

Grwp yr Economi, Sgiliau a Chyfoeth Naturiol  
Economy, Skills and Natural Resources Group

Dirprwy Ysgrifennydd Parhaol • Deputy Permanent Secretary



Llywodraeth Cymru  
Welsh Government

Mr Huw Vaughan Thomas  
Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

2 February 2017

Dear Huw

**National Library of Wales: A Review of Governance report**

We welcome the publication of this report on 5 December 2016. The Report recognises recent progress made by the National Library of Wales, and provides practical recommendations for further improvements to increase the organisation's resilience and sustainability.

Most of the recommendations contained in the Report are for the National Library to consider. The Welsh Government will monitor the Library's progress on the implementation of agreed actions through the existing mechanisms in place between the National Library and its sponsor division.

Our response to the two specific recommendations for the Welsh Government is attached.

Please do not hesitate to contact me if you require any further information.

Yours sincerely,

James Price

Copied to: Chair of the Public Accounts Committee (via [SeneddPAC@Assembly.Wales](mailto:SeneddPAC@Assembly.Wales) )  
Cabinet and Plenary Mailbox ([Government.Committee.Business@wales.gsi.gov.uk](mailto:Government.Committee.Business@wales.gsi.gov.uk) )  
Welsh Government's Corporate Governance Unit mailbox ([cgu@wales.gsi.gov.uk](mailto:cgu@wales.gsi.gov.uk) )

## **Response to the Auditor General Wales' report: *National Library of Wales: A Review of Governance* (December 2016)**

We welcome the findings of the Report. Most recommendations contained in the Report are for the National Library of Wales. The Welsh Government will monitor the Library's progress on the implementation of agreed actions through the existing mechanisms in place between the National Library and its sponsor division.

The following recommendations contained within the Report are specific to the Welsh Government, and our response to these recommendations is provided below.

### **Recommendation 1:**

**We recommend that the Welsh Government clarifies its position in response to the Public Accounts Committee's recommendations that:**

- **There should be greater clarity around the Library's insurance arrangements; and**
- **Those insurance arrangements should be reviewed**

### **Response: Accepted**

General guidance concerning insurance for sponsored bodies, including the National Library, is provided in *Managing Welsh Public Money*. This document was reissued during 2016, following a major update. General issues concerning insurance arrangements are also applicable to other arms length organisations and need to be considered in a wider context.

The National Library's current funding agreement with the Welsh Government (the Framework Document) specifies that advance approval must be obtained from the Welsh Government prior to the use of public funds to purchase any commercial insurance which covers particular operational issues above and beyond that which is required by statute.

Whilst we have agreed to the Library taking out commercial insurance on a limited basis for some very specific risks, there is no intention it should take out commercial insurance for its buildings, and indeed we have had no request to this effect. To do so would have implications across the estate of the Welsh Government and its funded bodies, and would be a major departure from the fundamental principle that the Government insures itself.

The Library did seek guidance from us some time ago regarding the pursuit of litigation against other parties in respect of the fire. We have been working jointly with the Library and their legal advisers on this matter.

## **Recommendation 8:**

**In order to support the Library in fulfilling its statutory duty to plan for a sustainable future, the Welsh Government should consider:**

- **Notifying the Library of its annual funding allocation at the earliest opportunity in the preceding financial year; and**
- **Resume the practice of providing indicative budgets to the Library once the UK Government confirms indicative levels of future funding to the Welsh Government**

## **Response: Partially Accepted**

We always inform the National Library of their budget on the day on which the Welsh Government's Draft Budget is published. This is subject to confirmation in the Final Budget.

Budgets since 2015-16 have been developed against the backdrop of unprecedented uncertainty. Our intention throughout summer 2016 was to publish a budget for a three year horizon, which would have provided our partner organisations with greater certainty in planning for a longer budget period. However, the lack of clarity about the revenue resources available beyond 2017-18 meant this ambition was not possible. As a result, we were able to only lay a one-year revenue budget, with capital budgets for four years.

As we consider future Welsh Government budgets, we will continue to work with partners to provide the available indicative information to inform their forward financial planning. Our aim is always to provide a longer run of budgets whenever possible.