

# Scrutiny of Accounts

## Welsh Government 2023-24

September 2025



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# **Scrutiny of Accounts**

## Welsh Government 2023-24

September 2025



# About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:  
**[www.senedd.wales/SeneddPAPA](http://www.senedd.wales/SeneddPAPA)**

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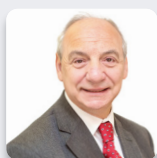
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**Tom Giffard MS**  
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## Chair's foreword

The Committee's annual scrutiny of the Welsh Government's Accounts remains one of the core areas of our work. Whilst the Committee were broadly satisfied with the evidence heard on the Accounts, there remain areas of concern that require further assurance, and action on the part of the Welsh Government.

The Committee has received insufficient assurance on the delivery of Welsh Government 2025 and will continue to strive to obtain further information about what is being done to implement this change programme, and whether it's meeting the Welsh Government's objectives. The Welsh Government has refocused the programme, however there is little evidence of what this means in practice. We are concerned that there is insufficient information presented in the Accounts about such a significant area of work.

We remain concerned about skills, capacity and resourcing within the Welsh Government's workforce and the consequent impact on the delivery of services and policy development. The wellbeing of staff will always be of importance to the Committee and recommendations in this report around the monitoring of absences relating to mental illness are intended to ensure the Welsh Government better delivers for its workforce.

There remains areas of further clarity that the Committee would appreciate further information on, including the emergence of new risks on an annual basis, on an underspend by the Development Bank of Wales and on the level of fraud and error relating to COVID-19 business grants.

Finally, the Committee remains seriously concerned about the Welsh Government's unsatisfactory oversight of Arm's Length Bodies, which we believe has contributed to issues arising at bodies. The Welsh Government's move to a risk-based approach to oversight has been raised in other reports and remains an area of significant concern, given the issues that arose during more robust previous arrangements.

We will consider the finalised risk-based approach once it's implemented and will look to scrutinise the Welsh Government further, if the arrangements provide insufficient assurance to the Committee.

**Mark Isherwood MS,**

Chair of the Public Accounts and Public Administration Committee

## Recommendations

**Recommendation 1.** We recommend that the Welsh Government explains why, despite the challenges in preparing the accounts using existing processes and systems, it is not planning to invest in the new finance system until it becomes business critical. .... Page 16

**Recommendation 2.** We recommend that the Welsh Government updates the Committee in due course about its review of the finance function across the organisation and the other measures it is taking to improve the speed and efficiency of its accounts preparation process while ensuring the health and well-being of staff. .... Page 16

**Recommendation 3.** We reiterate our call for transparency around the timetable for the annual accounts. We recommend that the Welsh Government publishes its timetable for the 2024-25 Accounts, and each year going forward, as soon as possible following its agreement with Audit Wales. .... Page 17

**Recommendation 4.** We recommend that the Welsh Government provide the Committee with an update on how it has engaged with any private sector entities or individuals regarding investment into GCRE Ltd, details of how much has the Welsh Government spent on GCRE Ltd to date and whether the first phase of the masterplan construction will be completed by the middle of 2025. .... Page 17

**Recommendation 5.** We recommend that the Welsh Government provides the following information relating to the Optimised RetroFit Programme:

- When the Intelligent Energy System (IES) devices that were identified during 2023-24 as being defunct had been obtained/installed.
- The overall cost of the contracts involved in procuring the IES Kit for the Optimised RetroFit Programme to put the scale of the loss into context. .... Page 20

**Recommendation 6.** We recommend that the Welsh Government explains the changes it made to Welsh Government 2025 when, given budgetary pressures, it refocussed the programme. This should include information about the implications of the changes for the programme's overall objectives and the related impact on the organisation itself. Additionally, it should provide information about the six key areas it wants to address under the Welsh Government 2025 programme and how these link to the three workstreams, as well as any plans for the future of the programme beyond 2025. .... Page 27



**Recommendation 7.** We recommend, going forward, the Welsh Government sets out in its accounts a clear and balanced commentary about delivery against its change programme. This should include information about any significant changes to the programme, explaining why the Welsh Government has made them and the implications for the delivery of, and objectives for, the programme. .... Page 27

**Recommendation 8.** We recommend that the Welsh Government provide information about the roles undertaken by staff who left the organisation under the Voluntary Exit Scheme and how this scheme supported any workforce re-design beyond simply reducing the staffing budget..... Page 27

**Recommendation 9.** We recommend that the Welsh Government explain what factors informed its decision-making about its current and future skills requirements as part of the recent voluntary exit scheme..... Page 27

**Recommendation 10.** We recommend the Welsh Government set out what wider assessment it has carried out about the roles within its organisation that may be surplus to requirements..... Page 27

**Recommendation 11.** We recommend the Welsh Government informs the Committee when it expects to complete the corporate systems road map and provides an update when it has done so..... Page 28

**Recommendation 12.** The Committee recommends the Welsh Government shares information on its review of its performance management arrangements, including the scope and the timescales for completion..... Page 41

**Recommendation 13.** The Committee requests that the Welsh Government provide data for the prevalence of short-term staff absence due to mental health issues and provides trend data for short and long-term absences due to mental health issues to show how this may have changed over time. .... Page 41

