Administration Committee with six-monthly updates on progress on the delivery of the Welsh Community Care Information System (WCCIS). The updates should include information about expenditure to date, planned expenditure, uptake of WCCIS among health boards and local authorities, engagement or consultation undertaken with relevant partners.



Update: Please refer to our [Programme Delivery Committee Papers](#) published on the DHCW website. The papers contain an update on the delivery of the Welsh Community Care Information System.

Recommendation 10: Digital Health and Care Wales should provide further evidence about the human resource systems and capacity available to facilitate the recruitment and retention of specialist skills. This should include information identifying where the key gaps and vacancies are, how actions to address the gaps are being prioritised, and what steps are being taken to mitigate the risks to delivery arising from the vacancies. Following the provision of this information in its response to this report, DHCW should provide the Health and Social Care Committee and the Public Accounts and Public Administration Committee with six-monthly progress updates.

Update: A Strategic Resourcing Group, established in 2022, chaired by the Director of People and Organisational Development with senior level representation across the organisation meets monthly to ensure current and future skills gaps are identified and addressed with a sufficient resourcing plan to mitigate the risks arising from current and future vacancies. We previously referred you to the [DHCW January 2024 Board Papers](#) for an update on Strategic Workforce Planning and can confirm that a further update is due to be presented to our Board in September 2024. Some further detail around focus areas is provided below:

Due to the current funding structure for a significant amount of our programmes, we have to use fixed term contracts, as programme funding is non-recurrent. This year we have assigned some £3.6m to fixed term staff to support programmes which currently have unconfirmed funding post March 2025. There is a risk that as people move into the last six months of their contracts without any comfort of ongoing funding, they will start to look for alternative employment, potentially losing significant digital skills from NHS Wales.

DHCW commissioned work to develop an Allied Healthcare Professional Digital Investment Proposal to Welsh Government to bid for funding and to develop an accompanying report Allied Healthcare Professionals (AHPs) & Healthcare Scientists (HCS) Digital Maturity: progress report and next steps. The investment proposal sought to take a similar approach to investment in clinical informatics in nursing. The bid was consulted upon nationally and supported by groups including Directors of Digital, Chief Clinical Information Officers (CCIOs), Directors/Deputy Directors of Finance, Directors of Workforce and Directors of Planning. The Welsh Government National Investment Panel endorsed the principle of the proposal and its strategic importance on Friday 23rd November 2023, however, advised that the Digital Priority Investment Fund (DPIF) was fully committed over the next two financial years, therefore the Panel could not support the financial requirement of



the proposal at that stage. The accompanying report with next steps was completed in March 2024.

DHCW has invested funding to support the strategic position of 'Chief Allied Healthcare Professional Information Officer' (permanently) and a 'Senior Clinical Informaticist' (fixed-term) roles identified within the national bid. The Chief Allied Healthcare Professional Information Officer post will complement existing roles within the DHCW Clinical Informatics Team, including Chief Nursing Information Officer (CNIO) and Chief Pharmacy Information Officer (CPIO) with professional accountability to the DHCW Executive Medical Director/ Chief Clinical Information Officer Wales. It is envisaged that this recruitment will be completed by Autumn 2024 and will enable planning and progress to be made on the next steps of this element of the digital agenda for health and social care.

Recommendation 15: Digital Health and Care Wales should engage with its partner organisations to evaluate its existing approaches to collaboration and identify areas for improvement and opportunities to strengthen relationships. In its response to this report, Digital Health and Care Wales should outline how it will undertake this evaluation. It should then provide the Health and Social Care Committee and the Public Accounts and Public Administration Committee with six-monthly updates on how it is collaborating with its partners and what such collaboration has achieved.

Update: Please refer to our [May 2024 Board Papers](#) published on the DHCW website which contained a detailed update outlining progress against our [Stakeholder Engagement Strategy](#). We have an established programme of engagement including regular strategic sessions with our key partners to support collaborative delivery of agreed joint plans. This is regularly reviewed with partners and our strategic engagement with NHS Wales partners was recently refined in line with shared feedback and alignment with planning cycles.

The May 2024 stakeholder engagement update shows progress has been made against our Engagement Plan with a real focus on developing our strategic partnerships with NHS Wales partners and key commercial organisations, and empowering and supporting staff across DHCW. There is still much to do in this challenging climate, with relationships and delivery tested across the system. Ensuring we invest in engagement and managing our relationships is essential.

DHCW commissioned an independent organisation to undertake a stakeholder review to include interviews and stakeholder survey feedback across all stakeholder groups, to complement our internal work. This is in the final stages of analysis and will help inform our ongoing approach to stakeholder engagement. We will continue to provide six monthly updates to our Board.



Iechyd a Gofal
Digidol Cymru
Digital Health
and Care Wales

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21 Cowbridge Road
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In conclusion, we have provided regular updates to the Committees since the publication of the report recommendations. Updates on the progress of major programmes delivery, including the NHS Wales App and WCCIS, can be found on the [Programme Delivery Committee website](#) going forward. Updates on People and Organisational and Stakeholder Engagement will continue to be taken to the SHA Board with papers available on the [DHCW website](#). Unless you would like specific bespoke updates, we will assume this is sufficient for future updates against each of the recommendations.

Yours sincerely,

Helen Thomas
Chief Executive

Simon Jones
Chair

Agenda Item 2.5

Gwasanaethau Corfforaethol ac Arolygiaethau
Corporate Services and Inspectorates



Llywodraeth Cymru
Welsh Government

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

23 September 2024

Dear Mr Isherwood

Local Partnerships LLP

Further to the evidence session on 12 June 2024, I am writing to provide further information as agreed:

1. Confirmation whether the Welsh Government published a decision report or made any announcement of its decision to acquire an interest in Local Partnerships LLP, together with details about it and the decision.

There was no decision report associated with Welsh Government's decision to acquire a five per cent holding in Local Partnerships.

The decision was made by the Cabinet Secretary for Finance and Local Government on 15 June 2017. Welsh Government was admitted as a member of Local Partnerships LLP on 22 January 2018.

2. Clarification on the number of Local Partnerships LLP staff that are based in Wales, and of those, how many are working, or have worked, on projects with the Welsh Government.

14 Local Partnerships staff live in Wales, 13 of which are working or have worked on projects with the Welsh Government. The 1 staff member who has not worked on projects with the Welsh Government is a non-client facing operational support officer.

3. A list of all the individual contracts the Welsh Government has placed with Local Partnerships LLP details of the different levels of work undertaken by Local Partnerships LLP with/on behalf of the Welsh Government, and how the Welsh Government ensures transparency of such arrangements.

The list of current projects undertaken by Local Partnerships is as follows:

Project	Description
Ynni Cymru	Supporting the delivery of the programme and set out the options to establish Ynni Cymru as an arm's length energy delivery company to expand community-owned renewable energy generation across Wales.
Energy Service (formerly Green Growth Wales/Green Investment Pipeline)	Providing a strategic engagement service covering the four regions in Wales to all public sector bodies, including Health Boards and higher education establishments, to develop carbon reduction, energy efficiency, renewable energy and fleet decarbonisation projects that contribute to the achievement of Welsh public sector net-zero related targets. In this Local Partnerships works alongside the Welsh Government's other delivery partners, the Carbon Trust and the Energy Savings Trust.
Trydan Gwyrdd Cymru (formerly Renewable Energy Developer)	Establishing a Welsh state-owned developer to accelerate the development of renewable energy projects on the wider Welsh public estate and maximise their value for the people of Wales. Preliminary work included the production of an Outline Business Case for the Brechfa Dau wind farm.
Marine Energy Programme	<ul style="list-style-type: none"> -Progressing the management of the Tidal Lagoon Challenge. -Working with the Welsh Government, Port Talbot and Pembroke Dock and relevant supply-chain stakeholders to support efforts to maximise benefits to Wales from the developing floating offshore wind industry. -Working with Morlais to support its ongoing sustainable development in facilitating the deployment of a pipeline of tidal stream devices off Anglesey.
Resource Efficiency and Circular Economy Programme (formerly Waste Infrastructure Procurement Programme)	<ul style="list-style-type: none"> -Supporting the programme for government commitment to deliver the Extended Producer Responsibility Programme, through the provision of programme and project management support office. -Supporting the Welsh Government in meeting the Auditor General for Wales recommendations and memorandum of understandings with local authorities by providing expert resource to support effective contract management of the operational PPP residual and food waste contracts. -Supporting the ambition to achieve one planet resource use and achieve net zero carbon by 2050 through implementing initiatives to tackle hard to recycle material collaboratively across the public sector including facilitating the move towards ultra-low emissions vehicles for refuse and recycling collections across Wales. -Alongside WRAP Cymru, supporting the delivery of local authority statutory recycling targets and infrastructure delivery. -Helping to inform future policy and infrastructure requirements, including assessing the impacts of Emission Trading and changing waste composition and helping to ensure that Welsh Government funded infrastructure continues to achieve best outcomes, maximising value for money for the public sector in Wales. -Supporting the transition to a circular economy.
Mutual Investment Model Velindre Cancer Centre	Acting as transactor in the Trust's procurement of the new Velindre cancer centre under the MIM model, and ensuring that the Welsh Government's interests are safeguarded.
Warm Homes Programme	Acting as contract manager for the Warm Homes contracts during the period of mobilisation, working closely with client team to support the ordered transition between the extant and new contracts and the mobilisation of the new contract, embedding effective contract management practices and procedures for the new contract for adoption by a permanent Welsh Government contact manager post, ensuring appropriate alignment and integration is in place between the new Warm Homes contract and other Welsh Government energy efficiency and fuel poverty programmes.

