



**Summary Minutes of the Board
Meeting, 24 April 2015**

AGENDA ITEM: 6

Present:

Permanent Secretary (Chair)
Gareth Jones
June Milligan
James Price
Owen Evans
Andrew Goodall
Adrian Webb
Peter Kennedy
David Richards
Michael Hearty
James Turner
Jeff Godfrey

Secretariat:

Emma Alexander
Catherine Evans

In attendance:

Natalie Pearson
Matthew Denham-Jones (item 1)
Helen Morris (item 2)
Matthew Quinn (item 3)
Matthew Jenkins (item 3)
Rhodri Asby (item 3)
Phil Lewis (item 4)
Damien O'Brien (item 5)
Peter Ryland (item 5)

Apologies:

Elan Closs Stephens

For discussion

1. **Update on 2014-15 Financial Position and Year End Timetable [Board(15)022]**
 - 1.1 Matthew Denham-Jones, Head of Budgetary Control and Reporting, gave a brief update on the 2014-15 financial position and year end timetable.
 - 1.2 The Board noted that the accounts team had not yet completed the adjustments necessary to produce the annual accounts and, as such, the figures were not yet final or audited. It was hoped to produce a first draft of the annual accounts for the Wales Audit Office by 19th May.
 - 1.3 The Board commented that there had been an improvement in financial modelling and forecasting across the organisation and, based on the early indication of outturn, Finance Teams across the organisation should be congratulated for their hard work.

- 1.4 The Permanent Secretary thanked Matthew for the update and noted the Board's pending satisfaction with the end-year accounts, subject to the final adjustments and audit.

2. Quarterly Update on Risk [Board(15)017]

- 2.1 Helen Morris, Deputy Director, Corporate Governance and Assurance, introduced the paper, which asked the Board to review the corporate risks on the Register. The risks were presented in the original format, which was being maintained whilst the work was completed on developing a new approach and template.
- 2.2 Following a brief discussion, the Permanent Secretary thanked Helen for the update and noted that she would need to have further conversations with individual Directors General (DGs) in relation to some of the risks.

3. Well-being of Future Generations (Wales) Act 2015 – Implications and Opportunities for the Welsh Government [Board(15)018]

- 3.1 Matthew Quinn, Director, Environment and Sustainable Development and Matthew Jenkins, Head of Budget Effectiveness, introduced the paper which set out how the implementation of the Act could be structured to help drive the Devolved Services Reform and Preparing for the Future agendas. They highlighted the following points:
 - the Act would come into force in April 2016;
 - the Act set out in law the principles for decision-making for the public sector, a single framework of goals and indicators, and the functions and membership of Public Service Boards;
 - by establishing a single binding legal framework, the Act provided a means of directly addressing over-complexity as identified by the Commission for Public Services and in the organisation's Reducing Complexity work;
 - the key challenges would be to ensure that the organisation as a whole used the new framework and that the implementation of the new legal requirements were not seen as another compliance exercise but as a way of building the organisation's future capability to deliver;
 - as part of the Act, Ministers would be required to set milestones which would require a thorough analysis of impact, including financial impact;
 - the Act established seven well-being goals at a population level.
- 3.2 The following points were made in discussion:
 - consideration needed to be given to external communications and engagement with public services around this Act;
 - once enacted, DGs should issue a message to staff within their Directorates to highlight the legislation;

- the seven well-being goals should be on display in Welsh Government offices to help all staff be familiar with them;
- it would be important to ensure that staff considered all the principles at every stage of the policy making process.

3.3 The Board agreed that implementation of the Act should be integrated with existing governance structures, including those for Devolved Services Reform and Preparing for the Future. It also agreed that an update on implementation should be brought to a future meeting of the Board.

3.4 It was agreed that additional papers should be circulated to the Board for information and separate conversations should be held with individual DGs.

4. Preparing for the Future Update [Board(15)019]

4.1 Michael Hearty, Director General, Finance and Corporate Services, introduced the paper which provided the Board with the first formal quarterly update on the Preparing for the Future programme.

