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Llywodraeth Cymru  
Welsh Government

# **WELL-BEING OF FUTURE GENERATIONS (WALES) BILL**

**Explanatory Memorandum**  
Incorporating the Regulatory Impact Assessment  
and Explanatory Notes

March 2015



# **WELL-BEING OF FUTURE GENERATIONS (WALES) BILL**

## **Explanatory Memorandum to the Well-being of Future Generations (Wales) Bill**

This Explanatory Memorandum has been prepared by the Department for Natural Resources of the Welsh Government and is laid before the National Assembly for Wales.

It was originally prepared and laid in accordance with Standing Order 26.6 in July 2014, and a revised Memorandum is now laid in accordance with Standing Order 26.28.

## **Member's Declaration**

In my view the provisions of the Well-being of Future Generations (Wales) Bill introduced by the then Minister for Communities and Tackling Poverty on 7 July 2015 are within the legislative competence of the National Assembly for Wales.

## **Carl Sargeant AM**

Minister for Natural Resources  
Assembly Member in charge of the Bill

3 March 2015

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## Annex A – Explanatory Notes

## **Chapter 1: Description of the Well-being of Future Generations (Wales) Bill**

1. The Well-being of Future Generations Bill ('the Bill') strengthens existing governance arrangements for improving the well-being of Wales in order to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs (the sustainable development principle). It identifies well-being goals which specified public authorities are to seek to achieve in order to improve the well-being of Wales both now and in the future.
2. The Bill sets out how those authorities are to show that they are working towards the well-being goals. It also, through the introduction of national indicators, ensures that the difference being made to the well-being of Wales will be evaluated and measured.
3. The Bill establishes a Future Generations Commissioner for Wales to be an advocate for future generations who will advise and support specified public authorities in carrying out their duties under the Bill. It also puts Local Service Boards (to be known as Public Services Boards) and well-being plans on a statutory basis and, in doing so, simplifies current requirements as regards integrated community planning.

## Chapter 2: Legislative Background

4. The National Assembly for Wales ('the Assembly') has the legislative competence to make the provisions in the Future Generations (Wales) Bill pursuant to Part 4 of the Government of Wales Act 2006 ('GOWA 2006'). The relevant provisions of GOWA 2006 are set out in section 108 and Schedule 7.
5. Paragraphs 12 and 14 of Schedule 7 set out the following subjects on which the Assembly may legislate under the headings of 'Local government' and 'Public administration':

### **Local government**

- 12 *Constitution, structure and areas of local authorities. Electoral arrangements for local authorities. Powers and duties of local authorities and their members and officers. Local government finance. .*

### **Public administration**

- 14 *Public Services Ombudsman for Wales. Audit, examination, regulation and inspection of auditable public authorities. Inquiries in respect of matters in relation to which the Welsh Ministers, the First Minister or the Counsel General exercise functions. Equal opportunities in relation to equal opportunity public authorities. Access to information held by open access public authorities.*

*The following are "auditable public authorities" and "equal opportunity public authorities"-*

- (a) the Assembly,*
- (b) the Assembly Commission,*
- (c) the Welsh Assembly Government,*
- (d) persons who exercise functions of a public nature and in respect of whom the Welsh Ministers exercise functions,*
- (e) persons who exercise functions of a public nature and at least half of the cost of whose functions in relation to Wales are funded (directly or indirectly) by the Welsh Ministers, and*
- (f) persons established by enactment and having power to issue a precept or levy.*

*The following are "open access public authorities"-*

- (a) the Assembly,*
- (b) the Assembly Commission,*

(c) *the Welsh Assembly Government, and*

(d) *authorities which are Welsh public authorities, within the meaning of the Freedom of Information Act 2000 (c. 36).*

6. In addition to paragraphs 12 and 14, given the scope of the provisions of the Bill as regards well-being, the following paragraphs of Part 1 of Schedule 7 of GOWA 2006 set out the subjects on which the Assembly may also legislate:

***Agriculture, forestry, animals, plants and rural development***

- 1 *Agriculture. Horticulture. Forestry. Fisheries and fishing. Animal health and welfare. Plant health. Plant varieties and seeds. Rural development. In this Part of this Schedule “animal” means -*

*all mammals apart from humans, and*

*all animals other than mammals;*

*and related expressions are to be construed accordingly.*

***Ancient monuments and historic buildings***

- 2 *Archaeological remains. Ancient monuments. Buildings and places of historical or architectural interest. Historic wrecks*

***Culture***

- 3 *Arts and crafts. Museums and galleries. Libraries. Archives and historical records. Cultural activities and projects.*

***Economic development***

- 4 *Economic regeneration and development, including social development of communities, reclamation of derelict land and improvement of the environment. Promotion of business and competitiveness*

***Education and training***

- 5 *Education, vocational, social and physical training and the careers service. Promotion of advancement and application of knowledge*

***Environment***

- 6 *Environmental protection, including pollution, nuisances and hazardous substances. Prevention, reduction, collection, management, treatment and disposal of waste. Land drainage and land improvement. Countryside and open spaces (including the designation and regulation of national parks and areas of outstanding natural beauty). Nature conservation and sites of special scientific interest. Protection of natural habitats, coast and marine environment (including seabed). Biodiversity. Genetically modified organisms. Smallholdings and*

*allotments. Common land. Town and village greens. Burial and cremation, except coroners' functions*

### **Fire and rescue services and fire safety**

- 7 *Fire and rescue services. Provision of automatic fire suppression systems in newly constructed and newly converted residential premises. Promotion of fire safety otherwise than by prohibition or regulation.*

### **Food**

- 8 *Food and food products. Food safety (including packaging and other materials which come into contact with food). Protection of interests of consumers in relation to food. "Food" includes drink.*

### **Health and health services**

- 9 *Promotion of health. Prevention, treatment and alleviation of disease, illness, injury, disability and mental disorder. Control of disease. Family planning. Provision of health services, including medical, dental, ophthalmic, pharmaceutical and ancillary services and facilities. Clinical governance and standards of health care. Organisation and funding of national health service.*

### **Highways and transport**

- 10 *Highways, including bridges and tunnels. Streetworks. Traffic management and regulation. Transport facilities and services.*

### **Housing**

- 11 *Housing. Housing finance except schemes supported from central or local funds which provide assistance for social security purposes to or in respect of individuals by way of benefits. Encouragement of home energy efficiency and conservation, otherwise than by prohibition or regulation. Regulation of rent. Homelessness. Residential caravans and mobile homes.*

### **Social welfare**

- 15 *Social welfare including social services. Protection and well-being of children (including adoption and fostering) and of young adults. Care of children, young adults, vulnerable persons and older persons, including care standards. Badges for display on motor vehicles used by disabled persons*

### **Sport and recreation**

- 16 *Sport and recreational activities.*

### **Tourism**

- 17 *Tourism*

### ***Town and country planning***

- 18 *Town and country planning, including listed buildings and conservation areas. Caravan sites. Spatial planning. Mineral workings. Urban development. New towns. Protection of visual amenity.*

### ***Water and flood defence***

- 19 *Water supply, water resources management (including reservoirs), water quality and representation of consumers of water and sewerage services. Flood risk management and coastal protection.*

### ***Welsh language***

- 20 *Welsh language*

## **Chapter 3: Purpose and Intended Effect of the Legislation**

### **Purpose of this Chapter**

7. Chapter 3 provides an overview of sustainable development in order to place the provisions and intended effect of the Bill in context. It details the current position in Wales as regards the policy areas being addressed through the Bill, namely:
  - the current sustainable development duty on Welsh Ministers provided for in the Government of Wales Act 2006;
  - integrated community planning; and
  - support for sustainable development in Wales.
8. This chapter also provides a summary of the overall policy intention of the Bill in its entirety and details the purpose and intended effect of each Part of the Bill.

### **1. Context**

9. Wales faces a number of complex long-term challenges. Many of these are a legacy from the past, but it is increasingly recognised that more needs to be done to ensure that the current generation does not leave them as challenges for future generations.
10. These challenges are not unique to Wales; they are common across the developed world. Likewise there is some common agreement about the solution – individuals, societies and organisations must commit to make changes now to manage the future challenges that we will face.
11. Our development path must be sustainable if it is to deliver long-term economic prosperity and well-being for Wales. In order to deliver a strong economy for Wales, it is necessary to enhance the natural resources on which our economy relies. Some of these services, such as food, timber and energy, directly contribute to economic activity.
12. This Bill takes further this commitment to sustainable development which has been a distinct feature of national governance in Wales since devolution. This also needs to be seen in the context of international work on how nations should develop. This context is explained below.

### **2. Overview of Sustainable Development**

13. The term ‘sustainable development’ came to public attention following the 1987 report of the World Commission on Environment and Development: Our Common Future<sup>1</sup>, also known as the Brundtland report, which proposed a

definition of sustainable development which has become the widely accepted international description:

*“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own need”*

14. The concept and approach to the development of nations received further attention at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, where the first international attempt was made to develop strategies for a more sustainable pattern of development across the world.
15. The Rio+20 United Nations Conference on Sustainable Development (Rio+20), in June 2012, resulted in *The Future We Want*<sup>2</sup> outcomes document. This document set out a range of long-term outcomes and commitments to advance sustainable development and made clear the need to integrate the three ‘dimensions’ of sustainable development; economy, society and environment, into decision making.
16. Rio+20 also resulted in an agreement to start developing a set of UN sustainable development goals. Rio+20 did not elaborate on specific goals but stated they should be limited in number; aspirational; easy to communicate; and should address, in a balanced way, the three dimensions of sustainable development.
17. Sustainable development remains a fundamental objective of the European Union. The EU’s Sustainable Development Strategy<sup>3</sup> sets out how it intends to address the challenges of sustainable development, and recognises the need to move towards a more integrated approach to policy making. The EU’s approach is based on a set of key sustainable development principles, which include social equity and cohesion; economic prosperity; equity for both current and future generations; involvement of citizens and policy integration.
18. At the UK level, the UK Government and the devolved administrations in Scotland, Wales and Northern Ireland published, in 2005, *‘One Future: Different Paths: The UK’s Shared Framework for Sustainable Development’*<sup>4</sup> (‘the UK framework’) setting out the UK’s shared framework for sustainable development.
19. The UK framework introduced five shared principles to set out an overarching approach and basis for sustainable development policy in the UK. These principles are promoting good governance; using sound science responsibly; living within environmental limits; ensuring a strong, healthy and just society and achieving a sustainable economy. The UK framework included twenty ‘framework indicators’ for sustainable development, which built on previous indicator sets used at a UK level.

20. A 2011 report by the Sustainable Development Commission<sup>5</sup>, the UK Government's independent adviser on sustainable development until its closure in 2011; together with work undertaken by the Office of National Statistics on developing a set of well-being indicators for the UK (2011), show how sustainable development is key to improving economic, social and environmental well-being.

### 3. Current Position

#### 3.1 Sustainable Development in Wales

21. The Welsh Ministers are, under section 79 of GOWA 2006, subject to a duty to make a sustainable development scheme setting out how they propose to promote sustainable development, GOWA 2006 does not provide a definition of sustainable development.
22. Prior to the Welsh Government and the National Assembly for Wales being established as separate institutions under GOWA 2006, the National Assembly for Wales was subject to the duty to make a sustainable development scheme under section 121 of the Government of Wales Act 1998.
23. Since 1998 there have been three sustainable development schemes published in response to this duty:
  - Learning to Live Differently - the Sustainable Development Scheme of the National Assembly for Wales, 2000<sup>6</sup>.
  - Starting to Live Differently - the Sustainable Development Scheme of the National Assembly for Wales, 2004<sup>7</sup>.
  - One Wales: One Planet - the Sustainable Development Scheme of the Welsh Assembly Government, 2009<sup>8</sup> ('the 2009 scheme').
24. In addition to making a sustainable development scheme, GOWA 2006 requires the Welsh Ministers to:
  - publish an annual report on how the proposals set out in the scheme were implemented during the previous financial year;
  - publish, in the year following a general election, a report containing an assessment of how effective their proposals have been in promoting sustainable development.
25. On 23 June 2014 the Welsh Government published its Sustainable Development Annual Report covering the period 2013-14. This is the 14<sup>th</sup> annual report published under this duty. The latest effective review, of the three undertaken in accordance with this duty, was completed in December 2011.<sup>9</sup>
26. The 2009 scheme includes indicators which support the duty by measuring progress, with a statistical update of the indicators being published annually. These indicators consist of a small number of headline indicators which, when considered collectively, are intended to give a high-level view of progress towards a sustainable Wales. These headline indicators are supported by a further suite of indicators that measure more specific issues related to sustainable development.

### *One Wales: One Planet (2009)*

27. In *One Wales: One Planet (2009)*, a definition of sustainable development in Wales is provided. This definition regards sustainable development as the process of development that leads, over time, to a Wales that is economically, socially and environmentally sustainable. The outcome of this is to secure the long term economic, social and environmental well-being people and communities.

#### **Sustainable development in Wales**

*Sustainable development means enhancing the economic, social and environmental wellbeing of people and communities, achieving a better quality of life for our own and future generations in ways which: -*

*- promote social justice and equality of opportunity; and*

*-enhance the natural and cultural environment and respect its limits – using only our fair share of the earth’s resources and sustaining our cultural legacy.*

*Sustainable development is the process by which we reach the goal of sustainability.*

28. It was within the current sustainable development scheme that the commitment to make sustainable development its central organising principle was made.
29. The scheme set out 17 commitments for action on advancing sustainable development in Wales and progress against these actions have been reported in the annual reports. The commitments from 2009 have been superseded by those contained in the Welsh Government’s Programme for Government (2011) which are reported in the Sustainable Development Annual Report and Programme for Government Progress Report.
30. The scheme includes indicators which support the duty by measuring progress, with a statistical update of the indicators being published annually. These indicators consist of a small number of headline indicators which, when considered collectively, are intended to give a high-level view of progress towards a sustainable Wales. These headline indicators are supported by a further suite of indicators that measure more specific issues related to sustainable development.

### **3.2 Integrated Community Planning**

31. Over time the UK and Welsh Governments have placed various duties upon local authorities and numerous partners to prepare and publish a range of plans and strategies which are aimed at improving the well-being of people in their area.
32. These planning duties were intended to improve well-being by bringing focus to the national policy priorities and to ensure the respective plans and

strategies were implemented through effective partnership working. These have many of the principles of sustainable development at their heart, especially collaboration, prevention and engagement with people and communities.

33. Whilst this approach to planning largely achieved the intended policy effect, there were also unintended impacts. In practice, the plans and strategies produced showed a great deal of overlap and duplication, which led to increasing levels of costs and complexity in the planning process.
34. The supporting partnership structures which evolved were extensive, often operating in isolation from one another, even though they frequently comprised many of the same officials and representatives. Efforts have been made to reduce the number of partnerships, however the problem remains. In March 2014, Denbighshire Local Service Board identified 84 partnerships in the county, with the caveat 'this is not a comprehensive list'<sup>10</sup>.
35. This complexity made it difficult for organisations to operate efficiently, and difficult for people and elected members to identify the most important priorities in their area from amongst a host of competing objectives contained within separate plans.
36. Following the Welsh Assembly Government's response to the Beecham Review in 2006<sup>11</sup>, a strategic approach was developed in order to address cross-cutting issues which would benefit from a multi-agency approach or where a lack of a partnership approach would inhibit the achievement of improved outcomes. This resulted in the establishment of local service boards in all parts of Wales during 2007-2008.
37. By late 2010, some local authorities and their partner organisations, through the Local Service Board, began to adopt a more holistic approach to joint planning and sought Welsh Government approval to adopt a more integrated approach.
38. During 2011, the Welsh Government collaborated closely with those involved in Local Service Boards, including the third sector, to develop a new and more systematic approach to partnership working. The model that emerged was based on a number of key elements:
  - a structured approach to the analysis of evidence to determine priorities;
  - use of outcomes based approaches to determine what actions should be taken in response to priorities;
  - integration of the statutory plans in order to reduce complexity and duplication;
  - rationalisation of the network of local partnerships; and

- greater accountability for the work of the Local Service Boards by subjecting them to scrutiny by local authority scrutiny committees.
39. In 2012, the Welsh Government consulted on and issued new guidance to local authorities and their planning partners, *Shared Purpose – Shared Delivery*<sup>12</sup>, which encouraged them to integrate a number of their statutory plans into a single integrated plan. The guidance sets out the Vision for integrated planning (p14):

*Single integrated plans should set out the overarching long term vision for the sustainable development of communities over the next 10-15 years. In order to understand the likely change in demand for services, they should take into account changing demography, the socio-economic context, the impact of climate change and a shift in focus and investment from remedy to prevention.*

40. The statutory planning duties identified by the Welsh Government within the guidance as the ones which should be discharged via the single integrated plans are:
- community strategies – Local Government (Wales) Measure 2009 (Part 2: s.37-46);
  - Children and Young People’s Plans, including plans required under the Children and Families (Wales) Measure 2010 (s.2) and the Mental Health (Wales) Measure 2010 (Part 1) – Children Act 2004 (Part 3: s.26);
  - Health, Social Care and Well-being Strategies – National Health Service (Wales) Act 2006 (Part 3: s.40);
  - Strategies for the reduction of crime and disorder, strategies for combating the misuse of drugs, alcohol and other substances, and strategies for the reduction of re-offending – Crime and Disorder Act 1998 (Part 1: s.6); and
  - information as to the sufficiency of play opportunities – Children and Families (Wales) Measure 2010 (s.11 & s.12).
41. The guidance advised that this list should not be considered exhaustive, with the single integrated plan being suitable for use in satisfying other statutory planning requirements such as the duty provided for in the Childcare Act 2006 (s.22 and s.26) requiring local authorities to prepare assessments of the sufficiency of provision of childcare in their area.
42. The development of a single plan also led to the integration of various different needs assessments and citizen engagement and consultation exercises. The ongoing needs assessment process has begun to incorporate

other statutory assessments, such as those relating to the provision of childcare, nursery provision and play opportunities.

43. The aim of the guidance was to reduce the number of plans and partnerships, make planning more evidence based and focussed on the needs of the people in an area, and to make partnership working more accountable to local democratic processes.

### **3.3 Support for sustainable development in Wales**

44. The non-statutory post of Commissioner for Sustainable Futures was established in April 2011 to continue the work, in respect of Wales, undertaken by the UK wide Sustainable Development Commission, which had ceased to exist earlier that year.
45. The purpose of the current Commissioner for Sustainable Futures is to provide leadership and support the development of the Welsh Government's vision for a sustainable Wales. The core role of the Commissioner for Sustainable Futures is increasing action being taken in respect of sustainable development and building consensus on the issues that were blocking the delivery of policies and programmes to make Wales more sustainable, together with the potential solutions to address these issues.
46. In March 2012, the Welsh Government procured services to provide external support for sustainable development in Wales. This contract, running until March 2015, has been awarded to Cynnal Cymru – Sustain Wales. This contract supports many key actions to promote sustainable development but also includes direct support to the Commissioner for Sustainable Futures.

#### 4. Overview of the policy intent of the Bill

47. The Bill will give effect to the Welsh Government's commitment to *'putting sustainable development at the heart of government; creating a resilient and sustainable economy that lives within its environmental limits and only uses our fair share of the earth's resources to sustain our lifestyles.'*
48. The Welsh Government has set out the difference that it wants to make to the lives of people in Wales *'healthy people living productive lives in a more prosperous and innovative economy, safer and more cohesive communities, with lower levels of poverty and greater equality; a resilient environment with more sustainable use of our natural resources and a society with a vital sense of its own culture and heritage'*<sup>13</sup>
49. The imperative to advance sustainable development is one that is shared by countries across the world. Over the past two years there has been a global conversation, facilitated by the United Nations, with people the world over to seek their views on a set of international Sustainable Development Goals, building on the success of the Millennium Development Goals.
50. The Bill will result in a step change in the way in which specified public authorities improve the long-term economic, social and environmental well-being of the people and communities of Wales that they serve, leaving a better legacy for our children and grandchildren. It will ensure that sustainable development is embedded at the heart of specified public authorities, and that those authorities work together to improve the well-being of Wales by seeking to achieve a suite of statutory well-being goals.
51. The Bill will have the effect of embedding sustainable development across specified public authorities, through four core components:

##### *Strengthening existing governance systems for improving the well-being of Wales*

52. The Bill provides, through a suite of statutory well-being goals, a clear focus on what actions specified public authorities must undertake in order to improve the economic, social and environmental well-being of Wales, for current and future generations.
53. The Bill will ensure that the difference being made to the well-being of Wales, now and in the future, is evaluated and measured through the Welsh Government setting, and reporting against, national indicators.

##### *Embedding sustainable development in specified public authorities*

54. The Bill will require specified public authorities to improve the economic, social and environmental well-being of Wales by contributing to the achievement of the well-being goals. This must be done in a sustainable way (the sustainable development principle) as described in section 6.2 of this chapter.

55. A body must set and publish well-being objectives which are designed to maximise its contribution to the achievement of the well-being goals and take all reasonable steps to meet those objectives.
56. The sustainable development principle reflects the long standing recognition that sustainable development is a process. It is intended to influence an organisation's governance to ensure the organisation best meets its well-being objectives, and subsequently maximises the impact of those objectives on the well-being of Wales now and in the future, applying five governance approaches (as part of the sustainable development principle): long-term thinking; an integrated approach; collaboration; engagement and preventative action.
57. The Bill is intended to provide for increased transparency by requiring specified public authorities to publish a statement when they set their objectives, and report annually on their progress in meeting their objectives.

#### *Supporting the change and promoting the interests of future generations*

58. The Bill will establish a Future Generations Commissioner for Wales, who will promote the sustainable development principle and monitor and assess the achievement of the well-being objectives set by the specified public authorities through reviews and the making of recommendations. The Commissioner will support those authorities in implementing the requirements of the Bill and embedding sustainable development at their core.

#### *Reforming integrated community planning*

59. The Bill will reform the approach to integrated community planning by putting it on a statutory basis. The provisions for the establishment and operation of Public Services Boards will address how the members of those Boards assess the economic, social and environmental well-being of the areas they serve and plan together to improve the well-being of those areas and the people and communities within them.
60. The reforms are intended to reduce the number of plans and strategies by enabling members of Public Services Boards to incorporate a number of these into their local well-being plans. This will also improve the coordination of the ways in which members of the Boards adopt and operate such plans and strategies, while placing them within the framework of national goals and indicators. The Bill will also strengthen the accountability of partnership working to local democratic scrutiny.

## 5. Public authorities subject to the Bill

61. The public authorities that are subject to the provisions of the Bill were identified following consideration of a set of criteria:

<i>Funding:</i>	The authority is over 50% public funded;
<i>Impact on Well-being:</i>	The authority undertakes functions or activities that impact on the economic, social and environmental well-being of Wales or their local area;
<i>Functions:</i>	The authority has strategic functions;
<i>Auditable:</i>	The authority is an 'auditable public authority' as defined in Schedule 7 of the GOWA 2006.

62. The Bill lists those public authorities that are subject to the provisions in Parts 1, 2 and 3 of the Bill as:

- the Welsh Ministers;
- a Local Authority; namely a County or County Borough Council in Wales;
- Local Health Board established under section 11 of the National Health Service (Wales) Act 2006;
- Velindre National Health Service Trust, as established under section 18 of the National Health Service (Wales) Act 2006;
- Public Health Wales, as established under section 18 of the National Health Service (Wales) Act 2006;
- a National Park authority for a National Park in Wales;
- a Welsh fire and rescue authority, that is an authority in Wales constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies;
- the Natural Resources Body for Wales;
- the Higher Education Funding Council for Wales;
- the Arts Council of Wales;
- the Sports Council for Wales;
- the National Library of Wales;
- the National Museum of Wales;

63. These are defined as 'public bodies' within the Bill and any references within this chapter to 'public bodies' are referring to those authorities listed above.

## **6. Strengthening existing governance systems for improving the well-being of Wales**

64. In their 2011 report '*Governing for the Future – The opportunities for mainstreaming sustainable development*',<sup>14</sup> the Sustainable Development Commission reported that many of barriers to sustainability could be minimised by strong governance arrangements and effective mechanisms for delivery, reporting and learning.
65. In developing the Bill, consideration has been given to adopting an outcomes based approach. An outcomes based approach focuses on both outcomes and delivery, and separates the 'ends' being sought (better outcomes) from the 'means' (service delivery). This approach focuses on the solutions, as opposed to listing the problems.
66. In considering an outcome based accountability approach when developing the Bill, the following questions have been addressed:
  - What are the conditions of well-being that we are seeking to achieve – provided for in the Bill through the well-being goals;
  - How could we measure whether progress has been made – provided for in the Bill through the national indicators.

### **6.1 Well-being duty and sustainable development**

67. The Bill requires public bodies to improve the economic, social and environmental well-being of Wales, by contributing to the achievement of the well-being goals, in line with objectives it sets for this purpose, and to do so in accordance with the sustainable development principle.
68. This will be achieved through public bodies seeking to achieve the well-being goals, by meeting the well-being objectives they set pursuant to the sustainable development duty (see section 7 of this chapter).

### **6.2 The Sustainable Development Principle**

69. The Bill establishes the 'sustainable development principle' of 'seeking to ensure the needs of the present are met without compromising the ability of future generations to meet their own needs', and defines further what this means in practice by listing five sustainable governance approaches to drive positive action in pursuit of the goals.
70. In order to discharge the sustainable development principle, public bodies will be required to have regard to a set of governance approaches as set out in section 7.3 of this chapter.

### 6.3 Well-being goals

71. The Bill provides for a suite of ‘shared’ statutory well-being goals for Wales. By ‘shared’ we mean that the public bodies share responsibility for achieving the goals and there-by improving the long-term economic, social and environmental well-being of Wales.
72. The well-being goals are listed on the face of the Bill and are accompanied by descriptors. The well-being goals as introduced in the Bill are:

Goal	Description of the goal
A prosperous Wales.	An innovative and productive, low carbon emission, economy that makes more efficient and proportionate use of resources; and which generates wealth and provides employment opportunities for a skilled and well-educated population.
A resilient Wales.	A biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change.
A healthier Wales.	A society in which people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
A more equal Wales.	A society that enables people to fulfil their potential no matter what their background or circumstances.
A Wales of cohesive communities.	Attractive, viable, safe and well-connected communities.
A Wales of vibrant culture and thriving Welsh language.	A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.

73. Collectively, the well-being goals provide a clear sense of direction for public bodies, enabling them to understand what they must seek to pursue with regards improving the economic, social and environmental well-being of Wales, for current and future generations. It is intended that the well-being

goals set out a long-term national framework to enable sustainable development to be embedded at the heart of public bodies.

74. The purpose of the well-being goals is to provide:
- greater *clarity* on what the well-being of a sustainable Wales should constitute;
  - greater *alignment* to a single vision for the well-being of Wales;
  - greater *coherence* for activity across the public service;
  - improved *accountability* on Wales' development path.

*The development of the well-being goals*

75. The approach to the structure of the goals took account of a similar process being undertaken at the international level to develop the UN Sustainable Development Goals, with the goals having regards to the following criteria:
76. The goals must:
- set out the desired outcomes or results that the people of Wales want to achieve and must be conditions of well-being rather than elements of service delivery;
  - collectively describe the long-term economic, social and environmental well-being of Wales;
  - align with the sustainable development principle;
  - be concise and easy to communicate to a range of stakeholders;
  - where possible, include consideration of the three dimensions of sustainable development, in an integrated manner (recognising the interdependencies of social, economic and environmental well-being);
  - be limited in number to ensure that they do not become a 'wish list' of policy issues;
  - collectively result in a sustainable Wales which respects environmental limits.
77. It has been identified that Wales faces a number of long-term and complex challenges. Many of these are legacy from the past, but it is important that this generation does not leave them as challenges for the next. In setting out what public bodies should seek to achieve in respect of economic, social and environmental well-being for Wales, evidence relating to these long-term challenges that Wales faces was considered:

### Poverty (socio-economic disadvantage)

78. Poverty and socio-economic disadvantage has an enormous impact on the well-being of Wales not least because of the scale of its impact, the breadth of its influence and the depth of the inequalities created. Across the board, people from lower socio-economic groups do not, on average, enjoy the same quality of life as people from higher socio-economic groups, whether it is lower life expectancy, poorer health, lower educational attainment, and/or lower incomes and wealth<sup>15</sup>.
79. Employment offers a higher level of protection against socio-economic disadvantage, and particularly against deep and persistent poverty. It is critical that people are equipped with the knowledge and skills to access decently paid and secure employment.
80. The link between poverty and the environment was recognised in the Brundtland report, which stated that poverty reduces people's capacity to use resources in a sustainable manner; it intensifies pressure on the environment.

### Innovation

81. Innovation is the successful exploitation of new ideas; it can happen in many ways and in any sector. It is sometimes the result of the application of brand new knowledge but more often it is the result of incremental changes, or new combinations of existing ideas and experience. It can involve the development of new or improved products, of different or better processes for producing goods or services, or the introduction of entirely new services<sup>16</sup>.
82. Innovation can help Wales to respond to a constantly changing world and create a sustainable growth path, helping to keep pace with the rapidly emerging economies of the world<sup>17</sup>. Through innovation our firms are able to develop new products and services and become more competitive. Innovation offers solutions to the social and environmental challenges that we face, and can help to increase both wealth and wellbeing. In the absence of innovation Wales runs the risk of a declining standard of living and not being able to support the type of society we all wish for ourselves.

### Knowledge and skills

83. Knowledge and skills remain crucial. There is widespread agreement that childhood experiences and education in the early years, defined as pre-birth to 7 years old in Wales, are crucially important for children's long-term development and their achievements in later life. As a consequence access to high quality education, especially in the early years, is critical to ensuring future prosperity and progress<sup>18</sup>.
84. Skills have a major impact on both the economic and social well-being of Wales, skills provide a strong lever for tackling poverty and strengthening the creation of jobs and growth. It is these skills that will define our future competitiveness and support Wales to evolve into a highly-skilled nation

capable of raising productivity, reducing barriers into work and supporting people into employment<sup>19</sup>.

### Ecosystems

85. The UK National Ecosystem Assessment<sup>20</sup> published in July 2011 confirmed that 'our wealth as a nation and our individual well-being depend critically upon the environment. It provides us with the food, water and air that are essential for life and with the minerals and raw materials for our industry and consumption. Scientists refer to these services that our environment provides as 'ecosystem services recognising that it is the interaction between the living and physical environments that deliver these necessities.' This assessment showed a continuing decline in biodiversity with around a third of the services provided by our natural environment being degraded or in decline.
86. These findings are also reflected in the 2013 *State of Nature*<sup>21</sup> report. The report assessed the population or distribution trends of 3,148 species in the UK and found that of these 60 per cent have declined over recent decades, and more than one in ten of all the species assessed are under threat of disappearing from our shores altogether.
87. Environmental limits can be thought of as defining the safe operating space for social and economic well-being, which while sometimes buffered against environmental changes by culture and technology, is dependent on ecosystem functioning and the flow of ecosystem services. There are several economic studies showing the benefits of maintaining ecosystem services, such as The Economics of Ecosystems and Biodiversity report.
88. The latest set of Welsh Government sustainable development indicators<sup>22</sup>, were published in August 2013. These indicators show that, while overall improvements are being made, many indicators show little or no change.

### Climate Change

89. Scientific evidence also shows that the impacts of climate change are likely to continue to increase, with daily temperatures having increased in Wales by 0.7 C against the 1990 baseline with a projected rise of approximately 1.3 C by 2020<sup>23</sup>. These changes, and the rate at which these changes take place, will have increasingly significant impacts on biodiversity, rainfall, sea levels and extreme weather events, all of which ultimately affect our ability to support a healthy and prosperous society.

### Health

90. The conditions in which people are born, grow, live, work and age all affect health. Good health brings a broad range of benefits to society. It enhances quality and length of life, but also improves workforce productivity, increases capacity for learning, strengthens families and communities, supports sustainable habitats and environments, and contributes to security, social inclusion and the reduction of poverty.

91. Ensuring an accessible health system, alongside tackling poverty and inequality is crucial in improving the health of the population of Wales. Recent evidence shows that a large gap remains between the health of the most and least deprived communities<sup>24</sup>.
92. In her 2012-13 annual report,<sup>25</sup> the Chief Medical Officer for Wales reported that whilst life expectancy in Wales has been rising, with the Welsh population living longer and having more years of healthy life than ten years ago, health challenges remain. Obesity continues to increase, with an associated rise in diabetes, more adults are being treated for high blood pressure and too few people do enough physical activity. In addition, poor mental health remains a problem. Despite improvement, health in Wales could be better and more still needs to be done to tackle the inherited problems, with many health problems being avoidable.

### Inequalities

93. Recent evidence<sup>26</sup> highlights continuing inequalities in Wales. Whether looking at people's health, earnings, qualifications, their risk of being a victim of crime or their ability to make their views heard; advantage, power and resources are not distributed evenly.
94. In order to ensure the well-being of the full diversity of people in Wales, it is critical that we challenge discrimination and prejudice, and tackle inequality by removing the barriers that particular groups face.
95. Certain groups are more likely to experience discrimination, inequality and socio-economic disadvantage, this is reflected in the Equality Act 2010<sup>27</sup> which defines the following 'protected characteristics':
- age;
  - disability;
  - gender reassignment;
  - marriage and civil partnership;
  - pregnancy and maternity;
  - race;
  - religion or belief;
  - sex;
  - sexual orientation.

### Culture & Language

96. The character of Welsh society is likely to change and we need to think about how to make the change positive; fostering a Welsh identity which is distinctive but inclusive of different cultures, outward looking, and helps Wales to position itself successfully in an ever evolving world with an increasingly global perspective.
97. The 2011 Census results showed that 19 per cent of the population of Wales can speak Welsh. Whilst this figure is higher than the 1991 Census (18.7 per cent), it shows a decrease since the 2001 Census (20.8 per cent). A decrease was seen in the number of Welsh speakers in 18 of the 22 local authorities across Wales.

98. *A Living Language: A Language for Living*<sup>28</sup>, the Welsh Government's Welsh Language Strategy for 2012-17 concluded that between 1,200 and 2,200 fluent Welsh speakers are lost each year, primarily due to the difference between the number of fluent Welsh speakers who migrate out of Wales and those who return.

#### **6.4 National Indicators**

99. The Bill provides for national indicators to be set by the Welsh Ministers. These will help Welsh public bodies, together with wider stakeholders, to understand the extent to which the vision of long-term well-being, as set out by the well-being goals, is being achieved.
100. The national indicators will provide a means of measuring collective progress in pursuing the goals. Reference to collective progress means the combined progress being made by public bodies towards the achievement of the well-being goals, through their discharging of the sustainable development duty (see section 7 of this chapter).
101. In line with an outcomes based accountability approach, the national indicators will be 'population indicators'; being relevant to the whole of Wales, whilst also allowing disaggregation of data to the local level where possible. The Bill will not include provisions for the performance management of individual Welsh public bodies or sectors.
102. When amending the well-being goals, the Welsh Ministers will also be required to review the national indicators to ensure they remain relevant.

##### **Annual update against the indicators**

103. Welsh Ministers will be required to publish an annual statistical update against the indicators.

##### **Future trends report**

104. The Welsh Ministers are required to publish a "future trends report" update report prepared during the 12 months following a general election of the Assembly.
105. It is intended that this report will bring together evidence that looks systematically at past trends and provide for an assessment of likely future trends and uncertainties facing Wales in the future. It will help provide a stock-take of Wales' assets, set against the backdrop of these global trends that will help inform understanding of the ability of Wales to make progress in achieving the goals. It is not intended to forecast the future but to provide an assessment of Wales' relative position.

## **7. Embedding sustainable development in public bodies**

### **7.1 Sustainable Development Duty**

106. The Bill sets out a sustainable development duty structured around the achievement of the well-being goals, through the setting and meeting of well-being objectives and the application of the sustainable development principle.
107. The intended effect of the duty is public bodies focusing their actions and resources on contributing to the achievement of the well-being goals by meeting their well-being objectives, and doing so in a manner which is consistent with the sustainable development principle. The sustainable development duty provides the means by which the intended effects of the well-being goals will be realised.

### **7.2 Setting and meeting well-being objectives**

108. Public bodies must set, publish and take steps to meet well-being objectives designed to contribute to the achievement of the well-being goals. These well-being objectives, and the meeting thereof, must be consistent with the sustainable development principle.
109. This requirement is intended to influence how public bodies approach the setting of their objectives and ensure they set objectives which contribute to the achievement of the well-being goals.
110. It is not intended that public bodies set separate well-being objectives which relate solely to the well-being goals in addition to their existing objectives (i.e. as contained in their corporate or business plan), rather that the requirements of the Bill are incorporated into existing corporate governance and business planning processes.
111. It is intended that public bodies being required to publish their well-being objectives will support the concept of transparency and accountability to the people they serve. It is not intended to prescribe the manner in which the bodies publish these details, but in practice it is envisaged that it would be through the body's website.
112. When setting their well-being objectives, public bodies will be required to publish the following information:
- why they consider that meeting the well-being objectives will contribute to the achievement of the well-being goals.

It is intended that requiring this information will ensure public bodies understand, and are able to explain, the relationship between what they do (as expressed by their well-being objectives) and the well-being goals.

- the timeframe within which the body expects to achieve their well-being objectives.

The well-being objectives of the Welsh Ministers will be set for their term of government. The other public bodies will have the discretion to decide the timeframe for their well-being objectives, this allows the provisions of the Bill to be discharged through existing planning cycles. Certain bodies may prepare annual plans whilst others may work on the basis of a 3 or 5 year planning cycle.

- what actions they propose to take to meet the well-being objectives, and how those actions will lead to the objectives being met.

When referring to well-being objectives it is intended to capture what an organisation is seeking to deliver in order to contribute to the achievement of the well-being goals, e.g. 'Secure safe & warm housing through support for landlords and effective regulation'.

- In order to meet these objectives, bodies will need to undertake various actions, i.e. an action in respect of the above example of an objective could be 'Improve conditions in the private rented sector by extending the scheme to license Houses in Multiple Occupation'
113. For the public bodies who are statutory members of a Public Services Board, namely local authorities, local health boards, fire and rescue authorities and Natural Resources Wales, will have the option of incorporating their well-being objectives into the local well-being plan (see section 9 of this chapter).
114. Public bodies must publish why they consider their well-being objectives to be consistent with the sustainable development principle (see sections 6.2 and 7.3 of this chapter). In addition, how they propose to apply the sustainable development principle to meeting the well-being objectives, including how they intend to govern themselves and annually allocate their resources.

