

# Agenda – Public Accounts and Public Administration Committee

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| Meeting Venue:  | For further information contact:                                     |
| Hybrid – Committee Room 4 Tŷ Hywel<br>and video conference via Zoom | Fay Bowen<br>Committee Clerk   |
| Meeting date: 2 October 2025  | 0300 200 6565  |
| Meeting time: 09.15   | <a href="mailto:SeneddPAPA@senedd.wales">SeneddPAPA@senedd.wales</a> |

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## Private pre-meeting (09.00 – 09.15)

- 1 Introductions, apologies, substitutions, and declarations of interest  
(09.15)

## Public meeting (09.15 – 11.05)

- 2 Paper(s) to note  
(09.15 – 09.30)
  - 2.1 Letter from the Rt Hon Eluned Morgan AS, First Minister of Wales to the Chair regarding the Ministerial Code  
(Pages 1 – 3)
  - 2.2 Letter from FDA Cymru | Wales to David Richards, Director, Governance & Ethics – Welsh Government regarding the Ministerial Code  
(Pages 4 – 5)
  - 2.3 Correspondence between Chair, Finance Committee and Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language regarding planning for Census 2031  
(Pages 6 – 7)
  - 2.4 Audit Wales' report: Temporary accommodation, long-term crisis?  
(Pages 8 – 45)



**2.5 Audit Wales' report: Welsh Government funding for the failed Porthcawl Maritime Centre**

(Pages 46 – 73)

**Break (09.30 – 09.35)**

**3 Scrutiny of Accounts – Senedd Commission 2024–25: evidence session with Manon Antoniazzi, Chief Executive and Clerk of the Senedd**

(09.35 – 11.05)

(Pages 74 – 118)

Manon Antoniazzi, Chief Executive and Clerk of the Senedd

Elin Jones MS, Llywydd

Lisa Bowkett, Chief Finance Officer

Ed Williams, Director of Resources

Research brief

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

(11.05)

**Private meeting (11.05 – 12.30)**

**5 Scrutiny of Accounts – Senedd Commission 2024–25: consideration of evidence**

(11.05 – 11.20)

**6 Audit Wales' reports: Temporary accommodation, long-term crisis?**

(11.20 – 11.30)

- 7 Audit Wales' report: Welsh Government funding for the failed Porthcawl Maritime Centre**  
(11.30 – 11.40)
- 8 Active Travel in Wales: consideration of draft report**  
(11.40 – 12.10) (Pages 119 – 190)
- 9 Forward work programme**  
(12.10 – 12.30) (Pages 191 – 195)

Our ref: FM-PO-441-2025

Mark Isherwood MS  
Chair of Public Accounts and Public Administration Committee  
Senedd Cymru

By email: [SeneddPAPA@senedd.wales](mailto:SeneddPAPA@senedd.wales)

12 September 2025

Dear Mark,

We corresponded late last year about possible changes to the Ministerial Code. As I said in my earlier letter, I was very grateful to the Committee for the consultation which it undertook and for the thoughtful suggestions which it then put forward to me for possible changes to the Code. I have considered all of those suggestions very carefully.

I am today publishing a revised version of the Welsh Government Ministerial Code, which confirms my intention to appoint an Independent Adviser on Ministerial Standards.

Alongside this, I wanted to write to the Committee to explain how I have taken account of the recommendations from the Committee (which I quote below). Where I have not felt able to take on board fully a recommendation, I have set out the reason.

**“The Ministerial Code should be reviewed at the earliest opportunity, with the review to reflect on the changes introduced or planned by the administrations in the rest of the United Kingdom and beyond”**

I have indeed reviewed the Code, as urged by the Committee. Throughout my review I had in mind the changes made or planned by the other administrations and the Committee will note that many areas in my new Code parallel those made elsewhere. There have also been occasions where I have decided that I would not take on board some changes introduced by the other administrations or, at least, not gone as far as they have done. I think that we have to recognise that some of the changes introduced in other parts of the UK reflect the particular circumstances and history which have occurred there, but which have not been duplicated in Wales.

Putting the Nolan Principles into the body of the Code was a very helpful and important endorsement of the Committee of the responses about this which you received to your consultation. The Nolan Principles are foundational to everything else which is in the Code

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

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

and I have moved them from an annex, where they were in the previous Code, and into the first section of my revised Code.

I reflected long and carefully on the suggestion from the Committee about putting the Ministerial Code onto a statutory basis. I recognise the benefit which would accrue of giving the Code greater permanence and stability. But I also note that neither the UK Government nor the Scottish Government have decided to go down that route and am conscious of the potential unintended consequences of a shift towards complaints being pursued through a legal route, by means of judicial review, rather than as administrative matters. I think that this would be a retrograde step for Wales. I also have had in mind that the pressures upon both the Government and Senedd legislative time make it impractical for legislation in respect of the Code to be concluded in the near future.

**“The advice of the Independent Adviser should be published when it is deemed necessary by the Adviser”.**

I agree with this suggestion and I have incorporated this in the new version of the Code. This new version also strengthens the role of the Independent Adviser and puts a specific responsibility upon the First Minister to appoint an Independent Adviser and sets out the role which they will undertake. In the revised Code it sets out in detail how I expect an investigation by the Independent Adviser to be conducted. I have made clear that, when it is received, their report should be published in full subject to any necessary redactions for data protection or other legal grounds.

The Committee will see that the Code expects the First Minister to turn to the Permanent Secretary or the Propriety and Ethics team for initial advice in respect of complaints alleging that the Code has been breached. In practice many complaints received in relation to the Code represent a misunderstanding of the purpose and function of the Code and can be responded to without the need for a formal investigation.

Where I do decide that an investigation is warranted, the Committee will see that I have retained the option of asking the civil service to conduct that investigation. But I have made clear in the Code that that investigation would be conducted without any involvement from myself, my ministerial colleagues or special advisors; that it would be conducted in accordance with the Civil Service Code values of objectivity and impartiality; and that I would publish the resultant report in full, subject to any necessary redactions.

I have considered carefully whether it would be appropriate for me to give the Independent Adviser the power to initiate investigations on their own initiative, and I have decided against that. The purpose of the adviser is to advise me as First Minister, not to be an independent regulator of adherence to the Ministerial Code. My Ministerial team are answerable to me for that, and I am answerable to the Senedd for their and my own compliance. That is as it should be.

**“The Independent Adviser should have guaranteed access to any evidence they require”**

I agree with this, and I have made specific reference to it in the revised Code.

**“The Ministerial Code should include information about sanctions, as per the UK Government’s Ministerial Code, with the ability for the Independent Adviser to provide advice on sanctions, as per the UK Government’s latest reforms”**

I agree with the first part of this recommendation and I have included information about sanctions in the revised Code. But I think that it is the role of the First Minister, not the

Independent Adviser, to decide on the appropriate sanctions where there has been a breach of the Code, and for the First Minister to be accountable to the Senedd for their decision. I have not, therefore, implemented the second part of this recommendation, though I would not rule out asking the Independent Adviser for a view when I think it appropriate.

**“The updated Ministerial Code should explicitly make provisions relating to a Minister’s use of social media, their use of personal devices and non-official communications channels”**

I have taken this recommendation on board.

**“...the First Minister should consult with the proposed new Independent Adviser when making amendments to the Code”**

I have reflected this recommendation in the revised Code as well.

Finally, let me thank the Committee once more for the work which went into conducting the consultation exercise and then distilling the results of that exercise, together with the further thoughts of the Committee, into the valuable set of suggestions which you sent to me. As you can see from this letter, I have drawn on those suggestions extensively.

I also want to take this opportunity to re-affirm my own commitment to myself and my Government conducting ourselves in accordance with the highest standards expected from those in public life. I recognise that Public Accounts and Public Administration Committee has a very wide remit to encourage the proper conduct of public business and adherence to standards across the public service. It behoves those of us who operate in the political field, and very much in the public eye, to ensure that we set an appropriate example.

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

**Eluned Morgan**



Llywodraeth Cymru  
Welsh Government

## **MINISTERIAL CODE**

WELSH GOVERNMENT  
June 2025

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## **MINISTERIAL FOREWORD**

The people of Wales, quite rightly, expect the government which they elect to not only deliver on its promises but also to do so in a way which lives up to the highest standards of public life. This is a constant standard which is not linked to particular parties or affiliations.

Becoming First Minister of Wales is a great honour and privilege. I am committed to ensuring that my government operates with integrity, transparency, and accountability. We are committed to listening to our citizens, addressing their priorities, and maintaining high standards of public service. This Ministerial Code is our promise to uphold the conduct and behaviours that ensure we serve the people of Wales above all else.

This Ministerial Code sets out the principles that underpin our work and that I expect of my Ministers. It is not merely a set of rules but a declaration of our shared commitment to good governance. By adhering to these standards, we strengthen the trust between government and the people of Wales, ensuring that our democracy remains robust and responsive.

In this latest version of the Ministerial Code, I have introduced significant changes to enhance our commitment to good governance. An Independent Adviser on Ministerial Standards is being appointed to help provide additional impartial advice and guidance to ensure the highest standards are maintained. Other changes have been made to increase transparency.

I have also made some changes to give greater clarity in several areas, ensuring that Ministers understand their responsibilities and that our actions and decisions are taken in line with standards that are clear to the people we serve.

I pledge myself and my government to uphold these standards in everything we do.

**Eluned Morgan**  
**First Minister of Wales**

## **PART 1 – MINISTERIAL CODE OF ETHICS**

### **1. Ministers**

#### **Ministerial Conduct**

1.1 Ministers of the Welsh Government are expected to maintain high standards of behaviour and to behave in a way that upholds the highest standards of propriety.

1.2 This includes adhering to the Seven Principles of Public Life (also known as the ‘Nolan Principles’), which are set out by the Committee on Standards in Public Life and apply to all public office holders:

- a) **Selflessness:** Holders of public office should act solely in terms of the public interest.
- b) **Integrity:** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- c) **Objectivity:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- d) **Accountability:** Holders of public office are accountable for their decisions and actions and must submit themselves to whatever scrutiny necessary to ensure this.
- e) **Openness:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.
- f) **Honesty:** Holders of public office should be truthful.
- g) **Leadership:** Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs

1.3 Serving the country and the public in Ministerial office is a privilege. Ministers should be professional in all their dealings and treat all those with whom they come into contact with consideration and respect. Working relationships with civil servants, other Ministers, Senedd colleagues and staff should be proper

and appropriate. Harassing, bullying or other inappropriate or discriminating behaviour, wherever it takes place and irrespective of whether or not it occurs in the course of Ministerial business, is not consistent with the Ministerial Code and will not be tolerated.

1.4 This Ministerial Code applies to the First Minister and all Ministers. It also applies to the Counsel General. Unless otherwise stated, the term “Minister” in this Code encompasses all of these.

1.5 The Ministerial Code should be read against the background of the overarching duty on Ministers to comply with the law, including international law and treaty obligations, and to protect the integrity of public life. In particular, they are expected to observe the following principles of Ministerial Conduct:

#### Accountability

- i) Ministers have a duty to the Senedd to account, and be held to account, for the policies, decisions and actions of their departments and agencies;
- ii) It is of paramount importance that Ministers give accurate and truthful information to the Senedd, correcting any inadvertent error at the earliest opportunity. Ministers who knowingly mislead the Senedd will be expected to offer their resignation to the First Minister;
- iii) Ministers should be as open as possible with the Senedd and the public, refusing to provide information only when disclosure would not be in the public interest which should be decided in accordance with the relevant statutes and the Freedom of Information Act 2000;
- iv) Ministers should similarly require civil servants who give evidence before Committees of the Senedd on their behalf and under their direction to be as helpful as possible in providing accurate, truthful and full information in accordance with the duties and responsibilities of civil servants as set out in the Welsh Government Civil Service Code;

#### Collegiality

- v) The principle of collective responsibility applies to all Government Ministers. It applies in all circumstances other than those described in paragraph 4.8.

#### Personal Responsibility

- vi) Ministers must ensure that no conflict arises, or appears to arise, between their public duties and their private interests;

- vii) Ministers should not accept any gift or hospitality which might, or might reasonably appear to, compromise their judgement or place them under an improper obligation;
- viii) Ministers must keep separate their roles as Minister and Member of the Senedd;
- ix) Ministers must not use the Welsh Government's resources for party-political purposes. They must uphold the political impartiality of the Civil Service and not ask civil servants to act in any way which would conflict with the Welsh Government Civil Service Code.

1.6 This Ministerial Code provides guidance to Ministers on how they should act and arrange their affairs in order to uphold these standards. It lists the principles which may apply in particular situations. Ministers must also adhere at all times to the requirements that the Senedd has itself laid down, and in particular the [Code of Conduct on the Standards of Conduct for Members of the Senedd](#).

1.7 Ministers are personally responsible for deciding how to act and conduct themselves in the light of the Ministerial Code and for justifying their actions and conduct in the Senedd and to the public. The First Minister is the ultimate judge of the standards of behaviour expected of a Minister and the appropriate consequences of a breach of those standards. Although the First Minister will not expect to comment on every matter which could conceivably be brought to his or her attention, Ministers can only remain in office for so long as they retain the confidence of the First Minister. The outcome of any substantiated breach of the Code will depend on the nature of the breach. Where the First Minister retains confidence in the minister, available sanctions may include, but are not limited to, requiring some form of public apology or remedial action.

1.8 It is not the role of the Permanent Secretary or other officials to enforce the Code. However, Ministers can expect the civil servants who advise them to be aware of this Code and to use their best endeavours to draw to the attention of Ministers any potential conflicts which they have identified. Ministers remain personally responsible for adhering to the Code and the decisions they take.

### **Role of the Independent Adviser**

1.9 The First Minister will appoint an Independent Adviser on Ministerial Standards to assist them in relation to the Ministerial Code. The First Minister may ask the Independent Adviser to investigate a complaint that the Code has been breached. The Independent Adviser may also be consulted by the First Minister on matters in relation to declarations of interest by

ministers and will also be consulted by the First Minister when significant changes to the Ministerial Code are being considered.

- 1.10 The First Minister will decide how complaints under the Code will be investigated, including whether the Independent Adviser will be asked to investigate. The First Minister will consult the Permanent Secretary, or the Welsh Government Propriety and Ethics team on behalf of the Permanent Secretary, for initial advice. Taking into account that advice, the First Minister may decide that the complaint can receive an immediate response. If the First Minister decides that an investigation into the complaint would be appropriate then they may ask the Permanent Secretary, or the Propriety and Ethics team on behalf of the Permanent Secretary, to conduct that investigation and to report back to them. The First Minister will set the terms of reference for the investigation but thereafter neither the First Minister, nor other members of the Government or Special Advisers, will have any involvement in the process, which will be carried out in accordance with the Civil Service Code values of objectivity and impartiality. The report of the investigation will include a summary of the key facts of the circumstances as discovered by the investigation and may include an assessment of whether in the view of the investigators there are grounds for concluding that the Ministerial Code has been breached.
- 1.11 The First Minister may, at their discretion, ask the Independent Adviser to investigate the complaint. In this case, the investigation would be carried out independently of the Welsh Government apart from what would be necessary to provide administrative support and facilitate meetings. The report of the Independent Adviser will include a summary of the key facts of the circumstances as discovered by the adviser and may include an assessment of whether in the view of the adviser there are grounds for concluding that the Ministerial Code has been breached. The Independent Adviser will be provided with all information necessary for them to conduct their investigation.
- 1.12 In either case, the First Minister will subsequently publish the terms of reference for the investigation and the report which they received, unamended subject to any necessary redactions to protect personal data or other legal obligations.
- 1.13 The First Minister will exercise judgement over any necessary action resulting from the investigation report which they receive. The First Minister is the ultimate judge of whether there has been a breach of the Ministerial Code and, if so, what sanctions would be appropriate to the circumstances.
- 1.14 These arrangements also apply to the First Minister, who is accountable to the Senedd.

## **Ministers and their Wellbeing**

- 1.15 The statutory powers of a First Minister to appoint and remove Ministers from office are derived from section 48 of the Government of Wales Act 2006. These powers are wide and unfettered.
- 1.16 The First Minister recognises that at times the personal pressures upon Ministers can be considerable. Most of the time these pressures, which are not unique to Ministerial responsibilities, will be accommodated by Ministers as part of the resilience required to undertake the role. But the First Minister will have regard to the wellbeing of Ministers and will ensure that there are adequate arrangements in place to provide Ministers with support where necessary if they wish to avail themselves of it; and that these arrangements are drawn to the attention of Ministers on a regular basis.
- 1.17 In particular, the First Minister will ensure that the wellbeing of the Minister or Ministers involved is fully taken into account as part of planning and preparation for reshuffles or other circumstances in which Ministers may depart from Government. This will include ensuring that the Ministers at the time are aware of the support services which are available to them to access. This will be the case particularly where departure is taking place in circumstances which may attract significant media interest. The First Minister will endeavour to ensure that outgoing Ministers are provided with appropriate channels of support.
- 1.18 The First Minister will ensure that information surrounding any reshuffle is kept to as tight a cohort of individuals as the First Minister thinks possible.

## **2. Ministers and their Responsibilities**

### **Ministerial Responsibilities and Titles**

- 2.1 The First Minister is responsible for the overall structure and organisation of the Cabinet. With the approval of The King, they appoint Ministers, and also recommend to His Majesty the appointment of the Counsel General.
- 2.2 The allocation of portfolios between Ministers is the responsibility of the First Minister. The First Minister's approval must be sought where any changes are proposed that affect this allocation and the responsibilities for the discharge of Ministerial functions.
- 2.3 Ministers should take special care in discussing issues which are the responsibility of other Ministers, consulting Ministerial colleagues as appropriate.
- 2.4 All Ministerial titles, and any proposed changes to them, must also be approved by the First Minister.
- 2.5 All Ministers are accountable to the First Minister and a minister can only remain in post for so long as they retain the confidence of the First Minister.

### **Ministers' Availability**

- 2.6 The First Minister's office should be kept informed of Ministers' engagements, and also of their weekend and holiday arrangements, so that, if a sudden emergency arises, it can inform the First Minister which Ministers are immediately available. As set out at paragraph 9.3 any Minister who wishes to be absent from the UK for any reason must seek the First Minister's approval.
- 2.7 When a Minister is absent for a considerable period for any reason it may be desirable that arrangements should be made for another member of the Cabinet to be available to cover for them and to represent their interests in discussions in Cabinet or in any other collective Ministerial meeting. The First Minister's prior approval should be sought for the arrangements for cover for an absent Minister.
- 2.8 If a Minister for whatever reason wishes another Minister to undertake an official engagement or take a decision on a particular issue, the matter should be referred to the First Minister for approval. This does not, however, apply to

Ministers' relationships with Deputy Ministers who have been appointed to assist them.

## **Special Advisers**

2.9 The employment of Special Advisers adds a political dimension to the advice available to Ministers and provides Ministers with the direct advice of distinguished experts in their professional field. It also reinforces the political impartiality of the permanent Civil Service by distinguishing the source of political advice and support. All appointments are made by the First Minister. If the First Minister leaves office the Advisers appointed by the First Minister also leave. As all appointments are made by the First Minister no commitments to make such appointments can be entered into without the prior approval of the First Minister. All such appointments will be made, and all Special Advisers will operate, under the terms and conditions of the Model Contract for Special Advisers and the Code of Conduct for Special Advisers.

2.10 The First Minister is responsible for deciding on the distribution of Special Adviser posts within the Welsh Government, whether in support of individual Ministers or as collective resource. Day-to-day management of SpAds will be undertaken by the Chief SpAd, but ultimate responsibility for the conduct of Special Advisers, including discipline, rests with the First Minister. The First Minister will be accountable to the Senedd and the public for his or her actions and decisions in respect of the Special Advisers.

2.11 The Welsh Government will publish an annual statement to the Senedd setting out the numbers, names, and paybands of Special Advisers and their overall paybill.

## **Unpaid Advisers**

2.12 With the agreement of the First Minister, Ministers may appoint unpaid advisers. The appointment of an unpaid adviser is a personal appointment by the Minister concerned. There is no contractual relationship between such an adviser and the Welsh Ministers and, except as permitted below, the appointment carries no entitlement to payment from public funds. Such appointments are exceptional, and the prior written approval of the First Minister must be sought before any commitment is entered into. In making appointments Ministers must ensure that there is no conflict of interest between the matters on which the unpaid adviser will be advising and his or her private concerns. A letter of appointment must be issued making this clear. The letter should indicate the subjects with which an unpaid adviser may (or may not) deal and explain to which papers they will have access.

2.13 Where an adviser is acting on similar terms to a Special Adviser but on an unpaid basis then they should conduct themselves as if they were a Special Adviser. As with Special Advisers, unpaid advisers, although not civil servants,

are required to uphold the political impartiality of the Civil Service. The normal rules of confidentiality apply in relation to the protection by the adviser of any official information to which he or she has access by virtue of the appointment. Unpaid advisers are also subject to the Official Secrets Act and Business Appointment Rules for Crown Servants. Aside from the provision of a furnished office and use of a telephone, access to typing facilities, a personal computer and internal departmental messenger system and the reimbursement of travel costs incurred in carrying out their duties, an unpaid adviser should constitute no cost to the public purse.

