



# Public Accounts Committee Scrutiny of Accounts 2015-16

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December 2016



**National Assembly for Wales**  
Public Accounts Committee

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# Public Accounts Committee **Scrutiny of Accounts 2015-16**

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**National Assembly for Wales**  
Public Accounts Committee

# Public Accounts Committee

The Committee was established on 22 June 2016 to carry out the functions set out in Standing Orders 18.2 and 18.3 and consider any other matter that relates to the economy, efficiency and effectiveness with which resources are employed in the discharge of public functions in Wales.

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## Current Committee membership:



**Nick Ramsay AM (Chair)**  
Welsh Conservative  
Monmouth



**Mohammad Asghar AM**  
Welsh Conservative  
South Wales East



**Neil Hamilton AM**  
UKIP Wales  
Mid and West Wales



**Mike Hedges AM**  
Welsh Labour  
Swansea East



**Neil McEvoy AM**  
Plaid Cymru  
South Wales Central



**Rhianon Passmore AM**  
Welsh Labour  
Islwyn



**Lee Waters AM**  
Welsh Labour  
Llanelli

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The following Member was also a Member of the Committee during this inquiry:



**Rhun ap Iorwerth AM**  
Plaid Cymru  
Ynys Môn

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## Chair's foreword

This is the first report by the Public Accounts Committee in the Fifth Assembly. The topic of Accounts Scrutiny is a crucial piece of work for the Committee, with the strength coming from the routine nature of the work, which provides a “deterrence factor” in driving improvement of the financial management and governance of important public bodies.

The annual scrutiny of accounts by the Public Accounts Committee, has brought a number of improvements to the accessibility and quality of the annual report and accounts produced by the Welsh Government and the National Assembly for Wales Commission.

Our approach of thematically considering the annual reports and accounts for other public bodies has provided the opportunity to explore different ways organisations have presented their accounts. We hope that our scrutiny of annual reports and accounts has a “deterrent” effect in ensuring that publicly funded organisations in Wales feel pressure at all levels to ensure tax payers' money is being spent in the most effective way possible. We hope our work ensures that those organisations not doing so could be called before us to face public scrutiny.

This report contains a number of recommendations some of which are aimed at improving the information contained within the annual report and accounts of public bodies and also highlights a number of areas we will be returning to in subsequent years.

I would like to thank all those who gave evidence to the Committee during this inquiry. In particular, I wish to convey mine and the Committee's thanks to Claire Clancy, Chief Executive of the National Assembly for Wales and Sir Derek Jones, Permanent Secretary of the Welsh Government who have appeared before this and the previous Public Accounts Committee on a number of occasions, and who will both be leaving their posts in the near future.

Nick Ramsay AM

## Recommendations

**Recommendation 1.** The Committee recommends that organisations across the public sector work to present the information within their annual report and accounts as simply as possible. In doing this consideration should be given to utilising diagrams and infographics to make key information as readable as possible. .... Page 9

**Recommendation 2.** The Committee recommends that the Welsh Government develop and disseminate best practice guidance on sickness reporting. The guidance should set out the types of comparative data that should be used and that the most recent CIPD figures should be used to ensure consistent and compatible information is gathered from all organisations. .... Page 10

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**Recommendation 6.** The Committee recommends that Career Wales builds into future capacity building the need for appropriate Welsh Language provision across Wales and consider how it can meet the needs of those who do not speak English or Welsh. .... Page 19

**Recommendation 7.** The Committee recommends that Career Wales develop its website to make it fit for purpose going forward. In doing this work, due consideration should be given to ensuring it is compatible with mobile technology, and it is easily navigable. We would like to see improvements to the website in the next 12 months, with the full overhaul having been completed within two years. .... Page 20

**Recommendation 8.** The Committee recommends that Careers Wales publishes their sickness absence data within their annual report to increase transparency. .... Page 21

- Recommendation 9.** The Committee recommends that the Welsh Government work with Careers Wales to assess whether a merger of the Careers Wales pension funds would ensure greater efficiency and value for money going forward. .... Page 22
- Recommendation 10.** In the aim of continuous improvement and building on the positive work to date the Committee recommends the Welsh Government undertake an evaluation of the information contained within the consolidated accounts to ensure it tells people what they need and want to know, this should include information on the expenditure against budget in each of the main expenditure groups. .... Page 34
- Recommendation 11.** The Committee recommends that the Welsh Government review its oversight arrangements for Welsh Government funded schemes that are administered by external organisations to ensure there are safe guards in place to prevent fraud. .... Page 36
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- Recommendation 13.** The Committee recommends that future Welsh Government accounts contain information on the percentage of Welsh Government procurement which has been awarded to Welsh companies. Page 37
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# 01. Introduction

1. During the Fourth Assembly, the then Public Accounts Committee introduced the practice of annually scrutinising a number of publically funded bodies following publication of their annual report and accounts and recommended that this practice be continued. At the start of the Fifth Assembly, the new Public Accounts Committee (the Committee) agreed this was an important area of work which the Committee was keen to continue to ensure that there is sufficient scrutiny of the way in which public money is used by the Welsh Government, the National Assembly for Wales and a number of separate public bodies.
2. The Assembly Commission is the corporate body which provides the support for the National Assembly for Wales in undertaking its functions, and is funded from the Welsh Block Grant, as voted for by the National Assembly.
3. The Welsh Government has the largest budget of the accounts scrutinised by the Committee. Annually, its budget of over £15 billion is approved by the National Assembly.
4. Alongside annual scrutiny of the Welsh Government and the Assembly Commission annual report and accounts, it was agreed to consider different organisations thematically each year to ensure that there is a consideration across the broad spectrum of the public sector during the Fifth Assembly.
5. For the period 2015-16, in addition to the Welsh Government and the Assembly Commission, the Committee selected an education theme and considered the annual report and accounts of Careers Wales, Estyn, and the Higher Education Funding Council for Wales.
6. The Committee's findings arising from its scrutiny of each organisation are detailed in this report.

## Key themes

7. Throughout this inquiry, there were a number of themes which occurred in each of the evidence sessions:
  - The Treasury requirements for the format of annual reports and accounts;
  - Budget cuts and the impact on financial planning; and
  - Staffing issues

## Treasury requirements

8. HM Treasury launched the Simplifying and Streamlining Accounts project in April 2013 with the aim of simplifying and streamlining the presentation of the statutory Annual Reports and Accounts produced by central government entities so as to better meet the needs of users.<sup>1</sup> This project proposed an approach of three integrated reporting requirements:
  - Performance – “telling the story”;
  - Accountability; and

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<sup>1</sup> Simplifying and streamlining statutory annual report and accounts, HM Treasury April 2013

– Financial statements.<sup>2</sup>

**9.** These Treasury requirements, which the Committee considered, have in many instances, increased the volume and detail required to be included in the annual report and accounts, which has had a positive impact on transparency. The Committee welcomes this and believes that having now understood and implemented these requirements, the challenge for organisations is now to refine the format to make the annual reports and accounts as accessible as possible. We like the approach of the Assembly Commission of producing a summary document, which makes the information more accessible to the general public.

**10.** We have made some more specific observations on the annual reports and accounts documents of the organisations scrutinised, where applicable, in the body of this report. However given that the new reporting requirements apply across much of the public sector, the Committee believes there is merit in all organisations looking at the presentation of their documents. This would be with the aim of trying to improve accessibility.

**Recommendation 1.** The Committee recommends that organisations across the public sector work to present the information within their annual report and accounts as simply as possible. In doing this consideration should be given to utilising diagrams and infographics to make key information as readable as possible.

### **Budget cuts and the impact on financial planning**

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**11.** The annual report and accounts of the education related bodies scrutinised by the Committee highlighted a number of budget cuts over a period of years and the impact this had on their financial planning.

**12.** The Committee felt that each of the organisations provided clear strategies on how they were dealing with this and the approach of identifying what they would be able to deliver going forward.

**13.** However, there were some concerns about the ability for organisations to plan long term. Estyn outlined to the Committee that their configuration meant that they were unable to “retain funds at all”<sup>3</sup> so therefore they could not keep any of the savings identified throughout the year to address future budget reductions. The Committee believes the ability to plan over the medium term is beneficial, and while we understand the constraints that exist on the Welsh Government in terms of budget allocation, we urge the Welsh Government to facilitate the need to plan over a longer period than annually.

### **Staffing issues**

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**14.** The Committee focused on staffing-related issues in each organisation and in particular sickness levels and performance management. The Committee has a number of general observations about the reporting of sickness absence, as well as some more specific comments in the body of the report.

**15.** The CIPD (the professional body professional body for HR and people development) produces an annual report on absence management which sets out average figures for a number of sectors including the public sector. Within this report, the CIPD produce mean figures and a 5% trimmed

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<sup>2</sup> References within the Committee's report to the annual report and accounts/ accounts are referencing this three-part reporting framework.

<sup>3</sup> Record of Proceedings (RoP), 26 September 2016, paragraph 370

mean, which is calculated to avoid a few extreme cases skewing the results. The results of this survey are utilised by public sector organisations to benchmark their performance.

**16.** Given the relatively small number of employees in some public organisations, the Committee noted the potential for long-term absences to skew the sickness absence figures. This was an issue noted by the Finance Committee in their consideration of the Wales Audit Office and Auditor General for Wales' Annual Report, who concluded:

“The Committee notes the improvements in relation to sickness absence levels and, whilst understanding the need to benchmark the sickness levels against other public sector bodies, we recognise the benefits of including details of both long and short term sickness levels when addressing the issue and we welcome the inclusion of this in the Annual Report.”<sup>4</sup>

**17.** The Committee found it particularly challenging to make accurate comparisons across the organisations as there appeared to be different approaches to calculating the sickness absence and some variance in which of the CIPD mean figures, and which year's data, were utilised for comparison.