**Recommendation 14.** We recommend the Welsh Government provides information about the data breach in the Pobl system and what sort of data line managers were able to view, which they should not have been able to see. .... Page 41

**Recommendation 15.** We recommend that the Welsh Government reviews the presentation of the salary of the Director General, Health and Social Services/Chief Executive NHS Wales in its Pay Policy Statement for 2024 and ensures, in future, the information is not misleading and is consistent with the remuneration information in the annual accounts..... Page 41

**Recommendation 16.** We welcome the additional disclosures about risks in the Welsh Government's 2023-24 Accounts, which sets out the information in a clear and engaging way. However, we recommend that the Welsh Government also include, in its annual accounts, commentary about the new risks added during the year and ensures it follows best practice in reporting risks. .... Page 52

**Recommendation 17.** We recommend that the Welsh Government explain why its decision not to restart its Tailored Review programme is the result of the UK Government's decision to stop its corresponding programme. .... Page 54

**Recommendation 18.** We recommend that the Welsh Government alert this Committee when any sale of the shares is concluded, including details of the level of return, and kept the Committee updated on the leasing arrangement as and when any tenant is found. We ask that any updates include information about whether the expected level of income from any lease has been secured. .... Page 57

# 1. Introduction

- 1.** The Welsh Government publishes its Consolidated Accounts (“the Accounts”), which outline its finances and statutory obligations, on an annual basis.
- 2.** The 2023-24 Accounts were laid by the Auditor General for Wales (“AGW”) before the Senedd on 29 November 2024. The AGW provided unqualified ‘true and fair’ and ‘regularity’ opinions on them.
- 3.** The Public Accounts and Public Administration Committee (“the Committee”) undertook its scrutiny of the 2023-24 Accounts, taking oral evidence from the Welsh Government on 19 February<sup>1</sup> with further evidence provided in writing.
- 4.** At the time of our evidence taking, the Welsh Government’s Chief Operating Officer was Mr Tim Moss CBE who subsequently left the employment of the Welsh Government. Our report refers to him as the ‘then Chief Operating Officer’ throughout.

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<sup>1</sup> Public Accounts and Public Administration Committee (PAPAC). Record of Proceedings (RoP) 19 February 2025

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## 2. Accounts preparation

### Timetable

- 6.** During scrutiny of the Welsh Government's 2021-22 Accounts in March 2023<sup>2</sup> and its 2022-23 Accounts in March 2024<sup>3</sup>, officials noted the increasing complexity of the accounts preparation process with more organisations included in the Welsh Government's consolidated accounts. Last year, officials also noted additional complexities, such as the introduction of new accounting standards.<sup>4</sup> These complexities had also impacted on audit timescales.<sup>5</sup>
- 7.** In March 2023, the former Director of Finance told the Committee officials had agreed an "ambitious" three-year plan to bring forward the accounts sign-off to September.<sup>6</sup> A year later, officials said discussions were ongoing with Audit Wales regarding the approach for the accounts for next three years (2023-24 to 2025-26).<sup>7</sup> It had not started the plan and the three-year planning horizon had been extended to four years.<sup>8</sup>
- 8.** In its report on the scrutiny of the 2022-23 Accounts, the Committee recommended the Welsh Government provide, ahead of the scrutiny of the 2023-24 Accounts, an update about its plans to bring forward its accounts sign off to September.<sup>9</sup>
- 9.** In its response, the Welsh Government set out the context for its annual discussions with Audit Wales about the timetable, as well as the matters to be considered for the preparation and audit of the 2024-25 Accounts.<sup>10</sup>
- 10.** While noting it has maintained dialogue about it, the Welsh Government confirmed it does not have a formal plan specifying laying dates for the next three years. The Welsh Government (including its Audit and Risk Assurance Committee

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<sup>2</sup> PAPAC, RoP, 2 March 2023, paragraph 10

<sup>3</sup> PAPAC, RoP, 20 March 2024, paragraph 160

<sup>4</sup> PAPAC, RoP, 20 March 2024, paragraph 160

<sup>5</sup> PAPAC, RoP, 20 March 2024, paragraph 37

<sup>6</sup> PAPAC, RoP, 2 March 2023, paragraph 64

<sup>7</sup> PAPAC, RoP, 20 March 2024, paragraph 37

<sup>8</sup> PAPAC, RoP, 20 March 2024, paragraph 159

<sup>9</sup> Report of the Public Accounts and Public Administration Committee, Scrutiny of Accounts 2022-23: Welsh Government, December 2024, paragraph 25

<sup>10</sup> Letter from the Permanent Secretary, Public Accounts and Public Administration Committee – Welsh Government Annual Report and Accounts 2022-23, 10 February 2025

and those responsible for the NHS Accounts) would discuss this with Audit Wales in Spring 2025.<sup>11</sup>

**11.** During its scrutiny of the Welsh Government's 2023-24 Accounts, the Committee asked why officials did not yet have a formal plan to bring forward the accounts sign off.<sup>12</sup> The Permanent Secretary said:

*"The plan that you referred to is something that we develop alongside Audit Wales .... that cycle of getting it in by the end of the November, of itself, I think, will be a good outcome at this stage. We're happy to keep trying to see whether there are some opportunities to bring things forward a little bit. I think in the current financial year, we're looking to see whether the NHS accounts can be brought forward a little earlier, but I still don't think that's materially going to change the end of November timetable that we are working to."*<sup>13</sup>

**12.** The Director of Finance, highlighted officials had produced the accounts, which had been audited and laid before the Senedd, four months before the statutory deadline. However, he raised concerns about the "health and well-being" of staff if they are pushed "even more"<sup>14</sup>, adding:

*"So, what I'm trying to do is work with my team, work with Audit Wales, because we have regular meetings on this, to see whether we could make this a faster process."*<sup>15</sup>

**13.** The Permanent Secretary said officials will "continue to work with Audit Wales on the timetable"<sup>16</sup> but that:

*".... it's a pretty hard ask to deliver to the current timetable that we're delivering. And over the last three years, as you know, we have managed to restore the compliance with the timetable to make sure*

<sup>11</sup> Letter from the Permanent Secretary, Public Accounts and Public Administration Committee – Welsh Government Annual Report and Accounts 2022-23, 10 February 2025

<sup>12</sup> PAPAC, RoP, 19 February 2025, paragraph 43

<sup>13</sup> PAPAC, RoP, 19 February 2025, paragraph 46

<sup>14</sup> PAPAC, RoP, 19 February 2025, paragraph 41

<sup>15</sup> PAPAC, RoP, 19 February 2025, paragraph 41

<sup>16</sup> PAPAC, RoP, 19 February 2025, paragraph 45



*that that is done by the end of November for sign-off with Audit Wales as well.”<sup>17</sup>*

**14.** The Director of Finance told the Committee he is also “working with the Scottish Government to see what they are doing as well” and “the Government finance function at a UK Government level”<sup>18</sup>. He said:

*“I’m also reviewing the finance function, because I have got a very small, dedicated and skilled team, but it is a very small team, to do this work. So, those issues are preventing me pushing even more—and I am worried and concerned about the staff who deliver this who work long weekends and into the evenings—but it is a great result and to push it even more at this stage, I can’t give any guarantees. I am working with Audit Wales; we’ve had a meeting in the last couple of weeks, we’ve got a further meeting in the next month and then I’ll go through it with our audit risk assurance committee as well.”<sup>19</sup>*

**15.** The Director of Finance added “I think there will be a plan and a deadline for next year; I can’t, at this stage, guarantee a three-year plan”.<sup>20</sup>

## Accounting Boundary

**16.** In terms of more organisations being included in its consolidated accounts, the Welsh Government includes GCRE Limited in the list of its Subsidiaries and Arm’s Length Bodies, which are subject to a designation order but immaterial for consolidation in 2023-24<sup>21</sup>. GCRE [Global Centre for Rail Excellence] Limited is a subsidiary of the Welsh Government, established to develop a “purpose built site for world class research, testing and certification of rolling stock, infrastructure and innovative new rail technologies”.<sup>22</sup>

**17.** In its 2023-24 Accounts, the Welsh Government said “Although designated for consolidation, GCRE Limited has not yet been classified by ONS [Office for National Statistics] and private financial investment is actively sought for the long-term future of this entity which is anticipated to impact future classification”.<sup>23</sup>

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<sup>17</sup> PAPAC, RoP, 19 February 2025, paragraphs 44 & 45

<sup>18</sup> PAPAC, RoP, 19 February 2025, paragraph 47

<sup>19</sup> PAPAC, RoP, 19 February 2025, paragraph 47

<sup>20</sup> PAPAC, RoP, 19 February 2025, paragraph 49

<sup>21</sup> Welsh Government Consolidated Accounts 2023-24, p211

<sup>22</sup> GCRE Ltd [Accessed 22 May 2025]

<sup>23</sup> Welsh Government Consolidated Accounts 2023-24, p211

**18.** We asked the Welsh Government to update us on the current status of GCRE Limited and whether it had attracted private investment.

**19.** In its response, the Welsh Government confirmed in September 2024 the ONS classified GCRE Limited to the central government subsector with effect from 24 August 2021. It added:

*“The status of the project remains unchanged. Welsh Government continues to support the company in its efforts to secure private investment whilst planning for alternative funding solutions, should private investment fail to materialise fully or in part.*

*Should there be any change to the structure and governance of the company as part of securing private investment, this may necessitate classification review by ONS in future.”<sup>24</sup>*

**20.** We note that the GCRE website states ‘2025 will be the moment when all of [our] hard work at GCRE over the last seven years comes to a decision point’.<sup>25</sup> The Transport for Wales (TfW) website also provides information on the status of GCRE and states that the ‘first phase of the masterplan construction to be completed by the middle of 2025’.<sup>26</sup>

## **New finance system**

**21.** During its scrutiny of the 2022-23 Accounts, officials told the Committee they had a “drop-dead date” of 2026 or 2027<sup>27</sup>, when the Welsh Government would be “forced to upgrade by the suppliers [of the existing finance system], because, obviously, it's moved on in the last 14 years”.