### **Specialist Policy Advisers**

2.14 The First Minister may also engage Specialist Policy Advisers to support the Government in developing policy. They are employed as short term civil servants and are situated within the relevant policy department.

### **Appointments by Ministers**

2.15 Civil service appointments must be made in accordance with the Civil Service Commission's *Recruitment Principles* and the Civil Service Code.

2.16 Public appointments should be made in accordance with the requirements of the law and, where appropriate, the Governance Code on Public Appointments under which the Commissioner for Public Appointments carries out his regulatory role. Public appointments should also follow Welsh Government procedures and reflect and champion the principles of the Welsh Government's Diversity and Inclusion Strategy for Public Appointments. Ministers have a duty to ensure that influence over civil service and public appointments is not abused for partisan purposes.

### **3. Ministers and Civil Servants**

#### **Ministers and the Civil Service**

##### 3.1 Ministers have:

- a duty to give fair consideration and due weight to informed and impartial advice from civil servants, as well as to other considerations and advice, in reaching policy decisions;
- a duty to uphold the political impartiality of the Civil Service, and not to ask civil servants to act in any way which would conflict with the Welsh Government Civil Service Code and the requirements of the *Constitutional Reform and Governance Act 2010*.

3.2 Ministers should be professional in their working relationships with the Civil Service and treat all those with whom they come into contact with consideration and respect. Concerns raised by staff about the conduct of Ministers towards them will be investigated by the Permanent Secretary, in consultation with the First Minister. Similarly, Ministers can expect the civil servants with whom they work to treat them with the respect and courtesy due to their office and to seek to provide a professional service at all times. If Ministers have concerns about the conduct of any member of staff then they should raise them with the Permanent Secretary in the first instance.

3.3 It is the responsibility of the civil service to provide Ministers with impartial, objective and honest advice which includes, to the best of their ability, all relevant information and analysis. Ministers should not seek to direct staff on the advice which they receive, but neither, of course, are they obliged to accept and follow that advice. Ministers can expect the civil service to be mindful of the volume of issues coming to Ministers for consideration and the civil service should seek to provide information and present issues in a form which is as short, clear and as easily assimilable as possible.

3.4 Ministers are responsible for issuing instructions to the Private Office staff supporting them in their role as Ministers. These staff must not be used to support Ministers in their party political or constituency capacity.

#### **Civil servants and party political engagements**

3.5 If a Minister wishes to have a factual brief for a party political or other non-Ministerial event to explain Welsh Government policies or actions, this can be provided on the same basis as information may be provided to any other Member of the Senedd, but it is not appropriate for a Minister to request civil servants to prepare a draft speech for such an event (although they may properly ask Special Advisers to do so). Factual briefs would normally be provided in written form. Ministers may also request civil servants to provide technical briefings to Members of the Senedd or the UK Parliament. Such

briefings may be provided orally and allow for questions to be asked but must be factual in nature and should be available to Members of all parties in order to maintain the impartiality of the civil service.

- 3.6 Ministers should not ask civil servants to attend, still less take part in, Party Conferences or meetings of a party political nature. Nor should civil servants in their official capacity accept invitations to conferences convened by, or under the aegis of, party political organisations except when their presence is required for carrying through essential Welsh Government business unconnected with the conference. (This does not include, for example, conferences of the Trades Union Congress or the Confederation of British Industry). An exception to this rule is made for Special Advisers who, under the terms of their contracts, may attend party functions, including the annual Party Conference (but they may not speak publicly at the Conference) and maintain contact with party members.

### **Contacts with external organisations**

- 3.7 Ministers meet many people and organisations and consider a wide range of views as part of the formulation of Government policy. The basic facts of formal meetings between Ministers and outside interest groups should be recorded, setting out the reasons for the meeting, and the names of those attending and the interests represented. A private secretary or official should be present for all discussions relating to government business and a list of meetings carried out by all Ministers is published three months in arrears. If a minister meets an external organisation or individual and finds themselves discussing official business without an official present (for example, at a social occasion or on holiday) any significant content should be passed back to Private Office as soon as possible after the event.
- 3.8 Ministers should not meet formally with professional public affairs organisations (lobbyists) seeking to influence the views or decisions of Government. Where informal, social or incidental contact with lobbyists arises in the course of normal business, this should be recorded with Private Office.

### **Acceptance and signing of Petitions**

- 3.9 Ministers may, from time to time, be asked to accept petitions. Acceptance and consideration of petitions is part of the normal business of government. However, the manner in which acceptance takes place (eg in the presence of the Press) could, in certain circumstances, potentially give rise to accusations of bias. An example would be if the Minister needs to take a decision on a matter connected to the subject of the petition. Consequently, petitions will in all cases be accepted by a senior civil servant on behalf of the Welsh Government.

3.10 Ministers may sometimes be asked to sign petitions. Under no circumstances will Welsh Ministers sign petitions which are to be submitted to the Welsh Government.

### **The role of the Accounting Officer**

3.11 The Permanent Secretary is the Principal Accounting Officer for the Welsh Ministers. Section 133 of the Government of Wales Act 2006 provides that the Principal Accounting Officer for the Welsh Ministers may designate other members of Welsh Government staff as additional Accounting Officers to be responsible for a defined area of the Welsh Government's activities. Where such appointments are made, Ministers should have proper regard for their responsibilities.

3.12 A Principal Accounting Officer (PAO) and any Additional Accounting Officers (AAOs) are responsible for ensuring that all advice to Ministers includes appropriate guidance on the proper use of public funds. The Accounting Officer should bring to the attention of Ministers any perceived conflict between the Minister's intentions and the duties of the Accounting Officer. An Accounting Officer cannot simply accept the Minister's aims or policy without examination.

3.13 An Accounting Officer is personally responsible for their actions and must be able to assure the Senedd and the public, of high standards of probity in the management of public funds. This means consideration of:

- Regularity – ensuring that expenditure is within legal powers and complies with parliamentary authority, including budget limits;
- Propriety – ensuring that expenditure is in accordance with the values and behaviour expected of the public sector;
- Value for money – ensuring economy, efficiency and effectiveness in public expenditure decisions; and
- Feasibility – ensuring that spending proposals can be implemented accurately, sustainably or to the intended timetable.

3.14 In line with the principles set out in Managing Welsh Public Money, if a Minister or Counsel General is contemplating a course of action which the Accounting Officer has advised against as being incompatible with their responsibilities, they should initially seek to resolve the position through further dialogue. If the position cannot be resolved then the issue should be escalated to the PAO who may wish to discuss the matter directly with the First Minister. Only after these steps have been taken should the PAO seek a written Direction from the First Minister to proceed as instructed, as set out in the PAO Memorandum. However, it is important to recognise that all possible steps must be taken beforehand to resolve the position with the Minister.

## **4. Ministers' Constituency\* and Party Interests**

### **Constituency and Party Interests**

4.1 Ministers are provided with facilities at the Welsh Government's expense to enable them to carry out their official duties. These facilities should not generally be used for Party or constituency activities. Ministers should have their constituency work done at their own expense, as they would if they were Members of the Senedd who do not hold Ministerial office. Ministers are entitled to a Senedd salary and to be reimbursed for expenditure necessarily incurred in order to enable performance of the Members' duties as a Member of the Senedd.

4.2 Government property should not generally be used for constituency work or party political activities. However, the reality of Ministers' working lives means that there will inevitably be some overlap between their official Ministerial business and their constituency or party work. There will be occasions when Ministers may wish to use their rooms for meetings which impinge on such work and which, to enable the smooth functioning of their Ministerial lives, it would be appropriate for them to undertake. Examples of circumstances in which it would be appropriate include:

- a) Meetings between Ministers and their Senedd support staff for specific, clearly defined reasons involving the interaction between Ministerial and constituency business, such as diary planning discussions.
- b) Meetings between the Minister and his or her constituents who are making representations on a subject within the Minister's portfolio.
- c) Meetings with Members of the Senedd from within their own party to discuss the handling of Senedd business.

4.3 Where Ministers, in exceptional circumstances, host party political events on Welsh Government property it should be at their own or party expense.

4.4 Constituents should not be disadvantaged by their Member of the Senedd holding a Ministerial post and Ministers are not precluded from taking decisions relating to their constituency where the impact is equivalent to impacts elsewhere, for example in consideration of an all-Wales programme of action.

4.5 However, Ministers should equally not act in any way which might be perceived as inappropriately favouring their constituency or region, or one of more of their constituents. Where Ministers have to take decisions on their own portfolios which might have a significant impact on their own constituency, they must take particular care to avoid any possible conflict of interest or apparent conflict of interest. Press releases or statements made in a Ministerial role and which particularly single out the benefits to the Minister's own constituency or region should be avoided.

\* includes Ministers who are regional rather than constituency Members of the Senedd

## **Public Services Ombudsman Wales**

4.6 The Public Services Ombudsman for Wales (the Ombudsman) can consider complaints of maladministration or service failure by most Welsh public bodies including the Welsh Government. Occasionally a member of the public may wish to complain about a service they receive from the Welsh Government and may approach a Minister with their concerns. In such circumstances Ministers should:

- i. if the complainant is not a constituent, refer them to their constituency MS;
- ii. if the complainant is a constituent, or does not wish to approach their MS, refer them to the Welsh Government's Customer Complaints Policy;
- iii. if the complainant has had a response from the Welsh Government's complaints team and are still dissatisfied, refer them to the Ombudsman's complaints procedure (a complainant can raise a complaint direct with the Ombudsman). A Minister who refers a complainant to the Ombudsman should inform, in advance, the relevant Minister and the Permanent Secretary.

4.7 Ministers should, wherever possible, act no differently from other Members of the Senedd, particularly where the complainant is a constituent.

### **Leading Deputations and Making Representations (including in planning cases): General Ministerial Involvement**

4.8 Ministers are free to make their constituents' views about constituency matters known to the responsible Minister by correspondence, leading deputations or by personal interview provided they make clear that they are acting as their constituents' representative and not as a Minister. Ministers are advised to take particular care in cases relating to planning applications in their constituencies or other similar issues. In all such cases, it is important that they make clear that they are representing the views of their constituents, avoid criticism of the Welsh Government's policies, and confine themselves to comments which could reasonably be made by those who are not Ministers. Correspondence should always set out in what capacity Ministers are writing, and when doing so in their constituency capacity letters should begin with: 'I am writing in my capacity as Constituency / Regional Member for X', so as not to allow any ambiguity.

4.9 Once a decision has been announced, it should normally be accepted without question or criticism. It is important that, in expressing the views of their constituents, Ministers do so in a way that does not create difficulty for Ministers who have to take the decision and that they bear in mind the Cabinet's collective responsibility for the outcome. Ministers should also take account of any potential implications which their comments could have on their own portfolio responsibilities.

## **Lottery Bids**

4.10 In order to avoid the impression that Ministers are seeking to influence decisions on awards of Lottery money, Ministers should not normally give specific public support for individual applications for Lottery funding. Where a Minister wishes to lend support to a specific project within their constituency they should do so on the very clear understanding that it is in a constituency capacity.

## **5. Ministers' Private Interests**

### **Conflicts of Interest**

5.1 Ministers must ensure that no conflict arises, or could reasonably be perceived to arise, between their public duties and their private interests, financial or otherwise. It is the personal responsibility of each Minister to decide whether and what action is needed to avoid a conflict or the perception of a conflict, taking account of advice received from the Permanent Secretary. The Independent Advisor may also be consulted by the First Minister or the Permanent Secretary on the appropriate treatment of an actual or apparent conflict of interest.

### **Procedures**

5.2 When appointed to each new office, Ministers must provide the Permanent Secretary with a full list in writing of all interests which might be thought to give rise to a conflict. This must be provided within four weeks of taking up post. The list should cover interests of the Minister's spouse or partner and close family which might be thought to give rise to a conflict.

5.3 Where appropriate, the Minister will meet the Permanent Secretary to agree action on the handling of interests. Ministers must record in writing what action has been taken, and provide the Permanent Secretary with a copy of that record. If it is felt that the advice required goes beyond what officials can properly provide the Minister will be advised to seek at their own cost their own professional advice.

5.4 Ministers are advised to notify the Permanent Secretary promptly and in writing of any change in circumstances. The Permanent Secretary will write to Ministers on an annual basis, requesting they check that their existing record of private interests is complete and up to date.

5.5 Where it is proper for a Minister to retain a private interest, he or she should declare that interest to Ministerial colleagues if they have to discuss a matter of public business which in any way affects it; and the Minister should remain entirely detached from the consideration of that business. Similar steps may be necessary in relation to a Minister's previous interests.

5.6 The personal information which Ministers disclose to those who advise them is treated in confidence. However, a statement covering relevant Ministers' interests will be published annually, with the final decision on what should be published being taken by the Permanent Secretary. Some interests provided by Ministers will also be required to be included in the Welsh Government Annual accounts where they are identified as a related party interest. Ministers will be consulted on this during the preparation of the accounts.

## **Financial interests**

5.7 Ministers must scrupulously avoid any danger of an actual or apparent conflict of interest between their Ministerial position and their private financial interests. They should be guided by the general principle that they should either dispose of the interest giving rise to the conflict or take alternative steps to prevent it. In reaching their decision they should be guided by the advice given to them by the Permanent Secretary. The Permanent Secretary as Principal Accounting Officer has a personal responsibility for financial propriety and regularity across the Welsh Government's business, and their advice must be given particular weight where such issues arise. Ministers' decisions should not be influenced by the hope or expectation of future employment with a particular firm or organisation.

5.8 Where exceptionally it is decided that a Minister can retain an interest, the Minister and the Welsh Government must put processes in place to prohibit access to certain papers and ensure that the Minister is not involved in certain decisions and discussions relating to that interest.

5.9 In some cases, it may not be possible to devise a mechanism to avoid a conflict of interest. In any such case the First Minister must be consulted for appropriate arrangements to be made and in such cases the First Minister's decision is final.

## **Partnerships**

5.10 Ministers who are partners, whether in professional firms, for example solicitors, accountants etc, or in other businesses, should normally, on taking up office, cease to practise or to play any part in the day-to-day management of the firm's affairs. Any exception to this must be agreed by the First Minister.

## **Directorships**

5.11 Ministers must resign any directorships they hold when they take up office. This applies whether the directorship is in a public or private company and whether it carries remuneration or is honorary. The only exception to this rule is that directorships in private companies established in connection with private family estates or in a company formed for the management of flats of which the Minister is a tenant may be retained subject to the condition that if at any time the Minister feels that conflict is likely to arise between this private interest and public duty, the Minister should even in those cases resign the directorship.

## **Public appointments**

5.12 When they take up office Ministers should give up any other public appointment they may hold.

## **Non-public bodies**

5.13 Ministers should take care to ensure that they do not become associated with non-public organisations whose objectives may in any degree conflict with Welsh Government policy and thus give rise to a conflict of interest. Ministers should not therefore normally accept invitations to act as patrons of or otherwise offer support to pressure groups, or organisations dependent in whole or in part on Welsh Government funding. There is normally less objection to a Minister associating him or herself with a charity (subject to the points above) but Ministers should take care to ensure that in participating in any fund-raising activity, they do not place, or appear to place, themselves under an obligation as Ministers to those to whom appeals are directed (and for this reason they should not approach individuals or companies personally for this purpose). In all such cases the First Minister should be consulted. Ministers should also consider their involvement with any organisations in their role as Member of the Senedd and ensure that any advice they provide does not, or does not appear to, favour one organisation over another where Government funding is involved.

## **Trade unions**

5.14 There is, of course, no objection to a Minister holding trade union membership but care must be taken to avoid any actual or perceived conflict of interest. Accordingly, Ministers should arrange their affairs so as to avoid any suggestion that a union of which they are a member has any undue influence; they should take no active part in the conduct of union affairs, should give up any office they may hold in a union and should receive no remuneration from a union. A nominal payment purely for the purpose of protecting a Minister's future pension rights is acceptable. Trade Union membership should be included in the annual statement of relevant interests.

## **Acceptance of gifts and hospitality**

5.15 It is a well established and recognised rule that no Minister should accept gifts, hospitality or services from anyone which would, or might appear to, place him or her under an obligation. The same principle applies if gifts etc are offered to a member of their family.

5.16 This is primarily a matter which must be left to the good sense of Ministers. But any Minister in doubt or difficulty over this should seek the advice of the Permanent Secretary.

5.17 Gifts given to Ministers in their Ministerial capacity become the property of the Welsh Government. However, gifts of small value, currently this is set at up to £140, may be retained by the recipient. If not retained by the Minister, gifts of small value should be handed over to Cabinet Secretariat, Cabinet Division for disposal.

5.18 Gifts of a higher value must be reported to Cabinet Secretariat, Cabinet Division. Such gifts may be purchased by the recipient for personal retention at its cash value (abated by £140). If not purchased by the Minister, gifts of a higher value should be handed over to Cabinet Division for disposal.

5.19 There is usually no customs duty or import VAT payable on the importation of official gifts received overseas. HMRC can advise on any cases of doubt. Gifts received overseas worth more than the normal travellers' allowances should be declared at importation to HM Revenue and Customs who will advise on any duty and tax liability. In general, if a Minister wishes to retain a gift he or she will be liable for any tax it may attract.

5.20 Gifts retained by Ministers do not need to be declared in the Register of Members' Interests. Gifts given to Ministers as Members of the Senedd fall within the rules relating to the Register of Members' Interests.

5.21 Any hospitality received above the value of £140 must be reported to Cabinet Secretariat, Cabinet Division. In the event of a Minister accepting hospitality valued below £140 but on a scale or from a source which might reasonably be thought likely to influence Ministerial action, it should be reported to Cabinet Secretariat, Cabinet Division. Any hospitality received by Ministers as Members of the Senedd falls within the rules relating to the Register of Members' Interests.

5.22 The Welsh Government will publish an annual list of gifts and hospitality received by Ministers on behalf of the Welsh Government valued at more than £140. The list provides details of the value of the gifts and hospitality received and whether gifts were retained by the Welsh Government or purchased by the Minister.

### **Nomination for honours, prizes and awards**

5.23 From time to time, the personal support of Ministers is requested for nominations being made for honours, prizes and awards. Ministers should not sponsor individual nominations for any awards, since it would be inevitable that some people would assume that the Welsh Government was itself thereby giving its sponsorship. Similarly, Ministers should not normally endorse bids for funding elsewhere, because of the risk of perceived favouritism. There may be exceptions to this principle when it is clearly in the interests of the Welsh Government for a project to receive ministerial support, for example in supporting a bid from an academic institution for funding from a UK Research Council.

5.24 Ministers can write letters of support for any public nomination for honours in their capacity as an MS. This should be channelled through the normal public nomination process. They may also in this capacity encourage other MSs to put forward nominations. Ministers cannot themselves nominate individuals as part of the Welsh Government honours process, but they may suggest to the

Permanent Secretary names (from any walk of life) to be considered as part of that process. Any suggestions should be subject to the same due diligence as any other nominee.

### **References for Public Appointments**

5.25 Ministers, like Welsh Government staff, are asked not to provide references for candidates applying for public appointments. In cases of doubt the First Minister should be consulted. The exception is where the Minister is acting entirely in a Member of the Senedd or personal capacity and this is made explicit.

### **Completion of surveys**

5.26 Occasionally, Ministers receive requests to complete surveys or questionnaires. Ministers are asked not to do so given the difficulty of separating personal views from those of the Welsh Government. This applies even if the request has been received in a Member of the Senedd capacity.

### **Acceptance of appointments after leaving Ministerial office**

5.27 On leaving office, Ministers should still respect the need for any future appointments or roles which they take up to give no cause for any suggestion of impropriety. They are expected to abide by the business appointments procedures laid down in this respect by the First Minister and to seek, and abide by, advice given through those procedures. It is the responsibility of former ministers themselves to ensure compliance and to be accountable to the Senedd and the public.

## **PART 2 - PROCEDURAL GUIDANCE FOR MINISTERS**

### **6. Ministers and the Government**

#### **Collective Responsibility**

6.1 The principle of collective responsibility requires that Ministers should be able to express their views frankly in the expectation that they can argue freely in private while maintaining a united front when decisions have been reached. This in turn requires that the privacy of opinions expressed, and advice offered within the Welsh Government by Ministers and by the civil service should be maintained. The internal process through which a decision has been made should not be disclosed. Decisions reached by the Cabinet are binding on all members of the Government. They are, however, normally announced and explained as the decision of the Minister concerned. On occasion it may be desirable to emphasise the importance of a decision by stating explicitly that it is the decision of the Welsh Government. Ministers also have an obligation to ensure decisions agreed in Cabinet are implemented.

6.2 Collective responsibility also applies to Deputy Ministers, and it applies to the Counsel General, subject to the Counsel General's independence in certain functions, as explained below (see paragraphs 6.17- 6.23).

#### **Cabinet Business**

6.3 The business of the Cabinet consists, in the main, of matters which significantly engage the collective responsibility of the Welsh Government, because they raise major issues of policy, taxation, the constitution or because they are of critical importance to the public.