### **7.3 Application of the Sustainable Development Principle**

115. The Bill requires that the well-being objectives set, in accordance with the sustainable development duty, are consistent with the sustainable development principle, and that public bodies take all reasonable steps to meet those well-being objectives in a manner that is consistent with the sustainable development principle.
116. In acting in a manner that is consistent with the sustainable development principle, public bodies will be required to have regard to five key governance approaches:
117. Long-term Thinking – balancing the need to take action to address current issues (the short term) with the need to meet the long term needs of Wales. This is especially relevant where their short term actions may have a detrimental effect in the future.
118. An integrated approach – considering how the well-being objectives impact upon the well-being goals and the three aspects of well-being, also how the

well-being objectives impact upon each other and in turn the objectives of other public bodies.

119. *Preventative Action* – deploying resources to undertake action now in order to prevent problems occurring or getting worse.
120. *Collaboration* – acting collaboratively with other bodies, or different parts of a body acting together in a co-productive way, to assist in the achievement of the body's objectives, or another body's objectives;
121. *Engagement* – Involving the people and communities whose well-being is being considered, as well as those with an interest in the well-being objectives, engaging them in finding sustainable solutions.

#### *Long-term Thinking*

122. The imperative of long-term thinking and considering the needs of future generations is a fundamental part of a sustainable development approach. It recognises that decisions made by previous generations have an effect on the well-being of current generations. Furthermore these decisions, when considered together can collectively result in unsustainable outcomes for people and communities.
123. Thinking long term can also result in organisations moving from services which are costly and remedial, intended to fix problems which could have been avoided by earlier action, towards more preventative and less costly services. These benefits can then safeguard and enhance the reputation of organisations delivering public services.
124. There are many reasons as to why the long-term implications (positive and adverse) of actions by public bodies are not currently fully considered, including:
  - uncertainty and lack of knowledge and/or evidence about the future;
  - short-term financial or political cycles;
  - the need to deliver against current targets or outcomes;
  - the process of discounting future costs and benefits, in formal economic appraisal, reducing the weight attached to the well-being of future generations.
125. The intended effect of long-term thinking is public bodies taking a longer term view so that they are aware of, and address, the well-being of future generations whilst addressing the needs of the people they currently serve. It aims to address a common challenge in governance in Wales which arguably has an inherent focus on the short term.
126. Long-term thinking is not intended to remove the ability of public bodies to take the short-term immediate view, but to ensure that in addition to this that

the longer term effects are considered. Long-term thinking closely aligns with the resilience well-being goal, provided for by the Bill, where predicting the challenges that Wales may face can help people, communities, organisations and businesses better prepare themselves.

127. Whilst the Bill does not provide for a defined timeframe for 'long term', it is intended that public bodies seek to consider the likely effect of the objective over a 25 year period, however the ability of each body to do so will depend on the nature of the objective and the availability of evidence on likely future impacts.

### Integration

128. An essential aspect of acting in a sustainable manner is the adoption of an integrated approach, specifically in terms of public bodies considering the combined economic, social and environmental impact of their actions. The intended effect of an integrated approach is public bodies recognising that the well-being of Wales, or their local area, is dependent on, and determined by, the combined condition of the environment, the economy and society.
129. In respect of the provisions of the Bill, taking an integrated approach requires different actions as regards setting well-being objectives and then meeting those well-being objectives:

#### *When setting well-being objectives (integration of the goals)*

- jointly considering the impact of their objectives and actions on social, economic and environmental well-being;
- recognising that the well-being goals are a complete set that describe the desired condition of economic, social and environmental well-being for Wales;
- understanding and considering the relationship between the well-being goals and their well-being objectives.

#### *When achieving well-being objectives (integration of the objectives)*

- undertaking actions in a way that delivers multiple benefits across all objectives;
  - achieving multiple objectives simultaneously.
130. In practice this will involve a public body considering, and understanding, the links and dependencies between their objectives in order to identify actions that can deliver against multiple objectives.

131. The well-being goals work together and each goal should not be seen as stand-alone. In setting and meeting their well-being objectives, public bodies need to understand the various potential relationships across and between the well-being goals, for example the link between:
- (a) the health of people and their ability to enjoy culture and heritage;
  - (b) educational attainment and employment;
  - (c) resilient ecosystems and a productive agricultural economy.
132. Considering the well-being goal 'A healthier Wales' in more detail, other examples of the potential relationships may include the interaction between the physical and mental health of people and:
- safe communities free of crime and violence
  - opportunities to access green and open spaces
  - safe and affordable opportunities for physical activity
  - opportunities and access to arts, culture and heritage;
  - safe, sustainable, accessible affordable transportation
  - opportunities for high quality and accessible education
  - job opportunities for all in a thriving economy
133. The World Health Organisation states that *'The policies that are the most successful in sustaining and improving the health of the population are those which deal with economic growth, human development and health in an integrated way'. The environment, income, employment, the organisation of transport, the design and condition of houses, crime, and the social and physical condition of local neighbourhoods all contribute to good and poor health. These factors are often called the determinants of health<sup>29</sup>'.*
134. The concept of Health in All Policies is based on recognition that whilst the health sector makes an essential contribution to improving the health and well-being of the population, it cannot on its own deliver sustained high levels of health and well-being across all groups of society. A 'Health in All Policies' approach aims to help public bodies assess how health may be positively or negatively affected by the range of policies which can contribute to the social, economic or environmental well-being of Wales. Moreover adopting a Health in All Policy approach can seeks to maximise any benefits and reduce any negative effects that policies may have on physical and mental health.

### Preventative Action

135. Linking to long-term thinking, as provided for in the sustainable development principle, is the governance approach of preventative action. There is a

growing body of evidence highlighting the value of undertaking and investing in preventative action and early interventions. Examples include:

- In 2008, Professor Sir Michael Marmot was commissioned to undertake a review into the most effective approach to reducing health inequalities. The review<sup>30</sup> concluded that order to successful address health inequalities, action would be required on six policy objectives, including giving every child the best start in life and strengthening the role and impact of ill-health prevention.
- In 2010, the Department of Social Policy and Social Work and the Department of Health Sciences at the University of York undertook research into the lifetime costs associated with 16 to 18 year olds being 'Not in Education, Employment or Training' (NEET). The research<sup>31</sup> estimated the additional lifetime cost at over £160,000 per person in England. When applied to Wales, based on the current number of 16 to 18 year olds in Wales who are NEET, the estimated cost to Wales as a whole could be as high as £2 billion.

136. In developing the well-being goals, evidence relating to the long-term challenges for the well-being of Wales was considered. Preventative action refers to actions that public bodies could take in order to prevent these challenges from occurring in the first place, thereby recognising that many of these challenges are avoidable.

### Collaboration

137. It is not possible for the Welsh Government alone, or any individual public body to single-handedly improve the long-term economic, social and environmental well-being of Wales. Each of the public bodies has a role to play in improving well-being and share responsibility for contributing to the well-being goals.
138. However, a tendency to operate independently without consideration of any dependencies or links can exist within many bodies, both small and large. Given that sustainable development is a cross-cutting issue, this approach generally works against the adoption of a sustainable approach. Public bodies working together is essential in order to successfully embed sustainable development and improve long-term well-being.
139. The purpose of a collaborative approach is to recognise that many of the solutions to the challenges Wales faces cannot be solved by one body. Working together recognises the different roles that these bodies will need to play to tackle the challenges. This will help to avoid actions that may conflict and therefore prevent the goals being achieved.
140. The intended effect of a collaborative approach is:

- enabling and encouraging different bodies, or at a lower level departments within a body, to work together to set and achieve their objectives and therefore contribute to the well-being goals;
  - tackling the problem whereby a person or body may act in a way which prevents another body from being able to achieve their well-being goals.
141. The provisions relating to Public Services Boards working and local well-being plans (see section 9 of this chapter) are designed to give maximum effect to collaboration at the local level.

### Engagement

142. Engagement is an integral part of sustainable development. Engagement provides opportunities for people and communities to shape the area in which they live, creating better and more sustainable communities and helping to improve long-term well-being.
143. Requiring Welsh public bodies to engage with people and communities they serve recognises the importance of involving people in the decisions that affect them. An important part of engagement is reaching groups that are more marginalised or not routinely engaged.
144. We are also increasingly aware of the role people play in maintaining and improving their own well-being and the changing understanding of balance of responsibility between public services and the individual and their community. Public services are under great financial pressure while demand for and dependency on services continues to rise. This is unsustainable even in the medium term. Public bodies can relieve much of this pressure by providing support for individuals to improve their own lives, such as changing unhealthy behaviours or attitudes towards and tolerance of anti-social behaviour; to support others, such as the role of carers in supporting the elderly and frail to live independently at home; and providing support for communities to improve their resilience by taking more responsibility for local facilities and amenities. This facilitative role is very different from the traditional role of public bodies as service providers and requires much greater engagement between organisations and the people they serve.
145. It is intended that this approach will work within an existing legislative context where, for the most part there are already specific provisions for community engagement and consultation on certain activities carried out by public bodies. The Welsh Government developed a set of citizen-centred governance principles<sup>32</sup> to support organisations in engaging with the communities they serve. These include:
- Putting the citizen first;
  - Knowing who does what and why;
  - Engaging with others;

- Living Public Service Values;
  - Fostering Innovative Delivery;
  - Being a Learning Organisation;
  - Achieving Value for Money.
146. It is intended that the current guidance on the citizen-centred governance principles' will be consolidated into the guidance that supports the Bill (see section 7.6 of this document).
147. It is essential that the public bodies subject to the duties contained in the Bill are accountable for their compliance with those duties. In addition to the other accountability mechanisms, the Bill places a new duty on the Auditor General for Wales to regularly review the extent to which the specified bodies have applied the sustainable development principle when setting their well-being objectives and taking steps to meet them. This means assessing the arrangements they have in place to ensure that they take account of the long term, the need for an integrated approach, working with others, involving people, and taking preventative action in both setting and taking steps to meet their well-being objectives. The Auditor General would therefore be able to consider issues such as whether the body can show that it has organised itself to have robust mechanisms and procedures in place and whether these are actually being used, that is, are the governance approaches being applied when the body is making decisions about setting well-being objectives and also when taking steps to achieve them.
148. The Auditor General has to carry out a review of each of the specified bodies at least once during the 5 year reporting period, but has the discretion to carry out follow up examinations. She or he is required to report on the result of the examinations to the National Assembly.

## **7.4 Annual Reporting**

149. The Bill requires public bodies to report, in respect of each financial year, on the progress they have made in meeting their well-being objectives and therefore contributing to the achievement of the well-being goals.
150. The intended effect of annual reporting is public bodies becoming more transparent and accountable in terms of the contribution they are making to the well-being goals and the resulting improvement to the well-being of Wales or their local area.
151. As part of the annual reporting process public bodies must review their objectives in order to ensure they remain effective and relevant. Public bodies will be required to revise an objective should the review highlight that it is:
- no longer effective – the objective is not achieving the anticipated improvement in relation to the goals; or

- no longer relevant – the goal(s) to which the objective contributes has been amended or the challenge/problem the objective is addressing in order to contribute to the achievement of the goals has changed.
152. Where the review has resulted in the revision of any objectives, public bodies will be required to detail in their annual report the change made and the reasons for that change.
153. It is intended that public bodies comply with the annual reporting provisions through their existing reporting arrangements rather than through an additional discrete reporting framework.

## **7.5 Community Councils**

154. The town and community council sector is deemed as appropriate to be subject to the Bill based on the criteria detailed in section 5 of this chapter. Individual community councils, however, vary greatly in size. As such, it is considered most appropriate to apply the provisions of the Bill to those community councils that are most likely to be suitably equipped and have the necessary capacity to implement those provisions.
155. The Bill uses an approach based on a financial threshold. Only community councils who have an income or expenditure of £200,000 or more for the three years preceding the publication of the local well-being plan for their area are subject to the provisions of the Bill.
156. In line with the commitment to minimise additional administrative burden resulting from the Bill, community councils are not subject to the sustainable development duty in respect of setting objectives and applying the sustainable development principle. Instead, the Bill requires specified community councils to contribute to the objectives included in the local well-being plan of the Public Services Board for its area (see section 9 of this chapter for more details on Public Services Boards).
157. Community councils are required to report, in respect of each financial year, on the contribution they have made to the objectives of the local well-being plan.
158. The intended effect of annual reporting is community councils becoming more transparent and accountable in terms of the contribution they are making to the local well-being plans and the resulting improvement to the well-being of their local area

## **7.6 Guidance**

159. The Bill places the Welsh Ministers under a duty to issue statutory guidance to the other Welsh public bodies with regards the provisions of the Bill relating to:
- providing a sustainable development framework for Wales

- embedding sustainable development in Welsh public bodies
160. Public bodies will be under a duty to have regard to this guidance when complying with the provisions of the Bill.
161. The guidance will provide an essential tool in ensuring Welsh public bodies have the necessary support and understanding to implement the provisions of the Bill in a meaningful, robust and consistent manner.

## **8. Supporting the change and promoting the interests of future generations**

162. Implementing the provisions of the Bill will likely require Welsh public bodies to enhance their working culture and practices. Whilst the Welsh Government will assist this transition, for example through statutory guidance, it is recognised that an independent source of support is needed to help promote good practice and performance.
163. The support currently provided by the non-statutory Commissioner for Sustainable Futures and Cynnal Cymru in respect of sustainable development has shown that there exists a need for this type of role to continue in order to support the effective implementation of the provisions of the Bill. A statutory independent Commissioner will therefore ensure that there is high quality support and guidance to drive the changes resulting from the Bill.

### **8.1 Future Generations Commissioner for Wales**

164. The Bill establishes an independent commissioner; the 'Future Generations Commissioner for Wales' ('the Commissioner'). The Commissioner will be an individual appointed by the Welsh Ministers. The Bill includes provisions relating to the appointment of the Commissioner and the setting of terms and conditions relating to the Commissioner holding office.
165. The primary purpose of the Commissioner will be to promote the sustainable development principle, and to monitor and assess the achievement of the well-being objectives set by public bodies. The Commissioner will have the duty of:
- (a) Promoting the sustainable development principle, in particular to:
- act as a guardian of the ability of future generations to meet their needs; and
  - encourage public bodies to take greater account of the long-term impact of the things that they do.
- (b) And for that purpose, monitoring and assessing the achievement of well-being objectives set by the public bodies.
166. In order to fulfil these roles, the Commissioner may provide advice and assistance to:
- public bodies (which includes providing advice on climate change);
  - Public Services Boards, in respect of preparing their local well-being plans;
  - the Auditor General for Wales, in respect of the sustainable development principle; or

- any other person whom the Commissioner considers is taking action in pursuit of the well-being goals.
167. It is intended that in undertaking the role in relation to support and advice, the Commissioner will:
- encourage best practice amongst public bodies in taking steps to meet their well-being objectives in a manner that is consistent with the sustainable development principle;
  - promote awareness amongst public bodies of the need to take steps to meet their well-being objectives in a manner that is consistent with the sustainable development principle;
  - encourage joint working between public bodies.

## **8.2 Power to conduct reviews and make recommendations**

168. The Bill provides the Commissioner with a power to conduct reviews into how a public body is taking account of the long-term impact of what the body does under the well-being duty. As part of a review, the Commissioner will be able to review:
- the steps the public body has taken to meet its well-being objectives;
  - the extent to which the body is meeting its well-being objectives; and
  - whether the body has set well-being objectives and taken or proposed to take steps in accordance with the sustainable development principle.
169. In conducting a review, the Commissioner will also have the power to make recommendations to:
- the Welsh Ministers, in respect of the well-being goals and the national indicators;
  - public bodies on the steps taken or those they propose taking to meet their well-being objectives;
  - public bodies on how to set well-being objectives and take steps to meet them in a manner that is consistent with the sustainable development principle.
170. In order to support the Commissioner in conducting his or her review, the Commissioner will have the power to require a public body to provide such information as the Commissioner considers relevant to the review (subject to other legislative restrictions or rule of law).
171. The Commissioner must publish any review and send a copy of the review to the Welsh Ministers. The public body subject to a recommendation from a review must also publish its response to the recommendation.

172. A public body must follow the course of action set out in the recommendation issued to it by the Commissioner, unless the public body:
- is satisfied that there is good reason for it not to follow the recommendation; or
  - decides on an alternative course of action in respect of the subject matter of the recommendation.

### **8.3 Future Generations Report**

173. The Bill requires the Commissioner to prepare and publish a 'Future Generations Report', to be laid before the National Assembly for Wales no later than 12 months before an Assembly election.
174. Aimed primarily at the public sector in Wales, the main purpose of the Future Generations Report will be to support public bodies in understanding what improvements they should make in respect of setting and achieving their well-being objectives in a manner that is consistent with the sustainable development principle.
175. The report will provide an assessment of how public bodies should better safeguard the ability of future generations to meet their needs and take greater account of the long-term impact of the things they do.
176. Prior to preparing the Future Generations report the Commissioner must undertake an engagement exercise with stakeholders, communities, businesses and citizens across Wales. This engagement exercise cannot commence until the Welsh Ministers have published the future trends report, which must be within 12 months following the date of a National Assembly for Wales election.
177. This engagement exercise is intended to provide a means of influencing public discourse so that there is a focus on the long-term challenges that people in Wales identify with. It will seek to secure a greater understanding of the long-term issues future generations may face, and increase the current evidence base.
178. The Commissioner will be responsible for analysing the findings of this engagement, in order to make a reasoned analysis and assessment on the likely long-term well-being of future generations in Wales.

### **8.4 Annual Report**

179. The Bill requires the Commissioner to prepare an annual report in respect of each financial year. The report, which will be laid before the National Assembly for Wales, will provide a summary of their work programme for that year, including an analysis of the effectiveness of the Commissioner's work, and the actions the Commissioner has taken in exercising his or her

functions, together with details of the Commissioner's proposed work programme for the following financial year.

180. This annual report may also include their assessment of the improvements public bodies should make in order to set and achieve their well-being objectives in a manner that is consistent with the sustainable development principle.

### **8.5 Advisory Panel**

181. The Commissioner is to be supported by an advisory panel ('the panel'), the purpose of which is to advise the Commissioner on the exercise of his or her functions.
182. The panel consists of a core membership:
- Welsh Language Commissioner;
  - Older People's Commissioner;
  - Children's Commissioner;
  - Chief Medical Officer for Wales; and
  - The chairperson of the Natural Resources Wales or another non-executive member of that body as selected by the chairperson
  - A representative appointed by the Welsh Ministers from Wales TUC
  - A representative appointed by the Welsh Ministers from the business sector in Wales.
183. Becoming members of the panel does not impact upon their other statutory functions.
184. In addition to the core membership, the panel may also include additional members appointed by the Welsh Ministers ('appointed members'). These members will be appointed for a period of between 3 and 5 years and may be reappointed once.
185. The appointment of these 'appointed members' will be subject to the public appointments process. Where the Welsh Ministers identify a person they wish to appoint to the panel they must consult the Commissioner before doing so.

### **8.6 Staff and the Deputy Commissioner**

186. The Commissioner can appoint staff in connection with the exercise of the Commissioner's functions, one of whom must be the Deputy Commissioner. The Deputy Commissioner can exercise the Commissioner's functions when

the office is vacant and where the Welsh Ministers are satisfied that the Commissioner is unable to exercise the functions of the office.

## 9. Integrated community planning

187. Currently, all Local Service Boards have produced their first single integrated plans, in line with the advice set out in the 2012 Welsh Government guidance *Shared Purpose – Shared Delivery*. However, whilst Local Service Boards remain voluntary partnerships it will be impossible to achieve a consistent approach across Wales in respect of the use of evidence, the setting of priorities, citizen engagement and the approach to accountability in respect of planning local services.
188. In respect of community planning, the core purpose of the Bill is the placing of a duty upon specified public authorities to engage in integrated community planning so as to promote and improve the well-being of the people, communities and areas they serve. This is to happen within the framework of the national goals and indicators, and implemented according to the sustainable development principle.
189. The Bill will also define the manner in which this planning duty is to be discharged; namely through the establishment of statutory Public Services Boards, the undertaking of an assessment of local well-being and the preparation of local well-being plans. This planning duty will apply to local authorities, local health boards, fire and rescue authorities and Natural Resources Wales in their capacity as members of a Public Services Board.
190. The intended effect of this planning duty is greater clarity on the mechanisms, scope and purpose of partnership working and, within this framework, greater freedom for members of the Public Services Boards to manage joint planning and service delivery effectively. The Bill will also have the effect of streamlining partnership working by repealing a number of duties to produce plans and strategies.
191. The Bill places on each Public Services Board a duty to improve the economic, social and environmental well-being of its area by contributing to the achievement of the well-being goals within its area (see section 6.3 of this chapter). Collectively, the well-being goals will enable the Public Services Boards to understand what they must seek to achieve with regards to improving the long-term economic, social and environmental well-being of their area.
192. Placing integrated community planning within the context of contributing to the achievement of the well-being goals will give Public Services Boards the ability to address the full range of long-term economic, social and environmental well-being of people and communities in their area. In particular, this includes addressing the lack of an environmental dimension in many existing single integrated plans
193. Currently the manner in which evidence is used to underpin local decision making is highly variable. Legislating to require Public Services Boards to carry out an assessment of the well-being of their local area will help to ensure that evidence is used more systematically so that decisions about

policy and resource allocation are based upon a more mature understanding of local needs, including long term trends. This will allow the approach to service delivery to take into account the best evidence of what works. The voice of people and communities must be made an integral part of this evidence base.

194. At present the links between joint planning and service delivery are often poorly developed. It is considered that legislation can place greater weight on collaborative service delivery. Members of the Public Services Boards will exercise the functions of the Board jointly and will have to set out in their well-being plan the steps they are taking, individually and jointly, to achieve the Board's objectives for improving local well-being.
195. The Public Services Board members are also public bodies, for the purpose of the Bill, and will be able to utilise the well-being plan as the means to satisfy the sustainable development duty (see section 7 of this chapter). This is intended to reduce any apparent complexity and strengthen the link between the objectives in the local well-being plan and the corporate objectives of the members of the Public Services Board.
196. In effect, this means each area of Wales will have a single plan, replacing a range of disparate plans, which describes the current condition of well-being in the area, local objectives for improving the state of well-being, and the actions the Public Services Board members will take to achieve those local objectives.

## **9.1 The Public Services Board**

197. In order to ensure the preparation of local well-being plans, the Bill will require the establishment of a board, known as a Public Services Board, in the area of each principal local authority in Wales. These boards will be formally established following local government elections and the timescale of the plans will be tied to the local democratic cycle.
198. The Public Services Board will not be a corporate entity, but will have powers and duties conferred on it by the Bill; those powers and duties will be functions of each member of the board that may only be exercised jointly with the other members. Membership of the Board will consist of statutory members; statutory invitees (known as 'invited participants') who will be invited to participate in the discussions of the board but will not become members of it. Invited participants who accept invitations from the Board will be entitled to make representations to the Board, participate in its meetings and provide other advice and assistance. The reason for their not being members is that becoming a member of the Board would confer the duties imposed by the Bill on organisations on whom it is not possible or not desirable to impose those duties.
199. The Board will also have powers to invite other individuals or bodies to participate in its activities as it deems appropriate, so long as they exercise functions of a public nature.

200. The statutory members of each Public Services Board will consist of the main devolved public services in an area, namely:
- Local Authority, who will also be responsible for convening the Public Services Board and facilitating its work by undertaking secretariat functions, publishing plans and reports on their website etc.;
  - Local Health Board for the area;
  - Fire and Rescue Authority for the area; and
  - Natural Resources Wales.
201. Given their functions and activities in relation to the areas they serve, the reasons for the inclusion of the local authority and the local health board as statutory members of the Public Services Board can be considered fairly self-explanatory.
202. Equally, fire and rescue authorities play a key role in improving the general well-being of communities by undertaking activities such as improving community safety, reducing arson and grass fires and dealing with road traffic accidents and major incidents. For this reason, it is considered necessary that if the Public Services Board is to be in a position to fully address the improvement of well-being in an area, fire and rescue authorities must be statutory members.
203. The remaining statutory member is Natural Resources Wales. At present the environment is only marginally dealt with in single integrated plans, if at all. To some extent this is to be expected as local land use plans (local development plans) cover many of the 'hard' infrastructure and land use matters relating to the environment. Increasingly however, the environment is being interpreted in terms of the 'ecosystem services' it provides to society.
204. The Welsh Government has developed the 'Natural Resource Management' approach which is a sustainable development approach to natural resources. Natural Resources Wales was established to take this policy forward and the proposals for the Environment Bill would provide further legislative support. Requiring Natural Resources Wales to be a statutory member of the Public Services Boards will strengthen the environmental aspects of well-being plans and integrate them with social and economic objectives. It will also help to link local well-being plans and local development plans more closely.
205. 'Invited participants' are those bodies whose presence on the Public Services Board is desirable but on whom it may not be appropriate or possible to impose duties. There are five bodies named in the Bill: Police and Crime Commissioners, Chief Constable, providers of probation services, bodies representing voluntary organisations (Third Sector) and Welsh Ministers.

206. The roles of the police (Police and Crime Commissioner and the Chief Constable of the relevant police force) and probation services in improving the general well-being of communities are significant. These bodies have an essential role in addressing issues fields such as preventing anti-social behaviour, youth justice, drug and substance misuse, fear of travelling by public transport at night, 'cold calling' zones and managing large public events.
207. For this reason, it is considered necessary that if the Public Services Board is to be in a position to fully address the improvement of well-being in an area, these authorities need to be involved. However, as these are, for many purposes, non-devolved services, there are difficulties in imposing a statutory duty on them to be members of the Public Services Board, and therefore they have the status of invited participant.

### *Third Sector*

208. An invitation will be issued to the local County Voluntary Council. County Voluntary Councils are organisations part funded by Welsh Government to fulfil representative functions with regard to the third sector in an area. They are registered charities and work with a range of bodies and groups that make up the third sector in Wales. These third sector bodies are often essential deliverers of core public services, and they are also important sources of local intelligence, as they are frequently close to vulnerable groups, disadvantaged communities and groups that mainstream public services find it hard to reach.
209. As such it is important that their views are heard when decisions are being made as to the steps that are to be taken to seek to improve the well-being of communities. However, it is not possible to impose a statutory duty on a County Voluntary Council to be a member of the Public Services Board, therefore they have the status of invited participant.

### *Welsh Ministers*

210. It has been policy from the outset that Local Service Boards should include a senior civil servant from the Welsh Government, attending on behalf of the Welsh Ministers. The 2007 prospectus, *Making the Connections – Local service boards in Wales* described the proposed role of the (then) Welsh Assembly Government official in the following terms:
- being a purposive two-way conduit between the Board and Assembly Government – communicating Assembly Government policy and priorities, understanding the impact of those policy and priorities at local level;
  - feeding back to the Assembly Government on local issues and priorities, and the actions it needs to take to facilitate local problem-solving and help support local service improvement;

- giving clear steers on specific issues on behalf of the Assembly Government and bringing to the Board the profile of local performance which will have been collated by Performance Wales;
  - identifying ways of reducing central bureaucratic and other barriers to responsive and innovative service delivery at local level;
  - contributing to local problem-solving and acting as honest broker, if necessary, particularly between sectors;
  - resolving conflicting priorities arising from competing performance frameworks or other tensions;
  - communicating good practice from elsewhere – including other Boards.
211. This remains a good description of the relationship the Welsh Ministers wish to see between themselves and the members of the Public Services Boards, through the mechanism of those Boards.
212. By placing the Public Services Board on a statutory footing and providing the Welsh Ministers with powers to issue guidance and directions, in relation to the make-up and work of the Board, there could be the perception of a conflict of interest if the Welsh Ministers were also members, therefore they have the status of invited participants.

### *Other Partners*

213. It is for each Board to consider what other bodies, if any, it wishes to invite to participate in its work. The only condition is that they must exercise functions of a public nature. In order to assist the Public Services Board in the preparation of its well-being plan, the Board may require the invited participants and its other partners to provide it with information about any of their activities which contribute to the achievement of the well-being goals.
214. The members of the Public Services Board will exercise their functions jointly. Schedule 3 of the Bill sets out the mechanics of how they are to operate as a Board. Schedule 3 gives Public Services Boards considerable flexibility to determine how they operate with two notable exceptions which arise from the fact that the members exercise their functions jointly. All four members must be present for a Public Services Board to be quorate. If this were not the case, then some members might make important decisions which bound an absent member to a course of action it had not consented to. Members are given powers to delegate so this should not be a hindrance to their effective functioning. For the same reason, there are certain restrictions on which matters may not be delegated to a sub-group formed by the Public Services Board, such as approving well-being plans. These are matters which require all members to act jointly and so must be taken by the Public Services Board itself.

215. All statutory members will be subject to a duty to participate in integrated planning for their area in order to produce their well-being plan, with members being responsible for implementing and delivering that plan. In addition, the Public Services Board will be required to engage with specified planning partners, named in the Bill as 'other partners', in the preparation, implementation and delivery of the well-being plan.
216. Others partners include organisations such as community councils, community health councils, National Parks authorities, colleges, universities, and cultural and heritage bodies who have a material interest in the well-being of the area or who deliver important public services. The Public Services Board could, of course, invite any of these partners to participate more fully in its activities as an invited participant. Finally, the Public Services Board's citizen focus means it will engage in a purposeful relationship with the people and communities in the area, including children and young people and those with protected characteristics, in all aspects of its work.

## **9.2 Assessment of local well-being**

217. Prior to preparing a local well-being plan, the members of the Public Services Board will be required to undertake an assessment of local well-being. It is intended that this assessment will provide a clear picture of the current and likely future condition of the well-being of the people in its area. This includes a detailed understanding of the inequalities between different groups in the population and between different communities within the local area, as also measured against appropriate benchmarks in Wales, the UK and beyond. This will then provide the primary evidence base which the Board members will draw on.
218. In analysing the local evidence, the Public Services Board will be required to provide an analysis for the local communities in the area. 'Communities' in this context refers to areas within a local authority area which are large enough to show differences between them and have a sense of identity but not as small as electoral wards. All local authority areas show considerable variation between communities and it is important this is recognised and addressed. The Bill provides the Welsh Ministers with a power to determine, through regulations, the communities in an area. If the Welsh Ministers do not make such regulations, the Board may determine the communities in its area.
219. In defining the community areas in its area, the Board should attempt, as far as possible, to align its definition of community areas with existing community networks, such as those of the local authority, police and health board, as well as clusters of community councils.
220. Local authorities and their partners are required to undertake a number of statutory assessments for a variety of purposes. These contain very important information about the needs of particular groups, such as children and families, carers and those in need of care and support. These must be taken into account in making an assessment of local well-being so that vital information collected for other purposes is not lost. It is also the intention that

the Public Services Board will consider whether there are more efficient ways of collecting, using and disseminating these assessments, in order to reduce duplication and deliver better services.

221. The assessment of local well-being may include analyses of particular categories of person, such as persons who are vulnerable or otherwise disadvantaged, persons possessing a common protected characteristic under the Equality Act 2010, children, those who may have need of, or who are providing, care and support and persons sharing any other common factor the board considers appropriate.
222. The assessment of local well-being must reflect the national indicators set by Welsh Ministers under Part 2 of the Bill, thus ensuring a strong connection between Parts 2 and 4 of the Bill. The assessment may also draw on other indicators as the Public Services Board deems appropriate, as well as relevant social research and examples of good practice from elsewhere in order to inform what actions should be taken by the members of the Board to improve well-being.

### **9.3 The well-being plan**

223. The Bill will formalise and consolidate the current position on integrated community planning.
224. Integrated community planning will cover the full scope of economic, social and environmental well-being. As such, well-being plans are one of the main ways for the bodies involved to evidence that they have secured long-term improvements to the well-being in their area, and to evidence how they have met their sustainable development duty (see section 6 of this chapter).
225. Well-being plans will therefore incorporate a range of more specific planning duties from other legislation. These are set out in Schedule 4 of the Bill and include:
  - community strategies – Local Government (Wales) Measure 2009 (Part 2: s.37-46);
  - Children and Young People’s Plans, including plans required under the Children and Families (Wales) Measure 2010 (s.2) and the Mental Health (Wales) Measure 2010 (Part 1) – Children Act 2004 (Part 3: s.26);
  - Health, Social Care and Well-being Strategies – National Health Service (Wales) Act 2006 (Part 3: s.40);
226. While the requirement for a separate children and young people’s plan will be repealed, the substantive duties in section 25 of the Children Act 2004, as well as the relevant sections of the Children and Families (Wales) Measure 2010 (relating to child poverty) and the Mental Health (Wales) Measure 2010 will still be in force and will be discharged through the local well-being plan.

227. Repealing section 40 of the National Health Service (Wales) Act 2006 will mean that there will no longer be a separate requirement for health social care and well-being strategies. The Bill as a whole, including the provisions in Part 4, is intended to implement a ‘health in all policies’ approach, as set out in the section on integration in section 7.3 of this chapter.
228. In addition, the Bill will enable a number of statutory assessment processes to be integrated. These include:
- reviews of the sufficiency of nursery education provision for the local authority area carried out under the School Standards and Frameworks Act 1998 (s.119(5)(a));
  - assessments of the sufficiency of the provision of childcare in the local authority area carried out in accordance with regulations made under the Childcare Act 2006 (s.26(1));
  - assessments of the sufficiency of play opportunities in the local authority area carried out under the Children and Families (Wales) Measure 2010 (s.11(1));
  - assessments carried out by the local authority in conjunction with a Local Health Board under the Social Services and Well-being (Wales) Act 2014 (s.14);
  - assessments prepared in accordance with regulations under the Crime and Disorder Act 1998 (s.6) relating to reducing crime and disorder, combating substance misuse and the reduction of reoffending in the local authority area.
229. Well-being plans are intended to provide a more holistic, citizen focused approach to the planning and delivery of public services in Wales.
230. The well-being plan will set out local objectives and actions which will:
- contribute to the improvement of the well-being of Wales, by improving the long-term social, economic or environmental well-being of its area;
  - contribute to reducing inequity by improving the social, economic or environmental well-being of individuals, groups or communities who are vulnerable or disadvantaged; and
  - contribute to preventing long-term harm to the social, economic or environmental well-being of the area.
231. In drafting their well-being plans, the Public Services Board must seek the advice of the statutory Future Generations Commissioner for Wales, established under Part 3 of the Bill (see section 8 of this chapter), on how to take steps to meet their local objectives in a manner which is consistent with the sustainable development principle (see section 7.3 of this chapter). A

public services board must take into account the latest Future Generations Report as prepared by the Commissioner under section 21 in setting its well-being objectives. The Public Services Board must also consult the Future Generations Commissioner for Wales before publishing its local well-being plan.

232. It is recognised that seeking to meet the local objectives contained within their well-being plan in accordance with the sustainable development principle will not be an easy task. The role of the Commissioner is to provide advice on how this may be done, drawing on the understanding of best practice. The Commissioner's role is therefore supportive and constructive, acting as a critical friend.
233. The Welsh Ministers will have the power to set performance measures (indicators and standards) which relate to Public Services Boards, after consulting with those affected. These will help measure the effectiveness of the actions taken by the Board members in contributing to the improving of local well-being. Generally, it is expected that Public Services Boards will establish their own performance management systems but where progress is poor or inconsistent, it would be appropriate for Welsh Ministers to set measures so that the local authority overview and scrutiny committee can function more effectively as an improvement mechanism (see section 9.5 of this document).
234. Those community councils which are subject to the Bill (see section 7.5 above) will be required to show through an annual report how they contribute to achieving the objectives of the local well-being plan for their area. It will be important therefore that the Public Services Board engages effectively with the relevant community councils in its area during the preparation of the well-being plan.
235. The well-being plans are to be tied into the local government election cycle so that the well-being plan must be in place by April following local elections, and will cease being in force on the production of the next well-being plan. Not all Public Services Board members operate on a five year cycle. Local health boards, for instance, have a three year planning cycle. Nevertheless, local government elections mark a substantial and predictable change in local administrative arrangements and it makes sense for integrated community planning to follow the same cycle. As National Assembly elections occur in the year prior to local government elections, this will enable national priorities to be established and the Welsh Government's report on future trends to be published in time for them to inform local well-being plans.
236. The Welsh Ministers will not approve well-being plans. Well-being plans are the plans of the Public Services Board members, locally owned and subject to local scrutiny. Welsh Ministers will have a power to refer a plan to the relevant local government scrutiny committee if it is not considered sufficient; for example, due to an adverse report by the Future Generations Commissioner for Wales.

## **9.4 Annual Reporting**

237. The progress being made in meeting the local objectives set out in the well-being plan will be monitored by the Public Services Board with progress being set out in an annual report. The guidance which Welsh Ministers will issue will set out an expectation that progress will be measured with reference to the national indicators (see section 6.4 of this document) and, where they have been set, the performance measures (see section 8.5 of this document). The national indicators will show change in population outcomes, for example, more young people of a given age have reached a standard of literacy. The performance measures will show how well the Public Services Board have implemented their plan, for example, to provide additional support to young people with poor literacy rates.

## **9.5 Accountability**

238. Local integrated planning will only be effective if the members of the Public Services Board take responsibility themselves for securing improvement, with local democratic processes providing appropriate challenge and support. For this reason, the Bill gives the Welsh Ministers relatively few powers and relies predominantly on the role of local government scrutiny to secure continuous improvement.
239. In order to assure democratic accountability there will be a requirement for a designated local government scrutiny committee of the relevant local authority to scrutinise the work of the Public Services Board, including the draft well-being plan and annual report. Local authorities generally have a number of overview and scrutiny committees. While it will continue to be entirely legitimate for a subject scrutiny committee (such as a children and young people's scrutiny committee) to scrutinise the Public Services Board's work in relation to children and young people, it is important that one committee takes an overview of the overall effectiveness of the Public Services Board. This is the reason one committee must be designated to undertake this work.
240. The designated committee will be provided with evidence in the form of:
- the assessment of well-being;
  - the draft well-being plan; and
  - any annual reports.
241. In addition, the committee will be able to draw on the advice provided to the Public Services Board by the Future Generations Commissioner for Wales. The committee will have a power to require any member of the Board to give evidence, but only in respect of the exercise of functions conferred on the Board under this Bill. Where the Welsh Ministers consider that insufficient progress is being made, they have a power to refer the matter to the designated scrutiny committee, rather than a power to intervene directly.

## Chapter 4: Consultation

242. Following the commitment to legislate on sustainable development there has been consultation with a wide range of stakeholders on the options and opportunities in respect of legislating for sustainable development across the public service. This built upon the engagement with stakeholders that informed the latest Sustainable Development Scheme in 2009.

