



Llywodraeth Cymru
Welsh Government

Minutes of the Board Meeting, 08 June 2018

Present:

Permanent Secretary (Chair)
Andrew Goodall
Desmond Clifford
Andrew Slade
Tracey Burke
David Richards
Gawain Evans
James Owen (Deputy PK)
Jeff Godfrey
Gillian Baranski
Sally-Ann Efstathiou (Deputy NP)
Ann Keane
Ellen Donovan
Jeff Farrar
Lynne Schofield
Helena Bird

In attendance:

Jo Salway (Item 1)
Piers Bisson (Item 3)
Peter Ryland (Item 3)
Helen Morris (Item 4)

Secretariat:

Rob Jones

Apologies:

Natalie Pearson (NP)
David Richards
Peter Kennedy (PK)
Jeff Godfrey

Introduction

The Permanent Secretary welcomed everyone and introduced her new Private Secretary, Helena Bird to her first meeting of the Board.

1. Prosperity for All

1.1 Jo Salway, Head of Cabinet Office, gave the Board an update on progress of *Prosperity for All: The National Strategy*, specifically on feedback from Cabinet Ministers on the stocktake update paper that had recently been presented to Cabinet. The key messages from those discussions were:

- renewed and clear focus on taking actions against the 5 priority areas;

- RAG status on progress against objectives would be reviewed by Ministers every Assembly Term;
- ensure Welsh Government are seen to be demonstrating effective cross government working, and these practices are embedded in its governance and structures in a sustainable and visible way.
- Ensure the focus is on delivery and outcomes for citizens.
- A further update paper would return to Cabinet in July.

1.2 The Permanent Secretary has arranged to meet with Ministers and the Leader of the House following the Cabinet discussion to address comments regarding Civil Service performance, and to better understand the constraints and frustrations of ministers. A report on findings to address these comments will be produced and actioned. She also said there will be a review of the Corporate Business Planning System to ensure it is efficient and consistent.

Action: Corporate Business Planning to be considered at a future Board meeting. (Secretariat/Lead Official)

1.3 The Board recognised the importance of demonstrating positive impacts on citizens as a result of the Strategy by 2021, and noted further consideration would need to be given on how best to monitor and track delivery against outcomes. The Board agreed the update paper being prepared for Cabinet should come to the next meeting.

Action: Prosperity for All Stocktake paper to be tabled at July meeting. (Jo Salway)

1.4 The Board discussed ways of improving cross government working, and the Permanent Secretary highlighted how new Performance Management Measures through the Future-Engage-Deliver (FED) programme would help ensure this approach is embedded across the organisation.

1.5 The usefulness of Cabinet Challenge Sessions in focusing on critical areas, and in shaping quality Cabinet Paper submissions, was agreed by all. The Permanent Secretary wished to record her thanks to Cabinet Office staff for their assistance with these sessions. Ellen Donovan noted there may be opportunities here to utilise the Non Executive Directors (NED) experience in these sessions.

Action: Consider potential NED involvement in Challenge Sessions. (Secretariat/Lead Official)

2. Finance Report

2.1 Gawain Evans, Director Finance, presented the monthly finance report. The report focuses on budgetary pressures facing the Welsh Government in 2018-19 and the level of reserves available for potential funding. Gawain also reported on:

- the Reserve balance and it's ability to mitigate against potential pressures;
- new tax raising powers, and the potential impact on the budget towards year end;
- the expectation pressures in 2019/20 are likely to be significantly higher.

2.2 In response to a request by Mark Drakeford, Cabinet Secretary Finance, for earlier and more accurate budget forecasting, Gawain has written to each Group emphasising the importance of accurate and timely reporting in the September period.

3. EU Transition: Cabinet Sub Committee Paper

3.1 Des Clifford, Director General, Office of the First Minister and Brexit, was joined by Piers Bisson, Director European Transition, to provide an update on EU Transition progress, specifically on Exit Preparedness. The Board discussed the recently tabled Cabinet Sub-Committee paper on the matter, which outlines the key pressures facing Welsh Government. The Board discussion covered key areas including:

- Legislative Capacity;
- Policy Development, challenges & opportunities;
- Skills of WG staff, building resource and capability internally through FED;
- Financial arrangements, including potential cessation of EU funding;
- Resourcing Brexit, including support for external businesses;
- Uncertainty of transitional arrangements and associated risks of "no deal";
- Forthcoming White Papers: *Brexit and Our Land* due for publication in July 2018.

3.2 The Permanent Secretary thanked Piers Bisson for the update and said she feels there is a great deal of respect for the Welsh Government's EU team in Whitehall. The UK has provisionally accepted the deadline imposed by Michel Barnier for an Article 50 agreement to be reached by October 2018, and the Permanent Secretary hopes the outlook and ramifications for Welsh Government will hopefully become clearer after this period.

3.3 Peter Ryland, Deputy Director Wales European Funding Office (WEFO), gave an update on the EU Structural Funds programme, and the challenges presented by Brexit. The team are attempting to identify sufficient internal capacity to develop Wales' specific policy, which is coherent and integrated with wider UK Policies. There remain unanswered questions which pose risks to the programme funding, including:

- the potential value of the HMRT Treasury guarantee in the event of “no deal”;
- clarity over whether the guarantee would cover programmes or individual projects;
- formal planning rate for exchange rate is £1.17, however exchange rate fluctuations could potentially affect future funding decisions.