**Recommendation 2.** The Committee recommends that the Welsh Government develop and disseminate best practice guidance on sickness reporting. The guidance should set out the types of comparative data that should be used and that the most recent CIPD figures should be used to ensure consistent and compatible information is gathered from all organisations

**18.** In addition to considering sickness information and performance management, the Committee also explored the approach to voluntary exit schemes across the organisations. Given the evidence we heard, the Committee are concerned that the findings of the Auditor General for Wales' report into managing early departures across the Welsh Public Sector from 2015, with regard to the variance of vigour around business cases, are still applicable. The Committee believes that use of these schemes must be evaluated on more than cost savings, and consideration must be given to the wider impact on teams. Much was made of the savings arising from these schemes, but the Committee are keen to reiterate recommendation six of the Auditor General's report that:

“Public bodies should monitor and report as part of their internal governance arrangements on expected and achieved savings as a result of early departures. This will help inform future cost reductions.”<sup>5</sup>

**19.** The Committee noted that during the previous Committee's inquiry into Senior Management Pay it found there was still an inconsistent picture of senior pay disclosure across the Welsh public sector. The Welsh Government's update of 28 November 2016 states that even though the Public Services Staff Commission are reporting they are unlikely to be able to gather all the information required from across the public sector.<sup>6</sup>

**20.** Although, the Committee did not have any direct concerns about the bodies scrutinised this year, this is an issue the Committee will be monitoring and consider in subsequent account scrutiny sessions.

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<sup>4</sup>Finance Committee, Annual Scrutiny of the Wales Audit Office and Auditor General for Wales, November 2016

<sup>5</sup> Auditor General for Wales Report, Managing Early Departures across the Welsh Public Sector, February 2015

<sup>6</sup> Public Accounts Committee; Paper one Letter from Welsh Government on Senior Management Pay, 28 November 2016

## 02. National Assembly for Wales Commission annual report and accounts

### Background

- 21.** The National Assembly for Wales Commission (the Commission) is one of the two organisations invited annually (along with the Welsh Government) for the Committee's accounts scrutiny, and this was the third year that their annual report and accounts have been scrutinised.
- 22.** The Committee scrutinised the Commission's Annual Report and Accounts 2015-16 at its meeting on 19 September 2016. The accounts are subject to audit by the Auditor General for Wales and the unqualified audit opinion was signed on 12 July 2016.
- 23.** The Commission's budget and performance indicators are subject to scrutiny by the Finance Committee. The Commission's budget 2017-18 is was laid in September 2016 and was scrutinised by the Finance Committee on 5 October 2016.
- 24.** The previous Public Accounts Committee report, *Scrutiny of 2014-15 Accounts*,<sup>7</sup> made seven recommendations specifically to the Commission. These recommendations focussed on the presentation of the accounts, the accessibility of the Commission's website, staffing matters and the internal controls put in place after a fraud incident in 2013-14.

### Public Accessibility of Annual Report and Accounts

- 25.** The Commission's annual report and accounts for 2015-16 included an online summary document, resulting from a recommendation from the previous Public Accounts Committee. In addition to the summary document, the Commissioner for Budget and Governance, Suzy Davies AM told the Committee there had been a streamlining of the information and clearer presentation.
- 26.** The annual report and accounts were not clear about the link between resources and the Commission's priorities. Claire Clancy, the Chief Executive explained:

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“it's a slightly spurious thing to do because the figures are so big and, obviously, there's a considerable amount of overlap between the use of resources between the strategic goals. So, for example, much of the work that staff do—they'd be delivering all three of the strategic goals at the same time: so, engagement, using resources wisely and outstanding parliamentary support. So, what we tried to do is give some real transparency through what's being delivered, rather than what might be a sort of spurious headline that doesn't really add to that transparency.”<sup>8</sup>

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- 27.** The Committee questioned how the new format of the annual report and accounts was tested to ensure it achieved the aim of being more transparent and accessible, and how this success in achieving this was measured. The witnesses outlined the range of checks and balances in place to ensure the annual report and accounts are presented as simply as possible. However, the Committee felt that more that could be done in terms of seeking wider feedback from stakeholders.

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<sup>7</sup> *Public Accounts Committee, Scrutiny of Accounts 2014-15, December 2015*

<sup>8</sup> RoP, 19 September 2016, paragraph 55

**28.** The Committee understands the need to be compliant with the Treasury requirements for the presentation of financial statements and with the overall expectations for the content of performance and accountability reports. It welcomes the work undertaken by the Commission to make the annual report and accounts more readable to the public. The Committee commends this work in improving the accessibility of its annual report and accounts. However, we conclude that more work needs to be undertaken to quantify resource input to meet individual priorities as set out in recommendations made by the previous Committee. Recommendation one, on page 9 is relevant to the Committee's concerns here.

## **Budget Management**

### **Savings and Efficiencies**

**29.** The Commission's Annual Report and accounts record savings of £866,000 for 2015-16. The Committee questioned the witnesses on how these savings had been achieved, and whether there is benchmarking between parliaments in terms of savings and efficiencies. Suzy Davies AM said:

“In terms of setting targets, in the past I think the emphasis was very much on cutting back on staff, or staff changes, whereas there was encouragement, I think, actually, from this committee to start looking at other sources of savings, more non-staff-related savings and more recurring savings. And even though there are limitations to what you can save in that way, certainly there’s a great focus on those when budget decisions are being taken.”<sup>9</sup>

**30.** The Committee were pleased to hear from the Chief Executive about the benchmarking that takes place with other parliaments, and that the Commission:

“...work with the other Parliaments on how to deliver efficiencies. So, with the Northern Ireland Assembly and the Irish Parliament in particular, we’ve been to see their good practice. Then we tend, between us as Parliaments, to leap-frog one another. So, someone has a good idea and then we go and pinch it, build on it and make it better. So, there’s that sort of learning between the Parliaments. So I think we can be confident that, within public sector organisations delivering similar services, we’re stretching appropriately.”<sup>10</sup>

**31.** The Committee welcomes the focus from the Commission on non-staff-related savings, and more recurrent savings as this is a more sustainable approach. Furthermore, the Committee would like to encourage the Commission to continue with the sharing and utilising of good practice between Parliaments.

### **Transposition error within 2015-16 budget**

**32.** The 2015-16 budget document contained a £300,000 “transposition error” (referred to on page 93 of the annual report and accounts). This resulted in a figure in the Welsh Government budget motion for the Assembly Commission of £300,000 less than which had been authorised by the Assembly. So in effect the Commission’s budget was reduced by £300,000.

“The 2015-16 Assembly Commission budget document contained a transposition error. The total net outturn figure in that document was £300,000

<sup>9</sup> RoP, 19 September 2016, paragraph 64

<sup>10</sup> RoP, 19 September 2016, paragraph 65

higher than the figure included in the 2015-16 formal budget motion. The difference of £300,000 has been included as an adjustment above to ensure that the total in the budget column equates to the resources that were formally authorised by the Assembly. The net cash requirement was not affected.”<sup>11</sup>

**33.** The Committee questioned the Commission on how the transposition error was uncovered and the impact this had on the 2015-16 budget, and the 2016-17 budget. Suzy Davies AM stated:

“...I think it’s fair to say that there was an impact. The error, if you like, wasn’t discovered until the budget document itself, in which the actual error occurred, was being reconciled with this annual report. And that inevitably had an implication on what was available for spending in 2015-16. I suppose that will carry on into 2016-17 as well. So, there will have been activities that perhaps the investment board would have suggested to us were a good idea that we could have done in year that we weren’t able to do in year, because we had to, of course, take account of the £300,000 paper overspend.”<sup>12</sup>

**34.** The Chief Executive highlighted that although it did have an impact it was not a serious one,<sup>13</sup> because the Commission's budget management builds in flexibility and long term planning for improvements to take away potential issues with the year-end being a complete cut-off point.

**35.** The Committee welcomes this approach to financial management, as it provides that additional assurance and ability to manage change, which in this instance proved very valuable. Nevertheless, the Committee would not expect to see such an error occur in the budget again.

## Digital engagement

**36.** Following the National Assembly for Wales' election in May 2016, the Commission made a number of improvements to its website, including enhancing the Members' biography pages and making the home page more user friendly. During the previous scrutiny of the Commission's annual report and accounts, Members had raised a number of concerns about the website, and had referred to it as “impenetrable”. Witnesses were questioned about what had changed since last year and whether these changes had improved accessibility to the website. Suzy Davies AM said:

“There’s been a considerable number of enhancements made. If you look at the first page, for instance, the top level series of subjects that you have are far more pertinent to the type of things that both we as Members and people outside this Assembly would be looking at every day.”<sup>14</sup>

**37.** Furthermore, Members raised concerns about the recording of users accessing the various parts of the website. It was felt important that the Commission understood which areas were being visited and areas which were not frequently accessed. The Committee heard that information on users was gathered and this was one measure used to monitor the website, to avoid being in the position highlighted during 2015 scrutiny:

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<sup>11</sup> National Assembly for Wales, Assembly Commission Accounts and Annual Report 2015-16, page 93

<sup>12</sup> RoP, 19 September 2016, paragraph 110

<sup>13</sup> RoP, 19 September 2016, paragraph 114

<sup>14</sup> RoP, 19 September 2016, paragraph 78

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“...where we were getting feedback about appearing impenetrable. So, we will be making sure we get feedback of all different sorts: it isn’t just about volume, but how accessible and easy people are finding the website, so that we can continuously improve.”<sup>15</sup>

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**38.** The witnesses told the Committee that digital information was a priority of the Llywydd's for the Fifth Assembly, and in particular how this is shared and communicated. The Chief Executive said:

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“The Llywydd has announced a taskforce to look at ways to raise our game on how we’re doing that. So, it’s not just the website; it’s our total services around this. That taskforce will do some short, sharp work during the autumn, so I think we’ll see very quickly a further raising of the bar on all of this.”<sup>16</sup>

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**39.** The Committee welcomes the work undertaken to date to improve the Commissions' website and digital content. Given this is an important and priority area for the Commission with resource allocated to its improvement, the Committee will revisit the work of the digital taskforce during its scrutiny of the Commission's annual report and accounts 2016-17.