### Legislating for a sustainable Wales engagement event

243. An engagement event was held in December 2011 in order to investigating what legislative measures stakeholders considered appropriate with regards the nature of:
- a duty to make sustainable development the central organising principle of the Welsh Government and our devolved public bodies; and
  - a statutory independent sustainable development body for Wales.
244. A document was shared with a range of stakeholders for the event setting out the various approaches that were being considered. The event took the form of three round table discussions, the topics discussed were:
- Sustainable development as the central organising principle;
  - the Sustainable Development Duty; and
  - a New Sustainable Development body
245. The event highlighted support for the proposal to legislate, although there was no clear consensus of what specific approach should be taken.

### Consultation on Shared Purpose – Shared Delivery – January 2012

246. In January 2012 the Welsh Government consulted on the draft guidance to local authorities and their planning partners, *Shared Purpose – Shared Delivery*. The consultation also sought views on the principle of integrated planning and the role of the Local Service Board. At the time of developing this guidance both integrated planning and Local Service Boards were non-statutory arrangements, as such this consultation did not explore the specific provisions of the Bill. However the proposed approach detailed in the guidance has been used as the basis of the development of the policy proposals of the Bill.
247. The consultation followed an extended period of engagement with Local Service Board partners during 2011 which included a number of regional workshops with Local Service Board members and four workshops dedicated to the third sector.

248. There were 72 responses from a range of respondents:
- 25 (36%) were from the Local Authorities / Local Service Boards
  - 18 (26%) were from Third sector
  - 8 (12%) were from representative organisations e.g. WLGA, WCVA, Children's Commissioner
  - 5 (7%) were from Local Health Boards and Trusts
  - 5 (7%) were from Further Education bodies
  - 4 (6%) were from blue light services (police and fire)
  - 3 (4%) were from audit, inspection and regulation bodies
  - 1 (1%) was from an elected member
249. The responses were overwhelmingly positive to the use of integrated planning and Local Service Boards but raised a number of issues which were addressed in the published guidance and considered in the development of the policy which informs the Bill provisions. .
250. The consultation paper and responses can be found at:
- <http://wales.gov.uk/consultations/improving/shreddelivery/?status=closed&lang=en>
- Consultation on proposals for a Sustainable Development Bill – May 2012*
251. This consultation was launched on 9 May 2012 for a 10 week period, closing on 18 July 2012. As well as the launch event in Swansea, four further open consultation events were held in Bangor, Cardiff, Pembroke Dock and Wrexham.
252. The consultation set out a range of proposals for strengthening and developing the approach to sustainable development in Wales. This sought responses on a range of issues including:
- the barriers faced and opportunities to taking more long-term joined-up decisions;
  - decisions to be informed by sustainable development factors, or sustainable development behaviours, or a single proposition (definition);
  - enabling transparency through reporting;
  - the purpose and functions of the body.

253. Overall there were 3,927 written responses to the consultation, of which over 95% (3,749) were one of two standard responses sent by members of the public on behalf of WWF and Oxfam, contributing 3,163 and 586 responses respectively.
254. The remaining 178 responses came from a range of respondents:
- 52 (29%) were from the Third Sector/NGOs
  - 37 (20%) were from Local Governments, including town & community councils and local government run public services
  - 22 (12%) were from private individuals
  - 20 (11%) were from the private sector and industry groups
255. A summary of the responses to this consultation, together with details of all responses received can be found at:
- <http://wales.gov.uk/consultations/sustainabledevelopment/sdbill/?status=close&lang=en>
- White Paper: A Sustainable Wales – Better Choices for a Better Future – December 2012*
256. This White Paper sought the views of stakeholders on a range of proposals relating to:
- a new duty to embed sustainable development as the central organising principle of selected organisations in Wales;
  - an independent sustainable development body;
  - the proposal to put Local Service Boards and integrated planning on a statutory footing;
  - the proposed phasing and implementation of the duty, including the timing for the creation of the independent sustainable development body; and
  - improve the accountability framework for sustainable development in Wales.
257. The White Paper generated a total of 473 responses. The majority were supportive of the idea to further integrate sustainable development.
258. Overall there were 473 written responses to the White Paper, of which 67% (319) were one of two standard responses sent by members of the public on behalf of Cymdeithas yr Iaith Gymraeg and Friends of the Earth Cymru, contributing 177 and 142 responses respectively.
259. The remaining 154 responses came from a range of respondents:

- 47 (10%) were from the third sector
- 54 (11%) were from local government, town & community councils Government agencies or other public sector bodies
- 28 (6%) were from professional bodies or associations or academic bodies
- 25 (5%) were from member of the public or businesses

260. Some of the headline issues that emerged from the consultation were:

- There was seen to be a need to communicate better on what the Bill would achieve to help foster engagement and a clear objective;
- Many respondents felt that ‘consideration of economic, social and environmental wellbeing’ was relatively weak and the duty should be seen as overarching not as equal to other duties;
- The majority of respondents were supportive of the proposed approach to accountability, with questions about the detail of implementation and the role of the sustainable development body;
- Many respondents raised concerns with the implementation plan for the new sustainable development body as it would need more time to develop the systems required.

261. A summary of the responses to the White Paper, together with details of all responses received can be found at:

<http://wales.gov.uk/consultations/sustainabledevelopment/sdwhitepaper/?status=closed&lang=en>

*Targeted consultation on proposals to place Local Service Boards and integrated community planning on a statutory footing – January 2013*

262. The White Paper for the Sustainable Development Bill contained an outline proposal to place Local Service Boards and integrated community planning on a statutory footing.

263. Following publication of the White Paper, the Minister for Local Government and Communities wrote to all members of Local Service Boards in January 2013 to seek their views on more detailed proposals.

264. Overall 22 responses were received. Two opposed the proposals, a small number were strongly in favour, while the remainder were supportive but raised specific issues.

265. A summary of the responses was included in the consultation report on the White Paper (see above).

### Bill Reference and Advisory Group

266. In September 2012 the Commissioner for Sustainable Futures, on behalf of the then Minister for Environment and Sustainable Development, convened a Bill reference group of stakeholders to inform the ongoing development of the, as then named, Sustainable Development Bill.
267. The group was established with the overarching aim of bringing together key stakeholders to inform the development of the Bill.
268. Key objectives for the group were agreed at the first meeting; these being to:
- obtain expert advice on the emerging proposals for the Bill from key stakeholders;
  - gather balanced stakeholder perspectives on key policy issues arising from the policy development process;
  - gather advice on areas requiring further development;
  - identify areas of consensus and disagreement from key stakeholders;
  - ensure effective dissemination and communication on the progress of the Bill with key stakeholders.
269. Membership of the group is drawn from a range of stakeholder organisations including:
- |   |  |
|---|--|
| 1. Association of Chartered Certified Accountants | 9. One Voice Wales                         |
| 2. Brecon Beacons National Park                   | 10. Swansea Council                        |
| 3. Confederation of British Industry Wales        | 11. Wales Audit Office                     |
| 4. Country Landowners Association                 | 12. Wales Council for Voluntary Action     |
| 5. Higher Education Funding Council for Wales     | 13. Welsh Centre for International Affairs |
| 6. Mid and West Wales Fire Service                | 14. WWF Cymru                              |
| 7. Natural Resources Wales                        | 15. Welsh Local Government Association     |
| 8. Newport School of Education                    |  |

### 'The Wales We Want' national engagement event

270. The Wales We Want' national engagement event, led by the Commissioner for Sustainable Futures, was launched on 18 February 2014 at the Wales Millennium Centre in Cardiff. 230 people attended the event including award-winning Welsh actor and UNICEF UK supporter Michael Sheen.
271. It engaged directly with people in Wales about the most important issues for them in terms of improving their lives and those of their families, communities and businesses. This engagement was managed by Cynnal Cymru on behalf

of the Commissioner for Sustainable Futures, and centred on online and face to face engagement. Social media channels including Facebook and Twitter were established to gather views of people in Wales, and an online survey was established to ask more in-depth questions on the Wales they wanted to see in the future.

272. Whilst 'The Wales We Want' engagement event was not a formal consultation on the provisions of the Bill, it provided an opportunity for the people and communities of Wales to engage in a national conversation about the development path for Wales and to influence public debate around the long-term challenges that people in Wales identify with. These are the long-term challenges that the well-being goals, provided for on the face of the Bill, are seeking to address in order to improve the economic, social and environmental well-being of Wales. The Wales We Want website also provided tools and information for people to hold their own conversations with their friends, family and communities. It was an opportunity to look beyond the short-term pressures of daily life and focus on a long-term legacy.
273. The Commissioner for Sustainable Futures will report on the outcome of this engagement through the production of a pilot Future Generations Report. An interim pilot report will be prepared during the summer of 2014 with the final pilot Future Generations Report being published in 2015.
274. 'The Wales We Want' engagement event is directly linked to the Bill, acting as a pilot for the permanent engagement cycle that will be undertaken by the Future Generations Commissioner for Wales prior to preparing the Future Generations Report (see section 8.3 of this document) . This approach to engagement will seek to secure a greater understanding of the long-term issues for future generations, and increase the evidence base for setting long-term outcomes and informed decision making. These findings will provide a robust evidence base to enable the Future Generations Commissioner for Wales to make a reasoned assessment and analysis on the long-term well-being of future generations in Wales.

## Chapter 5: Power to make subordinate legislation

275. The Bill makes a range of provisions for subordinate legislation. The following table sets out in relation to each provision:

- the person upon whom, or the body upon which, the power is conferred;
- the form in which the power is to be exercised;
- the appropriateness of the delegated power; and
- the applied procedure (affirmative, negative, no procedure) if any.

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
3 (3)	Welsh Ministers	Regulations	<p>These regulations will enable the Welsh Ministers to amend the well-being goals by adding, removing or amending the title or description of a goal provided for in the Bill.</p> <p>It is considered suitable for delegated powers because it will allow flexibility, providing Welsh Ministers with the ability to amend the well-being goals to take account of changing circumstances and respond to new sustainability or well-being challenges or opportunities as they may arise.</p>	Affirmative	As any changes to the well-being goals could have a significant impact on the public bodies covered by the Bill, it is appropriate that they be approved in Plenary.

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
20 (8)	Welsh Ministers	Regulations	The power permits the Welsh Ministers to amend the definition of the 'reporting period' in which the Future Generations Report must be prepared and published. This delegated power is required to allow flexibility and the ability to take account of changing circumstances.	Negative	The regulations would relate to technical detail which may be updated from time to time.
30 (1)	Welsh Ministers	Regulations	This power will give the Welsh Ministers the ability to amend the list of statutory members, invited participants and other partners of Public Services Boards.	Affirmative when amending statutory members or invited participants. Negative when amending other partners.	As changes to the list of statutory members or invited participants could have a significant impact on the bodies involved, it is appropriate that any changes are approved in plenary. As the obligations placed on the other partners are less onerous than those placed on statutory members and their role involves less participation than is the case for invited participants, the negative procedure is considered appropriate for amending section 30.

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
34(5)(a)	Welsh Ministers	Regulations	This power will give the Welsh Ministers the ability to determine the community areas that comprise the area of a public services board, and to respond to changes in approaches to defining community areas or changes within community areas themselves	Negative	The regulations would relate to technical detail which may be updated from time to time
35(3)(h)	Welsh Ministers	Regulations	This power will give the Welsh Ministers the ability to prescribe other reviews or assessments (beyond those prescribed on the face of the Bill) which a Public Services Board must take into account in preparing its assessment of local well-being. This will provide the necessary flexibility to take account of new strategies and assessments within future legislation.	Negative	The regulations would relate to technical detail which may be updated from time to time

<b>Section</b>	<b>Power conferred on</b>	<b>Form</b>	<b>Appropriateness of delegated power</b>	<b>Procedure</b>	<b>Reason for procedure</b>
38(3)	Welsh Ministers	Regulations	This gives the Welsh Ministers the ability to amend the criteria for determining whether a community council is subject to the duty in section 38(1)	Affirmative	As this could have a significant impact on the community councils involved, it is appropriate that the Regulations are approved in Plenary.
42(2)(a)	Welsh Ministers	Directions	This section allows the Welsh Ministers to direct a Public Services Board to review its local well-being plan, for example if it were to be substantially non-compliant.	No procedure. Requirement to publish a statement of reasons for giving the direction	These powers of direction will apply in specified circumstances and to a specific Public Services Board.

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
45(2)	Welsh Ministers	Directions	This section allows the Welsh Ministers to issue directions requiring two or more Public Services Boards to merge if the Welsh Ministers consider it would assist the Boards in contributing to the achievement of the well-being goals.	No procedure. Requirement to consult with each member of the Public Services Boards affected and to publish a statement of reasons for giving the direction	The persons most affected by the making of directions will be the relevant Public Services Boards. Two or more Public Services Boards being required to merge will not result in any policy implications. A requirement that they be consulted is appropriate.

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
46(2)	Welsh Ministers	Directions	This section allows the Welsh Ministers to issue directions requiring two or more Public Services Boards to collaborate.	No procedure. Requirement to consult with each member of the Public Services Boards affected and publish a statement of reasons for giving the direction.	The persons most affected by the making of directions will be the Public Services Boards. Two or more Public Services Boards being required to collaborate will not result in any policy implications. A requirement that they be consulted is appropriate.
48 (1)	Welsh Ministers	Regulations	This section gives the Welsh Ministers the ability to set indicators and standards in relation to Public Services Boards. This power is appropriate to enable the Welsh Ministers to tailor the indicators and standards to current circumstances and experience.	Negative	The regulations would relate to technical administrative detail which may be updated from time to time

<b>Section</b>	<b>Power conferred on</b>	<b>Form</b>	<b>Appropriateness of delegated power</b>	<b>Procedure</b>	<b>Reason for procedure</b>
50 (1)	Welsh Ministers	Regulations	This gives the Welsh Ministers the power to amend the list of Welsh public bodies specified in the Bill, to reflect any change in circumstance.	Affirmative	As this could have a significant impact on the bodies involved, it is appropriate that the Regulations are approved in Plenary
51 (1)	Welsh Ministers	Regulations	This enables the Welsh Ministers to make supplementary, incidental, consequential, transitional or saving provisions in order to give full effect to a provision of the Bill, if so required.	Negative unless making changes to primary legislation, in which case, affirmative.	The affirmative procedure is appropriate where regulations amend or repeal primary legislation. The negative procedure is appropriate for other regulations which make technical provision only.
54(2)	Welsh Ministers	Order	Suitable for order because this provision enables the Welsh Ministers to provide for commencement of the Bill.	No procedure	These orders will be confined to commencement and are technical in nature.

<b>Section</b>	<b>Power conferred on</b>	<b>Form</b>	<b>Appropriateness of delegated power</b>	<b>Procedure</b>	<b>Reason for procedure</b>
Schedule 2, paragraph (13)(2)(a)	Welsh Ministers	Regulations	<p>The power permits the Welsh Ministers to specify what interests are considered to be 'registrable interests' and must therefore be declared by the Commissioner or Deputy Commissioner in their register of interests.</p> <p>This delegated power is required to allow flexibility and to take account of changing circumstances.</p>	Negative	The regulations would relate to technical detail.
Schedule 2, paragraph 20 (1)(b)	Welsh Ministers	Directions	This section allows the Welsh Ministers to issue directions to the Commissioner on the format and content of his/her accounts.	No procedure	Any directions issued under this section would ensure that the Commissioner is following best accounting practice

## **Part 2 – Regulatory Impact Assessment**

276. A regulatory impact assessment has been completed in accordance with Standing Order 26.6(vi) for the proposed Bill and follows. There are no specific provisions in the Bill which charge expenditure on the Welsh Consolidated Fund.

## Chapter 6: Policy Options

277. As set out above, the Well-Being of Future Generations (Wales) Bill (“the Bill” is intended to ensure that sustainable development (SD) is embedded at the heart of named specified public authorities, and that those bodies work together in pursuit of long term well-being goals that improve the economic, social and environmental well-being of Wales. The policy intentions are:
1. To improve governance arrangements to improve the well-being and sustainable development of Wales;
  2. To embed sustainable development within specified public authorities;
  3. To support the change and safeguard the interests of future generations;
  4. To reform integrated community planning.
278. The preferred option for each intention (policy intention 1 & 2 are considered together) is to introduce legislation:
1. requiring named public sector bodies to set, achieve and report against objectives in accordance with the sustainable development principle, that achieve a set of shared long term well-being goals for Wales, thereby ensuring that the needs of future generations are taken into account in governance arrangements for improving the well-being of Wales;
  2. to establish an independent Commissioner for Future Generations; and,
  3. to reform integrated community planning.
279. The Regulatory Impact Assessment for the Bill is structured around these core policy intentions, considering each in turn. The intentions for developing a stronger sustainable development framework for Wales (policy intention 1) and embedding sustainable development (policy intention 2) cannot be separated and so have been considered together. The costs and benefits associated with each option are presented in chapter 8 of this Explanatory Memorandum. Monetary costs are rounded to the nearest £100.

## **Policy Intentions 1 and 2: to improve governance arrangements to improve the well-being and sustainable development of Wales**

280. Two options have been considered for achieving the policy intent, these are:

- Option 1. Do nothing: continue with the current sustainable development framework in Wales, namely the duty on the Welsh Ministers to promote sustainable development provided for by the Government of Wales Act 2006, alongside existing models of corporate governance; and
- Option 2. Introduce legislation requiring named public sector bodies to set, achieve and report against objectives in accordance with the sustainable development principle, that achieve a set of shared long term well-being goals for Wales, thereby ensuring that the needs of future generations are taken into account in governance arrangements for improving the well-being of Wales.

281. Each option is summarised below.

### **Option 1: Do nothing**

***Do nothing and continue with the current sustainable development framework in Wales, namely the duty on the Welsh Ministers to promote sustainable development, as prescribed by the Government of Wales Act 2006.***

282. Section 79 of Government of Wales Act 2006<sup>1</sup> places a duty on the Welsh Ministers to:

- Develop a sustainable development scheme setting out how they propose, in the exercise of their functions, to promote sustainable development;
- Publish an annual report on how the proposals set out in the scheme were implemented during the previous financial year; and
- After every National Assembly for Wales election, publish a report assessing how effective they have been (through the scheme) in promoting sustainable development.

283. Under this option, the duty to promote sustainable development through a scheme would remain the sole responsibility of the Welsh Ministers, and operate alongside rather than within the current systems of governance in Welsh public bodies.

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<sup>1</sup> This replaced section 121 of the Government of Wales Act 1998 which placed a similar duty on the National Assembly for Wales.

284. However, as these 'central' systems of governance are the main vehicles for ensuring that sustainable development is promoted in the exercise of Ministers functions, the costs of these systems are included under this option for the RIA.
285. Since the production of the first statutory sustainable development scheme in 1999, the Welsh Government has sought to promote sustainable development across Wales through a variety of mechanisms. Many of the actions taken are detailed in the scheme or in the annual reports against the schemes. This has included actions such as:
- Continuing the commitment to an independent Commissioner by appointing a Commissioner for Sustainable Futures;
  - Launching the Sustainable Development Charter in 2010, a voluntary initiative in which organisations operating in Wales publicly commit to make sustainable development their central organising principle and share best practice;
  - Establishing Cynnal Cymru – Sustain Wales - the sustainable development forum that promotes sustainable development and raises awareness of good practice within Wales;
  - Providing grants to organisations to promote sustainable development across Wales, namely the grant to the Welsh Local Government Association to deliver their Sustainable Development Framework support positive action in local authorities across Wales;
  - Establishing a set of Sustainable Development Indicators (National Statistics) for Wales to measure sustainable development;
  - Strengthening procurement through the Wales Procurement Policy Statement which adopts the Sustainable Procurement Task Force definition of procurement;
  - Establishing the Climate Change Commission for Wales to drive action in Wales by providing leadership and assisting the Welsh Government on policy;
  - The Wales for Africa programme which seeks to support Welsh efforts to help deliver the United Nations Millennium Development Goals; and
  - Measuring Wales' Ecological Footprint as one of the ways to look at how close people in Wales are to living within environmental limits.
286. While the progress in promoting sustainable development in Wales is seen as a positive, it is recognised that the positive impact of the current legislative framework for promoting sustainable development in Wales is limited by (a) the scope of the current duty and (b) the clarity on what is to be achieved and how it is to be achieved.

287. Independent effectiveness reviews of the implementation of the duty have drawn criticism for “being seen as one of a number of competing priorities, rather than the means by which the Assembly (Welsh) Government manages its competing priorities”.
288. This has also been recognised by the current Commissioner for Sustainable Futures in his independent commentary on the Welsh Government's Sustainable Development Annual Report 2012/13, where he highlighted “systemic weakness in the current governance structures for sustainable development and the associated reporting of progress”.

## **Option 2: Introduce legislation**

***Introduce legislation requiring named public sector bodies to set, achieve and report against objectives that achieve a set of shared long term well-being goals for Wales, thereby ensuring that the needs of future generations are taken into account in governance arrangements for improving the well-being of Wales***

289. This option addresses the weaknesses identified above by establishing a stronger, clearer and consistent sustainable development framework to guide Wales’ long term development onto a more sustainable path.
290. To address these weaknesses, the Bill will, firstly, put in place a set of long-term well-being goals for Wales to provide clarity on what is to be achieved.
291. Secondly, in order to keep track of whether these well-being goals are being achieved, a duty will be placed on the Welsh Ministers to:
- Develop a set of national measures of progress (national indicators) in achieving the shared long-term well-being goals for Wales (the Welsh Ministers); and
  - Update these measures of progress on an annual basis and report against them (the Welsh Ministers).
292. Thirdly, to help achieve the well-being goals, sustainable development will be embedded in named public sector bodies in Wales through a duty on the 43 specified public authorities (as identified in Part 1 of this Explanatory Memorandum) and the Welsh Ministers, to:
- Set and achieve well-being objectives that are designed to maximise their contribution to the achievement of the well-being goals consistent with *the sustainable development principle*;
  - Publish a statement explaining how and why they will contribute to the achievement of well-being goals in what they do, including when such actions are expected to be carried out;

- State how it proposes to govern itself and allocate resources annually; and
- Report annually the progress the body has made in achieving well-being objectives.

### **Policy intention 3: To support the change, provide an independent voice for and safeguard the interests of future generations**

293. Three options have been considered for achieving the policy intent, these are:

- Option 1. Do nothing: continue with the current arrangements;
- Option 2. Disband the role of the Commissioner, withdraw external support for sustainable development and mainstream these activities within the Welsh Government; and,
- Option 3. Introduce legislation to establish an independent Commissioner for Future Generations.

294. Each option is summarised below.

#### **Option 1. Do Nothing**

##### ***Do Nothing: Continue with the current arrangements***

295. Wales has drawn on independent advice for promoting sustainable development work over a long period. The UK Sustainable Development Commission, established in 2000, provided advice and guidance to Ministers and officials on key policy areas up until April 2011. Following the closure of the Sustainable Development Commission (SDC), the Welsh Government decided to maintain this independent advice by appointing a Commissioner for Sustainable Futures.

296. In March 2012 the Welsh Government procured services to provide external support for sustainable development in Wales. This contract was awarded to Cynnal Cymru – Sustain Wales for the period April 2012 – March 2015. This contract supports many key actions to promote sustainable development but also includes direct support to the Commissioner for Sustainable Futures.

297. Under this option, the role of the Commissioner for Sustainable Futures and the external support for sustainable development would be maintained.

#### **Option 2. Disband the role of the Commissioner**

##### ***Disband the role of the Commissioner and withdraw external support for sustainable development and mainstream activities of the Commissioner within the Welsh Government***

298. This option would involve not appointing a new Commissioner for Sustainable Futures once the current term of appointment for the current Commissioner expires and subsequently not committing to further procure services to provide external support for sustainable development in Wales (currently delivered by Cynnal Cymru – Sustain Wales).

299. Until March 2011, the UK Sustainable Development Commission (SDC) was the Welsh Government's independent adviser on sustainable development. On 22 July 2010 the UK Secretary for State for the Environment announced that she would be withdrawing funding from the Sustainable Development Commission (SDC). The SDC subsequently ceased activity in March 2011. It was intended that the House of Commons Environmental Audit Committee would provide "democratic scrutiny of Government's work in this area".
300. In Wales, the Welsh Government, and indeed stakeholders have valued the work carried out by the SDC, and the contribution it has made to advancing sustainable development in Wales.
301. The Welsh Government continued to see merit in seeking independent advice on sustainable development, drawing on the best practice from the UK, Europe and internationally, to inform the Welsh Government in promoting sustainable development across Wales. This also recognised the need for continued engagement and convening of all sectors and communities to help to deliver the vision of a sustainable Wales as set out in the Sustainable Development Scheme.
302. To secure this Peter Davies was appointed as Commissioner for Sustainable Futures from 1 April 2011. The written statement which announced the appointment noted that the purpose and functions of the Commissioner were broadly as follows:
- Providing advice on SD, drawing on best practice from UK, Europe and internationally, to inform policies and programmes;
  - Providing external leadership on SD in Wales;
  - Bringing partners together to tackle difficult and challenging SD issues
  - Advising the Welsh Government on blockages that are obstructing progress to making Wales a more sustainable nation and proposing solutions to those blockages.
303. The Commissioner is supported in his role by a contract, currently delivered by Cynnal Cymru-Sustain Wales.
304. Since the Commissioner's appointment he has played a key role promoting sustainable development in Wales by working with a range of interest groups and stakeholders. The Commissioner has relied heavily on developing networks to support his role, particularly through his championing of the Sustainable Development Charter. He has been particularly recognised for the convening function he has played, helping to address issues of common concern.
305. The Commissioner's input to the work of the Welsh Government has been amplified through his commentary in the Sustainable Development Annual Report. This has been valuable to the Welsh Government in highlighting

strengths and areas to develop in relation to sustainable development. The Commissioner's commentary on the Sustainable Development Annual Report has contributed positively to the scrutiny of the Welsh Government by the National Assembly for Wales.

306. In order to continue with, and indeed accelerate action on sustainable development in Wales, this option has not been taken forward because it fails to deliver the policy intention of providing an independent advocate for Future Generations and the support that would be needed to drive the embedding of sustainable development in named public sector bodies in Wales.

### **Option 3. Introduce legislation**

#### ***Introduce legislation to establish an independent Future Generations Commissioner for Wales***

307. Under this option, the Welsh Ministers would appoint an independent Commissioner. The role of the Commissioner would be to:
- Promote the sustainable development principle, and in particular to act as a guardian of the ability of future generations to meet their needs and encourage public bodies to take greater account of the long-term impact of the things that they do through support and advice. For that purpose, to monitor and assess the achievement of well-being objectives set by public bodies;
  - Engage with Welsh society in the preparation of the Future Generations report. To deliver this, a duty will be placed on a Future Generations Commissioner for Wales to:
  - Promote the sustainable development principle, to act as a guardian of the ability of future generations to meet their needs and encourage public bodies to take greater account of the long-term impact of the things that they do.
  - Monitor and assess the achievement of well-being objectives set by public bodies;
  - Prepare and publish a "Future Generations Report", assessing the improvements that public bodies should make in order to set and achieve well-being objectives in a manner that is consistent with the sustainable development principle;
  - Before the report is published, undertake a nationwide engagement exercise to inform the report.
308. The Commissioner will have the power to:
- Provide advice or assistance to a range of public bodies as well undertake research;

- In providing advice and assistance to the Welsh Ministers, make recommendations about the well-being goals or the national indicators provided for by the Bill;
  - Conduct reviews into how a public body is taking account of the long-term impact of what the body does under the well-being duty. In conducting a review, the Commissioner may review:
    - the steps the public body has taken to meet its well-being objectives;
    - the extent to which the body is meeting its well-being objectives; and
    - whether the body has set well-being objectives and taken or proposed to take steps in accordance with the sustainable development principle.
  - As a result of a review the Commissioner will be able to make recommendations to:
    - the Welsh Ministers, in respect of the well-being goals and the national indicators;
    - public bodies on the steps taken or those they propose taking to meet their well-being objectives;
    - public bodies on how to set well-being objectives and take steps to meet them in a manner that is consistent with the sustainable development principle.
  - In conducting review, require information from public bodies.
309. The Commissioner will be supported by an Advisory Panel. The role of the Advisory Panel will be to advise the Commissioner in undertaking the Commissioner's functions. It is expected to meet at least twice a year.
310. The Commissioner will also be able to appoint a team of staff to support them in carrying out their activities.

## **Policy intention 4. To reform integrated community planning**

311. Local partnership working has been a dynamic policy area in Wales over the past 10 to 15 years. Statutory requirements began in discrete policy areas – community safety (1998), children and young people (2004), health and well-being (2006) and community planning (2000 and 2009). In 2007, Welsh Government introduced Local Service Boards (LSBs) as a voluntary partnership of the most senior leaders in local public services with the intention of bringing greater strategic direction to partnership working and making more effective use of the resources of public services working together.
312. More recently, the Welsh Government has taken steps to encourage a more systematic approach to integrating separate plans and partnerships, both statutory and non-statutory. It is evident, however, that there remains a need to bring greater clarity and accountability to partnership working.
313. Three options have been considered for achieving the policy intent, these are:
- Option 1. Do nothing: Continue with the current arrangements;
  - Option 2. Legislate to reform integrated community planning;
  - Option 3. Remove planning duties entirely.
314. Each option is summarised below.

### **Option 1. Do Nothing**

#### ***Do Nothing: Continue with the current arrangements***

315. Option 1 means continuing the current position where local partners integrate their existing planning duties in a single integrated plan through a voluntary LSB.
316. Local partners have been encouraged since June 2012 to rationalise partnership structures. Guidance on integrating plans, Shared Purpose – Shared Delivery, was published by the Welsh Government in June 2013. Two<sup>33</sup> integrated planning arrangements have been in place, on a voluntary basis, since April 2013.
317. At present, local authorities and partners discharge a range of statutory duties, each of which involves a slightly different set of partners, through the LSB and the single integrated plan. This streamlines a number of evidence gathering, planning and reporting processes and has enabled the alignment of planning cycles.

## Option 2. Introduce legislation

### *Introduce legislation to reform integrated community planning*

- 318. The purpose of this option would be to place local partnerships and integrated planning on a clear statutory footing, aligned with the national goals and indicators, and delivering local priorities in line with the sustainable development principle.
- 319. Legislating to put local partnerships and integrated planning on a statutory footing would permit provision to be made to address these issues and place local planning firmly within the framework of the national goals and the sustainable development principle implemented in the main part of the Bill.

## Option 3. Remove planning duties entirely

- 320. In this option, The Welsh Government would remove all planning duties on local government, health boards and their partners, as well as, potentially, some of the underlying substantive duties, relating to various subject areas such as children and young people, child poverty, health and well-being and community planning. It would be for local partners to determine what needed to be done and how, with little or no national government direction.
- 321. A number of analyses have identified too much complexity in the relationship between central and local government in Wales (as elsewhere), and too much partnership complexity, especially at the local level. See, for instance, the analysis in the Williams Report on Public Service Governance and Delivery and the final report of Cardiff Business School's five year study, Learning to Improve<sup>34</sup>.
- 322. In England, this approach is reflected in the UK government's 'localism' approach, whose objectives are to lift the burden of bureaucracy, empower communities, increase local control of public finance, diversify the supply of public services, open up government to public scrutiny and strengthen accountability to local people.<sup>35</sup>
- 323. It is too early yet for any substantial evaluation to have taken place to say whether this approach is effective but initial reviews suggest the Localism Act 2011 may not achieve its objectives. For example:

*"While the Act contains a limited number of proposals for localism, they are set in a centralist framework based on the attitudes and practices dominant in the workings of central government. Centralism dominates localism in the Act, and the need for change in central government is not even recognised. Rather, centralism is entrenched by the many new powers, regulations and orders [given to the Secretary of State]. In addition there is a lack of clarity as to the relationship between decentralisation to local authorities and decentralisation to communities that can be resolved only at local level*

*rather than by nationally-imposed decisions embedded in regulations.*<sup>36</sup>

324. Adopting such an approach in Wales would mean reframing the relationship between central and local government, with a much greater reliance on the role of audit, inspection and regulation to secure improvement, as well as the role of the Commissioners for children, older people and Future Generations, in order to protect the interests of specific groups in the population. It would require confidence that governance in local government was sufficiently robust to respond to recommendations of audit and inspection and that local scrutiny mechanisms were effective in policing their implementation.
325. At present, the evidence is that these governance, accountability and scrutiny mechanisms are not sufficiently robust in all areas. There have been numerous recent examples of failure in corporate governance in local government and an unwillingness to accept, let alone respond to, critical reports. See, for example, the Auditor General's reports in the public interest made under section 22 of the Public Audit (Wales) Act 2004 with regard to failures in Caerphilly<sup>37</sup>, Carmarthenshire<sup>38</sup> and Pembrokeshire<sup>39</sup>. More generally, AGW notes continuing issues with securing and reporting on improvement in local government:

"All authorities are getting better at connecting what they want to achieve with their plans and resources and some are presenting a clear and candid picture to local people, but poor information makes it difficult to be sure that they really understand their own performance sufficiently well to address the challenges they face."

326. The response to critical reports by the inspectorates has also been mixed. A joint report by CSSIW and Estyn published in August 2011<sup>40</sup> was highly critical of the handling of allegations of professional abuse and the arrangements for safeguarding and protecting children in education in Pembrokeshire. A WAO special inspection into the safeguarding arrangements in the county in December 2012 found that:

"As a result of external reports, the Council has introduced policies and procedures that have heightened awareness of safeguarding but has not addressed the underlying causes of failings.

The Council is acting too slowly to address serious issues such as the use of timeout rooms and is not implementing new policies and procedures effectively.

The Council has made little progress since January 2012 in strengthening the challenge and assurance role of members."<sup>41</sup>

327. Blaenau Gwent, Pembrokeshire, Torfaen, Monmouthshire and Merthyr Tydfil are all in education 'special measures' following critical reports by Estyn.<sup>42</sup> In their evidence to the Williams Commission, Estyn commented on the response to their reports:

"Firstly, there may be a tendency for senior staff to be drawn into the day-to-day business of managing operational delivery, neglecting opportunities and needs for strategic change and improvement. For example, in Blaenau Gwent, the very small team responsible for overall management of the education service, despite working to the best of their ability, appeared to be unable or unwilling to confront systemic and chronic problems of under-performance, as Estyn found when placing the authority in special measures."<sup>43</sup>

328. The Commission draws together a number of these threads in its report:

"We heard too that whilst audit, inspection and regulation can effectively identify the need for change and improvement, organisations do not always respond well or effectively to this. We were told that organisations may choose to ignore or deny the validity of findings and fail to act on them; recent failures of services or in organisations substantiate this. Some organisations fail to take action on problems identified through other means until they are picked up through an inspection. For example, the Chief Inspector of Education and Training noted in her evidence that it was reasonably common for local authorities not to take action to improve a school they knew to be failing until Estyn formally repeated that conclusion, but all the inspectorates were critical of this failing. There was also evidence of critical findings not being reported to scrutiny committees. This is partly a cultural problem but it also indicates a weak governance structure and accountability framework, which allows or condones this approach."<sup>44</sup>

329. Overall, the evidence presented suggests that at present a more systemic and wide ranging 'hands off' approach in Wales would clearly carry very significant risk in the current circumstances and is therefore ruled out for further consideration as an option and it is not proposed to cost it.

## **Chapter 7: Costs and Benefits of the policy options**

330. This chapter presents an assessment of the costs and benefits associated with the options identified in chapter 6. It has been updated following the report by the Wales Audit Office after their review of the RIA in December 2014.
331. The report recommended that: “supported by further consultation with the affected public bodies, the Welsh Government should re-visit its assumptions about the extent to which the activities required to implement the Bill may result in additional costs. The Welsh Government should invite public bodies and Local Service Boards (LSBs) to assess current arrangements against the Bill’s requirements and to identify the likely additional cost of meeting the Bill’s requirements. Any such assessment should consider the extent to which public bodies may need to develop, and if necessary enhance, business planning and decision-making processes.”
332. The RIA has been reviewed, with comment invited from the public bodies subject to Part 2 of the Bill on how the impact on their organisation has been presented.
333. Public bodies’ views on the updated RIA were received by the 18th February, in order to inform the revised RIA and Explanatory Memorandum for the Bill. Of the eleven responses received, one agreed and three noted the costs set out in the revised RIA. Seven public bodies raised broad concerns that the costs, in particular those relating to Public Services Boards, may be underestimated, however most did not provide alternative figures.