Health and Social Care Climate Adaptation Planning	Developing a climate adaptation risk assessment and planning approach for the Health and Social Care sector in Wales, including a baseline activity review, development of an adaptation toolkit with training materials for ongoing use.
Net Zero Scenario Planner	Analysing the available data for council buildings, street lighting and fleet to estimate the overall cost (split by local authority) for the council estate and fleet assets to decarbonise by 2030 (the Welsh public sector target), developing a standardised Scenario Planning Tool for Net Zero for each of the 22 Welsh local Authorities to use to explore scenario options for reaching net zero for their own operations by 2030, providing a comprehensive final evidence report, including full data, references, and summaries.
Phosphates	Providing expert support to unblock stalled affordable housing sites, or those at risk of stalling, as a result of regulations around the impact of phosphates in rivers, which can be exacerbated by local population increases as a result of new housing development.
Cwmni Eginio	Undertaking a review of what has been achieved and how that has been perceived by the organisation's key stakeholders as well as take soundings on what the future role of the organisation could and should be, after supporting Cwmni Eginio to address immediate needs of the company by putting forward a small team of experienced individuals to work part-time and on a virtual basis, alongside Cwmni Eginio staff, acting as workstreams leads for delivery of company establishment and initial operation, programme development, and planning and land.
Water Quality	Facilitating a two-day workshop, and provision of a subsequent summary report, to inform the forthcoming Programme for Water.
Sustainable Farming Scheme	Reviewing the scheme's existing governance, critical path and lessons learned, to identify and escalate issues and engage with product owners to resolve these and offer support, management of reporting dashboards, building and maintaining external networks to provide professional best practice, ensuring business readiness for change for policy and operational delivery.

A list of completed projects by Local Partnerships is provided at Annex. In terms of transparency, Welsh Government publishes expenditures over £25,000, including payments to Local Partnerships, on gov.wales (<https://www.gov.wales/welsh-government-expenditure-over-25000>).

4. Information about other bodies in which Welsh Government has an interest and from which it is able to procure services using the 'Teckal exemption', together with information about its use of them, including expenditure incurred, a list of contracts and the nature of the services/work procured under them. Also, confirmation whether the Welsh Government uses Single Tender Action to procure such services and if so, details about the cases in which it has done so.

Welsh Government does not centrally maintain a list of bodies from which it is able to procure services using the 'Teckal exemption' or a list of contracts procured through that route. Under the Public Contracts Regulations 2015, the exemption is not a blanket one and it is for each contracting authority to determine whether it meets the conditions set out in Regulation 12 before each contract award for the exemption to apply.

For procurement purposes, where Teckal exemption applies, there is no requirement for Welsh Government to go through any form of procurement process including Single Tender Action.

5. How does the Welsh Government decide that obtaining consultancy services from Local Partnerships, rather than other external consultants, is appropriate for a project, and does the ability to award contracts to Local Partnerships without competition influence this.

All expenditure entered into by Welsh Government, including for consultancy services, is to comply with Managing Welsh Public Money, in particular Accounting Officer requirements of regularity, feasibility, propriety and value for money.

Consideration is given by the delegated budget holder to resourcing options for projects – if consultancy services are obtained, then available consultants considered to have the skills and experience suitable for project requirements would be appointed.

Whilst the ability to award contracts to Local Partnerships without competition generally means services can be accessed more quickly, which can be a consideration for urgent work, there is no assumption that Local Partnerships would be the default option and it is open to delegated budget holder to make the decision which is most suitable for the project and complies with Accounting Officer requirements.

6. Can you explain the process for agreeing a work order for a project with Local Partnerships, including the basis for the cost; is it based on specific deliverables and outcomes.

The process is typically as follows:

- Initial discussion between Welsh Government and Local Partnerships.
- Local Partnerships submits proposal setting out:
 - their understanding of the Welsh Government's requirement, based on the discussion and/or any written scope provided.
 - the approach that Local Partnerships would take to meet that requirement including project stages, specific deliverables and outputs.
 - Local Partnerships' relevant experience in fulfilling similar client requirements
 - the Key personnel and individuals that would be responsible for delivering the work and their individual expertise and experience.
 - the fee for the project.
- further discussion and refinement of the proposal takes place as/if necessary to ensure it meets requirements.
- once agreed, a work order is then signed for the project.

The deliverables and outputs will be specific to each project. These will be set out in Local Partnerships' proposal and confirmed in the Services Requirement section of the work order.

The basis for labour cost is on a day rate basis, however Local Partnerships as part of the proposal will scope out the number of days required and the project fee. The framework agreement Welsh Government has with Local Partnerships ensures its services are performed to the satisfaction of Welsh Government as client for the agreed project fee.

7. Some of the projects for which the Welsh Government has used Local Partnerships, such as for the Mutual Investment Model and Welsh Government Energy Services, span several years and are likely to continue in the long-term. How does the Welsh Government consider the long-term costs of these projects and the appropriateness of using consultants rather than recruiting Civil Servants to deliver them.

The use of consultants allows Welsh Government to bring in specialist skills and experience and/or additional capacity where not available in the civil service, when required. Case by case consideration is given by the delegated budget holder of ongoing project costs and appropriateness of consultants use.

Consultants are only used for as long as required. For example, Local Partnerships were used to set up programme structures for the Resource Efficiency and Circular Economy programme during the pandemic, to which we then recruited civil servants.

For longer-term projects, requirements change over the project lifecycle and the staff and skills Local Partnerships provide change accordingly. For example, the Welsh Government Energy Service agrees an annual work plan with Local Partnerships to reflect changing requirements, and Local Partnerships ensures staff skills mix provided fulfil project requirements at all times.

As client, we work closely with Local Partnerships to transfer skills and knowledge to Welsh Government. For example, within the MIM Education programme there has been considerable knowledge transfer from Local Partnerships staff to Welsh Government officials such that the programme is now managed in-house. Local Partnerships also developed a contract handbook which Local Authority teams use to manage contracts after Local Partnerships support ended.

Yours sincerely



Tim Moss

Cyfarwyddwr Cyffredinol a Phrif Swyddog Gweithredol
Llywodraeth Cymru

Director General and Chief Operating Officer
Welsh Government

Annex – List of Completed Projects by Local Partnerships:

Project	Description
Mutual Investment Model Sustainable Communities for Learning (previously C21 Schools)	Provided a Programme Director and commercial, financial and procurement expertise to lead the development of the MIM model, the procurement and establishment of the strategic partner (WEPCo Ltd) and the development and procurement of the pathfinder project to financial close.
Mutual Investment Model A465 Heads of the Valleys	Provided a Programme Director to lead the procurement of the project to financial close.
Re:fit	Undertook quality assurance reviews of Re:fit energy performance contracts in Wales at key project stages, working alongside the energy service.
Future Grid	Supported the procurement and commissioning an organisation to facilitate the development of energy network planning in relation to the energy networks in Wales and general support to Head of Energy Delivery.
Energy Company Obligation (ECO) 4	Developed a template ECO 4 Statement of Intent for Welsh local authorities, and prepared an options report relating to the Welsh Government's provision of revenue support for local authorities processing ECO4 declarations.
Establishment of Unnos	Provided support to consider the function of Unnos, a national construction company, to support councils and social landlords to improve the supply of social and affordable housing, as well as consideration of potential organisational options for Unnos, and the production of a short report that contained high-level and initial consideration of such options, for progression to a more formal options appraisal as the next stage.
Civil Contingencies Review	Reviewed governance arrangements, through undertaking stakeholder survey and interviews, reviewing all areas of civil contingencies and emergency planning across Wales, reviewing models used in other countries, holding workshops with Local Resilience Fora and then reporting the findings of the review.
Electric Vehicle Charging Infrastructure Support	Undertook technical modelling of energy requirements for specific sites allied to an Energy Services work stream and the provision of a support package to participating local authorities in Wales to help them deliver fleet decarbonisation and deployment of the WLGA EV Infrastructure Grant Fund.
Lead Negotiator General Medical Services Contractors	Managed negotiations in respect of the commencement of the state backed indemnity solution for General Medical Services contractors in Wales, specifically the transfer of assets and liabilities from the Medical Defence Organisations relating to the existing liabilities scheme.
Integrated Care Strategic Capital Planning	Developed criteria for an Integrated Health Centre and Social Care Hub, undertook a mapping exercise to identify existing Hubs, developed guidance on the strategic planning process that the Regional Partnerships Boards (RPBs) have been asked to undertake and facilitated workshops on this for each of the RPB's. Provided additional support in integrating housing, health and social services and engaged with RPBs. Developed an outline business case, defined the funding model and implementation proposals, prepared evaluation, guidance and implementation notes to enable the funding model to go-live.
Private Rented Sector Research	Gathered quantitative and qualitative evidence through desk based and field research and establishing what default payments tenants have been charged, to inform Welsh Government discussions with stakeholders underpinned by robust and evidenced based proposals and questions.