A forthcoming Wales Audit Office Report, due for publication in July, will highlight these issues.

Action: Next update to include risk mitigation options relating to potential exchange rate fluctuation. (Peter Ryland)

4. Draft Annual Governance Statement

4.1 Helen Morris, Deputy Director, Corporate Governance & Assurance, presented the Draft Annual Governance Statement. The Governance Statement (GS) is a statement from the Permanent Secretary, as the Principal Accounting Officer, setting out how resources in the organisation are managed. The Governance Statement records the stewardship of the organisation and provides a sense of its vulnerabilities and resilience to challenges.

4.2 Helen outlined the improvements in this year's governance statement, which included a more rigorous process, including improved transparency and openness of where there are deficiencies, as well as in identifying success. She stated there is better continuity in processing the accounts, and a full set of accounts will now be presented to the WAO in July, an improvement on last years process. The Internal Control Questionnaire (ICQ) has been refined with a new focus on assurance, and provided a useful grid to easily identify assurance levels across Group. An Assurance Stocktake session attended by the Permanent Secretary also proved useful in forming the GS. The template for Director General Assurance Statements has also been improved, and returns for this will be incorporated in the next iteration of the GS.

Action: Include comments from DG assurance Statements in next iteration of GS (Helen Morris)

4.3 The GS will be published at the same time as the Grants Management Report as previously agreed at Public Accounts Committee (PAC).

Action: Ensure GS is cross referenced to the Grants Management Report (Helen Morris/Gawain Evans)

4.4 Helen Morris was also asked to further consider the following under the relevant headings:

Local Authorities

- Powys Intervention

Action: Helen Morris to be provided with details for consideration. (Andrew Goodall)

Risks

- Brexit;
- Education Reform
- Skills & Performance

Assurance Summary

- References to Senior Decision Making Structures.
- Evidence compendium: this is being compiled and will be provided with the next iteration of the GS at the July Board meeting

Action: Next iteration of the GS to be brought to the July Board meeting. (Helen Morris)

5. Sub Committee Reports.

5.1 Ann Keane, Non Executive Director, reported on the previous ARAC meeting. She asked the Board to note the rename of the Audit Risk and Assurance Committee (ARAC) and informed the Board of the change to membership and the plans to re-constitute the Group ARAC's in September.

5.2 Ann reported the overall number of audits conducted in Welsh Government have reduced, but opinions across audits on the four point assurance scale remain consistent and stable. There were seven "limited assurance" reports in the period. A three year audit plan is being drafted, and Director Generals have had the opportunity to comment on this plan. There will be an extraordinary out of committee meeting in July to

consider the WG accounts, and the next meeting proper is scheduled for August 2018.

5.3 The Permanent Secretary wished to thank Ann Keane for agreeing to her appointment as Chair of the ARAC, and for the update.

5.4 There was no Legislation Programme Board update due to the absence of it's Chair, David Richards. Due to concerns over the pressures on Legislative Capacity as a result of Brexit, the Permanent Secretary assured the Board there would be a comprehensive update at the next meeting

Action: Comprehensive LPB update at the next meeting. (David Richards)

CLOSE

Permanent Secretary's Private Office, 15 June 2018

Actions arising at Board meeting, 8 June 2018

ACTION	LEAD OFFICER	LATEST POSITION
Prosperity For All		
Prosperity for All Stocktake paper to be tabled at July meeting.	Jo Salway	In hand, paper commissioned and due to go to Cabinet on 10 th July 2018.
Government Business		
Consider NED involvement in Challenge Sessions.	Secretariat	In hand.
Corporate Business Planning to be considered at a future Board meeting.	Secretariat	Added to Board Forward Agenda.
EU Transition		
EU Structural Funds Update to include risk mitigation options relating to potential exchange rate fluctuation.	Peter Ryland	In hand
Draft Annual Governance Statement		
Amendments as agreed to be considered, and the next iteration of the GS to be brought to the July Board meeting.	Helen Morris	In hand
Legislation Programme Board		
Ensure update brought to next Board	David Richards	In hand, regular item.

Outstanding Actions 2017-18

ACTION	LEAD OFFICER	LATEST POSITION
Location Strategy		
Ensure lessons learned from Merthyr Tydfil, in particular the agile working pilot programme, are incorporated	Paul Sullivan	In hand, work ongoing as part of the Location Strategy proposal update.

into the strategy.		
Capture and consider lessons learned over establishment of Welsh Revenue Authority.	Paul Sullivan	In hand, work ongoing as part of the Location Strategy proposal update.
Location Strategy proposals to be updated and prepared for consideration by the incoming First Minister.	Paul Sullivan	In hand, work ongoing.
Corporate Risk Register		
A Paper to Note to be prepared for the Board on progress against the 30 recommendations of the Arms Length Body Review.	Peter Kennedy/ Julia Douch	Ongoing: Julia Douch preparing response, to be cleared by Peter Kennedy.