Table 1: Summary of “do nothing” compared with the preferred option to legislate for all policy intentions

*"Do nothing"*

Relevant Authorities	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Welsh Government	£1,537,000	£1,299,700	£1,277,700	£1,277,700	£1,277,700	£1,299,700	£1,277,700	£1,277,700	£1,277,700	£1,277,700	£13,080,300
Local Authorities	£4,060,000	£2,367,200	£2,367,200	£2,367,200	£2,367,200	£4,060,000	£2,367,200	£2,367,200	£2,367,200	£2,367,200	£27,057,600
LHBs and Trusts	£1,631,700	£780,200	£780,200	£780,200	£780,200	£1,631,700	£1,631,700	£1,631,700	£1,631,700	£1,631,700	£12,911,000
Fire and Rescue	£122,000	£95,900	£95,900	£95,900	£95,900	£122,000	£95,900	£95,900	£95,900	£95,900	£1,011,200
NRW	£107,600	£48,600	£48,600	£48,600	£48,600	£107,600	£48,600	£48,600	£48,600	£48,600	£604,000
WGSB/HEFCW	£257,000	£99,000	£99,000	£99,000	£99,000	£257,000	£99,000	£257,000	£99,000	£257,000	£1,622,000
National Parks	£88,800	£54,600	£54,600	£54,600	£54,600	£88,800	£54,600	£54,600	£54,600	£54,600	£614,400
P&CCs	£9,000	£9,000	£9,000	£9,000	£9,000	£9,000	£9,000	£9,000	£9,000	£9,000	£90,000
Constables	£123,100	£86,200	£86,200	£86,200	£86,200	£86,200	£86,200	£86,200	£86,200	£86,200	£898,900
Probation	£15,300	£15,300	£15,300	£15,300	£15,300	£15,300	£15,300	£15,300	£15,300	£15,300	£153,000
CVCs	£185,800	£119,200	£119,200	£119,200	£119,200	£185,800	£119,200	£119,200	£119,200	£119,200	£1,325,200
AGW	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
T&CCs	£26,400	£26,400	£26,400	£26,400	£26,400	£26,400	£26,400	£26,400	£26,400	£26,400	£26,400
<b>Total</b>	<b>£8,163,720</b>	<b>£5,001,300</b>	<b>£4,979,300</b>	<b>£4,979,300</b>	<b>£4,979,300</b>	<b>£7,889,520</b>	<b>£5,830,800</b>	<b>£5,988,800</b>	<b>£5,830,800</b>	<b>£5,988,800</b>	<b>£59,393,840</b>

LHBs = Local Health Boards; Fire and Rescue = Fire and Rescue Authorities; NRW = Natural Resources Wales; WGSB = Welsh Government Sponsored Bodies; HEFCW = Higher Education Funding Council for Wales; National Parks = National Park Authorities; P&CCs = Police and Crime Commissioners; Constables = Police Constables; Probation = Providers of probation services; CVCs = Community Voluntary Councils; AGW = Auditor General for Wales; T&CCs = Town and Community Councils

*"Preferred option to legislate – additional cost of legislation"*

<b>Relevant Authorities</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>Total</b>
Welsh Government	£2,324,600	£1,942,200	£1,927,300	£1,953,200	£1,945,200	£1,942,200	£1,927,300	£1,927,300	£1,927,300	£1,927,300	£19,743,900
<i>Additional cost</i>	£787,600	£642,500	£649,600	£675,500	£667,500	£642,500	£649,600	£649,600	£649,600	£649,600	£6,663,600
Local Authorities	£4,159,000	£2,466,200	£2,466,200	£2,466,200	£2,466,200	£4,159,000	£2,466,200	£2,466,200	£2,466,200	£2,466,200	£28,047,600
<i>Additional cost</i>	£99,000	£99,000	£99,000	£99,000	£99,000	£99,000	£99,000	£99,000	£99,000	£99,000	£990,000
AGW	£122,000	£252,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£1,414,000
<i>Additional cost</i>	£122,000	£252,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£1,414,000
Fire and Rescue	£131,800	£105,700	£105,700	£105,700	£105,700	£131,800	£105,700	£105,700	£105,700	£105,700	£1,109,200
<i>Additional cost</i>	£9,800	£9,800	£9,800	£9,800	£9,800	£9,800	£9,800	£9,800	£9,800	£9,800	£98,000
NRW	£103,600	£69,900	£69,900	£69,900	£69,900	£103,600	£69,900	£69,900	£69,900	£69,900	£766,400
<i>Additional cost</i>	£31,800	£21,300	£21,300	£21,300	£21,300	£31,800	£21,300	£21,300	£21,300	£21,300	£234,000
P&CCs	£19,000	£19,000	£19,000	£19,000	£19,000	£19,000	£19,000	£19,000	£19,000	£19,000	£190,000
<i>Additional cost</i>	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£100,000
Probation	£21,900	£21,900	£21,900	£21,900	£21,900	£21,900	£21,900	£21,900	£21,900	£21,900	£219,000
<i>Additional cost</i>	£6,600	£6,600	£6,600	£6,600	£6,600	£6,600	£6,600	£6,600	£6,600	£6,600	£66,000
AGW and WAO	£442,600	£233,100	£233,100	£233,100	£233,100	£182,300	£182,300	£182,300	£182,300	£182,300	£2,286,700
<i>Additional cost</i>	£442,600	£233,100	£233,100	£233,100	£233,100	£182,300	£182,300	£182,300	£182,300	£182,300	£2,286,700
<b>Additional compared to "do nothing"</b>	<b>£1,509,500</b>	<b>£993,500</b>	<b>£878,600</b>	<b>£904,500</b>	<b>£896,500</b>	<b>£871,500</b>	<b>£878,600</b>	<b>£878,600</b>	<b>£878,600</b>	<b>£878,600</b>	<b>£9,565,800</b>

LHBs = Local Health Boards; Fire and Rescue = Fire and Rescue Authorities; NRW = Natural Resources Wales; WGSB = Welsh Government Sponsored Bodies; HEFCW = Higher Education Funding Council for Wales; National Parks = National Park Authorities; P&CCs = Police and Crime Commissioners; Constables = Police Constables; Probation = Providers of probation services; CVCs = Community Voluntary Councils; AGW = Auditor General for Wales; T&CCs = Town and Community Councils

334. Please note that the increase in additional costs for public service organisations in comparison to the Regulatory Impact Assessment in July 2014 relate in the most part to salary oncosts added for consistency across the RIA. Other costs still relate to the attendance and contribution to all PSBs from organisations such as Police, probation, Fire and Rescue Authorities and Natural Resources Wales. Please

also note that the costs of the Auditor General for Wales (AGW) are subject to change should the proposed amendment to provide a duty for the AGW be agreed by the Stage 2 committee.



## **Policy intentions 1 and 2: to improve governance arrangements to improve the well-being and sustainable development of Wales**

### **Costs**

- 335. The legislation is intended to strengthen the existing systems of governance to ensure that public bodies consider both current and future generations when taking decisions.
- 336. This builds upon the progress and cultural change that has already resulted from the three sustainable development schemes undertaken by the Welsh Government since 1998.
- 337. The following impact assessment attempts to provide a best/illustrative estimate of the transitional costs to public bodies associated with embedding the framework and the on-going administrative costs incurred in having to i) develop and publish well-being objectives; account for how resources are allocated to fulfil objectives; and ii) write an annual report setting out progress towards achieving those objectives.
- 338. In addition to these costs, there may be further consequential costs and benefits associated with the legislation. These relate to the impact that the strengthened framework has on the way that the public bodies operate, the activities they undertake and the impact this has on long-term well-being.
- 339. The implications for organisations will depend upon the strategies they develop to meet the well-being objectives they set in response to the legislation. Decisions taken by organisations in both setting and achieving their well-being objectives include the exercise of discretion. This allows the decision makers within the organisation to make a choice about what course of action will best enable them to meet their objectives. The Bill provides a defined frame of reference for how to determine these actions but maintains that it is the responsibility, and indeed choice of the organisations as to what actions to take, but expect them to justify these actions through their reporting arrangements. Since these objectives have yet to be set and the associated responses have yet to be developed and agreed by organisations, it is in principle not possible to quantify their costs and benefits in any meaningful sense at this stage, the range of potential actions and outcomes is simply too broad. It is for the organisations themselves to find the best sustainable solutions in the context in which they operate and it is not appropriate for this legislation to define exactly the individual solutions and actions for each organisation.
- 340. PwC were commissioned to assess the administrative impact of the legislation on the public bodies subject to the Bill, but - whilst identifying the need for cultural change within organisations, improved leadership and better partnership-working - were unable to provide a quantified assessment of the costs involved. The report can be found here:

<http://wales.gov.uk/topics/sustainabledevelopment/future-generations-bill/>

341. It is very difficult to identify what will drive the cultural change associated with meeting the duty within individual organisations, and to quantify this in cost terms. The organisations who took part in the research were not able to establish a baseline position in relation to their current cultures and behaviours and as a result PwC were unable to provide even a broad estimate of the likely costs associated with cultural change.
342. The approach taken to assessing the costs and benefits of the duties placed upon public services below reflects the potential costs and benefits of the specific requirements set out in the Bill, which, together with other actions, seeks to improve the well-being of Wales through sustainable development.
343. The conclusion of the PwC report, which has been published alongside this impact assessment was:

“Overall, our findings suggested that potential opportunities and benefits that could be derived from implementing the principles of the Bill significantly outweigh the negative administrative impacts associated with implementation. However, organisations that respond to the requirements of the Bill as purely an exercise in compliance may miss the opportunity to use the introduction of the Bill as a catalyst for a fundamental change in the way that public sector organisations deliver their services.

344. However, the report found that the organisations interviewed as part of the research had difficulty measuring their ‘maturity’ in terms of how far they complied with the Bill and did not quantify the cost of changes in cost terms.
345. It remains the case that as the individual strategies and objectives are developed, each public body will be responsible for undertaking an assessment of the costs and benefits of the proposals and confirming that they represent value for money.
346. In all cases, the tables provide an indicative cost for how organisations decide their objectives (corporate objective setting), which is the process by which high level strategic outcomes are set, not for operational business planning. The processes of business planning are not directly affected by changes to the strategic plan (objective setting) although the outcomes might.

### **Option 1. Do nothing**

347. Under this option, the Welsh Government and public bodies will continue with their current arrangements for corporate objective setting. The Welsh Government will also continue to promote sustainable development under its current duties as set out in GOWA.
348. There are no additional costs associated with this option since it maintains the current arrangements for corporate objective setting and promoting sustainable development. It is important to note that, under this option, the

following activities, managed by separate teams within the Welsh Government are likely to continue in relation to the following areas:

- Corporate objective setting alongside the development of the Sustainable Development scheme;
- Reviewing and reporting annually on the corporate objectives and the Sustainable Development scheme.

349. The following section presents a summary of the costs that are incurred under the current arrangements for the public service. The costs can be broken down into the following categories:

(1) Setting corporate objectives – this is undertaken by the 44 public bodies captured by the Bill;

(2) Reporting annually against objectives – this is undertaken by the 44 public bodies captured by the Bill;

(3) Assessing the effectiveness of the Welsh Government in promoting sustainable development – this applies only to the Welsh Government;

(4) Setting non statutory sustainable development indicators – this applies only to the Welsh Government.

(1) Setting corporate objectives

350. Currently the Welsh Government has set its corporate objectives for Wales through the Programme for Government. This was undertaken in 2011, to cover the period 2011-2016, following the National Assembly for Wales election.

351. This process is used as a proxy for assessing the resources that may be needed to support Ministers when they set corporate objectives for the Assembly term.

352. The resource cost associated with this was estimated to be £186,600. Table 2 presents a breakdown of these costs. If a similar approach is taken, the next set of corporate objectives would be published in 2016-17 following the National Assembly for Wales election and for the purposes of the regulatory impact assessment it is estimated that the same cost will be incurred, if option 1 is pursued.

*Table 2: Cost to the Welsh Government of supporting Ministers when they set corporate objectives for the Assembly term*

<b>Element</b>	<b>Cost</b>
Corporate objective setting and producing a statement, (staff costs)	£126,200
Design and Typesetting	£5,500
Translation	£31,200
Web publishing	£12,900
ICT development	£10,800
<b>TOTAL</b>	<b>£186,600</b>

353. Under option 1, costs are also incurred by the Welsh Government in the development of the Sustainable Development (SD) scheme. There have been three instances where the Welsh Government has prepared, engaged and published a new statutory SD scheme since 1998. Under this option, it is assumed that the Welsh Government will continue to review and remake the Sustainable Development Scheme in each Assembly term.

354. The SD Scheme is prepared by the Welsh Government's Sustainable Development Branch who co-ordinate the management of reporting on the scheme. The staff costs are therefore included below. In addition to staff costs, £22,000 was spent promoting and engaging people on the current scheme. It is assumed that a similar cost would be incurred for future schemes. If this option was pursued it is likely that a new scheme would be revised and remade in 2017/18, should the next Government decide to do so.

*Table 3: Gross running costs of the Sustainable Development Branch*

<b>Grade</b>	<b>Annual grade cost</b>
Executive Band 2 (EB2)	£69,400
Management Band 1 (MB1)	£51,900
MB1	£51,900
MB2	£40,700
MB3	£32,400
<b>TOTAL</b>	<b>£246,300</b>

355. Corporate objectives are also set by other public bodies. Research commissioned by the Welsh Government was used to inform the parameters of the baseline costs to organisations of setting strategic objectives. As a result, a best estimate is provided based on the size and functions of the different bodies below.
356. The costs of publication are estimated to be £13,000 for each Local Authority and £10,000 for other bodies, (whose annual reports tend to have fewer words.)

### *Local Authorities*

357. The populations served by local authorities in Wales vary widely, from 345,400 (Cardiff) to 58,900 (Merthyr Tydfil). The statutory duties discharged by local authorities are the same, whatever their size, but larger populations inevitably bring greater complexity as they generally have more concentrated urban areas with wide disparities in demographics and disadvantage e.g. in terms of poverty or health outcomes.
358. For this reason, three models are constructed, based on the three groups used in the Independent Remuneration Panel for Wales Annual Report, (February 2014)<sup>45</sup>. The three groups are:

Group A.	Cardiff, Swansea and Rhondda Cynon Taf
Group B	Bridgend, Caerphilly, Carmarthenshire, Conwy, Flintshire, Gwynedd, Neath Port Talbot, Newport, Pembrokeshire, Powys, Vale of Glamorgan, Wrexham
Group C	Blaenau Gwent, Ceredigion, Denbighshire, Isle of Anglesey, Merthyr Tydfil, Monmouthshire, Torfaen

359. Three sets of costs are provided for each organisation or type of organisation. The upper half of the table provides estimated costs for initial objective setting i.e. Year 1 of the planning cycle. The lower half provides estimated costs for subsequent years in the planning cycle. For each organisation “type” a range of costs is presented for illustrative purposes only, with the mid-point used for the purposes of the RIA.
360. The following assumptions have been used in relation to the estimates for salary costs:
- For all public bodies aside from Natural Resource Wales, the average 2012/13 “Chief Executive” and “Senior Officer” salaries for the groups set out below have been taken from the report “Senior management pay across the Welsh public sector, Wales Audit Office, 2014). Salary data below Director level is estimated.

- b. For Natural Resources Wales, salary data was provided for all bands, including on costs.
- c. For Welsh Government Sponsored Bodies and HEFCW, the average “highest senior officer pay” for 2012/13 was taken from the 2014 Wales Audit Office report.
- d. All other salary costs include oncosts at 30%.
- e. All data assumes 220 working days.
- f. “Year 1” is assumed to be 2016/17 for an accurate comparison with the other options in the RIA.

*Table 4: Group A Local Authorities*

361. The three largest local authorities in Wales have large workforces, interfacing with other parts of the public sector, private and third sectors and the general public. They have a number of systems for service delivery, procurement and governance. As a result they are responsible for a large number of assets and ongoing, complex organisational change cycles. Each has a 5 year strategic planning cycle, with rolling three year operational business planning.

Official	No. of posts	Time / each (days)	Total time (days)	Annual salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£201,814.60	£2,100 - £3,400
Director	3	7.5 - 12.5	22.5 - 37.5	£143,000.00	£14,600 - £24,400
Head of Service	10	7.5 - 12.5	75 - 125	£78,000.00	£26,600 - £44,300
Operational Manager	20	3.75 - 6.25	75 - 125	£71,500.00	£24,400 - £40,600
Administrative support	1	15 - 25	15 - 25	£28,600.00	£2,000 - £3,200
<b>Mid point: £90,100</b>					
<b>Years 2-5 – Updating and reporting</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£201,814.60	£2,100 - £3,400
Director	3	1.5 - 2.5	4.5 - 7.5	£143,000.00	2,900 - £4,900
Head of Service	10	2.25 - 3.75	22.5 - 37.5	£78,000.00	£8,000 - £13,300

Operational Manager	20	2.25 - 3.75	45 - 75	£71,500.00	£14,600 - £24,400
Administrative support	1	7.5 - 12.5	7.5 - 12.5	£28,600.00	£1,000 - £1,600
<b>Mid point: £35,300</b>					

*Table 4a: Group B Local Authorities*

Official	No. of posts	Time / each (days)	Total time (days)	Annual salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£175,496.10	£1,800 - £3,000
Director	3	6 - 10	18 - 30	£153,933.00	£12,600 - £21,000
Head of Service	8	7.5 - 12.5	60 - 100	£78,000.00	£21,300 - £35,500
Operational Manager	15	3.75 - 6.25	56 - 94	£71,500.00	£18,300 - £30,500
Administrative support	1	15 - 25	15 - 25	£28,600.00	£2,000 - £3,300
<b>Mid point: £72,100</b>					
<b>Years 2-5 – Updating and reporting</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£175,496.10	£1,800 - £3,000
Director	3	1.5 - 2.5	4.5 - 7.5	£153,933.00	£3,100 - £5,200
Head of Service	8	2.25 - 3.75	18 - 30	£78,000.00	£6,400 - £10,600
Operational Manager	15	2.25 - 3.75	33.75 - 56.25	£71,500.00	£11,000 - £18,300
Administrative support	1	7.5 - 12.5	7.5 - 12.5	£28,600.00	£1,000 - £1,600
<b>Mid point: £28,600</b>					

*Table 4b: Group C Local Authorities*

Official	No. of posts	Time / each (days)	Total time (days)	Annual Salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£152,907.30	£1,600 - £2600
Director	3	6 - 10	18 - 30	£128,050.00	£10,300 - £17,200
Head of Service	8	7.5 - 12.5	60 - 100	£78,000.00	£21,000 - £35,000
Operational Manager	15	3.75 - 6.25	56 - 94	£65,000.00	£16,400 - £27,300
Administrative support	1	15 - 25	15 - 25	£28,600.00	£2,000 - £3,300
<b>Mid point: £66,200</b>					
<b>Years 2-5 – Updating and reporting</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£152,907.30	£1,600 - £2,600
Director	3	1.5 - 2.5	4.5 - 7.5	£128,050.00	£2,600 - £4,300
Head of Service	8	2.25 - 3.75	18 - 30	£78,000.00	£6,300 - £10,500
Operational Manager	15	2.25 - 3.75	34 - 56	£65,000.00	£9,800 - £16,400
Administrative support	1	7.5 - 12.5	7.5 - 12.5	£28,600.00	£1,000 - £1,600
<b>Mid point: £26,200</b>					

*Table 5: Local Health Boards subject to the Bill*

362. Health Boards in Wales have a range of specialist services and administrative functions, a multi-skilled workforce and extensive property and assets. Health Boards have numerous interfaces with local government, the third sector, higher education, large private sector companies and the general public. Their planning cycle is for three years. As with Local Authorities, because Local Health Boards vary in size and complexity, three models are constructed. The groups are:

Group A.	Abertawe Bro Morgannwg University Health Board, Aneurin Bevan Health Board, Betsi Cadwaladr Health Board and Cardiff and the Vale Health Boards
Group B	Cwm Taf and Hywel Dda Health Boards
Group C	Public Health Wales ,PowysTeaching Health Board, Velindre Health Trust

*Table 5a: Group A Health Boards*

Official	No. of posts	Time / each (days)	Total time (days)	Annual salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£251,875.00	£2,600 - 4,300
Director	5	7.5 - 12.5	37.5 - 62.5	£221,000.00	£37,700 - £62,800
Head of Service	10	11.25 - 18.75	112.5 - 187.5	£91,000.00	£46,500 - £77,600
Operational Manager	20	5.25 - 8.75	105 - 175	£78,000.00	£37,200 - £62,000
Administrative support	2	15 - 25	30 - 50	£28,600.00	£3,900 - £6,500
<b>Mid point: £167,100</b>					
<b>Year 2-5 – Updating and reporting</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£251,875.00	£2,600 - 4,300
Director	5	3 - 5	15 - 25	£221,000.00	£15,100 - £25,100
Senior Manager	10	3.75 - 6.25	37.5 - 62.5	£91,000.00	£15,500 - £25,900
Operational Manager	20	3 - 5	60 - 100	£78,000.00	£21,300 - £35,500
Administrative support	2	7.5 - 12.5	15 - 25	£28,600.00	£2,000 - £3,300
<b>Mid point: £71,700</b>					

*Table 5b: Group B Health Boards*

Official	No. of posts	Time / each (days)	Total time (days)	Annual salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£221,000.00	£2,300 - 3,800
Director	5	7.5 - 12.5	37.5 - 62.5	£143,000.00	£24,400 - £40,600
Head of Service	10	11.25 - 18.75	112.5 - 187.5	£91,000.00	£46,500 - £77,600
Operational Manager	20	5.25 - 8.75	105 - 175	£78,000.00	£37,200 - £62,000
Administrative support	2	15 - 25	30 - 50	£28,600.00	£3,900 - £6,500
<b>Mid point: £149,400</b>					
<b>Year 2-5 – Updating and reporting</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£221,000.00	£2,300 - 3,800
Director	5	3 - 5	15 - 25	£143,000.00	£9,800 - £16,300
Senior Manager	10	3.75 - 6.25	37.5 - 62.5	£91,000.00	£15,500 - £25,900
Operational Manager	20	3 - 5	60 - 100	£78,000.00	£21,300 - £35,500
Administrative support	2	7.5 - 12.5	15 - 25	£28,600.00	£2,000 - £3,300
<b>Mid point: £64,600</b>					

*Table 5c: Group C Health Boards*

Official	No. of posts	Time / each (days)	Total time (days)	Annual salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£170,625.00	£1,700 - £2,900
Director	5	7.5 - 12.5	37.5 - 62.5	£130,000.00	£22,200 - £36,900

Senior Manager	10	11.25 - 18.75	112.5 - 187.5	£91,000.00	£46,500 - £77,600
Operational Manager	20	5.25 - 8.75	105 - 175	£78,000.00	£37,200 - £62,000
Administrative support	2	15 - 25	30 - 50	£28,600.00	£3,900 - £6,500
<b>Mid point: £146,400</b>					
<b>Year 2-5 – Updating and reporting</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£170,625.00	£1,700 - £2,900
Director	5	3 - 5	15 - 25	£130,000.00	£8,900 - £14,800
Senior Manager	10	3.75 - 6.25	37.5 - 62.5	£91,000.00	£15,500 - £25,900
Operational Manager	20	3 - 5	60 - 100	£78,000.00	£21,300 - £35,500
Administrative support	2	7.5 - 12.5	15 - 25	£28,600.00	£2,000 - £3,300
<b>Mid point: £63,500</b>					

*Table 6: Fire and Rescue Authority*

363. Fire and rescue authorities provide a range of very specific and specialist functions, with less change over time. They have a three year planning cycle.

Official	No. of posts	Time / each (days)	Total time (days)	Annual salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£161,883	£1,700 - 2,800
Director	1	3.75 - 6.25	3.75 - 6.25	£105,220	£1,800 - £3,000
Senior Manager	3	6 - 10	18 - 30	£78,000	£6,400 - £10,600
Operational Manager	8	2.25 - 3.75	18 - 30	£52,000	£4,300 - £7,100
Support (secretarial)	1	7.5 - 12.5	7.5 - 12.5	£28,600	£1,000 - £1,600

<b>Mid point: £17,900</b>					
<b>Year 2-5 - Updating and Reporting</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£161,883	£1,700 - 2,800
Director	1	1.5 - 2.5	1.5 - 2.5	£105,220	£700 - £1,200
Senior Manager	3	2.25 - 3.75	6.75 - 11.25	£78,000	£2,400 - £4,000
Operational Manager	8	1.5 - 2.5	12 - 20	£52,000	£2,800 - £4,700
Support (secretarial)	1	7.5 - 12.5	7.5 - 12.5	£28,600	£1,000 - £1,600
<b>Mid point: £9,200</b>					

*Table 7: Natural Resources Wales*

<b>Official</b>	<b>No. of posts</b>	<b>Time / each (days)</b>	<b>Total time (days)</b>	<b>Annual salary</b>	<b>Total</b>
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£203,621	£2,100 - £3,500
Director	10	2.25 - 3.75	22.5 - 37.5	£130,639	£13,400 - 22,300
Senior Manager	20	2.25 - 3.75	45 - 75	£93,096	£19,000 - £31,700
Operational Manager	10	10 - 30	100 - 300	£79,105	£16,200 - £27,000
Administrative support	1	11.25 - 31.25	11.25 - 31.25	£33,199	£2,800 - £4,700
<b>Mid point £71,400</b>					
<b>Year 2-5 – Updating and Reporting</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£117,535	£1,200 - £2,000
Director	1	2.25 - 3.75	2.25 - 3.75	£83,757	£900 - £1,400
Senior Manager	5	2.25 - 3.75	11.25 - 18.75	£68,321	£3,500 - £5,800

Operational Manager	10	2.25 - 3.75	22.5 - 37.5	£34,084	£3,500 - £5,800
Administrative support	1	20	15-25	£20,279	£1,400 - £2,300
<b>Mid point: £12,300</b>					

364. As the first organisation of its kind in the UK and the largest sponsored body in Wales, NRW has a mix of responsibilities, encompassing land, forestry, nature and wildlife, air quality, water resources and quality, flood risk management and fresh water fishing.

365. Through its corporate planning for 2014-17, NRW has developed a performance framework to clearly demonstrate how its delivery plans contribute to long term outcomes.

*Table 8: Welsh Government Sponsored Bodies and HEFCW*

366. Sponsored bodies and HEFCW provide a range of very specific and specialist functions, with less change over time.

Official	No. of posts	Time / each (days)	Total time (days)	Annual salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£114,400	£1,200 - 2,000
Director	1	3.75 - 6.25	3.75 - 6.25	£92,300	£600 - £1,000
Senior Manager	3	7.5 - 12.5	22.5 - 37.5	£78,000	£8,000 - £13,300
Operational Manager	5	3.75 - 6.25	18.75 - 31.25	£52,000	£4,400 - £7,400
Support (secretarial)	1	7.5 - 12.5	7.5 - 12.5	£28,600	£1000 - £1,600
<b>Mid point: £20,700</b>					
<b>Year 2-5</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£114,400	£1,200 - 2,000
Director	1	1.5 - 2.5	1.5 - 2.5	£123,500	£800 - £1,400
Senior Manager	3	3.75 - 6.25	11.25 - 18.75	£78,000	£4,000 - £6,600

Operational Manager	5	1.5 - 2.5	7.5 - 12.5	£52,000	£1,800 - £3,000
Support (secretarial)	1	7.5 - 12.5	7.5 - 12.5	£28,600	£1,000 - £1,600
<b>Mid point: £9,800</b>					

*Table 9: National Parks Authorities*

Official	No. of posts	Time / each (days)	Total time (days)	Annual salary	Total
<b>Year 1</b>					
Chief Executive	1	2.25 - 3.75	2.25 - 3.75	£97,500	£1,000 - £1,700
Director	1	3.75 - 6.25	7.5 - 12.5	£78,000	£2,700 - £4,400
Senior Manager	3	7.5 - 12.5	22.5 - 37.5	£65,000	£6,600 - £11,100
Operational Manager	5	3.75 - 6.25	18.75 - 31.25	£52,000	£4,400 - £7,400
Administrative support	1	7.5 - 12.5	7.5 - 12.5	£28,600	£1,000 - £1,600
<b>Mid point: £19,600</b>					
<b>Year 2-5</b>					
Chief Executive	1	1.5 - 2.5	1.5 - 2.5	£97,500	£700 - £1,100
Director	1	1.5 - 2.5	1.5 - 2.5	£78,000	£500 - £900
Senior Managers	3	2.25 - 3.75	6.75 - 11.25	£65,000	£2,000 - £3,300
Operational Manager	5	2.25 - 3.75	11.25 - 18.75	£52,000	£2,700 - £4,400
Administrative support	1	7.5 - 12.5	7.5 - 12.5	£28,600	£1,000 - £1,600
<b>Mid point: £8,200</b>					

367. National Parks Authorities deliver and plan a range of specific functions, with less change over time.

(2) Reporting annually against corporate objectives

368. The costs of the public bodies named in the Bill of reporting annually against strategic objectives is included in the costs for years 2-5 set out above.
369. Currently, the Welsh Government prepares an annual report on its corporate objectives, which is undertaken by the Budget Effectiveness branch, over approximately nine months. The staff cost associated with writing the annual report is approximately £103,300 per annum. Under option 1 it is anticipated that this would begin one year after setting corporate objectives (2017/18) and continue for 4 years after that until the next election.

*Table 10: Summary of staff costs relating to reporting annually against the corporate objectives*

Grade	Annual grade cost*	Monthly cost*	Time**
<i>Annual Review and Report</i>			
EB1	£85,910	£7,159	3 months
EB2	£69,435	£5,786	9 months
MB2	£40,669	£3,389	4 months
MB3	£32,400	£2,700	6 months
<b>SUBTOTAL</b>			<b>£103,300</b>
* gross cost based on pay scale point below maximum			
** using 52-week years and 5-day or 37-hour weeks			

370. Evidence is commissioned from Departments on the following areas:

- (1) A summary of achievements and actions in the reporting period against the relevant chapters;
- (2) Progress to date against each of the 547 government commitments;
- (3) Reporting on indicators (247) that cover (a) “How is Wales doing?” [outcome indicators] and (b) “How is the Welsh Government doing? [tracking indicators] ”.

371. It is estimated that this work, requires the cumulative time equivalent to four management band officers for 9 months, one executive band officer for nine months and a Director for three months.

*Table 11: Costs of commissioning evidence for reporting against corporate objectives*

Grade	Annual grade cost*	Monthly cost*	Time**
<i>Annual Review and Report</i>			
SCS3	£128,989	£10,749	3 months
EB2	£69,435	£5,786	9 months
MB2	£40,669	£3,389	9 months
MB2	£40,669	£3,389	9 months
MB2	£40,669	£3,389	9 months
MB2	£40,669	£3,389	9 months
<b>SUBTOTAL</b>			<b>£206,000</b>
* gross cost based on pay scale point below maximum			
** using 52-week years and 5-day or 37-hour weeks			

372. The annual reports are published bilingually with translation costs estimated to be approximately £31,200. This is based on the cost to translate and proof-read the 2011 Programme for Government report. Typesetting costs for the production of the annual report are estimated to be the same as for the initial Programme for Government document in 2011. Web publishing costs are substantially reduced for the annual reports because of the increased familiarisation of the officers with the Programme for Government Annual Reporting Tool.

*Table 12: Producing an annual report for the Programme for Government*

Element	Cost
<i>Evidence gathering</i>	See above
<b>SUBTOTAL</b>	<b>£206,000</b>
<i>Report production</i>	

Budget Effectiveness Branch	£103,300
Web Publishing	£2,700
Costs of translation	£31,200
Typesetting	£5,500
<b>TOTAL</b>	<b>£348,700</b>

### *Reporting on the Sustainable Development scheme*

373. Under section 79 of the Government of Wales Act, the Welsh Ministers are also required after each financial year to publish a report on how the proposals set out in the sustainable development scheme were implemented in that year and lay a copy of the report before the Assembly.
374. The preparation of the sustainable development annual report is undertaken by the Sustainable Development Branch within the Welsh Government, over approximately six months. The staff cost associated with writing the annual report is approximately £6,900 per annum. The staff involved in writing the report are included in the Sustainable Development Branch costs identified above.
375. The evidence to inform this report is gathered, by commission, from all Welsh Government Departments. The cost of evidence gathering varies by Department, but on average each Welsh Government policy department, (Sustainable Futures, Local Government and Communities, Health and Social Services, Education and Skills, Economy, Science and Transport) dedicates one day of a management band officer, half a day of an executive band officer and an hour of the time of a Director to the production of each update contained within the report. This equates to a cost of £367 per update. In 2013-2014, 50 updates were provided. The costs of gathering evidence are therefore estimated to be around £18,350 (50 x £367).
376. Once written, the annual report would be subject to final clearance by a Deputy Director within Welsh Government, at a cost of approximately £400. The annual reports are published bilingually with translation costs estimated to be approximately £1,800. This is based on the cost to translate and proof-read the 2013-14 annual report.
377. Costs are also incurred by Cynnal Cymru in supporting the Commissioner to comment on the Welsh Government's SD Annual Report, and to monitor its follow-up. These costs were reported as being approximately £1,550 in 2013 by Cynnal Cymru.
378. The full costs of producing the annual report is estimated to be £29,000 per annum. [The costs of reporting for other public bodies is set out in paragraph

79 above.] As noted above, the Sustainable Development Branch costs are included in Table 3 and so to avoid double-counting, the summary table for this option (Table 14) excludes the SD Branch costs.

*Table 13: Producing the Sustainable Development annual report*

Element	Cost
<i>Evidence gathering (50 updates)</i>	£367 per update
<b>SUBTOTAL</b>	<b>£18,350</b>
<i>Report production</i>	
Sustainable Development Branch	£6,900
Senior Civil Servant	£400
Costs of translation	£1,800
Costs of supporting the Commissioner	£1,550
<b>TOTAL</b>	<b>£29,000</b>
<b>Total excluding SD branch costs</b>	<b>£22,100</b>

*(3) Report containing an assessment of effectiveness in promoting sustainable development*

379. The Welsh Ministers must, following an election publish a report containing an assessment of how effective their proposals as set out in the scheme have been in promoting sustainable development, and lay a copy of the report before the Assembly.
380. There have been three effectiveness reports since 1998 and in all instances the assessments of effectiveness has been carried out independently by consultants. These have been appointed through the normal procurements procedures.
381. The costs of the production of the sustainable development effectiveness review are borne by the Welsh Government. The cost of the previous sustainable development effectiveness and efficiency review was £25,000 and it is assumed that a similar cost will be incurred going forward. The next review is required to take place in 2016-17.

(4) Sustainable Development indicators (non-statutory)

382. In accordance with the requirements for national statistics, the sustainable development indicator set is updated annually. The cost of this activity is around £5,400.

*Table 14: Summary of the transitional and recurrent costs incurred in 2016-17 and onwards under option 1 (Doing nothing)*

Organisation	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Welsh Government</b>					
Sustainable Development Branch	£246,300	£246,300	£246,300	£246,300	£246,300
Development of an SD Scheme		£22,000			
SD Annual report	£22,100	£22,100	£22,100	£22,100	£22,100
SD indicators (updating)	£5,400	£5,400	£5,400	£5,400	£5,400
Effectiveness review	£25,000				
Setting Corporate Objectives	£18,6600				
Annual Report on corporate objectives	£348,700	£348,700	£348,700	£348,700	£348,700
<b>Total</b>	£834,100	£644,500	£622,500	£622,500	£622,500
<b>Group A Local Authority (3)</b>					
Corporate objectives	£270,300				
Updating and reporting		£105,900	£105,900	£105,900	£105,900
<b>Group B Local Authority (12)</b>					
Corporate objectives	£865,200				
Updating and reporting		£343,200	£343,200	£343,200	£343,200
<b>Group C Local Authority (7)</b>					
Corporate objectives	£463,400				
Updating and reporting		£183,400	£183,400	£183,400	£183,400
<b>Group A Local Health Boards (4)</b>					
Corporate objectives	£668,400				
Updating and reporting		£286,800	£286,800	£286,800	£286,800
<b>Group B Local Health Boards (2)</b>					
Corporate objectives	£298,800				
Updating and reporting		£129,200	£129,200	£129,200	£129,200
<b>Group C Local Health Boards and National Health Trusts (3)</b>					
Corporate objectives	£439,200				
Updating and reporting		£190,500	£190,500	£190,500	£190,500
<b>Fire and Rescue Authority (3)</b>					

Corporate objectives	£53,700				
Updating and reporting		£27,600	£27,600	£27,600	£27,600
<b>Natural Resources Wales</b>					
Corporate objectives	£71,300				
Updating and reporting		£12,300	£12,300	£12,300	£12,300
<b>HEFCW and WGSBs (5)</b>					
Corporate objectives	£103,500				
Updating and reporting		£49,000	£49,000	£49,000	£49,000
<b>National Park Authorities (3)</b>					
Corporate objectives	£58,800				
Updating and reporting		£24,600	£24,600	£24,600	£24,600
<b>Town and Community Councils (73)</b>					
Reporting	£26,440	£26,440	£26,440	£26,440	£26,440
<b>Annual Report for all public bodies (44)</b>	£50,6000	£50,6000	£50,6000	£50,6000	£50,6000
<b>Total</b>	£3,825,040	£1,884,940	£1,884,940	£1,884,940	£1,884,940
<b>Overall Total</b>	£4,659,140	£2,529,440	£2,507,440	£2,507,440	£2,507,440

## Option 2: Introduce legislation

383. Under this option, the staff costs of the Sustainable Development branch and the Budget Effectiveness branch – set out above – are anticipated to remain. There will be specific costs incurred only by the Welsh Government associated with the requirement to:

(1) Produce guidance for the Bill;

(2) Develop a set of national measures of progress (national indicators) in achieving the shared long-term well-being goals for Wales (the Welsh Ministers); and;

(3) Update these measures of progress on an annual basis and report against them (the Welsh Ministers);

(4) The Bill also requires that during the period of 12 months beginning with the date of a National Assembly for Wales general election this report must contain predictions of likely future trends.

384. In addition, there will be costs to the Welsh Government and the other 43 public bodies captured by the Bill in relation to the sustainable development duties to:

(5) Set and achieve objectives that are designed to maximise their contribution to the achievement of the well-being goals consistent with the sustainable development principle;

(6) Publish a statement explaining how and why they will contribute to the achievement of well-being goals in what they do, including when such actions are expected to be carried out;

(7) Report annually the progress the body has made in achieving well-being objectives.

385. All the organisations captured by the provisions of the Bill already have the mechanisms in place to publish their corporate objectives and report on their actions, therefore there are no additional costs recorded as a result of the proposed legislation. It is intended that, as a result of the legislation, the Welsh Government brings together the separate processes and outputs outlined above relating to:

- Corporate objective setting alongside and the development of the Sustainable Development schemes ('Programme for Government' and 'Sustainable Development Scheme')
- Reviewing and reporting annually on corporate objectives and Sustainable Development schemes ('Programme for Government Progress Report' and 'Sustainable Development Annual Report' )

(1) Producing guidance for the Bill

386. The main cost to the Welsh Government will be the development, engagement, consultation and drafting of the statutory guidance to assist named public bodies in implementing the provisions of the Bill and realising the benefits. This will cover the provisions in Part 2 of the Bill. This is estimated at £10,000 which would include the costs of resourcing an external working group, cost of publishing the material, organising and delivering engagement events on the guidance, will be funded through existing funding for sustainable development within the Welsh Government.

(2) Developing a set of national measures of progress (national indicators) in achieving the shared long-term well-being goals for Wales (the Welsh Ministers)

387. Developing a set of national indicators is estimated to incur staff costs to the Welsh Government relating to scoping the indicator framework, developing indicators, consultation and publication of a final indicator set (including data). As this work is included in the best estimate of setting well-being objectives above – the Programme for Government – no additional costs are recorded in this RIA.

(3) Updating the national measures of progress

388. The cost of this activity is not anticipated to change from the £5,400 cost that is currently incurred to update the sustainable development indicator set. As this work is currently undertaken, it is not an additional cost of the Bill.

(4) Predictions of likely future trends

389. The Bill also requires that during the period of 12 months beginning with the date of a National Assembly for Wales general election, the Welsh Government will make predictions of likely future trends in their annual report on well-being objectives.
390. This will assist in providing long-term evidence to inform the engagement of citizens by the Commissioner. In January 2012 the Welsh Government produced a statistical document Understanding Wales' Future, which is being used as the basis for costing this requirement. Under this option, a report on future trends would be published with the Welsh Government's statement on well-being objectives in 2016/17.

