

Dame Gill Morgan DBE

Ysgrifennydd Parhaol • Permanent Secretary



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Jonathan Morgan AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

14 June 2010

Dear Jonathan

Public Accounts Committee – Sustainable Development in the Welsh Assembly Government.

I am writing in response to your letter of 9 April 2010, following my appearance, together with Clive Bates the Director General for Sustainable Futures, at the Public Accounts Committee on 17 March.

My reflections on the session are that, as well as discussing the findings of the WAO Report, we usefully explored the current and future work that we, as officials of the Assembly Government, are undertaking to further embed sustainable development into the culture of our organisation, so that it truly becomes our central organising principle. I am delighted that the Committee endorses the approach we are taking, with our emphasis on leadership, staff engagement, challenge and behaviour change.

You raise a number of important points in your letter and I am attaching an annex which deals with each of these in turn.

I have noted the intention of your Committee to return to this issue in 18 months time. I would be pleased to come before the Committee once more to explain the progress I anticipate that we will have made in making sustainable development our central organising principle.

Yours sincerely

Gill

GILL MORGAN



BLDDSOODWR MEWN POBL
INVESTOR IN PEOPLE

Parc Cathays • Cathays Park
Caerdydd • Cardiff
CF10 3NQ

Ffôn • Tel: 029 2082 3289
Ffacs • Fax: 029 2082 5649
gill.morgan@wales.gsi.gov.uk

Annex

Public Accounts Committee – Sustainable Development in the Welsh Assembly Government.

Wellbeing

You raise concerns about the use of the term “wellbeing” for “sustainable development”. I would like to reassure you that we are using wellbeing in a sense which reflects the definition of sustainable development in One Wales: One Planet as “enhancing the economic, social and environmental wellbeing of people and communities”. We have five headline indicators of sustainable development, covering social progress, economic progress, biodiversity (as a proxy for environmental progress), resource use, as well as the wellbeing of Wales. We are clear that we need to make progress on all these fronts if we are to meet our definition of sustainable development and contribute to wellbeing in the round.

Staff buy-in to sustainable development

You ask about how staff have been encouraged to buy-in to the principle of sustainable development. We have a number of internal mechanisms to encourage and support staff in embedding sustainable development within their work. These reflect all aspects of sustainable development, including the approach to wellbeing that I have referred to above.

Training and development - Over the last 12 months a central training course for all staff has been delivered by our training partners Eliesha. 24 sessions been delivered at sites across Wales to over 200 staff. Evaluation of these training courses shows that, pre-course 46% of attendees had an understanding of sustainable development and how it applied to their work, a figure that rose to 80% post-course.

Officials from the Department for the Environment, Sustainability and Housing (DESH) are now working with Human Resources (HR) and Eliesha to re-design and update this course for this year. We shall continue to monitor the effectiveness of these courses. In addition to this central training, DESH officials have been working with HR to develop a programme for our senior leaders within the Assembly Government;

Investors in People (IiP) - As part of the evidence session to the Committee, I noted that I would think about how we could marry the embedding of sustainable development with IiP. The next review of IiP is scheduled for next year. I have concluded that we will use this review to use the indicators within the IiP framework to help us map across and evaluate how wellbeing and sustainable development is being embedded across the organisation.

I have also asked our Human Resources team to explore with IiP whether this will adequately evaluate our approach or whether there is a need to include wellbeing as a specific theme.

Performance Management Framework – As we noted in our written evidence to the Committee, sustainable development is being mainstreamed into the skills and competence framework for staff.

Sustainable Development Advocates Network Officials have established an internal network of sustainable development advocates, from across WAG. This meets regularly to share best practice about how sustainable development is being embedded in different departments, and to share learning and experience. The meeting also provide an opportunity for the advocates to discuss sustainable development with different Director Generals.

Local Government Measure

You asked about the Local Government Measure and what it means in practice. The Local Government (Wales) Measure does have a strong emphasis on sustainable development and seeks to embed the well-being of citizens and communities at the centre of local authorities' strategic planning and decision making processes. The Measure replaces the most significant aspects of the Local Government Act 1999 (this is the Act that established the 'Best Value' regime for local authorities). Under 'Best Value' local authorities were under a duty to secure continuous improvement, defined in terms of *economy, efficiency* and *effectiveness* only. This anchored local authorities' improvement regimes to financial efficiencies, ignoring the wider wellbeing of an area and the people who live there.

The Local Government (Wales) Measure defines improvement more broadly in terms of: *strategic effectiveness; service quality; service availability; fairness; sustainability; efficiency; and innovation*. The first of these, *strategic effectiveness*, covers priorities identified in an area's community strategy and the steps that will lead to their delivery. This broadening of improvement allows local authorities to consider the wider well-being and sustainability of the communities they serve in their annual cycles of improvement activity, not just the economic efficiencies of the organisation, as used to be the case.