Collaboration on Property	Provided a scoping report to identify barriers, both real and perceived, to collaboration on property and assets in the Welsh public sector with a view to identifying further work on what can be done to mitigate and remove these barriers. This involved engaging in discussions with stakeholders such as Registered Providers and Regional Partnership Boards, aligned to the Ystadau Cymru initiative.
Health Informatics Review	Delivered a review with a system that is capable of delivering the aspirations of Informed Health and Care. This work considered the requirements of the whole system (excluding back office functions), how these functions are best discharged through the various stakeholder organisations and structures, and what leadership, governance and relationships need to be in place to delivery system-wide improvements.
Cardiff Harbour Authority Review	Reviewed the funding arrangement for authority, its activities and governance including undertaking a financial and value for money review.
Emergency Services Mobile Communications Platform (ESMCP) Business Case	Produced an independent synopsis of the ESMCP Final Business case from a non-technical and Welsh Government specific perspective.
Welsh Revenue Authority (WRA) Support	Led on the WRA design function with the Welsh Government, provided additional support within the Strategy Department ensuring continuity of service
Transport Bill	Provided project management support, including monitoring and reporting progress and issues of concern, ensuring good governance, managing project risks, enforcing quality control and change processes, developing briefings and communications, ensuring appropriate record management.
Nuclear Decommissioning Supply Chain Brokerage	Worked closely with SRO, relevant officials and third-party advisors to provide a feasibility study looking at the viability of developing a Nuclear Decommissioning Brokerage Service, focused on the economic opportunities provided by the Trawsfynydd power station site and taking into account wider opportunities across Wales and the UK.
Trawsfynydd Development Programme	Supported programme management over the period of transition, where delivery responsibility transferred to Cwmni Egin, to maintain momentum and progress, ensuring smooth transfer and that Welsh Government is not exposed to inappropriate or excessive risk.
National Thermal Hydraulics Testing Facility Business Case	Supported Outline Business Case (OBC) development for the testing facility in North Wales, and producing a consolidated document that addresses issues identified in the two existing OBCs produced for Welsh Government and UKG by a third party.
Scope 3 Support	Engaged with staff at representative bodies in the Welsh public sector to develop strategic policies, mechanisms, or pathways for decarbonising procurement, provided Welsh public sector with options for how policy and practice could evolve in this area, consolidated existing guidance and developed new material to support procurement decarbonisation, with the aim to produce a 'roadmap' out to 2030 on how the Welsh public sector can decarbonise their procurement, and disseminated the roadmap to the Welsh public sector, making it free at the point of use.

23 September 2024

Mark Isherwood MS
Chair of Public Accounts and Public Administration Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

Dear Mark,

Public Accounts and Public Administration Committee Report on the Scrutiny of Accounts 2022-23

Update on recommendations

I am writing to provide you with further updates as agreed in our letter of the 29 January 2024. I am pleased to enclose a response to the following recommendations in the Annex to this letter.

Recommendation 1. The Commission should keep the Committee updated on their progress in implementing projects as part of the Carbon Neutral Strategy ahead of the Committee's scrutiny of the next financial year's Accounts, including their spend by project, their progress to date and an indication of any overspends or underspends.



Recommendation 4. The Commission should update the Committee on the work of the groups looking into the role of Artificial Intelligence within the Senedd ahead of the Committee's scrutiny of the Accounts for 2023-24.

Recommendation 5. The Commission should consider, in future, implementing recruitment schemes, as part of its Workforce Plan, to encourage applications from individuals from a variety of socio-economic and geographic backgrounds, to ensure the Senedd better reflects the nation it represents. The Committee would appreciate updates on how this could be implemented and any targets the organisation has for addressing the present imbalance



Your Committee's recommendations relating to the provision of updates on the Project fund and Welsh suppliers are also addressed in the attached Annex.



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The Commission's approach is always to try to operate with openness, transparency and clarity. As ever, if there is any further information your Committee would like, please let me know.

Yours sincerely,



Manon Antoniazzi

Prif Weithredwr a Chlerc y Senedd / Chief Executive and Clerk of the Senedd

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.



Annex

Recommendation 1.

The Commission should keep the Committee updated on their progress in implementing projects as part of the Carbon Neutral Strategy ahead of the Committee's scrutiny of the next financial year's Accounts, including their spend by project, their progress to date and an indication of any overspends or underspends.

Update

The Commission provides information as part of the Commission's regular reports and updates on its energy saving initiatives and progress with the carbon neutral strategy, in both the Sustainability Annual Report and summarised in the Commission Annual Report and Accounts, published on the Senedd website at the links below.

The Commission has not undertaken significant capital works as part of the Carbon Neutral Strategy in the past year due to the limited resources available. However, work has progressed well with the Cardiff Heat Network project, including installation of most of the equipment on the Senedd estate needed for its effective operation. The connection and associated plant is being provided by Cardiff Council; the Council's grant funding covering installations at anchor clients' premises.

[Sustainability Annual Report](#)

[Commission Annual Report and Accounts](#)

Recommendation 4

The Commission should update the Committee on the work of the groups looking into the role of Artificial Intelligence within the Senedd ahead of the Committee's scrutiny of the Accounts for 2023-24.

Update

Over the past 18 months, the Senedd Commission has been considering generative AI tools can be harnessed to assist parliamentary work and how to capture the opportunities and mitigate the risks which arise from the use of this technologies.

As a relatively young, digitally driven parliament, we are keen to be at the forefront of developments, exploring AI tools within the existing Microsoft environment. We have met with party groups to share



our work and are holding regular meetings with a smaller group of Members to ensure their views and ideas form a central part of our planning.

Governance

Two working groups (an AI Governance Group and an AI Opportunities Group) have been established to take a considered, responsible approach to the use of AI, recognising the potential benefits in terms of improving efficiency and productivity, and enabling new capability and insights. We also recognise the significant risks related to copyright, bias, privacy, ethical considerations, security risks, disinformation and lack of transparency amongst others.

A proposal has been agreed that suggests that this risk should be considered a Corporate Risk. An AI Policy has also been developed that provides guidance on the safe and appropriate use of AI.

Enabling the secure use of AI in the Senedd

Microsoft is at the forefront of developing generative AI applications. Given that we mostly use Microsoft software to support our work, it was an obvious first step to consider whether and how their Generative AI tools could assist us.

Microsoft offer a range of generative AI applications and we are assessing the benefits of three of these applications; Microsoft Copilot (you may hear this referred to by its previous name of Bing Chat Enterprise or Copilot for Bing), Copilot for Microsoft 365 (M365) and Microsoft Teams Premium.

Microsoft Copilot (Formally Bing Chat Enterprise)

Copilot for Bing provides essay style answers to the questions (prompts) the user presents it with and uses an interface similar to Google search (see below). Users can use Copilot to generate content, analyse or compare data, summarise documents, learn new skills, write code, and much more.

All system users across the Senedd were given access to Copilot on 22 March 2024. Training materials and guidance for the appropriate use of the system has been published on the Members and Staff Intranet sites.

Copilot for Microsoft 365 (M365) and Teams Premium

Neither of these products are included in our current licence agreement with Microsoft. Therefore, both will require us to incur an additional cost.

In April 2024 the Executive Board approved funding for a trial of Copilot for Microsoft 365 and Teams Premium. This trial will provide an analysis of the tool's potential impact on productivity, collaboration and efficiency.

The funding will allow us to provide service areas with a small number of each licence in order to test the features, and determine if these products should be adopted by the Senedd.

We are testing both products as some (but not all) of the features available through Copilot for 365 are also available in Teams Premium. If users only require the Teams Premium features, this would



reduce the overall licencing costs.

The project team are currently conducting rigorous technical testing of the software to ensure it operates correctly and meets with compliance and security requirements.

We are also seeking nominations from Heads of Service to take part in the trial starting in September.

Recommendation 5

The Commission should consider, in future, implementing recruitment schemes, as part of its Workforce Plan, to encourage applications from individuals from a variety of socio-economic and geographic backgrounds, to ensure the Senedd better reflects the nation it represents. The Committee would appreciate updates on how this could be implemented and any targets the organisation has for addressing the present imbalance

Update

Following our response to the recommendation provided in January, and in line with the D&I Strategy and Medium Term Resourcing Framework, the Commission began (in September) the recruitment for the Commission's third Ymlaen (our internship for ethnic minority graduates) scheme. The scheme has been successful in improving the number of people applying for roles within the Commission, the conversion rates and the numbers of staff from black and minority ethnic backgrounds. The Commission will build on its success, with a view to changing scope of the next internship to focus on offering such opportunities to people from lower socio economic backgrounds.