*Table 15: Outline of relevant Welsh Government staff costs of producing Understanding Wales' Future:*

Grade	Annual grade cost*	Monthly cost*	Time
<i>Evidence gathering</i>			
SCS†	£108,309	£9,026	20 days
G7	£69,435	£5,786	30 days
MB2	£40,669	£3,389	40 days
<b>SUBTOTAL</b>			<b>£22,600</b>
<i>Report production</i>			
G3	£128,989	£10,749	25% 6-8 weeks
G6	£85,910	£7,159	75% 6-8 weeks
MB2	£40,669	£3,389	10% 6-8 weeks
<b>SUBTOTAL (6 weeks)</b>			<b>£11,600</b>
<b>SUBTOTAL (7 weeks)</b>			<b>£13,500</b>
<b>SUBTOTAL (8 weeks)</b>			<b>£15,500</b>
<b>TOTAL (7 weeks production)</b>			<b>£36,200</b>

\* gross cost based on pay scale point below maximum

† unknown grade – assuming G4 Head of Group

(5) and (6) Setting objectives and publishing a statement of those objectives

391. The resource cost for the Welsh Government associated with setting the well-being objectives is estimated to be £186,600 in 2016/17. This is based on the cost of corporate objective setting for the Welsh Government, in its first Programme for Government, set out above. Under option 2, it is anticipated that the costs of producing the sustainable development scheme (excluding the staff costs of the sustainable development branch) will be saved, because the duty to promote sustainable development will be discharged through the setting of well-being objectives.
392. The corporate planning and annual reporting required by the Bill are intended to be discharged using the existing processes set out under option 1.
393. Familiarisation and cultural change are intended to be covered as part of the work of the Future Generations Commissioner for Wales and more broadly through the Welsh Government's broader support for leadership development and change within the public service.

(7) Reporting annually the progress the body has made in achieving well-being objectives.

394. The Bill requires that the Welsh Ministers must produce an annual report to assess the extent to which their well-being objectives are being achieved. It is expected that this duty will be discharged using existing reporting mechanisms in order to provide for integrated approach to reporting
395. As set out above, the Welsh Government already produces annual reports related to the Programme for Government and the Sustainable Development Annual Report (s.79 GOWA 2006). Under option 2, it is intended that the Sustainable Development Annual Report is subsumed within this process.
396. The current cost of producing the Welsh Government's Programme for Government Annual Report - £348,700 - is used as a best estimate for this.

*Town and Community Councils*

397. There will also be costs to Town and Community Councils (TCCs) associated with the requirement to report on their progress towards achieving the objectives included in the local well-being plan that has effect in its area.
398. The duties only apply to TCCs with a gross income of at least of at least £200,000 for each of the three preceding years. Based on budget figures from recent years 49<sup>46</sup> Community Councils are anticipated to be captured by these provisions in the Bill, with an estimated cost per Community Council of

£540. This is based on a best estimate of 4 days of a clerk's time at a salary of £30,000 per annum and equates to £26,460. As Town and Community Councils of this scale already produce annual reports, no additional costs are recorded for the purposes of this RIA.

### *Role of Auditor General for Wales (AGW)*

399. As set out above, to supplement other accountability mechanisms, the Bill places a new duty on the Auditor General for Wales to regularly review the extent to which the specified public authorities have applied the sustainable development principle when setting their well-being objectives and taking steps to meet them.
400. There will be both transitional and recurrent costs associated with this. Please note that the recently published Welsh Government White Paper, Reforming Local Government, proposes the repeal of the Local Government (Wales) Measure 2009. The AGW and the WAO have identified that this could lead to significant efficiencies and recurring savings.

### *Transitional costs*

401. The Wales Audit Office (WAO) estimates that there is likely to be an up-front investment in the development and redesign of their core audit and review methodologies (these costs are detailed in Table 15A). This includes developing new tools, revising the core skills and competencies and training and development at all levels in the organisation (including the Board). The main focus of this development activity will be in 2015-16, however there is also anticipated to be a significant element of on-going training and development throughout the first five year cycle.

*Table 16: Transitional costs for the Wales Audit Office*

Item	Resource	Financial cost
One-off development of methods, tools and wider engagement	200 days	£129,500
Externally sourced training and expertise etc	100 days	£20,000
Auditor training	5 days leadership and board training 5 days each for 12 team champions 1 day each for first cohort of team members	£60,000
<b>Total one-off set up costs and</b>		<b>£209,500</b>

<b>transitional costs</b>		
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*Recurrent costs (first five year cycle)*

402. The cost estimates set out in Table 15B are based on routine annual work being undertaken in all bodies, which will fulfil the need to undertake examinations in each body at least once in every five year cycle. Should this work identify issues, then more in depth work may be undertaken.
403. These costs are estimated to be £90,140 for auditing all the public bodies concerned, with an additional £143,000 estimated to be required for the annual development and central costs set out in Table 15B, (this reduces to £69,700 in the second 5 year cycle).
404. To report the results of the examinations to the National Assembly the AGW will use a “Value For Money” study, from within the existing allocation. This study will be used to draw upon the results of the examinations of public bodies to identify system wide issues identify good practice and make recommendations for improvement. The work to produce the report to the National Assembly will need to be undertaken late 2019/early 2020 to ensure that it is laid at least one day and one year before the general election.

*Recurrent costs (second five year cycle)*

405. The increase in the cost of auditing public bodies, in the second cycle, reflects the estimated cost of an audit of the application of the sustainable development principle to both the setting of objectives and the steps taken to achieve them. In the first cycle it is likely that there will be a limited scope for auditing the steps taken, with a consequential reduction in the cost.
406. To report the results of the examinations to the National Assembly the AGW will again use a VFM study, from within the existing allocation.

*Table 16 A: recurrent costs resulting from the new audit duty*

<b>Annual Development and Central Costs</b>	<b>1st cycle</b>		<b>2nd cycle</b>	
Annual on-going supervision of auditors	30 days	£36,400	15 days	£18,400
Annual research for provision of up to date guidance on, for example, likely effective objectives	48 days	£31,800	24 days	£10,600
Ongoing professional development and training of	85 days	£51,400	40 days	£17,300

auditors				
Provision of reports to and liaison with Commissioner	36 days	£23,400	36 days	£23,400
<b>Total annual development and central cost</b>	<b>199 days</b>	<b>£143,000</b>	<b>115 days</b>	<b>£69,700</b>

### Summary

*Table 16 B: Summary of costs of audits broken down by public body (first five year cycle)*

Organisation	2016-17	2017-18	2018-19	2019-20	2020-21	5 year total
Welsh Government	£0	£0	£0	£0	£0	£0
Additional cost	£31,040	£31,040	£31,040	£31,040	£31,040	£155,200
Unitary Authorities	£3,242,900	£3,242,900	£3,242,900	£3,242,900	£3,242,900	£16,214,500
Additional cost	£0	£0	£0	£0	£0	£0
Local Health Boards and Trusts	£306,700	£306,700	£306,700	£306,700	£306,700	£1,533,500
Additional cost	£26,500	£26,500	£26,500	£26,500	£26,500	£132,500
Fire & Rescue Authorities	£19,900	£109,900	£109,900	£109,900	£109,900	£549,500
Additional cost	£5,100	£5,100	£5,100	£5,100	£5,100	£25,500
National Park Authorities	£68,500	£68,500	£68,500	£68,500	£68,500	£342,500
Additional cost	£4,000	£4,000	£4,000	£4,000	£4,000	£20,000
Natural Resources Wales	£0	£0	£0	£0	£0	£0
Additional cost	£16,800	£16,800	£16,800	£16,800	£16,800	£84,000
WGSPBs & HEFCW	£0	£0	£0	£0	£0	£0
Additional cost	£6,700	£6,700	£6,700	£6,700	£6,700	£33,500
AGW and WAO	N/A	N/A	N/A	N/A	N/A	N/A
Sub total: Transitional costs	£209,500	£0	£0	£0	£0	£209,500
Sub total: Annual development and	£143,000	£143,000	£143,000	£143,000	£143,000	£715,000

central cost						
Total Additional Cost for AGW and WAO	£352,500	£143,000	£143,000	£143,000	£143,000	£924,500
<b>Total Additional Cost</b>	<b>£442,640</b>	<b>£233,140</b>	<b>£233,140</b>	<b>£233,140</b>	<b>£233,140</b>	<b>£1,375,200</b>

*Table 16 C: Summary of costs of audits broken down by public body (second five year cycle)*

Organisation	2021-22	2022-23	2023-24	2024-25	2025-26	5 year total
Welsh Government	£0	£0	£0	£0	£0	£0
Additional cost	£38,800	£38,800	£38,800	£38,800	£38,800	£194,000
Unitary Authorities	£3,242,900	£3,242,900	£3,242,900	£3,242,900	£3,242,900	£16,214,500
Additional cost	£0	£0	£0	£0	£0	£0
Local Health Boards and Trusts	£306,700	£306,700	£306,700	£306,700	£306,700	£1,533,500
Additional cost	£33,100	£33,100	£33,100	£33,100	£33,100	£165,500
Fire & Rescue Authorities	£109,900	£109,900	£109,900	£109,900	£109,900	£549,500
Additional cost	£6,400	£6,400	£6,400	£6,400	£6,400	£32,000
National Park Authorities	£68,500	£68,500	£68,500	£68,500	£68,500	£342,500
Additional cost	£5,000	£5,000	£5,000	£5,000	£5,000	£25,000
Natural Resources Wales	£0	£0	£0	£0	£0	£0
Additional cost	£21,000	£21,000	£21,000	£21,000	£21,000	£105,000
WGSPBs & HEFCW	£0	£0	£0	£0	£0	£0
Additional cost	£8,400	£8,400	£8,400	£8,400	£8,400	£42,000
AGW and WAO	N/A	N/A	N/A	N/A	N/A	N/A
Additional Cost (Annual development and central costs)	£69,700	£69,700	£69,700	£69,700	£69,700	£348,000
<b>Total Additional</b>	<b>£182,300</b>	<b>£182,300</b>	<b>£182,300</b>	<b>£182,300</b>	<b>£182,300</b>	<b>£911,500</b>

Cost						
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### *Future Generations Commissioner for Wales*

407. The Bill gives the Commissioner the power to conduct reviews into how a public body is taking account of the long-term impact of what the body does under the well-being duty. The costs of this have been accounted for in the costs of legislating to establish a statutory independent Commissioner (table 24D).

### *Local government scrutiny committees*

408. As set out in page 43, the Bill provides for a more consistent scrutiny model for statutory Public Services Boards by specifying that the scrutiny must be undertaken by a designated local government scrutiny committee. The scrutiny committee will be a statutory consultee on the draft assessment of well-being, will be required to consider the draft well-being plan, and will receive copies of the annual report. The additional costs of this have been set out in table 43.

*Table 17: Summary of the transitional and recurrent costs incurred in 2015-16 as a result of pursuing option 2*

Organisations	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Welsh Government</b>					
Sustainable Development Branch	£246,300	£246,300	£246,300	£246,300	£246,300
SD indicators (updating)	£5,400	£5,400	£5,400	£5,400	£5,400
Setting Corporate Objectives	£186,600				
Annual Report on corporate objectives	£348,700	£348,700	£348,700	£348,700	£348,700
Predictions of likely future trends	£36,200				
<b>Total</b>	<b>£823,200</b>	<b>£600,400</b>	<b>£600,400</b>	<b>£600,400</b>	<b>£600,400</b>
<b>Group A Local Authority (3)</b>					
Corporate objectives	£270,300				
Updating and reporting		£105,900	£105,900	£105,900	£105,900
<b>Group B Local Authority (12)</b>					
Corporate objectives	£865,200				
Updating and reporting		£343,200	£343,200	£343,200	£343,200
<b>Group C Local Authority (7)</b>					

Corporate objectives	£463,400				
Updating and reporting		£183,400	£183,400	£183,400	£183,400
<b>Group A Local Health Boards (4)</b>					
Corporate objectives	£668,400				
Updating and reporting		£286,800	£286,800	£286,800	£286,800
<b>Group B Local Health Boards (2)</b>					
Corporate objectives	£298,800				
Updating and reporting		£129,200	£129,200	£129,200	£129,200
<b>Group C Local Health Boards and National Health Trusts (3)</b>					
Corporate objectives	£439,200				
Updating and reporting		£190,500	£190,500	£190,500	£190,500
<b>Fire and Rescue Authority (3)</b>					
Corporate objectives	£53,700				
Updating and reporting		£27,600	£27,600	£27,600	£27,600
<b>Natural Resources Wales</b>					
Corporate objectives	£71,300				
Updating and reporting		£12,300	£12,300	£12,300	£12,300
<b>HEFCW and WGSBs (5)</b>					
Corporate objectives	£103,500				
Updating and reporting		£49,000	£49,000	£49,000	£49,000
<b>National Park Authorities (3)</b>					
Corporate objectives	£58,800				
Updating and reporting		£24,600	£24,600	£24,600	£24,600
<b>Town and Community Councils (73)</b>					
Reporting	£39,900	£39,900	£39,900	£39,900	£39,900
<b>Annual Report for all public bodies (44)</b>	£506,000	£506,000	£506,000	£506,000	£506,000
<b>Auditor General for Wales</b>					
Preparation	£209,500	£122,000			
Examinations and ongoing development	£233,100	£233,100	£233,100	£233,100	£233,100
<b>Total</b>	£4,281,100	£2,253,500	£2,131,500	£2,131,500	£2,131,500
<b>Overall Total</b>	£5,104,300	£2,853,900	£2,731,900	£2,731,900	£2,731,900
<b>Additional Cost</b>	<b>£445,160</b>	<b>£324,460</b>	<b>£224,460</b>	<b>£224,460</b>	<b>£224,460</b>



## Benefits

### Option 1. Do nothing

409. Since the original duty in the Government of Wales Act 2008 (s.121) as replicated in the Government of Wales Act 2006, Wales has been on a significant journey in promoting sustainable development both within the Welsh Government, and the public, private and third sectors. Some of these actions have been highlighted above and the annual reports that the Welsh Government are under a duty to publish provide further detail of this progress.
410. Two types of benefit have been realised: population wide benefits (the sustainability of Wales), and organisational benefits (promotion of sustainable development).
411. At the Wales level, improvements in the sustainability of Wales are measured through the Sustainable Development Indicators. The Sustainable Development Indicators provide measures of everyday concern including health, housing, jobs, crime, education and our environment. In 2013, for the 44 sustainable development indicators, covering 29 key issues 22 have shown clear improvement. These include:
- **Economic output** – both GVA and GVA per head in Wales have increased continually between 1997 and 2011 (with the exception of a brief fall in 2009) to reach their highest level in the presented time series.
  - **Biodiversity conservation** – of the priority species and habitats for which sufficient information was available, the number classed as ‘stable or increasing’ increased between 2002 and 2008.
  - **Ecological footprint** – the ecological footprint of Wales fell to 4.4% in 2006 compared to 4.7% in the reference year of 2003. While this was slightly lower than for the UK in 2006, it was still more than double the average earthshare, being the average amount of global resources available per person.
412. The promotion of sustainable development has been visible through the continued increase in organisations across Wales making a voluntary public commitment to put sustainable development as their central organisation principle. As of July 2014, there are over 200 signatories from across the public, private and third sector, who have signed the Sustainable Development Charter.
413. At the organisational level, the benefits of the sustainable development scheme led by Welsh Ministers are not possible to quantify, but it is reasonable to project that the Welsh Government would continue to realise the successes that have been identified in the past 8 years of promoting sustainable development.

414. The effectiveness of the statutory sustainable development scheme has been independently assessed on three occasions, as required by the Government of Wales Act 2006. These reviews have recognised both the benefits and opportunities for taking further action to promote sustainable development in Wales.
415. The quantifiable benefit of doing nothing is likely to remain in line with those identified above under the current SD Duty, however it is acknowledged over time that the promotion of sustainable development by Government can help to address unsustainability.
416. The identified risks with pursuing this option arise from the current barriers to strengthening sustainable development in Wales and include:
- An existing duty that is limited in scope to promoting sustainable development, and only applies to Welsh Ministers, rather than embedding it in a stronger legislative framework for the well-being of Wales;
  - Not ensuring that the needs of future generations are taken into account in governance arrangements for improving the long term well-being of Wales;
  - Continuing to miss opportunities for tackling the intergenerational challenges Wales face across the public service due to an inconsistent landscape for sustainable development legislation;
  - Wales will not be able to maximise its contribution to global efforts on sustainable development given the limited scope of the current duty; and
  - The risks of looking to the long-term will remain and examples may only exist in pockets such as the Towards Zero Waste Strategy which sets out a 2050 aspiration to become a zero waste nation by 2050.

## **Option 2: Introduce legislation**

417. To make sustainable development the core principle of public bodies in Wales requires both legislative and non-legislative action. The legislative provisions of the Bill will provide for three essential building blocks to ensure that sustainable development is at the heart of how public bodies operate and decide on how they exercise their functions.
418. These building blocks are (i) what an organisation is focused on, (ii) how an organisation operates in achieving this, and (iii) explaining the difference made (reporting). In order for this to be established a stronger sustainable development framework is needed in order to realise the benefits of embedding sustainable development further in Wales, and realising the benefits of a more sustainable Wales. Legislating for this recognises the wider non-quantifiable benefits of sustainable development.

419. For option 1, there are two types of benefit: population-wide benefits (the sustainability of Wales), and organisational benefits (sustainable development as the central organising principle in the Welsh Government).
420. At the Wales level, option 2 will strengthen further the sustainable development framework in Wales.
421. The non-quantifiable benefits of strengthening the sustainable development framework for Wales are expected to be:
- Alignment – a unity of purpose through a shared and focused set of long-term sustainable outcomes;
  - Coherence – the Bill will provide a coherent narrative for sustainable development in Wales and help guide the public’s understanding of complex challenges that need to be addressed in combination;
  - Consistent framework – legislative duties that are consistent across a wider range of organisations allowing for best practice to be shared;
  - Scope – a wider coverage of a sustainable development duty to unite public bodies at national, regional and local level;
  - Accountability – increased transparency to drive openness and awareness of the complex challenges Wales faces and the sustainable solutions that public bodies have opted for;
  - Integrated decision-making – a clearer framework in which to promote integrated thinking and decision-making enabling decisions to better tackle tackling perceived trade-offs;
  - Measures of progress – a set of indicators better connected to the long-term outcomes and activities of organisation;
  - Better outcomes – the goals express the benefits that the Bill is seeking to achieve;
  - Long-term – the goals and indicators will allow public bodies (and others) to plan long-term for a sustainable Wales;
  - Responsibilities – the Bill will assist in defining the responsibilities and contributions that different and varied public bodies can make to sustainability.
422. Previous effectiveness reviews have identified that one of the main barriers for action in sustainable development has been the need to clearly communicate both the benefits and the overall aim that is being sought. The provision for a set of shared well-being goals will help to provide this clarity of outcome and assist in the alignment of activity from public bodies to the achievement of the goals through sustainable development.

423. At the organisational level the Sustainable Development Commission (2011) set out the business case for sustainable development to organisations which included: reduced risks to organisations, enhanced resilience and responsiveness to economic and environmental shocks, cost savings and efficiencies, enhanced well-being of the workforce and a more positive environmental impact of the organisation itself.
424. It recognised that the extent of these benefits will depend on the organisation's situation, and the means of achieving them will be adaptable to circumstances and requirements. The non-quantifiable benefits to organisations of adopting the sustainable development principle into how they govern themselves are as follows:
- Resilience – organisations will be better prepared and able to respond to and recognise threats;
  - Shared contribution – improved understanding of where their impact may overlap with those of other organisations, recognising that public sector delivery is more than the sum of its parts, fostering collaborative arrangements;
  - Improved risk management – better identification of the long term risks that may emerge to the delivery of public services;
  - Efficiency – promoting preventative spend;
  - Reputation – safeguarding and enhancing the reputation of organisations, and in particular the opportunities that may arise from a clear commitment to sustainable development;
  - Integrated reporting – fostering the conditions for organisations to better integrate their reporting arrangements in order to communicate how they are contributing to the well-being goals in the short and long-term.
  - Better transparency – leading to better performance and better relationships with stakeholders and organisations;
  - Accountability – recognising that the audit profession is increasingly embedding sustainable development thinking into their practice.

### **Summary of the Preferred Option**

425. As set out above, option 2 would bring with it several benefits to the future of Wales and to named public bodies in Wales. These include a clearer focus, future proofing public services against an unpredictable future and a consistent and strengthened sustainable development framework for all public bodies across Wales to work within. It would further enable Wales to become an international leader in translating sustainable development into practice, particularly in the context of the post-2015 Sustainable Development Goals.

426. Option 2 offers the best way forward to successfully embedding the sustainable development principle in how public bodies are organised to improve long term well-being. It will help ensure that different public bodies work better together towards a common goal, providing clarity as to what a sustainable Wales looks like, and enabling positive action to move Wales faster on its sustainable development journey. It will also benefit the citizens of Wales by providing a place to live that benefits everyone and not the select few.
427. Although un-quantified, these benefits are considered to be sufficient to justify the additional cost associated with option 2.

### **Policy intention 3: To support the change and safeguard the interests of future generations**

#### **Costs**

#### **Option 1: Do nothing**

428. There are no additional costs associated with this option since it maintains the current arrangements. The costs of the current arrangements fall solely to the Welsh Government.

#### *Transitional Costs (one off)*

429. Under option 1, the current position regarding a Commissioner and his/her support would remain the same. There are therefore no transitional costs.

#### *Average Annual Costs (excluding one off): Payment of the Commissioner*

430. The current Commissioner for Sustainable Futures is contracted to work for up to 130 days per year and is paid at a day rate of £256. When travel and subsistence costs are included, the annual cost to the Welsh Government for the Commissioner post is approximately £43,280.

#### *Average Annual Costs (excluding one off): Assistance to the Commissioner*

431. The Welsh Government has procured Cynnal Cymru- Sustain Wales to provide external support on sustainable development in Wales. One of the activities within this contract involved providing support and assistance to the existing Commissioner
432. While the value of this contract is for up to £1.8 million over a three year period (2012/13 to 2014/15), (average annual costs of £591,000) the proportion of this contract that is allocated to providing administrative support to the Commissioner in 2014-15 was £22,050. This figure covers staff costs, property costs and general expenses. Activities include processing requests for the Commissioner's input into wider work, arranging meetings and events, dealing with correspondence and telephone calls and holding regular planning sessions with the Commissioner.

*Average Annual Costs (excluding one off): Monitoring*

433. Under the terms of appointment of the Commissioner the Welsh Ministers have a role in monitoring the activity of the Commissioner to ensure value for money.
434. The total cost to Welsh Government for these monitoring activities is estimated to be £28,500.

*Table 18: Summary of the costs of continuing with the current arrangements*

<b>Activity</b>	<b>Cost</b>
Commissioner for Sustainable Futures	£43,280
Support for the Commissioner for Sustainable Futures as part of the Sustainable Development Engagement contract	£591,000 per year
Welsh Government monitoring:	
MB2 (40%) core contract management	£ 16,300
EB2 (10%) core contract supervision	£ 7,000
MB1 (10%) climate change outcome management	£ 5,200
<b>Total</b>	<b>£662,780</b>

**Option 2. Disband the role of the Commissioner**

435. The Welsh Government considers that the costs associated with this option fall solely to the Welsh Government.

*Transitional costs*

436. The transitional consequences of disbanding the role and mainstreaming the activities of the Commissioner within the Welsh Government will be relatively limited from a financial perspective. The current Commissioner for Sustainable Futures term of office is due to come to an end in June 2015 and there is no obligation to carry this forward from a contractual basis.
437. The current contract on external support for sustainable development will conclude on March 2015, and no commitment has been made to procure these services beyond this period.

*Staff and project costs within the Welsh Government*

438. In drawing the work of the Commissioner and the external support for sustainable development in Wales in house a significant expansion in the current sustainable development branch would be required if a similar level of external support is to be provided.

439. Potential costs have been drawn from the agreed 2014-15 Delivery Plan with Cynnal Cymru – Sustain Wales in delivering the contract to provide external support on sustainable development in Wales.

*Table 19: Annual costs of the Welsh Government to deliver a similar level of external support for sustainable development*

Activity	Staff Cost	Project Cost	Total Cost
Increase awareness and visibility of the SD Charter	£32,100	£7,500	£39,600
Implement a programme of engagement and support to all SD Charter Signatories	£92,800	£30,000	£122,800
Provide secretariat support to the Climate Change Commission for Wales	£59,800	£30,000	£89,800
Pilot a national conversation on the Wales we want and produce a Future Generations Report	£111,000	£41,800	£152,800
Support the Commissioner to convene different interest groups to address difficult issues identified by Ministers and Commissioner	£12,600	£1,000	£13,600
Provide independent reviews on progress and advise on policies and approaches required to embed SD	£13,600	£5,000	£18,600
Website development to provide a similar level of service	-	-	£40,000
<b>Total</b>	<b>£321,900</b>	<b>£115,300</b>	<b>£477,200</b>

440. There may still be a need to procure specialist services from external organisations in order to advance the government's sustainable development aims. This is likely to be ad hoc and on the basis of targeting support in areas where further improvements are needed in the context of the Bill. This could be individual organisations or sectors and would be dependent on need. Experience from the grant to the Welsh Local Government Association has demonstrated that understanding the needs of organisations is essential before providing targeted support. A sector scoping study is being carried out by Cynnal Cymru – Sustain Wales as part of the contract to better inform the current need in Wales. Providing an estimate would require a judgement on where there are potential gaps in an organisations capacity and capability

against the requirements of the Bill. While it is acknowledged that there are common areas such as long-term planning/thinking and reporting that need to be addressed it is not possible to map this across all organisations subject to the Bill.

#### *Direct support to public bodies*

441. In 2014-15 the Welsh Government provided a grant to the Welsh Local Government Association to take forward action on embedding sustainable development as a central organising principle across local government. This was for a total of up to £100,000. This includes support for early adopters to the proposals in the Bill, with 13 local authorities receiving dedicated support. The best estimates of this would be around £7,600 of support per local authority. Were a similar level of support given to all the public bodies this would mean a total cost of £326,800. This is likely to be delivered over a period of 3 – 5 years.

#### *Cost savings from disbanding the role of the Commissioner for Sustainable Futures*

442. With this option there would not be a post of independent Commissioner and therefore cost savings could be made from his remuneration for undertaking the responsibility of the role Travel & Subsistence expense incurred and from the administrative and secretariat support the Commissioner receives through the contract for external support for sustainable development.

*Table 20: Cost savings from the role of the Commissioner for Sustainable Futures*

<b>Activity</b>	<b>Total Cost</b>
Commissioner remuneration (£256 per day at 130 days)	£33,280
Travel & Subsistence	£10,000
Administrative and secretariat support for the Commissioner	£22,000
<b>Total</b>	<b>£65,280</b>

*Table 21: Summary of the costs of option two to disband the role of the Commissioner*

<b>Activity</b>	<b>Cost</b>				
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Support for sustainable development in Wales	£477,200	£477,200	£477,200	£477,200	£477,200

Option of procuring direct support for identified public authorities	£326,800	£326,800	£326,800	£326,800	£326,800
Commissioner	-£65,300 (saving)	-£65,300 (saving)	-£65,300 (saving)	-£65,300 (saving)	-£65,300 (saving)
<b>Total</b>	<b>£738,700</b>	<b>£738,700</b>	<b>£738,700</b>	<b>£738,700</b>	<b>£738,700</b>

### Option 3: Introduce legislation

443. The majority of the costs associated with this option fall to the Welsh Government. The exceptions to this are the opportunity costs associated with membership of the Commissioner's Advisory Panel. These opportunity costs fall to the relevant organisations.

#### *Transitional Costs (one off): recruitment of the Commissioner*

444. The cost of recruiting the Commissioner is expected to be approximately £11,700. This figure is based on data received from the Public Appointments Unit and includes the cost of advertising the position in the local and national press, appointing an Independent Assessor to oversee the process, establishing a selection panel, providing administrative support throughout the process and candidates expenses.
445. Table 24 includes the costs of a member of staff, working at MB2 level. These reflect the work of one official working on the transitional arrangements for the Commissioner. The current focus of this work has included monitoring of the Welsh Government's contract with Cynnal Cymru in providing external support on sustainable development in Wales. However, other priorities for this post have included consideration of the interim arrangements before and set up arrangements of the Commissioner. The post will be full-time until December 2015, though it may be extended depending on future priorities that develop with the Bill.

#### *Transitional Costs (one off): office set up*

446. There are a range of costs associated with the set up of the Commissioner's office that relate to the property itself, administrative and support and IT costs. Fit out of the office is estimated at £90,000, but will be dependent on the condition of the space and extent of fit out required. Standard estimates are provided for items such as fixtures and fittings, with further initial investment needed for desktop or laptop computers, servers and peripheral kit, mobile phones, projectors and peripheral kit, printers/photocopiers and peripheral kit and cabling. Negotiation on each of these items is likely to reduce the costs, but it is difficult to estimate the extent until the fit out process begins. Details

of estimates are set out below in tables 22, 23 & 24, but also include also the predicated annual office costs:

*Table 22: Summary of property costs*

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Fit out <sup>2</sup>	£90,000				
Building running cost <sup>3</sup>	£54,000	£54,000	£54,000	£54,000	£54,000
<b>Total</b>	<b>£14,4000</b>	<b>£54,000</b>	<b>£54,000</b>	<b>£54,000</b>	<b>£54,000</b>

*Table 23: Summary of administrative and support costs*

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Admin and office costs <sup>4</sup>		£44,000	£44,000	£44,000	£44,000
Insurance <sup>5</sup>		£20,960	£20,960	£20,960	£20,960
Legal and professional costs <sup>6</sup>		£35,400	£35,400	£35,400	£35,400
External audit <sup>7</sup>		£15,000	£15,000	£15,000	£15,000
Internal audit <sup>8</sup>		£10,000	£10,000	£10,000	£10,000
Training <sup>9</sup>		£24,280	£24,280	£24,280	£24,280

<sup>2</sup> Calculated at £450 per sq m, with working assumption 200 sq m required

<sup>3</sup> Building Running Cost (rent, rates, service charge, utilities, maintenance) Based on running cost per FTE (as at 31 March 2014) of £3,285 (x20 people) = £65,700; or Base on £ per sq m (as at 31 March 2014) = £212.14 (x200 sq m) = £42,428 (mean of both figures £54k)

<sup>4</sup> Figures based on Qualification Wales set up that estimate £2,200 per person x 20 people. Includes cleaning, security, postage, catering, stationery and publicity materials

<sup>5</sup> Figures based on Qualification Wales set up that estimate £1,048 per employee (20 staff), capped at £60,000.

<sup>6</sup> Figures based on Qualification Wales set up that estimate £1,770 per (20 staff) - which includes legal, translation and financial costs).

<sup>7</sup> Older People's Commissioner incurred £14.6k

<sup>8</sup> Older People's Commissioner in 2013/14 incurred £11k

Travel and subsistence <sup>10</sup>		£25,000	£25,000	£25,000	£25,000
Recruitment of staff <sup>11</sup>		£38,000	£5,000	£5,000	£5,000
Recruitment for Advisory Panel <sup>12</sup>		£12,400	£4,133	£8,267	£4,133
Fixtures and fittings <sup>13</sup>	£30,000	£2,500	£2,500	£2,500	£2,500
Research		£20,000	£20,000	£20,000	£20,000
<b>Total</b>	<b>£30,000</b>	<b>£247,540</b>	<b>£206,273</b>	<b>£210,407</b>	<b>£206,273</b>

*Table 24: Summary of ICT costs*

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Office software <sup>14</sup>		£4,000	£4,000	£4,000	£4,000
Other software <sup>15</sup>		£10,000	£10,000	£10,000	£10,000
Desktops / Laptops <sup>16</sup>		£22,000	£5,000	£5,000	£5,000
Servers and peripherals <sup>17</sup>		£4,000	£500	£500	£500

<sup>9</sup> Figures based on Qualification Wales set up that estimate an average of. £1,214 per head per annum x 20 people

<sup>10</sup> Figures based on Older People's Commissioner expenditure of £21,000 (12/13) and £27,000 (13/14).

<sup>11</sup> Figures based on Qualification Wales set up that estimate CIPD average recruitment is £2,000 per head (x19 staff)

<sup>12</sup> Advertising cost range (£5.8K to £48K - average £7,500), Fees £198 per day x 8 days x 3 people, T&S £50 per person

<sup>13</sup> Figures based on £1,500 per person x 20 staff

<sup>14</sup> Based on Enterprise Cloud Suite (office, etc.). Approximately £200 per annum per user x 20 staff

<sup>15</sup> Based on cost of software from Qualification Wales, Cynnal Cymru and Welsh Government for Adobe, Virus detection, web software, etc.

<sup>16</sup> Based on estimate of £1000 each x 20 = £20,000 + £2,000 installation

<sup>17</sup> Based on estimates taken from Welsh Government, Cynnal Cymru and Qualification Wales set up

Mobile phones <sup>18</sup>		£1,900	£1,900	£1,900	£1,900
Projectors and peripherals <sup>19</sup>		£3,500	£0	£0	£0
Printers/Photocopier and peripherals <sup>20</sup>		£8,000	£0	£0	£8,000
Telephony <sup>21</sup>	£7,000	£7,000	£7,000	£7,000	£7,000
Broadband <sup>22</sup>	£25,000	£20,000	£20,000	£20,000	£20,000
Cabling <sup>23</sup>	£15,000	£0	£0	£0	£0
<b>Total</b>	<b>£47,000</b>	<b>£80,400</b>	<b>£48,400</b>	<b>£48,400</b>	<b>£56,400</b>

*Table 24A: Summary of office costs*

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Property costs	£144,000	£54,000	£54,000	£54,000	£54,000
Administrative and support costs	£30,000	£247,540	£206,273	£210,407	£206,273
ICT costs	£47,000	£80,400	£48,400	£48,400	£56,400
Contingency costs	£50,000	£50,000	£50,000	£50,000	£50,000
<b>Total</b>	<b>£271,000</b>	<b>£431,940</b>	<b>£358,673</b>	<b>£362,807</b>	<b>£366,673</b>

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<sup>18</sup> Figures based on Qualification Wales set up

<sup>19</sup> Figures based on Qualification Wales set up

<sup>20</sup> Figures based on Welsh Government estimate for three printers including one colour

<sup>21</sup> Taken from average of Qualification Wales set up and current Cynnal Cymru cost, pro rata'd for 20 staff

<sup>22</sup> Based upon standard Welsh Government estimate of £20,000 per annum plus £5,000 install

<sup>23</sup> Based upon standard Welsh Government estimate of £15,000

*Average annual costs: staff*

447. In order to attract a high quality candidate, it is anticipated that the post will be equivalent to a SCS Grade 5 post within Welsh Government. The gross cost for the post is estimated to be between £101,400 and £108,300.
448. As with the other Welsh Government appointed Commissioners, the Commissioner for Future Generations is expected to be assisted in his role by a dedicated staff and office. The structure of the office will be determined by the Commissioner when appointed, however, it is anticipated that it will need to cover the various policy activities within the Commissioner's remit - key areas are advocacy, engagement and scrutiny - as well as the various corporate functions (such as HR, finance and ICT support etc.). Based on the example of the office of the Commissioner for Older People, table X sets out a best estimate of the range of annual salary costs for the Commissioner and support team.

*Table 24B: Summary of staff costs*

Post	Civil Service equivalent	Annual Gross Cost (£)	
		Lower estimate	Higher estimate
Commissioner	SCS5/SCS4	£101,400	£108,300
Communications and Engagement Director	MB1/EB2	£51,900	£69,400
Finance and Performance Director	MB1/EB2	£51,900	£69,400
Policy Support Director	MB1/EB2	£51,900	£69,400
Accountability and Improvement Director	MB1/EB2	£51,900	£69,400
Engagement Officer	MB3/MB2	£32,400	£40,700
Communications Officer	MB3/MB2	£32,400	£40,700
Personal Assistant to the Commissioner	TS/MB3	£25,800	£32,400
Receptionist	TS/MB3	£25,800	£32,400
Finance Officer	MB3/MB2	£32,400	£40,700

Post	Civil Service equivalent	Annual Gross Cost (£)	
		Lower estimate	Higher estimate
Human Resources Officer	MB3/MB2	£32,400	£40,700
ICT Officer	MB3/MB2	£32,400	£40,700
Economic Policy Officer	MB3/MB2	£32,400	£40,700
Social Policy Officer	MB3/MB2	£32,400	£40,700
Environmental Policy Officer	MB3/MB2	£32,400	£40,700
Governance Policy Officer	MB3/MB2	£32,400	£40,700
Policy Support and Advisory Council Assistant	TS/MB3	£25,800	£32,400
Senior Accountability and Improvement Officer	MB2	£40,700	£40,700
Accountability and Improvement Officer	MB3	£32,400	£32,400
Accountability and Improvement Assistant	TS	£25,800	£25,800
<b>Total</b>		<b>£776,900</b>	<b>£948,300</b>

449. The cost identified in the table above covers the various duties placed on the Commissioner in the Bill. The duties are:

- Scrutinising national and local well-being strategies;
- Providing advice and assistance,
- Conducting reviews;
- Engagement and consultation;
- The production and publication of an annual report;
- The production and publication of the Future Generations Report.

450. Recruitment of staff is estimated at £2,000 per head based on the Chartered Institute of Personnel and Development (CIPD) recruitment average for 19 members of staff. The timing of any exercises may vary depending on the

priorities of the Commissioner, but the maximum likely cost will be £38,000. Thereafter, recruitment costs should reduce significantly.

### *Deputy Commissioner*

451. At present there are plans for four members of staff to have a Director-type role covering key aspects of the office, each to be paid equivalent to either MB1/EB2 civil service rates. The Deputy chosen by the Commissioner is likely to be one of those Directors who will then exercise the Commissioner's functions in instances of incapacity or absence.
452. Compensation for temporary responsibilities will be appropriate and this is proposed at the pay rate above their current grade; most likely the equivalent of EB2/EB1 civil rate, depending on the final pay settlement for the Commissioner's staff. The gross costs for that level are currently £69,430 or £85,910. This will lead to an additional full year cost of either £17,530 if the pay differentiation is between MB1 and EB2 rates or £16,480 if the pay differentiation is between EB2 and EB1 rates. However, it must be noted that it is unlikely the Deputy Commissioner will be in post for such a long period, if at all. Reducing these costs significantly or not producing any. These costs have not been reflected in the preceding tables.