6.4 Matters wholly within the responsibility of a single Minister and which do not significantly engage collective responsibility need not be brought to the Cabinet unless the Minister wishes to inform his colleagues or to have their advice. No definitive criteria can be given for issues which engage collective responsibility. Cabinet Office can advise, however the final decision rests with the First Minister.

6.5 Issues should not be brought to Cabinet until there has been appropriate consultation with Ministers with a direct portfolio interest and their views have been fully reflected in the paper. Questions involving more than one Minister which require collective consideration in the Cabinet should be examined by the officials concerned before submission to the lead Minister so that the decisions required may be clearly defined. When there is a difference between Ministers, it should not be referred to the Cabinet until other means of resolving it have been exhausted including discussions between the Ministers concerned. The Cabinet Office will have a key role in this work.

6.6 All Cabinet papers are circulated to all Cabinet members. However, prior to that it is essential that they are seen and, if necessary, discussed in draft by those Ministers whose portfolios are directly affected. This includes in particular the Minister responsible for Finance and the Minister responsible for Welsh Government Business. They must also be based on full legal advice from the Legal Services Department in consultation with the Counsel General, and include a proper appraisal of any financial implications. Cabinet papers must not contain any unresolved financial issues. Cabinet Secretariat will, with the First Minister's agreement, decline to circulate papers which do not meet these requirements, with the result that discussion of that item will be deferred. Ministers should bear these points in mind when clearing papers for circulation.

### **Cabinet Correspondence**

6.7 The First Minister will need to approve all Cabinet correspondence before being issued by the lead Minister's Private Office.

### **Cabinet Meetings**

6.8 Cabinet meetings take precedence over all other business although it is understood that there may occasionally be exceptional circumstances (e.g. Senedd business or business overseas) which mean that a Minister may have to be absent. Requests by Ministers for permission to be absent from Cabinet should be made only in such exceptional circumstances and should be made at the earliest opportunity in writing to the First Minister.

6.9 Guidelines on the conduct of Cabinet business are set out in separate guidance. Cabinet agendas are planned in advance as far as possible, to enable them best to meet the strategic development of Ministers' policy commitments. However, there will also be occasions when short-term and/or urgent issues need to be brought to Cabinet. In either case, Ministers' private secretaries should alert the First Minister's Office and Cabinet Office at the earliest possible opportunity when a discussion is likely to be needed.

6.10 Other than in cases of exceptional urgency, all discussions in Cabinet should take place on the basis of a paper which has been circulated to all Ministers in advance. This allows informed discussion by all present and also ensures that the issues are properly placed on the record. Papers may appear in a Minister's name or (with a Minister's consent) that of officials, but the latter approach should only be adopted for technical papers which do not directly raise political issues. All Cabinet papers should be provided to Cabinet Secretariat for circulation no later than the Thursday afternoon preceding each meeting.

6.11 Where the urgency of an issue precludes the circulation of a paper, Ministers may raise it as an oral item. However, discussion of such issues is necessarily more constrained than if supported by a paper, and it is not generally appropriate if an informed decision is needed. Private Secretaries should alert the First

Minister's office and Cabinet Secretariat to oral items their Minister intends to raise as far in advance of the meeting as possible. The First Minister will only consider accepting AOB items when asked more than 24 hours before Cabinet.

6.12 Cabinet papers should be as clear and as brief as possible. They should not normally exceed four pages at most, and Cabinet Secretariat may not accept an over-long paper for circulation. Issues which cannot be covered in such a paper will probably not have justice done to them in the limited time available in Cabinet in any event. In such cases, Ministers may wish to deal with the issue in correspondence instead. Ministers should ensure that these principles are followed and that, where necessary, papers submitted to them are revised accordingly. Cabinet Secretariat can provide detailed help to officials in each case.

### **Cabinet Conclusions and Minutes**

6.13 Cabinet agendas, papers and minutes are published six weeks after the meeting to which they relate. On occasion, Cabinet papers, or extracts thereof, can be withheld from publication. Ministers should indicate when submitting a paper if they consider it, or part(s) of it, to be exempt for publication.

### **Confidentiality of Documents etc**

6.14 Ministers relinquishing office should hand back to the Welsh Government any Cabinet documents and/or other official papers in their possession.

6.15 On a change of administration, the outgoing First Minister issues specific instructions about the disposal of the Cabinet papers of the outgoing Cabinet.

### **Access by former Ministers to official papers**

6.16 By convention and at the Government's discretion, former Ministers are allowed reasonable access to the papers of the period when they were in office. With the exception of former First Ministers, access is limited to former Ministers personally. Subject to compliance with the "Radcliffe" Rules (paragraph 8.10), former Ministers may have access to copies of Cabinet papers which were issued to them when in office, and access in the relevant department to other official papers which they were known to have handled at the time.

### **The Counsel General**

6.17 The Counsel General is not a Welsh Minister but is a member of the Welsh Government. The Counsel General may attend and participate in a Cabinet meeting by invitation of the First Minister. The Counsel General is the final and authoritative legal adviser to the Welsh Government and oversees representation of the Welsh Government in the courts. In cases where the Counsel General is not a Member of the Senedd they may nevertheless participate in Senedd

proceedings to the extent permitted by Standing Orders (but may not vote) and are accountable to the Senedd for the exercise of functions conferred directly on the Counsel General. These include the power to undertake legal proceedings for the promotion or protection of the public interest, to refer to the courts questions concerning the legislative competence of the Senedd or to participate in proceedings for the determination of devolution issues. The Counsel General will also be the usual representative of the Welsh Government in exchanges with the UK law officers and/or law officers of the other devolved administrations.

6.18 It will be appropriate to seek the Counsel General's opinion on certain legal questions, typically, those of greatest legal complexity, or political controversy or sensitivity, or which have the widest implications. The Counsel General's opinion should be sought via a reference from the Director of Legal Services. Whilst in exceptional situations, it may be necessary and appropriate for a Minister to seek the Counsel General's view directly, any formal written advice from the Counsel General must be sought on instruction from the Director of Legal Services. The Counsel General's opinion, or advice from the Legal Services Department, must be sought in good time before the Welsh Government is committed to critical decisions involving legal considerations.

6.19 Written opinions of the Counsel General, unlike certain other Ministerial papers, are generally made available to succeeding Administrations. The fact that the Counsel General has advised (or has not advised) and the content of advice given by the Counsel General must not be disclosed outside the Welsh Government without the authority of the Counsel General.

6.20 Where a prosecution function is vested in the Counsel General, that function is to be exercised by them independently of the Welsh Government. Other members of the Welsh Government must not interfere in, or be involved in any way with, the exercise of such a function.

6.21 Where a prosecution function is vested in the First Minister, or the Welsh Ministers, that function will normally be exercised by Welsh Government staff, in accordance with the Permanent Secretary's Arrangements, liaising with the Counsel General.

6.22 In relation to civil proceedings, the Counsel General must protect the interests of the Welsh Government where they are acting on behalf of the Welsh Ministers, or the First Minister, in a representative capacity.

6.23 Where the Counsel General is acting under section 67 of the Government of Wales Act 2006 (or exercising any other function vested in the Counsel General of protecting or promoting the public interest), the Counsel General acts independently of the Welsh Government. The same applies where the Counsel General is exercising a function under s.112 of the Government of Wales Act 2006 (scrutiny of Bills). However, before taking any such action, the Counsel General should inform the First Minister and the relevant Welsh Minister appointed under

section 48 of the Government of Wales Act 2006.

### **Legal proceedings involving Ministers**

6.24 Ministers occasionally become engaged in legal proceedings primarily in their personal capacities but in circumstances which may have implications for them in their official positions. Defamation is an example of an area where proceedings will invariably raise issues for the Minister's official as well as their private position. In all such cases they should consult the Counsel General before consulting their own solicitors, in order to allow the Counsel General to express a view on the handling of the case so far as the public interest is concerned.

6.25 As regards the timing of an approach to the Counsel General the following should be applied:

- a) a Minister should consult the Counsel General as soon as they are minded to threaten legal proceedings or to take any action – for example, writing a hostile letter – which might be perceived as being the first step towards litigation. They should certainly consult the Counsel General before instructing solicitors to commence legal proceedings, and ideally before making any approach to solicitors;
- b) Similarly, when a Minister is a defendant in an action, they should notify the Counsel General as soon as possible. Preferably, this should be before they have instructed their own solicitors in the matter but, in any event, the Counsel General should be notified as soon as the Minister is aware that legal proceedings are threatened;
- c) it is not necessary for the Counsel General to be consulted before a Minister seeks legal advice on a matter, provided that the Minister at that time has no intention to commence proceedings and there is no indication that proceedings are to be commenced against them;
- d) a Minister may become involved in proceedings other than as a party – for example, if they are a witness in proceedings. A Minister who agrees to volunteer a statement for one side rather than another in such a case may, for example, inadvertently give the appearance that the Crown is backing one side in private litigation. More seriously, acting as witness may carry a risk that the Minister is asked to disclose sensitive information or documents for which public interest immunity should be claimed, and in those circumstances the Counsel General needs to be alerted to that possibility from the outset. In these circumstances, the Minister should inform the Counsel General as soon as they are aware of his or her potential involvement in the proceedings.

## **Use of Corporate Communication Channels**

6.26 Ministers should use Government systems for all Government business. Any communication on Government business engages Ministers' obligations to ensure accurate public records are kept.

## **Use of Generative Artificial Intelligence Tools**

6.27 Ministers should follow the most up to date organisational guidance on the use of Artificial Intelligence tools for government business.

## **7. Ministers and the Senedd**

### **Welsh Government Statements and other Welsh Government Announcements**

7.1 Ministers have a duty to the Senedd to account, and be held to account, for their policies, decisions, or actions. It follows therefore that Ministers should ordinarily make statements to the Senedd in relation to important announcements.

7.2 Ministers' proposals for Government business including debates and oral statements should be submitted to Cabinet Secretariat for scheduling and agreeing with the Minister responsible for Government Business.

7.3 Ministers should not give undertakings, either in or outside the Senedd, that an oral statement will be made to the Senedd on any subject at a specific time or within a particular period until agreement has been given by the First Minister and the Minister with responsibility for Government Business to the proposed timing, and by the Ministers concerned to the terms of the statement.

7.4 Copies of the final version of such statements should be sent to the Private Secretaries to the First Minister and the Minister with responsibility for Government Business and to the Permanent Secretary's Office, the Head of Cabinet Division, the Private Secretary to the Special Advisers, Cabinet Secretariat and the Press Office as soon as they are available.

7.5 A copy of the text of any oral statement should normally be passed to the opposition parties one hour before it is made, in line with the agreed protocol. For this purpose the final text must reach the office of the Minister with responsibility for Government Business at least one and a half hours before the statement is due to be made.

7.6 The office of the Minister with responsibility for Government Business will arrange for a copy of the final text of an oral statement to be sent in advance to the Presiding Officer.

7.7 Copies of any Ministerial statement to be made in the Senedd, marked "check against delivery", and of any document being published by means of the statement should be passed to Cabinet Secretariat which will arrange for these to be sent to all Members of the Senedd as the Minister rises to deliver the statement.

7.8 Every effort should be made to avoid leaving significant announcements to the last day before a Recess. However, Ministers continue to exercise their functions and make decisions throughout recess periods, and it is appropriate therefore that

Written Statements are issued in respect of relevant decisions and announcements in order to keep Members of the Senedd informed.

### **Government Senedd Bills**

7.9 Ministers should not give undertakings either in or outside the Senedd to introduce a Senedd Bill on any issue without the prior agreement of the Cabinet. Ministers should not give undertakings, either in or outside the Senedd, that a Senedd Bill will be introduced at a specific time or within a particular period without the agreement of the First Minister and the Minister with responsibility for Government Business.

7.10 Ministers responsible for Senedd Bills being introduced in the Senedd should ensure that the Senedd Bill is accompanied by a clear, informative and comprehensive Explanatory Memorandum setting out the information as required by the Senedd's Standing Orders. The Senedd Bill must be cleared by the First Minister and Counsel General, and the accompanying Explanatory Memoranda must be cleared by the First Minister, prior to being introduced.

### **Supply of Publications**

7.11 The Minister with responsibility for Government Business is responsible for presenting items of the Government's Plenary business to the Table Office in accordance with Standing Order 7.21. Where a motion refers to one or more documents, they must have been made available to Members in advance.

### **Financial Resolutions**

7.12 All motions for Financial Resolutions under Standing Orders will be tabled in the name of the Minister responsible for bringing the legislation forward (i.e. the Member in Charge). They will be responsible for securing Senedd approval for the Resolution.

### **Ministerial Availability**

7.13 It is expected that Ministers' commitments in the Senedd will normally take precedence over other engagements, and it is each Minister's responsibility to ensure that requests for absence from the Senedd are submitted and cleared in advance by the First Minister and the Minister with responsibility for Government Business.

7.14 Ministers who wish to take parental leave (of up to 6 months), or other extended absence from Government, must seek the permission of the First Minister. Where the First Minister agrees to such a request, the Minister must not exercise their functions as a Minister during their period of absence unless this is

agreed by the First Minister and the Minister who is temporarily covering the Ministerial responsibilities.

### **Membership of Cross-Party Groups**

7.15 In order to avoid any conflict of interest, Ministers must not take up membership of any Cross-Party Groups. On taking up office, they should relinquish membership of any such groups of which they are, at that time, a member.

### **Appearing before a Select Committee of the UK Parliament**

7.16 A Select Committee of the UK Parliament may invite a Welsh Minister to attend and give evidence at one of its meetings. Welsh Ministers will decide whether to accept such invitations and if they agree may provide the Committee with relevant information about Welsh Government policy and practice. In these circumstances the First Minister should be kept informed.

## **8. Ministers and the Presentation of Policy**

### **Communication of Policy**

8.1 Ministers may communicate their announcements, activities and policy positions via all Welsh Government channels, such as press releases, social media feeds, campaign material and the GOV.WALES website. However, these must not be used to carry any content which is, or could be construed to be, party political in nature. Ministers may comment on the actions of other administrations in the United Kingdom, but this should not be done in a party-political way when Welsh Government channels are used. The conventions governing the work of the Welsh Government Communications Service are set out in GCS '[Propriety Guidance - Guidance on Government Communications](#)' and Ministers should ensure this is upheld at all times.

8.2 In order to ensure the effective coordination of Cabinet business, the policy content and timing of all major announcements, speeches, press releases and new policy initiatives should be cleared in draft with the First Minister. All decisions on major interviews and media appearances, both print and broadcast, should be made in consultation with the First Minister's office.

### **Publication of Consultation Papers**

8.3 Before publishing a consultation paper the Minister should consider whether it raises issues which require full collective consideration, and therefore requires the clearance of the Cabinet (see Chapter 6). Any consultation paper containing a major statement of policy should be circulated to the Cabinet before publication.

8.4 Except where such consultation papers are of a routine character or of minor importance, the timing of their publication is governed by similar considerations to those applying to announcements made to the Senedd.

### **Speeches**

8.5 In all cases, other than those described in paragraphs 4.7 and 4.8, the principle of collective responsibility applies. Ministers should ensure that their statements are consistent with collective Welsh Government policy. Ministers should take special care in referring to subjects which are the responsibility of other Ministers.

8.6 Ministers must only use government channels, including social media, for distributing texts of speeches relating to Government business. Speeches made in a party political context should not be distributed via government channels.

8.7 Ministers should not accept payment for speeches or media articles of an official nature or which directly draw on their responsibilities or experience as Ministers or with a view to donating the fee to charity. If the organisation in

question insists on making a donation to a charity then it should be a charity of the organisation's choice. This is to avoid any criticism that a Minister is using his or her official position to influence or take the credit for donations to charity.

### **Radio, Television and Online Broadcasts by Ministers**

8.8 Ministers invited to broadcast on radio, television and/or webcasts in a political or private capacity should consider if such a broadcast would have a bearing on another Minister's responsibilities, in which case they should clear the matter with the First Minister before agreeing to the invitation.

### **Press articles**

8.9 Ministers may contribute to a book, journal or newspaper, including a local newspaper in their constituency, provided that publication will not be at variance with their obligations to the Senedd and their duty to observe the principle of collective Ministerial responsibility. No payment should be accepted for such articles. Any Minister wishing to undertake regular journalism or media work in any form, must have the prior approval of the First Minister.

### **Books and Memoirs**

8.10 Ministers may not, while in office, write and publish a book or other account of their Ministerial experience. Nor, while serving as a minister, may they enter into any agreement to publish their memoirs in any form on leaving their ministerial position. Former ministers intending to publish their memoirs, or otherwise to give an account of their ministerial experience through written or other media, are required to submit the draft manuscript or script in good time before publication or release to the Permanent Secretary and to conform to the principles set out in the Radcliffe Report of 1976 (Cmnd 6386). In particular, former ministers must refrain from publishing information destructive of the confidential relationships of Ministers with each other or between Ministers and officials.

### **Research Interviews**

8.11 Ministers are sometimes asked to give interviews relating to academic research. Ministers should bear in mind the possibility that their views may be reported in a manner incompatible with their responsibilities and duties as members of the Welsh Government and such interviews should normally be declined, but Ministers may refer these individuals via their Private Office to officials, who may engage as appropriate.

## **Complaints**

8.12 Ministers who wish to make a complaint against a journalist or a particular section of the media to the appropriate regulator must have the approval of the First Minister.

## **Statistics**

8.13 Ministers need to be mindful of the UK Statistics Authority's *Code of Practice* which defines good practice in relation to official statistics, observance of which is a statutory requirement on all organisations that produce National Statistics in accordance with the provisions of the *Statistics and Registration Service Act 2007*.

8.14 Ministers also need to have regard to the *Pre-Release Access to Official Statistics (Wales) Order 2009* which places conditions on access to official statistics in their final form, including limiting access ahead of publication. The Order requires Ministers to restrict pre-release access to a minimum number of persons and prohibits any statement or comment to the press ahead of release of the statistics.

## **Social Media**

8.15 Official government channels, including social media should be the primary means of communicating Government policy. However, should Ministers wish to engage with others using their personal, non-government social media, to defend or promote Government policy, they should do so with great care. At all times Ministers should be mindful of their obligation to maintain collective Cabinet responsibility and not depart from existing policy at any time. In any use of social media, whether in a constituency or Ministerial capacity, Ministers must express views and respond to other users with moderation at all times and with regard to the reputation and good standing of the Welsh Government.

## **9. Travel by Ministers**

9.1 When arranging travel within or outside the UK, Ministers and civil servants should always bear in mind the principles of sustainability and the goal of reducing carbon footprints wherever possible, particularly following the declaration of a climate emergency. The most appropriate mode of transport should be considered for each visit, with environmental considerations always at the forefront.

### **Ministers' visits overseas**

9.2 Overseas visits should not normally be made while the Senedd is in session. Ministers should arrange such visits in the Recess or, where appropriate, on days when no Senedd business is scheduled, except where there are compelling reasons of Welsh Government business. In particular, overseas visits which are largely of a fact-finding kind should be reserved for the Senedd Recess. Moreover, in planning overseas visits Ministers should take account of the fact that Cabinet meetings take precedence over all other business. Sufficient Ministers must also be available during Recesses to ensure effective conduct of Welsh Government business, and it may be necessary for this reason to restrict or reconsider absences abroad.

9.3 The International Relations and Trade Department (IR&T) should be informed as soon as any overseas visit is contemplated (for example, whenever an invitation is received). It will be responsible for consulting the Foreign, Commonwealth and Development Office (FCDO) where appropriate, and feeding back its views. IR&T should thereafter be kept fully involved in making arrangements for the visit.

9.4 Any Minister who wishes to be absent from the United Kingdom for any reason must seek the First Minister's written approval. This must be done before any commitment is made. In the case of official visits, the business case seeking approval should include the reasons for the visit and a list of the countries to be visited, the cost, and a list of the officials who will be accompanying the Minister. Ministers should also indicate what the benefits of the visit would be. Copies of the business case should be sent to the Minister with responsibility for Welsh Government Business and the Director for International Relations and Trade.

9.5 Ministers planning visits outside the United Kingdom on Member of the Senedd or other non-Ministerial business, or on holiday, should consider notifying IR&T in advance. Notification will enable IR&T to provide any information or advice (eg in relation to political or security sensitivities) which they feel may be beneficial to the Minister and to advise FCDO Posts that a Government Minister is 'on their patch' albeit in a non-Ministerial capacity.

9.6 The First Minister's prior written approval is required for any official visit overseas by a special adviser or where it is proposed that a Minister should be accompanied on any official visit overseas by his or her spouse or partner or by an

unpaid official.

9.7 No preparations, however tentative, should be made for overseas visits before consulting IR&T. Arrangements for official Ministerial visits should invariably be made in close collaboration with the diplomatic post concerned.