## Staffing

### Sickness

**40.** The Commission’s overall sickness absence rate for the year was 8.09 average working days per person (3.68%). The Committee notes that there has been an upward trend in sickness absence since 2013-14 when the rate was 5.48 working days, or 2.49%, in 2013-14. When questioned about this increase, the Committee heard that “there’s a combination of factors going on here”<sup>17</sup> and that it was a matter they intended to stay focused on, to ensure they remained an employer of choice. The Chief Executive said:

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“We’ve had a handful of, unfortunately, sad cases of individuals on long-term sickness because of, you know, horrible illnesses. So, that has been a contributory factor. But when the management board met in June,..., we had all the data available to us on the different range of sickness absence and looked at what we could do to improve our management of the situation. So, that includes new training for line managers in managing sickness absence, a mental health and well-being programme...and a review of working patterns and more systematic reviews of absence data with heads of service.”<sup>18</sup>

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**41.** The Chief Executive noted that since undertaking these steps that there had already been some improvements, and that this would remain a priority. The Committee welcomes the work undertaken to date, and the commitment to address the area of sickness absence. The Committee will revisit the levels of sickness absence in the 2016-17 scrutiny.

### Voluntary Severance Scheme

**42.** During 2015-16, the Commission ran a voluntary severance scheme for staff. Although the annual report and accounts set out that the scheme would achieve efficiency savings of £0.5 million,

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<sup>15</sup> RoP, 19 September 2016, paragraph 88

<sup>16</sup> RoP, 19 September 2016, paragraph 89

<sup>17</sup> RoP, 19 September 2016, paragraph 146

<sup>18</sup> RoP, 19 September 2016, paragraph 147

there was no information about the payback period for the scheme in the document, and the witnesses were unable to confirm the period when questioned by Members. Information on the payback period was supplied by the Commission following the meeting, which confirmed the payback was 1.4 years or 16 months.<sup>19</sup>

**43.** The Committee were satisfied with the answers provided by the Commission with regards to the purpose and aims of the voluntary exit scheme and we concur with the recommendation made by the Head of Internal Audit that:

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“the Commission reassesses the success or otherwise of the Scheme on an ongoing basis and considers its impact on future efficiency and financial savings”<sup>20</sup>

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<sup>19</sup> Written evidence, PAC(5)-06-16 PTN 1, 17 October 2016

<sup>20</sup> *ibid*

## 03. Careers Wales

### Introduction

**44.** The Committee scrutinised the Careers Wales Annual Report and Accounts 2015-16 at its meeting on 26 September 2016. The accounts are subject to audit by the Auditor General for Wales and the unqualified audit opinion was signed on 20 July 2016.

**45.** Careers Wales was formed in 2013, following the merger of the six regional careers companies and one national body, and is a wholly owned subsidiary of the Welsh Government. The Welsh Government set an annual remit for Careers Wales, which they deliver along with providing:

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“...the all-age, independent, impartial and bilingual Careers Information, Advice and Guidance (CIAG) service in Wales.”<sup>21</sup>

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**46.** The Welsh Government remit letter for 2015-16 detailed the careers information, advice and guidance that Careers Wales are expected to provide with a particular focus on the following priority groups:

- Young people with statements of Special Educational Needs or equivalent;
- Young people 11-18 who are in greatest need of CIAG;
- Young people educated otherwise than at school;
- Young people aged 16-17 who are unemployed;
- Young people in the Youth Justice system;
- Unemployed adults accessing the Welsh Government’s Individual Skills Gateway programme; and
- Adults at risk, or facing, redundancy.

### Public Accessibility of Annual Report and Accounts

**47.** As a wholly owned subsidiary of the Welsh Government, the Treasury's new reporting requirements for the annual report and accounts do not apply directly to Careers Wales. Careers Wales published a “Strategic Report, Directors Report and Financial Statements” for the financial year 2015-16 and submitted this to Companies House. In addition to this, Careers Wales also publishes an Annual Report, with a summary version. The annual report aims to be more accessible and user friendly, containing varied text and graphics highlighting the key points and photos of new technologies being used. The two documents were not published simultaneously, with the annual report being published later than the accounts.

**48.** Members questioned the witnesses about whether Careers Wales had any intention to bring the two documents together and produce a single public facing document. Richard Spear, Chief Executive of Careers Wales said:

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“We’ve merged seven organisations into one, and there have been a lot of issues with closing down the old companies. That’s been a priority: to make

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<sup>21</sup> Careers Wales Annual Report 2015-16, page 4

sure that we get the accounts produced accurately to a standard that, obviously, our board are comfortable with, and our external auditors are comfortable with. Going forward, I think we're open to any thoughts or suggestions as to how we can increase the transparency of the whole range of documents that we produce for public reasons, to demonstrate proper use and regularity of the funds that we discharge.”<sup>22</sup>

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**49.** The Committee understands the challenges involved in merging a number of organisations into one body, and welcomes the undertaking from Careers Wales to consider the format and transparency of its annual report and accounts going forward. Recommendation one is relevant here and in addition to this:

**Recommendation 3.** The Committee recommends that Careers Wales work to consult with stakeholders to gather input on improving the transparency and accessibility of its accounting documentation.

### **Welsh Government Funding for Careers Wales**

**50.** The Careers Wales accounts (page 29) show Welsh Government funding as its main source of revenue. In 2015-16 this was £25,845,000 accounting for 97% of total revenue. Other contracts provided £653,000 and European Social Fund (ESF) projects provided £92,000 in revenue.

**51.** The Welsh Government core budget allocation for Careers Wales has decreased considerably in recent years. The budget allocation in 2015-16 was £20m which was a decrease from £30.5m in 2014-15. This is separate from the funding that Careers Wales receive for individual projects such as the Individual Skills Gateway, Strategic Projects and ReAct.

**52.** The accounts note that one of the principal risks and uncertainties facing Careers Wales is its potential future budget reduction.

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“Discussions are continuing with Welsh Government on future budgets. The company are working with PWC to look at the strategic vision for CCDG and a report will be presented to the Welsh Government in April 2016. This will provide recommendations as to how Careers Wales will focus its services to provide a relevant, modern national Careers Service for Wales which achieved positive outcomes for clients.”<sup>23</sup>

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**53.** The annual report sets out the purpose and objectives for Career Wales, which are :

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“to support clients to become more effective at planning and managing their careers, recognising that career management no longer consists of a one-off occupational choice, but rather a series of lifelong career transitions. Through improving the career management skills and competencies of clients, they are able to make these transitions more smoothly, enjoy a higher level of career satisfaction and play a more active part in the economy.”<sup>24</sup>

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<sup>22</sup> RoP, 26 September 2016, paragraph 9

<sup>23</sup> Careers Wales accounts 2015-16, page 5

<sup>24</sup> Careers Wales annual report 2015-16

**54.** The Committee asked the witnesses about the potential impact of further budgetary cuts on their ability to achieve the objectives of Careers Wales. The Chief Executive said:

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“...our priority has been to try and mitigate any negative outcomes as a consequence of that significant reduction in the budget. In doing so, we have changed our delivery model, and so we are far more reliant on digital technology to try and extend the reach and impact of our services, and we have focused our face-to-face resources—our expert professional, impartial advisers and other staff—on younger people. So, there have been some consequences as a result in terms of the type of client that we can support and the ways in which we can support them.”<sup>25</sup>

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**55.** Furthermore, the witnesses informed the Committee that they were in the process of submitting a new strategic vision for the organisation, which “...clearly sets out the returns the Welsh Government gets for investing in [Careers Wales] service”, and that these will set out the options for the Welsh Government about what services could be cut with any further budget reductions. The Chief Executive said:

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“... advising the Welsh Government as to which services that we withdraw. I think we’re at the point now where we’ve got to take those strategic decisions rather than continue to cut everything across the board in order to minimise the impact of any further cuts.”<sup>26</sup>

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**56.** The Committee welcomes this strategic approach to budget planning, and the setting of a strategic vision going forward. In achieving value for money this appears to be a prudent and sensible approach. The Committee would encourage the Welsh Government to work constructively with Careers Wales to achieve these aims.

**Recommendation 4.** The Committee recommends that the Welsh Government supports Career Wales to develop and implement its strategic vision

### **Careers Wales Welsh Language Provision**

**57.** The Career Wales annual plan notes that it is not compliant with the Welsh Language standards, but that it does follow a Welsh Language scheme. This is because the Welsh Language Standards (No 3) Regulations 2016,<sup>27</sup> which related to educational bodies were not approved by the National Assembly for Wales during the Fourth Assembly. As a result, the annual report states that “the Welsh Language Commissioner is currently unable to issue a compliance notice detailing the specific standards with which CCDG is required to comply”.<sup>28</sup> The Chief Executive explained that there was an issue around the availability of Welsh speakers within Careers Wales. Furthermore, He outlined that various approaches had been used in addressing this issue, so for example using Skype to deliver interviews if there was not a Welsh speaker located in the vicinity. He told the Committee that this “seems to be the most reasonable option, in the circumstances”.<sup>29</sup>

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<sup>25</sup> RoP, 26 September 2016, paragraph 14

<sup>26</sup> RoP, 26 September 2016, paragraph 16

<sup>27</sup> [The Welsh Language Standards \(No. 3\) Regulations 2016](#)

<sup>28</sup> [Careers Wales Annual Report 2015-16](#)

<sup>29</sup> RoP, 26 September 2016, paragraph 168

**58.** The Committee further explored whether there was any provision to deliver interviews in other languages other than English or Welsh. The Chief Executive told the Committee that they would struggle to accommodate such a request, but that this had not been raised as an issue to date.