### *Advice on climate change*

453. External support to the Welsh Government is currently provided through the Climate Change Commission for Wales, its Chair and the secretariat support provided by Cynnal Cymru. The 2014-15 projections for this year, based on Cynnal Cymru's project plan, are that project costs will amount to £26,000, with a further £56,050 committed to staff providing secretariat support. The costs of the Climate Change Commissioner for Wales are estimated this year to be £7,500.
454. However, as all these costs can be absorbed into the role and functions of the proposed Communications and Engagement or Policy Support Branches, there is a risk that they may be double counted against the staff costs of the Commissioner's office.
455. The Commissioner will be supported by an Advisory Panel, which will support the Commissioner. The core role of the Advisory Panel will be to advise the Commissioner in undertaking the functions of the Commissioner. The core membership of the Advisory Panel shall consist of the:
- Welsh Language Commissioner
  - Older People's Commissioner
  - Children's Commissioner
  - Chief Medical Officer for Wales

- Non Executive member of the Board of Natural Resources Wales
- A representative from the Wales TUC
- A representative from the business sector in Wales

456. Precise salary details for the representatives from the Wales TUC and business sector are not known, but as a proxy the General Secretary to the TUC Wales is understood to earn between £70,000 and £80,000 and the Business representative is likely to earn a similar sum. Daily rates would range between £414 and £473 for each. Figures for the other representatives are based on information provided by those organisations/offices. Associated 'on costs' are calculated at a rate of 30%.

*Table 24C: Advisory Panel daily rates*

<b>Member</b>	<b>Annual salary</b>	<b>On costs (30%)</b>	<b>Total</b>	<b>Daily rate</b>
Welsh Language Commissioner	£95,000	£28,500	£123,500	£561
Older People's Commissioner	£91,000	£27,300	£118,300	£538
Children's Commissioner of Wales	£95,000	£28,500	£123,500	£561
Chief Medical Officer	£128,989	£38,697	£167,686	£762
Natural Resources Wales representative		£0	£0	£350
TUC representative	£70,000	£21,000	£91,000	£414
	£80,000	£24,000	£104,000	£473
Business Sector representative	£70,000	£21,000	£91,000	£414
	£80,000	£24,000	£104,000	£473
Up to 3 additional members				£525
<b>Minimum Total cost for a meeting</b>				<b>£4,125</b>

<b>Maximum Total cost for a meeting</b>	<b>£4,243</b>
<b>Minimum Cost of 4 meetings</b>	<b>£16,500</b>
<b>Maximum Cost of 4 meetings</b>	<b>£16,972</b>

457. The Welsh Ministers may appoint additional members to the Panel. Those additional members and their travel and subsistence costs will be reimbursed through the Assembly Remuneration Scheme fee regime, likely to be at band level 2, currently £175 per person. It is not possible to determine the number of additional members the Welsh Ministers will add to the panel, however, assuming that three are added initially the total daily cost of the Panel would be approximately £4,125. It is expected that the panel will meet on 4 days per annum, giving a total cost between £16,500 and £16,972 per annum.
458. It is difficult to provide a precise estimate of the number of occasions that the Commissioner will convene the Advisory Panel. Initially, during the first year, the Commissioner may wish to draw on Panel members more often, but this may change as a work programme is developed. It may not always be necessary to invite the entire Panel; therefore the costs may also be less.
459. In addition to the cost of attending the meetings, the organisations represented on the panel may also incur some wider preparatory/support costs. These costs are likely to vary according to what is being asked of the Panel.

#### *Cost of scrutiny by the National Assembly*

460. The Welsh Ministers will be required to lay a copy of the Commissioner's annual report before the National Assembly. It is difficult to estimate any changes in cost of scrutiny arising from the activities of the Commissioner under this option, as this will depend on the level of scrutiny the Assembly considers appropriate to undertake. The cost would be met from the budget assigned to the Assembly Commission.

*Table 24D: Summary table – costs of option 3*

<b>Activity</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Welsh Government staff official managing transition MB2 until December 2015	£-	£-	£-	£-	£-
Advisory Panel – costs of members	£17,000	£17,000	£17,000	£17,000	£17,000
Commissioner recruitment costs including Welsh	£-	£-	£-	£-	£-

Government Staff time					
Staff costs of office of the Commissioner	£948,300	£948,300	£948,300	£948,300	£948,300
Property costs	£54,000	£54,000	£54,000	£54,000	£54,000
Administrative and support costs	£247,540	£206,273	£210,407	£206,273	£206,273
ICT costs	£80,400	£48,400	£48,400	£56,400	£48,400
Contingency costs	£50,000	£50,000	£50,000	£50,000	£50,000
<b>Total</b>	<b>£1,397,200</b>	<b>£1,323,900</b>	<b>£1,328,000</b>	<b>£1,331,900</b>	<b>£1,323,900</b>

## **Benefits**

### **Option 1: Do nothing**

461. The complex nature of sustainable development has historically relied on an approach based on persuasion and encouragement rather than enforcement and penalty. The Bill will involve changing the culture and behaviour of organisations and the individuals that work within them to improve the economic, social and environmental well-being of Wales. Support arrangements through the non-statutory Commissioner for Sustainable Futures have focused on using influence and engagement as a recognition of the limits that harsher methods may have.
462. The advisory and convening role of the Commissioner, developed over a long and uninterrupted period of time, has supported the consensus that exists across a large part of Wales in support of sustainable development<sup>47</sup>. The widely felt disappointment across civic society with the winding up of the UK Sustainable Development Commission in 2010 highlighted the value that this role played and weakened a growing movement supporting sustainable development and the interests of future generations. The general impression being that it had been side-lined in policy consideration.
463. The current Commissioner has enjoyed a successful term of office developing a compelling and persuasive narrative and argument in favour of sustainable development. This has been done by working effectively with the Welsh Ministers, other senior leaders, public sector workers, businesses and representative groups, community organisations and members of the public. The convening role the Commissioner has played has focused less on using his own limited power, relying instead on the collective influence, at different points, of these individuals or organisations. The Commissioner through his commentary in the Sustainable Development Annual Report has had, through a set piece plenary debate, an opportunity to influence the actions and activities of the Welsh Government. Providing an independent voice on the progress of key initiatives and giving status to sustainable development with political parties in the National Assembly for Wales.
464. The risks of continuing this option are that the existing barriers for greater embedding of sustainable development principles are likely to continue; this will, delay the positive results on well-being of ensuring that sustainable development is embedded within the public service.

### **Option 2: Disband the role of the Commissioner**

465. The benefits for this option would primarily derive from cost savings of not appointing a new commissioner and the support he/she receives to fulfil the role. There is no pre-requisite for a voice on sustainable development to exist outside of government, however it has been part of the devolution landscape in Wales.

466. In withdrawing support for an independent Commissioner and external support for sustainable development, it would be at the discretion of the Welsh Government to procure these services as and when they are needed, or potentially adding this role to an existing third, public or private sector organisation. The Welsh Ministers can take a more formal role in promoting sustainable development through their actions and may potentially have more impact in providing leadership on sustainable development across the public sector. This may not however deliver a similar level of service.
467. There would be a strong stakeholder expectation to ensure that the activities to support sustainable development would be maintained, or even increased given the new legislation. There is growing expertise and capacity in the private and third sector on promoting and supporting sustainable development in organisation which could be relied upon to promote sustainable development across Wales. However, it would at the discretion of organisations across Wales to draw on this resource as and when needed.

### **Option 3: Introduce legislation**

468. The first option outlines the benefits that having a Commissioner has generated for Wales in providing leadership on sustainable development and supporting organisations wishing to promote sustainable development. The preferred option will secure these functions of a Commissioner for the long-term in legislation, and lessen the likelihood that the Commissioner can be wound up in the manner that happened with the Sustainable Development Commission (SDC). Given the tendency for current generations to give limited regard to the needs of future generations, the role and scope of the proposed Commissioner will be broader and stronger than previous arrangements establishing specific duties and powers that are linked the duties to be placed on public bodies in Wales.
469. The level of resources available to the current Commissioner as part of a contract to provide external support on sustainable development in Wales is limited. It is likely that a significantly larger team will be needed under this option, whilst the Advisory Panel, made up of key public sector leaders (and potentially other sector) from across civil society in Wales, will be able to offer advice, guidance and support to the Commissioner when carrying out his/her functions.
470. The proposed duties for the Commissioner will have the potential to significantly strengthen the extent that sustainable development and the needs of future generations will be recognised and promoted in Wales, and more specifically by public bodies under the duty. The proposal for a periodic Future Generations Report and cycle of engagement activities to inform it will give significant focus to the development of evidence-led advice to the Welsh Ministers and the public service when setting their objectives to contribute to the goals, as well as the measures of progress of what matters to people and communities across Wales. In setting and reviewing well-being objectives the Welsh Ministers and public bodies must take into account the Commissioner's

Future Generations Report, and when amending the well-being goals, the Welsh Ministers will be required to consult with the Commissioner.

471. In establishing a power to make recommendations, the Commissioner will be able to shine a light on particular key issues relevant to achieving well-being objectives in a manner consistent with the sustainable development principle that will require public bodies to publish a response. This may relate to one or more public bodies. This will create a public record of the efforts being made achieve the well-being goals in a manner consistent with the sustainable development principle. In doing so, the Commissioner will have powers to require information from public bodies to which they will need to respond.

### **Summary of the Preferred Option**

472. As set out above, option 3 would bring with it numerous benefits. These include:
- providing greater stability to this post by establishing the Commissioner in law;
  - broadening and strengthening the Commissioner's role and giving greater consideration of the needs of future generations;
  - providing that the Commissioner is assisted and guided by key leaders in Wales, through the Advisory Council, when carrying out his/her core functions;
  - giving greater weight and impact to the Commissioner's work through the Future Generations Report which can influence the setting and reviewing of well-being objectives of Government and public bodies in Wales that are designed to maximise its contribution to the achievement of the well-being goals;
  - ensuring the Commissioner's views (as well as other public bodies and other relevant stakeholders) will be sought before amending the well-being Goals; enabling the Commissioner to look at key issues relevant to his/her functions, making recommendations to the specified public authorities that will require a published response.
473. This option will strengthen the current arrangements for supporting the embedding of sustainable development in public bodies and safeguard the ability of future generations to meet their needs. Although un-quantified, these benefits are considered to be sufficient to justify the additional cost associated with option 3.

## Policy intention 4: Integrated Community Planning

### Costs

#### Option 1 – Do nothing

474. As set out in paragraph 57, please note that the increase in additional costs for public service organisations in comparison to the Regulatory Impact Assessment in July 2014 relate in the most part to salary oncosts added for consistency across the RIA. Other costs still relate to the attendance and contribution to all PSBs from organisations such as Police, probation, Fire and Rescue Authorities and Natural Resources Wales.
475. Each of the 22 local authorities was awarded a grant of £250,000 to support the preparation and delivery of children and young people plans under the Children Act 2004. This was incorporated into Revenue Support Grant at the end of the 2010/11 financial year. The planning duties under this Act is now discharged through single integrated plans.
476. From 2008/09 to 2010/11, each local authority received a grant of £50,000 to support the establishment and running costs of a Local Service Board (LSB). In 2011, the funding to support LSB development for local authorities in the 15 EU Convergence area (West Wales and the Valleys) was allocated instead as match funding for an European Social Fund project known as the LSB Priority Development and Delivery Projects. Working in partnership with the local government and third sectors (WLGA and WCVA), the focus of the project is on:

“The Development and Priority Delivery Project enables the delivery of a number of citizen focused initiatives to deepen the impact of the 15 Local Service Boards (LSBs).

The project focus is ‘learning by doing’. Delivery of locally and regionally generated projects will drive the system change and support cultural changes needed to transform public services through more effective collaborative working.”<sup>48</sup>

477. The project has enabled LSBs in West Wales and the Valleys to bid for continuing support for LSB development at a rate commensurate with the non Convergence areas (£50,000 per annum), as well as funding for specific demonstrator projects aimed at developing and sharing best practice.
478. The ESF project funding comes to an end at the end of the 2014 calendar year. The £50,000 LSB grant has continued to be available to the 7 LSBs in the in the non-Convergence area i.e. Flintshire, Wrexham, Powys, Monmouthshire, Newport, Cardiff and the Vale of Glamorgan.
479. In total, therefore, the funding that has been made available by Welsh Government to local authorities to support integrated planning through the

LSB is not less than £300,000 each, or £6.6million across Wales. As the majority of this funding is now within the Revenue Support Grant it is of course, up to local authorities how they chose to allocate it. Supporting the LSB and preparing the strategic needs assessment (SNA) and the single integrated plan (SIP) account for only a minor proportion of this funding costs. The remainder provides for implementing delivery projects associated with the priorities in the SIP.

### *Average annual costs*

480. There are no additional costs associated with this option since it maintains the current arrangements for LSBs and the delivery of the needs assessments and single integrated plans. The following section presents an estimate of the costs incurred under the current arrangements. The costs for supporting LSBs and their work preparing and monitoring the delivery of SIPs can be broken down into the following categories:

- (1) LSB meetings
- (2) Partnership support
- (3) Preparing and updating strategic needs assessments
- (4) Preparing single integrated plans and annual reports
- (5) Citizen engagement
- (6) Scrutiny
- (7) Welsh Government costs

### (1) LSB meetings

481. LSBs meet on average 6 times a year for 3 hours. LSBs may meet more frequently during the 5-yearly plan preparation process and less frequently at other times. The table below presents the annual opportunity cost associated with a representative from the various organisations participating on the LSB in a single area. The cost is approximately £12,000per annum.

*Table 25: Estimated annual cost to LSB member organisations of attending a typical LSB*

<b>Organisation</b>	<b>Official</b>	<b>LSB time hours/annum</b>	<b>Annual<sup>49</sup> salary (£)</b>	<b>Cost of attending the LSB (£)</b>
Local authority	Leader	18	£61,230	£700
Local authority	Chief executive	18	£171,600	£1,900

Local health board	Director of Public Health	18	£213,200	£2,300
Police	PCC	18	£94,250	£1,000
Police	Chief superintendent	18	£146,250	£1,600
Probation services	Regional manager	18	£51,900	£600
Fire & Rescue Authority (FRA)	Deputy chief fire officer	18	£125,840,	£1,400
Natural Resources Wales (NRW)	Regional manager	18	£51,900	£600
Welsh Government	SCS Grade 5	18	£101,400,	£1,100
County Voluntary Council (CVC)	Chief executive	18	£69,400	£800
<b>TOTAL</b>				<b>£12,000</b>

There are currently 19 LSBs in Wales, one for each local authority area except in Anglesey/Gwynedd, Conwy/Denbighshire and Cardiff and the Vale of Glamorgan, where there is a joint LSB covering two local authority areas. For the purposes of this analysis, therefore, the number of LSBs is 19. However, not all of the organisations above are represented on all these LSBs, therefore in order to arrive at a total for the whole of Wales, this variation needs to be taken into account. The total cost associated with participation in LSB meetings across Wales under the current arrangements is estimated to be approximately £195,800 per annum.

*Table 26: Estimated total annual cost to LSB member organisations of attending all LSB meetings*

<b>Organisation</b>	<b>Official</b>	<b>Cost of attending an LSB</b>	<b>No of LSBs currently attend</b>	<b>Total cost</b>
Local authority	Leader	£700	19	£13,300
Local authority	Chief executive	£1,900	19	£36,100
Local health board	Director of Public Health	£2,300	19	£44,600

Police	PCC	£1,000	9	£9,000
Police	Chief superintendent	£1,600	19	£30,400
Probation	Regional manager	£600	8	£4,800
FRA	Deputy chief fire officer	£1,400	12	£16,800
NRW	Regional manager	£600	8	£4,800
Welsh Government	SCS Grade 5	£1,100	19	£20,900
CVC	Chief executive	£800	19	£15,200
<b>TOTAL</b>		<b>£12,000</b>		<b>£195,800</b>

### (2) Partnership support

482. Currently each local authority employs 1 full time officer whose role is to provide executive support for the LSB, prepare papers, lead the preparation of the strategic needs assessment and single integrated plan, prepare annual reports and evidence for scrutiny.
483. The grade of this post varies between local authorities but the gross average cost of the role is estimated at £30,400 per annum, a total of £668,800 per year across Wales. The Welsh Government provides the funding for this role through the LSB Development Grant (in the 7 non-convergence local authority areas) and the ESF Development and Priority Projects programme (in the 15 convergence local authority areas).

### (3) Preparing and updating strategic needs assessments

484. In 2012/13, comprehensive strategic needs assessments (also called variously joint needs assessments and unified needs assessments) were completed for the first time. In most cases the approach taken was to build on the needs assessments which had previously been undertaken for the children and young people plans and the health social care and well-being strategies, updating the information contained within them and filling in the gaps as necessary. Community safety data is refreshed annually, as required by the Crime and Disorder Act 1998, and is available to cover a number of important policy areas. This core data is freely available on the Local Government Data Unit Wales 'LSB Insight'<sup>50</sup>, Stats Wales<sup>51</sup> and ONS<sup>52</sup> websites. It is supplemented with more specialised data such as annual

reports of the Chief Medical Officer<sup>53</sup> and the NHS Directors of Public Health<sup>54</sup>. The needs assessments also incorporate evidence from a range of statutory assessments, such as those relating to the provision of childcare, nursery education and play opportunities. In other cases, the process was started afresh, focusing on the evidence and analysis required to support the priorities which had been identified in the plan. An overview of the different approaches can be found in the Interim Review of Single Integrated Plans.<sup>55</sup>

485. The planning cycle means that the preparation of assessments is a cyclical process, with a new assessment prepared at present every 4 years, with an annual process of refreshing the data. As this local authority electoral cycle is to be 5 years, however, a planning cycle of 5 years is assumed (May 2012 – May 2017). In all cases, the local authority led this work and undertook the great majority of the evidence gathering, collation, analysis and publication. Other partners, notably health and the police, made contributions, mainly of data which they already collected and analysed for their own corporate and service planning purposes. Generally the cost to these organisations was low however, and confined to attending a small number of workshops and meetings. The contribution of other organisations was negligible. The preparation of needs assessments was carried out in-house except in two cases where an initial analysis was commissioned from external consultants. In these cases, a cost of approximately £20,000 in total was expended on external consultancy. These are not recurring costs, however, and are very unlikely to be repeated in future years.
486. The following table provides a best estimate for the cost of compiling a strategic needs assessment for the first time, making use of existing needs assessments and data sources, including Stats Wales, ONS, the Local Government Data Unit, and regional data sources, revising and filling gaps as necessary.

*Table 27: Estimated cost for preparing a strategic needs assessment in Year 1 of the planning cycle.*

Organisation	Official	Time commitment	Annual salary	Cost of preparing the SNA
Local authority	Analyst	100 days	£51,900	£23,600
Local health board	Analyst	5 days	£50,310	£1,100
Public Health Wales	Analyst	2 days	£50,310	£500
Police	Analyst	3 days	£51,900	£700
<b>TOTAL</b>				<b>£25,900</b>

487. As noted above, a number of local authority areas have created joint Local Service Boards. However, to date, only Gwynedd and the Isle of Anglesey have committed to produce a joint strategic needs assessment and joint single integrated plan. It is therefore assumed that there will be 21 SNAs produced across Wales. The total cost for all LSBs is estimated to be £543,900 (the total in Table 27 x 21). There is the potential for this cost to be reduced if other local authorities decided to produce a joint needs assessment. It is assumed that new SNAs will be produced in 2016-17.
488. In the intervening years between a new assessment being prepared, LSBs are expected to keep their assessment under review, updating them as necessary as new information becomes available. The table presents an estimate of the resource required to update the SNA and provide evidential insight (for example, in the form of short reports) into specific policy areas. The associated cost is approximately £8,700 per annum per area.

*Table 28: Estimated costs for updating a strategic needs assessment in Years 2-5 of the planning cycle.*

<b>Organisation<sup>24</sup></b>	<b>Official</b>	<b>Time commitment</b>	<b>Annual salary</b>	<b>Cost of updating the SNA</b>
Local authority	Analyst	30 days	£51,900	£7,100
Local health board	Analyst	3 days	£50,310	£700
Public Health Wales	Analyst	1 day	£50,310	£200
Police	Analyst	3 days	£51,900	£700
<b>TOTAL</b>				<b>£8,700</b>

489. On the basis that there are 21 needs assessments to be kept under review, the total annual cost across Wales is estimated to be £182,700. Again, this cost could potentially be reduced if other local areas opted to produce a joint assessment.

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<sup>24</sup> The local authority and NRW representatives are assumed to be equivalent to a Welsh Government MB1. The LHB and PHW representatives are assumed to be Band 6 'Senior Information Analysts'.

#### (4) Preparing single integrated plans

490. The SNA provides the evidence and analysis which is the basis for the SIP and provides the core content. Preparation of the plan comprises agreeing the priorities, agreeing the structure and content of the plan, evidencing progress to date from existing programmes of work, agreeing measures and indicators and preparing action plans and report cards. Account is also taken of the priorities of the Police and Crime Commissioners' police and crime plans for each area. The preparation work and drafting is primarily undertaken by the LSB support officer but various other local authority officials and officials from other LSB organisations are involved in workshops and meetings to arrive at agreement on key issues. The cost of the LSB support officer is accounted for under (2) Partnership support above. Approval of the SIP happens at meetings of the LSB.
491. The assumption made is that there is continuing input from the analyst, expert contributions from the managers of second tier partnerships (20 days each for 3 such managers), and a lower level of input from other partners. The seniority of the staff involved in the planning process is likely to vary between areas and organisations. For the purposes of this RIA it is assumed that the grade of each organisations contributor would be equivalent to a Welsh Government Management Band 1. The exception to this is for County Voluntary Councils where an equivalent to an Executive Band 2 is assumed.
492. The cost of producing the plan is estimated to be £28,400 in each area. Based on the assumption that 21 plans will be produced (with Gwynedd and the Isle of Anglesey producing a joint plan), the total cost across Wales is estimated to be £596,400. It is assumed that the next plans will be produced in 2017-18 and then revised every 5 years.

*Table 29: Estimated costs for preparing the single integrated plan in Year 1 of the planning cycle*

Organisation	Official	Time commitment	Annual salary	Cost of preparing the SIP
Local authority	Analyst	30 days	£51,900	£7,100
Local authority	Other partnerships managers <sup>25</sup>	60 days	£51,900	£14,200
Local health board	Partnerships manager	5 days	£51,900	£1,200

<sup>25</sup> For example, officers supporting children and young people partnerships or community safety partnerships

Organisation	Official	Time commitment	Annual salary	Cost of preparing the SIP
Police	Partnerships manager	5 days	£51,900	£1,200
Probation	Area manager	2 days	£51,900	£500
FRA	Area manager	2 days	£51,900	£500
NRW	Regional manager	2 days	£51,900	£500
CVC	Chief executive	10 days	£69,400	£3,200
<b>TOTAL</b>				<b>£28,400</b>

493. In Years 2-5 of the planning cycle, the SIP is updated in the form of an annual report and any consequential amendments to the SIP. The LSB support officer undertakes the majority of this work but there is a contribution by other stakeholders in the form of information updates, case studies and revisions to the existing plan. As shown in the table below, the cost of producing the annual report is estimated to be £16,300 in each area or £342,300 across Wales as a whole.

*Table 30: Estimated costs of preparing annual reports in Years 2-5 of the planning cycle*

Organisation	Official	Time commitment	Cost of preparing annual reports
Local authority	Analyst	20 days	£4,700
Local authority	Partnerships manager	30 days	£7,100
Local health board	Partnerships manager	3 days	£700
Police	Partnerships manager	3 days	£700
Probation	Area manager	2 days	£500
FRA	Area manager	2 days	£500

NRW	Regional manager	2 days	£500
CVC	Chief executive	5 days	£1,600
<b>TOTAL</b>			<b>£16,300</b>

(5) Citizen engagement

494. Engagement with people and communities, including communities of interest and children and young people, is concentrated in the period of the development of the SIP, and consultation on the draft SIP i.e. Year 1 of the planning cycle.
495. The engagement takes many forms, some electronic using existing mechanisms (surveys, questionnaires, internet consultation) but there are more labour intensive elements including workshops and meetings involving the public, representatives on second tier partnerships and other stakeholders e.g. third sector. The LSB support officer plays an important role in leading engagement and analysing the results but draws also on the expertise of engagement officers, mainly in local government, and the managers of second tier partnerships, such as those for children and young people.
496. For the purposes of the RIA, it is assumed that in Year 1 of the planning cycle there are 10 engagement events lasting half a day, each taking a week of engagement manager time to organise, run and process the outputs. Additional input is received from the other LSB partners e.g. in the form of presentations at workshops, but this is at a much lower level than the local authority input. These events tend to be held on local authority or partner premises but sundry costs (for example, materials and refreshments) are assumed to cost £250 per event or £2,500 per area.
497. Table 31 presents the assumed staff resource cost for engagement activities.
498. The total cost for citizen engagement in the year that the plans are produced is therefore estimated to be £31,900. Each local authority is expected to participate in citizen engagements and the total cost across Wales is therefore estimated to be £701,800.

*Table 31: Estimated staff costs for citizen engagement activity in Year 1 of the planning cycle.*

Organisation	Official	Time commitment	Annual salary	Cost of citizen engagement
Local authority	Engagement manager	50 days	£51,900	£11,800
Local authority	Partnerships	30 days	£51,900	£7,100

	managers			
Local health board	Partnerships manager	10 days	£51,900	£2,400
Police	Partnerships manager	10 days	£51,900	£2,400
FRA	Area manager	2 days	£51,900	£500
NRW	Regional manager	2 days	£51,900	£500
CVC	Chief executive	15 days	£69,400	£4,700
<b>Event costs</b>				<b>£2,500</b>
<b>TOTAL</b>				<b>£31,900</b>

499. In Years 2-4 of the planning cycle the level of engagement is less. Most LSBs run an annual public forum to report on progress, bring stakeholders together and highlight new and emerging issues, such as the impact of the economic downturn and the impact of welfare reform. In addition, some ongoing engagement will continue on specific issues. The assumption is that the annual forum takes 15 days of the engagement manager's time, and there are 4 engagement workshops. The annual sundry costs associated with hosting these events is assumed to be approximately £1,500 per area.

500. Staff resource costs associated with citizen engagement in years 2-5 of the planning cycle are set out in the table below. The estimated total cost for citizen engagement is £18,800 per area per annum or £413,600 per annum in total.

*Table 32: Estimated staff costs for citizen engagement in Years 2-5 of the planning cycle.*

<b>Organisation</b>	<b>Official</b>	<b>Time commitment</b>	<b>Annual salary</b>	<b>Cost of citizen engagement</b>
Local authority	Engagement manager	35 days	£51,900	£8,300
Local authority	Partnerships managers	10 days	£51,900	£2,400
Local health board	Partnerships manager	5 days	£51,900	£1,200

Organisation	Official	Time commitment	Annual salary	Cost of citizen engagement
Police	Partnerships manager	5 days	£51,900	£1,200
FRA	Area manager	2 days	£51,900	£500
NRW	Regional manager	2 days	£51,900	£500
CVC	Chief executive	10 days	£69,400	£3,200
<b>Event costs</b>				<b>£1,500</b>
<b>TOTAL</b>				<b>£18,800</b>

#### (6) Scrutiny

501. All areas currently have some form of scrutiny of LSBs in place. The format varies. In some areas the LSB is scrutinised by a single existing overview and scrutiny committee e.g. in Wrexham; in other areas the work of the LSB is scrutinised by different overview and scrutiny committees, according to their field of interest such as health and well-being or children and young people e.g. Pembrokeshire. A third model creates a specific LSB scrutiny committee, comprising elected members and co-opted members from the LSB member organisations e.g. Cardiff. The latter remains uncommon so no attempt is made to quantify the marginal additional costs to the LSB member organisations.
502. In the first two cases the length of scrutiny is constrained by crowded agendas, and typically lasts for around an hour but will occur on two or more occasions during the year. In the third case, scrutiny is more extended as the committee only has one object of scrutiny, but occurs less frequently, typically once a year.
503. The assumptions made in order to cost current scrutiny arrangements are that the LSB is scrutinised for a total of 8 hours in a year by a scrutiny committee comprising 8 elected members, one of whom is the scrutiny committee chair and so entitled to an enhanced allowance. Although there are joint LSBs in some each areas, the work of the LSBs is assumed to be scrutinised in each local authority area (i.e. there are 22 scrutiny committees). The LSB support officer will help to prepare the papers for scrutiny but there will also be a role for the analyst and scrutiny officer. This is estimated at one day preparation each per hour of scrutiny.

Table 33: Estimated costs of LSB scrutiny per annum

Organisation	Official	Time commitment	Annual salary <sup>26</sup>	Cost of LSB scrutiny
Local authority	Scrutiny officer	8 days	£51,900	£1,900
Local authority	Analyst	8 days	£51,900	£1,900
Local authority	Scrutiny committee chair	1 day	£28,600	£100
Local authority	7 Elected members	7 days	£17,300	£600
<b>TOTAL</b>				<b>£4,500</b>

504. On this basis, the total cost for LSB scrutiny across Wales is estimated to be £99,000 per annum.

#### (7) Welsh Government costs

505. Welsh Government costs associated with supporting LSBs and integrated planning comprise a number of elements: processing the LSB development grant (2 days per annum for each of 19 LSBs); processing and analysing LSB quarterly returns (0.5 day each for 4 returns for 19 LSBs); preparing and delivering 4 full day quarterly workshops for LSB support officers (4 days preparation for each and associated direct costs for travel, venue hire and refreshment); preparing and delivering 2 additional joint workshops for LSB support officers and other stakeholders e.g. analysts, third sector (4 days preparation for each and associated direct costs for travel, venue hire and refreshment); feedback on plans, amending policy guidance etc. as required (estimate 30 days per annum). These activities amount to 130 days work per annum and are all undertaken by a Management Band 2 grade. The cost associated with this is approximately £24,400 per annum. The cost associated with hosting the LSB workshops is approximately £2,500 per annum.

506. In addition, 30% of an Executive Band 2 (G7) role is required for leading and directing this work. The cost of this is approximately £20,800 per annum.

507. Welsh Government senior civil servants also attend LSB meetings. The costs for this element are included in section (1) 'LSB meetings' above.

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<sup>26</sup> The annual salary for the Scrutiny Committee Chair and Elected members is taken from the 2014 Annual Report from the Independent Remuneration Panel for Wales.

*Table 34: Estimated costs of Welsh Government support for LSBs and integrated planning per annum*

<b>Organisation</b>	<b>Official / Direct cost</b>	<b>Amount</b>	<b>Annual salary</b>	<b>Cost of WG support</b>
Welsh Government	G7	30%	£69,400	£20,800
Welsh Government	MB2	130 days	£40,700	£24,400
<b>Workshop and travel costs</b>				<b>£2,500</b>
<b>TOTAL</b>				<b>£47,700</b>

*Table 35: Summary of the costs of option 1*

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Welsh Government</b>	£69,000	£69,000	£69,000	£69,000	£69,000
<b>Partner Organisations</b>					
Local Service Boards	£196,200	£196,200	£196,200	£196,200	£196,200
Partnership support	£668,800,	£668,800	£668,800	£668,800	£668,800
Strategic Needs Assessments	£182,700	£543,900	£182,700	£182,700	£182,700
Single Integrated Plans	£342,300	£342,300	£596,400	£342,300	£342,300
Citizen Engagement	£413,600	£413,600	£701,900	£413,600	£413,600
<b>Scrutiny</b>	£99,000	£99,000	£99,000	£99,000	£99,000
<b>Total</b>	<b>£1,902,600</b>	<b>£2,263,800</b>	<b>£2,445,000</b>	<b>£1,902,600</b>	<b>£1,902,600</b>

## Option 2 – Introduce legislation

508. The resources identified in Option 1 will continue to be available to Public Services Boards (PSBs) in this option. This section identifies the additional costs that would be incurred by legislating. It is worth noting that if the recommendations of the Commission on Public Service Governance and Delivery relating to local authority mergers are implemented, the number of PSBs would reduce from 19 to 10-12 and any costs would reduce accordingly.

### (1) Public Services Board meetings

509. Under this option, there will be a duty on the following organisations to participate in Public Services Board meetings:

- Local Authority
- Local Health Board
- Fire & Rescue Authority (FRA)
- Natural Resources Wales (NRW)

510. In addition, the following have the status of 'invited participant'. This means they may participate in the work of the PSB in various defined ways but are under no obligation to do so. For the purposes of this RIA and in order to define an upper limit on the additional costs that would be incurred under this option, the assumption is made that each of the invited participants will participate in full.

- Welsh Ministers
- Police
- Police and Crime Commissioner (PCC)
- Probation service
- County Voluntary Council (CVC)

511. The frequency and duration of PSB meetings is assumed to remain the same as under the current arrangements. Since local authorities, local health boards, the police, CVCs and the Welsh Government are already represented on each LSB there is assumed to be no additional cost to these organisations.

512. As set out under option 1, NRW, probation service, Police and Crime Commissioners and Fire & Rescue Authority do not currently participate in all LSBs. There will therefore be an additional cost to these organisations associated with increased representation on the boards. As shown in Table 36, the additional cost is estimated to be approximately £33,000 per annum.

*Table 36: Additional annual cost to organisations for attending all PSBs*

<b>Organisation</b>	<b>Official</b>	<b>Annual cost of attending each PSB</b>	<b>Additional boards to attend</b>	<b>Additional annual cost</b>
Police	PCC	£1,000	10	£10,000
Probation	Regional manager	£600	11	£6,600
FRA	Deputy chief fire officer	£1,400	7	£9,800
NRW	Regional manager	£600	11	£6,600
<b>TOTAL</b>				<b>£33,000</b>

513. Table 37 presents the total cost associated with attendance at the 19 PSBs under this option. The total annual cost is estimated to be £228,000. The PSBs are expected to meet for the first time in 2016-17 with the existing LSBs continuing until that point.

*Table 37: Total annual cost for attending PSBs*

<b>Organisation</b>	<b>Official</b>	<b>Annual cost of attending each PSB</b>	<b>Total cost (19 PSBs)</b>
Local authority	Leader	£700	£13,300
Local authority	Chief executive	£1,900	£36,100
Local health board	Director of Public Health	£2,300	£43,700
Police	PCC	£1,000	£19,000
Police	Chief superintendent	£1,600	£30,400
Probation	Regional manager	£600	£11,400
FRA	Deputy chief fire officer	£1,400	£26,600
NRW	Regional manager	£600	£11,400

Welsh Government	SCS Grade 5	£1,100	£20,900
CVC	Chief executive	£800	£15,200
<b>TOTAL</b>		<b>£12,000</b>	<b>£228,000</b>

(2) Board support

514. As is currently the case, each local authority is expected to employ a full time officer whose role is to provide executive support for the PSB, prepare papers, lead the preparation of the assessment of well-being and the local well-being plan, prepare annual reports and evidence for scrutiny. The estimated cost of this post in each area is £30,400 per annum or £668,800 across Wales as a whole.

(3) Assessments of local well-being

515. The cost to the existing LSB partners of producing a local well-being assessment is assumed to be the same as that for producing the existing Strategic Needs Assessment.
516. In addition, NRW will be expected to contribute environmental data and analysis drawn from their area based natural resource management approach, as defined in the Environment Bill White Paper. The core analytical work, the preparation of area plans and priorities, will be part of NRW's functions:

**"Area-Based Natural Resource Management Approach**

The Environment Bill will place a requirement on NRW to develop and implement an area-based approach for natural resource management. This will be a planning and priority setting process that coordinates resource use so that the long term sustainable benefits are optimised for the people, environment and economy of Wales in the present and in the future."<sup>56</sup>

517. The additional burden on NRW will be to ensure the evidence prepared for their area plans is considered as part of the needs assessment process underpinning local well-being plans, and that the environmental priorities identified in the area plans are carried through, where appropriate, to the local well-being plans. This is estimated to cost NRW on average 5 officer days for 19 public services boards in Year 1 of the planning cycle when new needs assessments are being prepared, and 3 days per PSB during Years 2-5 of the extended planning cycle.
518. The estimated cost of producing the initial well-being assessment in each area is therefore £27,100, this equates to a cost of £569,100 across Wales.

*Table 38: Cost of producing a well-being assessment in Year 1 of the planning cycle*

<b>Organisation<sup>27</sup></b>	<b>Official</b>	<b>Time commitment</b>	<b>Annual salary</b>	<b>Cost of preparing the well-being assessment</b>
Local authority	Analyst	100 days	£51,900	£23,600
Local health board	Analyst	5 days	£50,300	£1,100
Public Health Wales	Analyst	2 days	£50,300	£500
Police	Analyst	3 days	£51,900	£700
NRW	Regional manager	5 days	£51,900	£1,200
<b>TOTAL</b>				<b>£27,100</b>

519. Under this option, the cost of updating the well-being assessments in years 2-5 of the planning cycle is approximately £9,400 per area. This equates to a cost of £197,400 in each year (2-5 of the planning cycle) across Wales.

*Table 39: Estimated annual costs of updating the well-being assessments in Years 2-5 of the planning cycle*

<b>Organisation</b>	<b>Official</b>	<b>Time commitment</b>	<b>Annual salary</b>	<b>Annual cost of updating the well-being assessment</b>
Local authority	Analyst	30 days	£51,900	£7,100
Local health board	Analyst	3 days	£50,300	£700
Public Health Wales	Analyst	1 day	£50,300	£200
Police	Analyst	3 days	£51,900	£700
NRW	Regional Manager	3 days	£51,900	£700
<b>TOTAL</b>				<b>£9,400</b>

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<sup>27</sup> The local authority and NRW representatives are assumed to be equivalent to a Welsh Government MB1. The LHB and PHW representatives are assumed to be Band 6 'Senior Information Analysts'.

#### (4) Preparing local well-being plans

520. The cost associated with preparing a local well-being plan is assumed to be the same as that for producing a Single Integrated Plan. As calculated under option 1, the estimated cost of producing a plan is £28,400 per area or £596,400 in total.

*Table 40: Estimated annual costs of preparing local well-being plans*

Organisation	Official	Time commitment	Annual salary	Cost of preparing the SIP
Local authority	Analyst	30 days	£51,900	£7,100
Local authority	Partnerships manager	60 days	£51,900	££14,200
Local health board	Partnerships manager	5 days	£51,900	£1,200
Police	Partnerships manager	5 days	£51,900	£1,200
Probation	Area manager	2 days	£51,900	£500
FRA	Area manager	2 days	£51,900	£500
NRW	Regional manager	2 days	£51,900	£500
CVC	Chief executive	10 days	£69,400	£3,200
<b>TOTAL</b>				<b>£28,400</b>

521. The cost to each area of producing an annual report in years 2-4 of the planning cycle is also assumed to be the same as under Option 1, that is £16,300 per area or £342,300 in total.

