

Dame Gill Morgan DBE  
Ysgrifennydd Parhaol • Permanent Secretary



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Jonathan Morgan  
Chair  
Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
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30 November 2010

Dear Jonathan

#### **EVIDENCE FROM ANDREW DAVIES AM**

Thank you for your letter of 1<sup>st</sup> November 2010, inviting me to respond to the evidence that Mr Davies provided during his appearance at Public Accounts Committee on 21<sup>st</sup> October 2010.

I have read the transcript of Mr Davies' evidence, alongside his written submission. Most of this appears to be personal opinion. Whilst I disagree with many of Mr Davies' views, he is entitled to his opinion. I do however, have some sympathy for others, and in particular the need to be more delivery focused. Many of our recent changes are intended to help this. The Director General structure itself was designed in response to some of this analysis as a way of sharpening up accountability, speeding up decision making and driving inter-connectivity internally and externally. The data quoted from stakeholder surveys helped, and continues to help shape our development programme.

I see no merit in replying in detail to the majority of Mr Davies' observations. I would, however, like to make a number of comments on factual matters.

Firstly, the Director General structure was introduced to bring clear leadership and simplify decision making by moving from a very large and unwieldy management team to a smaller group. It allows us to focus on cross-cutting activities and on supporting the important work of Cabinet Committees, where much of our joining up is done. It was not primarily designed to reduce costs, and the proposal approved by Cabinet in February 2009 merely committed to the changes being 'cost neutral', although it did identify the scope to reduce Director posts.



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In fact, after the structure was implemented and appointments made, it was possible to reduce sufficient Director posts to release £505,307. This sum is made up of the actual salaries released by removing or not replacing a number of named posts or individuals, together with their direct support. It is a retrospective report of what actually happened not a planning assumption or proposal. It was agreed by the Director General Finance and accepted by the First Minister (as First Minister and as Minister for the Civil Service) and I was also told that it had been accepted by the then Finance Minister. My reporting and accountability line on this, and other matters, is directly to the First Minister and through him, to Cabinet collectively.

The money released has been used internally to fund other posts. For example, new appointments have been made, including the Chief Scientific Adviser. The State Aids, Social Services Policy, Legal Services and Resilience teams have been strengthened and increased in size without additional allocations. Large organisations continually evolve and develop. They are organic and, unless there is a deliberate policy of reducing overheads, any savings or personnel changes in one area allow developments or improvements in another. Currently we are not in this position as £42m must be released from our administrative budget over the CSR period.

Mr Davies also raises the appointment of the Director of Public Services Improvement. Following the Director General appointment, the post-holder made substantial changes to his team, reducing the numbers of SCS and leading to a saving of £727,000 to the Public Services and Performance Directorate and £225,000 to the Welsh Assembly Government. This type of restructuring is exactly the type of behaviour I would wish to see and I do not understand why this would not be the general position. Successful organisations are dynamic, agile and organic. Formal structures evolve continually to respond to external and internal demands. The salary of £110,000 quoted for the Director post is wrong. The correct salary band is published on our website (£85,000 to £89,999).

Mr Davies also comments on his perception that there is a lack of specialist skills within the Civil Service. Getting the right mix of skills and expertise is a continual challenge for all organisations and developing organisational and individual capacity is high on my personal agenda. It is particularly challenging in Wales as we cover such a large range of functions and responsibilities, with fewer people in each specific area than in Whitehall, Scotland or Northern Ireland. I gave some comparative data on staff numbers in a response to the Finance Committee. As we reduce staff numbers significantly maintaining the right balance will be an increasing challenge. We are looking to share specific expertise, for example procurement skills, with other organisations as this is a challenge for Wales as a whole not just the Welsh Assembly Government.

Our internal approach to developing the skills of our workforce is driven through our work with the Home Civil Service on the Skills Strategy for Government. The Home Civil Service has 22 professions, each with its own UK Head of Profession. Within the Welsh Assembly Government, we have 26 as we recognise additional

professions of particular importance to us, such as Translation. Each has its own Head of Profession at a Wales level, working closely with their UK counterpart. We take this initiative very seriously and this year, in the annual cross-government peer review and assessment, we scored an unprecedented maximum points for our work and we were ranked first across UK departments and Devolved Administrations. The challenge remains but we are well placed to address it. It would be very good if this excellence was recognised and acknowledged.

Finally, I think that it is important to point out, that the Civil Service provisions of the Constitutional Reform & Governance Act 2010 came into force on the 11<sup>th</sup> November. This legislation places the core values of the Civil Service – integrity, honesty, objectivity and impartiality – on a statutory basis. This means that should any future Government wish to change the permanent and impartial nature of the Civil Service, they would require the consent of Parliament. The Act reinforces that the position of the Civil Service continues to be identical in Whitehall, Wales and Scotland. The legislation also puts the Civil Service Commission on a statutory footing and sets out its role in ensuring that the principle of recruitment through fair and open competition, without grace or favour, is upheld. The Commission also investigates complaints about breaches of the code of conduct. A copy of the Civil Service Code for the Welsh Assembly Government, which was approved by our First Minister, is available on our website.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Gill Morgan'.

**GILL MORGAN**