The Commission recognises that achieving social mobility requires continuous effort and a proactive approach to addressing barriers that individuals from diverse socio-economic backgrounds may face. Therefore, with the support of the new workplace equality network for those staff from lower socio-economic backgrounds (RISE), we will continue to increase participation in socio-economic background disclosure to better understand our workforce and tailor our initiatives accordingly; implement more inclusive recruitment strategies to attract and support candidates from under-represented socio-economic backgrounds; and provide targeted career development and mentorship programs to ensure that all staff members have equal opportunities for growth and advancement.

The Commission is reliant on getting fuller data sets, particularly from existing staff disclosing the social economic status, and our Senior Social Mobility Champion has taken a leadership role in sharing their personal journey through a series of blogs to encourage disclosure and thus ensure a richer data set.



Contracts awarded to Welsh suppliers

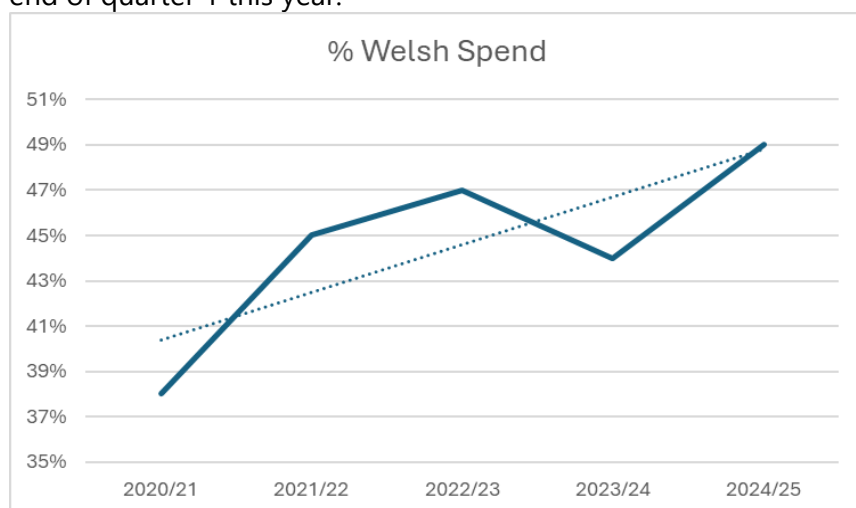
The Commission committed to providing details about contracts awarded to Welsh suppliers by the Commission, on an annual basis, provided by size of contract in the future, to include contracts up to £10,000, between £10,000 and £50,000, between £50,000 and £100,000 and in excess of £100,000.

Update

All contracts which exceed £25,000 are managed centrally by the Commission's Procurement team. Management of contracts below £25,000 is delegated to Service Areas. The Commission continually explores ways to increase spend with Welsh suppliers. We do this through market research and early engagement with suppliers. The Commission monitors Welsh spend performance through a Key Performance Indicator – current performance as of Q1 of 2024-25 is 49% - the previous financial years details are discussed below.

Spend with Welsh Suppliers

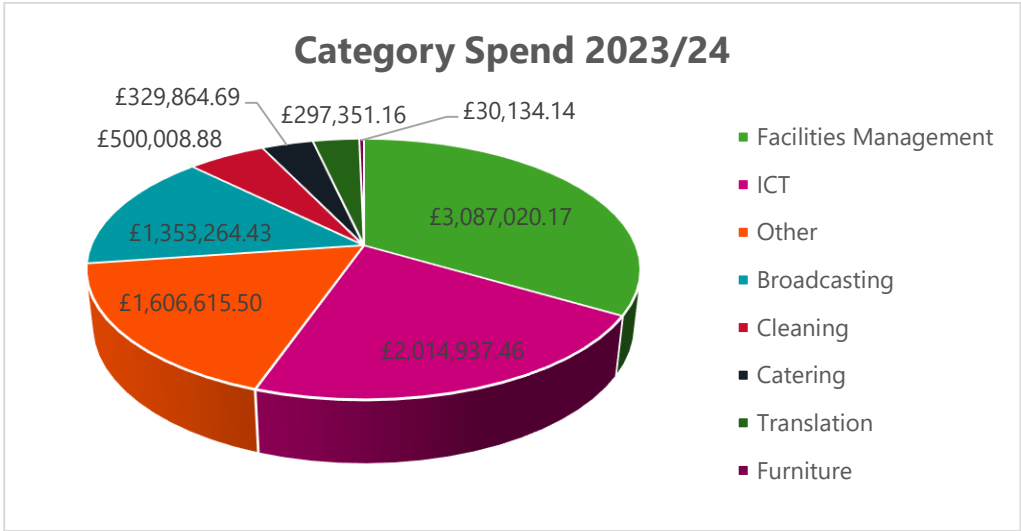
Spend with Welsh based suppliers reduced from 47% at the end of 2022/23 to 44% at the end of 2023/24. This was due in part to some one-off contracts, namely Digital Archiving where we spent £125K through our AV contractor Bow Tie, and on the HR/Payroll project with Midland HR where we have spent £110K on set up costs, (while also having paid Zellis for our existing HR/Payroll system). These two contracts account for 2.5% of our spend. However spend has bounced back to 49% at the end of quarter 1 this year.



Where we spend our Money

In 2023/24, we spent circa £9.4M on bought-in goods and services, 44% of this sum was spent in Wales. Almost two thirds of this expenditure is on either facilities management or ICT.





Who we spend our money with

In 2023/24 our top suppliers in terms of spend are shown below. The supplier we spend most with is CBRE, our facilities management contractor.

Supplier name	Spend
CBRE (facilities management)	£1,580,159
Bowtie Television (broadcasting)	£1,353,264
EDF Energy	£1,002,317
Softcat (ICT)	£978,587
Total Support Services (cleaning)	£498,560
ESS Catering	£327,956
Penna (executive search)	£250,734
Centreprise (ICT)	£230,889
Testun (Welsh translation)	£153,854
Digitalraid (ICT)	£141,964

In 2023/24 45% of spend with CBRE was passed on to Welsh sub-contractors.



Welsh Spend by Category

Welsh Spend by Category - 2022/23										
	Qtr 1		Qtr 2		Qtr 3		Qtr 4		Cumulative Spend 2022/23	
Category	Spend	Percentage	Spend	Percentage	Spend	Percentage	Spend	Percentage	Cumulative Spend	Cumulative Percentage
Broadcasting	£88,000.00	4%	£89,250.00	4%	£94,500.00	5%	£93,600.00	3%	£365,350.00	4%
Catering	£25,987.75	1%	£12,389.31	1%	£54,856.11	3%	£28,186.33	1%	£121,419.50	1%
Cleaning	£8,687.56	0%	£8,075.47	0%	£9,420.75	0%	£13,680.35	0%	£39,864.13	0%
Facilities Management	£613,824.30	27%	£238,673.70	12%	£285,830.84	15%	£425,811.84	15%	£1,564,140.68	17%
Furniture	£25,347.00	1%	£38,891.94	2%	£14,733.30	1%	£26,190.00	1%	£105,162.24	1%
ICT	£98,100.60	4%	£93,424.96	5%	£100,453.95	5%	£112,084.66	4%	£404,064.17	4%
Other	£250,580.94	11%	£423,013.29	20%	£341,964.29	17%	£342,806.63	12%	£1,358,365.15	15%
Translation	£62,328.70	3%	£32,655.44	2%	£84,209.20	4%	£82,460.23	3%	£261,653.57	3%
Total Local Spend	£1,172,856.85	52%	£936,374.11	45%	£985,968.44	50%	£1,124,820.04	41%	£4,220,019.44	47%
Total Spend	£2,256,712.59		£2,073,204.22		£1,961,509.32		£2,774,073.48		£9,065,499.61	

Welsh Spend by Category - 2023/24										
	Qtr 1		Qtr 2		Qtr 3		Qtr 4		Cumulative Spend 2023/24	
Category	Spend	Percentage	Spend	Percentage	Spend	Percentage	Spend	Percentage	Cumulative Spend	Cumulative Percentage
Broadcasting	£92,600.00	5%	£87,050.00	4%	£109,250.00	7%	£96,600.00	3%	£385,500.00	4%
Catering	£34,769.00	2%	£31,202.52	1%	£39,143.25	2%	£37,683.20	1%	£142,797.97	2%
Cleaning	£9,413.30	0%	£8,551.65	0%	£9,551.77	1%	£7,767.33	0%	£35,284.05	0%
Facilities Management	£497,386.50	26%	£373,970.70	16%	£440,749.99	26%	£670,492.37	19%	£1,982,599.56	21%
Furniture	£5,691.60	0%	£14,960.74	1%	£777.60	0%	£8,401.20	0%	£29,831.14	0%
ICT	£40,895.88	2%	£126,870.14	6%	£124,864.73	7%	£202,260.23	6%	£494,890.98	5%
Other	£186,261.19	10%	£216,235.01	9%	£123,265.53	7%	£217,889.99	6%	£743,651.72	8%
Translation	£55,917.74	3%	£57,171.47	3%	£77,551.68	5%	£106,964.30	3%	£297,605.19	3%
Total Local Spend	£922,935.21	48%	£916,012.23	40%	£925,154.55	55%	£1,348,058.62	38%	£4,112,160.61	44%
Total Spend	£1,903,730.65		£2,284,370.72		£1,667,011.89		£3,545,610.01		£9,400,723.27	

Spread of contracts awarded last year by contract value

Contract value	Number of contracts	Welsh contracts
> £100k	18	8
> £50k	5	1
> £10k	43	18
< £10k	252	125

Project fund

The Committee would like to hear from the Commission on an annual basis with a breakdown of the projects actioned as part of the project fund and the funding allocated to these individual projects. This information should be provided ahead of the Committee's annual scrutiny of the Commission's Accounts.