#### (5) Citizen engagement

522. The costs associated with citizen engagement are assumed to be the same as under Option 1, that is £701,800 in the year that the well-being plans are produced and published and £413,600 in subsequent years.

#### (6) Scrutiny

523. This option provides for a more consistent model of scrutiny by specifying that the scrutiny must be undertaken by a designated local government scrutiny

committee. The scrutiny committee will be a statutory consultee on the draft assessment of well-being, will be required to consider the draft well-being plan, and will receive copies of the annual report. It is the intention that scrutiny plays a larger role in holding the PSB to account. The assumption is that the existing commitment set out in Option 1 will be doubled. The annual cost per area is assumed to be £9,000, this equates to £198,000 for the whole of Wales each year. The new scrutiny arrangements are expected to come into effect in 2016-17.

*Table 41: Estimated annual costs of PSB scrutiny*

Organisation	Official	Commitment	Annual salary	Total cost of PSB scrutiny
Local authority	Scrutiny officer	16 days	£51,900	£3,800
Local authority	Analyst	16 days	£51,900	£3,800
Local authority	Scrutiny committee chair	2 day	£28,600	£200
Local authority	7 Elected members	14 days	£17,300	£1,200
<b>TOTAL</b>				<b>£9,000</b>

(7) Commissioner's advice

524. The Commissioner is required to provide advice to each PSB on its draft well-being plan, specifically in relation to conformance with the sustainable development principle. This is part of the Commissioner's functions. The costs for exercising the Commissioner's functions are covered in the relevant section of this RIA.

(8) Review of partnership arrangements

525. LSBs currently review their partnership arrangements as part of their existing activities. The intention is that public services boards will accelerate this work but any review of partnership arrangements will be undertaken by the PSB in the normal course of its duties. There are no additional costs.

(9) Welsh Government

526. Option 1 identified an annual cost to Welsh Government associated with supporting LSBs and integrated planning. These activities are expected to continue under this option, at a cost of £47,700 per annum (see Table 34).
527. In addition, there will be a transitional cost to the Welsh Government associated with developing a code of practice for preparing the assessment of

well-being, and preparing statutory guidance on the operation of the PSB and the preparation of local well-being plans.

- Code of practice: it is estimated this will take 60 days of MB2 officer time, and 20 days of G7 time to prepare. Consultation and publication will be electronic and will have no direct costs associated with them.
- Statutory guidance: it is estimated this will also take 60 days of MB2 officer time and 20 days of G7 time to prepare.

528. There will be a need to engage with PSBs in the initial stages of implementation, including on the content of the code of practice and statutory guidance. In addition to the 6 annual workshops costed for in option 1, an additional 2 workshops will be required. These transitional costs of £35,600 will be incurred in 2015-16.

*Table 42: Estimated additional Welsh Government costs associated with implementing the Bill in Year 1 (2015/16)*

Organisation	Official / Direct cost	Amount	Annual salary	Additional Welsh Government implementation costs
Welsh Government	G7	40 days	£69,400	£12,600
Welsh Government	MB2	120 days	£40,700	£22,200
<b>Workshop and travel costs</b>				<b>£800</b>
<b>TOTAL</b>				<b>£35,600</b>

(10) Other transitional costs

529. As the new planning cycle would begin as the current planning cycle comes to an end, there would be no other transitional costs other than those identified in (9) relating to the Welsh Government.

*Table 43: Summary of the costs of option 2 (£)*

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Welsh Government</b>	£83,300	£47,700	£47,700	£47,700	£47,700
<b>Partner Organisations</b>					

Public Service Boards	£196,200 <sup>28</sup>	£228,000	£228,000	£228,000	£228,000
Partnership support	£668,800	£668,800	£668,800	£668,800	£668,800
Well-being assessments	£182,700 <sup>29</sup>	£569,100	£197,400	£197,400	£197,400
Local well-being plans	£342,300	£342,300 <sup>30</sup>	£596,400	£342,300	£342,300
Citizen Engagement	£413,600	£413,600	£701,800	£413,600	£413,600
<b>Scrutiny</b>	£99,000	£198,000 <sup>31</sup>	£198,000	£198,000	£198,000
<b>Total</b>	<b>£1,985,900</b>	<b>£2,450,700</b>	<b>£2,638,100</b>	<b>£2,095,800</b>	<b>£2,095,800</b>

*Table 43: Additional cost of option 2 compared to option 1*

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Welsh Government</b>	£35,600	£-	£-	£-	£-
<b>Board Members</b>					
Public Service Boards	£-	£33,000	£33,000	£33,000	£33,000
Partnership support	£-	£-	£-	£-	£-
Well-being	£-	£25,200	£14,700	£14,700	£14,700

<sup>28</sup> The current arrangements set out in option 1 would continue until the PSB is formed in 2016.

<sup>29</sup> For 2015/16, the current cost, as set out in option 1, would be incurred.

<sup>30</sup> For 2015/16 and 2016/17, the current cost as set out in option 1, would be incurred.

<sup>31</sup> The new scrutiny arrangements would commence once the PSB has been formed and a draft well-being assessment submitted to the committee.

assessments					
Local well-being plans	£-	£-	£-	£-	£-
Citizen Engagement	£-	£-	£-	£-	£-
<b>Scrutiny</b>	£-	£99,000	£99,000	£99,000	£99,000
<b>Total</b>	<b>£35,600</b>	<b>£139,200</b>	<b>£145,500</b>	<b>£145,500</b>	<b>£145,500</b>

530. The additional costs break down as follows:

#### Welsh Government

- £35,600, transitional costs in Year 1 only.

#### Board members

- £33,000 annually from Year 2 onwards. These are additional costs spread across PCCs, probation services, FRAs and NRW, in order to attend Public Services Board meetings in all areas; and
- £25,200 in Year 2, then £14,700 in following years. These are additional costs on NRW for providing environmental and natural resources input into 21 assessments of well-being.

#### Scrutiny

- £99,000 across 22 local authority areas for the costs of more extensive scrutiny of Public Services Boards.

### **Benefits**

#### **Option 1 – Do nothing**

531. At present, local authorities and partners discharge a range of statutory duties, each of which involves a slightly different set of partners, through the LSB and the single integrated plan. Option 1 streamlines a number of evidence gathering, planning and reporting processes and has enabled the alignment of syncopated planning cycles.

532. This has resulted in tangible efficiencies as partnership structures and partnership support teams within local authorities, in particular, have been rationalised and simplified. It has also led to a stronger alignment of national and local priorities.

533. From the perspective of citizens and local elected members, they can now access robust and extensive information on the condition of well-being in their area, frequently disaggregated by population groups and localities, and they can now find in one place a statement of the shared priorities of public services in their area and the action they are taking to address disadvantage and inequity.
534. However, the evidence suggests that the quality of the needs assessments and single integrated plans, as well as the quality of their implementation, varies considerably from place to place. While each area has been able to secure some efficiencies through simplification and rationalisation, it is not clear whether these efficiencies have been optimised in all areas, or that all LSBs have shown sufficient improvement in the quality of their strategic planning. The Interim Evaluation of single integrated plans also highlighted issues of capacity and capability in many areas with regard to the gathering and analysis of evidence.
535. A similar situation exists regarding partnership rationalisation. Some areas have undergone a thorough review and rationalisation of partnerships, other areas have reduced the number of second and third tier partnerships, or have only addressed specific issues as they have arisen. Most recently, for example, Denbighshire LSB undertook a 'Partnership Landscape Review'<sup>57</sup> and identified 84 partnerships in which the LSB partners participate, with the caveat 'this is not a comprehensive list'. Many of these partnerships are important operational groups concerned with the design and delivery of services to some of the most vulnerable groups in the population. Some are valuable means for engaging front line staff and service users. Nevertheless, there is clearly considerable room for further rationalisation of partnerships, without affecting citizen engagement or service improvement.
536. Over the past two years there has been a considerable streamlining, both of the employed partnership support units within local authorities, and a rationalisation of partnership meetings. While the efficiencies are tangible (if not necessarily cashable), estimating the actual cost savings is difficult, not least because the approach has varied significantly from one area to another.
537. Torfaen brought their partnership support into a single unit in 2012 and estimated £117,000 savings:

"The LSB and framework approach ensures that the various core strategies, and the partnerships required to implement them, are integrated and do not operate individually. Specifically, this includes the Health, Social Care and Well-being Strategy, the Children and Young Persons Plan and the Community Safety Strategy and creates a singular Public Service Support Unit (PSSU) replacing three partnership infrastructures that had previously existed. This remodelling has reduced duplication and produced an efficiency saving of 117k."<sup>58</sup>

538. In the case study, *What Matters: developing integrated partnership working in Cardiff*<sup>59</sup> the LSB set out some of the benefits:

“Though individual partnerships had a statutory responsibility to produce a needs assessment ahead of their strategy development, this was the first time a single exercise has been undertaken. The benefits of undertaking a single needs assessment include;

- A substantial financial saving to each partnership, each of whom would normally commission the research.
- A saving in officer time by avoiding duplication of effort.”

539. Cardiff estimated that streamlining their planning and partnership structures would give cost savings of £1.4m but this figure has not been verified.

540. In North Wales, the police led a project team to review opportunities for simplifying partnership working across the 6 counties.<sup>60</sup> They also identified savings:

“There is considerable efficiency available from reducing complexity and improving focus in fewer meetings. The joint Conwy and Denbighshire Community Safety partnership achieved significant non-cashable savings in officer time worth £197k per annum (an estimated £359k costs per annum from 40 meetings reduced to £162k per annum) through the reduction in meetings (from 40 to 10) with maintained or improved outcomes.”

541. While these examples are inconclusive in so far as they are not sufficiently robust to be used as the basis for estimating either the potential across Wales for cost savings through rationalisation, or the actual cost savings made to date, they are firm evidence that real efficiencies can and have been made.

542. The current voluntary arrangements have led to real improvements. Some further improvement could be expected, especially as funding tightens and further activities which don't add value are squeezed out of the system. This option would, however, mean that current inconsistencies would be likely to continue, improvement could not be secured in all areas, the plans would remain limited in scope and only partially respond to the sustainable development principle, and that the Welsh Ministers and local government scrutiny would have only limited options in terms of ensuring greater accountability for delivering improvements. In some areas there is a risk that progress made to date would be lost.

## Option 2 – Introduce legislation

543. Option 2 would put in place clear mechanisms for securing improvements in partnership working and ensuring public services boards are accountable to local democratic processes.
544. The voluntary status of current arrangements, whilst it has achieved much, has a number of drawbacks. Both national and local government have limited influence to secure improvement in those areas where less progress has been made and few levers to require or incentivise improvement.
545. Burden of duties: Because existing duties fall primarily on local authorities, acting in partnership with or cooperating with a variety of other bodies, the degree of engagement of other partners and the extent to which their own corporate plans are influenced by the shared objectives in the SIP is often quite limited. By making the LSB statutory, the burden of duties can fall more equally on the shoulders of the members of the public services boards, with a view to securing greater traction on corporate strategies.
546. Scope of plans: The scope of SIPs is not clearly defined. There is an implicit minimum definition, that is, the aggregation of planning duties in existing legislation, mostly relating to social policy, but this is an eclectic mix that lacks an overarching rationale. The economy is often less well accounted for in SIPs, and the environmental element is generally particularly weak. Placing local integrated planning within the framework of the national goals and indicators would put in place a coherent national and local framework which would clearly define the scope of local integrated plans. The statutory membership of the Public Services Boards would ensure the appropriate organisations are working in partnership to deliver this extended range of outcomes, including environmental outcomes. It would allow the Welsh Government to set indicators and standards for the whole range of social, economic and environmental outcomes to which members of Public Services Boards must attend, and so provide a basis for more effective performance management and scrutiny.
547. Role of evidence: The role of evidence and analysis in making policy and allocating resources at the local level is recognised in a number of instances in existing legislation, in requirements for needs assessments, for instance. However, its central role in determining priorities, designing services and service delivery models, and in allocating resources is not made explicit. Given that the aggregate public expenditure in an area such as Cardiff is of the order of £2 billion, this is clearly not tenable. Current arrangements also lead to duplication of effort. Legislating for strategic needs assessments and securing minimum standards through a code of practice would create a more robust evidence base for both setting priorities and determining solutions. This will be particularly important in making the business case for shifting resources from remedial services to early action and prevention, in order to reduce demand on more costly services and secure more effective outcomes for people and communities.

548. Citizen focus: Requiring an outcomes based approach in integrated planning puts people and communities centre stage, not organisational interests. Done rigorously, it would require public service providers to illustrate more clearly how they contribute to improving well-being, rather than perpetuating the belief that they can operate in isolation to achieve such outcomes. It also encourages more preventative approaches, clearly linking long term aims with action over a 5 year planning cycle.
549. Governance, performance management and accountability: There are few checks and balances on partnership working at present. Both performance management and accountability have generally been poor. This is acknowledged in the analysis of the Williams Commission on Public Service Governance and Delivery which recommends “a national single, robust, governance model in place which is equitable and transparent and which ensures that decisions are based on identifiable responsibilities and actions, joint rights and obligations, creating clear accountability for delivery”<sup>61</sup>. Through legislation, a range of governance and improvement mechanisms can be put in place: statutory functions and responsibilities, including membership; a set of indicators as a basis for performance management (see Part 2 of the Bill); a mandatory oversight role for scrutiny, both of partnership working and the integrated plan; and a role for the Commissioner for Future Generations to provide advice and support in relation to the sustainable development principle.
550. Further simplification: Partners are indicating that there is also an opportunity for local integration of a range of other duties which are not currently captured in the integrated planning process such as various statutory and non-statutory needs and impact assessments. For example, the Welsh Local Government Association has produced an advice note on *“the relationship between integrated planning and equality in the context of the new legislation and statutory guidance. It builds upon a previous advice note published in 2010 in light of the move to Single Integrated Plans and the Equality Act 2010 and the associated Public Sector Equality Duty. The document explores how, in this new context, local partners can embed equality in partnership working and how in doing so they can ensure the effective delivery of both agendas”*<sup>62</sup>.
551. A statutory framework would give local public services a firm basis for facilitating further simplification.

### **Summary of preferred option**

552. As set out above, option 2 would bring with it several benefits. These include a statutory board arrangement whose functions and duties can be clearly defined; greater clarity on the scope of local well-being plans, with a strengthening of the environmental component in particular; more consistency and higher standards in the use of evidence; greater focus on people and communities and the improvement of all aspects of their well-being; stronger governance, performance management and accountability mechanisms, with a statutory role for local government scrutiny; and a framework which will enable local public services to continue to seek to reduce complexity, for

example by combining impact assessments and doing away with partnerships which no longer add value.

553. Although un-quantified, these benefits are considered to be sufficient to justify the additional cost associated with option 2.

## Chapter 8: Specific Impacts and Competition Assessment

### Specific Impacts

554. A series of impacts assessments on the policy areas contained within the Bill have been completed as part of the Regulatory Impact Assessment. These changes have informed this document.

### Statutory obligations

555. The Welsh Government is bound by the Equality Act 2010, and the Wales-Specific Equality Duties Regulations, the Human Rights Act 1998 and the European Convention on Human Rights.
556. The Rights of Children and Young People Measure 2011 requires the Welsh Ministers to give due regard to the United Nations Convention on the Rights of the Child in the development of all Ministerial functions.
557. The Welsh Government's Welsh Language Scheme requires that an assessment of the impacts of the Bill on the Welsh language be carried out.

### Approach to impact Assessments

558. The Well-Being of Future Generations (Wales) Bill ("the Bill") asserts that the general aim of each Welsh public body, that are subject to the provisions of the Bill, is to improve the economic, social and environmental well-being of Wales. The specified public authorities must seek to achieve this general aim by pursuing the well-being goals set out below:

Goal	Description of the goal
A prosperous Wales.	An innovative and productive, low carbon emission, economy that makes more efficient and proportionate use of resources; and which generates wealth and provides employment opportunities for a skilled and well-educated population.
A resilient Wales.	A biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change.
A healthier Wales.	A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.

Goal	Description of the goal
A more equal Wales.	A society that enables people to fulfil their potential no matter what their background or circumstances.
A Wales of cohesive communities.	Attractive, viable, safe and well-connected communities.
A Wales of vibrant culture and thriving Welsh language.	A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.

559. The well-being goals are intended to provide a shared vision for the improvement of well-being in Wales. Viewing the goals as an integrated set is critical to their achievement. As such, the well-being goals collectively reflect the various separate aspects of well-being that require consideration through statutory and other policy impact assessments, but seeks to ensure that they are considered *together*.

560. As the fundamental purpose of the Bill is to improve the well-being of Wales the approach taken below to assessing the impact of the Bill is based around the six well-being goals.

## Findings

561. Largely, the finding of the impact assessments related to potential rather than definite impacts, although there are some specific impacts in relation to the public appointment of the Commissioner.

562. The impact assessment on the Bill found potential positive impacts for the following groups:

- Children and Young People
- Older people
- Disabled People
- Women and men
- Transgender people
- Ethnic Minority Groups
- Asylum seekers and refugees

- Gypsies and Travellers
  - Those with religious and other beliefs
  - Lesbian, gay and bisexual people
563. It also found a number of positive impacts for the take up and use of the Welsh language.
564. The rural proofing screening assessment found that there were no specific negative impacts for rural areas as a result of the Bill and that any potential impacts are likely to be positive. Nevertheless, it is intended that the well-being goals lead to behavioural and cultural change, where required, to improve the future well-being of Welsh communities, including those in rural areas when specified public authorities set their objectives and allocate resources.

### A more equal Wales

565. Establishing a specific well-being goal for equality on the face of the Bill will, for the first time, establish that making Wales a more equal nation is integral to the shared purpose of specified public authorities.
566. Whilst it is not possible to accurately describe the future that will arise with a goal of this kind, it is intended that the duty set out in the Bill will complement, (and not duplicate) existing equalities legislation. This will be further clarified and exemplified through statutory guidance published alongside the Bill. In addition, the Future Generations Commissioner for Wales ('the Commissioner'), when established, will receive advice from the Older People's Commissioner and the Children's Commissioner as statutory members of the advisory council. The Commission itself will be subject to existing equalities legislation.
567. It is also intended that the guidance for the Bill will encourage specified public authorities to use evidence gathered as part of existing equality impact assessments both in the achievement of their current objectives and to inform their future objectives.
568. This is intended to have a positive impact on the lives of all those with protected characteristics and children, who we know are disproportionately affected by inequality and have the most to gain.<sup>63</sup>
569. We agree with the End Child Poverty Network Cymru, who in their consultation response to us, said that "Wales cannot develop sustainably without addressing Child Poverty. Child Poverty has been well documented to result in inequality of health, education and economic outcomes for children living in low income households." We consider reducing child poverty to be intrinsic in the goal of creating a more equal nation.

570. It is intended that the goal will, when integrated with the others, lead to shifting the balance away from expensive services that seek to tackle the symptoms of inequality by tackling inequality and creating opportunities for participation, personal development and fulfilment of potential.
571. A useful example is provided by the Older People's Commissioner Wales's report into Community Services. Her report finds that not only are community services fundamental to the prevention of frailty, they are also fundamental to cost containment by statutory services.<sup>64</sup> Aiming to make Wales a more equal nation should mean that consideration of and engagement with older people, amongst other protected groups, will be routine and lead to cost savings.

### A prosperous economy

572. Evidence shows that a prosperous and innovative economy is in itself, necessary to ensure that Wales is a more equal nation. We know that inequality and a prosperous economy are intrinsically linked: "the make-up of households at different levels of income distribution means that there are twice as many young children in the bottom 20% of households by income as in the top 20%. It is not sufficient to simply be in work - half the children in poverty belong to working families'.<sup>65</sup>
573. The implication of this is that striving towards the achievement of a goal for a *prosperous* economy is intrinsic to realising the right of children not to live in poverty. This potential equality impact is not limited to children. One-third of working-age adults considered to be in poverty are either disabled themselves or have a disabled partner. It is also important to note, as the Equality and Human Rights Commission (EHRC) found, that a lifetime of low income may mean poverty in old age.
574. A thriving Welsh language can also be viewed as an economic opportunity as well as fundamental to the success of the language and maintaining Welsh-speaking communities.

### A healthier Wales

575. Whilst the health sector makes an essential contribution to improving the health and well-being of the population, it cannot on its own deliver sustained high levels of health and well-being across all groups of society. The Goals in the Bill reflect an understanding that, to achieve the necessary improvements and reduce health inequalities, the social, economic and environmental determinants of health need to be addressed through national and local commitment across a broad range of policy areas, organisations and services. It is therefore the interplay and integration of different policies at all levels such as housing, transport, culture and sport, education, the economy and rural affairs that can all make significant contributions to overall health and well-being, and help to reduce health inequalities.
576. The Goal descriptor makes it clear that health encompasses both the mental and physical state. It also recognises that health is understood within the

wider context of the ways in which we live and the society of which we are a part. For example, a contemporary challenge to people's health is lifestyles. Behaviours such as smoking, having poor diets, not exercising or drinking too much can impact on health and well-being in the short term and can cause serious problems over the long term, such as obesity, high blood pressure and diabetes.

577. Young people are particularly vulnerable. For example, they may be vulnerable to social and environmental pressures which increase the risk of obesity. Until recently, type 2 diabetes was generally only seen in adults, but some adolescents are now developing this condition. Liver disease also has potential to become a significant and worsening issue, as we are seeing rising rates of mortality in a younger age group than we see for other key causes of premature mortality. This rise is closely linked to lifestyle factors such as alcohol misuse and obesity. With specific regard to children, in health as with all services, there may be particular barriers for children and young people in accessing services and having their voices heard.
578. It is now recognised that mental health is as important as physical health in a long, happy and active life. Positive mental well-being increases a person's chances of having a good job, is protective against injury, and aids recovery from illness.
579. The serious effects associated with lifestyle areas mean that addressing them, as well as the social and economic conditions which cause them, is centre to our efforts to improve and protect health. The preventable nature of many of the related physical and mental health conditions also reinforces the need for an increased focus on preventative action, particularly to safeguard the future health of our children and young people.
580. Across Wales we can see that poor health is not evenly spread but follows distinct social patterns. When we list Welsh communities in order according to their level of deprivation, the most deprived areas generally have the worst health and prospects.
581. This issue has been established as a matter of fairness and social justice as it is widely recognised that there is a social gradient in health – the lower a person's social position, the worse his or her health.
582. It is envisaged therefore that a goal for a healthy population, combined with other goals to improve the well-being of society, and the recognition that *all* public services as opposed to just the National Health Service will make a contribution, should ultimately result in better outcomes for all, and in particular, those with protected characteristics.
583. The reverse has also been found to be true - action taken to reduce health inequalities has been found to benefit all of those in society in many ways, including economic benefits in reducing losses from illness associated with health inequalities.

584. As the 2010 Marmot review states:

“The fair distribution of health, well-being and sustainability are important social goals. Tackling social inequalities in health and tackling climate change must go together.

Delivering these policy objectives will require action by central and local government, the NHS, the third and private sectors and community groups. National policies will not work without effective local delivery systems focused on health equity in all policies.

Effective local delivery requires effective participatory decision-making at local level. This can only happen by empowering individuals and local communities.”

#### A Wales of cohesive communities

585. A goal that ensures that specified public authorities strive towards safe, cohesive and well-connected communities is intended to have positive impacts on the majority of the policy areas covered by the Welsh Government's specific impact assessments. This goal will have positive impact, in particular, on protected groups, children's rights, the Welsh Language and the environment.

586. We know that protected groups in particular will benefit from striving for safer communities. It will also have a potential beneficial impact on the Welsh Language by ensuring that, in meeting future challenges to our communities, we consider the impact of changes on the Welsh Language.

#### A Wales of vibrant culture and thriving Welsh language

587. The Bill will potentially result in a number of positive impacts for the take up and use of the Welsh language, as well as participation in sport and the arts and the promotion and protection of culture and heritage more broadly.

588. In particular, the Bill, for the first time, establishes a thriving Welsh language as an element of the vision of the future well-being of Wales set out by the Bill. This is intended to catalyse behavioural and cultural change, where required, to ensure that the health of the Welsh language is achieved (see the current challenges set out in Section 5.3 above), alongside the other well-being goals, when specified public authorities set their objectives and allocate resources.

589. As specified above in relation to the equality goal, it is not possible to accurately describe the future that will arise as a result of this goal. However, it is intended that the duty will complement, (and not duplicate) existing legislation in relation to Welsh Language standards to protect and develop our language. This will be ensured through statutory guidance published alongside the Bill as well as by ensuring that the Commissioner receives

advice from the Welsh Language Commissioner as a statutory member of the advisory council. It is also intended that the Commissioner is subject to the Welsh Language Standards set out in the Welsh Language (Wales) Measure 2011.

590. Part of the general equality duty in the Equality Act 2010 is to promote good relations between people with protected characteristics. Pursuing this goal will help devolved public authorities in Wales to fulfil this duty.

### A resilient Wales

591. A goal that ensures specified public authorities strive towards a Wales that is resilient to the short and long term challenges it is likely to face and therefore has the capacity to adapt successfully to changing circumstances.
592. In particular, this means better understanding of the ways in which we can repair the long-term damage to our ecosystems and build the resilience of the natural environment so that it is prepared for these challenges such as the effects of climate change. For example, resilience to climate change could be enhanced through improved diversity, extent, condition and connectedness of ecosystems. This would help to better support rare habitats and species, maintain and enhance services that natural resources provide and help to reduce the concentration of greenhouse gases in our air.
593. There are also socio-economic benefits of healthy ecosystems. The UK National Ecosystem Assessment was published in June 2011 and describes the benefits that the UK's natural environment provides to society and our economic prosperity. It concludes that the natural world, its biodiversity and its constituent ecosystems are critically important to our well-being and economic prosperity but are consistently undervalued in conventional economic analyses and decision making. A 2001 study estimated that the environment contributed £8.8 billion of goods and services annually to the Welsh economy, 9% of Welsh GDP and 1 in 6 Welsh jobs.
594. The Joseph Rowntree Foundation has recommended:

"move beyond emergency planning and build the institutions and infrastructure needed to create permanent resilience across all social groups through transformational adaptation. This could be seen as an opportunity to create a fairer society and stimulate economic activity. Governance and the policy design process need to change so that those most affected by both climate change and climate change policy have more say in shaping responses. This will require new procedures and tools for engaging communities in more collaborative planning processes."

### Local impacts and impact on the third sector

595. Part 4 of the Bill puts public services boards and integrated community planning on a statutory footing. The general aim of public services boards is to improve the economic, social and environmental well-being of its area.
596. Those members of the board who are also public bodies may discharge their sustainable development duty by including their objectives in the local well-being plan. Progress towards the objectives in a local well-being plan will be measured by reference to the indicators set by the Welsh Ministers. This ties the local plans directly to the well-being goals and indicators set in Part 2 of the Bill. The well-being plans are also required to be prepared in a way which is consistent with sustainable development principle.
597. As the public services board is not a corporate entity in itself, it is not subject to the duties imposed on public bodies by the Equality Act 2010, the Human Rights Act 1998, the European Convention on Human Rights and the Welsh Language (Wales) Measure 2011. However, each member of the board is bound by the duties that apply to them in this legislation and as such they are each required to act in accordance with those duties when exercising the functions of the public services board.
598. The provisions in Part 4 are designed to address inequity, amongst other issues. In preparing the strategic needs assessment, which comprises the main evidence base for the well-being plan, the public services board must include an analysis for the area which disaggregates the data to community level, so that inequities between communities are understood and addressed in the plan. This will mean, for instance, understanding the particular needs of disadvantaged communities, such as those suffering multiple deprivation; the needs of communities with particular features, such as remote and isolated rural communities; and the needs of communities with particular demographic characteristics, such as high numbers of Welsh speakers or of ethnic minority people. These requirements mean the public services boards must address the distribution of inequity both geographically and within the population. The assessment of well-being may include analyses of particular categories of person determined by the public services board by reference to the fact that persons are vulnerable or otherwise disadvantaged, possess a shared protected characteristic for the purposes of the Equality Act 2010, are children, may have need for care and support or provide care and support or share any other common factor the Board considers appropriate.
599. In addition, in preparing its assessment, a public services board must have regard to a range of statutory assessments which will considerably enrich the information on some groups. These include assessments relating to the provision of nursery education, childcare and play opportunities; assessments of needs for care, support for carers and preventative services; and assessments relating to crime and disorder, substance misuse and reoffending.

600. Further detail on what is to be included in the assessment of well-being and what is meant by 'vulnerable or otherwise disadvantaged' will be provided in a code of practice issued by the Welsh Ministers.
601. Based on the evidence provided by the assessment, and on representations made by the board's invited participants, consultees and the general public, the public services boards will prepare its well-being plan. Overall, given the purpose of the well-being plans and the prescription concerning the assessment of well-being, it is expected the impact will be positive on the groups with protected characteristics, older people, people in rural areas and Welsh speaking communities.
602. With regard to the third sector, these organisations are often essential deliverers of core public services, and they are also important sources of local intelligence, as they are frequently close to vulnerable groups, disadvantaged communities and groups that mainstream public services find it hard to reach. As such it is important that their views are heard when decisions are being made as to the steps that are to be taken to seek to improve the well-being of communities. However it is not possible to put a duty on a third sector organisation to be a statutory member of the public services boards. The Bill therefore requires the public services board to issue an invitation to a third sector representative organisation, the County Voluntary Council, to participate in the board's business. This invitation is a standing invitation i.e. it does not expire. The voluntary sector more widely is also statutory consultees on the draft assessment of well-being and the draft well-being plan. This ensures the third sector has a voice in all the parts of integrated community planning.

## Chapter 9: Post-implementation review

603. The Bill puts into place changes to governance structures of the specified public organisations, which will continue to be monitored by the existing mechanisms which already exist for them. It also creates a framework for the improvement of long term well-being in Wales, for which transparency is assured by a system of statutory reporting and statistical measurement at the national and local levels.
604. In the case of organisations which are sponsored by the Welsh Government, such as the National Museum, the implementation of the Bill will be subject to the broader regime of oversight and performance management by the Welsh Government. This can include the sponsored bodies' annual remit letters, which are issued by the Welsh Government to inform their corporate plans; and the framework documents agreed between each organisation and the Welsh Government.
605. In the case of public authorities which serve a local area and are part of a Public Services Board (PSB), such as local authorities, implementation of the Bill will be subject to a more consistent, statutory form of the arrangements which were already in place for Local Service Boards, including specifying that the scrutiny must be undertaken by a designated local government Scrutiny Committee; and where necessary, direction of the Welsh Ministers. The Scrutiny Committee must by law be consulted on the draft assessment of well-being the PSB undertakes; will be required to consider their draft well-being plan; and will receive copies of their annual report.
606. The Bill also sets up a new system of review, monitoring and evaluation, which will measure the improvement of well-being. It identifies long term goals for Wales' well-being now and in the future. The specified Welsh public authorities must seek to achieve these goals and are to show that they are working towards them in their reporting.
607. The new system has several key elements to enable review of how effectively organisations are implementing the legislation:
- National indicators of well-being which can measure progress toward the well-being goals at a national level and can also be disaggregated to measure progress toward well-being objectives at a local level;
  - Annual reports by Welsh Ministers and other public bodies on how they have set objectives which contribute to the well-being goals and how they have met them.
608. The system also ensures that the implementation of the Bill remains relevant and effective by:
- Regular forecasting of future trends, undertaken by the Government;

- An ongoing programme of engagement undertaken by the Commissioner to consider future trends;
  - The ability for the amendment of the well-being goals only after consultation and consideration of the report of the Commissioner's engagement;
  - The new Future Generations Commissioner for Wales will advise and support Welsh public authorities in carrying out their duties under the Bill. The Bill gives the Commissioner the power to conduct reviews into how a public body is taking account of the long-term impact of what the body does under the well-being duty.
609. The AGW must also examine whether a public body has governance arrangements in place to ensure that a public body takes the sustainable development principle into account when setting its well-being objectives and taking steps to meet them conduct studies relating to the provision of services by any relevant body or bodies.

## **Annex 1**

### **Explanatory Notes**

# WELL-BEING OF FUTURE GENERATIONS (WALES) BILL

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## EXPLANATORY NOTES

### INTRODUCTION

1. These Explanatory Notes are for the Well-Being of Future Generations (Wales) Bill. They have been prepared by the Department for Natural Resources of the Welsh Government to assist the reader of the Bill.
2. The Explanatory Notes should be read in conjunction with the Bill but are not part of it. They are not, nor are they intended to be, a comprehensive description of the Bill.

### GENERAL OVERVIEW OF THE BILL

#### **Part 1 – Introduction**

3. Part 1 provides an overview of the main provisions of this Bill and specifies which bodies are ‘public bodies’ for the purposes of Parts 1 and 3 of the Bill and therefore subject to the provisions of these parts.

#### **Part 2 – Improving well-being**

4. Part 2 sets out the well-being goals which public bodies must seek to achieve.
5. This Part requires public bodies to set and publish well-being objectives designed to maximise their contribution to the achievement of the well-being goals. Public bodies must set and take all reasonable steps to meet their well-being objectives in accordance with the sustainable development principle. The matters to which public bodies must have regard when acting in accordance with the principle are set out in this Part of the Bill.
6. Under Part 2, the Welsh Ministers are required to set national indicators that must be used to measure progress towards achieving the well-being goals and publish, annually, a report on progress made towards achieving the well-being goals with reference to those indicators. Following each National Assembly election the Welsh Ministers must publish a ‘future trends report’ which includes an assessment of likely future trends in relation to the economic, social and environmental well-being of Wales.
7. Finally, this Part requires public bodies, including the Welsh Ministers, to report annually on their progress towards achieving their well-being objectives. Schedule 1, which is introduced in this Part, sets out additional requirements in relation to annual reporting by public bodies (excluding the Welsh Ministers).

### **Part 3 – The Future Generations Commissioner for Wales**

8. Part 3 and Schedule 2 establishes the office of Future Generations Commissioner for Wales (the ‘Commissioner’).
9. Under the provisions of this Part, the Commissioner is required to promote the sustainable development principle and monitor and assess the meeting of the well-being objectives set by public bodies under Part 2 of the Bill. Part 3 also establishes a panel of advisers to the Commissioner (the ‘advisory panel’) who provide advice to the Commissioner on the exercise of her or his functions.

### **Part 4 – Public Services Boards**

10. Part 4 and Schedule 3 establishes statutory public services boards consisting of the main public services working in a local authority area. Part 4 establishes their aim in relation to improving well-being by contributing to the achievement of the well-being goals.
11. This Part requires public services boards to prepare and publish local well-being plans setting out its local objectives and the steps it proposes to take to meet them. Public services boards are also required to undertake an assessment of the state of economic, social and environmental well-being in their local area in order to inform the objectives within their local well-being plan.
12. Part 4 sets out who else a public services board may work with and provides for public services boards to merge or otherwise collaborate.
13. Schedule 4, also introduced by this Part, provides for consequential amendments and repeals to support the implementation of the provisions in Part 4 of the Bill.

### **Part 5 – Final provisions**

14. Part 5 contains general provisions regarding subordinate legislation, interpretation, commencement and provides for the short title of the Bill.

## **COMMENTARY ON SECTIONS**

### **Section 2 – Meaning of “public body”**

15. Section 2 lists certain persons as being a ‘public body’ for the purposes of Parts 1 and 3 of the Bill. The Welsh Ministers may, by regulations, amend the meaning of public body by adding or removing a person from the list, or amending the description of such a person (as provided for in section 50 of the Bill).

### **Section 3 – Well-being goals**

16. Section 3 establishes a set of well-being goals which, collectively, express a vision for the long-term economic, environmental and social well-being of Wales and provide a coherent framework to guide the improvement of this well-being in a sustainable manner.
17. The well-being goals are specified in the table at subsection (1).
18. The well-being goals will enable public bodies to understand what they must seek to achieve in order to improve the economic, social and environmental well-being of Wales, for both current and future generations.
19. The main purpose of the well-being goals is to set the context within which public bodies must set well-being objectives (see section 4). Public bodies will seek to achieve the well-being goals through meeting their well-being objectives.
20. Each of the well-being goals include economic, social and environmental aspects of well-being.
21. The Welsh Ministers may amend the well-being goals, by way of regulations. Before amending the well-being goals, the Welsh Ministers must consult the Commissioner, the other public bodies and any other person that they consider appropriate.

### **Section 4 – Well-being objectives**

22. Section 4, together with the provisions of section 5 of the Bill, constitutes the sustainable development duty.
23. This requires public bodies to set and publish well-being objectives. These are objectives relating to how the public body intends to contribute to the achievement of the well-being goals. Public bodies must set well-being objectives which seek to maximise their contribution to the well-being goals.
24. When publishing these well-being objectives, a public body must prepare a statement. This statement is also required should the Welsh Ministers revise their well-being objectives under section 6, or in the case of the other public bodies, section 7 of the Bill.
25. In preparing the statement, the public body must explain why they consider that meeting their well-being objectives will contribute to the achievement of the well-being goals. The statement must also detail what the public body intends to do (their actions) to meet their well-being objectives, how those actions will lead to the well-being objectives being met and the timeframe within which they expect to meet their well-being objectives.

26. Certain public bodies, such as the Natural Resources Body for Wales or the Welsh Ministers, exercise functions or deliver services in relation to the whole of Wales. Such public bodies may set well-being objectives that relate to the whole of Wales or any part of Wales as they consider appropriate.
27. Those public bodies who exercise functions or deliver services in relation to a specific part of Wales, such as Local Health Boards or local authorities, may only set well-being objectives that relate to that specific part of Wales.
28. Those public bodies that are members of a public services board (see section 26) may elect to discharge their sustainable development duty, namely the setting and publishing of well-being objectives, through the local well-being plan.

**Section 5 – Setting and meeting well-being objectives: sustainable development principle**

29. Section 5 contains further provisions relating to the application of the sustainable development principle.
30. Public bodies must take all reasonable steps to meet the well-being objectives, as set under section 4(1) of the Bill, in accordance with the sustainable development principle.
31. Subsection (2) details the matters that public bodies must consider in order to discharge this requirement. Subsection (2)(a) relates to long-term thinking. When setting and meeting their well-being objectives, public bodies must balance their need to take action to address current issues (the short term) with the need to safeguard their ability to meet the long-term needs of Wales of their area. This is especially relevant where their short-term actions may have a detrimental effect in the future.
32. Subsection (2)(b)(i) and (ii) relate to public bodies taking an integrated approach. Within the context of the well-being objectives taking an integrated approach involves public bodies considering how their well-being objectives impact upon all the well-being goals.
33. In order to take an integrated approach a public body also needs to consider how their objectives impact upon each other and in turn the objectives of other public bodies. The public body should also consider how the actions they take to meet one objective may be detrimental to another objective or other objectives being met, including those of any other public bodies subject to the provisions of the Bill. This is particularly relevant where the activities of one public body could inhibit the ability of another public body in maximising its contribution to the achievement of the well-being goals.
34. Public bodies must have regard to the importance of engagement, as provided for by subsection (2)(c). This entails involving the people and

communities whose well-being they are seeking to improve, as well as those with an interest in the economic, social and environmental well-being. This involvement should be discharged by seeking their views and taking these views into account.