**59.** The Committee is concerned that there is insufficient capacity within Careers Wales, to deliver on the ambition of the Welsh Language (Wales) Measure 2011. While we welcome the innovative approaches taken to deliver services in Welsh, we believe that clarity should be provided as to specific standards with which Careers Wales is required to comply to. The Committee is of the view that consideration to be given to addressing the capacity of Career Wales to ensure that users can access the services in the language of their choosing at the point of contact.

**Recommendation 5.** The Committee recommends that the Welsh Government works with the Welsh Language Commissioner to clarify the specific standards with which Careers Wales is required to comply with.

**Recommendation 6.** The Committee recommends that Career Wales builds into future capacity building the need for appropriate Welsh Language provision across Wales and consider how it can meet the needs of those who do not speak English or Welsh.

### Careers Wales Digital strategy

**60.** Another significant risk identified within the Careers Wales accounts was that the website requires significant changes in relation to its infrastructure and database management. The Committee noted that the key performance indicators recorded a reduction in contact via the website. The Chief Executive explained that the figures were not comparable due to a rebasing of the statistics in 2015-16, to just record unique individuals, and the suspension of Jobs Growth Wales for a period during 2015-16 which was a frequently visited part of the website. Careers Wales confirmed that going forward they were confident there would be no further anomalies, and that the information gathered in the future would give a better insight into the use of the website.

**61.** Members questioned the witnesses on the website, and its usability. The Committee was particularly concerned about making it compatible with mobile technology given its use as the primary route of access for young people. The Chief Executive acknowledged that there was "...lots to do in terms of, primarily, the data architecture and the technology upon which it's based"<sup>30</sup> but that to overcome this in the interim Careers Wales have utilised social media to direct people to the relevant pages of the website.

**62.** Careers Wales highlighted to the Committee that one of the challenges to date on the website has been around clarity of purpose and they called for the Welsh Government to support their new strategic vision for the future of the organisation, which will:

“... then give us [Careers Wales] the clarity of purpose to establish a clear digital strategy that drives the organisation forward in the same direction.”<sup>31</sup>

**63.** The Committee believes that there are improvements which need to be made to the website, particularly in making it mobile-friendly, to ensure that it works as efficiently as possible and accessibility is improved.

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<sup>30</sup> RoP, 26 September 2016, paragraph 26

<sup>31</sup> RoP, 26 September 2016, paragraph 27

**Recommendation 7.** The Committee recommends that Career Wales develop its website to make it fit for purpose going forward. In doing this work, due consideration should be given to ensuring it is compatible with mobile technology, and it is easily navigable. We would like to see improvements to the website in the next 12 months, with the full overhaul having been completed within two years.

## Staffing

### Staff Redundancies and Voluntary Redundancies

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**64.** Careers Wales state in their Strategic Plan 2015-18 and Business Plan 2015-16 that they have undergone an extended period of restructuring and that they understand the need to support and engage their staff through an extended period of uncertainty and change.

**65.** Upon formation, Careers Wales appointed a Chief Executive in 2013 and the accounts state that during 2015-16 the Welsh Government held recruitment exercises and appointed three new Directors.

**66.** The accounts 2015-16 (page 29) show that Careers Wales employed 648 staff in 2015-16, which was a decrease of 103 staff from 2014-15. A voluntary redundancy scheme took place in 2014-15, due to a forecast decrease in Careers Wales' budget for 2015-16. As a result of this, 88 staff left the organisation at a cost of £2.485m, an average cost of around £28,000 per staff member.

**67.** The Committee questioned the witnesses about managing core delivery in light of the redundancies made. Careers Wales confirmed that the targets had been reviewed and revised with the Welsh Government in light of the reduced resources and that they had developed a methodology to allocate resources across schools to ensure fairness.

**68.** The Committee also discussed with the witnesses whether the voluntary redundancy scheme had delivered value for money, the Chief Executive stated:

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“We think that it was a fair scheme, but it was less generous than other schemes that apply across public services. One of the key tests that we applied to the requests that we had was the payback period, and we were confident that the payback period on average was less than one year. And, in making those redundancies—it cost us £2.5 million—we saved £2.7 million in the following year through reduced staffing costs.”<sup>32</sup>

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**69.** Careers Wales acknowledged that the redundancies had increased pressure on staff in delivering services, but they were trying to address this by review resource allocation.

### Sickness absence data

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**70.** Sickness absence data does not appear in the Career Wales annual report or the accounts. The Committee questioned the witnesses on the sickness absence levels for Career Wales. The Chief Executive stated that following the introduction of a new absence management policy in October 2015, there had been an improvement in the data gathered. He confirmed that the average sickness figure for 2015-16 was 11 days per employee which was a decrease from 14 days in 2014-15.<sup>33</sup>

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<sup>32</sup> RoP, 26 September 2016, paragraph 73

<sup>33</sup> RoP, 26 September 2016, paragraph 75

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“We recognise that that is still higher than where we’d like it to be, so we’ve introduced a number of mechanisms over the last year to try and reduce that. So, we have a very clear management absence policy. Everybody that goes off sick has a meeting with their line manager when they come back, and it’s about a balance.”<sup>34</sup>

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**71.** When asked further about how policies to manage sickness absence are monitored, and whether Trade Unions were involved, the Chief Executive explained:

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“The union, by the way, are certainly very much on board with all the things that we’re trying to achieve as a company, not least tackling absence management.”<sup>35</sup>

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**72.** The Committee questioned Careers Wales about whether they would be willing to publish their sickness data going forward, and welcomed the undertaking from Careers Wales to recommend this to the Board for the future.

**73.** While the Committee recognises that publishing sickness data is not a statutory requirement for Careers Wales, we do believe that it is important information in terms of ensuring openness and transparency and an illustration of how an organisation is being managed. Given the high level of sickness absence within Careers Wales, and the new strategy in place to manage this, the Committee believes that the information is useful in ensuring performance is monitored in terms of reducing sickness absence.

**Recommendation 8.** The Committee recommends that Careers Wales publishes their sickness absence data within their annual report to increase transparency.

### **Pension costs**

**74.** Careers Wales’ employees are members of seven Local Government Pension Schemes (LGPS) due to the historical merger of the regional careers companies. The seven pension funds are:

- Greater Gwent (Torfaen) Pension Fund;
- Cardiff and Vale of Glamorgan Pension Fund;
- Dyfed Pension Fund;
- Powys County Council Pension Fund;
- Clwyd Pension Fund;
- Gwynedd Pension Fund;
- Rhondda Cynon Taf Pension Fund.

**75.** Each pension fund has different financial assumptions and asset allocations all of which are detailed in the accounts. The total pension deficit for 2015-16 is calculated to be £20,868,000, this deficit is an estimate of the expected shortfall of assets over liabilities in the pension funds. The accounts state:

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<sup>34</sup> ibid

<sup>35</sup> RoP, 26 September 2016, paragraph 101

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“It is not expected that significant additional pension contributions will be required in the short term.”<sup>36</sup>

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**76.** The Committee questioned witnesses about whether there had been any exploration of merging the pension funds into one fund and were told:

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“We’ve certainly explored the option of merging them into one. It would be our preference to do that. We had discussions with pension schemes back in 2014—Dyfed, I think, were keen to accommodate a merged pot, but that required a bond from the Welsh Government of £10 million and that bond was not forthcoming. So, without that, we couldn’t facilitate a merger of the pension funds.”<sup>37</sup>

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**77.** The Committee welcomes the work undertaken by Careers Wales to explore the option of merging its various existing pension funds into one. We would like to see further work undertaken to consider this option and to set out the case for merging the funds in order for further discussions to take place with Welsh Government to consider this.

**Recommendation 9.** The Committee recommends that the Welsh Government work with Careers Wales to assess whether a merger of the Careers Wales pension funds would ensure greater efficiency and value for money going forward.

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<sup>36</sup> Career Wales accounts 2015-16

<sup>37</sup> RoP, 26 September 2016, paragraph 143

## 04. Higher Education Funding Council for Wales

### Introduction

**78.** The Committee scrutinised the Higher Education Funding Council for Wales (HEFCW) Annual Report and Accounts 2015-16 at its meeting on 26 September 2016. The accounts were subject to audit by the Auditor General for Wales, and the unqualified audit opinion was signed on 19 July 2016.

**79.** HEFCW is a Welsh Government Sponsored Body (WGSB) that was originally established under the Further and Higher Education Act 1992.<sup>38</sup> HEFCW is a public body that sits between the Welsh Government and Welsh universities. Their main roles include regulating fee levels at higher education providers, ensuring a framework is in place for assessing the quality of higher education and scrutinising the performance of universities in Wales. In addition, HEFCW distribute resources for higher education teaching and research and aim to deliver the Welsh Government higher education priorities that have a wider benefit for society and the economy.

**80.** The Higher Education (Wales) Act 2015<sup>39</sup> has recently given HEFCW an enhanced role as a regulator of higher education in Wales. As a Welsh Government Sponsored Body, HEFCW is accountable to the Cabinet Secretary for Education for its grant-in-aid funding.

### Publications

**81.** The Committee considered HEFCW's annual report and accounts to be easy to locate on their website and were clearly laid out with graphics, text and detailed explanations. The Committee also welcomed that HEFCW publish other related documentation such as their remit letters and corporate strategy in an easily accessible way on their website.

**82.** The 2015-16 annual report and accounts were 71 pages, almost double the length of 2012-13 HEFCW Annual Report and Summary Accounts totalled 38 pages. The Committee asked the witnesses whether there was any intention to produce a shorter public-facing summary document. Nick Williams, Head of Corporate Services explained:

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“Despite some streamlining of our notes—to the accounts where we were able to omit certain disclosures made in the previous year—unfortunately, the impact of the requirements of the Treasury's new format for the annual report and accounts has, in fact, resulted in a 20 per cent increase in the length of our document for 2015-16.”<sup>40</sup>

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**83.** He also told the Committee that looking forward, HEFCW would be looking to streamline the annual report and accounts as far as possible.