Update

During 23-24 the Commission made the decision to make a cost of living payment to staff to support them through this difficult financial crisis. To afford this, as part of a series of measures spending was paused on projects not yet started which had a non critical timeline In December 2023, once the Executive Board were confident that funds were again available, the decision was made to prioritise infrastructure projects such as the CCTV replacement and upgrade, along with projects that had a critical timeline for delivery such as the Payroll and HR system.

Below is a list and expenditure detail for the project fund for 2023-24.

Project/Item	Budget Assigned £000
PB2 - proof of concept CRM / OET	£24
Zoom licences	£2
North Wales relocation	£56
PB3 - Archiving	£125
PB1 - CCTV hardware replacement & upgrade	£250
PB1 - Phase 6 fire door replacement	£81
PB1 - Flagpole replacement	£37
Bay 2032 - Strategic Outline Case	£62
Broadcast Encoder System (Firewall)	£8
PB3 - CR1,2,3 camera / vision switching	£399
PB1 - Laptop refresh - commission	£84
Remuneration Board Pay and Grading Review	£7
PB1 - PaR project	£72
Emergency CCTV Works	£19
Security Control Room Critical Power	£20
Low Voltage (LV) Air Circuit Breakers (ACB) Critical Spares	£37
UPS replacement	£11
Critical Spares for lifts across the Cardiff Bay Estate	£22
Common Area Phone Refresh	£11
Tablets Replacement Programme 24 to 25	£19
Desktop Hardware Replacement	£95
LED Office Lighting - Phase 5	£41
Programme Management Tool additional feature	£5
Total	£1,487





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Agenda Item 4.2

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

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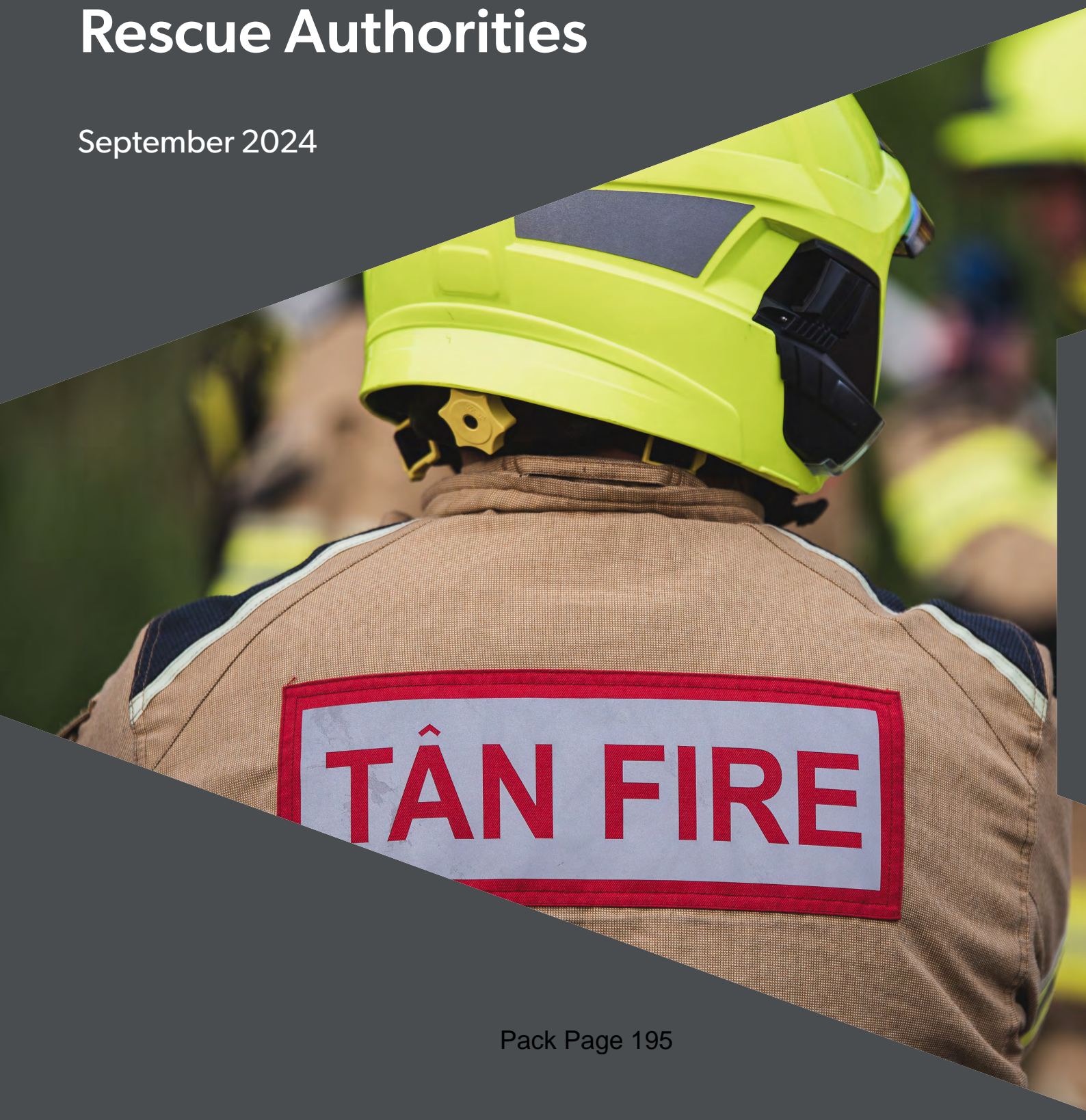
Agenda Item 6

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

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Governance of Fire and Rescue Authorities

September 2024



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Summary Report

- 1 As part of the Auditor General's local government studies programme in 2023-24, we reviewed the governance arrangements across the three Fire and Rescue Authorities (FRAs) in Wales.
- 2 We examined FRA governance for several reasons, including:
 - the Welsh Government has not taken forward its proposals to reform the governance structures of FRAs, despite concluding in its 2018 White Paper that FRA governance structures were in need of reform; and
 - the financial climate currently faced by the public sector means that strong governance arrangements are especially important.



Key messages

3 We found that:

- the roles and responsibilities of FRA members are clearly set out but are not always reflected in their actions in practice.
- members do, however, generally act in accordance with expected values and behaviours.
- governance arrangements recognise the importance of community representation but do not reflect the specialist nature of FRA functions.
- whilst FRAs review the effectiveness of their governance arrangements, the contribution of individual FRA members is typically not evaluated. Our evidence also suggests that training and development activity is limited and is not always informed by members' needs.

4 We have made recommendations for Welsh Government to review the governance model, and for FRAs to strengthen training and development arrangements.

Key facts

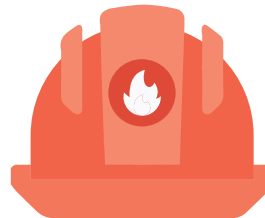
FRAs must make provision for the key services, such as:

- promoting fire safety
- fire-fighting
- responding to road traffic accidents
- dealing with other prescribed emergencies.



All members of FRAs are councillors, nominated by their host authority.

The combined revenue budgets of the three FRAs budgets are approximately **£200 million** for 2024-25, which equates to **£64** per head of population in Wales.



There are **three FRAs** in Wales – North Wales, South Wales and Mid & West Wales (**Exhibit 1**).