9.8 Ministers should make it their personal responsibility to approve the size and composition of proposed Ministerial delegations for which they are responsible, prior to seeking the approval of the First Minister. Cabinet Division will retain a comprehensive and central record of overseas travel by Ministers. Annually, a list will be published of all travel overseas by Ministers costing more than £500 per trip, together with the total cost of all Ministers' visits overseas. Ministers should give a lead in keeping down the size of parties of visitors by keeping their own parties as small as possible.

9.9 Following all official visits overseas, Ministers should consider a written statement to the Senedd.

9.10 If a Minister meets an external organisation or individual and finds themselves discussing official business without an official present – for example at a social occasion or on holiday – any significant content should be passed back to the department as soon as possible after the event.

### **Relations with other governments**

9.11 Ministers should remember the importance of sending to the First Minister a note of the salient points of any discussions which they may have with representatives of foreign or Commonwealth countries or regions. This applies to informal discussions as well as those held in the course of official business. The note should be copied to IR&T which will ensure that the Foreign, Commonwealth & Development Office are briefed as appropriate. Ministers should note that this equally applies if such contacts are made while on holiday in the country concerned (and if Ministers intend making such contact, they must seek the views of the First Minister before travelling).

### **Visits by Commonwealth or foreign Ministers**

9.12 Ministers should consult the First Minister before extending invitations to Ministers in other national or regional governments to pay official visits to Wales. Relevant officials should also inform IR&T about all visits, which become known to them, whether private or official, by Ministers in other governments or by any other person of equivalent status. It will be for the First Minister to decide whether to consult the Foreign, Commonwealth & Development Office before inviting Ministers from foreign and commonwealth countries to Wales.

## **Hospitality overseas**

9.13 Whether at home or overseas, Ministers should not overlook the possible foreign policy implications of such day-to-day matters as offering hospitality to overseas political figures visiting this country, accepting social commitments of a similar kind, giving public support for petitions, open letters, etc. Such actions may be construed as significant by foreign observers even where the nature of the contact is informal. In any case of doubt Ministers should ask IR&T to consult the Foreign, Commonwealth & Development Office before making any commitment. In addition, the Foreign, Commonwealth & Development Office should be consulted whenever a Minister, in his or her formal Ministerial capacity, intends to make a speech touching on matters affecting foreign and Commonwealth affairs.

9.14 If it is thought that a Minister may need to provide hospitality while overseas, the advice of IR&T should be sought, who will consider whether the Foreign, Commonwealth & Development Office should be consulted, both on the desirability and on the form of such entertainment.

## **Ministers recalled from abroad**

9.15 If a Minister is abroad with permission and is called home for Welsh Government or Senedd reasons - including to vote - the cost of the extra journey back and forth may be met by public funds.

## **Ministers' visits within the United Kingdom**

9.16 Ministers who are planning official visits to England, Scotland and Northern Ireland which would involve a public engagement should inform the First Minister. In the case of visits in England, the relevant Secretary of State should be informed; as should the First Minister in Scotland and the First and Deputy First Minister in Northern Ireland. Ministers should also inform the Lord Chancellor and Secretary of State for Justice about any planned visits to the Channel Islands or the Isle of Man. In addition, Ministers wishing to visit a UK Government establishment in Wales or elsewhere not sponsored by the Welsh Government (eg the barracks of a unit of the Armed Forces) should advise the sponsor Department in advance.

9.17 It is the custom for a Minister when preparing to make a visit of a public nature within Wales to inform the Members of the Senedd for the region, the Senedd constituency Member and the MP for the area. Special care should be taken not to overlook this courtesy, though judgement should be applied when it comes to potential security risks. Ministers cannot invite MSs or MPs to accompany them to functions organised by a third party, but adequate notice to the relevant MSs or MP will enable them to ensure that they have an opportunity to request invitations from local organisers to functions of an official nature, should they wish to attend. Similar information should be provided when Ministers are visiting other parts of the UK, including to the relevant Members of the Scottish

Parliament or Northern Ireland Assembly.

## **Expenses on travel and subsistence**

9.18 In planning their official travel and subsistence arrangements, Ministers should adhere to the guiding principles set out below:

(i) Propriety: Official transport should not be used, nor expenses claimed, for travel arrangements or hospitality arising from Party, private or other non-Ministerial business, except where this is justified on security grounds.

(ii) Efficient use of resources: The availability of some services such as official cars has to be limited, and Ministers should bear in mind the need to use them efficiently.

(iii) Cost consciousness: The cost of alternative arrangements should be considered before decisions involving substantial costs are made. In particular this will be a consideration where special flights are being considered as an alternative to scheduled services. This principle should also be borne in mind when considering accommodation arrangements.

(iv) Security: Ministers should keep security risks in mind at all times, particularly when travelling by car.

(v) Public accountability: Individual Ministers are responsible for justifying their actions and decisions to the Senedd. They will wish to be satisfied that their arrangements could be defended in public.

9.19 In using official cars and travelling by rail or air, Ministers must always make efficient and cost-effective travel arrangements. When Ministers travel on official business, their travel expenses should normally be borne by Cabinet Division. When any expenses are not met in this way, Ministers will wish to ensure that no undue obligation is, or could be perceived to be, involved.

## **Use of Official Cars**

9.20 Official cars will be made available to Ministers and the Counsel General. They will also be made available to the Permanent Secretary. Ministers should use an official car for any purpose (other than party, private or non-Ministerial business) which will secure a saving of time.

9.21 Ministers are permitted to use an official car for home to office journeys during the week or at weekends on the understanding that they will be working on Welsh Government business and carrying Ministerial papers during the journey. In terms of longer journeys, Ministers will need to be mindful of the wellbeing of drivers and other staff travelling in the car and allow them to take adequate rest and meal breaks.

9.22 When travelling on official business a Minister may use a private car instead of an official car and claim mileage allowance in the same circumstances and on the same terms as Welsh Government civil servants.

9.23 Subject to the general rules set out in this Code, a Minister's spouse or civil partner may use the car when accompanying the Minister on official engagements. Official cars may not normally be used by the spouses or civil partners or other family members of Ministers in connection with private or political functions or engagements.

9.24 The First Minister has a dedicated car and driver. Other Ministers have first call on the remaining official cars, followed by the Counsel General and the Permanent Secretary.

### **Rail Travel**

9.25 Ministers qualify for first class travel.

### **Air Travel**

9.26 Ministers have discretion to use civil scheduled flights in this country and abroad if they consider that this will save time. When booking flights, the principles of cost consciousness and security should be borne in mind.

9.27 All air travel by Ministers should reflect the cost of carbon emissions at an appropriate rate, with the proceeds directed to international development projects that are consistent with Ministers' objectives for sustainable development. Advice on how this will be met should be included in the business case on the journey submitted to the First Minister.

9.28 Ministers may travel Business Class where available on an aircraft.

9.29 Frequent flyer or other benefits earned through travel paid for from public funds, other than where they are *de minimis* (for example, access to special departure lounges or booking arrangements which go with membership of regular flier clubs), should be used only for official purposes or else foregone. However, if it is impracticable to use the benefits for Welsh Government travel, there is no objection to Ministers donating them to charity if this is permissible under the terms of the airline's scheme and the charity is one chosen by the airline.

### **Flights in privately-chartered aircraft**

9.30 Flights in privately-chartered aircraft may be authorised when a scheduled service is not available, when it is essential to travel by air but the requirements of Welsh Government business, security considerations or urgency preclude the journey being made by a scheduled service. Approval for such flights will only be given in exceptional circumstances where it can be demonstrated that there is no

other alternative and should be sought from the First Minister.

### **Travelling expenses of spouses/partners**

9.31 The expenses of a Minister's spouse or partner when accompanying the Minister on official duties may occasionally be paid from public funds, if it is clearly in the public interest that they should accompany the Minister. The First Minister's prior approval is always required.

### **Travelling expenses of Special Advisers**

9.32 If necessary, a Minister may take a Special Adviser on an overseas visit at public expense provided that it is clearly in the public interest that they should accompany the Minister. The written approval of the First Minister should be obtained before a Special Adviser accompanies a Minister overseas.

### **Offers of hospitality, gifts, etc.**

9.33 Detailed rules on the acceptance of gifts, services and hospitality can be found in chapter 5. As a general rule, Ministers should not offer gifts or initiate an exchange. While this chapter makes clear that no Minister or member of their family should accept a gift from anyone which would, or might appear to, place him or her under an obligation, there may be difficulty in refusing a gift from another government (or organisation) without the risk of apparent discourtesy. On the other hand the acceptance of a gift or the knowledge that one will be offered may in some countries and in some circumstances entail the offer of a gift in exchange. In deciding whether to accept gifts from, or offer gifts to, members of other governments (or organisations), Ministers should wherever possible consult the Director for International Relations & Trade if they are in any doubt about the matter.

9.34 Accepting offers of free travel can be misinterpreted. However, an offer to a Minister on official business to accompany a representative of a host foreign government may be acceptable, provided it creates no undue obligation, and if it offers a saving of official time or provides an opportunity to conduct official business. Offers of transport from other organisations should not normally be accepted, except where provided as an integral part of a tour of inspection. In exceptional cases such an offer may be accepted if this would represent a saving of official time and there is no risk of an undue obligation being created. In these cases, if the journey is of any significant distance, the organisation concerned should be reimbursed from the public purse to the value of a scheduled business class ticket. In any cases of doubt, the First Minister should be consulted.

# Agenda Item 2.2



the union of choice for senior managers  
and professionals in public service

David Richards  
Director, Governance & Ethics  
Welsh Government  
(by email)

23 May 2025

Dear David

## Ministerial Code

Thank you for the opportunity to discuss the work you have been undertaking on behalf of the First Minister on revisions to the Ministerial Code.

Please find attached the new policy that FDA adopted last week at its Annual Delegate Conference (ADC).

You will see from the document that while recognising that the First Minister must be the ultimate arbiter of a minister's fate, there is still the need for a process with minimum standards including:

- independence of decision making into complaints, including whether to investigate and ultimate factual outcome;
- transparency of process for everyone involved in a complaint; and
- clear obligations and rights for all the parties involved, including ability to challenge factual conclusions.

In providing advice to the First Minister, we urge you to consider these minimum standards and stand ready to discuss further with you or the First Minister if useful.

Kind regards

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

Jane Runeckles

cc. Matthew Hall

## Annex 1

### FDA policy on Ministerial Code (May 2025)

This ADC welcomes the changes made by the new Prime Minister to the Ministerial Code, including granting the power to initiate investigations to the renamed Independent Adviser on Ministers' Conduct.

Whilst these changes are an improvement to the code, this ADC believes that they do not go far enough in establishing a truly independent process to investigate complaints of bullying and harassment were they to be made by a civil servant against a minister.

This ADC is concerned that the current system is still opaque with no written, transparent process and no rights conferred on either party when it comes to the conduct of an investigation or its conclusion.

This ADC recognises that bullying and harassment is at its core, an abuse of power, and the power imbalance between ministers, some of the most powerful people in the country, and civil servants, is vast. This ADC believes that in a modern workplace, everyone should be held to the same standards of behaviour and conduct. Critical in ensuring this is a process that all parties can have confidence in to deal with complaints when they arise. If civil servants are to have confidence in a process that will investigate the conduct of ministers, many of whom may be the closest political allies of the Prime Minister, they need to believe that the process will be free from political bias. These are not just theoretical concerns, it has been the lived experience of many civil servants in recent years.

This ADC recognises that the Prime Minister, or First Ministers, must be the ultimate arbiter of a minister's fate, but that still allows for a process with minimum standards including:

- independence of decision making into complaints, including whether to investigate and ultimate factual outcome;
- transparency of process for everyone involved in a complaint; and
- clear obligations and rights for all the parties involved, including ability to challenge factual conclusions.

This ADC welcomes the progress that has been made in Scottish Government to develop processes that meet these standards in partnership with the FDA.

This ADC calls on the Executive Committee to work with the new UK government to establish a new process for handling complaints that will provide the minimum standards expected in any modern workplace.

This ADC also calls upon the Executive Committee to ensure that those minimum standards apply in all governments, parliaments and assemblies of the UK, seeking to establish processes to deliver this where they are absent.

# Agenda Item 2.3

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru  
Welsh Government

Peredur Owen Griffiths MS  
Chair of the Finance Committee  
Senedd Cymru  
Cardiff Bay  
CF99 1SN  
[SeneddFinance@senedd.wales](mailto:SeneddFinance@senedd.wales)

4 August 2025

Dear Peredur,

The UK Statistics Authority recently made recommendations to the UK government about future population and migration statistics for Wales and England.

The UK government has now officially responded to the Authority's recommendations and confirmed that they are [commissioning the Office for National Statistics \(ONS\) to conduct a mandatory, questionnaire-based, whole-population census of Wales and England in 2031](#).

I look forward to continuing to work closely with the ONS in planning for Census 2031, building on the lessons learned from Census 2021. The census needs to meet the needs of users in Wales for timely, inclusive, and high-quality population statistics that will inform policy, allocate resources, and support the delivery of public services across Wales in the future. We will also work closely with the devolved governments in Scotland and Northern Ireland as they carry out their own censuses in 2031.

As census preparations develop, the Committee may like to hear from the Office for National Statistics in future to scrutinise their plans.

I have also written to the Chair of the Culture, Communications, Welsh Language, Sport and International Relations Committee on this matter.

Yours sincerely,

**Mark Drakeford AS/MS**

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

Mark Drakefod MS  
Cabinet Secretary for Finance and Welsh Language  
By email

22 September 2025

Dear Mark,

### Planning for Census 2031

Thank you for your letter of 4 August 2025 on your work with the Office for National Statistics (ONS) in planning for the Census in 2031.

We are grateful to you for bringing this to our attention and we will consider our engagement with the ONS during the remainder of this Senedd as plans for the census progress. This includes reflecting on this issue in our Legacy Report to ensure it is prioritised by the appropriate committee in the Seventh Senedd.

I am copying this letter to the Public Accounts and Public Administration Committee and the Culture, Communications and Welsh Language and International Relations Committee as it also relates to matters within their remit.

Yours sincerely,



Peredur Owen Griffiths MS, Chair of the Finance Committee

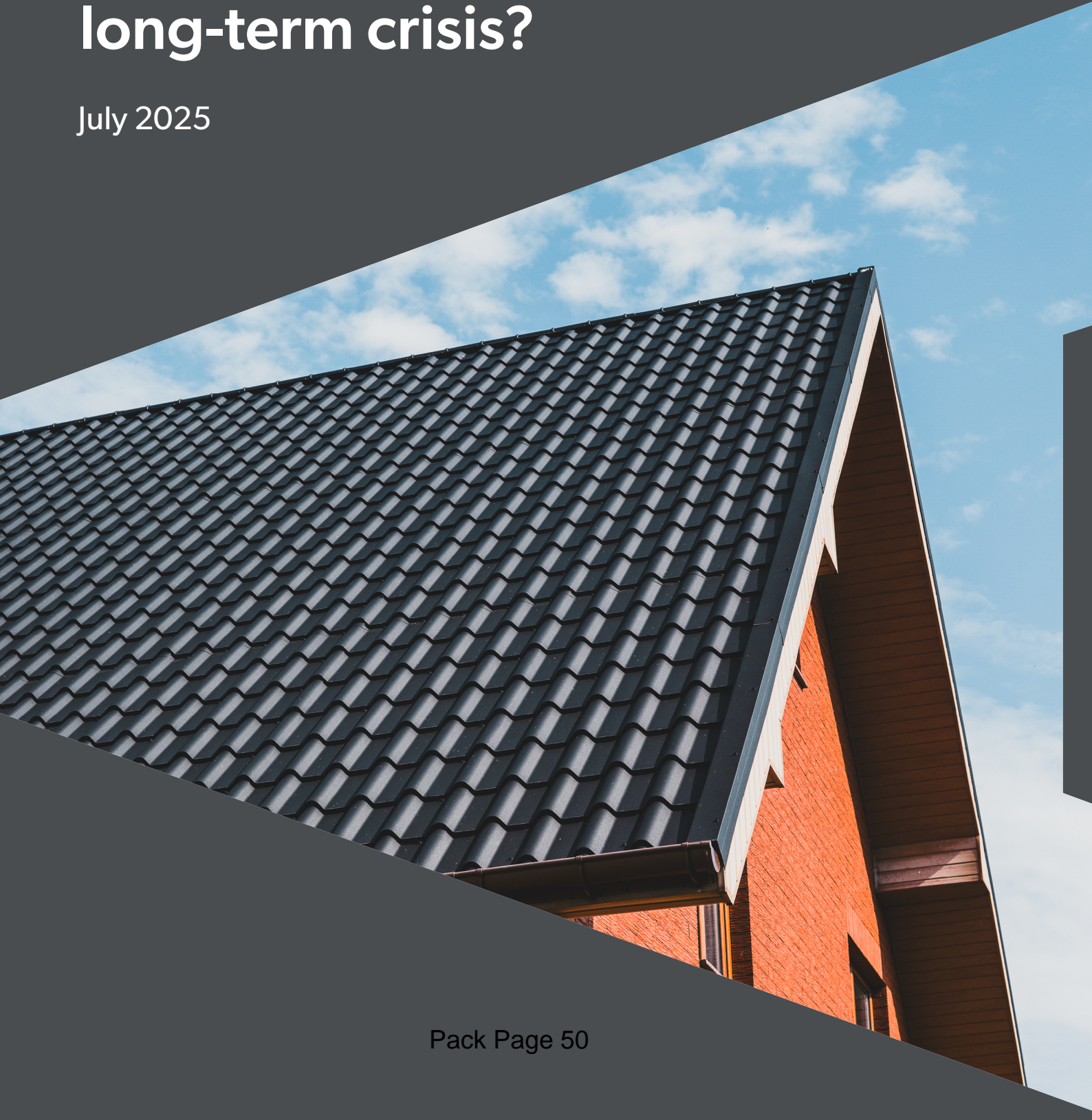
Croesewir gohebiaeth yn Gymraeg neu Saesneg. | We welcome correspondence in Welsh or English.

Agenda Item 2.4



# Temporary accommodation, long-term crisis?

July 2025



This report has been prepared and published under section 41 of the Public Audit (Wales) Act 2004.

The Auditor General is independent of the Senedd and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the Senedd on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales and conducts local government value for money studies.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg

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# Summary report

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## Audit Snapshot

### Why we did the audit

- 1 This audit was carried out to identify opportunities to improve the value for money of councils' approaches in responding to the demand for temporary accommodation. We also aimed to explain the cost and increase in demand for temporary accommodation and councils' plans to deal with these challenges. In addition, we set out to provide assurance on how public money is being spent to tackle the need for temporary accommodation and provide evidence on where change is needed.
- 2 In particular, we looked at how councils measure, and try to improve, the value for money of what they spend on temporary accommodation. We also looked at whether councils are adapting to a preventative approach by better equipping their workforce, working with partner organisations and improving their understanding of demand for temporary accommodation.

### Temporary accommodation

- 3 Demand for temporary accommodation has increased almost five-fold in the last decade. A significant reason for this was the Welsh Government's 'no-one left out' approach which was adopted during the pandemic to ensure everyone had access to a safe place to live. The Welsh Government provided additional funding to councils to implement this policy. Due to continued high levels of demand and rising costs, councils are spending considerable amounts of money providing accommodation for people who are often in crisis.
- 4 Reducing demand for temporary accommodation is important for councils' future financial sustainability. It is also important to ensure they are able to provide the right support for often vulnerable people to help them towards better outcomes.
- 5 Where councils need to provide temporary accommodation, it is important that councils understand whether or not they are securing value for money. This means having an understanding of the both the cost and quality of provision. It also includes understanding whether they are providing people experiencing homelessness with a place to live which meets their needs, even if it is only a temporary home.

- 6 Even with a focus on prevention, councils are likely to always need to offer a small amount of temporary accommodation for people who are experiencing homelessness. However, if councils and their partners do not reduce demand for temporary accommodation, there remains a risk that short-term solutions become a long-term crisis both for public finances and for people experiencing homelessness.

## What we found

- 7 We found that councils:
- are spending considerable amounts of money on temporary accommodation which in many cases does not meet people's needs;
  - do not understand whether they are getting value for money from their temporary accommodation;
  - have made limited progress with improving prevention of homelessness to achieve better outcomes and reduce costs;
  - find it difficult to predict demand for temporary accommodation in the medium to long term;
  - do not have clear plans in place to ensure their workforce is equipped to prevent demand for temporary accommodation; and
  - find it difficult to work well with partner organisations to prevent homelessness.

## Focus of our recommendations

- 8 To support councils in overcoming these challenges, we have made recommendations aimed both at improving the value for money of temporary accommodation and reducing demand by preventing homelessness. These recommendations include:
- defining and evaluating value for money;
  - strengthening the planning of homelessness prevention through better use of data; and
  - modelling the impact of policy and legislation changes on councils' workforce needs.