### Governance

**84.** HEFCW's Governance framework is based around the Accounting Officer (Dr Blaney, the Chief Executive), supported by the HEFCW Management Board which is made up of the Chief Executive and three directors; and the HEFCW Council, which is appointed by the Cabinet Secretary for Education in accordance with the Further and Higher Education Act 1992, of which the Chief Executive is a Member.

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<sup>38</sup> Further and Higher Education Act 1992

<sup>39</sup> Higher Education (Wales) Act 2015

<sup>40</sup> RoP, 26 September 2016, paragraph 189

**85.** In their annual report, HEFCW state that they carry out an annual self-assessment review into the effectiveness of their governance. In 2015-16 they conducted a detailed self-assessment review based around questionnaires completed by each Council member.

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“The Council concluded that, overall, it was content with the effectiveness and appropriateness of its governance processes and practices, including with respect to the quality of information and data provided through Council and committee papers.”<sup>41</sup>

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**86.** The Committee questioned HEFCW about any changes that have been introduced in light of the self-assessment review. The Chief Executive said that as a result of this HEFCW were revisiting their risk appetite, because:

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“HEFCW is not a wild organisation—it’s relatively conservative—and I think that reflects itself in the risk assessment that we make of the various challenges we face. We tend to be slightly on the pessimistic side, and so one of the challenges that’s coming back to us from our council and from the audit and risk assurance committee is, ‘Don’t you think you’re slightly over-egging some of these risks?’ particularly, I think, in terms of impact. What we think of as, ‘Well, we don’t want that to happen’, actually, in the grand scheme of things, the world keeps turning and we just need to get that calibration right. That’s something that you need to engage with continually, but we’re going through a particular exercise at the moment.”<sup>42</sup>

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**87.** The Committee welcomes this review, as it is important to consider such items in guaranteeing the maximum value for money. We would like to see the risk appetite to be appropriate to the organisation and not prohibitive to achieving savings and working more effectively.

## **Budget reductions**

**88.** The annual report identifies budget reductions as a significant risk. HEFCW explained that since the introduction of the tuition fee grant policy in the academic year 2012-13, the funding available for HEFCW to allocate to higher education providers has fallen significantly, from £216m in the 2011-12 academic year, to £151m in the 2015-16 academic year.

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“As a consequence, the Council has had to make difficult decisions with funding reductions having to be implemented in areas of strategic policy including innovation, part time provision and strategic funding. The remaining HEFCW recurrent funding is allocated mainly to the priority areas of research part-time provision and expensive subjects (medicine, dentistry and performing arts).”<sup>43</sup>

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**89.** In their annual report, HEFCW note that continued reductions in funding could have a negative impact on the capacity of Welsh higher education providers to compete with UK providers. HEFCW also state that funding changes affect each of the higher education providers and their long term financial sustainability differently.

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<sup>41</sup> HEFCW Annual Report 2015-16 pages 32-33

<sup>42</sup> RoP, 26 September 2016, paragraph 203

<sup>43</sup> HEFCW Annual Report 2015-16 page 36

## Changes to the administration of the tuition fee grant

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**90.** HEFCW also note that the Welsh Government decision to pass tuition fee grant related funds directly through the Student Loans Company and then on to higher education institutions (taking HEFCW out of this process), resulted in a large reduction in HEFCW's grant in aid funding from £362.5m to £125.7m. The Committee explored the communication around, and the impact of, this decision with the witnesses. The Chief Executive explained that HEFCW had indicated to Government during the summer of 2013 that:

“... on balance, we didn't think we wanted them to do that, and the reason was that, although you've got the benefit of not being accountable for funds that you weren't fully controlling, there was the disbenefit of having a much smaller amount of money to deal with and all the issues that Bethan has already described. After that exchange, it all went a bit quiet. The Minister, I think, made a decision in December 2014. We learned about that decision in January 2015. So, we weren't fully in the loop on that.”<sup>44</sup>

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**91.** Bethan Owen, Director of Institutional Engagement explained to the Committee that HEFCW can hold 2 per cent of its funds at the end of the year and so the decision to pass tuition fee grant related funds directly through the Student Loans Company has meant HEFCW has less flexibility at the end of the year, as

“... 2 per cent of a smaller budget obviously gives us a lot less flexibility.”

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**92.** The Committee was particularly concerned to hear that HEFCW were only informed of the decision in January 2015, at which point the organisation was significantly down the “road in [their] annual cycle”<sup>45</sup> and had almost finished the calculations for funding for 2016-17, and therefore had to start again. While the Committee's focus is not on this policy decision, we are concerned about the process around this decision making. It raises questions about the overall communication and engagement between these two organisations, which were raised previously in the Auditor General for Wales 2013 report on Higher Education Finances.<sup>46</sup> We believe that to ensure effective financial planning organisations need timely and accurate information upon which to make informed decision. The Committee does however welcome that the witnesses had been involved in the discussions around changes emanating from the Diamond<sup>47</sup> and Hazelkorn<sup>48</sup> reviews, which significantly impact on the future of the sector.

## Staffing

**93.** The annual report and accounts show that the organisation employed 43 full time equivalent staff as at 31 March 2016.

## Sickness absence data

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**94.** Staff sickness absence totalled 342 days during 2015-16:<sup>49</sup> An increase in the sickness absence rate of 1.31% in 2014-2015 to 2.84% in 2015-2016. The annual report notes that this is still

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<sup>44</sup> RoP, 26 September 2016, paragraph 211

<sup>45</sup> RoP, 26 September 2016, paragraph 213

<sup>46</sup> [Auditor General for Wales 2013 report on Higher Education Finances](#)

<sup>47</sup> [Diamond Review 2016](#)

<sup>48</sup> [Hazelkorn Review 2016](#)

<sup>49</sup> HEFCW Annual Report 2015-16 page 47

a low rate compared to other public sector organisations, with the CIPD absence Management Annual Survey Report 2014 noting a 4.1% absence rate for public service organisations.

**95.** The Committee asked the witnesses whether it was a challenge to maintain and manage this absence rate. The Committee welcomed the assurances from Nick Williams, Head of Corporate Services that there were a number of packages in place to manage staff sickness absence including employee assistance programmes and stress management.

### Performance Indicators

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**96.** HEFCW's Corporate Strategy for 2013-14 to 2015-16 sets 17 targets. The baseline for these targets was set in 2011-12. The Welsh Government agreed to an extension of HEFCW's Corporate Strategy to 2016-17, which HEFCW stated "in effect provided a further year to reach the targets".<sup>50</sup> The annual report notes that the following two targets are unlikely to be met:

- Retention (T3, Part-time); and
- Welsh medium (T6 – 40 credits)

**97.** The annual report explains that a number of HEFCW's targets are comparative to UK performance and are therefore awaiting for that data to be made available before they can be assessed. The narrative in the annual report states:

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"We will continue to monitor progress and work with the higher education sector to encourage improved performance in these policy areas, noting that changes to our powers and funding constrain the extent to which we are able to exercise leverage in these areas."<sup>51</sup>

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**98.** When questioned about why they did not expect to hit targets three and six, the Chief Executive explained:

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"We didn't set soft targets. So, we're challenging them. In the nature of setting challenging targets, you have to accept that sometimes they won't be met. I think, in respect of both of these areas, the targets were set some years ago in our last corporate strategy, and we're just on the cusp of rewriting our corporate strategy. So, we'll revisit these."<sup>52</sup>

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**99.** The Committee welcomes the approach of setting challenging targets set by HEFCW as in order to achieve the maximum value for money, targets must be as stretching as possible.

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<sup>50</sup> *ibid*

<sup>51</sup> HEFCW Annual Report 2015-16 page 11

<sup>52</sup> RoP, 26 September 2016, paragraph 268

## 05. Estyn

**100.** The Committee considered the annual report and accounts for Estyn at its meeting on 26 September 2016. The accounts were subject to audit by the Auditor General for Wales, and the unqualified audit opinion was signed on 13 July 2016. Estyn is independent of the National Assembly for Wales and receives funding from the Welsh Government under Section 104 of the Government of Wales Act 1998.<sup>53</sup>

**101.** Estyn’s mission and vision is to:

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“achieve excellence for all learners in Wales by providing independent, high-quality inspection and advice services... (and) to be recognised through the expertise of our staff as an authoritative voice on education and training in Wales.”<sup>54</sup>

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**102.** Estyn has a statutory duty to undertake inspections of education and training sectors. The organisation also inspects:

- Nursery schools maintained or funded by local authorities;
- primary, secondary and special schools;
- pupil referral units;
- independent schools;
- further education;
- independent specialist colleges;
- adult community learning;
- local authority education services for children and young people;
- teacher education and training;
- Welsh for adults;
- work-based learning; and
- learning in the justice sector.

**103.** Estyn is led by Her Majesty’s Chief Inspector of Education and Training in Wales (HMCI). From September 2017 Estyn’s inspection regime is due to change. This coincides with proposals for Estyn to become more involved in developing the new curriculum. During 2015-16 Estyn have also consulted on changes to the Common Inspection Framework.

### Financial Management and Funding

**104.** Estyn’s budget for 2015-16 was set at £11.664m, the organisation reports savings of around £1m, with net operating outturn for 2015-16 of £10.673m. This saving is comprised of:

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<sup>53</sup> Section 104 of the Government of Wales Act 1998.

<sup>54</sup> Estyn Annual Report and Accounts

- £100k (approx.) reduction in administration and other running costs;
- £294k unused depreciation;
- £100k reduction in programme expenditure; and
- £500k staffing underspend.

