

Sport Wales Assurance Review

1. This is a report of the Assurance Review, which you asked me to conduct into recent events at Sport Wales. The terms of reference for the review are set out below:
 - to investigate and report upon the governance arrangements of the Sport Wales Board; and
 - to investigate and report upon the circumstances, background and issues relating to the recent vote of no confidence in the Chair by the Board of Sport Wales.

Methodology

2. As you requested, I have conducted this Review in accordance with the Civil Service Values of honesty, impartiality, integrity and objectivity. My review team has considered all relevant records held by Sport Wales, the Welsh Government, National Assembly for Wales and the Independent Panel as part of the desk exercise. They have held forty-one separate conversations with members of the Board and senior Executive Team of Sport Wales, some Officers of Sport Wales, the Welsh Government, the Independent Panel Members, and the Wales Audit Office.
3. To encourage participants to share their personal views and experience of both the governance arrangements in Sport Wales and the circumstance surrounding the vote of no confidence in the Chair by the Board members of Sport Wales, we agreed with each of them that the conversations would be non-attributable. At the start of each conversation, my team confirmed with participants they were collecting information and evidence under the provisions of the Data Protection Act, as the information being collected was their personal data, information and opinions.
4. I was closely involved in the exercise throughout its progress and I have myself, reviewed the methodology and the evidence that has led to the conclusions outlined here. I am satisfied that the process was sound and that the outcomes of the review are robust and evidence-based.
5. The decision to suspend the Board's activities, as a neutral act, has been a helpful cooling-off period and provided space for me to conduct the

Assurance Review. We have had full co-operation and assistance from everyone, for which we are very grateful.

Governance of Sport Wales

6. Throughout their document review and conversations with participants my team observed the following:

a. **Framework Document** – There is a Framework Document in place. From the evidence I have seen, I am happy that participants in the Assurance Review seem familiar with the document and their roles and responsibilities. I note that the document is currently under review.

b. **Remit Letter** – There is a remit letter in place dated 24th March 2016. This letter sets out the Welsh Government's remit for Sport Wales 2016/17. There was no further remit letter issued following the elections and changes to Ministerial portfolios. I therefore consider this letter extant. In considering issues relating to the governance of Sport Wales, I note the following from that letter:

The letter commences with a note of thanks from the Minister to the Chair, Laura McAllister. *'I would like first to take the opportunity to express my thanks to the Board and the officers of Sport Wales for their efforts and achievements during the past year, and to you personally for leading the organisation through that period'*. This seems to confirm that in terms of performance the Welsh Government was happy with the performance of Sport Wales for the preceding year. The letter continues *'You have reinforced your commitment to improved governance and leadership by supporting the sector in developing the Governance and Leadership Framework for Wales. I look forward to Sport Wales continuing to lead and support the sector in this area and to set the standard in terms of an exemplar organisation that applies all of the principles of good governance in all of its policies, activities and behaviours'*. To me, this seems a reasonably good indicator that the Welsh Government, as at 24 March 2016, was content with the Governance and Leadership arrangements in Sport Wales. There were no comments or concerns raised in respect of poor governance or leadership of the board at this stage.

c. **Business Plan** – There is a business plan for Sport Wales in place for 2015/16 and 2016/17. The Welsh Government approved the plan. I have not considered this any further.

d. **Sponsorship** – The Welsh Government Internal Audit Service conducted an audit of the Sponsorship Branch in October 2015. The overall scope of the review was to review the controls in place to ensure that there was effective oversight and sponsorship of Sport Wales to ensure delivery of objectives established by Welsh Ministers. Internal Audit Services provided 'Reasonable Assurance' on the controls in place over the Sponsorship of Sports Wales. Based on the findings of the Internal Audit Service Review, I have not considered this any further as part of this Assurance Review.

Findings

7. While every organisation is capable of improvement, overall, the governance arrangements i.e. decision making structure and reporting arrangements for the board and its sub –committees are fit for purpose. We saw no evidence that the board were not discharging its governance arrangements effectively.