## Key facts and figures

- 9 The Housing (Wales) Act 2014 sets out the legislative framework governing housing and homelessness services. The Act outlines the requirements for councils to secure suitable accommodation for a person who is homeless or threatened to be homeless within 56 days.
- 10 Section 68 of the Act requires councils to provide interim accommodation ('temporary accommodation') if they believe a person is homeless, eligible for assistance and has a priority need for accommodation.
- 11 Temporary accommodation is often in the form of bed and breakfast (B&Bs), hotels, hostels or refuges, while a council undertakes investigations into eligibility (priority need, intentionality and local connection tests) or seeks to secure suitable accommodation.
- 12 The Welsh Government's 'Ending Homelessness in Wales: A high level action plan 2021-2026'<sup>1</sup> sets out key components to ensure homelessness is rare, brief and unrepeatable.
- 13 The Welsh Government introduced the Homelessness and Social Housing Allocation (Wales) Bill to the Senedd on 19 May 2025<sup>2</sup>. The Bill aims to 'transform the homelessness system in Wales' and includes a focus on prevention and collaboration between public services, including a widening of responsibility for the identification and prevention of homelessness.
- 14 The Welsh Government has allocated significant investment to this area, including allocating £219.5 million to Homelessness Support and Prevention for 2025-26<sup>3</sup>.
- 15 Demand for temporary accommodation is significantly outpacing available accommodation. This is shown in **Exhibit 1**, which compares the number of people in temporary accommodation in a given month with the number of people moved into suitable long-term accommodation in that month, between August 2020 and March 2025.

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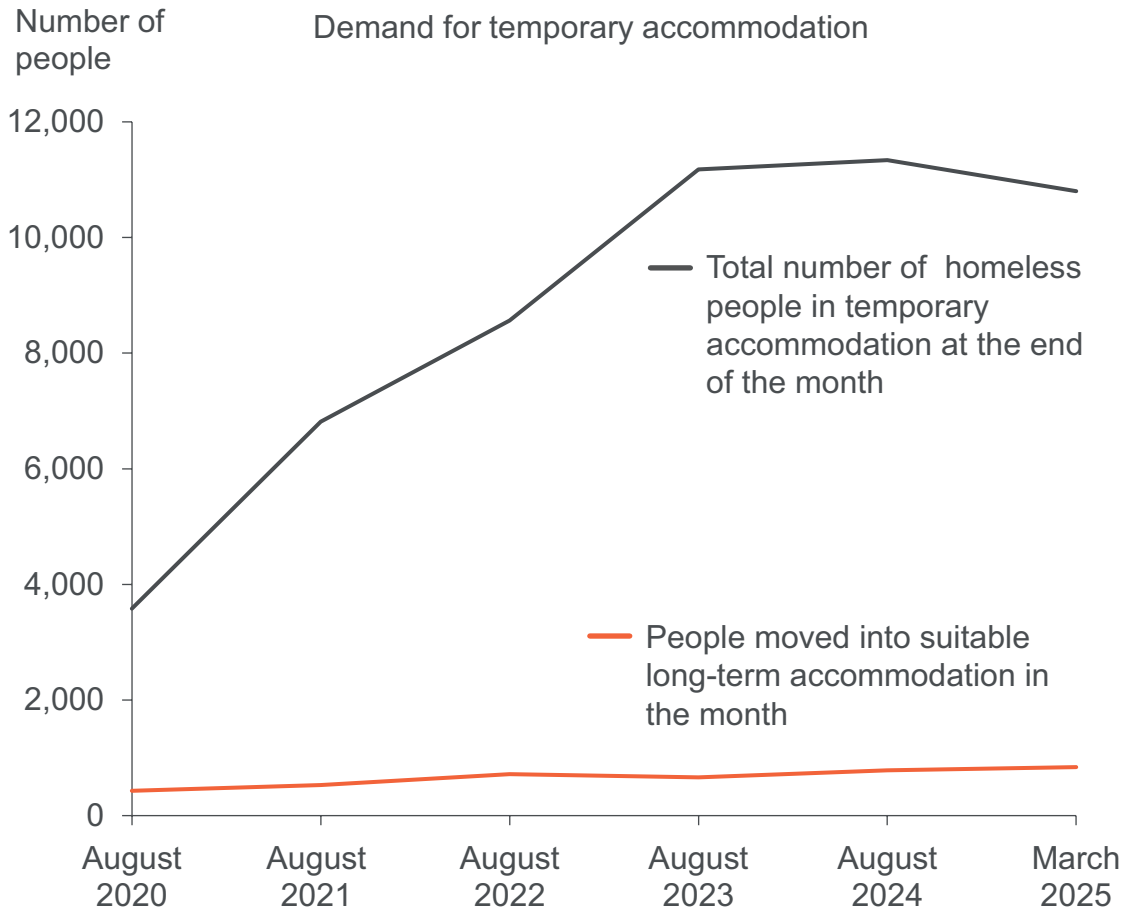
1 Welsh Government, [Ending Homelessness in Wales: a high-level action plan 2021-26](#)

2 Welsh Government, [Landmark Bill sets bold vision for ending homelessness in Wales](#)

3 Welsh Government, [Final Budget 2025 to 2026](#)

### Exhibit 1: demand for temporary accommodation in Wales versus availability of suitable long-term accommodation from August 2020 to March 2025

The graph below shows the total number of homeless people in temporary accommodation over time compared with the number of people moved into suitable long-term accommodation between August 2020 and March 2025.



Source: The Welsh Government

Accessed 11 June 2025. Data in this series only available until March, hence the interval between this and the previous data point is seven months. The Welsh Government has told us that monthly data collection was introduced during the coronavirus (COVID-19) pandemic initially as Management Information. From January 2024, these data have undergone the appropriate quality assurance protocols for Official Statistics. Following the introduction of this collection, the Welsh Government worked with local authorities to develop the publication by strengthening the data collection guidance and to improve data quality. Due to this development, there was an improvement in data quality from April 2023. Month-to-month comparisons may not be reliable as there may be seasonal impacts on homelessness or other reasons for fluctuations.

- 16 In March 2025, 10,800 people were in temporary accommodation which represents a 200% increase since collection of this dataset started in August 2020. Of the people in temporary accommodation in March 2025, 24% were children under sixteen years of age<sup>4</sup>.
- 17 Repeat placements in temporary accommodation are common. In March 2025, almost 17% of placements into temporary accommodation were of individuals who had previously been placed into temporary accommodation within the last 12 months<sup>5</sup>.
- 18 There are many complex reasons for the increased demand for temporary accommodation. Some of these are illustrated in **Exhibit 2**.

### Exhibit 2: Some of the drivers of demand for temporary accommodation

This exhibit illustrates some of the reasons why demand for temporary accommodation has increased in recent years.

## Increased demand for temporary accommodation



Local Housing Allowance rates below market rate



Shortage of key workers to prevent homelessness



Increasing financial pressures on public services



Growing poverty levels and the cost-of-living crisis



COVID-19 pandemic and the Welsh Government's 'no-one left out' approach



Housing supply has not kept up with demand

Source: Audit Wales analysis

- 4 The information on data quality outlined in the source for **Exhibit 1** also applies to the data in this paragraph.
- 5 The information on data quality outlined in the source for **Exhibit 1** also applies to the data in this paragraph.

- 19 This rapid increase in demand for temporary accommodation has led to a significant increase in the amount councils spend on providing temporary accommodation. In 2019, councils spent around £28 million in total, whereas in 2023-24, this had increased to nearly £172 million<sup>6</sup>.

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6 Source: Audit Wales survey data

We asked councils to provide figures for gross revenue expenditure on temporary accommodation for the financial years 2019-20 to 2023-24. We asked councils to exclude spending on preventative activity. There may be variations in how councils account for temporary accommodation expenditure and so these figures may include some funding from the Welsh Government.

# Our findings

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## Councils spend a lot of money on temporary accommodation which is often not meeting people's needs

- 20 Stays in temporary accommodation are intended to be short, but increases in demand and lack of accommodation have led to people living in temporary accommodation for longer periods.
- 21 The Welsh Government has set out its aim for homelessness to be brief, rare and unrepeated<sup>7</sup>. To achieve this, the Welsh Government aims to focus on provision of long-term housing solutions to avoid prolonged stays in temporary accommodation.
- 22 There is likely to be a continued use of relatively high levels of temporary accommodation in the short to medium term, due to the difference between current levels of demand and suitable permanent accommodation. This includes people staying in temporary accommodation for longer periods whilst suitable accommodation becomes available. It is therefore important to ensure that temporary accommodation can support people's needs and well-being.

## Temporary accommodation often does not meet people's needs and can cause harm

- 23 Living in temporary accommodation can have a significant impact on people's health and well-being. Current provision often does not meet the needs of people including, in particular, groups who share protected characteristics as well as children and young people<sup>8</sup>.
- 24 The Bevan Foundation and Shelter Cymru's report '[Nowhere to call home: Living in temporary accommodation](#)' highlights the experiences of people living in temporary accommodation. The report outlines that living in temporary accommodation can worsen people's mental health due to a range of reasons. These include poor quality accommodation, personal safety concerns, restrictions, abrupt moves and being placed far away from local networks and services such as schools.

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7 Welsh Government, [Ending Homelessness: A high level action plan 2021-2026](#)

8 [Tai Pawb, Understanding the experiences of homelessness](#)

- 25 A 2023 study by The Reach Alliance<sup>9</sup> found that living in temporary accommodation hinders children's ability to play, through, for example, a lack of physical space and strict visitor policies that mean children cannot invite their friends over to play.
- 26 Our fieldwork supports the view that in many cases temporary accommodation provision does not meet the needs of residents, can cause harm and is often not fit for purpose.
- 27 We heard of instances where families with young children and people in recovery from drug addiction were living in unsupported temporary accommodation alongside people with active drug addictions. We also heard examples of people developing substance addictions as a result of their temporary accommodation placement.
- 28 Well-being and personal safety concerns have been so significant for some people that they have chosen to become homeless rather than stay in temporary accommodation.
- 29 Councils told us that it is difficult to ensure temporary accommodation can meet a range of people's needs due to a lack of suitable accommodation, particularly for those with more complex needs.
- 30 However, we found some examples of councils taking a more proactive approach to understand the needs of those living in temporary accommodation and to use this to plan provision. We have included several practice examples from page 25 onwards.
- 31 Having a better understanding of the needs of residents and putting in place services to help meet those needs is more likely to improve outcomes for residents and improve value for money.

## **Councils do not assess the impact that restrictions placed on residents may have on their quality of life**

- 32 Due to the lack of suitable accommodation, 19 councils told us that they often put restrictions in place to protect properties and the people living there.
- 33 Examples of restrictions include
- time curfews, such as residents being unable to enter or leave premises after 10pm each night;
  - limits to the visitors that residents are allowed;
  - bans on use of alcohol;
  - no pets allowed; and
  - no permission for residents to stay away, even to spend a night with family.
- 34 Most councils told us that that they assessed the impact these restrictions may have on users. However, we did not find evidence of councils documenting assessments of the impact these restrictions may have.
- 35 Third sector organisations we spoke to told us that the restrictions placed on people have a negative impact on people's lives. Examples included difficulties gaining employment due to time restrictions, the feeling of being imprisoned and feeling watched by CCTV. They also highlighted the significant impacts on children's well-being and development.
- 36 Fully assessing the impact restrictions may have on well-being provides councils with an opportunity to prevent harm by identifying alternative options or arrangements that can better support well-being. This in turn has the potential to help councils secure better value for money by achieving better long-term outcomes for residents.

## **Councils are spending significant resources on delivering temporary accommodation which is a risk to their financial sustainability**

- 37 The total expenditure<sup>10</sup> on temporary accommodation increased by 516% between 2019-20 and 2023-24. This is a rise from £28 million in 2019-20 to £172 million by 2023-24, as can be seen in **Exhibit 3**.

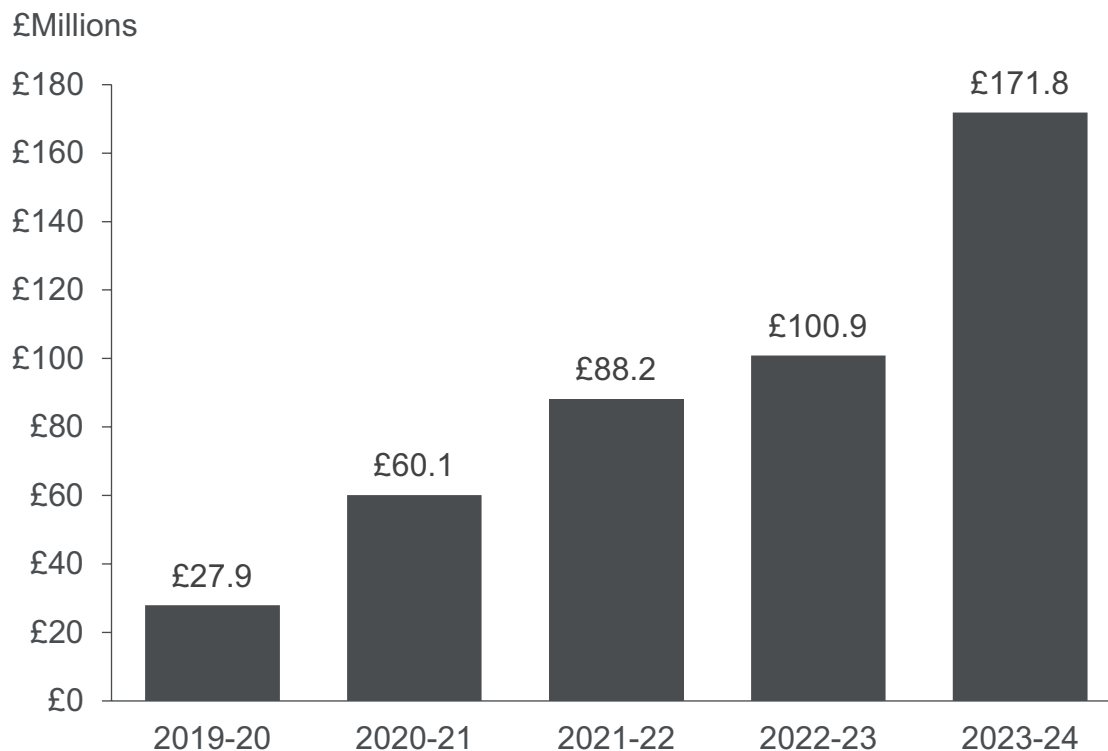
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10 Source: Audit Wales survey data.

We asked councils to provide figures for gross revenue expenditure on temporary accommodation for the financial years 2019-20 to 2023-24. These figures may include some funding from the Welsh Government.

### Exhibit 3: total expenditure (revenue and capital) for all councils between 2019-20 and 2023-24

This exhibit shows the combined increase in expenditure in cash terms on temporary accommodation for all 22 principal councils in Wales between 2019-20 and 2023-24.



Source: Audit Wales survey of councils

- 38 Councils spent £356 million of revenue and £92 million of capital funding on temporary accommodation from 2019-20 to 2023-24.
- 39 There are a number of reasons why the amount that councils spend on temporary accommodation has increased in recent years. These include increased demand, rising costs, the length of time that residents are staying in accommodation and complexity of their needs.
- 40 Our surveys indicate that councils are concerned current expenditure on temporary accommodation is not sustainable over the medium to longer term, and that it poses a significant risk to their council's overall financial sustainability.
- 41 This suggests that unless a different approach is taken, including more focus on reducing demand, the costs of providing temporary accommodation may become unsustainable.

## What we mean by value for money

- 42 Value for money is about whether money is being used to deliver intended outcomes at the best price. This is also sometimes referred to as 'cost-effectiveness'. Value for money is commonly associated with the 'three E's' of economy, efficiency and effectiveness. We have summarised these as
- Economy – Getting the right deal – securing the necessary inputs, to help achieve intended outcomes, at the lowest possible cost
  - Efficiency – Doing the right thing – making the most of the inputs to generate outputs designed to achieve intended outcomes
  - Effectiveness – Getting the right results – achieving the intended outcomes for the short and longer term
- 43 Value for money is therefore not just about costs, but about the quality and effectiveness of the service delivered for the money spent. People living in temporary accommodation are often in a vulnerable situation and need support to help them move into stable and appropriate accommodation.
- 44 Councils have legal duties relating to value for money. The Local Government and Elections (Wales) Act 2021 places a duty on councils to review the extent to which they are using resources economically, efficiently and effectively<sup>11</sup>.
- 45 Councils are also required to act in accordance with the sustainable development principle. As part of this they are required to balance both short and long-term needs when making decisions on the use of their resources. It is therefore important that value for money is also considered over the longer term. For example, the most cost-effective solutions may often be ones that prevent problems from occurring at all, or from getting worse.

## Most councils do not fully assess the value for money of their temporary accommodation provision

- 46 Councils primarily focus on comparison of short-term costs to assess value for money. Our evidence suggests that councils think they have strong arrangements in place to monitor value for money. However, we found that councils generally focus on the cost of provision, but not the outcomes or value it provides.
- 47 In addition, many councils have not benchmarked the costs of their temporary accommodation provision. Less than a third of councils told us they had undertaken benchmarking of their costs. Without benchmarking the costs of temporary accommodation, it is difficult for councils to know if they are providing value for money and to identify areas where they can improve value for money.

48 Overall, this suggests that there are weaknesses in councils' arrangements to assess and monitor value for money. It also suggests there is a difference between how well councils think they are assessing value for money, and how well this happens in practice. This makes it difficult for councils to know whether the money they are spending is being used cost-effectively and having the intended impact.

### **Most councils do not fully assess a range of temporary accommodation options**

49 Assessment of a range of options for temporary accommodation is an important step in securing value for money. This helps to provide assurance that councils have chosen the option that will provide value for money over the short and long term.

50 We found that most councils do not fully assess a range of options when commissioning temporary accommodation. Most councils either do not assess any alternative options at all or have only compared temporary accommodation costs of one or two options.

51 For example, many councils are trying to increase private rented sector accommodation for use as both temporary and permanent accommodation. We found that councils are often only comparing the costs of private rented sector options against short-term hotel and bed and breakfast temporary accommodation costs, rather than against a range of other potential options. This makes it difficult for councils to know that they have selected the option(s) most likely to secure value for money.

52 Where some councils had considered options in more detail, they were able to identify options that reduced costs and improved quality of provision. For example, Carmarthenshire County Council identified that by utilising buildings no longer needed by the Council or being sold by private landlords, it could improve temporary accommodation quality and deliver significant savings to the council.

53 Councils told us that it is difficult to assess all options because they are grappling with increased complexity and levels of demand within a challenging financial context. Councils regularly have to make immediate decisions to provide accommodation the same day and so it is therefore difficult for them to assess a range of options.

54 There are also barriers outside of councils' control that can make it difficult to identify options. We heard that challenges in meeting the Welsh Housing Quality Standard can make it difficult to create new temporary accommodation through converting existing properties. For example, we heard of an instance of a council not being able to utilise ex-council housing for temporary accommodation due to one bedroom being centimetres too small.

- 55 We also heard that the local housing allowance rates are a barrier for councils because the rates are significantly lower than market housing rents in most areas. All councils had identified the gap between local housing allowance and market rates as an issue, but most had not undertaken modelling to understand the value for money implications different options may have. The few councils that have used these factors to assess their options have found ways to improve their provision despite these constraints.
- 56 Without assessing a range of options, councils cannot be assured that they have chosen the best option to secure value for money.

### **Councils do not have arrangements to ensure that the temporary accommodation they commission from external providers delivers value for money**

- 57 Most councils that buy temporary accommodation on a room or unit basis, (such as from hotels), do not have processes in place to ensure they secure value for money. This is partly because councils often buy rooms ad hoc through 'spot purchasing'.
- 58 Some councils have been able to significantly reduce the costs of 'spot purchasing' by comparing nightly rates between providers or setting up corporate accounts to access discounts. But council officers described that councils are often at the 'mercy' of providers with regard to costs and quality due to an overall lack of accommodation. This is also supported by our surveys, which highlighted concerns that councils' temporary accommodation does not provide value for money.
- 59 Some councils hire staff with commercial skills to put in place block booking agreements with providers. The purpose of these agreements is to negotiate rates and reduce the risk of fluctuating costs by putting in place longer-term contracts. However, we heard that there are risks with this approach, as councils are sometimes paying for rooms they do not need.
- 60 Although the Welsh Government has set out the need to move away from the use of emergency, temporary and hostel services<sup>12</sup>, some councils are likely to continue to source temporary accommodation from providers to manage demand in the short to medium term. It is therefore important that councils have arrangements in place to ensure that value for money can be secured when commissioning temporary accommodation providers.

## **Most councils that own temporary accommodation do not have clear and planned maintenance arrangements**

- 61 Of those councils that own temporary accommodation, we found that most do not have clear maintenance arrangements in place to reduce repair costs and improve quality.
- 62 Poor quality accommodation does not deliver value for money because it negatively impacts on people's health and well-being and leads to additional costs. For example, some councils have incurred expensive repair costs and alternative accommodation costs where repairs have led to longer turnaround times between tenancies.
- 63 A few councils have maintenance plans for temporary accommodation and clearly defined responsibilities for responsibilities within the council. For example, Cardiff Council has a stock transformation plan, through which it assesses the quality of all of its accommodation provision and identifies the work required to bring it up to standard.
- 64 Having arrangements in place for maintaining temporary accommodation can help to prevent homelessness and therefore the resulting costs and impact on residents' quality of life.