**105.** The Committee discussed with the witnesses about whether these savings were targeted. Meliyr Rowlands, Her Majesty’s Chief Inspector of Education and Training in Wales (the Chief Inspector) said:

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“The more difficult area to explain is the staffing; there was about £500,000 saved on staffing. I think the difficulty we have as an organisation is that we work to a one-year budget, and for a small organisation that’s not part of Welsh Government but has all the constraints of a civil service department, which means we have no reserves and we can’t raise money, it’s very, very difficult for us to set long-term commitments, particularly on staffing.”<sup>55</sup>

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**106.** The Committee also questioned the witnesses on the communication with the Welsh Government on the potential budget cuts. Phil Sweeney, Estyn’s Corporate Services Director said:

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“There’s an ongoing dialogue with the department that our funding lies in. It’s currently within the local government main expenditure group, so we have discussions with finance officers in that directorate. It has been, over the last three or four years, ‘How would you react to these scenarios: flatlined, 3 per cent, 5 per cent?’ And it has been up to 20 per cent. So, what we do as a management team is we produce various scenarios at those budget levels and we discuss the implications of going to each of those scenarios with officials, particularly on the education side, and how we can protect the core service but what could go at the margins.”<sup>56</sup>

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**107.** The Committee congratulated Estyn on the savings made over this year and over the last 10 years, where the budget has reduced from £15m to £11m. We welcome the commitment from Estyn to take a measured approach to budget planning, while ensuring that core services are maintained.

## Performance Indicators

**108.** Estyn produces an Annual Plan each year which sets out the core activities for that year in order to deliver its strategic objectives. Achievement against indicators is monitored quarterly or termly by the Strategy Board, with results published online<sup>57</sup>. Estyn achieved all 19 targets it set during 2015-16. The performance objectives and indicators are grouped under the strategic objectives and delivery principles outlined previously.

**109.** Highlights in 2015-16 include:

- Full programme of core statutory inspections delivered;
- 14 Thematic reports published;

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<sup>55</sup> RoP, 26 September 2016, paragraph 350

<sup>56</sup> RoP, 26 September 2016, paragraph 357

<sup>57</sup> Estyn Annual Plan 2015-16

- 40 best practice case studies published;
- Top 3 (of 96) civil service organisations for staff engagement; and
- Net Operating Costs reduced by 2%.

**110.** Given that Estyn achieved all 19 targets, the Committee probed whether the targets were robust enough to promote continuous improvement. The Chief Inspector said that Estyn:

“...try our very best to come up with a set of performance indicators that does exactly what you suggest. So, you can probably see from our annual plan for this year that we have actually introduced two new performance indicators that we think add to that picture and make it a more robust set of performance indicators moving forward. You know, I’m very open to constructive suggestions on how we can improve on the performance indicators.”

**111.** The Committee welcomed that Estyn do not alter the actual indicators too much year on year, instead adapting them to be more ambitious, allowing for comparisons to be made.

**112.** The Committee noted from the targets outlined that the change to the Common Inspection Framework (CIF) meant that local authority monitoring for those in follow-up would cease and that no providers will be placed in this category from September 2016.<sup>58</sup> Members questioned the reasoning behind this. The Chief Inspector explained that a framework for the next round of local authority inspections was being considered, although this was challenging because Estyn “...don’t actually know what powers and duties those local authorities might still have going forward”.<sup>59</sup> The Committee asked whether this left any gaps in the inspection framework. The Chief Inspector confirmed that there would be a gap in terms of inspecting local authorities, and that he was:

“... concerned, and that’s why we are thinking of a temporary arrangement. We’re currently thinking of taking a kind of case conference approach, where we will meet with all the stakeholders related to a particular authority and discuss a way forward with them.”<sup>60</sup>

**113.** This is an area of concern for the Committee, given that some local authorities were placed in special measures after the last round of inspections, and the very real potential that this lack of inspection will lead to a slipping in standards. The Committee has written to the Children, Young People and Education Committee to highlight its concerns on this matter, and suggest that the outcome of these discussions are considered as part of that Committee's scrutiny of the Chief Inspector's annual report to ensure that an appropriate arrangement is been put in place in a timely manner.

## Staffing

**114.** The total staff employed by Estyn is 118, this is a decrease of two staff since 2014-15. Staffing is Estyn’s largest area of spend comprising just over 70% of the organisation's total expenditure.

**115.** Since 2011 Estyn has increased the number of peer inspectors from just under 200 to just under 1000. The annual report describes Peer Inspectors as:

<sup>58</sup> Changes to inspection arrangements from September 2017 - an update

<sup>59</sup> RoP, 26 September 2016, paragraph 324

<sup>60</sup> RoP, 26 September 2016, paragraph 328

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“individuals with a managerial role in a school or provider and have teaching or training experience in the relevant sectors. They are full members of an inspection team and contribute to the inspection work in all key questions.”<sup>61</sup>

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**116.** The Committee questioned the rationale behind the increased utilisation of Peer Inspectors. The witnesses explained that it came about as part of the decision to in house inspections, and that the peer inspector programme is something which other inspectorates are interested in. The Chief Inspector said:

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“So, there are lots of advantages to that system. Clearly there’s an advantage to Estyn: we get very credible people who are part of the chalkface currently. They bring their expertise and knowledge and we benefit from that, but we also feel that they benefit from being part of inspections as well. The skills that they learn from being an inspector, they take back then to their providers when they finish that inspection, and the training that they get from us. There were a few quotes within the annual report saying how much they actually appreciated that.”<sup>62</sup>

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**117.** The Committee welcomes this initiative as it appears to add value to the inspection regime, and builds capacity in the education system.

**118.** Estyn is ranked in the top 5% of organisations who take part in the Civil Service People Survey and 2015 was its highest ranking year to date, which Members felt was a commendable performance which deserved praise. However, within the nine criteria that are considered, four showed a decline since the previous survey. The Committee asked Estyn how it kept up its high performance levels. The Chief Inspector said that he thought it was because Estyn take it very seriously, adding:

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“So, a lot of what we do is to continue with the good work we’re currently doing, in terms of, in particular, our training and development programme. We are always working with our staff, with our staff engagement group, to try and get any ideas, extra new ideas, that we can feed into that training and development programme. Similarly, on health issues, we’re constantly looking—we’re very open—for any constructive suggestions. One new thing we’re doing is a leadership programme for our managers. We’re working with Academi Wales to develop that currently. So, those are some of the things we’re doing.”<sup>63</sup>

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**119.** The Committee also noted that the Estyn sickness absence rate was 3.6% and discussed with the witnesses if there were aspects of its practice in managing sickness absence which could be shared with other public sector organisations. The Chief Inspector said they had:

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“...identified, I think, that a lot of the sickness absence we have is increasingly long term, and increasingly to do with mental health. So, we’ve put a lot of effort into training in those areas—not so much stress within the workplace, but stress at home, bereavement, caring, that sort of thing. So, we’ve done a lot

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<sup>61</sup> Estyn Annual Report, 2015-16

<sup>62</sup> RoP, 26 September 2016, paragraph 384

<sup>63</sup> RoP, 26 September 2016, paragraph 390

on the employee assistance programme, stress risk assessments and training in the workplace with Mind Cymru. There's a lot of training we've done. So, it's about analysing the causes of the sickness absence, and then trying to address those specific issues."<sup>64</sup>

**120.** Phil Sweeney added:

"... one very quick best practice tip, it's to try and remove the barriers to returning to work. So, one of the things that we do is actively promote the opportunity for people to work at home. You know, if they break a bone, we make sure the technology is there to support that type of working, rather than people being signed off. So, it's trying to remove the barriers to people returning to work, even when they're not fully fit."<sup>65</sup>

**121.** The Committee commended Estyn on their positive results from the Civil Service People Survey. We would suggest that Estyn is considered by other organisations in the public sector when looking for possible examples of good practice.

## Assets & Property

**122.** The Annual Report and Accounts showed that Estyn renewed the lease for its offices at Anchor Court. This is the location of Estyn's management team and corporate services staff. Estyn's inspectors have arrangements to work from home. The Committee explored whether the cost for this accommodation was likely to reduce in the future. Phil Sweeney said:

"The figure is actually a very competitive market rate. Just to give you a little bit of context, we're now paying a third less on the Anchor Court lease per square foot, which is the important thing, than the original lease. ...So, we don't expect that to go down for the next four years, the duration of the lease. We do have a midlease break clause, which gives us an opportunity to go back to the landlord and maybe squeeze a bit more, but it also gives us an opportunity—if lower cost accommodation comes up and if there is a property available through the Government estate that we could share—and it gives us that flexibility, which is what we always insist on when we renew the lease."<sup>66</sup>

**123.** The Committee believes that this is a good approach to property management, but would encourage Estyn to continue exploring the options of office sharing with the Welsh Government in the future to see whether it would be more cost effective.

## Digital

**124.** Estyn set out in its annual report a digital strategy which included alterations to the website to present thematic reports and easy searching, and the promotion of all reports and best practice case studies via twitter and social media as well as newsletters. The report states:

"This included a film, which achieved a great deal of positive publicity and generated media debate and discussion. The use of Twitter contributed

<sup>64</sup> RoP, 26 September 2016, paragraph 393

<sup>65</sup> RoP, 26 September 2016, paragraph 395

<sup>66</sup> RoP, 26 September 2016, paragraph 399

significantly to public debate and discussion, and encouraged comment from a wide audience, including education professionals, teaching unions, consortia and members of the public.”<sup>67</sup>

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**125.** The Committee questioned the cost of the digital strategy and the witnesses explained that the biggest outlay was £50,000 on renewing the website, but other than that it was mainly staff time which was taken up. The Committee welcomes this approach to promotion, as it increases transparency and achieves good results for reasonable investment.