35. Subsection (2)(d) relates to public bodies taking a collaborative approach. This means public bodies working together, either with other bodies or other parts of their own body, in order to meet their well-being objectives or the well-being objectives of any other public body subject to the provisions of the Bill. This could include working with other bodies that are not subject to the provisions of the Bill.
36. Subsection (2)(e) provides for preventative action. In relation to the well-being objectives, this refers to public bodies considering actions to which they could allocate resources now, in order to prevent problems from occurring or getting worse.
37. The statement, prepared under section 4(2) of the Bill, must set out how the public body believes it has considered the matters provided for at section 5(2) in setting their well-being objectives and how it intends to consider these matters when meeting their well-being objectives.
38. This statement must also detail how the public body intends to take all reasonable steps to meet its well-being objectives, including how it will govern itself, and how its annual allocation of resources, for example its annual budget, will ensure it meets its well-being objectives.

**Sections 6 and 7 – The Welsh Ministers’ well-being objectives and other public bodies’ well-being objectives**

39. Section 6 requires the Welsh Ministers to publish well-being objectives, as required under sections 4 and 5 of the Bill, no later than six months after the date of each general election of the Assembly. ‘General election’ refers to either an ordinary or extraordinary election of the Assembly as defined in sections 3 or 5 of the Government of Wales Act 2006.
40. The well-being objectives of the Welsh Ministers must be set for their term of government, which is until the scheduled date of the next ordinary Assembly election, as defined in section 3 of the Government of Wales Act 2006.
41. Section 7(2) provides that other public bodies, namely those listed in section 2 but excluding the Welsh Ministers, must initially set and publish their well-being objectives before the start of the financial year that follows the commencement of section 7 of the Bill. Each public body must then set and publish subsequent well-being objectives at such time as they consider appropriate. Each public body must always have well-being objectives in place which contribute to the achievement of the well-being goals.

42. The Welsh Ministers and the other public bodies must, under sections 6(3) and 7(3) respectively, review their well-being objectives should the well-being goals be amended. This is intended to ensure the well-being objectives remain aligned with the current well-being goals.
43. If following a review, the Welsh Ministers and/or a public body determine that a well-being objective is no longer appropriate, they must revise the objective. For example, an objective could be considered no longer appropriate if the well-being goal(s) to which the objective contributes has been amended or the matter the well-being objective is addressing has changed (the objective is no longer relevant) or the well-being objective is not achieving the anticipated improvement in relation to the well-being goal(s) (the objective is no longer effective).
44. The Welsh Ministers or the other public bodies may review and revise their well-being objectives at any time they consider appropriate under sections 6(5) and 7(5) respectively. Revised well-being objectives must be published as soon as is reasonably practicable.
45. Section 6(6) provides that any well-being objectives revised by the Welsh Ministers must be set for the remainder of their term of government.
46. Sections 6(8) and 7(7) respectively require the Welsh Ministers and other public bodies to have regard to the latest Future Generations Report, as prepared by the Commissioner under the provisions of section 20 of the Bill, when setting or revising their well-being objectives. The Future Generations Report may help public bodies in understanding what improvements they could make in order to set and achieve their well-being objectives in accordance with the sustainable development principle.

#### **Section 8 - National indicators and annual well-being report**

47. This section places a duty on the Welsh Ministers to publish, and lay before the Assembly, national indicators. These national indicators must be used to measure the progress being made across the public bodies towards the achievement of the well-being goals. Subsection (2) details criteria with which the national indicators must comply.
48. The Welsh Ministers may review and revise the national indicators at any time they consider appropriate. However they must, under subsection (3), review the national indicators should the well-being goals be amended. This is intended to ensure the national indicators remain aligned with the current well-being goals.
49. Should the Welsh Ministers, following a review, determine that any national indicator is no longer appropriate, they must revise the indicator or

indicators. The revised national indicators must be published and laid before the National Assembly as soon as reasonably practicable.

50. Prior to setting or revising the national indicators the Welsh Ministers must consult with the Commissioner, the other public bodies and any other person that they consider appropriate.
51. The Welsh Ministers are required to annually publish an update report in respect of the national indicators detailing the progress being made towards the achievement of the well-being goals. This update must specify the period of time to which the measurement of each national indicator relates.

#### **Section 9 - Future trends report**

52. The Welsh Ministers are required to publish a “future trends report” during the 12 months following an ordinary Assembly election, as defined in sections 3 or 5(5) of the Government of Wales Act 2006. This must include predictions of likely future trends in the economic, social and environmental well-being of Wales, including any related analytical data and information that the Welsh Ministers consider appropriate. In preparing the report, the Welsh Ministers must take account of any action taken by the United Nations in relation to the UN Sustainable Development Goals and the most recent Climate Change Risk Assessment produced under the Climate Change Act 2008. The publication of this report, within the 12 months following an election, triggers the provisions of section 20 relating to requirement on the Commissioner to prepare the Future Generations Report.

#### **Sections 10 and 11 – Annual reports by the Welsh Ministers and other public bodies**

53. The Welsh Ministers are required to prepare an annual report on the progress they have made towards meeting their well-being objectives. This annual report must be published and laid before the Assembly as soon as reasonably practicable following the end of the financial year to which the report relates.
54. Section 11 requires annual reports to be made by the other public bodies, and this section gives effect to Schedule 1 to the Bill, which makes provisions for the preparation of annual reports by each public body. This Schedule does not apply to the Welsh Ministers.
55. When preparing their annual report, the Welsh Ministers and other public bodies must review their well-being objectives. Should a public body or the Welsh Ministers determine that any well-being objective is no longer appropriate, they must revise the well-being objective or objectives. Where this review results in the revision of one or more well-being objectives, a justification for, and explanation of, the revision must be included in the annual report.

### **Schedule 1 – Annual Reports by other public bodies**

- 56. This Schedule does not apply to the Welsh Ministers, by virtue of section 11(1) of the Bill.
- 57. Schedule 1 requires public bodies to report annually on their progress towards achieving their well-being objectives.
- 58. Those public bodies that are subject to paragraph 1 of this Schedule must report in respect of each financial year. Section 53(1) of the Bill defines financial year as ‘the period of 12 months ending with 31 March’.
- 59. Paragraph 2 requires Local Health Boards and NHS Trusts (at the time of commencement of the Act Public Health Wales NHS Trust and Velindre NHS Trust) to report in respect of each accounting year. The term accounting year is used in line with the National Health Service (Wales) Act 2006, under which these bodies are established. Accounting year has the same meaning as financial year as defined under section 53(1) of the Bill.
- 60. Paragraph 3 makes specific provisions in respect of the Natural Resources Body for Wales.
- 61. The Natural Resources Body for Wales (Establishment) Order 2012 requires the Natural Resources Body for Wales to prepare an ‘annual report’ detailing how it has discharged its functions during that financial year. Paragraph 3 amends this Order so that the annual report must also detail the progress made by the body in meeting its well-being objectives.
- 62. The annual reports required under paragraphs 1 and 2 of Schedule 1 must be published as soon as reasonably practicable following the end of the financial year to which the report relates.

### **Section 12 – Guidance**

- 63. Section 12 places a duty on the Welsh Ministers to prepare and issue guidance to other public bodies in respect of Part 2 of the Bill. A public body must take such guidance into account when exercising functions or discharging duties provided for under Part 2 of the Bill.

### **Section 13 – The sustainable development principle: Auditor General’s examination**

- 64. Section 13 confers a power on the Auditor General for Wales to carry out examinations in order to assess the extent to which public bodies have acted in accordance with the sustainable development principle in both the setting and also the achieving of objectives by the public bodies listed in section 2. The Auditor General must carry out at least one examination of each of the public bodies within each 5 year ‘reporting period’. Each reporting period starts a year before the planned date of the next ordinary general election of the Assembly and runs until a year and a day before the next such election.

#### **Section 14 – Future Generations Commissioner for Wales**

- 65. Section 14 establishes the office of the Future Generations Commissioner for Wales, an individual appointed by the Welsh Ministers after consultation with the responsible committee of the National Assembly for Wales.
- 66. Subsection (3) gives effect to Schedule 2 which makes further provision about the office of the Commissioner.

#### **Schedule 2 – The Future Generations Commissioner for Wales**

- 67. Paragraphs 1 to 5 contain technical provisions in respect of the status, terms, remuneration and other matters relating to the appointment of the Commissioner. Paragraph 3 prescribes that the Commissioner is to be appointed for a minimum of 5 years and a maximum of 7 years. The Welsh Ministers may add additional terms of appointment, but the consecutive period must not be more than 10 years.
- 68. Paragraphs 6 and 7 detail the grounds on which individuals may be disqualified from being appointed as Commissioner and the arrangements for ending the Commissioner's appointment (other than through disqualification).
- 69. Paragraph 8 makes provision for the Commissioner to do anything she or he considers appropriate in connection with the Commissioner's functions, including charging for services, paying third parties for services and accepting gifts. The Commissioner may not provide financial support to acquire or dispose of land without the approval of the Welsh Ministers.
- 70. Paragraphs 9 and 10 make provision as regards the duty of the Commissioner to appoint a Deputy Commissioner, the powers of the Commissioner to appoint and pay staff and the ability to delegate functions of the Commissioner to any person including a member of their staff.
- 71. Paragraph 11 makes provision for the Deputy Commissioner to exercise the Commissioner's functions when the Commissioner's office is vacant, or if she or he is unable to exercise those functions.
- 72. Paragraphs 12, 13 and 14 require the Commissioner to establish a procedure for investigating complaints regarding the exercise of their functions and to create and maintain a register of the Commissioner's and Deputy Commissioner's interests, making a copy available for inspection by the public. Paragraph 15 provides that the Commissioner must not exercise a function if she or he has registered an interest which relates to the exercise of that function.
- 73. Paragraph 16 provides the Welsh Ministers may pay the Commissioner amounts appropriate in respect of expenditure to carry out the functions of the Commissioner.

74. Paragraph 17 requires the Commissioner to produce an annual report covering each financial year; this report must be published no later than 31 August following the end of the financial year that it covers. The Commissioner must send the report to the Welsh Ministers who must lay it before the National Assembly.
75. In preparing this report, the Commissioner must consult the advisory panel (see section 23) and any other person the Commissioner considers appropriate. The annual report is to provide a summary of the Commissioner's work programme and detail the actions taken by the Commissioner during that financial year, an analysis of the Commissioner's effectiveness in enabling her or his general duty to be carried out, together with details of their proposed work programme for the following financial year. The report may include the Commissioner's assessment of the improvements public bodies should make in order to be more consistent with the sustainable development principle when setting and meeting their well-being objectives.
76. Paragraph 17 also defines the Commissioner's first financial year for the purposes of the Bill as running from the day on which the Commissioner is appointed up until the following 31 March.
77. Paragraphs 18 to 20 set out the responsibilities the Commissioner has as accounting officer and provide for the preparation of estimates and accounts by the Commissioner, including any directions that can be given by the Welsh Ministers, and the auditing of accounts and the examination into the use of the Commissioner's resources by the Auditor General for Wales.
78. Paragraph 23 provides that the Commissioner may have a seal and provides that any document executed under this seal or signed by, or on behalf of, the Commissioner is to be received in evidence and, unless otherwise proven, taken to be a document of the Commissioner.

**Sections 15 and 16 – Commissioner's general duty and functions**

79. Section 15 establishes that the general duty of the Commissioner is to promote the sustainable development principle, in particular to act as a guardian of the ability of future generations to meet their needs and to encourage public bodies to take greater account of the long-term impact of their activities. For this purpose, the Commissioner must also monitor and assess the meeting of the well-being objectives set by public bodies.
80. Section 16(1) provides that in carrying out her or his general duty, the Commissioner may provide advice or assistance (excluding financial assistance) to a public body or any other person that she or he believes is

taking, or is seeking to take, action that may contribute to the well-being goals. This includes providing advice on climate change.

81. The Commissioner may provide advice or assistance to the Auditor General for Wales in respect of the sustainable development principle and public services boards about the preparation of their local well-being plan.
82. The Commissioner may also encourage best practice and promote awareness amongst public bodies as regards meeting their well-being objectives in a manner that is consistent with the sustainable development principle; and encourage public bodies to work with each other and with other persons if this could assist them in meeting their well-being objectives.
83. Section 16(2) confers power on the Commissioner to undertake research or other study in relation to the sustainable development principle, the extent to which the well-being goals and national indicators are consistent with the sustainable development principle and anything related to these things that impacts upon the economic, social and environmental well-being of Wales or any part of Wales.

**Sections 17 to 19 – Reviews by the Commissioner, recommendations made and the duty to follow recommendations**

84. Section 17 provides for the Commissioner to conduct a review of the extent a public body, though this can relate to more than one public body, is safeguarding the ability of future generations to meet their needs by taking account of the long term impact what that body does. The Commissioner may review the steps taken by a body or which it proposes to take to meet its well-being objectives, the extent those objectives are being met and whether in taking those steps it has acted in accordance with the sustainable development principle.
85. The Commissioner may make recommendations as a result of any review; this means the Commissioner may recommend a course of action that a public body should take in order to address a specific matter. These recommendations may be about the steps a public body has taken to meet its well-being objectives and how to set well-being objectives and take steps to meet them in line with the sustainable development principle. In respect of the Welsh Ministers these recommendations may also be about the well-being goals or the national indicators.
86. The Commissioner must publish any review she or he makes, and a copy of the review and its recommendations must be sent to the Welsh Ministers.
87. The Commissioner may require a public body to provide any information the Commissioner considers she or he needs to conduct the review. The Commissioner may only request the information if the body is not prohibited from disclosing the information by any other enactment or rule of law.

88. The Commissioner must publish any recommendations she or he makes, and a copy of the recommendations must be sent to the Welsh Ministers.
89. Section 19 requires public bodies to follow the course of action set out in any recommendation the Commissioner makes under section 18 of the Bill. However, the body may disregard all or part of the recommendation should they be satisfied that there is good reason to do so. The body may also decide to follow an alternative course of action in respect of the matter to which the recommendation refers, but where it decides not follow the recommendation it must explain its response and the alternative action it intends to do instead.
90. Section 19(2) provides the Welsh Ministers with a power to prepare and issue guidance to public bodies about how to respond to a recommendation of the Commissioner. When deciding how to respond to a recommendation, the public body must take any guidance issued by the Welsh Ministers under this power into account.

**Sections 20 and 21– Future Generations report and activity during the reporting period**

91. Section 20 requires the Commissioner to prepare a report detailing the improvements public bodies should make in order to set and meet their well-being objectives in a manner that is consistent with the sustainable development principle.
92. The Commissioner must publish this report before the end of the reporting period. The ‘reporting period’ runs from the day after the Welsh Ministers publish their future trends report under section 9 of the Bill until the day one year and one day before the planned date of the next ordinary general election of the Assembly. The Welsh Ministers may, by regulations, amend the definition of the reporting period.
93. This report must include an assessment of how public bodies should better safeguard the ability of future generations to meet their needs and better consider the long-term impact of what they do. The report must also provide a summary of the evidence gathered and the activities undertaken by the Commissioner during the reporting period, a summary of reviews conducted in the reporting period, as well as the actions the Commissioner has undertaken in exercising their functions.
94. The Commissioner must send a copy of the report to the Welsh Ministers who must lay a copy before the National Assembly.
95. The Commissioner must consult with those people listed under section 21(1), as well as anyone else she or he considers appropriate, to ensure that economic, social and environmental interests, are fully represented, during the reporting period and before publishing the Future Generations Report.

96. When preparing her or his Future Generations Report the Commissioner must take into account:
- the responses of those people she or he consulted under section 21 (1);
  - the most recent future trends report prepared by the Welsh Ministers under section 9 of the Bill; and
  - any relevant reports of the Auditor General for Wales.

#### **Section 22 – Joint working**

97. Section 22 makes provision for the Commissioner when conducting a review to work jointly with other Commissioners, namely the Children's Commissioner for Wales, the Commissioner for Older People in Wales or the Welsh Language Commissioner.
98. This section applies if the Commissioner considers that a matter which she or he intends to review is the same, or significantly similar, to the subject matter of a review or inquiry being undertaken by any of the other Commissioners. The Commissioner may inform the other Commissioner(s) about her or his intention to conduct a review and consult with the other Commissioner(s).
99. The Commissioners may also co-operate with each other in relation to undertaking a review or inquiry and may jointly prepare a document that both provides the advice and reports the findings of the review or inquiry.

#### **Sections 23, 24 and 25 – The advisory panel, appointed members and payment of panel members expenses**

100. Section 23 establishes an advisory panel. This is a panel of advisors who provide the Commissioner with advice on the exercise of her or his functions.
101. The statutory members of the panel are listed at section 23(2). The Welsh Ministers may appoint additional members to the advisory panel, these will be known as 'appointed members'. Becoming members of the panel does not impact upon their other statutory functions.
102. Prior to appointing an appointed member, the Welsh Ministers must consult with the Commissioner and consider any representations made by the Commissioner.
103. The Welsh Ministers determine the length of time an appointed member is to be appointed to the panel subject to a minimum period of 3 years and a maximum period of 5 years. An appointed member may only be re-appointed once. The appointed member may resign from the panel but must provide a minimum of 3 months' notice in writing to the Welsh Ministers.
104. The Welsh Ministers may dismiss an appointed member, after consulting with the Commissioner, if they consider that member to be unfit to continue, or unable or unwilling to continue, with the role.

105. Section 25 provides Welsh Ministers with the ability to pay allowances and gratuities to the members of the advisory panel.

#### **Section 26 – Public services boards**

106. Section 26 provides that there is to be a public services board for each local authority area in Wales. The members of the public services board are listed, with further provisions in paragraph 7 of schedule 3 as to who must represent each of the members at meetings of the board.
107. The members of a public services board act jointly. As such, any function of a public services board is a function of each member and may only be exercised jointly.

#### **Sections 27 and 28 – Invitations to participate**

108. Section 27(1) specifies certain individuals or organisations that public services boards must invite to participate in the activities of the board ('invited participants'). These are individuals or organisations whose contribution to the work of the board is considered valuable but on whom it is either not possible or not desirable to impose a duty. Section 28(1) provides that these invitations must be issued as soon as reasonably practicable:
- after the first meeting of a public services board following its initial establishment; and then
  - after the board's first meeting following an ordinary election, as defined in section 26 of the Local Government Act 1972.
109. The board may also invite any other person they consider appropriate, subject to that person exercising functions of a public nature. They may, however, also exercise other functions.
110. Any individual or organisation who accepts an invitation to participate on the board is considered to be an 'invited participant' and does not become a member of the board. Participating in the activity of the board means working jointly with the board, any member of it or any other person who accepts an invitation under section 27 to pursue the local aim. Under section 27(4) 'working jointly' includes:
- providing the board with their views on the content of their assessment of local well-being or their local well-being plan;
  - taking part in meetings of the board (which can include, following the invitation of the members of the Board and subject to paragraphs 2(1) and 3(1) of Schedule 3, chairing meetings of the Board) ; or
  - providing other advice and assistance to the board (this does not, however, include providing financial assistance).
111. An invited participant may participate in the activity of the board from the day on which the board receives their acceptance of the invitation until the

date of the next ordinary election, as defined in section 26 of the Local Government Act 1972.

#### **Section 29 – Other partners**

112. Section 29(1) specifies certain bodies and individuals whom a public services board must involve in the board's activities, which are known as 'other partners'.
113. 'Other partners' are individuals or bodies considered to be important providers of services and representatives of public interests. The board must seek the advice of their other partners and involve them in the activities of the board in the manner, and to the extent, that the board considers appropriate. This may include seeking their partners' advice on, or involving them in, the preparation, implementation and delivery of the board's well-being plan.

#### **Section 30 – Changes in participation**

114. The Welsh Ministers may, by regulations, amend the list of members, invited participants or other partners of public services boards, by adding or removing a person or amending their description. Prior to exercising this power, the Welsh Ministers must consult the members of the public services board(s) affected by the proposed regulations, and where they are adding a person, that person.
115. Only a person that has public functions may be added to section 26(2) as a member of public services boards. If the person exercises both public and other functions, only their public functions can be subject to Part 4 of the Bill.

#### **Section 31 – Meetings and terms of reference**

116. This section gives effect to Schedule 3, which makes further provision about the meetings and terms of reference for public services boards.

#### **Schedule 3 – Public services boards: further provisions**

117. Paragraph 1 establishes that the quorum of the public services board is all of its members. This means that all members must be in attendance at a meeting for the decisions made during that meeting to be considered valid.
118. Paragraphs 2 and 3 make provision as regards timings of meeting. A public services board must hold its 'first meeting', chaired by the local authority, no later than 60 days after the board is first established by the local authority. The board must also hold a 'mandatory meeting', chaired by the local authority, no later than 60 days after an ordinary election, as defined in section 26 of the Local Government Act 1972.
119. Paragraph 4 requires the public services board to agree its terms of reference at its 'first meeting'. Subparagraph (2) details the matters to be covered by the terms of reference. The board may review its terms of reference as it sees fit

but must review them at the 'mandatory meeting' held following an ordinary election. Following a review the board may amend their terms of reference.

120. Paragraph 5 requires the local authority to provide administrative support to the public services board.
121. Paragraph 6 makes provisions as regards the establishment of sub-groups of a public services board and the ability of those sub-groups to exercise the functions of the board. A sub-group of the public services board may not:
  - invite persons to participate under section 27 of the Bill;
  - set, review or revise the board's local objectives;
  - prepare or publish an assessment of local well-being, consult on a draft assessment of local well-being or prepare a draft assessment for the purposes of consulting;
  - prepare or publish a local well-being plan, consult on a draft local well-being plan or prepare a draft local well-being plan for the purposes of consulting;
  - review or amend a local well-being plan, publish an amended local well-being plan or consult on a draft of an amended local well-being plan
122. Paragraph 7 details the individuals who must represent each member of the board. Invited participants may designate the individual who is to represent them. The public services board may also invite any of its other partners to attend a meeting or any part of a meeting.

#### **Section 32 – Overview and scrutiny committee of local authority**

123. Section 32 requires each local authority to ensure its overview and scrutiny committee has the power to:
  - review or scrutinise the decisions made or actions taken by the public services board in the exercise of its functions;
  - review or scrutinise the board's governance arrangements;
  - make reports or recommendations to the Welsh Ministers;
  - consider such matters relating to the board as the Welsh Ministers may refer to it and report to the Welsh Ministers accordingly; and
  - carry out such other functions in relation to the board as are imposed on it by the Bill.
124. The local authority will do so through the 'executive arrangements' it is required to make under Part 2 of the Local Government Act 2000. Executive arrangements are arrangements for the setting up and operation by a local authority of an executive, which has responsibility for certain functions of the authority.

125. The committee must send a copy of any report or recommendation it makes in under subsection (1)(c) to the Welsh Ministers, the Commissioner and the Auditor General for Wales.
126. An overview and scrutiny committee may, when undertaking the functions provided for under subsection (1), require one or more of the persons who may attend a meeting of a public services board, or anyone designated by such a person, to attend a committee meeting and provide the committee with an explanation of any such matters as it requires.
127. Where a local authority has more than one overview and scrutiny committee, the reference in Part 4 of the Bill to its overview and scrutiny committee are to the committee the local authority designates for the purpose of section 32.

### **Section 33 – Well-being duty on public services boards**

128. Section 33 sets out the well-being duty on public services boards, that a board must improve the economic, social and environmental well-being of its area by contributing to the achievement of the well-being goals. In accordance with the sustainable development principle, each public services board must assess the state of economic, social and environmental well-being in its area, set local objectives and take all reasonable steps to meet those objectives, which are designed to maximise the board's contribution to the achievement of the well-being goals.

### **Sections 34 and 35– Assessments of local well-being**

129. Section 34(1) requires each public services board to undertake an assessment of the economic, social and environmental well-being of its area.
130. This assessment of local well-being must be published at least 12 months before they publish their local well-being plan. Section 36 of the Bill provides that the well-being plan must be published no later than one year after an ordinary election, as defined in section 26 of the Local Government Act 1972. As such, the assessment of well-being would be published within the 12 months preceding each ordinary local government election.
131. The assessment must identify the community areas within the board's area. It is intended that these 'community areas' are areas within the board's area which are large enough to show differences between them and have a sense of identity but not as small as electoral wards. The assessment must provide an analysis of the state of well-being of:
- the board's area as a whole;
  - each of the communities within the board's area.
132. The assessment may also include analysis of particular categories of persons determined by the board, including persons who are vulnerable or otherwise disadvantaged, persons possessing a common protected characteristic under

the Equality Act 2010, children, persons who may have need for care and support or those providing care and support and persons sharing any other common factor the Board considers appropriate.

133. Assessing the well-being of each community is intended to ensure that the differences between the various communities within a public services board's area are analysed. The communities within each area will be determined by regulations made by the Welsh Ministers or, if no such regulations have been made, the board.
134. Whilst the board may give consideration to aligning these communities with existing community networks such as a local authority's 'neighbourhoods', health 'locality networks' or clusters of community councils, the communities identified for the purpose of the assessment will not necessarily correspond with the community councils within the board's area.
135. The assessment must include any further analysis that the board carries out by reference to criteria set and applied by it for the purpose of assessing economic, social and environmental well-being in the area or in any community situated in the area.
136. The assessment must also include predictions of likely future trends and any other analytical data and information relating to the well-being of the area that the board considers appropriate.
137. In undertaking the analysis that informs the assessment of well-being, the board must refer to:
  - any national indicators, as published under section 8 of the Bill; and
  - any of the future trends reports published by the Welsh Ministers under section 9 if they are relevant to the assessment of well-being in the area.
138. Section 35(3) defines a number of statutory reviews and assessments, the findings of which the board must consider when preparing their assessment. The Welsh Ministers can specify, by regulations, any other reviews or assessments that they wish the board to consider.
139. Prior to publishing their assessment of local well-being, a public services board must consult with those people listed in section 35(1). The board must provide each of the people listed with a copy of their draft assessment.
140. A public services board must send a copy of its assessment to the Welsh Ministers, the Commissioner, the Auditor General for Wales and the local authority's overview and scrutiny committee.

### **Sections 36 and 37- Local well-being plans**

141. Each public services board must, under section 36(1), prepare and publish a local well-being plan.
142. A board's first well-being plan must be published no later than 12 months following the first ordinary election, as defined in section 26 of the Local Government Act 1972, held after the commencement of this section. The board must then publish a well-being plan no later than 12 months after each subsequent ordinary election.
143. The well-being plan will set out how the board intends to improve the economic, social and environmental well-being of its area and therefore contribute to the well-being goals. It has to include objectives which will maximise the contribution made by the board to achieving the well-being goals (see section 3) in its area. A plan may include a local objective which is to be met by steps which are to be taken by an invited participant or other partner only if the board has obtained their agreement.
144. The members of the board are also 'public bodies' for the purpose of Parts 1 – 3 of the Bill and as such must, under sections 4, 5, and 7 of the Bill, set well-being objectives. These members, namely the local authority, local health board and fire and rescue authority, may choose to include their well-being objectives in the local well-being plan.
145. The objectives included in the local well-being plan must accord with the sustainable development principle), namely the need to ensure that action taken by public bodies to improve the well-being of people now doesn't impact the ability of future generations to meet their own needs. The board must take all reasonable steps to meet their well-being objectives, in accordance with the sustainable development principle.
146. Section 37 gives more detail about what a board must take into account in applying the sustainable development principle.
147. Section 37(a) relates to long-term thinking. When setting and meeting their well-being objectives, public services boards must balance their need to take action to address current issues (the short term) with the need to safeguard their ability to meet the long-term needs of their area. This is especially relevant where their short-term actions may have a detrimental effect in the future.
148. Section 37 (b)(i) and (ii) relates to public services boards taking an integrated approach. Within the context of the well-being objectives, taking an integrated approach involves boards considering how their well-being objectives impact upon all the well-being goals and the economic, social and environmental well-being of Wales.

149. In order to take an integrated approach a board also needs to consider how their objectives impact upon each other and in turn the objectives of other public bodies. The public body should consider how the actions they take to meet one objective may be detrimental to another objective(s) being met, including those of any other public bodies subject to the provisions of the Bill. This is particularly relevant where the activities of the board could inhibit the ability of another public body in maximising its contribution to the achievement of the well-being goals.
150. Boards must have regard to the importance of engagement, as provided for by Section 37(b)(iii). This entails involving the people and communities whose well-being they are seeking to improve, as well as those with an interest in the economic, social and environmental well-being of the area. This involvement should be discharged by seeking their views and taking these views into account.
151. Section 37(c) relates to boards taking a collaborative approach. This means working together, either with its invited participants, other partners, other boards or other public bodies, in order to meet the board's well-being objectives, those of a member of the board and/or those of any other public body subject to the provisions of the Bill. This could include working with other bodies that are not subject to the provisions of the Bill.
152. Section 37(d) provides for preventative action. In relation to the well-being objectives, this refers to boards considering actions to which they could allocate resources now, in order to prevent problems from occurring or getting worse.
153. The matters that a public service board must take into account when applying the sustainable development principle are the same as those which public bodies must take into account (see section 5). This will provide consistency of approach across all bodies to whom the provisions of the Bill apply.
154. The well-being plan must include a statement explaining why the board considers that:
- the objectives will contribute within the relevant area to achieving the well-being goals;
  - the objectives will address any matters mentioned in their latest assessment of local well-being; and
  - the timeframe within which the board expects to meet its objectives.
155. The plan must also include a statement setting out how the board proposes to take steps to meet the objectives in accordance with the sustainable development principle (see section 3).

156. The plan may include objectives that are to be met or actions to be taken by one or more members of the board, invited participants or other partners acting individually or jointly. Where these objectives are to be met by one or more members of the board, invited participants or other partners acting jointly, the statement must specify the persons that make up the combination.
157. For subsequent well-being plans, the statement must detail the steps the board has taken to meet the objectives set out in the board's previous well-being plan and the extent to which those objectives have been met.
158. A public services board must send a copy of its well-being plan to the Welsh Ministers, the Commissioner, the Auditor General for Wales and the local authority's overview and scrutiny committee.

### **Section 38 – Local well-being plans: role of community councils**

159. Section 38 places a duty on specified community councils to take all reasonable steps towards meeting the objectives included in the local well-being plan for their area.
160. This section sets out the criteria for specifying which community councils are subject to this duty, the criteria are currently expressed as a financial threshold. Only those community councils whose gross income or gross expenditure was at least £200,000 for each of the three financial years preceding the year in which the local well-being plan was published are subject to this duty. These community councils will remain subject to the duty until a new well-being plan is published following each subsequent ordinary election, as defined in section 26 of the Local Government Act 1972, at which point the community council will determine whether they remain subject to the duty by applying the criteria.
161. The Welsh Ministers may amend these criteria. In specifying the revised criteria, the Welsh Ministers may reflect provisions made in respect of community councils in regulations made under section 39 of the Public Audit (Wales) Act 2004. At the time of introduction these were the Account and Audit (Wales) Regulations 2005 as amended by the Account and Audit (Wales) (Amendment) Regulations 2010.
162. Prior to exercising their powers to amend the criteria, the Welsh Ministers must consult the Commissioner, any community council that would be affected by the change, and any other person that they consider appropriate.
163. Where a community council is subject to the duty, it must publish a report for each relevant financial year, detailing its progress in meeting the objectives contained in the local well-being plan. The Welsh Ministers are under a duty to issue guidance to community councils who are subject to the duty and

those councils must take such guidance into account when discharging the duty.

**Sections 39, 40 and 41 – Preparation of local well-being plans: information about activities of others, Commissioner’s advice and further consultation and approval**

164. These sections set out what a public services board can and must do before publishing its local well-being plan. Before consulting on the plan, the board may require any person invited to participate (other than the Welsh Ministers) or its other partners to provide information about any of their activities that may contribute to the pursuit of the economic, social and environmental well-being of the local area.
165. The board must also seek the advice of the Commissioner. This advice will relate to how the public services board can meet their proposed objectives in a manner that is consistent with the sustainable development principle.
166. The Commissioner must provide written advice within 14 weeks. The board must publish this advice alongside its well-being plan.
167. Section 41 provides that, prior to publishing their well-being plan the board must consult, for a minimum of 12 weeks, with those people listed at section 41(1). The board must provide each of the people listed with a copy of their draft well-being plan as part of the consultation.
168. Where a local authority is operating executive arrangements under Part 2 of the Local Government Act 2000, the local well-being plan may not be approved for publication by an executive of the authority under those arrangements. In addition, section 101 of the Local Government Act 1972 (discharge of functions by committees etc.) does not apply to the approval of local well-being plans for publication.
169. In respect of a Local Health Board, Welsh fire and rescue authority and the National Resources Body for Wales, the local well-being plan may only be approved for publication at a meeting of the body in question.

**Section 42 – Review of local well-being plans**

170. Section 42 allows a public services board to review, revise and amend its local objectives or local well-being plan as it sees fit. The board must review its objectives or plan if directed to do so by the Welsh Ministers. If the Welsh Ministers direct a board to review its local objectives or well-being plan, the Welsh Ministers must publish a statement containing their reasons for the direction.
171. Before amending its plan, the board must consult the Commissioner and the people listed under section 41(1) of the Bill.

172. The amended plan must be published as soon as reasonably practicable and a copy sent to the Welsh Ministers, the Commissioner, the Auditor General for Wales and the local authority's overview and scrutiny committee.

#### **Section 43 – Annual progress reports**

173. Section 43 provides that the public services board must prepare an annual progress report specifying the steps they have taken, since publishing their latest well-being plan, to meet the objectives set out in that plan. The report may also contain any other information that the board considers appropriate.
174. A board must publish this report no later than 14 months after the publication of its first well-being plan, and then no later than 14 months after each subsequent progress report.
175. The board does not need to prepare a progress report during the year in which their well-being plan is being prepared. This would be the 14 month period after each ordinary election, as defined in section 26 of the Local Government Act 1972.
176. A public services board must send a copy of their annual progress report to the Welsh Ministers, the Commissioner, the Auditor General for Wales and the local authority's overview and scrutiny committee.

#### **Section 44 – Modification of enactments**

177. This section gives effect to Schedule 4.

#### **Schedule 4 – Public services boards: consequential amendments and repeals**

178. Schedule 4 lists the minor and consequential amendments made by the Bill to a number of enactments containing provisions relating to the publication of assessments of local well-being and well-being plans.

#### **Section 45 – Merging public services boards**

179. This section provides that two or more public services boards may merge if they consider it would assist them in contributing to the achievement of the well-being goals.. In addition, the Welsh Ministers may, direct two or more public services boards to merge if the Welsh Ministers consider that it would assist the boards in contributing to the achievement of the well-being goals.
180. The boards may only merge if the same Local Health Board is a member of each board and no other Local Health Board(s) are a member.
181. Following the merging of two or more boards, any references to a public services board means the merged board, and any references to the board's area means the combined areas of the local authorities that are members of the merged boards.

#### **Section 46 – Collaboration between public services boards**

182. Section 46 provides that two or more public services boards may collaborate if they consider it would assist them in contributing to the achievement of the well-being goals.. In addition, the Welsh Ministers may, by virtue of subsection (2), direct two of more public services boards to collaborate in whatever way the Welsh Ministers consider would assist the boards in contributing to the achievement of the well-being goals.
183. A public services board can be considered to be collaborating for the purposes of section 46 if it:
- co-operates with another board;
  - facilitates the activities of another board;
  - co-ordinates its activities with another board;
  - exercises another board’s functions on its behalf;
  - provides staff, goods, services or accommodation to another board.

#### **Section 47 – Directions to merge or collaborate**

184. This section provides that before directing two or more boards to merge, under section 45 of the Bill, or to collaborate, under section 46 of the Bill, the Welsh Ministers must consult each member of the boards they intend to direct.
185. When giving such a direction the Welsh Ministers must publish a statement containing their reasons for giving it.

#### **Section 48 – Performance indicators and standards**

186. This section enables the Welsh Ministers to set, in regulations, indicators and standards by which the performance of each public services board can be measured.
187. Prior making these regulations, the Welsh Ministers must consult the members of the public services board(s), or persons the Welsh Ministers consider represent those members, and any other person the Welsh Ministers consider appropriate.

#### **Section 49 – Guidance**

188. This section provides the Welsh Ministers with a duty to prepare and issue guidance to public services boards in respect of the provisions of Part 4 of the Bill.
189. A public services board must take such guidance into account when exercising functions or discharging duties provided for under Part 4 of the Bill.

**Section 50 – Meaning of “public body”: further provision**

190. Subsection (1) enables the Welsh Ministers to amend the list of public bodies, provided for at section 2(1) of the Bill. The Welsh Ministers may add or remove a public body or amend the description of a public body.
191. Only bodies that have public functions may be added to the list. If the body exercises both public and other functions, only their public functions can be subject to the provisions of the Bill.
192. Prior to exercising this power, the Welsh Ministers must consult the Commissioner and any other person that they consider appropriate.

**Section 51 – Power to make consequential etc. provision**

193. Section 51 provides that the Welsh Ministers may make regulations to make consequential, incidental, supplemental, transitory or saving provisions in respect of giving full effect to the Bill.
194. Any regulations made under this power may amend, repeal or revoke any enactment contained in, or any statutory instrument made under an Act of Parliament or a Measure or Act of the National Assembly including both this Bill and any enactment passed or made after the passing of this Bill.

**Section 52 – Regulations**

195. This section makes further provision in relation to the making of regulations under this Bill. These regulations may make different provision for different purposes and may include incidental, supplemental, consequential, transitory or saving provisions. Any regulations made by the Welsh Minister in accordance with the provisions of the Bill are to be made by statutory instrument.
196. Subsection (4) specifies the regulations which are to be subject to the affirmative procedure, with all other regulations being subject to the negative procedure.

**Section 54 – Commencement**

197. This section provides for sections 51, 52, 53, and 54 to automatically come into force the day after the Bill receives Royal Assent.
198. The remaining provisions of the Bill will come into force on the day specified by the Welsh Ministers by order.



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