

Sir Derek Jones KCB  
Ysgrifennydd Parhaol  
Permanent Secretary



Llywodraeth Cymru  
Welsh Government

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

1st February 2017

Dear Nick,

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

Please find enclosed a copy of the Welsh Government response to the above report which will be laid before the Table Office.

I would like to thank you and the Committee for the careful and considered way in which you undertook the investigation and produced the report.

I expect this to be my last formal response to a Committee report before I step down. I would therefore like to take this opportunity to thank the Committee, and its predecessor, for the both the challenge and the support it has given me during my last four years as Permanent Secretary of the Welsh Government.

Yours,  
Derek



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

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

## **Response to the Report of the National Assembly for Wales Public Accounts Committee on Scrutiny of Accounts 2015-16:**

*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 info-graphics to make key information as readable as possible.*

Response. **Accepted.**

The Welsh Government welcomes the Committee's positive feedback on its accounts simplification work so far. Although the Welsh Government has done much to improve the presentation of information in the accounts in line with the wider simplifying and streamlining project, and including the use of diagrams and info-graphics, this is an iterative process and we will be looking for opportunities for further improvements in the 2016-17 accounts.

*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.*

Response: **Accepted.**

The Welsh Government will develop and disseminate good practice guidance on the reporting of sickness absence to support organisations in the preparation of the next annual report and accounts.

*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.*

Response: **Accepted.**

The Welsh Government is concerned that the audit and scrutiny burden on small organisations is proportionate, and while there is clearly room for improvement, is of the view that Careers Wales has produced a good quality report in this instance. However, the Welsh Government has shared a copy of its own accounts with Careers Wales and stands ready to advise on transparency and accessibility. Careers Choices/ Dewis Gyrfa CCDG, trading as Careers Wales, is a Limited Company that must comply with company law and submit its accounts in a formal manner to Companies House. Any future change to the presentation of the accounts must be considered in line with these legal requirements.

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

Response: **Accepted.**

The remit letter to Careers Wales for 2017-18 confirms that the Welsh Government substantively supports the Board's vision for the future development of the company's services. The Welsh Government will continue to work with the company to consider what, if any, additional support may be required to accelerate development and implementation of the vision. A regular schedule of meetings between Ministers and the Chair of the Board, supported by quarterly performance reports, will assist in monitoring progress.

*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.*

Response: **Accepted**

When delivering activity assigned to it by the Welsh Ministers, Careers Wales must comply with the Welsh Language Standards as applied to the Welsh Government and has been informed of its duties in this regard. The Welsh Government will work with the Welsh Language Commissioner and Careers Wales to help ensure that standards are understood and complied 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.*

Response: **Accepted**

Careers Wales offers a bilingual service to clients. The Welsh Government will continue to use the annual remit letter to clearly set expectations for bilingual service provision.

Careers Wales contracts with a provider to facilitate conversations with individuals who do not speak Welsh or English. This provider enables the company to access interpreters as required. Welsh Government continues to review how Careers Wales meets its responsibilities with regards to accessing services for those clients that do not speak English or Welsh.

*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.*

Response: **Accepted**

Implementation of the forward vision for Careers Wales is premised on significant digital transformation, including website redevelopment.

The first phase of website improvements will be delivered by summer 2017 and include a new look and feel supported by improved navigation in line with the vision's focus on services for young people and schools. This development will also align better with Welsh Government digital standards.

Careers Wales is currently taking independent expert advice to inform its forward plans for digital transformation, and will set out its roadmap for digital transformation in its 2017-20 Strategic Plan. It will be for the Chair to report to Ministers on the implementation of the remit and business plan.

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

Response: **Accepted**

Welsh Government regularly reviews the information that is regularly and routinely provided to it by Careers Wales as part of monitoring and reporting requirements. The Welsh Government will request that Careers Wales publish this information in future reports.

*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.*

Response: **Accept in principle**

Work has previously been undertaken to consider options for merging admission agreements to the various Local Government Pension Schemes. The view taken at that time was that a merger of funds was not appropriate; in part due to the requirement for the Welsh Government to provide a significant bond or guarantee. Recognising changes within the company since 2014, the Welsh Government will review the process and options. Any decisions in relation to this matter are for the Careers Wales Board.

*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.*

Response: **Accepted**

The Welsh Government will continue to work on the presentation of information in the Annual Accounts in line with the wider simplification and streamlining project. The Welsh Government will review the way it currently presents information on budgets for each MEG and where possible will include links to other Welsh Government documents which provide further detail. We will also provide a more comprehensive explanation on variances between outturn and budget. Any changes will focus on part one of the accounts where we have greater flexibility over the presentation of information.

*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 that there are safe guards in place to prevent fraud.*

Response: **Accepted**

The Welsh Government Internal Audit Service will schedule a review of the oversight arrangements for Welsh Government funded schemes administered by external organisations as part of its work programme for the financial year 2017/18, with a view to assessing whether there are sufficient and proportionate safeguards in place to prevent fraud. The Terms of Reference for this review are yet to be defined, but Internal Audit expects to look at oversight arrangements from a whole-Welsh Government procedural perspective first, followed by the selection of specific grant giving areas to study practice in greater depth. To ensure as broad a view as possible, assurance will also be taken from other existing audit arrangements covering grant giving, for example, the European Funding Audit Team audits of EC grants recipients and any relevant WAO studies such as the proposed study of grants to Welsh businesses.

*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.*

Response: **Accepted**

The Welsh Government is tracking process and control improvements put in place with respect to concessionary travel. The Welsh Government will provide an update to the Public Accounts Committee when it next considers accounting matters, ahead of 2016/17 accounts scrutiny, or as requested by the PAC.

*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.*

Response: **Accepted**

The Welsh Government plans to present this information in part one of the accounts.

*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.*

Response: **Accepted**

The recommendation will be brought to the attention of the in-coming Permanent Secretary.

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

Response: **Accepted**

The Task and Finish Group has now concluded, and has considered good practice in other parts of the Civil Service as part of its work. The Group recommended that a Wellbeing Strategy be developed to promote preventative health measures and help ensure employees and managers are aware of sources of advice and support. The Welsh Government will continue to consider good practice from a range of organisations in developing this strategy.

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

Response: **Accepted**

The Welsh Government has policies and procedures in place for the management of poor performance, which include the development and implementation of individual Performance Improvement Plans when a line manager considers a person's

performance is deteriorating, without waiting for six monthly performance reviews or a formal classification of under-performance. The Welsh Government has also been working in recent years to improve the robustness of performance box-marking through a consistent and considered approach to the moderation of markings across grades and departments.

As reflected in the Committee's report however the Permanent Secretary has acknowledged that more work needs to be done to improve the management of poor performance. The Welsh Government made changes to its performance management procedures at the beginning of the 2016-17 reporting year. The changes were intended to make discussions between employees and managers about performance and development more meaningful and productive, including where there are concerns about performance levels. The changes are in line with developments across the wider Civil Service and will be reviewed after the first year of operation.