The Measure does not expressly state that sustainable development should be the 'central organising principle' for local authorities. The meaning of that in law would be far from clear. However, it provides a framework for local authorities to reconcile the competing demands on the finite natural, financial and human resources that they have, and to do so by considering the wider social, economic and environmental well-being of an area and its communities. We believe this amounts to a clear and credible emphasis on sustainable development in the broadest sense, and have reinforced that point in statutory guidance which we issued recently.

Welsh Local Government Association Sustainable Development Framework

In terms of what this means in practice, the Assembly Government has for a number of years funded the Welsh Local Government Association to develop its Sustainable Development Framework. This provides practical guidance at

both a corporate and service level on delivering sustainable development. It aims to make sustainable development relevant to local authorities, and to illustrate that its principles and outcomes lie at the heart of good governance. The Framework includes the following components:

- **Corporate Modules** - Provide guidance on mainstreaming sustainability and aligning corporate functions towards the delivery of sustainable development.
- **Service Modules** - Provide a reference point for service managers, illustrating what sustainable development means for that service or function, and how it can be used to deliver more sustainable and effective cross-coordinating services.
- **Resources Sheets** - A series of information sheets aimed at policy officers to provide an evidence base and build capacity and understanding on a number of sustainability issues.
- **Futures work** – Covering critical external factors including demographic and climate change, energy security, food security, migration and obesity which will affect the well-being and quality of life of communities in the future.

Sustainable Development Charter

The Minister for Environment, Sustainability and Housing launched the Assembly Government's Sustainable Development Charter on 28th May. This Charter commits organisations to make sustainable development their central organising principle. Five local authorities were amongst the initial 22 organisations who signed up to the Charter as part of its launch. Officials will continue to engage with organisations in Wales, including local authorities, to encourage these other organisations to sign up to the principles of the SD Charter.

Sustainable Procurement Assessment Framework

You asked a number of questions related to the Sustainable Procurement Assessment Framework.

Since its inception in 2006, sustainable development, social, economic and environmental wellbeing has been at the heart of all that Value Wales does. Sustainability is a key part of the on line best practice procurement guide on the National Procurement website. The use of the Sustainable Procurement Assessment Framework and the Sustainable Risk Assessment Template has been a major feature of Value Wales activities since 2006

Value Wales has a team who focus entirely on the sustainability agenda in all of its aspects, and is the means by which we assure that our collaborative procurement, estates and property activities do not miss important sustainability opportunities. The sustainable procurement team develops best practice that is then implemented through the operational teams. One simple example is a Value Wales contract for IT hardware which is used by virtually every organisation in Wales. Not only did it save an average of 33% off the

base prices, but it also specified the highest level of energy star, ensuring that equipment uses 70% less energy. Through this approach, the suppliers include a number of Welsh based resellers and one Welsh manufacturer, and a Welsh supported business now re-cycles equipment for one of the larger manufacturers – bringing both social and economic benefits.

There are 39 other public sector organisations in Wales who have adopted the Sustainable Procurement Action Framework (SPAF). The actions undertaken by Value Wales to take this forward include the following:

- Making it a requirement in funding letters for FE colleges and HE institutions, as well for the Countryside Council for Wales and the Environment Agency. We are currently awaiting completed Sustainable Procurement Action Frameworks from these sectors.
- Made use of the Sustainable Procurement Action Framework compulsory in the NHS by including the requirement in the Standing Financial Instructions of the reorganised NHS
- We have engaged Forum for the Future (an independent sustainable development think tank) to investigate the barriers, particularly in Local Government, to engagement with the sustainable procurement programme

Economic appraisal and challenge

Finally, you ask a question concerning the scope of “economic challenge”. In this context, “economic appraisal” and “challenge” refers to a systematic approach whereby we employ the best evidence to help ensure that we deliver our policy objectives in the most cost-effective way possible. It is therefore far removed from an approach which considers only financial matters. Instead it seeks to take an over-arching view which gives appropriate weight to all costs and benefits. It can sometimes be helpful to express such costs and benefits using a common metric, and monetary values are frequently used for this purpose. But often it is not possible to do this, and other methods for assessing cost-effectiveness must be applied. Nevertheless, it is intrinsic to the approach that all significant effects are taken into account.

To ensure we do this and achieve optimum value for money when making significant investment decisions we comply with the Treasury Green Book and increasingly use 5 Case Model Business Case methodology. This requires Business Cases to consider the following five cases in detail:

- the strategic case
- the economic case
- the financial case

- the management case; and
- the commercial case.

The strategic case outlines the case for change including any relevant commitments to sustainable development, which should be built into the investment objectives of the Business Case. This ensures that the delivery options considered in the economic case and the chosen way forward comply with our sustainability requirements.

The economic case analyses the key delivery options for the scheme, with a focus on achieving best value for money. This is a wider consideration than the affordability of a scheme (which is examined in the financial case) and seeks to quantify and take account of all benefits and costs associated with a scheme over a defined period of time (as described above), to provide a value for money assessment based on the Net Present Value (NPV) of each option. The Assembly Government's Economic Advice Division provides advice and support on these economic analyses.

GILL MORGAN