



Board Meeting: 20 July 2017

AGENDA ITEM: 1

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| Title of paper: | Board Annual Report 2016-17 |
| Purpose of paper: | To provide the Board with a short Annual Report on their work during 2016-17. |
| Action required by the Board: | The Board is asked to discuss and agree the content of the draft Annual Report. |
| Official presenting the paper: | Permanent Secretary/Board Secretary |
| Paper prepared by: | Board Secretariat |
| Publication: | Once approved, the Board's Annual Report should be published. |
| Date submitted to Secretariat: | N/A |

Board Annual Report, April 2016-March 2017**Role and remit of the Board****1. Role****1.1 The role of the Board was to:**

- provide effective leadership and governance for the Welsh Government Civil Service;
- oversee delivery of the Welsh Government's agreed strategic aims and objectives and ensure departmental objectives are aligned;
- provide assurance on the effective structures and allocation of resources across the organisation and ensure the organisation is fit for purpose for future & emerging demands and functions, via the delivery and oversight of Preparing for the Future;
- oversee implementation of, and the Welsh Government's compliance with, the Well-being of Future Generations Goals;
- work with the Audit & Risk Committee to assess and manage risk and maintain a transparent system of prudent and effective corporate controls;
- oversee implementation of the organisation's commitment to ensuring and promoting equality of opportunity and eliminating discrimination, harassment and victimisation;
- agree a corporate strategy to maintain a healthy and safe environment for staff and visitors;
- to monitor and measure progress and performance against organisational benchmarks and high performing characteristics;
- to oversee the internal communications approach with staff on organisational priorities and expectations, notably with reference to the People Survey;
- endorse the remit of its Sub-Committees, maintain oversight of their activities and agree arrangements for exception reporting.

As part of their annual review of performance, the Board took the opportunity to consider their Terms of Reference and agreed a revised version from April 2017. (Annex 1).

Sub-Committee Structure

During 2016-17, the Board was supported by:

- the **Audit and Risk Committee (ARC)** chaired by a Non-Executive Director and includes the Chairs from the Group ARCs. The function of the committee is to assist the Board to monitor and review both the risk, control and governance processes which have been established, and the associated assurance processes in place within the organisation. During the year, the structure of the Committee was revisited and the Chairs from each of the Group ARCs became members to increase communication and cross-working between the Committees;
- the **Remuneration Committee** which is responsible for the Senior Civil Service (SCS) Pay Strategy, overseeing the process of assessment

and moderation for SCS members and agreeing the recruitment processes for all SCS posts. This is also chaired by a Non-Executive Director;

the **Operations Committee**, which is responsible for taking decisions on strategic operational issues

The Sub-Committees have all reported regularly to the Board orally and will provide a written Annual Report to the Board on their work over the year as part of the end of year assurance process.

Registration of Board interests

The Board Secretariat maintains a Register of Board Members' Private Interests and this is updated at least annually.

Board Members' expenses

Expenses of Board Members are published on the Welsh Government internet site on a regular basis. These cover costs claimed back in respect of their expenditure on travel, accommodation and subsistence during the course of Welsh Government business.

Board Membership

Attendance at Board meetings in 2016-17 was as follows:

| | | Attendance |
|---------------------|---|------------|
| Shan Morgan | Permanent Secretary (from February 2017) | 2 of 2 |
| Sir Derek Jones KCB | Permanent Secretary (until February 2017) | 6 of 6 |
| Gillian Baranski | Board Equality & Diversity lead | 8 of 8 |
| Gawain Evans | Finance Director | 8 of 8 |
| Owen Evans | Deputy Permanent Secretary, Education & Public Services | 8 of 8 |
| Sioned Evans | Chair, Operations Committee | 6 of 8 |
| Jeff Godfrey | Director, Legal Services | 7 of 8 |
| Dr Andrew Goodall | Director General, Health and Social Services/ Chief Executive NHS Wales | 8 of 8 |
| Peter Kennedy | Human Resources Director | 8 of 8 |
| Natalie Pearson | Deputy Director, Engagement and Innovation | 8 of 8 |
| James Price | Deputy Permanent Secretary, Economy, Skills and Natural Resources | 7 of 8 |

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|-----------------------------------|------------------------|--------|
| David Richards | Director, Governance | 8 of 8 |
| Ann Keane | Non-Executive Director | 6 of 8 |
| Professor Elan Closs Stephens CBE | Non-Executive Director | 7 of 8 |
| James Turner | Non-Executive Director | 8 of 8 |
| Professor Sir Adrian Webb | Non-Executive Director | 7 of 8 |

Sir Derek Jones was also a member of the Civil Service Board and was shadowed in this role by a member of Welsh Government staff as a development opportunity. The Welsh Government Shadow Board member in the first part of 2016-17 was Christopher Dawson, followed by Sarah Rhodes & Lynne Schofield (job share partnership) from December 2016. The Shadow Board members attend Board meetings.