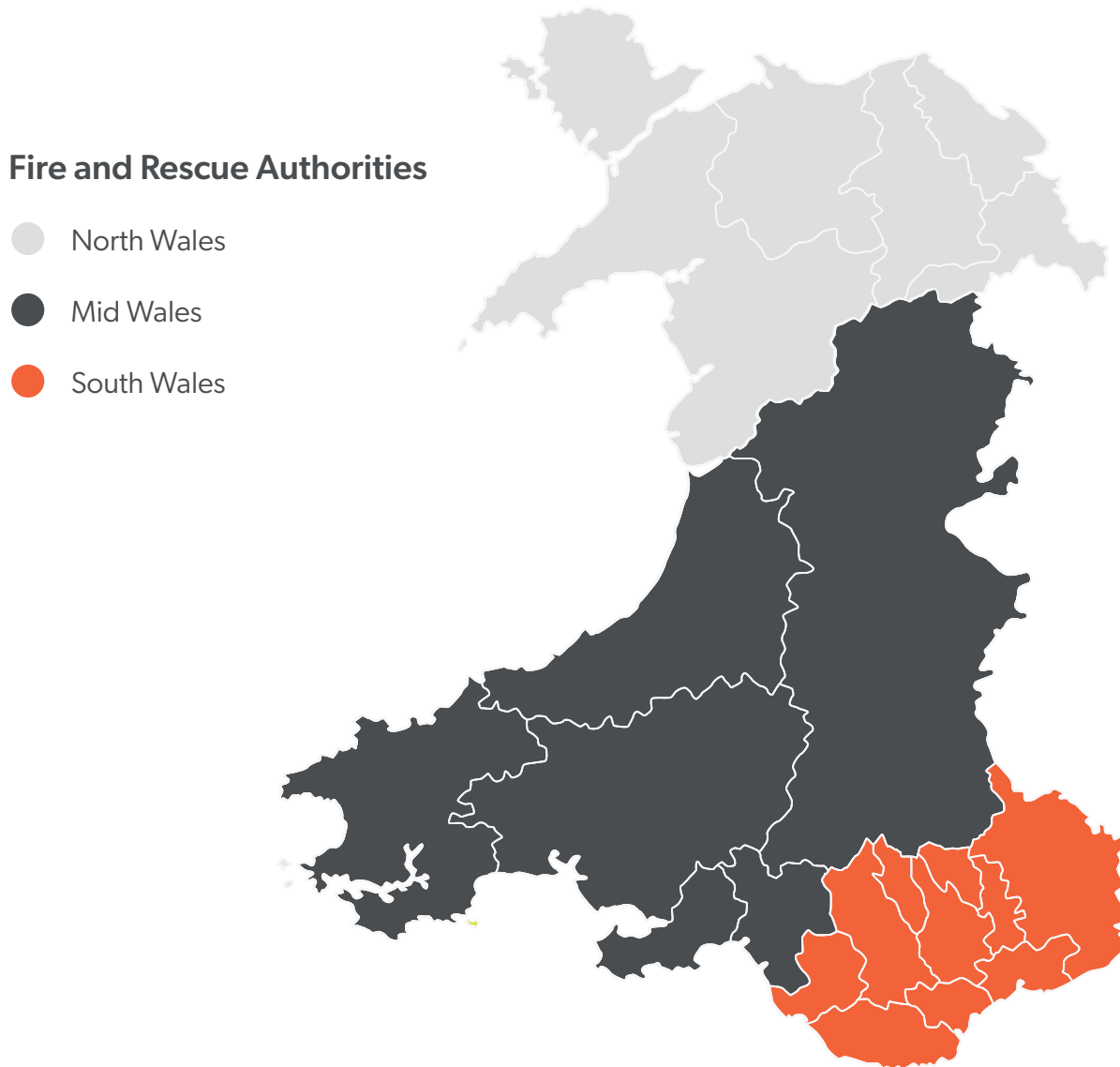


Members of FRAs are entitled to the following salaries¹:

- the basic salary of a fire and rescue authority member is **£2,632**
- a chair's salary is **£11,965**
- a deputy chair or committee chair's salary is **£6,372**

Exhibit 1: Fire and Rescue Authorities of Wales

The map below shows the geographical area of each of the three Fire and Rescue Authorities in Wales.



Source: Audit Wales



Recommendations

Exhibit 2: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations

Addressing weaknesses in the governance model

This report highlights weaknesses in the governance model for FRAs. To address these, we recommend that:

- R1 The Welsh Government reviews the governance model to ensure that:
 - 1.1 the membership of fire and rescue authorities ensures appropriate knowledge, expertise and diversity to effectively discharge their governance roles; and
 - 1.2 there are clear accountability arrangements to regularly evaluate the contribution of FRA members.

- R2 Fire and rescue authorities strengthen the provision of training and development for members by:
 - 2.1 establishing arrangements to regularly assess members' development needs to inform training and development; and
 - 2.2 evaluating the effectiveness of training and development activity in ensuring members' understanding of, and contribution to, governance arrangements.

Detailed Report

What we reviewed and why

- 1 As part of the Auditor General's local government studies programme² in 2023-24, we reviewed the governance arrangements across the three Fire and Rescue Authorities. Our review considered five key elements:
 - the clarity and appropriateness of governance structures;
 - key functions and responsibilities within these structures;
 - governance culture;
 - infrastructure to support effective governance; and
 - arrangements to review and strengthen the effectiveness of governance.
- 2 We examined FRA governance for several reasons. For example, the Local Government and Elections (Wales) Act 2021 made changes to principal councils and required them to work regionally in Corporate Joint Committees (CJCs). FRAs were not the subject of this legislative reform.
- 3 The most recent proposal for reforming and strengthening governance of FRAs was a 2018 Welsh Government White Paper³. The paper set out its case for reform by arguing that current arrangements 'are not as accountable as they ought to be'. It criticised the lack of either directly elected members or FRAs being formally accountable to a local or national elected body⁴. It was also critical of nominated FRA members being mostly 'backbench' councillors with little knowledge or experience of the Fire and Rescue sector. It argued that there were not many areas where the elected member could add value as a champion for their community, citing rare discussions such as station closures as examples of decisions that are political or require community insight.

2 This report concludes the second part of a two-stage review considering the governance arrangements across Special Purpose Authorities in Wales. In April 2024, we published a [report](#) on governance arrangements across the NPAs following the first stage of this review.

3 Welsh Government, [Reform of Fire and Rescue Authorities in Wales](#), November 2018

4 Elected members are required to act in the FRA's interest rather than their nominating authority's.

- 4 The White Paper proposed governance reforms to:
 - reduce FRA elected member representatives to one per nominating council;
 - require nominees to be a council cabinet member; and
 - introduce non-executive members (one third of current FRA membership), most likely appointed by the The Welsh Government.
- 5 The White Paper noted that this would provide more streamlined governance, retain the local knowledge brought by councillors, and increase technical knowledge through direct appointees. This would bring FRAs more closely into line with NPAs, who are formed of one third Welsh Government appointees. However, following consultation and feedback from FRAs and others, the White Paper proposals were not taken forward.
- 6 Change is a fundamental feature of FRA governance. During the electoral cycle 2017-22, a total of 40 changes were made to the membership of FRAs in Wales, representing around 52% of the overall membership. Further changes in membership occurred following the 2022 local government elections.
- 7 Governance arrangements are especially important given the financial climate currently faced by the public sector. This increases the importance of objective setting, strategic oversight, and effective scrutiny of performance to ensure FRAs deliver value for money.
- 8 Our study began before the Welsh Government appointed four Commissioners to run South Wales FRA in February 2024. Our review of governance arrangements is based on the governance model in place in South Wales FRA prior to the appointment of the Commissioners.
- 9 Since our review began the Senedd's Equality and Social Justice Committee has also published its report following its inquiry into the Governance of Fire and Rescue Services – 'Sound the Alarm: The Governance of Fire and Rescue Services.' The Auditor General for Wales provided written and verbal evidence to this inquiry.

- 10 Our evidence is limited to the following sources:
- a review of documentary evidence;
 - interviews with senior officers and members of the FRAs and the SWFRA Commissioners, the Welsh Government, and the Welsh Local Government Association;
 - observations of a range of FRA committee and authority meetings; and
 - a survey of FRA senior officers and members (including the former members of South Wales FRA).

Roles and responsibilities in governance structures are generally clearly set out but understanding of roles is not always demonstrated in practice

- 11 FRAs generally set out the governance arrangement responsibilities of officers and members clearly. Each has a constitution that sets out its governance framework. These include committee terms of reference that cover the membership and broad role of the committees. FRA constitutions are supported by other documents, for example induction materials for members that set out the chain of command within the fire service. FRAs do not, however, have formal arrangements in place to review the members' understanding of the governance arrangements and their role within it.
- 12 FRA members feel they have a good understanding of their roles and responsibilities and were generally able to describe them. Members told us that they have a clear understanding of where decisions are made within the governance structure and their own governance responsibilities. We observed formal meetings where this understanding was demonstrated, and most meetings we observed were chaired effectively. Most members and officers who responded to our survey agreed that meetings are well chaired.
- 13 However, members did not always appear to clearly understand or act in accordance with their roles. We heard concerns that the governance model results in an inherent tension between members' role as councillors and members of the FRA. For example, we heard concerns that members sometimes focus on parochial considerations rather than the FRA as a whole.
- 14 Clarity on key responsibilities around decision making is a fundamental aspect of good governance. These are generally clearly set out and understood, but there is a risk that a lack of understanding in practice weakens the effectiveness of governance arrangements.