## Councils have made limited progress with improving prevention of homelessness to achieve better outcomes and reduce costs

- 65 The Welsh Government mandated that councils should improve early intervention and prevention, in ‘Ending Homelessness in Wales: A high level action plan’ in 2021<sup>13</sup>. This included a requirement for councils to develop rapid rehousing transition plans as part of their Housing Support Programme Strategies by the end of 2022.
- 66 We found that all councils are aware of the need to move from a reactive to preventative approach, however, the extent to which they have made progress with this is highly variable and limited overall.

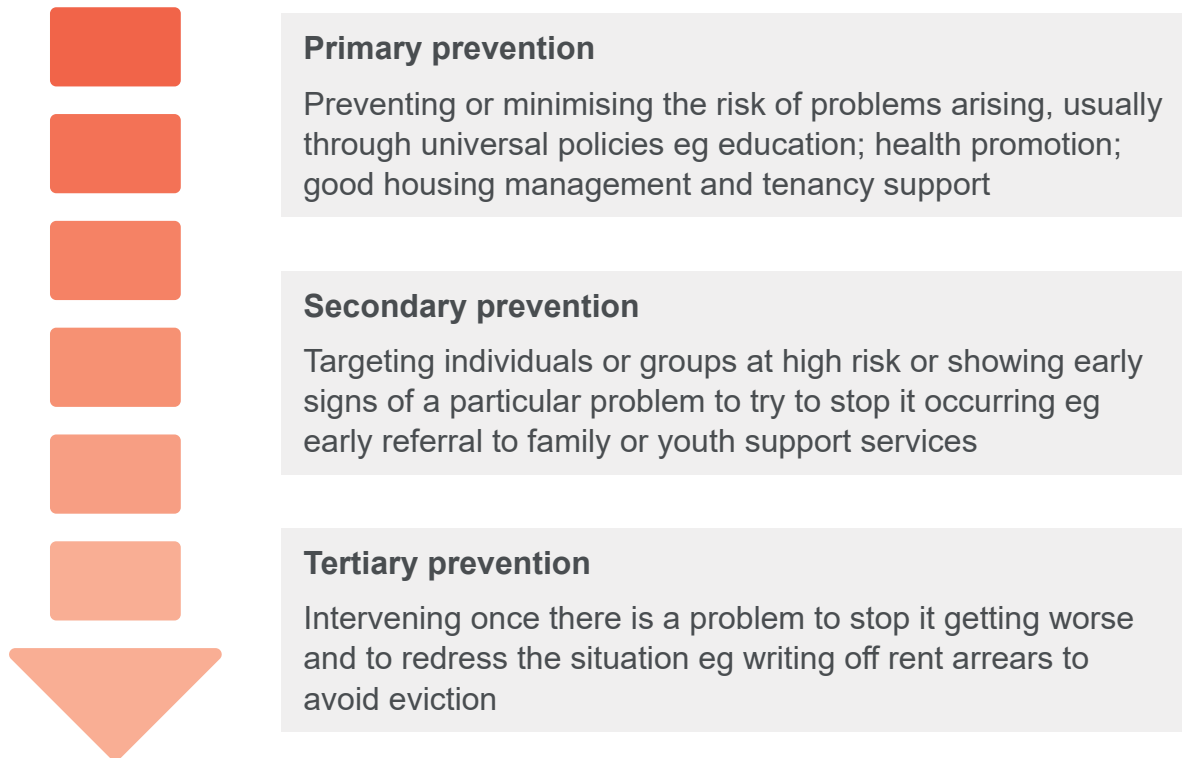
## Councils are not planning effectively to prevent demand for homelessness services

- 67 There are three different tiers of homelessness prevention: primary, secondary and tertiary. As shown in **Exhibit 4**, primary prevention is the earliest form of prevention, followed by secondary, and then tertiary. ‘Ending Homelessness in Wales’ states that ‘the earliest preventions are most effective and most cost effective and should always be the interventions of first choice’.

## Exhibit 4: the tiers of homelessness prevention

The exhibit below summarises the three tiers of homelessness prevention and provides a summary description of each.

### Most effective



### Least effective

Source: Audit Wales graphic using text from 'Ending Homelessness in Wales'

- 68 We found that, while all councils have Rapid Rehousing Transition Plans in place, the quality of these plans is variable. Only around half of councils have plans which include primary, secondary and tertiary approaches to prevent demand for temporary accommodation. Other councils mainly include secondary and tertiary approaches in their plans.
- 69 Most councils make good use of data to help them understand barriers to prevention. However, only a few councils and their partners regularly assess how well their prevention approaches are working. Some councils carry out no evaluation at all, and it is not yet clear in most councils if their approaches to prevention have been effective. By not making use of the full range of preventative approaches, councils risk missing opportunities to prevent the need for temporary accommodation at the earliest opportunity and to address costs.

- 70 For example, Denbighshire County Council has used data to model the impact its plans could have. The Council's Rapid Rehousing Transition Plan sets out that investing £2.54 million in key priorities, such as action to reduce demand, could save up to £22 million in private bed and breakfast costs over ten years. This would be a saving of approximately £20 million and equate to a nearly 800% return on investment over that time. Whilst this is an estimate, it does suggest that there are significant cost savings that could be achieved by many, if not all, councils by more effectively planning to prevent demand for temporary accommodation.

### **Councils find it difficult to predict demand in the long term and many are not confident they will be able to meet that demand**

- 71 To effectively reduce and prevent demand for temporary accommodation, councils will need to improve their understanding of demand for homelessness services, including temporary accommodation. They will also need to improve the way in which they identify people at risk of homelessness.
- 72 Councils have a good awareness of the drivers of demand for temporary accommodation in the short term, supported by good use of data. But councils find it harder to predict demand in the medium to long term. This was supported by our survey results which showed that councils are generally confident in their ability to predict demand for accommodation over the short term, but less so for the medium term, and even less for the longer term.
- 73 Over half of councils told us they did not have a fully costed, approved plan in place to resource the projected demand for temporary accommodation over the next three to five years. Many councils told us that they find it difficult to cost their plans for temporary accommodation in the short, medium and long term. This was due to not being able to accurately predict demand or forecast what the costs will be for private providers in the future.
- 74 Councils are heavily reliant on the Welsh Government's grant funding for delivering action to address temporary accommodation. This poses the risk that councils may struggle to fund temporary accommodation costs if the grant funding is withdrawn.
- 75 Some councils have undertaken more detailed planning. For example, of the eight councils that clearly had modelled future demand, most had modelled over a medium-term period (five years). Denbighshire County Council used a ten-year period, and Rhondda Cynon Taf County Borough Council has projected demand up to 2037.

- 76 We recognise that predicting demand is challenging, as demonstrated by recent unforeseeable events such as the pandemic and the cost-of-living crisis. However, using available evidence and data to try and predict demand can help councils to plan for long-term sustainability. It can also help councils to improve their financial planning for homelessness services and move to a more preventative approach.

### **Many councils do not have clear plans in place to ensure their workforce is equipped to prevent demand for temporary accommodation**

- 77 Staff in homelessness teams often do difficult and demanding jobs. 'Ending Homelessness in Wales: A high level action plan 2021-2026' includes an action to 'develop a resilient and valued workforce recognised for their expertise'. The aim of this action is to promote the sector as a career and move towards a 'psychologically informed approach' in housing services. To move from a reactive to a preventative model, homelessness teams in councils will need to work in a different way and may require new skills.
- 78 The Welsh Government's 2024 survey of the housing and homeless workforce found that frontline housing workers in councils more commonly provided neutral or negative responses to the statement 'I am valued for my skills and experience' than frontline workers in other organisations<sup>14</sup>. Many respondents to the survey felt workloads and expectations on staff were too high and some raised concerns over how much of the workforce had appropriate skills to implement person centred trauma informed support<sup>15</sup>.
- 79 In response to our survey, 95.5% of councils agreed or strongly agreed that staff in their homelessness teams are under significant pressure and 50% had seen an increase in sickness absences in the homelessness service in the last two years due to workload pressures. Staff abuse, a lack of time to upskill and job satisfaction were given as key staffing challenges. Additionally, 45% of councils told us that they struggle to recruit effectively into their homelessness services and many raised difficulties with recruiting specialist staff.
- 80 Most councils have taken some action to equip their workforce with the requisite skills and increase capacity, for example, by creating dedicated staff posts to work on prevention and bringing dedicated social workers into housing teams. However, half of councils told us they had not yet modelled the impact of recent and likely future policy changes on the skills and capacity needed in their workforce, nor have they identified their future workforce needs.

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14 Welsh Government, [Ending Homelessness Outcome Framework: Workforce Survey](#)

15 Welsh Government, [Ending Homelessness Outcome Framework: Workforce Survey](#)

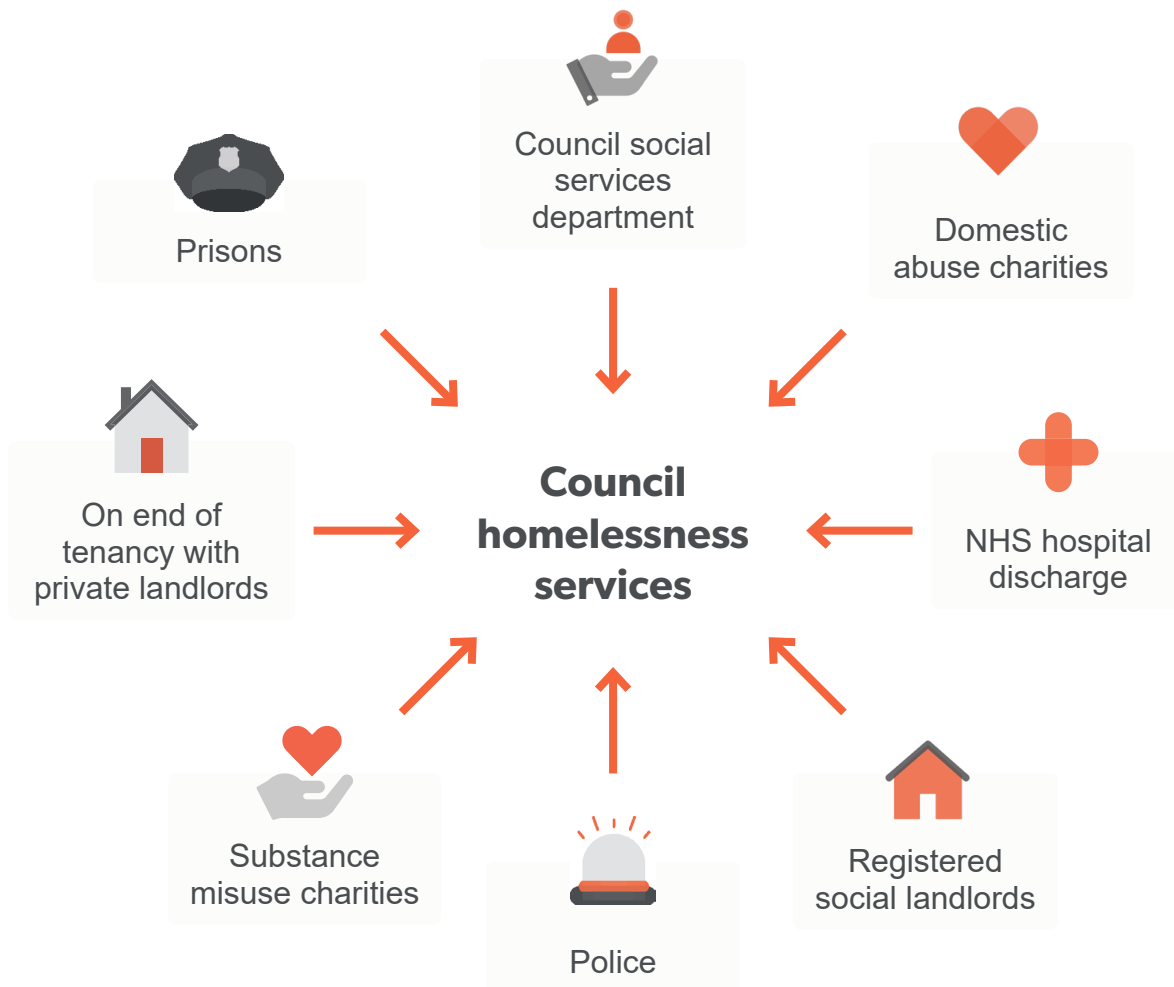
- 81 There has been a rapid increase in demand which has caused councils to focus on responding to this demand in the short term in order to meet their statutory duties. However, without a clear understanding of the future skills and capacity needed, councils risk failing to equip their workforce to work preventatively and being able to reduce demand for temporary accommodation.

**Partnership working to prevent homelessness is not always effective or providing value for money and there is limited evaluation of it**

- 82 There are many routes by which people access homelessness services. For example:
- on leaving prison;
  - after hospital discharge;
  - due to eviction by their landlord.
- 83 **Exhibit 5** illustrates more of these routes.

**Exhibit 5: some of the routes by which people access homelessness services**

The diagram below shows some of the routes by which people access homelessness services.



Source: Audit Wales analysis

84 Therefore, to improve prevention of homelessness, councils need to work with partners such as the prison service, the NHS and private landlords. They also need to work with third sector organisations which provide support, for example, substance misuse charities.

- 85 Generally, councils do not have a comprehensive understanding of which partners they could work with to help reduce homelessness. Responses to our surveys indicate that councils understand which partners they should collaborate with. But our interviews with council officers and document reviews show a more variable picture. Most councils have mapped some aspects of their homelessness service such as the mental health pathway. But they are not fully clear on who does what in preventing demand for temporary accommodation.
- 86 Partnership working is not always effective in reducing the demand for temporary accommodation. Most councils feel they have effective partnership working arrangements in place with key partners to address demand for temporary accommodation. However, our evidence suggests the effectiveness of partnership working is mixed. Many councils have effective partnership working arrangements for some pathways and/or partners, but rarely all. Some council officers also told us that due to pressure on other public services, they often end up 'plugging the gaps'.
- 87 If councils and their partners do not clearly understand their respective roles and responsibilities, there is a risk that services will be duplicated which could potentially waste resources. Or there may be gaps in services, which means councils and their partners could miss opportunities to identify and support people at risk of homelessness.
- 88 There is also limited evaluation of partnership working to prevent demand for homelessness. Only a few councils carry out any significant evaluation of its effectiveness. If councils do not evaluate the effectiveness of partnership working, it is difficult for them to know if they are providing value for money or to identify opportunities to improve homelessness prevention.

### **Ineffective prevention is reducing value for money in councils and the wider public sector**

- 89 Missing opportunities to prevent homelessness and improve well-being for those experiencing homelessness is impacting on people's lives and leading to increased costs for councils. Councils are unlikely to achieve value for money from their temporary accommodation provision until they improve homelessness prevention. This is because preventing homelessness from occurring, or re-occurring is likely to both reduce the cost of providing temporary accommodation and improve outcomes.
- 90 Councils told us that difficulties in engaging with public sector partners is a significant barrier to improving homelessness prevention. This not only means that councils are not able to provide value for money for their homelessness prevention expenditure but also has financial implications for the wider public sector.

- 91 The Welsh Government commissioned an evaluation of homelessness interventions which included a value for money assessment<sup>16</sup>. This assessment found that while cost-benefits for the public sector can vary, a rehousing approach combining stable and suitable housing with the right support had the potential for significant cost avoidance for health, criminal justice, social care and homelessness services.
- 92 The financial benefits of successfully preventing demand for homelessness services and achieving better outcomes for people's lives may not always be seen within one organisation. Not being able to immediately or directly see the impact of money spent can make it difficult for councils and public bodies to invest in prevention or providing greater levels of support. However, there is potential for public bodies to secure better value for money by working together to ensure people have stable and suitable housing.
- 93 The Welsh Government outlined in 'Ending Homelessness' that acute spending to manage the impact of a strongly negative situation does little to prevent problems recurring in future. For example, the potential recurring cost of temporary housing for people who repeatedly experience homelessness or the long-term cost of supporting children who have suffered Adverse Childhood Experiences (ACEs) because of the loss of their home.
- 94 The human cost of homelessness is not quantifiable in the same way as the financial cost, but it clearly has a significant impact. Homelessness can lead to family separation and delays in children's development. It can also have a negative effect on health and wellbeing. A failure to improve prevention of homelessness is likely to cause considerable problems for councils and their communities, both in the short and longer term.

## There are approaches that councils could potentially use to improve the current situation

- 95 Current financial challenges and increased demand for temporary accommodation in recent years means that many councils are operating in ‘firefighting’ mode. This means they are focused on managing demand, delivering statutory duties and providing accommodation in the short-term rather than working to prevent demand over the medium and longer-term. The risks of this approach were highlighted in the Auditor General’s report *From Firefighting to Future-proofing – the challenge for Welsh public services*<sup>17</sup>. We have summarised this in **Exhibit 6**.
- 96 Unless councils are able to focus more on prevention, alongside a stronger focus on the value for money of current provision, they will continue to provide an expensive service that risks not meeting people’s needs.

### Exhibit 6 – from firefighting to future proofing

The exhibit below sets out a description and characteristics for the different stages of ‘firefighting’, ‘transition phase’ and ‘implementing the sustainable development principle’ in relation to public services.



| Description              | Firefighting   | Transition phase  | Implementing the Sustainable Development Principle  |
|--------------------------|--|---|---|
| Characteristics observed | <ul style="list-style-type: none"> <li>• Decisions and plans are made on an ad hoc and short-term basis.</li> <li>• Constantly reacting to demand which diverts resources away from prevention.</li> </ul> | <ul style="list-style-type: none"> <li>• Firefighting in some areas but strategic and long-term planning is taking place.</li> <li>• Initiatives to prevent demand are being put in place.</li> </ul> | <ul style="list-style-type: none"> <li>• Planning for the long term based on an understanding of trends, demand and user needs.</li> <li>• Collaborating with partners to share learning and deliver integrated services that support people’s well-being.</li> <li>• Involving people and partners in service design, evaluation and problem solving to ensure the intended outcomes are achieved in the right way.</li> </ul> |

Source: Audit Wales diagram informed by an infographic from the National Audit Office’s guide [Improving Operational Delivery in Government](#)

97 We have identified practice examples that councils might find helpful to improve their approach to temporary accommodation provision. These have been grouped into four themes below.

## Planning and using data

- 98 Neath Port Talbot Council has undertaken medium-term financial planning in relation to housing and homelessness. This identifies:
- recurring costs;
  - forecasted increases in demand including allowance for children transitioning to adulthood placements;
  - the investment needed for its transformation programmes;
  - cost of homelessness pressures;
  - the projected budget shortfall to meet the demand for temporary accommodation; and
  - the likely use of reserves is also stated across the full period.
- 99 Analysis of data has also enabled Neath Port Talbot Council to identify repeat episodes of homelessness and hospital admissions for people owed a statutory aftercare duty due to complex mental health needs<sup>18</sup>. The Council has developed a proposal to address this to deliver better support and outcomes for service users.
- 100 The Chartered Institute of Housing Scotland worked with partners to develop a framework for enabling a more consistent approach to monitoring rapid rehousing transition plans<sup>19</sup>. The framework is set out against the aims of homelessness being prevented, brief and non-recurring, and sets out indicators, measures and actions that councils can use to monitor progress in meeting these aims.
- 101 The Built for Zero<sup>20</sup> programme run by Crisis focuses on improving the use of data to understand who is experiencing homelessness, what they need to move into a home and how homelessness changes over time.

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18 [Mental Health Act 1983](#)

19 [Rapid Rehousing Transition Plans Report](#)

20 Crisis UK, [Built for Zero: Together we will end homelessness](#)

## Understanding and responding to the needs of those living in temporary accommodation

- 102 Carmarthenshire County Council has developed plans for a short-stay accommodation and support centre specifically for young people aged 18 to 25 with complex needs. The centre provides a protected environment where needs can be supported by a multi-agency team for up to six months, while permanent accommodation is found.
- 103 Conwy County Borough Council has developed two shared housing schemes which provide support and accommodation for people who are homeless upon release from prison.
- 104 Conwy County Borough Council has also placed an officer within some of its temporary accommodation to provide support for residents. This includes help with seeking employment and advice on available benefits. We heard that there has been high demand for this service, and it has led to successfully removing barriers that prevented some people accessing employment and, consequently, permanent accommodation.

## Partnership

- 105 Homeless Link has created a partnership self-assessment tool<sup>21</sup>. This tool can help to assess current partnership arrangements and identify actions to strengthen arrangements where needed.
- 106 Crisis has developed a Homelessness Alliance<sup>22</sup> in partnership with the UK Government. Local businesses can join the alliance by signing and implementing pledges that commit them to preventing their employees becoming homeless. This is designed to encourage local businesses to help prevent homelessness.