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<sup>67</sup> Estyn Annual Report and Accounts, 2014-15

## 06. Welsh Government's consolidated accounts

**127.** The Welsh Government is one of two organisations invited annually (along with the Assembly Commission) for the Public Accounts Committee accounts scrutiny, and this was the third year that the Welsh Government's consolidated accounts have been scrutinised. The Consolidated Accounts contain three reports:

- Annual Report;
- Accountability Report; and
- Financial Report.

**128.** The Committee scrutinised the Welsh Government's Annual Report and Accounts 2015-16 at its meeting on 3 October 2016. The 2015-16 accounts were subject to audit by the Wales Audit Office. The Auditor General for Wales audited the accounts and provided a signed audit opinion (page 48 to 50), with no observations made. Within his opinion on the accounts the Auditor General for Wales stated that the accounts “give a true and fair view of the state of the Welsh Government and the Group's affairs as at 31 March 2016”; “have been properly prepared in accordance with HM Treasury directions” and “the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales”.<sup>68</sup>

**129.** Following the scrutiny of the Welsh Government's consolidated accounts 2014-15 the previous Public Accounts Committee made five recommendations directly relating to the Welsh Government around:

- the accessibility and transparency of accounts;
- sustainability;
- procurement and Value for Money relating to the “Preparing for the Future” work stream; and
- Grants Management.

### Transparency and accessibility of consolidated accounts

**130.** Following the previous Public Accounts Committee recommendation that the Welsh Government should streamline its consolidated accounts and include links to the online documentation to make it easier for the public to follow the money the Welsh Government indicated that “it remained committed to producing simplified and streamline accounts in line with new accounting guidelines”.<sup>69</sup>

**131.** The Committee noted that the Welsh Government consolidated accounts were more readable and understandable on the whole but questioned the absence of links to demonstrate the flow of funding from the Welsh Government to other Public Service organisations, as the consolidated accounts as considered by the Committee had limited information. Sir Derek Jones, the Permanent

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<sup>68</sup> Welsh Government Consolidated Accounts 2015-16

<sup>69</sup> [Welsh Government Response, Public Accounts Committee Scrutiny of Accounts 2015-16, February 2016](#)

Secretary, confirmed that when they are published online there would be "...an annex with e-links to other public bodies' accounts", which was completed following the Committee's scrutiny session.<sup>70</sup>

**132.** Despite, the good progress that has been made to improve the format of the consolidated accounts, the Committee felt there remained areas for further improvement. For example the summary of resource outturn states, in relation to the underspend, that this "arose primarily because of the alignment issue between Ambit and consolidated Budgets". This statement means very little without further explanation and clarification, particularly to those without significant financial knowledge. When the Committee discussed this with the Welsh Government, the officials acknowledged that there was still more work to be done to make some of the explanations clearer.<sup>71</sup>

**133.** Another example provided by the Committee was also in the summary of resource outturn, and the table setting out the outturn (page 46 of consolidated accounts). This is a very high-level table, and although it is compliant with the treasury requirements, the Committee considered this lack of information as unhelpful in trying to match outturn with any outputs. The Permanent Secretary undertook to consider an additional table in the consolidated accounts put expenditure against budget. The Committee believes that in terms of linking expenditure to departments, the model utilised by the National Audit Office (NAO) for showing departmental expenditure is a good example of clarifying major areas of expenditure. For example in the departmental overview for the department of transport, the NAO utilise a simple diagram which maps out the key areas within the department of transport and how much money is spent in each area.<sup>72</sup>

**Recommendation 10.** In the aim of continuous improvement and building on the positive work to date the Committee recommends the Welsh Government undertake an evaluation of the information contained within the consolidated accounts to ensure it tells people what they need and want to know, this should include information on the expenditure against budget in each of the main expenditure groups.

### **The Welsh Government's business improvement programme**

**134.** "Preparing for the Future" is the Welsh Government's business improvement programme. The programme has the primary aim of identifying how the organisation can better meet the Welsh Ministers' needs. The programme considers ways for the organisation to be agile, flexible, capable and affordable. The programme consists of four work streams:

- Leadership and Capability – focused on developing leadership capability, the skills and support needed across the organisation;
- Business and Common Corporate Services Improvement – developing efficient model's and processes for providing common services across the organisation. Currently examining effectiveness of grants practices, building on the work of the Grants improvement Project;
- Flexible and Productive Working – Implementing agile working for staff. Currently being piloted at the Merthyr office. Commenced July 2016 and will last 6 months; and
- Commercial Governance – Looking at new approaches to procurement and payment, strengthening contract management. Welsh Government currently spends "half a billion

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<sup>70</sup> Welsh Government Consolidated Accounts 2015-16, Appendix C

<sup>71</sup> RoP, 26 September 2016, paragraph 288-294

<sup>72</sup> National Audit Office, Departmental Overview 2015-16, Department for Transport

pounds annually on goods and services”. Work stream has reported over £7m of savings in the first half of last year.

**135.** The Committee explored with the Welsh Government what the main success and highlights of the Programme. The Permanent Secretary explained that the first phase was a restructuring of senior staff, and:

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“Phase 2 was more about what you might call common corporate services rationalisation, and flexible working. So, I was able to order a change in the telephony and ICT system that cost us less, I think—about £1.5 million saving.”<sup>73</sup>

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**136.** The Permanent Secretary said that as part of this, there had been a pilot of the new ICT and working arrangements at the Merthyr Tydfil office, which would be reviewed at the end of 2016. However, when the Committee asked what the measure of success for this pilot would be, the Permanent Secretary told the Committee that he had not:

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“... set any productivity targets. I think part of the pilot is to see whether we can establish productivity measures for this kind of work. And, even then, I don’t think we’ll be able to escape some measure just of judgment. I don’t think we can always put a hard number on changes and ways of working like that.”<sup>74</sup>

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**137.** The Committee are concerned that this pilot appears to have been undertaken without any clear targets. In order to effectively measure the success of the scheme, it seems to the Committee that some outcomes should have been established at the outset, otherwise the evaluation of success will be difficult. In order to avoid this, it is best to set clear outcomes, at the outset of schemes, and the Committee would expect to see this from the Welsh Government.

## Fraud

**138.** In early 2016 two Directors of a North Wales bus company were convicted of fraudulently claiming approximately £900k in concessionary travel payments. These payments are funded by the Welsh Government but are administered by Welsh local authorities. The fraud involved the claiming of funds from Gwynedd Council based on falsified figures of concessionary fare passengers carried by the service. Following the uncovering of the offences the bus service went into liquidation with the loss of 84 jobs.

**139.** The consolidated accounts outline that the Welsh Government has taken steps to improve capability to counter fraud (page 26) and that the Welsh Government is working with local authorities to assist them in their duty to identify fraud. The Committee expressed its concern about the fraud and highlighted that there had been concerns that this was a potential area for fraud for many years, and asked whether the Welsh Government felt that this was now under control. The Permanent Secretary said that he felt the Government was “...getting on top of it now” and that they are “...still very actively working with local authorities to make sure systems are improved”.<sup>75</sup>

**140.** The Committee believes that there should have been more consideration to how this policy was administered at the outset, which may have prevented such fraud cases occurring. Furthermore,

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<sup>73</sup> RoP, 3 October 2016, paragraph 143

<sup>74</sup> RoP, 3 October 2016, paragraph 154

<sup>75</sup> RoP, 3 October 2016, paragraph 77 and 75

we have significant concerns that there was potentially a lack of capacity within the Government to identify fraudulent trends emerging from this scheme. We would urge those within the civil service responsible for policies which are administered outside of the Welsh Government ensure that there is adequate consideration given to potential fraud, and that the Welsh Government ensure that there is sufficient capacity within departments to monitor such schemes to avoid such fraud in the future.

**Recommendation 11.** The Committee recommends that the Welsh Government review its oversight arrangements for Welsh Government funded schemes that are administered by external organisations to ensure there are safe guards in place to prevent fraud.

**Recommendation 12.** The Committee recommends that the Welsh Government provide an update prior to next year’s account scrutiny on the detail of arrangements put in place to strengthen the systems around the administration of concessionary travel payments

## Procurement

**141.** The Welsh Government are reviewing its procurement arrangements as part of its ‘Preparing for the Future’ programme and this includes the strengthening of contract management skills. The Accountability Report outlines that this work stream has reported over £7m of procurement savings in the first half of 2015. The report also identifies “some poor procurement practices” and outlines that “steps are being taken to revise delegated authorities for taking procurement decisions”. The Committee asked the Permanent Secretary about the Value for Money achieved to date arising from changes to procurement practices, and he reported that there was now about “£15 million or £20 million-worth of improvement”.<sup>76</sup>

**142.** Procurement is an important tool in ensuring maximum value for money is achieved. It is also a significant policy lever for the Welsh Government to increase procurement from within Wales. The Permanent Secretary explained that it was difficult as just driving down cost does not necessarily deliver the optimal outcome:

“For example, you can often get a better unit cost if you aggregate procurement to a larger scale, but then that can make it more difficult for smaller businesses to compete for the business, or it might make it more likely that we would lose the business from the Welsh economy to a larger company headquartered outside. So, we can’t just drive down cost, but cost is incredibly important.”<sup>77</sup>

**143.** The Committee explored further with the witnesses about whether there was the capacity within Central Government and Local Government to be able to procure smartly, rather than just cheaply. The Permanent Secretary confirmed that to help with this the Welsh Government had been “working quite hard to improve professionalism and training”<sup>78</sup> within the procurement team and that the Head of Procurement had been recruited externally, and reported directly to a Deputy Permanent Secretary. The Committee also notes that the Auditor General for Wales is due to produce a report on Public Procurement, which will give further opportunity for these and wider procurement issues to be considered.