Non-Executive Directors

The Board included Non-Executive Directors who contribute an external perspective and provide advice and challenge to the Board.

Elan Closs Stephens was Chair of the Audit & Risk Sub-Committee and James Turner chaired the Remuneration Committee, with the other Non-Executives being members of those Committees.

The Non-Executive Directors have also been engaged in work outside formal Board and Committee meetings, such as serving on programme boards for major strategic projects, participating on recruitment panels and mentoring and attending meetings with members of the Senior Civil Service - thus also contributing to the wider work of the organisation.

Board Business

The following account provides an overview of business conducted by the Board during the financial year 2016-17. The Board received regular feedback on the work of its Sub-Committees and matters delegated to those Sub-Committees.

In the last financial year, the Board:

- continued with the item allowing Board members to monitor **progress in key delivery areas**. Topics covered included Rural Payments, NHS Performance, Wylfa Newydd, Programme for Government and Development of the Welsh Treasury;
- undertook a review of their **effectiveness** and agreed priorities for their discussions alongside a revised Terms of Reference;
- discussed the outcome of the EU Referendum and subsequent developments in relation to **EU Transition**;
- reviewed the organisation's high level **risks** and shared information on departmental risks;

- monitored **financial management** via regular reports to the Board, and continued to challenge colleagues on the work in hand to manage the overall position. The Board also discussed the **Annual Accounts** and accompanying Governance Statement in advance of their being signed by the Principal Accounting Officer and Auditor General for Wales;
- received regular oral reports from, and endorsed the Annual Reports of, the Board's Sub-Committees (**Audit & Risk, Remuneration and Operations**). These reports formed part of the assurance process to the Board and Principal Accounting Officer in advance of the Annual Accounts being submitted for signature;
- received information on the benefits and savings identified as part of the **Preparing for the Future** programme;
- received a further progress report on **Flexible Working** as part of the Merthyr pilot;
- considered the **Flexible Posting Evaluation** and agreed to close the programme, but delegated consideration of how the managed moves process could ensure consistency and fairness and encourage staff to work across boundaries to the Operations Committee;
- agreed the principles for a **Compassionate Leave** policy;
- participated in discussions on the **Future ICT Programme** including embedding the key principles of the ICT Strategy, resilience and agreement to the replacement device for BlackBerrys;
- agreed the development of a **Health & Wellbeing Strategy**, incorporating existing successful policies;
- considered the detailed analysis from the **People Survey** and agreed the Action Plan requesting that work should focus on leadership and managing change (in addition to the improvement work that had already commenced on ICT) with action taken to support managers in these areas. Members also agreed that the Non-Executive Directors should be involved in Focus Groups to consider how more focussed surveys might look and whether any particular issues would benefit from further investigation;
- heard from the Board's **Equality & Diversity** Champion about progress, including an update on Workforce Diversity targets, the successful Equality & Diversity week and appointment of 100 Mental Health First Aiders. The Board agreed to a corporate diversity objective for Line Managers, proposals to increase the number of staff identifying as disabled or BAME and also to establish a Reverse Mentoring pilot. They received a presentation from Sue Owen (Permanent Secretary at the Department for Culture, Media and Sport and the Civil Service Diversity Champion) about diversity work in the Civil Service and in return shared with her the key work being taken forward within the Welsh Government;

- received regular updates on corporate **Management Information**, **Foreign Exchange** issues and **Workforce** data;
- agreed to a Key Performance Indicator to improve the response time to **complaints**; and
- shared information on a range of current issues which included implementing the **Welsh Language Standards**, progress of the **Wales Bill**, and Group **priorities and challenges**;
- agreed to trial a new way of working by moving to a **paperless** system for Board meetings.