**22.** In its report on the scrutiny of the 2022-23 Accounts, the Committee recommended the Welsh Government provide an update about the preparation for, and approval of, the business case for a replacement finance system, together with information about the plans and associated costs if the business case was not approved.<sup>28</sup>

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<sup>24</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>25</sup> GCRE website, accessed on 29 May 2025

<sup>26</sup> Transport for Wales website, accessed on 29 May 2025

<sup>27</sup> PAPAC, RoP, 20 March 2024, paragraph 49

<sup>28</sup> PAPAC, Report on Welsh Government Accounts 2022-23, recommendation 2, December 2024

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**23.** In its response, the Welsh Government confirmed its Executive Committee had, in August 2024, approved the strategic outline business case.<sup>29</sup>

**24.** During its scrutiny of the 2023-24 Accounts, the Committee enquired about the next steps in the approval process for the new finance system, noting the suppliers of the current system may force an upgrade or withdraw support for it.

**25.** The then Chief Operating Officer told the Committee about the plans to develop that into the outline business case and the final business case through 2025.<sup>30</sup>

**26.** The Director of Finance added:

*"... we have to put up a business case. We've done the SOC [strategic outline business case]; we've got to do the OBC [outline business case] and the FBC [final business case]. That will be a considerable amount of money on a capital basis. However, as you said, Chair, that will deliver revenue benefits as well, because it should streamline the system and it will affect the accounts. It will make it easier to do the accounts because we've got a significant manual system to do these accounts".*

**27.** The then Chief Operating Officer told the Committee officials were looking to learn lessons from colleagues in the Scottish Government, who have "just gone through this stage".<sup>31</sup>

**28.** He also clarified the position with the existing finance system.<sup>32</sup> He said:

*"The current systems we've got have updates going out certainly to 2028, but there's also information that we've picked up more recently that says, actually, you can extend the life of those further."<sup>33</sup>*

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<sup>29</sup> Letter from the Permanent Secretary, Public Accounts and Public Administration Committee – Welsh Government Annual Report and Accounts 2022-23, 10 February 2025

<sup>30</sup> PAPAC, RoP, 19 February 2025, paragraph 52

<sup>31</sup> PAPAC, RoP, 19 February 2025, paragraph 61

<sup>32</sup> PAPAC, RoP, 20 March 2024, paragraph 49

<sup>33</sup> PAPAC, RoP, 19 February 2025, paragraph 62

## Changes to the Performance Report

**29.** Welsh Government officials have undertaken work on the format, structure and flow of the Performance Report<sup>34</sup>, included in the Welsh Government's 2023-24 Accounts, as noted by the Permanent Secretary in his letter to the Committee<sup>35</sup>.

**30.** The Committee asked the Permanent Secretary about the objectives for these changes and if the Welsh Government has any plans for further improvements. The Permanent Secretary said officials have been working on the "way of presenting the annual accounts over recent years" reflecting on their "own experiences" as well as taking into consideration "the reflections of the committee".<sup>36</sup> He continued:

*"We know that some of the underlying messages have been about clarity, not just from a technical perspective, but, actually, more in the public domain, not just to help Members through that process, of course, but to make sure that there is an appropriate understanding of the way in which Welsh Government, not least as an organisation, runs its operations."*<sup>37</sup>

**31.** The then Chief Operating Officer added:

*"... this is a constant process that we iterate, both in terms of the look-back that goes into the annual accounts around our performance during the year, but also then how we're using performance frameworks going forward."*<sup>38</sup>

## Our view

**32.** Having been told there was an "ambitious" three-year plan to bring the accounts sign-off to September, the Welsh Government's evidence suggested this will not now be possible within the original timeframe with the number of staff in its accounts preparation team using existing systems and processes.

<sup>34</sup> Welsh Government Consolidated Accounts 2023-24

<sup>35</sup> Letter from the Permanent Secretary, 6 December 2024

<sup>36</sup> PAPAC, RoP, 19 February 2025, paragraph 34

<sup>37</sup> PAPAC, RoP, 19 February 2025, paragraph 34

<sup>38</sup> PAPAC, RoP, 19 February 2025, paragraph 37

**33.** We note the measures the Welsh Government is undertaking about these processes. These include the Director of Finance's review of the finance function across the Welsh Government, intergovernmental discussions with the potential for sharing best practices and discussions with Audit Wales about increasing the speed and efficiency of the accounts preparation process. While we look forward to hearing about the outcomes of such work, we remain concerned about the Welsh Government's continued use of manual and complex spreadsheets for the preparation of its accounts, particularly with the potential expansion of its accounting boundary.

**34.** We do not understand why, having heard last year the supplier of its existing finance system would force an upgrade in 2026 or 2027, the Welsh Government now told us it would receive updates to 2028 which would extend its life.

**35.** This latest evidence suggests the Welsh Government is not planning to replace its finance system until it becomes business critical. We are concerned about this given the related complexities and challenges, as well as the pressures on the small team that prepares the accounts. We would expect the Welsh Government to afford such proposals a higher priority and expedite its plans. The proposals will require a capital investment and we acknowledge the budgetary pressures the Welsh Government faces. However, officials acknowledged the revenue benefits a new finance system will generate. Benefits, it seems, the Welsh Government will now not accrue until the Seventh Senedd while bearing the related risks.

**Recommendation 1.** We recommend that the Welsh Government explains why, despite the challenges in preparing the accounts using existing processes and systems, it is not planning to invest in the new finance system until it becomes business critical.

**Recommendation 2.** We recommend that the Welsh Government updates the Committee in due course about its review of the finance function across the organisation and the other measures it is taking to improve the speed and efficiency of its accounts preparation process while ensuring the health and well-being of staff.

**36.** We note, at the time of our report, the Welsh Government had not published its timetable for the preparation and audit of the 2024-25 Accounts. The Committee has recommended that the Welsh Government publish its timetable each year, as soon as it is agreed with Audit Wales.



**Recommendation 3.** We reiterate our call for transparency around the timetable for the annual accounts. We recommend that the Welsh Government publishes its timetable for the 2024-25 Accounts, and each year going forward, as soon as possible following its agreement with Audit Wales.

**37.** We note that the Welsh Government continues to support GCRE Limited in its efforts to secure private investment whilst planning for alternative funding solutions, should private investment fail to materialise fully or in part.

**Recommendation 4.** We recommend that the Welsh Government provide the Committee with an update on how it has engaged with any private sector entities or individuals regarding investment into GCRE Ltd, details of how much has the Welsh Government spent on GCRE Ltd to date and whether the first phase of the masterplan construction will be completed by the middle of 2025

**38.** While acknowledging there is scope for continuous improvement, we welcome the changes to the presentation of information in the Welsh Government's accounts which are clearer, improving the accessibility and understanding of the information in the Performance Report in the Accounts.

### 3. Losses and special payments

**39.** The Welsh Government reports 159 losses, with a total value of £9.4 million and 16 special payments with a total value of £13.3m in 2023-24.<sup>39</sup> The value of six losses and one special payment individually exceeded £300,000 and, as required by Managing Welsh Public Money, the Welsh Government reported these separately.<sup>40</sup> The Committee explored the reasons for these losses and the special payment given the impact on the public purse.

#### Optimised RetroFit Programme

**40.** The Welsh Government's Optimised RetroFit Programme (ORP) offers a "whole house approach to decarbonising existing homes".<sup>41</sup> During 2023-24, officials identified a number of devices, procured as part of the ORP, had become defunct due to technological changes and which needed to be upgraded to ensure continuity of intelligent energy system ('IES') data provided to the programme. However, it was not possible to upgrade all the units and hence, the Welsh Government recognised the original cost of them (£2.3 million) as a loss.<sup>42</sup>

**41.** The Welsh Government says the way in which the original stakeholder mechanism was set up meant limited, direct engagement with its officials. A letter from the Permanent Secretary to the Committee states:

*"The IES installer led the programme management and delivery, with grant funding passported through a Registered Social Landlord. This appears to have created a lack of clarity in reporting and escalation. This meant that Welsh Government was unaware of the platform change issue, which led to the units becoming defunct, until after it had materialised."*<sup>43</sup>

**42.** The Permanent Secretary says the Welsh Government has completed a "detailed and thorough lessons learnt process".<sup>44</sup> It is now in a direct contract with the provider to "ensure that full transparency and appropriate governance is in place while the programme of works is completed".<sup>45</sup> The Permanent Secretary

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<sup>39</sup> Welsh Government Consolidated Accounts 2023-24, page 125

<sup>40</sup> Welsh Government Consolidated Accounts 2023-24, page 125

<sup>41</sup> Welsh Government Consolidated Accounts 2023-24, page 110

<sup>42</sup> Welsh Government Consolidated Accounts 2023-24

<sup>43</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>44</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>45</sup> Letter from the Permanent Secretary, 1 April 2025

also noted the “initial IES devices represented one of the first tranches of monitoring units of this kind”.<sup>46</sup> As such, he says the Welsh Government was exposed to the inherent risks associated with new technologies.

## Strategic Road Network

**43.** The Welsh Government reports a special payment of £13.1 million (excluding VAT) to reach contractual settlement agreements for Strategic Road Network (SRN) projects, issues with which arose due to inflationary pressures which impacted the availability and affordability of building materials.<sup>47</sup>

**44.** The Welsh Government notes the contractor advanced “numerous contractual claims”<sup>48</sup> for additional money for the three road schemes. It also advanced a claim under Welsh Procurement Policy Notice (WPPN) 09/21, which the Welsh Government paid as a result of its “policy position”.<sup>49</sup> The Welsh Government describes these as discretionary payments.<sup>50</sup> It deemed the contractor was entitled to the remaining amounts under the terms of the respective contracts.<sup>51</sup> The Welsh Government adds:

*“Whilst there’s no guarantee the contractor would have commenced formal dispute proceedings for amounts the considered were due, it was deemed that there was a real chance of them doing so. In addition to the general risk of Welsh Government losing in such disputes, any dispute would have more than likely seen a delay to the programme. This in turn would have impacted the ability of Welsh Government to secure ERDF funding related to the schemes.”<sup>52</sup>*

## Our view

**45.** While the Welsh Government notes the steps it has taken to address the issues with the Optimised RetroFit Programme, the Committee requests further information about these matters.

<sup>46</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>47</sup> Welsh Government Consolidated Accounts 2023-24

<sup>48</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>49</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>50</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>51</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>52</sup> Letter from the Permanent Secretary, 1 April 2025

**Recommendation 5.** We recommend that the Welsh Government provides the following information relating to the Optimised RetroFit Programme:

- When the Intelligent Energy System (IES) devices that were identified during 2023-24 as being defunct had been obtained/installed.
- The overall cost of the contracts involved in procuring the IES Kit for the Optimised RetroFit Programme to put the scale of the loss into context.

**46.** How the Welsh Government has disseminated any lessons learned, ensuring all its agreements with stakeholders clearly set out reporting and escalation requirements.

**47.** The Committee notes the Permanent Secretary's response about the special payment to reach contractual settlement agreements for the SRN projects. We would welcome more information about it. We recommend that the Welsh Government explains how the special payment of £13.1m (excluding VAT) to reach contractual settlement of the Strategic Road Network projects compared to the overall value of the schemes and whether it represented a negotiated settlement below the total value of the claims advanced by the contractors.

## 4. Welsh Government 2025

**49.** During 2022-23, the Permanent Secretary introduced ‘Welsh Government 2025’ (‘WG2025’): the “three-year plan for developing the organisation to be fit for purpose in a post-pandemic, post-EU exit world”, supporting Ministers more effectively and delivering for people and communities in Wales within an increasingly challenging financial and global context.<sup>53</sup>

**50.** Given the budgetary challenges it faced, the Welsh Government refocussed its WG2025 programme to three work streams<sup>54</sup> In its response to the Committee’s report on the scrutiny of the 2022-23 Accounts, the Welsh Government provided information about the new workstreams: ReSize; ReSpace; and ReShape.

### Refocused WG2025

**51.** The Committee asked the Permanent Secretary about the changes it had made to the programme and it sought clarification about the activities that were initially planned but would now not be undertaken. He said:

*“I think the thing that absolutely got in the way of year 2 of Welsh Government 2025, though, in a salutary way, was just the changed outlook on budgets, which affected the Welsh Government in its own operations as well as, of course, affecting Wales as a whole in terms of the budget process that was occurring. Therefore, I think that some of our intentions couldn’t be worked through. We had to pivot the arrangements to look at a different approach to what the size of the organisation would look like.”<sup>55</sup>*

**52.** The then Chief Operating Officer added:

*“The refocusing of the programme into the three work streams of resize, respace and reshape, as I said, was there to meet the needs of the environment that we’re operating within. Within that, we ran some really clear change programmes around the size of the organisation, in terms of how we look at recruitment, looking at*

<sup>53</sup> [Welsh Government Consolidated Accounts 2022-23](#)

<sup>54</sup> Public Accounts and Public Administration Committee, RoP, 20 March 2024, paragraphs 127 - 128

<sup>55</sup> PAPAC, RoP, 19 February 2025, paragraph 90



*temporary workforce, temporary promotions, but also ran a voluntary exit scheme to ensure that we were at the right size as an organisation. We did a lot around our estate, looking to build much more of a public sector estate, so, taking on a number of tenants from across the public sector, but also looking at reducing our costs in terms of the way that we operate, and did that very successfully. And then, also, looking at the shape of the organisation and how we can most effectively meet the needs of ministerial priorities and priorities for the organisation, and make sure that we've got resources in the right place. And in doing some of those, it did mean that, yes, some of the things that we started in phase 1, some of the things we couldn't carry on in quite the same way—some of the things that we would want to do maybe around skills and resources and increasing certain areas—because of the requirement to make sure that they were the right size for the budget environment, some of those were put on hold.”<sup>56</sup>*

**53.** We noted, from the 2023-24 Accounts, the measures the Welsh Government had taken under the Resize work stream to help balance its workforce budget and protect existing jobs.<sup>57</sup>

**54.** The Welsh Government has reviewed its planned recruitment and reduced its external recruitment by implementing an ‘external by exception’ process.<sup>58</sup> The 2023-24 Accounts state “this has resulted in an immediate 50% reduction in external recruitment for quarter four of 2023-24 compared to the previous quarter”.<sup>59</sup> The Welsh Government has also paused new apprentice and fast streamer recruitment for 2024-25.<sup>60</sup>

**55.** In providing further detail on the refocused WG2025, the then Chief Operating Officer stated “we're looking to rephase the programme again in a new area, and there are six key areas that we want to address, going forward.”<sup>61</sup>

**56.** In response to whether the WG2025 plan is on course to complete by December 2025, the Permanent Secretary said:

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<sup>56</sup> PAPAC, RoP, 19 February 2025, paragraph 91

<sup>57</sup> [Welsh Government Consolidated Accounts 2023-24](#), page 73

<sup>58</sup> [Welsh Government Consolidated Accounts 2023-24](#), page 73

<sup>59</sup> [Welsh Government Consolidated Accounts 2023-24](#), page 73

<sup>60</sup> [Welsh Government Consolidated Accounts 2023-24](#)

<sup>61</sup> PAPAC, RoP, 19 February 2025, paragraph 92

*“Yes, we’re still intending to deliver by 2025, and the six areas that Tim [the then Chief Operating Officer] was outlining all are in line with those objectives as well.*

*So, in respect of the hardest decisions to take on this, I think needing to revert to just the budgetary impact on the organisation, as, of course, was the experience of other public service organisations, was very significant. We have a responsibility to manage within our budgets, but you don’t lightly make decisions about reducing your workforce and staff in the manner that we did, and I think we did that in a very open and transparent way. We did it in social partnership with our unions. ...*

*I still think, on an ongoing basis, that being very clear about the size, the skills that are required and the functions of Welsh Government is going to be really important. As Tim [the then Chief Operating Officer] highlighted, we know that one of the biggest sets of changes that we’re going to need to respond to is going to be the way in which the Welsh Government operates around the Senedd reform process and that change that is happening more politically. So, we recognise that that is a significant moment and probably generational in terms of some of the changes that we may need to bring to bear within the Welsh Government itself.”<sup>62</sup>*

## Voluntary Exit Scheme

**57.** Last year, Welsh Government officials told the Committee it had launched a voluntary exit scheme (VES) for “in the region of maybe around 150 staff”.<sup>63</sup>

**58.** In its response to the Committee’s report on the scrutiny of the 2022-23 Accounts, the Welsh Government said it received 393 applications for VES by the deadline. Applications were scored on three criteria: key skills; business continuity; and replaceability.

**59.** A corporate VES panel recommended the Welsh Government release all staff who scored low across all three criteria and would not need to be replaced. The Executive Committee agreed and 91 staff left the organisation on 31 August 2024:

<sup>62</sup> PAPAC, RoP, 19 February 2025, paragraphs 107 & 108

<sup>63</sup> PAPAC, RoP, 20 March 2024, paragraph 146

26 were in programme funded roles; and 65 were Delegated Running Cost (DRC) funded posts.

**60.** The Committee asked how the Welsh Government can deliver an affordable workforce plan given that 91 staff left the organisation under the VES rather than 150 as previously indicated. The Permanent Secretary said “we’re here with annual accounts scrutiny and we have to demonstrate that we can work within the budget that is set for us, and we have been able to do that”.<sup>64</sup>

**61.** The Director of People and Places explained:

*“... the voluntary exit scheme was put in place as a result of us understanding that we had a circa £28 million gap in the central services administration budget. At the time, we anticipated that we would need circa 150 colleagues to exit in order to help fill the gap. ....*

*So, we ended up exiting 91 people in August, with an in-year saving of around about £3.5 million, with a full year saving this year of around about £6 million.”<sup>65</sup>*

**62.** The Director of People and Places said:

*“... we were able to let 91 colleagues exit with a high degree of assurance that it was unlikely to impact our business operations, and highly unlikely to impact the skills that we require within the organisation”.<sup>66</sup>*

**63.** Along with its VES and introducing its ‘external by exception’ policy, the Welsh Government had streamlined its use of short-term placements and agency contracts under its ReSize workstream. It had also reduced the number of its Temporary Promotion Assignments (or ‘TPAs’) from 494 to 106. The Director of People and Places added:

*“... each of those factors, to make sure that we were living within our means and that we had an affordable workforce plan. As a result of that, we’ve been able to land an affordable workforce plan for the financial year. And, of course, there are other measures, including*

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<sup>64</sup> PAPAC, RoP, 19 February 2025, paragraph 97

<sup>65</sup> PAPAC, RoP, 19 February 2025, paragraphs 99 & 100

<sup>66</sup> PAPAC, RoP, 19 February 2025, paragraph 101

*reshape and some of the savings under the respace work stream that will have contributed to that significantly as well.”<sup>67</sup>*

## Corporate IT systems

**64.** In its 2023-24 Accounts, the Welsh Government said:

*“It is recognised across the Welsh Government that we depend heavily on aging IT systems which do not give us the depth and breadth of reliable MI [Management Information] we need and which would allow us to manage operations more efficiently and effectively.”<sup>68</sup>*

**65.** When questioned about the cause, the Permanent Secretary indicated this was due to budgetary pressures over recent years. The then Chief Operating Officer said:

*“I think the reality is that the systems that enable us to run the organisation run effectively, but the things that we want to do for the future to become more effective, more efficient, drive up productivity, require further investment in developing the systems.”<sup>69</sup>*

**66.** The then Chief Operating Officer told the Committee the Welsh Government is developing a comprehensive corporate systems road map so it can plan the required investment to develop those systems going forward.<sup>70</sup>

**67.** In the context of updating the Committee about the Welsh Government’s new finance system, to which we refer earlier in our report, the Director of Finance expanded on this point, stating:

*“... we didn’t understand the landscape, and so what we’ve actually done in the last few months is understand the total landscape of the IT infrastructure of Welsh Government, to make sure that there are no hidden things coming through....”<sup>71</sup>*