The governance model for FRAs recognises the importance of community representation, but arrangements do not reflect the specialist nature of their functions and the contribution of FRA members is not typically evaluated

- 15 The membership of FRAs is exclusively made up of elected councillors, nominated by their host council. We commented previously in response to the Welsh Government's 2018 White Paper that there is considerable merit in councils nominating members of FRAs. This includes feedback that council members provide on legitimate community concerns. However, we also suggested that the Welsh Government should ensure the nomination process is both fair and transparent to secure representatives with sufficient seniority, skills, and capacity. Ensuring that those charged with governance are sufficiently skilled and knowledgeable is important to underpin good governance.
- 16 In the current governance model for FRAs there is a risk that the elected members do not have the necessary skills and knowledge that reflect their specialist functions. Members' responses to our survey suggest that they feel they do possess these skills and knowledge (see **appendix 1** for details of the response rate to our survey). However, we also heard concerns during fieldwork that collectively members do not always possess or demonstrate them. Our survey responses and fieldwork also suggest a variance in considering the specialist knowledge and the nature of the role when nominating members to FRAs. This means there is a risk that members do not always possess sufficient relevant knowledge of fire and rescue services to be able to discharge their governance role effectively.
- 17 Therefore, FRAs need to provide significant training to members to enable them to undertake their roles. However, wider systematic issues mean training may not be enough to mitigate this risk. Ensuring that members who are appointed without regard for the specialist nature of the role receive appropriate training and development is difficult because:
 - there is a relatively high turnover rate of members. This limits the extent to which individuals can develop and retain knowledge and skills relevant to the role.
 - we heard some concerns that the size of membership makes it difficult to develop a knowledgeable and engaged membership. The Welsh Government's White Paper previously benchmarked FRA membership size with other bodies, and identified this as a weakness in FRA governance arrangements.

- 18 Membership size can present challenges in engaging members. FRAs developed their arrangements during and after the pandemic to accommodate remote attendance, and most FRA meetings are now hybrid. However, despite these arrangements making it easier for members to attend meetings, we heard concerns during our fieldwork that some members attending remotely sometimes turn their cameras off during meetings and do not engage with discussions.
- 19 To help improve member engagement and understanding, FRAs have introduced smaller working groups to examine specific issues. Officers have described the subsequent improved engagement and 'challenge' they receive from members in private sessions when scrutinising proposed policies or decisions. This includes the scrutiny and challenge associated with annual budget setting. However, this risks reducing the transparency of decision making, especially as the debate is rarely replicated in public meetings or summarised in public papers.
- 20 Whilst our survey responses suggest that members generally feel able to question officers during formal meetings, overall we observed that there is limited scrutiny and challenge. We observed several meetings of different committees where there was limited challenge or questioning. For example, we observed two meetings in different FRAs where there was limited scrutiny of the strategic risk registers that were on respective agendas. We also found examples of reports 'to note' being provided to committees with responsibility for 'scrutiny', which suggests a lack of clarity of what is expected from scrutiny in the context of governance arrangements. We also heard concerns regarding the effectiveness or clarity of 'scrutiny' arrangements more generally within some FRAs. This means there is a risk that officers are not effectively held to account by members, which potentially weakens the robustness of internal controls to manage governance risks.
- 21 Appointing FRA members exclusively from local councils has also resulted in a lack of member diversity. In our response to the Welsh Government's White Paper, we suggested they could encourage authorities to create inclusive and representative Fire and Rescue Authorities with more female, ethnic minority and younger elected members nominated. For example, the majority of FRA Members are male, with very few from a Black, Asian, or Minority Ethnic background. The lack of diversity is an issue because, as highlighted by the Expert Group on Diversity in Local Government, it is 'vital that the people who make decisions on our behalf... are in tune with and representative of their local communities.'⁵.
- 22 Overall, there is a risk that the current governance model does not support FRA members possessing the necessary blend of skills and knowledge to be able to take informed decisions and effectively hold the Fire and Rescue Service to account.

- 23 Although there is some evidence to suggest FRAs are using informal, ad hoc methods of finding out what training members might need, none of the FRAs conduct regular member skills audits to inform member development. As a result, training is not always developed in response to an assessment of members' needs.
- 24 Of the three FRAs, only Mid and West Wales provides a programme of training and development events for members. South Wales and North Wales FRAs offer induction training and training on specific areas, such as pensions or governance, but this tends to be ad-hoc. We also found little evidence of succession planning to develop members' leadership skills with a view to them becoming a chair of an authority in future, for example.
- 25 The contribution of members to the governance of FRAs is also not typically evaluated. Whilst FRA members are elected to their host councils, they are not directly elected to the FRAs. The Welsh Government's White Paper also highlights concerns that this model does not provide democratic accountability. Therefore, despite it being a remunerated role, FRAs cannot demonstrate the value for money that members provide. The absence of any evaluation of members' contributions also reduces the opportunity to understand and address their training and development needs. Overall, our findings set out earlier in this report suggest that the training provided to members does not consistently address the risk that there is a shortfall in specialist knowledge and expertise. Consequently, we are not assured that all FRA members are always equipped with the skills, knowledge and experience needed to effectively undertake their governance role.

FRA have established arrangements to oversee members' compliance with codes of conduct, and members generally act in accordance with expected values and behaviours

- 26 Most of the conduct we observed in FRA meetings and committee meetings was consistent with expected values and behaviours. Most FRA members who replied to our survey agreed that each FRA has set out its expectations of officers and members in a range of documents. Interviewees were able to identify instances where behaviour inconsistent with expected values and behaviours had been challenged and addressed, which we witnessed when observing meetings.
- 27 However, our surveys of FRA members and senior officers highlighted a few instances when respondents felt that poor or inappropriate behaviour was not immediately tackled. We also witnessed such instances, for example potentially inappropriate or informal language seemingly being tolerated in a formal meeting. However, overall members' conduct in the meetings we observed appeared to be in accordance with expected values and behaviours.
- 28 FRAs have established standards committees which meet regularly and have clear terms of reference. Each standards committee reports annually to its respective Fire Authority and some work proactively to promote awareness and monitor members' compliance with codes of conduct.
- 29 Members and officers have a generally positive working relationship. The majority of members and senior officers think that they are given clear, comprehensive, and timely information to inform their decision making. Members also usually follow the professional advice of officers. This is important because constructive working relationships and demonstration of expected behaviours and values helps to underpin an appropriate governance culture.

FRA have whistleblowing policies and arrangements in place and are reviewing them following the findings of the South Wales FRA Culture Review

- 30 This study was not a detailed review of the effectiveness of whistleblowing arrangements. However we found that each FRA has a whistleblowing policy setting out procedures for dealing with such complaints, and we found evidence of FRAs working to strengthen their arrangements for staff to raise concerns. FRAs' recognition of the need to strengthen whistleblowing arrangements resonates with the report of the South Wales FRA Culture Review⁶, which noted a lack of encouragement and support for people to speak up, and insufficient action when they do.

FRA review the effectiveness of their governance arrangements but the Welsh Government previously identified that FRA governance structures were in need of reform

- 31 Each FRA has reviewed aspects of their governance arrangements, and their annual governance statements are up to date. Annual governance statements set out how FRAs review the effectiveness of their governance frameworks. They include the evidence sources they draw on, actions they intend to take to strengthen governance arrangements and an update on actions from previous years. FRAs have also looked at specific aspects of their governance arrangements. For example, North Wales FRA reviewed governance in relation to the Fire and Rescue Service's operational decision-making arrangements, and South Wales FRA Internal Audit function has reviewed their strategic planning and partnership arrangements.
- 32 FRAs have also demonstrated the capacity to vary their governance arrangements to consider specific issues. Examples include the working groups set up in North Wales FRA to review the emergency cover provision, and the use of budget scrutiny working groups or similar across all FRAs. South Wales FRA also introduced the option for scrutiny groups to co-opt additional members which has the potential to strengthen the specialist knowledge available to those groups.

- 33 Despite concluding in its 2018 White Paper that FRA governance structures were in need of reform, the Welsh Government has not taken forward its proposals for the reform. The Welsh Government also intervened in South Wales FRA following the publication of the FRA's Culture Review report, and also partly due to its view that the Authority responded inadequately to other opportunities for improvement⁷.
- 34 Reviewing and making changes to governance arrangements and being open to external challenge is important to ensure that weaknesses are addressed and opportunities for improvement are embraced.



Appendix

1 Audit scope, approach and methods, and key facts about fire and rescue authorities

1 Audit scope, approach and methods, and key facts about fire and rescue authorities

Scope

We sought to answer the question ‘Do special purpose local authorities in Wales have effective governance arrangements that support good outcomes for citizens?’

To answer this, we looked at structures of governance, the model of governance, how members and officers work within structures, and the approaches taken to review and improve governance arrangements.

We did not look at individual member or officer conduct, and we have not formed conclusions about each FRA individually.

Approach

This audit combined system and result orientated approaches to identify areas for improvement with the system of governance and assess how it is currently being delivered. We sought to understand how governance structures are in each Authority ‘on paper’, how they are applied in reality, and how they are reviewed. We aimed to provide assurance over the effectiveness of governance in Welsh FRAs overall. We worked flexibly to organise delivery and we managed our fieldwork whilst being mindful of the pressures faced by officers. We ensured that our coverage was sufficient to give an overview of the whole sector but did not detract from service delivery. Our approach was informed by the principles of good governance published by CIPFA and IFAC. These are outlined in **Exhibit 4**. Our findings and conclusions are based on the totality of our triangulated evidence. Our methods for gathering this evidence are set out below.