Communicating the work of the Board

The Internal Communications team had regular meetings with the Permanent Secretary to identify the key areas for communication and handling.

Board agendas, minutes and papers were made available to the public and to all staff via the internet site six weeks after each meeting.

Board visibility

The Board held its September meeting in the Merthyr office, and this was followed by an open engagement event. The Permanent Secretary and Deputy Permanent Secretaries/Director General participated in Open Forum events in locations across Wales to enable staff to engage directly with them.

Board members also participated in online engagement with the organisation – for example, via the Online Forum and Exchange.

Board Secretariat June 2017

Board Terms of Reference, April 2017

Membership and Role

- The Board supports, challenges and advises the Permanent Secretary in discharging her role. Board members are appointed by the Permanent Secretary in line with Civil Service best practice, and current membership is at Annex A.
- **The role of the Board is to:**
 - oversee the effective delivery of *Taking Wales Forward* for the First Minister and Cabinet, through the Prosperity for All strategy and in line with the objectives of the Wellbeing of Future Generations Act, and ensure that departmental objectives and resources are closely aligned;
 - help ensure that the organisation is resourced, structured and skilled to meet future demands and functions by providing advice to the Permanent Secretary on the strategic allocation of internal resources to support Ministerial priorities;
 - provide advice and challenge to the Permanent Secretary in discharging her role as Principal Accounting Officer in ensuring that the organisation operates to the highest standards in respect of governance, decision making and financial management.

Modes of operation

- The Board meets formally once a month and periodically for less formal working sessions.
- Board papers are circulated five working days before the Board meeting, and minutes are circulated to members within five working days of the date of the meeting.
- Board members are expected to adhere to the Board Members' Code of Conduct, at Annex B.

Sub-Committee Structure

- The Board has three Sub-Committees: Senior Civil Service Remuneration Committee, Audit & Risk Assurance Committee (each Chaired by a Non-Executive Director), and Operations Committee, which is Chaired by a Welsh Government Director or Deputy Director.
- The Board may also establish ad hoc groups, as required, to deliver key corporate priorities.
- Terms of reference of these Sub-Committees are currently under review.

Annex A

Board Membership

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|-----------------------------------|---|
| Shan Morgan | Permanent Secretary |
| Ann Keane | Non-Executive Director |
| Professor Elan Closs Stephens CBE | Non-Executive Director |
| James Turner | Non-Executive Director |
| Professor Sir Adrian Webb | Non-Executive Director |
| Gillian Baranski OBE | Chief Inspector, CSSIW and Board Equality & Diversity lead |
| Gawain Evans | Finance Director |
| Owen Evans | Deputy Permanent Secretary, Education and Public Services |
| Jeff Godfrey | Director, Legal Services |
| Dr Andrew Goodall | Director General, Health and Social Services/ Chief Executive NHS Wales |
| Peter Kennedy | Human Resources Director |
| Natalie Pearson | Deputy Director, Engagement and Innovation |
| James Price | Deputy Permanent Secretary, Economy, Skills and Natural Resources |
| David Richards | Director, Governance |
| Chair of Operations Committee | |
| Shadow Board member | |

Board Members' Code of Conduct

General Conduct

Board members should:

- give priority to attending Board meetings and attend in a timely manner. If they are unable to attend a meeting or any part of it, the Secretariat should be notified in advance;
- where an Executive member of the Board is unable to attend a meeting, they should designate an appropriate deputy to attend in their place;
- fully apprise themselves of the detail of business to be discussed in advance of each meeting in order to play a full and active role in the work of the Board;
- respect the Chair and fellow members of the Board, treating them with courtesy at all times;
- ensure they adhere to the requirements of the Welsh Language Standards.

Openness

- Board agendas, minutes and papers are published on the internet six weeks after the meeting, in accordance with the Welsh Government's Publication Scheme.
- The Secretariat maintains a Register of Board members' private interests, and this Register is updated on an annual basis.
- Where a member of the Board has a concern about a potential conflict between their business and private interests, they are required to declare this at the relevant meeting. Any such declaration will be recorded in the minutes.
- The expenses claimed by Board members, including the Non-Executive Directors, are published on the Board's internet site.
- A commentary on the Board, its membership and its work is included in the Permanent Secretary's foreword to the Annual Accounts.