

From: Linda Tomos

Sent: 30 March 2016 17:39

To: George, Andrew (ESNR-Tourism, Heritage & Sport-Cadw)

Cc: David Anderson (National Museum Wales); J Randerson; Linda Tomos (National Library Wales); Antippas, Katie (TUS); James Quance - Project Senior Manager, LLP; Chris Catling (RCAHMMW); J Albert; Thomas, Jason (ESNR-Economy Skills and Natural Resources); Antoniazzi, Manon (ESNR-TourismHeritage&SportTourism&Marketing); Clark, Kate (ESNR-Tourism, Heritage & Sport-Cadw)

Subject: Re: Review of Heritage Services

Dear Andrew

Many thanks for a sight of the latest draft of the report - it is much appreciated. There hasn't been sufficient time to provide detailed comments, however I hope that the following is helpful. The comments from NLW are divided into textual comments and some financial detail.

Textual comments:

- p10, Row Realises synergies in key areas, column 5 Option 4: Different operational... suggested addition, 'NLW has a much higher requirement to meet statutory Welsh language provision as directed by the Welsh Language Commissioner than the other bodies'.
- p11, Row Financial, Column 5 Merger, consider deleting ' Savings from rationalising shared functions could release funds for investment' as the previous point explicitly states that it 'is not possible to determine costs and barriers' at this stage
- p11, Row Legal, column 5, Merger, consider replacing 'voluntary aspect' with 'voluntary agreement' as this a known certainty of the existing governance arrangements.
- p11, Row Legal, column 5, consider replacing 'Charity Commission consent may be required' with 'will be required' as this is what is stated in the section on Merger in the text.
- p11, Row Legal, column 5, consider replacing 'Privy Council approval likely to be required ' to will be required' as this is included in the Merger section as per the previous comment.
- p13, Last sentence, consider replacing 'merger of the RC and Cadw/NLW could be reconsidered' with ' merger of the RC with either Cadw or NLW could be reconsidered'.

Financial Comments

- Whilst the figures are correct in terms of the Library - they mask a wider story about the underlying structure: -
 - £18,297K total income is split between £10,541k core grant, £788K capital and purchase grant, £3,300K one off capital grant, £572 commercial income,

£1.2m donations, £1.6m other grants. Suggest reducing the column "Core Income" to £10,541K + £788k = £11,329K

- Non-pay expenditure - £1.7m of the £6.6m is depreciation which is a non-cash item in the Library's accounts, £2.1m is an exceptional item. Our real non-pay expenditure is £2.8m.
- The report makes no reference to the ability of the individual organisation to fund raise from both donations and wills.
- There is no reference to the fact that organisations are required to pay the Living Wage (Living Wage Foundation living wage) and hence are not competitive with the private sector in terms of wage rates.
- Consideration needs to be given to the secondment of staff to a Joint Venture as the secondment would increase the VAT status of organisations - thereby effecting the partial exemption rules.
- P43 - HR consideration - pay scales by all organisations are radically different and there may be an equality issue if they were seconded to a body which paid different staff a different rate of pay.
- P43 - "We understand that the NMW and NLW plan to introduce Career Average from April 2016 with a lower accrual rate for new hires compared to existing staff." - not aware that this is the case from the Library's perspective.
- P44 - "20.6% in the NLW Scheme (next triennial valuation has an effective date of April 2016)" - Employer contribution is 26.6% as the employees are working on a lower payscale base.
- P55 - "audit costs are likely to be lower for a charity if it is free to go to market for audit services whereas external audit will be provided by the Auditor General for Wales if it is a WGSB or Executive Agency" - This is not the case, NLW is a charity and a WGSB - and is still required by the Welsh Government to use the WAO.
- P72 - Merge Museum & Library Scheme to save on advisor fees - although there may be some minor saving - there are substantial problems with this options in terms of the size of the deficit, sponsoring charity's ability to pay contributions, different rates of pay and different terms and conditions. This would be a major change to staff in both organisation for a minor professional fee saving (and huge costs on merger).
- Crown Guarantee only pays out when all of the assets of the organisations have been sold and therefore both the Library and the Museum would need to sell all assets before the Welsh Government would step in. As neither the Library or the Museum are likely to be able to accomplish this and meet their charitable objects, this statement could be construed as misleading. Better to state the complexity of Crown Guarantee and the lack of clarity as to how it would operate if this circumstance occurred.

Happy to discuss.

Regards

LInda

From: George, Andrew (ESNR-Tourism, Heritage & Sport-Cadw)

Sent: 29 March 2016 16:32

To: David Anderson (National Museum Wales); J Randerson; Linda Tomos (National Library Wales); Antippos, Katie (TUS); James Quance - Project Senior Manager, LLP; Chris Catling (RCAHMW); J Albert

Cc: Thomas, Jason (ESNR-Economy Skills and Natural Resources); Antoniazzi, Manon (ESNR-Tourism, Heritage & Sport, Tourism & Marketing); Clark, Kate (ESNR-Tourism, Heritage & Sport-Cadw)

Subject: Review of Heritage Services

Dear Baroness Randerson,

I attach a near final draft of the PwC report for your and copy recipients' comments.

We are still working with PwC on the finer detail of the drafting, but we thought it best to invite comments on the main thrust of the report at this stage in order to meet the deadline for presenting the report to the Deputy Minister ahead of purdah.

I would be grateful if you or copy recipients could send any comments to me by close of play on Wednesday 30 March please.

Please note that as it is still a work in progress this draft is not a public document and should not be shared electronically.

Andrew

Andrew George

Cyfarwyddwr Cynorthwyol: Llywodraethu a Rheoli Gwybodaeth / Assistant Director:
Governance and Information Management

Gwasanaeth Amgylchedd Hanesyddol (Cadw) / Historic Environment Service (Cadw)
Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth / Department of Economy, Science and
Transport

Llywodraeth Cymru / Welsh Government