Methods

Our fieldwork was completed between September 2023 and May 2024, using the following methods:

- document review – we reviewed key governance documents from each FRA. This included standing orders, job descriptions of key officers, constitutions, terms of reference, and committee papers.
- local interviews – we carried out a total of 38 interviews across the three FRAs, including with senior officers and members.
- national interviews – we also carried out interviews with national bodies, namely the Welsh Government and the WLGA.
- surveys – we conducted a survey of senior officers who regularly interact with members. We received 26 responses (61% of those invited to participate in the survey). We also surveyed FRA members (including former members of South Wales FRA after Commissioners had been appointed) and received a total of 36 responses (47% of those invited to participate in the survey).
- observations – we observed a total of 16 meetings across the FRAs, including Full Authority and meetings of key committees.

What is 'good governance'?

Public sector organisations need to be governed in a manner reflecting the public and environment that they serve. To support this, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC) have defined good governance in the public sector (**Exhibit 3**).

Exhibit 3: definition of good governance

The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

Source: [CIPFA/IFAC](#)

To embed this definition, it has been further developed into seven principles (**Exhibit 4**).

Exhibit 4: seven principles of good governance



Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.



Ensuring openness and comprehensive stakeholder engagement.



Defining outcomes in terms of sustainable economic, social, and environmental benefits.



Determining the interventions necessary to optimize the achievement of the intended outcomes.



Developing capacity, including the capability of its leadership and the individuals within it.



Managing risks and performance through robust internal control and strong public financial management.



Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Source: CIPFA/IFAC

Key facts about Fire and Rescue Authorities

FRA receive an allocation of principal council members that are appointed to reflect the political balance of the larger geographic area covered as a combined authority. All members of FRAs are appointed this way. When elected members are appointed to the FRA, they do not represent their ward or the constituent authority that nominated them.

For 2024-25 the combined revenue budgets of the three FRAs budgets are approximately £200m, which equates to £64 per head of population in Wales. This increased from £184m or £59 per head of population in 2023-24.⁸

FRAs are formed in legislation by the joining of different council areas into combined authorities. This was last done in 2015. As the legislation is set by the Senedd, individual councils and FRAs cannot change their size, composition, or area served.

The Fire and Rescue Services Act 2004 sets the requirements of the services the FRA must make provision for. These include:

- promoting fire safety
- fire-fighting
- responding to road traffic accidents
- dealing with other prescribed emergencies

FRAs must also meet the strategic aims of the National Framework⁹. The Framework calls for “sustained maximum effort in identifying and realising efficiencies, in maintaining high standards of governance, and in accounting transparently for delivery’. The National Framework has not been updated for a number of years, and was last updated in 2016.

FRA members must also set a budget to deliver the aims and scrutinise performance to ensure delivery of desired outcomes. The budgeting process includes setting the funding levy, which is charged to constituent authorities based on population size. Members must also appoint senior officers, such as the Chief Fire Officer.

8 [Budgeted revenue expenditure by service detail \(gov.wales\)](#)

9 Welsh Government, [Fire and Rescue National Framework 2016](#), November 2015



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

Press release – immediate release, 29 August 2024

All Health Boards breach break even duty amid deepening financial pressures

The audit of NHS bodies' 2023-24 accounts is complete. Our data tool provides further information on their current financial positions

The Auditor General has concluded that the 12 recently published NHS body accounts give a true and fair view of those bodies' financial positions. However, the seven health boards in Wales all failed to meet their statutory duty to break even over a three-year period. As a result, the Auditor General qualified his 'regularity' audit opinion for those bodies. The three NHS trusts and two special health authorities all met their duty to break even.

The Auditor General also qualified his 'regularity' opinion for Betsi Cadwaladr University Health Board and for Velindre NHS Trust for breaching their standing financial instructions. Both NHS bodies incurred irregular expenditure in making payments to a former interim executive member of the Board and a former senior officer of the Trust respectively. For Betsi Cadwaladr University Health Board, this was the second consecutive year that standing financial instructions relating to executive member payments were breached.

Health services in Wales received £10.638 billion of revenue funding in 2023-24, a cash uplift of £744 million. This was significantly higher than the uplift of £131 million in 2022-23. With the impact of rising inflation, the 2023-24 cash uplift equated to a 1.2% real terms increase in funding (compared with a 4.9% real terms decrease in 2022-23). Against a backdrop of significant demand, the total in-year deficit for 2023-24 has increased to £183 million (£150 million in 2022-23) and the three-year cumulative over-spend across the NHS increased from £248 million in 2022-23 to £385 million in 2023-24.

Expenditure on agency staff has grown steadily from 2018-19 to 2022-23 but did reduce by 19% in cash terms in 2023-24 with annual overall agency spend being £262 million across NHS Wales. Whilst the majority of this spend covers workforce vacancies, some also supports additional activity to help meet demand.

NHS bodies are having to deliver significant levels of savings in their attempt to contain costs. Reported savings increased again in 2023-24, continuing the trend in 2022-23, and at £210 million, are at the highest level since 2018-19. The NHS still relies heavily on one-off non-recurrent savings with 41% of total reported savings in 2023-24 falling into this category. Positively, this percentage has reduced from 60% in 2022-23.

Sound strategic planning is key if the NHS is to deliver services which are clinically and financially sustainable. However, none of the health boards were able to secure approval for a three-year integrated medium-term plan for 2023-26 from the Cabinet Secretary for Health, Social Care and Welsh Language. Medium term plans prepared by the three NHS Trusts and two special health authorities were approved by the Cabinet Secretary, but in general it is proving increasingly difficult for NHS bodies to produce financially balanced plans in the current climate of cost pressures and service demand.

Further details are set out in our [NHS Wales Finances Data Tool 2023-24](#) published today.

Auditor General, Adrian Crompton said:

“Whilst I recognise the scale of the financial and operational challenges faced by the NHS, I am concerned at once again having to qualify my audit opinion on the accounts of all seven Health Boards because they have failed to meet the statutory duty to break even over three years. The growing cumulative deficit for the NHS in Wales demonstrates that despite record levels of investment and higher than ever levels of savings, the statutory framework put in place by the Welsh Government to drive financial sustainability in the NHS is not working.

Whilst there remains an urgent need for NHS bodies to continue to drive out cost inefficiencies in the way they work, this alone is unlikely to return the NHS to financial balance. More fundamental challenges now need to be grasped around the shape and infrastructure of the NHS, the level of funding it needs, its workforce challenges and how the demand for its services can be better managed. These are issues that should exercise the minds of politicians, government officials and NHS bodies and their partners in equal measure”.

Ends

Notes to Editors:

- The Auditor General has a duty under section 61 of the Public Audit (Wales) Act 2004 to confirm that expenditure in the NHS bodies' accounts has been incurred lawfully and is in accordance with the 'authorities' that govern that expenditure. The Auditor General confirms this in the 'regularity opinion' in his overall audit opinion.
- The 'authorities' are relevant Acts, Regulations and other documents such as Welsh Government's [Managing Welsh Public Money](#).
- The NHS (Wales) Act 2006 sets out a statutory requirement for local health boards and NHS trusts to break even over a three-year period and for strategic health authorities to break even each financial year. This means that any expenditure in excess of annual or three-year funding totals is not in accordance with the 'authorities' governing that expenditure and the Auditor General must qualify his 'regularity' opinion.
- Welsh Government requires Welsh NHS bodies to adopt standing financial instructions which set out approval limits for a range of expenditure that those bodies incur. This includes payments made to senior executive officers. Expenditure in excess of those limits usually requires the approval of Welsh Government. Where such approval is not obtained, that expenditure is not in accordance with the 'authorities' governing that expenditure and the Auditor General will qualify his 'regularity' opinion.
- The Auditor General is currently completing work at all NHS bodies in Wales that examines their approach to cost saving schemes. Our findings will be reported to back to each NHS body and published on the Audit Wales website once the reports have been considered by the appropriate committee within each NHS body.
- The Auditor General has also completed [audit work on NHS workforce planning](#) at all NHS bodies in Wales and reported his findings to those bodies. A national summary of themes from that work will be published in the autumn.
- Other work being undertaken by the Auditor General relating to the current pressures the NHS is facing includes:

- An examination of the impact of delayed discharges on unscheduled care services, together with the actions NHS bodies are taking to manage the demand for urgent and emergency care.
 - Further work to track progress health boards in Wales are making tackling the waiting list backlog.
- The Auditor General is the independent statutory external auditor of the devolved Welsh public sector. He is responsible for the annual audit of the majority of the public money spent in Wales.
- The audit independence of the Auditor General is of paramount importance. He was appointed by the late Queen, and his audit work is not subject to direction or control by the Welsh Parliament or government.
- The Wales Audit Office is a corporate body consisting of a nine-member statutory Board which employs staff and provides other resources to the Auditor General, who is also the Board's Chief Executive and Accounting Officer. The Board monitors and advises the Auditor General, regarding the exercise of his functions.
- Audit Wales is the umbrella name used to describe the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions.