

Dr Andrew Goodall
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Mark Isherwood MS
Chair, Public Accounts and Public Administration Committee
Welsh Parliament
Cardiff Bay
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09 December 2022

Dear Mr Isherwood

**Public Accounts and Public Administration Committee – Welsh Government
Annual Report and Accounts 2020-21**

Thank you for your letter of 11 November 2022 following the Committee scrutiny of the Welsh Government Annual Report and Accounts 2020-21 on the 6 and 19 October 2022. I welcome the constructive scrutiny of the Committee and am pleased to provide responses to the information you have requested as set out below.

The following annexes respond accordingly to:

- Annex 1 – COVID-19 Support for Business
- Annex 2 – Other COVID-19 Expenditure
- Annex 3 – Further information agreed to be provided and additional points the Committee wishes seek clarity on.

I trust that this additional information helps the committee in any final reflections and that the evidence sessions we attended in respect of the 2020-21 accounts were helpful.

*Yours,
Andrew Goodall*

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Annex 1: COVID-19 Support for business:

Post Completion Monitoring (PCM)

1.1 Can you provide an update about the progress and results of PCM for Phases 1 and 2? We would like to see the current position compared with the position in July as set out in the Auditor General's Memorandum. If this has not been completed, do you have a deadline by which you expect it to be done.

Position at July 2022 (Auditor General for Wales' Memorandum)

As at July 2022 the ERF PCM teams had:

- issued 9,094 surveys to micro businesses supported during phases 1 and 2, receiving returns from 3029 (33%).
- issued 2,527 surveys to SMEs, receiving returns from 1,370 (54%) – the fuller PCM for these phases had not been completed.
- issued requests for information to 52 large businesses, receiving returns from 41 (79%).

Having been through a further pilot, Post Completion Monitoring for phase 3 was underway with plans to progress the arrangements for later phases of support over the summer.

Position at November 2022

As at November 2022 the ERF PCM teams have:

- Issued 9,094 surveys to micro businesses supported during phases 1 and 2, receiving returns from 3029 (33%).
- Issued 1,257 surveys to SME's supported during phases 1 and 2, receiving returns from 421 (33% response).
- Issued 1,270 requests for fuller PCM information to SME's supported during phases 1 and 2 with 599 responses currently being considered and 466 cases closed (36% closure rate).
- Issued requests for information to 52 large businesses supported during phases 1 and 2 with 46 cases closed (88%).



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In addition to Phases 1 and 2

- ERF phase 3 (November 2020) is well under way with 1,205 surveys issued and 690 returned (57%). There are 804 awards requiring fuller PCM with 342 businesses receiving requests for information to November 2022 and 66 cases closed.
- ERF phases 4 -7 (January – August 2021) began in the summer of 2022, with 3,866 surveys issued and 1,248 returned (32%) and 236 requests for fuller PCM issued for completion by businesses and 4 cases closed.

The ERF PCM activity is being managed on a rolling portfolio basis to ensure momentum is maintained and make the most effective use of resources.

It is difficult to impose a deadline on this activity, as completion is very dependent on the speed and quality of the response provided by the businesses. In some cases we are yet to receive a response despite a number of requests.

1.2 Can you provide details on the revised time frames for PCM for schemes from Phase 3 onwards including planned start and finish times?

As noted in 1.1 above ERF phase 3 (November 2020) is well under way. It is difficult to impose a deadline on this activity, it is at an early stage and like earlier rounds of PCM activity, completion is very dependent on the speed and quality of the response provided by the businesses.

Evaluation

1.3 How have you determined the evaluation arrangements for your COVID-19 support for business, including what have you taken from existing approaches for evaluating business support, and what have you had to develop?

Welsh Government developed a working group to develop the evaluation arrangements for the COVID-19 support for business, this group included the Knowledge and Analytical Services team (KAS) who are responsible for research and analysis within the Welsh Government.



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The methodology of the evaluation was drawn from previous successful methodologies within KAS and the Entrepreneurship team. The methodology consisted of administrative data analysis, beneficiaries survey as well as an element of an additional survey to ascertain survivability and employment safeguarding as well as other areas.

1.4 Economic Intelligence Wales has published two evaluation reports to date (in December 2020 and April 2022). How are you implementing any recommendations it has made for future research and could any publication of future evaluation reports be drawn to the attention of the Committee when published?

Economic Intelligence Wales has published two reports to date and will publish a third report by January 2023.

Headlines from the second report are as follows:

- 85% of respondents agreed (overall) that assistance was as important as furlough
- 89% (overall agreed) that assistance worked well to safeguard employment in business.
- 89% of respondents agreed that the assistance worked to safeguard employment in the business.
- At the time of survey 95% of businesses were still trading.

A conclusion within the second bespoke report noted the following we expect to accept:

- “There is a further element of future research that will need to consider comparative survival and growth trends of assisted organisations. There is particular interest, in later analysis, in identifying the survival trends in businesses assisted by Welsh Government support compared to businesses who were not beneficiaries of this same support.
- Ideally this analysis will be undertaken within the framework of company accounts information and with the need to wait until financial records are available for the 2020-21 Periods”.

The research team are considering how this can be undertaken in future bespoke reports of the ERF evaluation.

We will notify the Committee when future evaluation reports are published.



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1.5 What broader lessons have you learnt from the evaluation undertaken to date to inform the Welsh Government's approach to financial support for business in the future?

The importance of communication with the businesses impacted cannot be overstated, this developed throughout the various rounds of funding and early communication of eligibility criteria, funding levels and step by step guides and transparency of application progress is key.

The utilisation of Artificial Intelligence checks proved to be an effective tool in identifying potentially ineligible applications, and this should be expanded for future grant funding schemes.

The importance of teamwork, continuous learning and the quality of public servants across Wales able to generate programmes of scale with pace and accuracy.



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Annex 2: Other Covid 19 Expenditure

2.1 How are you obtaining assurance over, and evaluating the impact of, the COVID-19 grants to organisations other than local authorities, including those COVID-19 grants administered by other organisations, such as the Arts Council of Wales and the Third Sector such as the WCVA?

The significant grants other than those to local authorities and through the Covid-19 Support for Business were for the Third Sector and the Culture Recovery Fund.

Third Sector

Background

The circa £42 million Third Sector Covid Response fund had a number of components:

- Voluntary Service Emergency Fund - to support volunteers in responding to the initial impact
- Voluntary Service Recovery Fund – to support volunteers in responding to the longer-term impacts from the pandemic.
- Third Sector Resilience Fund - supporting voluntary sector organisations to re-invest for growth out of and beyond COVID restrictions.

Assurance

The Third Sector funds have been reviewed by Audit Wales. This review covered reports and other documents that provide evidence of controls being in place that are intended to target funding, manage financial risks, and ensure value for money. No issues were identified with either this review or the one carried out by internal audit.

Impact of funding

Impact monitoring and reporting requirements were all an integral part of the Third Sector Covid response Fund.

WCVA have published impact reports of both the VSEF and VSRF, details of these reports can be found at Voluntary Services Emergency and Recovery Fund - WCVA. Regarding TSRF, organisations were required to submit project progress reports after three and twelve months to WCVA.



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In addition, WCVA providing data throughout the pandemic, which during the first wave was daily. This data enabled officials to assess impact and work with other funders to ensure that organisations supporting those experiencing the greatest effects were able to be supported.

Culture Recovery Fund

Background

The £108m delivered via the CRF was split into three key areas:

- A CRF fund delivered by the Culture, Sport, and Tourism Directorate in Welsh Government. This support was available to creative, cultural, events and their technical suppliers, and heritage organisations.
- The Arts Council of Wales (ACW) received funds to deliver similar support to organisations operating in the disciplines of music, dance, theatre, literature, visual and applied arts, combined arts, digital art.
- A dedicated Freelancer Fund was also created to support individuals in the sector who have been impacted by the pandemic. The fund was open to freelancers in the sub sectors of arts, creative industries, arts and heritage events, culture and heritage, whose work has direct creative/cultural outcomes. This has been administered through local authorities in Wales.

The three schemes had identical governance structures in place led by Director Culture, Sports and Tourism.

Reviews of the first two rounds of support have been undertaken. A representative from ACW attended the evaluation steering group meetings. These included responses from stakeholders. We are exploring when it will be possible to undertake a review of round three of support which ran over the Christmas and New Year 2021-22 period.

The results of the review of rounds 1 and 2 of the support highlighted that:

- *Cultural Organisations.* Across CRF Rounds 1 and 2 there were 2,013 applications in total of which 1,211 organisations (60 per cent) secured grant funding support (Table 5.1). The applications were made by 1,517 individual organisations, 871 of whom were approved. Some 503 businesses made repeat applications, 242 of whom secured funding in both rounds.



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- Freelancer Fund. The administrative data from both rounds of the Freelancer Fund that was delivered by local authorities shows that 4,157 freelancers were supported with the total value of the grants awarded amounting to £10.39 million (3,425 in Round 1 and 732 in Round 2). Analysis of the data also indicates that 995 freelancers received funding support across both rounds of funding.

Use of CRF funding

Stakeholder feedback revealed that the CRF was used as a means of safeguarding jobs, organisations, and the sector. For a few, safeguarding assets and buildings was closely linked to the wider rationale, whilst others also saw the fund as a means of supporting communities by extension.

When asked to state how they had used their funding, organisations responding to the survey most frequently reported they used their grant to pay bills and cover overheads (78 per cent) followed by staff salaries (60 per cent) (Figure 6.1). However just over half of recipient organisations also used the funding they received to revise their business model or services (55 per cent) or invest in equipment (54 per cent).

Impact of the CRF

Stakeholder feedback from grant recipients ascertained that if they had not received the funds just over half (52 per cent) of respondents would have had to close.

In addition, 38 per cent of stakeholders who provided feedback felt that without the CRF they would have had to make staff redundant.

Conclusions from the review

CRF has helped and is helping with mitigating the negative impacts of the pandemic. Funding has protected financial reserves and income, enabled and facilitated innovation, developed and strengthened networks and collaboration and supported organisations and freelancers alike to retain confidence in their future prospects as Wales emerged from COVID-19.

The design and delivery of the Fund has been successful in achieving an appropriate balance between ensuring that funding has been provided at pace given the financial crisis facing many organisations whilst at the same time protecting the public purse.



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Stakeholder feedback indicated that the Fund was generally well designed, providing clarity and ease of access. The speed with which the funding had been delivered was felt to have been a key strength. Moreover, the engagement between the sector, public bodies and the Government has provided a further, unforeseen but positive outcome. This level of engagement and collaboration now has the potential to focus on longer-term and structural support needs within the cultural sector in Wales as the nation moves into a recovery and rebuilding phase.

2.2 How has the Welsh Government worked with the Third Sector to address the 'future issues' noted in the COVID-19 evaluation report, including reviewing the general funding approach post pandemic?

The key future issues noted in the report related to Support and Engagement.

On Support

The Third Sector Partnership Council Funding & Compliance Sub-Committee has been working with WG's Grant Centre of Excellence to enable grant managers to offer 3+3 years of funding where this is appropriate.

Our Third Sector Support Wales (TSSW) grant provides core funding to the Wales Council for Voluntary Action (WCVA) and County Voluntary Councils across Wales to provide a third sector support infrastructure. For 2022-23 we have increased the baseline of this grant to £6.98m, an increase of 10% on pre-pandemic levels.

We have also, for the first time, given the TSSW partnership a three year grant commitment to allow them to undertake long-term planning, whilst retaining staff and skills. It will allow the continued development of longer-term partnerships and relationships (with Local Authorities and Health Boards) which were so important when responding to the pandemic, and for projects to be run over several years leading to better outcomes and learning.

The Minister for Social Justice recently announced a £2.2m package of support for the sector. This includes an additional £1m in 2024-25 for Third Sector Support Wales, which comprises WCVA and the 19 Country Voluntary Councils, and £1.2m over this and the next three financial years for the Newid partnership (led by WCVA, Wales Coop and Promo Cymru) to continue supporting digital skills in the voluntary sector.



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On Engagement with Partners

Officials regularly meet with a range of third sector funders including the National Lottery Community Fund. These meetings, established during the pandemic ensure that there is no duplication of effort and identify gaps, having been used to inform our response to supporting those fleeing the conflict in Ukraine, are currently focussed on the cost-of-living crisis.

Along with the Third Sector Partnership Council, we have co-produced a Third Sector Covid Recovery Plan setting out our joint priorities, which we are working with the sector and other partners to implement. The plan has three key work streams – Support, Relationships and Volunteering. This work will include a review of Welsh Government’s Volunteering Policy and the development of a Community Policy, and a review of the Code of Practice for Funding the Third Sector. Together these pieces of work will create an environment that will enable third sector organisations to be more sustainable.

This work will be our focus over the remaining assembly term, demonstrating progress against the Programme for Government commitment to ‘Continue our strong partnership with voluntary organisations across the range of our responsibilities’.



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Annex 3: Further information agreed to be provided and additional points the Committee wishes seek clarity on.

3.1 A copy of the terms and conditions framework that has been agreed between the Cabinet Office and Welsh Government regarding your employment as Permanent Secretary

The Welsh Government HR team worked with their Cabinet Office counterparts on a Permanent Secretary terms and conditions framework that is now in operation. This clearly sets out roles, responsibilities and decision making across all aspects of employment, reflecting the Welsh Government context and ensuring both organisations are involved appropriately in future matters.

This has been put in place in advance of broader work the Cabinet Office intend to undertake on the relationship between Cabinet Office and the Permanent Secretaries of both Welsh Government and Scottish Government.



WG Permanent
Secretary terms and c

3.2 The timeline for the Welsh Government's request to carry forward at 31 March 2021 a sum in excess of the limit on the Wales Reserve and the response from HM Treasury, which rejected it.

At the end of the 2020-21 financial year, the outturn reported was within the overall (i.e., combined revenue and capital) DEL budget. Therefore, Welsh Government worked on the basis that the net underspend could be accommodated within the Wales Reserve. This would require a revenue to capital switch in line with HMT's Consolidated Budgeting Guidance – a mechanism that Welsh Government has utilised previously.

In November 2021, HMT officials advised that unused revenue budget could not be retrospectively switched to capital to offset an overspend against the capital budget. As a result, the revenue underspend exceeded that which could be accommodated within the Wales Reserve.

In December 2021, Welsh Government provided options to HMT with suggestions of how the 'excess' could be utilised including reprofiling into future years and ring-fencing to be used on specific programmes.



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In March 2022, HMT advised it did not accept any of the suggestions and would apply its position as set out in November 2021.

The Minister for Finance and Local Government met with the Chief Secretary to the Treasury on 29 March 2022 to discuss this issue and followed up in writing on 4 April 2022 requesting the CST reconsider this decision.

The CST responded on 19 April 2022 rejecting the Minister's request.

3.3 Confirmation that the £155.5 million that was lost to Wales as result, which was either not drawn down or paid back to HM Treasury, equates to around two-thirds of 1p on income tax.

In 2022-23, based on the ready reckoner published alongside the 2022-23 draft Budget¹, £155.5 million is equivalent to around two-thirds of the revenue raised from putting 1p on each of the Welsh rates of income tax.

3.4 Information about the Welsh Government's estimate of the risk of fraud and error relating to its COVID-19 support for business, as reported in the Governance Statement in the Consolidated Accounts 2020-21, by scheme. This said the estimated incidence of fraud and error was between 0.08% to 4.17%, which the Welsh Government quantified to range from £0.7m to £37.2m. This information should include details of how these figures were calculated. We referred to the approach taken by the UK Government Department for Business, Energy and Industrial Strategy (BEIS), in providing these details in relation to UK Government COVID-19 Grants in its Annual Report and Accounts 2020-21, which appeared to be more detailed. The Welsh Government may wish to replicate this approach.

The estimated level of potential fraud and error was calculated on the basis of information received from Local Authorities (LA) following the completion of a survey looking at the 2020/2021 financial year for the LA administered schemes and for ERF Welsh Government administered schemes from the PCM that had been undertaken at that point.

¹ <https://gov.wales/sites/default/files/publications/2021-12/welsh-rates-of-income-tax-ready-reckoner-2022-to-2023.pdf>



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- To note we do not have the data split between fraud and/or error – however no instances of fraud have been identified in the PCM on the ERF administered by the Welsh Government, to obtain any further split we would need to contact the Local Authority teams.
- At the time from the LA returns received 195 instances of Fraud and Error were calculated out of 246,127 awards, which gave a fraud and error rate of 0.08%. This related to LA administered awards
- We also reported a maximum rate of 4.17% This figure represented the highest incidence of fraud and error we found in ERF or LA Awards. Namely in the ERF phase 3 SME Business Development Grant where we had 24 Post Completion monitoring Reports completed, one of which contained a potential recovery, $1/24 = 4.17\%$

So, taking the range of the overall fraud and error incidence rates gives the following results for the potential risk of fraud and error when applied to £893m of grants provided with enhanced eligibility criteria and for which PCM was not complete at the reporting date:

Range of fraud and error incidences based on volumes of grants issued		0.08%	4.17%
Applied to value of grants in review	£ 892,915,580	£ 708,341	£ 37,204,816
Applied to volume of grants in review	199,720	158	8,322
Applied to average value of grant in review	4,471	708,341	37,204,816

3.5 A breakdown of the risk of fraud and error to distinguish cases relating to eligibility from incidences of detected fraud in respect of Welsh Government administered schemes and, when available, for NDR related (Local Authority administered schemes).

Local Authority administered schemes - Fraud and Error

From the 18 of 22 Local Authority 2021-22 returns to date, 8 cases of fraud (from 21,887 payments made) have been identified for a combined value of £28,000 and 13 errors for a combined value of £45,000. The main reason for the low fraud rate was the high level of rejected applications for funding:



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- NDR – pre payment at application average rejection rate of 13.4%
- Discretionary Funds – pre payment at application average rejection rate of 44.4%

Economic Resilience Fund - Fraud and Error

Working in parallel with the WG Counter Fraud team to date there have not been any cases of fraud identified as a result of the Welsh Government ERF PCM activities undertaken to date, should any concerns be identified, we would refer these to the Head of Counter Fraud for discussion and investigation.

To date Welsh Government has recovered £1,125,652 in relation to overpayments between the administration of the NDR scheme and the initial phases of the Economic Resilience Fund.

To date £105,525 has been recovered by the Welsh Government ERF PCM team in overpayments in relation to delivery of the Economic Resilience Fund.

3.6 Confirmation of the funds recovered by Welsh Government following its Post Completion Monitoring and whether, having identified sums to be clawed back, any businesses in receipt of those funds have not yet returned the funding. We request this information be broken down by scheme and details provided on the corresponding figures for the schemes administered by local authorities.

Local Authority administered schemes – Post Completion activity

We do not hold the information on the amount or value of monies recovered by the Local Authorities, they would pursue these amounts using their normal operating procedures, and any funds recovered would be subsequently returned to the Welsh Government.

Economic Resilience Fund – Post Completion activity

As part of the ERF Post Completion Monitoring activities, at November 2022, the following funds have been received. Cases relating to error/overpayments quoted at question 12 (£105,525) are included in the figures detailed below.



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RECOVERIES - Complete	Number of Cases	Total Value of Recovery
Phase 1	16	£588,884
Phase 2	6	£195,000
Phase 3	1	£60,000
Phase 4 - SSF1	8	£174,347
Phase 5 - SSF2	2	£22,396
Phase 6 - May/June	3	£20,000
Phase 7 - Jul/Aug	0	0
	36	£1,060,627

As part of the ERF Post Completion Monitoring activities, at November 2022 the following are the recoveries that are in progress, (some of these cases will relate to insolvencies where the actual return may eventually be smaller.)

RECOVERIES - In progress	Number of Cases	Potential Total Value of Recovery
Phase 1	24	£1,308,230
Phase 2	17	£843,408
Phase 3	2	£125,000
Phase 4 - SSF1	4	£69,943
Phase 5 - SSF2	2	£59,905
Phase 6 - May/June	1	£5,000
Phase 7 - Jul/Aug	0	0
Total	50	2,411,486



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Permanent Secretary terms and conditions – approval framework:

LEARNING AND DEVELOPMENT	
Aspect / Action	Communication / Approval
Training that is a WG requirement / mandatory or part of standard L&D offer e.g. DSE	<ul style="list-style-type: none"> No approval needed – central record maintained as for all employees
Learning and development to support the WG context that incurs a cost	<ul style="list-style-type: none"> WG HR Director approval of expenditure Cabinet Secretary informed by Perm Sec
Professional development programme for Permanent Secretaries	<ul style="list-style-type: none"> Cabinet Secretary/Cabinet Office in discussion with Perm Sec WG HR Director approval of expenditure if it incurs cost
Personal development requested by Perm Sec	<ul style="list-style-type: none"> Perm Sec to discuss and agree with Cabinet Secretary WG HR Director to endorse and approve expenditure
<i>Annual update to RemCom of learning and development activity undertaken by the Permanent Secretary</i>	

WORKING ARRANGEMENTS	
Aspect / Action	Communication / Approval
Requesting annual leave and monitoring leave balance	<ul style="list-style-type: none"> Perm Sec manages own annual leave – recorded by Perm Sec’s Private Office Perm Sec’s office to provide Perm Sec’s leave info to Cabinet Office when they collate plans / intentions for peaks periods (e.g. summer, Christmas) Perm Sec / Cabinet Secretary to include annual leave as a regular item for their 1-2-1s Perm Sec to alert WG HR Director if unable to take annual leave
Taking special leave	<ul style="list-style-type: none"> Perm Sec to make Cabinet Secretary aware of intention / need Application made to WG by Perm Sec WG HR Director approval

Banking leave	<ul style="list-style-type: none">● Perm Sec to discuss with Cabinet Secretary● Application made to WG by Perm Sec● WG HR Director approval
*Claiming overtime - <i>only appropriate when a specific business case approved by Cabinet Office for SCS (e.g. crisis response)</i>	<ul style="list-style-type: none">● Perm Sec to discuss with Cabinet Secretary● Application made to WG by Perm Sec● WG HR Director approval
Claiming T&S	<ul style="list-style-type: none">● Claim made by Private Office on Perm Sec's behalf – no further approval needed
*Monitoring sickness absence	<ul style="list-style-type: none">● WG HR Director to be made aware of sickness absence and arranges any support needed (e.g. OH referral)● If it relates to a period of long terms sickness, the Cabinet Secretary will also be informed.● WG HR Director will agree cover arrangements with Perm Sec – arrangements to be endorsed by Chair of WG RemCom and Cabinet Secretary and discussed with FM
*Considering Conflicts of Interest (Col)	<ul style="list-style-type: none">● Col form to be completed by Perm Sec / Private Office● Considered by Director of Propriety and Ethics and Chair of WG ARAC, copied to Perm Sec HR team in CO
Requesting to change working hours	<ul style="list-style-type: none">● Perm Sec to discuss with WG HR Director● Perm Sec to seek approval from Cabinet Secretary and First Minister of request● WG HR team to liaise with Cabinet Office Perm Sec HR team
Requesting partial retirement	<ul style="list-style-type: none">● Perm Sec to discuss with WG HR Director● Perm Sec to seek views from Chair of WG RemCom and Chair of WG ARAC● Perm Sec to alert Cabinet Secretary and First Minister of request

	<ul style="list-style-type: none"> • WG HR team to liaise with Cabinet Office HR team • Perm Sec to complete partial retirement request form and submit to HR director for employer approval • Request submitted to MyCSP
<i>*Annual update provided to RemCom</i>	

PERFORMANCE	
Aspect / Action	Communication / Approval
Managing Perm Sec performance process on an ongoing basis	<ul style="list-style-type: none"> • WG HR Director, liaising with Chair of WG RemCom to capture any perceived issue and inform Cabinet Secretary
Permanent Secretary annual performance review	<ul style="list-style-type: none"> • Cabinet Office write annually to confirm process • Chair of WG RemCom collates feedback for Cabinet Secretary, including contribution from HR Director • Cabinet Secretary undertakes performance review
Complaint made about Perm Sec conduct or Perm Sec raising a complaint	<ul style="list-style-type: none"> • Complaint raised with Cabinet Secretary and action managed by Chair of WG ARAC, working with Director of Propriety and Ethics in line with WG Dignity at Work policy
<i>RemCom to be updated</i>	

PAY, REWARD AND PENSION (AG is a secondee and not on WG payroll – see annex 1)	
Aspect / Action	Communication / Approval
Basic pay on appointment for internal and external candidates / annual pay <i>(refer to annex 1 on actioning secondments)</i>	<ul style="list-style-type: none"> • Perm Sec pay tiers set centrally based on weight and complexity of role. Cabinet Secretary and Head of Civil Service decide which tier each role sits in – applies to internal and external candidate on appointment • Chief Secretary to the Treasury (CST) signs off

	<ul style="list-style-type: none"> ● Perm Sec salary reported in annual accounts and pay policy statement
Performance related pay	<ul style="list-style-type: none"> ● Cabinet Office Perm Sec bonus committee consider performance and award an in-year and / or end-year bonus if applicable. WG Perm Sec will not accept a bonus even if offered one in line with Welsh Ministers views
Capability Based Pay (CBP)	<ul style="list-style-type: none"> ● CBP currently not confirmed at Perm Sec level – awaiting further information from Cabinet Office
Pension arrangements	<ul style="list-style-type: none"> ● Perm Sec is responsible for own pension arrangements but is able to access the same support as other staff, e.g. specialist pension tax advice. Arrangements for partial retirement outlined above. ● Perm Sec pension value and growth reported in annual accounts as part of total remuneration
Tax arrangements	<ul style="list-style-type: none"> ● Perm Sec is responsible for own tax arrangements. PAYE if paid through payroll.
<p><i>Perm Sec pay details published in annual accounts and pay policy statement. Also reported to Cabinet Office in SCS annual return and high earners reporting (latter published on gov.uk)</i></p>	

LEAVING THE ORGANISATION	
Aspect / Action	Communication / Approval
Perm Sec death in service	<ul style="list-style-type: none"> ● WG HR Director to discuss cover arrangements with FM and Cabinet Secretary ● WG HR Director to update Chair of WG RemCom and to engage Cabinet Secretary ● WG HR team to liaise with Cabinet Office HR team

<p>Perm Sec resignation or retirement from organisation before contract end</p>	<ul style="list-style-type: none"> ● Perm Sec to discuss with WG HR Director and Cabinet Secretary ● Perm Sec to write to WG HR Director and Cabinet Secretary (copy to CO HRD) ● WG HR team to liaise with Cabinet Office HR team ● FM informed ● Chair of RemCom and Chair of ARAC informed
<p>Perm Sec end of contract</p>	<ul style="list-style-type: none"> ● Initial end of contract discussion one year before end date between WG HR Director and Perm Sec and Perm Sec to discuss outline plans with Cabinet Secretary ● WG HR team to liaise with Cabinet Office HR team ● CO HRD to start replacement process 9 months before end date following discussion with FM and Cabinet Secretary ● Cabinet Secretary discussion with Perm Sec on their wishes and plans 6-9 months before end of tenure - Cab Sec will seek the views of Chair of WG RemCom before seeking the FM's approval (and informing the PM) ● Stocktake by Perm Sec's office 6 months prior to end date of leave, banked leave etc. – update to be provided to WG HR Director and CO HRD
<p>Payments due on exit (e.g. any banked leave, if payment in lieu of notice is appropriate etc)</p> <p><i>(in the exceptional case of a special severance payment, the requirements of 'Managing Welsh Public Money' would also be followed)</i></p>	<ul style="list-style-type: none"> ● If appropriate and relevant, proposal to be developed by WG pay team on advice of HR Director ● WG HR Director to consult Cabinet Office HR team on proposal – CO HR to advise on appropriate approval routes ● Payment proposal to be considered by Director of Propriety and Ethics and a recommendation made to Chair of RemCom ● Chair of WG RemCom endorsement required ● FM briefed by WG HR Director
<p><i>RemCom briefed on leaving arrangements and any exit payment</i></p>	

OFFICIAL: SENSITIVE
To be reviewed 1 April 2023

STATUS: signed off by CO HR and WG HR 29.09.2022
Endorsed by Chair of WG RemCom 30.09.2022
Endorsed by Chair of WG ARAC 30.09.2022

General principles:

If an eventually arises that is not already documented or written into policy, the WG HR Director would develop a proposal in liaison with Director of Propriety and Ethics and CO HRD for discussion and endorsement by the Chair of WG RemCom and Chair of WG ARAC (proposal would outline any additional approval routes needed). Consideration to be given on whether FM and / or Cabinet Secretary agreement is needed depending on the nature of the development.

Annex 1: Actioning Secondments at all grades

All secondment agreements are drafted using a standard template. There are a number of mandatory paragraphs included in the agreement which protect both parent and host organisation, and other areas where we include information relevant to the specific secondee e.g. salary, terms of appointment (fair and open or direct) etc.

We ask for confirmation of salary from the parent organisation at the point of drafting the agreement, which is then sent to the parent organisation for approval and eventual sign off. For Permanent Secretary appointments, there would be liaison with Cabinet Office on salary and T&C prior to approval and sign off*.

We do not review secondment agreements or update them to reflect salary changes after all parties have signed the agreement. We are invoiced for salary payment by the parent department and any uplift of salary awarded by the parent organisation would be included in the monthly invoice received.

Salary ranges and salary increases if a Permanent Secretary is a secondee

*If a Permanent Secretary is a secondee, the appropriate approval route of salary range will be agreed between the WG HR team and the CO HR team on appointment. The individual will alert the Welsh Government HR team and Cabinet Office HR team of any salary uplift or pay award made by the parent organisation during the secondment term, at the point it is made. The outcome of that discussion should be documented, and the individual's personal HR file will be updated accordingly.