4.2 The following points were highlighted:

- the second meeting of the Oversight Group had taken place on 19th March;
- the Group had recognised the good work that had been done and was planned around communication and engagement. The engagement work had provided significant feedback which would feed into the scope and desired outcomes for the Programme and workstreams;
- There were four main workstreams; namely the Resources & Structures Workstream, the Supporting Delivery Workstream, the Leadership & Capability Workstream and the Flexible & Productive Working Workstream. The Group had requested that each Senior Responsible Owner (SRO) of the programme workstreams bring their scope and timeline to the following meeting of the Oversight Group for approval.

4.3 Following a brief discussion, the Board noted that although it was early days, some progress had been made. The Permanent Secretary thanked Michael for the update and asked that the previous discussion on the Wellbeing of Future Generations legislation be taken into account with Preparing for the Future work.

5. Foreign Exchange Risk and European Outturn Management [Board(15)020]

5.1 Damien O'Brien, Chief Executive of the Wales European Funding Office (WEFO) and Peter Ryland, Deputy Director, Programme Performance and Finance, introduced the paper which updated the

Board on risk to Welsh Government funds in respect of Euro/Sterling exchange rates. They highlighted the following points:

- the exchange rate continued to change rapidly and by considerable amounts compared with the historical norm;
- WEFO needed to ensure it managed its commitments in the current funding round but also look ahead to new programmes and how it could better manage the risks in respect of exchange rates.

5.2 Following discussion, it was noted that there was further work to do and it would be important to continue to keep a close eye on issues and prepare appropriately for them. It was also agreed that a separate conversation would be held about issues around projects within EST and DfES which were in receipt of European funding.

For decision

6. Draft Minutes of 27th March and Matters Arising [Board(15)021]

6.1 The minutes of the meeting held on 27th March were agreed as an accurate record.

Regular Items

7. Permanent Secretary's Items [Oral]

7.1 The Permanent Secretary referred to a Future Trends paper and said he would arrange for it to be circulated to Board members for information.

7.2 Director General (DG) Exception Reports

The Permanent Secretary invited DGs to share key issues from within their areas with Board colleagues. Issues raised included jobs growth and investment, the Future Generations, Planning and Environment Bills, the Rural Development Plan, the Constitutional Reform Oversight Group, the forthcoming General Election, literacy and numeracy tests, Schools Challenge Cymru, Jobs Growth Wales, the forthcoming sealing ceremony for the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Bill and grass fires. It was noted that work was in hand to review end year performance issues in the NHS and reference was made to an article by John Appleby, Chief Economist of the King's Fund. It was agreed that a copy of this article would be circulated for information.

Finally, DGs and their Directors were encouraged to consider submitting nominations for the next round of Welsh Government awards.

7.3 Remuneration Committee

James Turner, Non-Executive Director and Chair of the SCS Remuneration Committee gave a brief update on the meeting held in March. Items discussed had included the role of secondments and whether they should be considered at an earlier stage in people's

careers. The Committee had also noted and agreed the new structure in the Health and Social Services Directorate.

7.4 *Operations Group*

Peter Kennedy, HR Director and Chair of the Operations Group, gave a brief update on April's meeting, which had been held in the Llandudno Junction Office and had been followed by a Question and Answer session with staff. Use had also been made of the video-conference facility for those presenting an item at the meeting. Items discussed at the meeting had included attendance management, bids to the 2015 Portfolio and an update on ICT which had included statistics on the use of video-conferencing facilities. It was agreed that a copy of the paper should be sent to James Price, Director of Economy, Science and Transport for information.

7.5 Peter said that the fact that the Group had held its regular monthly meeting in an office outside of Cardiff had been well received by staff and therefore, it was hoped to hold future meetings in the Aberystwyth and Merthyr offices.

7.6 *Corporate Governance Committee*

In the absence of Elan Closs Stephens, David Richards, Director of Governance, gave a brief update on the meeting held in April. Items discussed had included a discussion about Arm's Length Bodies including lessons learnt, external and internal audit reports, grants management and an update on fraud.

8. Any other Business

8.1 No other items of business were raised.

Board Secretariat, 27 April 2015