## Assessing options

- 107 Greater Manchester Combined Authority and the UK Government developed a cost-benefit analysis tool<sup>23</sup> to assess the value for money to the public sector of different intervention options that may not be easy to compare. The tool can help partners work together to better understand the relationship between the money spent by the public sector as a whole and the benefits delivered. The tool is supported by guidance and a unit costs database that provides financial data on a range of public sector activities, including housing, health and social services. The tool can be used to support a better understanding of value for money of different options to meet and prevent demand for temporary accommodation.

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21 Homeless Link, [Partnership self assessment framework](#)

22 Crisis UK, [Sign up to our Homelessness Alliance](#)

23 Greater Manchester Combined Authority, [Research Cost Benefit Analysis](#)

- 108 Local Partnerships has developed a homelessness prevention model<sup>24</sup>. The model can be used to help quantify the costs and benefits of homelessness prevention programmes.
- 109 Denbighshire County Council's Rapid Rehousing Transition Plan contains a detailed assessment of options over a ten-year period, including the financial impact per annum. The plan also sets out how the Council's chosen approach to temporary accommodation meets its aim to have accommodation that can be used flexibly as demand changes over time.
- 110 Neath Port Talbot Council found that it was operating most of its temporary accommodation at a loss. The Council modelled a range of options and identified that it would be more cost-effective to purchase the temporary accommodation it was leasing. This is because the Council identified that it could fully recover its costs within a few years and then be able to invest income generated from rents at local housing allowance rates back into the service.
- 111 Isle of Anglesey County Council has drawn on The Temporary Housing Dilemma – Strategies for Local Authorities<sup>25</sup> report published by Copping Joyce. The report contains a matrix that can help councils to assess the implications of different approaches to providing temporary accommodation.
- 112 The Hertfordshire Growth Board<sup>26</sup> has sponsored a review of temporary accommodation options to assist councils to better meet the housing needs of people living in temporary accommodation whilst securing value for money. Three proposals have been identified to have the highest potential to impact the supply and management of homelessness accommodation:
- development of a Hertfordshire Temporary Accommodation Predictive Model to better understand and manage future demand;
  - development of a multi-district or Hertfordshire wide accommodation pathway for homeless people with complex needs (originally a housing first service);
  - development or commissioning of hospital stepdown accommodation.

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24 Local Partnerships, [Homelessness prevention report and tool](#)

25 Copping Joyce Surveyors, [The Temporary Housing Dilemma - Strategies for Local Authorities](#)

26 Local Government Association, [Joint Review of Temporary Accommodation Provision: how can we improve the availability of appropriate temporary accommodation across the county](#)

113 Success will be measured through:

- measurable improvements in the life chances for households in temporary accommodation;
- increased return on financial investment in provision of temporary accommodation; and
- increased collaboration and shared learning from experience by bringing together the required expertise into one co-ordinated programme.

114 This approach provides an example for how partners can work collaboratively to identify temporary accommodation options.

### **Increasing accommodation options and improving quality**

115 We found examples of innovative solutions being used to try to improve the value for money of temporary accommodation and increase accommodation options:

- Cardiff Council has used modern construction methods to create accommodation on brownfield land. The Yr Hafan<sup>27</sup> site has delivered high quality, energy efficient temporary accommodation with support permanently on site and a community building to provide training, education and creche facilities for residents.
- Cardiff Council has a stock transformation plan through which it assesses the quality of all of its accommodation provision and identifies the work required to bring it up to standard.
- Linc Cymu Housing Association has created high quality, energy efficient homes on an underutilised car park for people previously living in temporary accommodation in Newport<sup>28</sup>.
- Carmarthenshire County Council identified that it could deliver improved quality temporary accommodation to support residents' wellbeing and deliver significant savings to the council by utilising buildings that were no longer needed by the Council or being sold by private landlords.
- When a local landlord decided to sell a large number of homes, Neath Port Talbot Council identified an opportunity to increase social housing stock and prevent homelessness by working with local RSLs to purchase some of the properties. The Council is not stock holding, but collaborative working with the Welsh Government enabled the Council to increase its number of owned properties.

27 Cardiff Council, [Hafan \(Old Gas Works Site\) – Ferry Road, Grangetown](#)

28 Zed Pods, [Hill Street House](#)

116 There may be opportunities for some councils to work more with communities and the third sector to expand their provision and provide support to people living in temporary accommodation. Mapping out potential partners could help councils to identify new opportunities or opportunities to work more effectively with the third sector. Examples of initiatives run by the third sector include:

- Many organisations deliver Housing First schemes in Wales, including The Wallich and The Salvation Army. Housing First teams work closely with councils to rapidly find people a permanent home alongside intensive support to sustain their home.
- Depaul runs Nightstop which enables volunteer hosts to provide emergency overnight accommodation to young people.
- Housing Justice Cymru runs programmes such as:
  - Faith in Affordable Housing which brings redundant church land and buildings back into use as social housing;
  - Hosting Project which supports volunteer households to host refugees and asylum seekers; and
  - Citadel is a volunteer-led homelessness prevention project which provides support to people experiencing homelessness to find and/or sustain a tenancy and establish a home.



# Our recommendations

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## Exhibit 7: recommendations

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

### Recommendations

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#### Value for money

R1 We found that councils are not able to demonstrate that they are securing value for money in their temporary accommodation provision. To address this councils should:

- ensure the full range of approaches and options for temporary accommodation provision are considered; and
- set out how they will assess and monitor the overall value for money of temporary accommodation provision, including:
  - the intended outcomes; and
  - the information they will use to assess the economy, efficiency and effectiveness of their temporary accommodation provision.

## Recommendations

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### Planning for prevention

R2 We found that while all councils have Rapid Rehousing Transition Plans in place, these are of variable quality. To effectively plan to prevent homelessness councils should:

- ensure they use relevant data to make the best possible estimate of future demand for homelessness services;
- include a range of primary, secondary and tertiary approaches in their plans, with the emphasis on primary prevention where possible;
- model the impact of policy changes on the skills and capacity needed in their workforce;
- identify the workforce they will need to address demand for temporary accommodation in the future; and
- set out how they will assess and monitor the economy, efficiency and effectiveness of their approach to preventing and reducing demand for temporary accommodation.

### Partnership working

R3 We found that partnership working in preventing homelessness is often not effective. To improve this councils should:

- work with their partners to:
  - identify existing respective roles and responsibilities;
  - agree how to address gaps in and/or duplication of services;
- regularly evaluate the effectiveness of their partnership working for homelessness prevention.



# Appendices

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## 1 Audit scope, approach and methods

# 1 Audit scope, approach and methods

## Scope

We sought to answer the question ‘Are there opportunities to improve the value for money of temporary accommodation services?’

To answer this, we looked at what councils are doing to ensure they secure value for money in their current approach to providing temporary accommodation. We also looked at whether councils are effectively preventing demand for temporary accommodation services.

We developed our audit criteria based on learning from our previous audits of Homelessness demand<sup>29</sup>, Rough sleeping<sup>30</sup> and Poverty<sup>31</sup>. We also used research from relevant organisations and stakeholders on the key issues around temporary accommodation to inform these criteria.

## Approach

Our approach in this audit has been to understand the cost of, and increase in demand for, temporary accommodation and councils’ plans to deal with these challenges. We aimed to identify how public money is being spent to tackle the need for temporary accommodation and provide evidence on where change is needed. We also aimed to support improvement by highlighting opportunities to improve value for money and citing examples of good practice.

We aimed in particular to consider the needs of, and outcomes for, people experiencing homelessness as part of this work.

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29 [Audit Wales, How Local Government manages demand – Homelessness](#)

30 [Audit Wales, Rough Sleeping in Wales – Everyone’s problem; no-one’s responsibility. Audit Wales, July 2020](#)

31 [Audit Wales, ‘Time for change’ – Poverty in Wales. Audit Wales, November 2022](#)

## Methods

Our fieldwork was completed between September 2024 and April 2025, utilising the following methods:

- document review: we reviewed key documents from all 22 councils. These included rapid rehousing transition plans, progress monitoring reports for rapid rehousing transition plans, and Medium Term Financial Plans. We also reviewed workforce plans, business cases and tender documents to support the commissioning of temporary accommodation. We also reviewed documents that evidenced long-term demand modelling and planning and agreements that underpin key partnerships.
- literature review: we reviewed key relevant policy and research documents.
- local interviews: we met with relevant senior officers and councillors from five councils.
- national interviews: we met the Welsh Government, research organisations and homelessness charities.
- surveys: we carried out surveys of the section 151 officers and heads of housing in all 22 councils. We received responses from all councils for both surveys.



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

Agenda Item 2.5



# Welsh Government funding for the failed Porthcawl Maritime Centre

August 2025

# About us

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We have prepared and published this report for presentation to the Senedd under section 135 of the Government of Wales Act 2006.

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# Audit snapshot

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## What we looked at

- 1 In March 2016 and January 2017, the Welsh Government approved a total of £2.7 million of potential funding towards a new 'Maritime Centre' on the Porthcawl harbourside. The £2.7 million was a mix of domestic Welsh Government match funding and European Regional Development Fund grant.
- 2 Credu Charity Ltd (Credu) led the Maritime Centre project, although it had worked closely with Bridgend County Borough Council in its development.<sup>1</sup> In November 2020, Credu went into voluntary liquidation. The Maritime Centre was not constructed.
- 3 Based on initial audit findings, matters relating to the Maritime Centre project, and Credu's involvement in it, were referred to South Wales Police. The police investigation concluded at the end of 2024, with no charges being brought. With the police investigation complete, we have been able to conclude our work and publish this report.
- 4 This report considers whether the Welsh Government managed its funding support for the Maritime Centre project effectively. It does not examine Credu's management of the project or its dealings with Bridgend County Borough Council about it. We refer to the involvement of certain other organisations but have focused on the Welsh Government's actions in approving funding, handling claims and payments, and monitoring project progress. Before publishing this report, we invited comments on its content from all named parties.

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1 Credu Charity Ltd, company number 08612175 and charity number 1176908, should not be confused with Credu Supporting Young and Adult Carers Limited, company number 04779458 and charity number 1103712.

## Why this is important

- 5 Between May 2016 and March 2020, the Welsh Government paid out £1.6 million to Credu for the Maritime Centre project. In August 2020, the Welsh Government told Credu that it was withdrawing ERDF grant funding and intended to recover all related grant payments. It did so amid concerns about rising project costs and progress with the project and its wider financing.
- 6 The liquidation of Credu is ongoing. The Welsh Government has registered a claim with the liquidator for just under £930,000 – the amount paid out initially as ERDF grant. With the project removed from the ERDF programme, any Welsh Government losses fall entirely on domestic funding. It looks unlikely that the Welsh Government will recover any of its claim.

## What we have found

- 7 Even when grant funders have robust arrangements to manage risks, it is likely some projects will fail. However, in our view the Welsh Government did not put proper arrangements in place to manage the risks associated with the Maritime Centre. If it had, it might have decided not to fund the project or, when funded, it would have identified that the project was failing far sooner. Clear warning signs and opportunities to prevent or reduce the likely loss to the public purse were missed.

## What we recommend

- 8 We are not making specific recommendations in this report. In part, this reflects the time that has passed since the events we describe, while the grant funding landscape has changed following the UK's departure from the EU. However, there are clear lessons to learn from this case. We set out at the end of this report action the Welsh Government has taken to address matters arising from our work since we shared our emerging findings.



# Auditor General's view

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All grant-funded projects involve an element of risk. But this is not the first time I, or my predecessors, have reported on weaknesses in the Welsh Government's management of its support to charities or private companies. While time has passed since the events described in this report, there were basic failings in this case and the lessons from it remain relevant today.

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**Adrian Crompton**  
Auditor General for  
Wales





# Key facts and figures

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## Welsh Government funding / payments

**£2.7  
million**

Potential Welsh Government funding approved for the Maritime Centre:

- £0.6 million: domestic grant funding
- £2.1 million: ERDF

**£1.6  
million**

Welsh Government payments to Credu for the Maritime Centre between May 2016 and March 2020; all now falling to domestic rather than EU funding.

## Maritime Centre estimated costs

**£5.6  
million**

Credu's estimate of the total cost of the Maritime Centre when the Welsh Government approved ERDF funding in January 2017.

**£7.7  
million**

Credu's most recent estimate of the total cost of the Maritime Centre when the Welsh Government gave notice that it was withdrawing the ERDF funding award in August 2020.

# Our findings

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- 9 Our key findings about the Welsh Government’s management of its grant funding for the Maritime Centre project are:
- A lack of clarity over roles and responsibilities between the Welsh European Funding Office (WEFO) and Visit Wales contributed to ineffective monitoring and oversight.
  - Due diligence for the Maritime Centre project was not rigorous enough and was too late, with public money committed to a project that did not have full match funding in place and was high risk.
  - Weak controls around the processing of expenditure claims led to a range of issues, including overpayments for varied reasons and further missed opportunities to identify concerns about the project’s financing.
  - Visit Wales could have acted earlier to withdraw project funding if better grant monitoring arrangements had been in place to identify the project was failing.
- 10 **Paragraphs 60 to 61** set out action the Welsh Government has taken in response to emerging findings from our work. This has included an internal audit review of other grant funded projects being overseen by Visit Wales at the same time as the Maritime Centre project. It has also included some further development of grants management guidance and processes for the whole of the organisation.

## **A lack of clarity over roles and responsibilities between WEFO and Visit Wales contributed to ineffective monitoring and oversight**

- 11 WEFO told us that it applied three project management models for the appraisal, approval, and on-going monitoring of ERDF funded operations in the 2014-2020 EU structural funding round. In the first model, WEFO worked directly with a ‘lead beneficiary’ – an organisation receiving funding – in all aspects of management of their operation. This included support through the expression of interest stage and development of a business case, monitoring progress post-approval, and project closure.

- 12 In the second model, WEFO approved the over-arching operation, awarded ERDF funding, and set indicators and targets at operation level. WEFO made a grant funding offer to an Intermediate Body. The Intermediate Body then took on the role of a 'mini-WEFO'. This included:
  - approving direct ERDF grant contracts with sub-projects;
  - due diligence work on sub-projects before awarding grants;
  - verification functions around expenditure claims by sub-projects; and
  - submitting operation level claims to WEFO for further verification and payment.
- 13 For this second model, WEFO provided guidance and approved the methodologies of the Intermediate Body to ensure compliance with EU funding requirements. It did not work directly with any sub-project. WEFO mostly applied one of these two models.
- 14 When it approved Visit Wales's Tourism Attractor Destinations (TAD) operation in March 2016, which included the Maritime Centre project, it adopted a hybrid model. In this hybrid model, WEFO worked directly with Visit Wales as the single, lead beneficiary. Visit Wales would then manage sub-projects within their operation. Partner organisations – 'joint beneficiaries' – would deliver the sub-projects. **Appendix 2** provides further context.
- 15 WEFO approved the over-arching TAD operation and agreed a provisional list of sub-projects. Visit Wales were then required to submit the sub-projects' business plans to WEFO for assessment before Visit Wales could issue a grant award letter to the joint beneficiaries for the sub-projects. WEFO did not intervene to the same extent as it would have done for an Intermediate Body.
- 16 In practice, we found this hybrid project management model resulted in a lack of clarity regarding the respective roles and responsibilities of WEFO and Visit Wales for the Maritime Centre project. This, in turn, led to a failure to implement an effective control environment. As described in later sections of this report, certain key checks were not undertaken properly.
- 17 In our view, WEFO and Visit Wales should, at the outset, have formally agreed and documented how the hybrid model would work. This should have included being clear on who was doing what, and on WEFO's expectations where specific functions fell to Visit Wales. That this did not happen is in sharp contrast to the approach WEFO took with intermediate bodies. WEFO and Visit Wales agree that roles and responsibilities for the Maritime Centre project could have been clearer and documented.

**Due diligence for the Maritime Centre project was not rigorous enough and was too late, with public money committed to a project that did not have full match funding in place and was high risk**

**Due diligence checks were not undertaken before Visit Wales issued its ERDF funding award letter to Credu in January 2017, with public money committed to a project that was high risk from the outset**

- 18 In March 2016, WEFO awarded Visit Wales ERDF grant of up £27.7 million for the TAD operation. Visit Wales's TAD Business Plan forecast that the overall TAD operation would cost £84.8 million to deliver.
- 19 Also in March 2016, Visit Wales awarded the Maritime Centre project £600,000 Targeted Matched Funding (TMF). Visit Wales used TMF to help projects with limited or no other income streams to meet costs until such time as EU funding was approved. This £600,000 was part of a £9.7 million TMF award to support the overall TAD operation. To assist with cash flow, Credu also received two short term loans from Finance Wales in May 2016 (£19,800) and January 2017 (£21,850). It repaid these loans in September 2016 and May 2017, respectively.
- 20 In December 2016, Visit Wales submitted Credu's business plan to WEFO, and WEFO agreed to the Maritime Centre being a sub-project of the TAD operation. Visit Wales then issued its ERDF funding award letter to Credu in January 2017. We have been unable to reach a clear understanding with WEFO and Visit Wales about who was responsible at the time for ensuring due diligence checks were undertaken in advance of the ERDF grant award and why these did not happen at that point. Such checks should have considered Credu's financial viability and legal eligibility, and Credu's business plan including its income and expenditure forecasts and assumptions.<sup>2</sup>
- 21 Visit Wales approved ERDF grant funding of £2.1 million. Credu's business case estimated the Maritime Centre project would cost £5.6 million in total. When also accounting for the £600,000 TMF grant, this left a funding gap of £2.9 million. Visit Wales had paid out £137,000 in TMF grant to Credu up to 31 December 2016, shortly before the ERDF grant award.

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2 The administrative, financial, and operational capacity of Credu to fulfil the conditions for receiving EU funds, including the ability to secure third party match funding.

- 22 Credu's business plan said that other funding would cover the gap, specifically:
  - £1.15 million of grant funding from the Big Lottery Fund (now known as the National Lottery Community Fund);
  - £1 million loan from Unity Trust Bank;
  - £550,000 loan (of up to) from Charity Bank; and
  - £250,000 loan from the Wales Council for Voluntary Action (WCVA).
- 23 Soon after issuing the funding award letter, Visit Wales's TAD programme team approached its Tourism Investment Support Scheme (TISS) team for advice and assistance on conducting a due diligence assessment.
- 24 The TISS team considered the Maritime Centre project to be very high risk under its assessment criteria. In September 2017, the TISS team commented that Credu's forecasts to demonstrate financial viability and sustainability for the development period and beyond were difficult to follow and reconcile.
- 25 In our view, a robust assessment of Credu's business plan should have identified similar concerns in advance of ERDF grant award. Also, we have seen no evidence that in response to the TISS assessment action was taken to minimise the Welsh Government's exposure to financial loss should the project fail.

**Visit Wales failed to obtain confirmation that Credu had secured all the match funding it suggested was in place and could have identified problems earlier if it had engaged with the Big Lottery Fund, which stopped providing capital grant to Credu from May 2017**

- 26 The Big Lottery Fund awarded the Maritime Centre project grants of £1.15 million. The first amount of £50,000 was a development grant awarded in October 2015, for which the Big Lottery Fund paid £49,744 to Credu in May 2016. The second award of £1.1 million, made in October 2016, comprised of £800,000 capital grant and £300,000 revenue grant.

- 27 Credu's business plan suggested that the funding from Unity Trust Bank, Charity Bank, and Wales Council for Voluntary Action had been confirmed. However, documents submitted by Credu to Visit Wales relating to the banks were indicative terms of loan funding, not funding commitments. They were also subject to Credu satisfying various conditions. The documentation from the WCVA was a letter confirming Credu was eligible to apply for a loan of up to £250,000 under its Social Investment Cymru loan scheme. The letter was not an offer of a loan.<sup>3</sup>
- 28 In July 2017, the Charity Bank rejected Credu's loan application. Unity Trust Bank rejected applications for loan funding in October 2017 and April 2019. The WCVA did not receive an actual loan application from Credu. We understand Credu looked at other potential funding options following the rejection of the loan applications to the Charity and Unity Trust banks, but that these did not come to anything.
- 29 Even if the loans had materialised, it is unclear how the constructed asset could have been commercially viable given the debt Credu would have needed to service. Charity Bank expressed similar concerns when confirming that it would not be able to provide loan funding. It also expressed doubt about income projections for the Maritime Centre.
- 30 Neither Visit Wales or WEFO officials independently verified with Charity Bank, Unity Trust Bank, or the WCVA, the status of any funding indicated by Credu. We have, however, seen evidence that Visit Wales was continuing to make enquiries with Credu about the match funding. Charity Bank has told us that the letter provided by Credu to Visit Wales in support of its business plan had been changed from the letter it had sent to Credu.
- 31 Robust due diligence of the documents provided in relation to match funding would also have identified that it was doubtful Credu could satisfy the security required by the banks. Each bank's indicative terms were conditional on the loan being secured on the asset to be constructed. This meant both banks would have required a first legal charge over the Maritime Centre to secure the debt.

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3 Social Investment Cymru supports social enterprises with a range of grants and loans. It invests in organisations that want to generate more income or expand their range of services, and organisations that have previously struggled to attract grant funding for new projects.