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<sup>76</sup> RoP, 3 October 2016, paragraph 99

<sup>77</sup>RoP, 3 October 2016, paragraph 99

<sup>78</sup> RoP, 3 October 2016, paragraph 99

**144.** The Committee questioned the witnesses about how they link the policy aim of procuring more from within Wales, and maximising value for money and were told:

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“... if we have all-Wales frameworks, as we are increasingly now for the larger part of our spend, then we can make sure that those frameworks are tailored to allow smaller businesses to compete, to capture the work in Wales. I wish I had a number to hand, but we’ve actually been capturing a lot more of Welsh Government and public sector spend in Wales. ...When you look at the scale of public sector expenditure in Wales—billions every year—just capturing a higher percentage of that for Welsh businesses, and that means capturing it for relatively smaller businesses in many cases, is incredibly valuable to the economy. So, I think we’re making progress. I think the national procurement service will continue to develop that proposition through its frameworks, but we’ll have to keep at it.”<sup>79</sup>

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**145.** The Committee believes that it would be useful to include an indicator within the Welsh Government consolidated accounts which shows the percentage of Welsh Government procurement that has been awarded to Welsh companies.

**Recommendation 13.** The Committee recommends that future Welsh Government accounts contain information on the percentage of Welsh Government procurement which has been awarded to Welsh companies.

**146.** The Welsh Government’s use of corporate credit cards for procurement has been raised widely as an issue with the Government and has been reported by the media. With fraudulent expenditure being reported during 2015-16, the Committee asked the witnesses what measures had been taken to make the use of these cards more transparent. The Welsh Government confirmed that they were now publishing all the transactions made on these cards.

**147.** The consolidated accounts for the year 2015-16 showed that the Welsh Government made a fruitless payment of £1.25m, which the Permanent Secretary explained:

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“...a large procurement, decided on some very narrow margins in favour of one tenderer, and so the contract was awarded. A disappointed tenderer challenged the judgment, the Welsh Government initially defended the allocation but subsequently received legal advice that the cost of continuing to defend the action taken with the prospects of success were such that it would be better to enter formal arbitration with the claimant, which was done. This is a compensation payment under a court order, following the arbitration.”<sup>80</sup>

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**148.** The Permanent Secretary told the Committee that in his view,

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“this was avoidable. It was, in part, a result of just poor record keeping and some ill-judged naïve administration.”<sup>81</sup>

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**149.** Subsequent correspondence from the Welsh Government and press reports have detailed this payment to be related to the procurement of a furniture supplier contract.<sup>82</sup>The Committee is

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<sup>79</sup> RoP, 3 October 2016, paragraph 123

<sup>80</sup> RoP, 3 October 2016, paragraph 331

<sup>81</sup> RoP, 3 October 2016, paragraph 332

concerned to see such a fruitless payment being made, in such a seemingly avoidable situation. We will expect the Welsh Government to keep us informed with developments in this area, and to receive reassurances that the procurement procedure has been tightened up by the account scrutiny session for 2016-17 next year.

**150.** The Committee are concerned that the Welsh Government's procurement procedures failed to prevent the occurrence of a substantial fruitless payment of £1.25m, which the Welsh Government itself deems "avoidable". We request that the Welsh Government update the Committee on how it is approaching this matter and the measures it has put in place to strengthen its procurement processes

**151.** The Committee observed more generally that the Welsh Government only responded to 85% of Freedom of Information requests within the statutory deadlines, which although in line with the Information Commissioner's target seems to be low in terms of transparency, particularly given the UK Government works to a target of 90%.<sup>83</sup> As such the Committee will keep a watching brief on this, and as it would like to see maximum transparency.

## Staffing

### Accountability within the Senior Management Structure

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**152.** During 2015, the Welsh Government management structure was streamlined to four groups (Office of the First Minister and Cabinet; Education and Public Services Group; Health and Social Services Group; and Economy, Skills and Natural Resources); with the previous structure of six Director Generals being replaced with two Deputy Permanent Secretaries and the Director General for Health and Social Service/Chief Executive of NHS Wales. The Welsh Government Annual Report notes this is:

"more economical, provides clearer direction and enables more collaborative working on Government priorities."<sup>84</sup>

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**153.** As part of this restructuring, the Permanent Secretary introduced a common control framework for all the groups to operate, which replaced the individual departments control framework. The Permanent Secretary said that this was "...simply more robust" and that it gave him "...a much better chance of securing good quality administration".<sup>85</sup> He also confirmed that this was subject to constant review.

**154.** The Committee questioned the Permanent Secretary about whether there was sufficient accountability and oversight of policy delivery in all areas given the streamlined structure. He said:

"I thought, potentially, the model could be more effective for Government in that the more vertical divisions there are in an organisation, the more difficult it's likely to be to develop a whole-of-Government proposition in terms of delivery."<sup>86</sup>

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<sup>82</sup> PAC(5)-11-16, PTN3, 28 November 2016

<sup>83</sup> [Freedom of Information Statistics Bulletin](#)

<sup>84</sup> Welsh Government Consolidated Accounts 2015-16, page 13

<sup>85</sup> RoP, 3 October 2016, paragraphs 39 and 44

<sup>86</sup> RoP, 3 October 2016, paragraph 133

**155.** The Committee were not convinced by the answer given by the Permanent Secretary, and would urge the incoming Permanent Secretary to undertake a full evaluation of the restructuring to ensure that there is sufficient oversight of policy delivery and that the assurance framework is fit for purpose.

**Recommendation 14.** The Committee recommends that the incoming Permanent Secretary considers whether the current senior management structure and assurance framework are appropriately robust particularly in terms of accountability and oversight of policy delivery.

### Sickness absence

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**156.** The sickness absence rate in the Welsh Government for 2015-16 was 8.1 working day average. The Welsh Government consolidated accounts sets out that they have introduced new guidance and support to encourage people to return to work earlier, which has helped keep this figure steady. The Permanent Secretary said that he has established a Task and Finish Group to look at matters around sickness and how these figures can be improved. We would suggest that the Welsh Government explore elements of good practice from other organisations in this review.

**Recommendation 15.** The Committee recommends that the Welsh Government Task and Finish Group makes use of best practice examples from across the public sector to reduce sickness absence levels.

### Performance Management

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**157.** The Committee questioned the Welsh Government on the robustness of its performance management system. The Permanent Secretary said that he was:

“...not satisfied that the performance management system was robust enough, the number of staff underperforming seemed to be a rather small percentage given the size of the organisation.”<sup>87</sup>

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**158.** The Committee were not convinced that underperformance would be addressed going forward, as there seemed to be little evidence of action being undertaken to address this.

**159.** The Committee have a number of concerns in terms of the Welsh Government's sickness data and performance management. There appeared to almost be an acceptance that a level of poor performance was unavoidable, which the Committee would not expect to see in what should be an exemplar employer in Wales. Given the number of staff employed by the Civil Service in Wales, and the importance of staff morale in the successful delivery of public services, the Committee urges the incoming Permanent Secretary to consider these staffing matters as a key priority, and we will revisit these issues in the future.

**Recommendation 16.** The Committee recommends that the Welsh Government monitor poor performance and the actions taken to address these matters to ensure performance management is managed robustly.

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<sup>87</sup>RoP, 3 October 2016, paragraph 230

## Statutory Requirements – Well Being of Future Generations (Wales) Act 2015 and Welsh Language standards

**160.** In April 2016, the Well Being of Future Generations (Wales) Act 2015<sup>88</sup> requirements and the new Welsh Language standards<sup>89</sup> came into force. These were two substantial pieces of legislation from the Fourth Assembly which place significant requirements on the wider public service to change their working practices.

**161.** The Committee questioned the Welsh Government on their delivery of these important statutory requirements and whether it was confident it was meeting these. In relation to the Well Being of Future Generations Act 2015, the Permanent Secretary said that it was "...really quite a challenging situation". He explained that there had been an internal review to try and establish if enough had been done to meet the requirements. For both schemes, he explained that there had been a lot of internal communication to try and raise awareness. However, he told the Committee:

"If you're going to ask me, 'Is it enough?' or 'Is it going to work?', I don't know for sure. Actually, the auditor general will be auditing us and, of course, the commissioner will look to the Welsh Government, I imagine, to try and be an exemplar in this field. I would absolutely love to be able to say that I know the Welsh Government civil service will be exemplary, but it's early days."<sup>90</sup>

**162.** Given the requirements this legislation places on Welsh public services, the Committee expects the Welsh Government to be confident in administering the legislation and to be an exemplar in this. The Committee will be revisit this matter in 2016-17 consolidated accounts scrutiny to monitor and review how the requirements of this legislation are being delivered.

### Conclusion

**163.** The Committee had a number of concerns arising from its evidence session with the Welsh Government and have highlighted several areas we intend to return to during our scrutiny of their Consolidated Accounts 2016-17. Some of these matters may be addressed through the committee's other work during the forthcoming year but we will be looking for more robust and satisfying responses next year on the following matters :

- Sickness absence;
- Performance management;
- Delivery of key statutory requirements; and
- Fraud prevention.

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<sup>88</sup> [Well Being of Future Generations \(Wales\) Act 2015](#)

<sup>89</sup> [Welsh Language Standards 2016](#)

<sup>90</sup> RoP, 3 October 2016, paragraph 191

## Annex - Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at:

<http://senedd.assembly.wales/mgIssueHistoryHome.aspx?IId=15845>

Date	Name and Organisation
19 September 2016	Suzy Davies AM, Assembly Commissioner Claire Clancy, National Assembly for Wales Nia Morgan, National Assembly for Wales
26 September 2016	Richard Spear, Careers Wales Nikki Lawrence, Careers Wales  David Blaney, HEFCW Bethan Owen, HEFCW Nick Williams, HEFCW  Meilyr Rowlands, Estyn Phil Sweeney, Estyn
3 October 2016	Sir Derek Jones, Welsh Government Gawain Evans, Welsh Government Peter Kennedy, Welsh Government