The vote of no confidence

8. *Information Redacted*

The Welsh Government took the decision on the 18th November to initiate an investigation into the allegations and suggested to the Board that this development 'over-took, for the moment, the possibility of a vote of no confidence'.

9. The Board of Sport Wales held a private board meeting on the evening of 21st November. At that meeting, *Information Redacted*

The Board discussed and agreed at the meeting that in the absence of a response from the Chair to their letter of the 7 November they should write a follow up letter to the Chair reiterating their concerns. The Board agreed that the letter should issue when the Chair returned from sickness absence. The meeting reconvened on the morning of 22nd November. The Board discussed the question of a vote of no confidence in some detail. The minutes of the meeting show that the Board was concerned that a vote of no confidence after the Welsh Government had completed an investigation may appear as a vote against the Welsh Government.

However, after some deliberation the Board concluded they should take the vote at the meeting in the belief that this would form part of the Welsh Government Investigation. The Board took the vote of no confidence. The vote was unanimous.

10. On Wednesday 23rd November, in the light of the action by the Board, Ministers suspended all of the Sport Wales Board activities until the Welsh Government officials could complete an assurance review of Sport Wales. The suspension of activities was a neutral act.

Findings

11. Ministers appointed the Chair of Sports Wales in accordance with due process and on the recommendation of an Appointment Panel acting in accordance with public appointment rules. *Information Redacted.*

12. *Information Redacted*

13. *Information Redacted*

14. *Information Redacted*

15. *Information Redacted*

16. *Information Redacted*

17. I did not see evidence that the Board or the senior leadership team of Sport Wales actually sought to oppose or to frustrate the actions of the Chair. Their concern was for the reputation of Sport Wales and discharging their responsibilities for good governance. *Information Redacted*

18.

Information Redacted The Welsh Government already has in hand a review of processes for induction and performance management for new appointments and I suggest that we should ensure that that work takes account of the learning here.

19. *Information Redacted*

As I note above, I have seen considerable evidence that Sports Wales Board had been acknowledged as high performing in governance and proper process

20. Information Redacted

21. As part of the Assurance Review we were notified of several concerns and allegations which had been raised in relation to probity and behaviour and we felt it right to examine these issues to see if they had substance. My review team considered:

- allegations in relation to mismanagement of conflict of interest and found no evidence to support the allegations.
- allegations in relation to breaches of procurement procedures in Sport Wales and we noted that the internal auditors of the body had conducted a review of the allegations and had found some breaches of process across the sample they reviewed but did not consider these to be significant. The senior management team have subsequently accepted these recommendations to improve processes.
- concerns about social bullying. For example, instances of deliberate exclusion resulting in individuals feeling unable to carry out their roles effectively; intimidatory emails sent in response to queries or perceived challenge; discussing confidential and in some cases unsubstantiated issues with third parties; language; and body language and demeanour that interviewees felt was inappropriate. During conversations with interviewees, the review team identified evidence that supported these concerns.

22. In my view, Board Members complied overall with the Sport Wales Code of Practice for Board Members by acting in good faith and in the best interests of Sport Wales. I am less convinced that the vote of no confidence was necessary in the light of the Welsh Government's expressed willingness to investigate the concerns, which they had raised, *Information Redacted*

23. I am satisfied that the Chief Executive discharged her responsibilities professionally and adapted her behaviours to try to accommodate a very different approach from a new Chair.

24. During the course of the Assurance Review my review team did not detect any opposition to a review of sports policy and the role, which Sport Wales should play. The Board have gone on record as saying that they accept the need to change, adopt innovation, develop new ways of working and establish new partnerships. The Independent Advisory Panel, while sharing the concerns of the Board about aspects of the behaviour of the Chair, are likewise committed to the review initiated by the Chair and wish to see the work continue, albeit on a more rigorous basis.

David Richards
Director of Governance
18 January 2017