- 32 The Big Lottery Fund paid Credu £378,391 of the second of its grant awards between December 2016 and December 2019. Of this, £300,000 reimbursed revenue costs and £78,391 reimbursed capital costs. The Big Lottery Fund stopped processing Credu's claims for capital grant after May 2017 because Credu could not satisfy the standard terms and conditions of the grant award. Specifically, Credu had not secured a lease for the site for the Maritime Centre at that time. The effect of this was that Welsh Government funding supported the project's claims for capital expenditure from May 2017. The Big Lottery Fund told us that it was constantly asking Credu for, but never received, confirmation that the match funding from the banks and WCVA was in place.
- 33 Visit Wales did not engage with the Big Lottery Fund to discuss Credu's application for ERDF grant or to monitor Credu's progress in developing the Maritime Centre. Had it done so, it is likely that Visit Wales would have identified concerns about Credu's ability to deliver the project far earlier. In particular, it may have identified that the project's wider match funding was not in place and that some costs appeared to have been double funded. Documents we have seen indicate Credu received revenue grant from the Big Lottery Fund for accommodation expenditure that Visit Wales also funded.

**Weak controls around the processing of expenditure claims led to a range of issues including overpayments for varied reasons and further missed opportunities to identify concerns about the project's wider financing**

**ERDF grant was initially intended to fund £150,000 of the project's revenue costs, but instead paid for £321,000 of revenue items, including items that this funding had not been expected to support**

- 34 The financial profile supporting the Maritime Centre business plan from December 2016 shows ERDF grant would fund £150,259 of a projected £1.2 million in revenue costs. Credu submitted a revised financial profile to Visit Wales in April 2017, around four months before the first ERDF grant claim. The revised profile showed ERDF grant funding only £31,559 of projected total revenue costs of £560,361.

- 35 The financial profiles did not specify which revenue costs ERDF grant would fund, but they indicated that it would not pay for staff salaries. Based on approved claim forms, we have calculated that around £321,000 of the £929,380 ERDF grant paid by Visit Wales to Credu was for items of revenue expenditure, of which around £224,000 paid for salary-related costs.
- 36 Failure to monitor actual project spend against profiled spend meant Visit Wales did not explore why ERDF grant was funding revenue expenditure that Credu had planned to pay for with other funds. Understanding the reason for this deviation could have resulted in Visit Wales identifying that Credu had failed to secure the match funding it needed.

### **Visit Wales overpaid Credu TMF grant of £112,302, which it decided not to recover**

- 37 As noted in **paragraph 19**, Visit Wales awarded £600,000 of TMF for the Maritime Centre. Credu claimed, and Visit Wales paid, TMF grant of £712,302. Weak controls to monitor expenditure on the TMF grant led to the excess payment.
- 38 The TMF grant was meant to fund capital expenditure, but Visit Wales allowed TAD operation sub-projects to use it to fund revenue expenditure until ERDF grant funding was confirmed. It did this to support projects that had limited, or no, other income streams but were incurring project-related costs or needed to spend money developing their business plans. Some £127,086 of the total TMF payments funded revenue expenditure on the project, mostly to meet Credu salary costs.
- 39 Visit Wales identified that there had been an overpayment in February 2018, by which time it had paid Credu TMF grant of £665,789. Visit Wales decided not to recover the overpayment from Credu on the basis that it would transfer revenue costs of £117,040 to the ERDF grant.
- 40 After this point, Credu submitted further TMF claims of £46,513, taking total TMF grant payments to £712,302. In the end, Visit Wales did not reassign any costs from TMF to ERDF grant and had not established how this would work in practice.

## Visit Wales took no action to confirm that grant paid to Credu in advance of expenditure being incurred was then spent as intended

- 41 The Welsh Government's general policy is that grant payments should be in arrears after a grant recipient has incurred the expenditure. However, it recognises that most third sector organisations do not hold large reserves and do not have the financial resources available to pay for works, goods, or services up front before seeking reimbursement.
- 42 The Welsh Government will consider providing grant recipients with funding to meet committed expenditure in advance of those bodies having to make payment. However, it will only do so where the grant recipient provides evidence that this is necessary. It requests that grant recipients complete, annually, a payment in advance template.
- 43 Visit Wales made four advance grant payments totalling £470,534 to Credu. It was not able to provide us with a payment in advance template for a March 2019 payment.<sup>4</sup> We are satisfied that Credu was not able to pay for the specified items from its own resources. However, this should have given cause for concern about the status of other match funding for the project.
- 44 Having made the advance payments, Visit Wales did not seek to confirm that Credu had used the advances to pay for the specified items. Our review of Credu's bank statements indicates that it did not always use the advances to pay for those items. In the case of the three ERDF advance payments, it is not clear how Visit Wales intended to draw down ERDF grant to cover them if it had not obtained evidence of expenditure.

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4 Advance payments: £125,376 in May 2017 (TMF); £154,565 in March 2019 (ERDF); £97,306 in January 2020 (ERDF); £93,287 in March 2020 (ERDF).

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### Had Visit Wales adopted a different approach to meeting Credu's ERDF grant claims, this would likely have raised concerns about match funding at an earlier stage

- 45 ERDF grant generally provided only a proportion of the total costs of any project or activity supported. Specified intervention rates determined the proportion of eligible project costs that it covered.
- 46 Visit Wales paid ERDF grant to Credu on a 'needs' basis at a rate of 100% of the value of Credu's ERDF claims and not at the intervention rate. Initially, it did this at its own discretion. Later, when agreeing a revised funding package for the TAD operation in May 2018, WEFO agreed to this approach. The approach meant that ERDF grant was being front-loaded and paying for all the expenditure in Credu's claims. Once the ERDF grant had been exhausted, match funding would have had to cover later costs.
- 47 Had Visit Wales applied the relevant intervention rate to Credu's ERDF claims, it is likely that Credu would have experienced financial difficulties from the outset. Visit Wales may then have identified far earlier that Credu had not secured the necessary match-funding.

### Credu claimed and received payment for some items of expenditure that did not appear to relate to the development and construction of the Maritime Centre

- 48 We have significant doubt whether certain items within the £121,000 in 'other costs' that Credu claimed reimbursement for (see **Appendix 2**) related specifically to the development and construction of the Maritime Centre. We questioned the eligibility of these items with Visit Wales officials. They told us that, in hindsight, they too have doubts about whether some of these items should have been accepted as eligible items for reimbursement. Examples include day-to-day expenditure related to Credu's marine education services, fees relating to preparation of annual financial statements, and rent and rates for a kiosk on the promenade operated by a separate tourism development company linked to Credu.<sup>5</sup>
- 49 Both Visit Wales and WEFO conducted checks to ensure Credu's claims did not include items that were clearly ineligible under WEFO's scheme rules. These checks were in accordance with standard, established arrangements. However, they were not designed to confirm all the items Credu claimed as eligible project expenditure related to the development and construction of the Porthcawl Maritime Centre.

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5 These payments were to Experience-Porthcawl.Com Ltd, a company 100% owned and controlled at the time by Credu.

- 50 Visit Wales finance staff looked at the transactions included in each claim. Their involvement provided appropriate separation of duties for the approval of expenditure. They queried some specific items of expenditure with Credu that seemed unusual and not in line with the nature and spirit of the project. However, they did not have a detailed working knowledge of the project's activities and documents, such as the business plan and finance delivery profile.

### **Visit Wales could have acted earlier to withdraw project funding if better grant monitoring arrangements had been in place to identify the project was failing**

- 51 Various meetings took place with Credu between 2016 and 2020 to discuss the Maritime Centre, including a site visit by Visit Wales officials in September 2018. We have seen evidence of action points recorded. However, the Welsh Government has acknowledged that, given the high-risk nature of the project, these meetings needed to be held more frequently.
- 52 Preparatory work started on site in December 2019. In April 2020, Credu was still waiting to gain a licence to allow construction to start.<sup>6</sup>
- 53 On 15 April 2020, Credu representatives met with Visit Wales officials. Credu informed Visit Wales that due to delays for several reasons they expected project costs to increase. Visit Wales subsequently reviewed the project. This review highlighted changes to the project's initial funding package and that delays had created additional financial pressures.
- 54 Following the review, Visit Wales asked for further information to consider Credu's request for additional funding and to establish the ongoing viability of the project. Credu had suggested that further re-design of the building, and additional ERDF and match funding, could address any overspend. Visit Wales's review questioned the viability of those options.

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6 In November 2017, Bridgend County Borough Council granted a three-year lease on part of the site to enable Credu to set up portacabin showers and toilets as well as shipping containers for use by local groups. In November 2019, the Council granted a licence for Credu to install hoardings and set up a temporary compound. Earlier that same month, the Council had entered into an agreement to lease to provide Credu with certainty that they could access the site to carry out full construction works but dependent on certain conditions, including around funding and planning. With those conditions not met, the Council took back possession of the site in November 2020.

- 55 Failure by grant recipients to comply with conditions set out in funding award letters can result in the Welsh Government withdrawing its grant funding offer, suspending or ceasing further payments, and/or requiring grant repayment. On 18 August 2020, Visit Wales wrote to Credu giving notice of the withdrawal of ERDF funding and its intention to recover all payments from ERDF grant claims. Visit Wales's letter said that Credu had confirmed the total estimated costs of the project had increased by that point to £7.7 million.
- 56 In November 2020, Credu went into voluntary liquidation and has since been wound up. When Credu filed for liquidation, it had received £1.6 million of grant funding from Visit Wales between May 2016 and March 2020 (see **Appendix 2**). The liquidator's initial statement of affairs as at 11 November 2020 report stated that Credu had outstanding debts amounting to £1.3 million. That sum includes the Welsh Government's claim for just under £930,000, the sum paid out initially as ERDF grant.
- 57 With the project removed from the ERDF programme, any Welsh Government losses fall entirely on domestic funding. It looks unlikely that the Welsh Government will recover any of its funding given the overall position of Credu's assets. In our view, it is likely that better arrangements within Visit Wales to manage the grant funding and monitor the project could have identified far earlier that the necessary match funding was not in place and that the project was no longer viable. This, in turn, could have reduced the likely loss to the public purse.

## **The Welsh Government has responded to emerging findings from our work by seeking further assurances through internal audit work and adding to its grants management guidance and processes**

- 58 We have not examined whether the weaknesses we identified in relation to the Maritime Centre project were more widespread within the TAD operation or other projects and programmes. Visit Wales has told us that it had strengthened aspects of its grants management at later stages of the TAD operation.
- 59 When sharing emerging findings with the Welsh Government, we noted that there were wider lessons to learn. We suggested that further work by the Welsh Government's Internal Audit Services or Grants Centre of Excellence might be merited to provide assurances around wider grants management controls, particularly within portfolios relevant to the funding of the Maritime Centre.

- 60 In response, the Welsh Government's internal auditors have looked at whether issues raised by our review of the Maritime Centre project could be seen more widely across the TAD operation. They have also provided advice and guidance on how these issues could have been avoided and/or managed earlier. Overall, like us, they found some grant management practices to be poor and controls to be weak. However, these did not lead to the same outcome and the circumstances of the Maritime Centre project are, as far as they can see, unique to it.
- 61 Meanwhile, the Welsh Government's Grants Centre of Excellence has been developing enhanced guidance to help support grant managers understand the different options available to them when developing schemes that involve match funding. This will be rolled out over the coming months. They have also been engaging with their colleagues in legal services to include additional obligations in grant terms and conditions.



# Appendices

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- 1 About our work
- 2 About the Maritime Centre project and the Welsh Government's support
- 3 Key terms in this report

# 1 About our work

## Scope of the audit

The failure of the Maritime Centre project and the loss to the public purse came to our attention in early 2021 during our audit of Porthcawl Town Council's accounts. That audit work, which remains ongoing, was considering concerns related to payments the Town Council had made to Credu, unconnected to the Maritime Centre project. In examining those concerns, we became aware of the financial support Credu had received for the Maritime Centre project and the failure of the project.<sup>7</sup>

Based on initial audit findings, we discussed this matter with the Welsh Government's Head of Counter Fraud who, in early 2022, referred matters relating to the Maritime Centre project, and Credu's involvement in it, to South Wales Police. We had concerns that the issues identified may meet the threshold of criminality as defined in the Fraud Act 2006.

South Wales Police undertook a lengthy investigation into these concerns, and we shared evidence with them to support the investigation. The police investigation concluded that there would not be a realistic prospect of conviction and as such no referral was made to the Crown Prosecution Service. It is important to note that no charges have been brought as a result of the police investigation. With the police investigation ongoing, we were not in a position to determine the merits of and approach to our own reporting on this matter until early 2025. A similar situation applies to the above-mentioned audit work relating to the Town Council and its relationship with Credu.

This report considers whether the Welsh Government managed its funding support for the Maritime Centre project effectively, with a particular focus on events between early 2016 and late 2020. It does not examine Credu's management of the Maritime Centre project, including issues relating to Credu's dealings with Bridgend County Borough Council and the wider Porthcawl Resort Investment Focus project before and during this period. The Maritime Centre project was connected with that wider project, despite ultimately being a separate scheme for funding purposes (see **Appendix 2**).

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7 While the Town Council has not itself been involved in the Maritime Centre project, certain officers and members of the Council were actively involved with Credu as employees or directors of the company while the company was operating. There have been various changes in staffing and membership of the Town Council since Credu went into voluntary liquidation in November 2020.

We refer to the involvement of certain other organisations because it is relevant context but have focused on the Welsh Government's actions. The report is not intended to provide an exhaustive account of events relating to the funding, development, and management of the Maritime Centre project.

When given the opportunity to comment on a draft of this report, one of the former directors of Credu raised several issues with us about the early development of the Maritime Centre project. These concerned events before the point of funding approval, and about Credu's dealings with Bridgend County Borough Council, including around the lease for the land. We have reflected on those comments to inform how we have described the wider context for the Maritime Centre project but the matters raised sit largely outside the scope of our examination.

## Audit questions and criteria

### Questions

Our audit work was investigatory in nature. Its overall purpose was to consider:

- Whether the Welsh Government put proper arrangements in place to protect the public purse.
- Whether there were lessons that the Welsh Government had, or could, learn from the project to improve future grants management arrangements.

### Criteria

Informed by previous audit work on grant-funded projects, we looked for evidence of effective and timely due diligence regarding plans for the Maritime Centre, effective controls around claims and payments, and effective monitoring of project progress. We have focused on those issues specifically in the context of the failure of the project and the loss to the public purse.

### Methods

We interviewed various Welsh Government officials, including from Visit Wales and WEFO. We also met with representatives from the National Lottery Community Fund, Wales Council for Voluntary Action, and Menzies LLP (the liquidator for Credu).

We reviewed relevant documentation. This included:

- Documents held by Visit Wales and WEFO relating to the award of funding for the TAD operation and the Maritime Centre project, processing of TMF and ERDF grant claims, oversight and monitoring of the project, and the withdrawal of funding.
- Documents from other relevant parties, including National Lottery Community Fund, Wales Council for Voluntary Action, Charity Commission, Unity Trust Bank, and Charity Bank.
- Documents obtained from open-source research, such as Companies House, the Charity Commission (including Credu's financial statements), Bridgend County Borough Council Planning Register and Development Control Committee papers, Sell2Wales procurement portal, and media outlets.

Our categorisation of the Welsh Government's grant funding for the Maritime Centre draws on the content of grant claim forms. However, in some cases we have applied our own judgement. Transaction lists supporting grant claims did not assign a category of expenditure to all transactions and in some the categorisation was not consistent across the claims. When distinguishing capital and revenue expenditure, we have used expenditure headings in financial delivery profile information held by the Welsh Government.

## 2 About the Maritime Centre project and the Welsh Government's support

The Porthcawl Maritime Centre project was intended to provide a range of public attractions, facilities, and services that would benefit the local population, attract tourism, highlight Porthcawl's maritime heritage, and help regenerate the local area. The Maritime Centre would include a coastal science and discovery centre, well-being facilities, a café and restaurant, group accommodation, and events space.

The Maritime Centre project was one of the 'sub-projects' that the Welsh Government's Visit Wales team included in its TAD operation. The TAD operation's purpose was to deliver a multi-million-pound iconic tourism investment programme supporting strategic regionally prioritised tourism projects that would raise the quality and perception of destinations in Wales. WEFO part-funded TAD from the ERDF programme. Visit Wales also provided match funding.

As the lead beneficiary, Visit Wales managed delivery of the TAD operation, including applying to WEFO for ERDF support. Joint beneficiaries delivered projects within the overall operation and were expected to comply with grant terms and conditions.

A regional prioritisation exercise – involving regional economic boards and key delivery partners – identified and selected the sub-projects. The sub-projects included 'Porthcawl Resort Investment Focus – Coastal Activities'. Initially, Bridgend County Borough Council was the intended joint beneficiary for the sub-project and the Porthcawl Maritime Centre, led by Credu, would have been one work package within that wider sub-project.

However, these arrangements later changed. Credu became the joint beneficiary for the Maritime Centre as a stand-alone sub-project within the TAD operation, meaning that it would enter into its own funding agreement for the project. [A report to Bridgend County Borough Council's Cabinet in January 2017](#) noted that the Maritime Centre project would continue to be delivered under the Porthcawl Resource Investment Focus programme banner, despite technically being a different scheme. The Council expected that it would continue to work closely with Credu during the delivery stage.

Overall, the Welsh Government paid CREDU grant funding for the Maritime Centre totalling just over £1.6 million (see **Exhibit 1**). After the Welsh Government confirmed that it was withdrawing ERDF funding for the Maritime Centre in August 2020, it vired around £1 million of ERDF funding to the Porthcawl Resort Investment Focus project instead. Bridgend County Borough Council used that funding to support a separate development on the site for the Maritime Centre. The Council set out some of the history of its involvement and plans for next steps in a [report to Cabinet in December 2020](#).

In February 2024, the Welsh Government published a [final evaluation report on the wider TAD operation](#). The report touched on developments regarding the Maritime Centre and other changes in the TAD project portfolio over time.

**Exhibit 1: grant funding paid by the Welsh Government to CREDU for the Maritime Centre project, May 2016 to March 2020**

| Category <sup>1</sup>                       | ERDF grant <sup>2</sup><br>£ million | TMF grant<br>£ million | Total<br>£ million |
|---|--------------------------------------|------------------------|--------------------|
| Professional fees and services <sup>3</sup> | 0.59                                 | 0.46                   | 1.05               |
| Staff costs <sup>4</sup>                    | 0.22                                 | 0.11                   | 0.33               |
| Development site office <sup>5</sup>        | 0.02                                 | 0.12                   | 0.14               |
| Other costs <sup>6</sup>                    | 0.10                                 | 0.02                   | 0.12               |
| <b>Totals</b>                               | <b>0.93</b>                          | <b>0.71</b>            | <b>1.64</b>        |

Source: Audit Wales analysis of grant claims

Notes

- 1 Our categorisation draws on the content of grant claim forms. However, in some cases we have applied our own judgement.
- 2 Although assumed to be ERDF grant when paid out, Visit Wales's decision to withdraw ERDF support means that domestic Welsh Government funds have met the £0.93 million shown above, as with the TMF grant.
- 3 Professional fees and services include costs relating to the design, development, and construction of the Maritime Centre.
- 4 Staff costs are actual payroll-related costs; that is, gross salary costs, national insurance contributions and employers' pension contributions.
- 5 Development site office costs relate to spend on the provision of portacabins for the site.
- 6 Other costs cover claims for a wide range of different items.

### 3 Key terms in this report

We make frequent use of the following terms, or their acronyms where relevant, across different sections of this report:

- **Credu:** Credu Charity Ltd – company number 08612175 and charity number 1176908 – was originally incorporated on 16 July 2013 as Porthcawl Harbourside Community Interest Company. It changed status and name to Credu Charity Ltd on 16 January 2018. We refer to the organisation as Credu throughout this report. It is not to be confused with Credu Supporting Young and Adult Carers Limited, company number 04779458 and charity number 1103712.
- **European Regional Development Fund (ERDF):** the largest EU funding programme relevant to Wales during the 2014-2020 EU funding round. The overall aim of the fund was to strengthen economic, social, and territorial cohesion in the EU. It provided grant funding to support various priorities in Wales. Examples of funded projects include support for key visitor attractions to drive growth in the tourism industry.
- **Targeted Match Funding (TMF):** Visit Wales domestic grant funding to support projects applying for EU grant funding support.
- **Tourism Attractor Destinations (TAD) operation:** a tourism investment programme led by Visit Wales that supported strategic regionally prioritised tourism projects.
- **Visit Wales:** the Welsh Government department that leads on tourism policy and on encouraging investment in, and improving the quality of, the visitor experience.
- **Welsh European Funding Office (WEFO):** part of the Welsh Government. Responsible for the shared management of EU structural funds in Wales, in partnership with the European Commission. As 'Managing Authority', WEFO is responsible for the efficient management and implementation of the programme. Spending under the EU structural funding programmes ended on 31 December 2023 but there is ongoing programme closure activity.

# About us

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The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

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We welcome correspondence and telephone calls in Welsh and English.

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

# Agenda Item 3

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

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