



Mark Isherwood AS/MS
Chair
Public Accounts and Public Administration Committee
Welsh Parliament
Cardiff Bay
Cardiff CF10 3NQ

23 November 2023

Dear Chair

I write to you ahead of my scheduled evidence session with the Public Accounts and Public Administration Committee on 29 November 2023 on the subject of Amgueddfa Cymru.

I am aware that following the publication of the [Financial Report of the Board of Trustees of the National Museum of Wales 2021/22](#), which included the Auditor General for Wales' qualified regulatory opinion and the Auditor General's additional report on [Governance Arrangements Relating to an Employment Dispute at Amgueddfa Cymru – National Museum Wales](#), Committee members will wish to discuss recent events at Amgueddfa Cymru.

The matters that the Auditor General addresses in his qualified regulatory opinion and subsequent report relate to sensitive and complicated issues spanning a considerable period of time. The governance of Amgueddfa Cymru is itself complex as an institution established via a Royal Charter that is both a registered charity and at arm's length from Welsh Government. With this context in mind, we sought detailed legal advice regarding Welsh Government's role in helping to resolve the issues at Amgueddfa Cymru, and we also liaised with the Charity Commission. Our priority was always to support colleagues at Amgueddfa Cymru and enable them to move forward at a time that the museum itself has acknowledged as an extremely challenging period. Amgueddfa Cymru is one of our treasured cultural institutions in Wales and it was imperative that we did all we could to enable it to operate as effectively as possible to serve the people of Wales, and also to protect its reputation. We were equally committed to protecting the rights and wellbeing of all affected parties.

Lessons have been learned from these events by both Amgueddfa Cymru and Welsh Government. An independent Tailored Review of Amgueddfa Cymru was specifically commissioned by Welsh Government, and, after necessary preparatory phases, formally began its work in August 2022. We had initially intended for the Tailored Review to conclude by Christmas 2022. However, in finalising the terms of reference, it became apparent that the

Parc Cathays/Cathays Park
Caerdydd/Cardiff
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panel would not be able to cover the intended remit appropriately, in depth, and report within this timescale. Given the challenges facing Amgueddfa Cymru at the time, we agreed that an interim report focusing on corporate governance would be delivered by Christmas 2022, and that the Review Panel would present its initial findings by 1 March 2023. This allowed us to utilise the review to achieve the best outcome but also to prioritise the focus on governance.

The Review Panel delivered its initial draft report on 1 March 2023 and this was considered, and commented on, by the Partnership Team and Amgueddfa Cymru. The Review Panel amended its report, where it felt that was appropriate, and presented a revised report for consideration by a Challenge Panel (made up of senior Welsh Government officials and an independent member) which met on 11 May 2023. The Review Panel considered the comments and views of the Challenge Panel and submitted its final report on 1 June 2023.

The Review Panel was chaired by David Allen, former chair of the Higher Education Funding Council for Wales, and members had experience of governance, efficiency and of running national museums. The [final, detailed report](#) was published on 13 July 2023, with 27 of its 77 recommendations focusing on governance. The Review Panel's thorough report provides recommendations for Amgueddfa Cymru's future and puts forward ways of dealing with situations similar to recent circumstances through policies and procedures. Work is already underway in responding to the wide-ranging recommendations made in the report and we are supporting Amgueddfa Cymru to move forward, working closely with its new Chair and Chief Executive Officer.

The Auditor General makes two recommendations in his report that relate specifically to Welsh Government:

R2. Drawing on the learning from the employment dispute at Amgueddfa Cymru, the Welsh Government should work with its arm's length bodies to ensure grievance policies address the scenario of concerns that are raised by their most senior officers and/or that are directed at Board members and to ensure broad consistency of approach.

R3. The Welsh Government should clarify the procedures to be followed in circumstances such as the employment dispute at Amgueddfa Cymru where it is itself a party to novel, contentious, or repercussive proposals arising from its arm's length bodies.

We fully agree with the Auditor General's recommendations and had already identified these actions as areas of priority for Welsh Government. A draft 'Guidance for managing concerns and complaints against senior leaders in the Public Sector in Wales' has been developed and was presented to the Chief Executives of Welsh Government Arm's Length Bodies on 5 October 2023. Once initial comments have been received, the intention is for the draft to go to formal consultation with members of Welsh Government's Devolved Sector Group.

Welsh Government does not, however, accept the Auditor General's suggestion that the agreement reached did not represent value for public money. We believe the counterfactual must be considered. Welsh Government received expert advice from an employment law specialist on the matter and agreed the settlement, as an interested party, on the basis of the following key considerations: it was the course of action most likely to deliver a reasonable

outcome, allowing all parties to manage costs and resolve the matter as quickly as possible, and avoiding the need for a protracted dispute that was assessed as likely to result in a greater overall cost to the public purse.

As you may be aware, we had the opportunity to comment on the Auditor General's draft PIR, and wrote setting out a number of concerns over the completeness of representation with the draft report. This included the personal and confidential nature of the issues, and the risk the report, as presented, could pose to the carefully negotiated settlement agreement. Further, Welsh Government felt that Audit Wales colleagues had not been able to provide any examples of where Accounting Officer duties had been compromised, or where governance failures had occurred resulting in loss or damage to Amgueddfa Cymru. We note the draft report was amended slightly in light of Welsh Government's comments, but many of the points raised were not addressed.

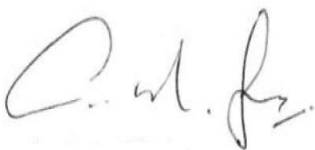
Welsh Government's principal concern is that there is a legal agreement in place between the parties involved that is still 'live'. This means that all parties to the agreement are committed to carry out certain obligations between the date the settlement agreement was signed and 30 September 2024. Not all of these obligations have been fulfilled as yet, because of how they fall in timing terms. Any act or omission during this period that could lead to an obligation not being fulfilled or impacts any of the other terms of the agreement could in turn lead to a breach of the settlement agreement and further costly legal proceedings. This necessarily limits what can publicly be shared at the present time. We are aware that one of the parties involved has already sought legal advice regarding the nature of the information that has been made public in recent weeks and in respect of the risk that this poses to the settlement agreement.

Whilst I will endeavour to answer committee members' questions on this matter next week, I will have to be steered by legal advice – in particular, in respect of not discussing matters that would breach the agreement that is in place. This would risk further legal challenges and injury to the individuals involved, to Amgueddfa Cymru and to Welsh Government, as well as opening up the prospect of significant further costs to the public purse. You will understand that this is something I wish to avoid.

I am happy to discuss this with you directly ahead of the evidence session, if that would be helpful.

With best wishes.

Yours sincerely



Andrew Slade
Director General
Economy, Treasury and Constitution