<sup>67</sup> PAPAC, RoP, 19 February 2025, paragraph 102

<sup>68</sup> [Welsh Government Consolidated Accounts 2023-24](#), page 123

<sup>69</sup> PAPAC, RoP, 19 February 2025, paragraph 80

<sup>70</sup> PAPAC, RoP, 19 February 2025, paragraph 52

<sup>71</sup> PAPAC, RoP, 19 February 2025, paragraphs 58 & 59

**68.** When asked if it had sufficient resources to address the short-term risks, the then Chief Operating Officer said:

*"I think, in this area, there are never enough resources to do all of the things that you want to do, but we prioritise very effectively the funds and the resources that we have. We've been able, with the draft budget settlement, to do some planning into next year to put some more resources into this critical area to ensure that we can do more with the resources that we have and develop those resources further."*<sup>72</sup>

**69.** The Welsh Government confirmed it was addressing the highest risks.<sup>73</sup>

## Our view

**70.** We share the Permanent Secretary's view that this is a significant moment for the Welsh Government as an organisation, particularly given Senedd Reform. The scale of the challenge, and the changes that may be required, are significant. It is important that the Welsh Government has sufficient staff with the required skills to deliver for the people of Wales.

**71.** We welcome the Permanent Secretary's confirmation that the Welsh Government is on track to deliver the WG2025 programme by December 2025, as planned. However, the Welsh Government has not explained the changes it made when it moved from its original plans to the refocussed programme. Nor has it set out what those changes mean for the overall objectives of WG2025 and the implications for the organisation. While recognising such plans will evolve, we are not clear whether, at the end of December 2025, the WG2025 programme will deliver the programme's overall objective. We look to the Welsh Government to explain this.

**72.** In its evidence, the Welsh Government referred to six key areas that it wanted to address going forward under WG2025 without setting out what they are or explaining how they link to the three workstreams. We ask the Welsh Government to clarify this. We also request, going forward, the Welsh Government include, in its accounts, a clear and balanced commentary about the delivery of its change programme against its plan. This should set out any changes to the programme,

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<sup>72</sup> PAPAC, RoP, 19 February 2025, paragraph 84

<sup>73</sup> PAPAC, RoP, 19 February 2025, paragraph 86



explaining why the Welsh Government has made them and the implications for delivery and objectives.

**Recommendation 6.** We recommend that the Welsh Government explains the changes it made to Welsh Government 2025 when, given budgetary pressures, it refocussed the programme. This should include information about the implications of the changes for the programme's overall objectives and the related impact on the organisation itself. Additionally, it should provide information about the six key areas it wants to address under the Welsh Government 2025 programme and how these link to the three workstreams, as well as any plans for the future of the programme beyond 2025.

**Recommendation 7.** We recommend, going forward, the Welsh Government sets out in its accounts a clear and balanced commentary about delivery against its change programme. This should include information about any significant changes to the programme, explaining why the Welsh Government has made them and the implications for the delivery of, and objectives for, the programme.

**73.** We recognise the challenges the Welsh Government faces in balancing its workforce budget and the role that voluntary exit exercises can play to support longer term cost savings and workforce re-design. However, the Committee has heard a lot, and is concerned about, capacity pressures within the Welsh Government. We were therefore surprised that the likely impact of the recent voluntary exits was not greater than that described. This raises questions about whether there is scope for wider re-shaping of other roles that the Welsh Government may be able to operate without.

**Recommendation 8.** We recommend that the Welsh Government provide information about the roles undertaken by staff who left the organisation under the Voluntary Exit Scheme and how this scheme supported any workforce re-design beyond simply reducing the staffing budget.

**Recommendation 9.** We recommend that the Welsh Government explain what factors informed its decision-making about its current and future skills requirements as part of the recent voluntary exit scheme.

**Recommendation 10.** We recommend the Welsh Government set out what wider assessment it has carried out about the roles within its organisation that may be surplus to requirements.

**74.** The Committee noted the Welsh Government had not balanced its workforce budget through its VES alone. We heard measures under the other WG2025 workstreams, ReShape and ReSpace, had contributed to the saving. As

had other measures under the ReSize workstream, such as implementing an ‘external by exception’ recruitment policy and pausing new apprentice and fast streamer recruitment. While acknowledging the difficult decisions that the Welsh Government faced in such circumstances, we are concerned about the impact of these measures on the organisation’s ability to attract a diverse range of candidates and ensure a pipeline of talent.

**75.** With the evidence focusing on how it balanced its workforce plan for 2024-25, we are not clear of the Welsh Government plans against the broader objectives to ReSize and ReShape and its progress against them. Our recommendation that the Welsh Government include, in its accounts, a clear and balanced commentary about its delivery against its change programme should address this. The Committee will explore this with the Permanent Secretary when we scrutinise the Welsh Government’s 2024-25 Accounts.

**76.** It is critical that the Welsh Government has corporate systems that enable the organisation to run efficiently and effectively, adopting technological advances to improve productivity. Therefore, the Committee is concerned to hear it relies on aging IT systems which do not give it the management information it needs. We are encouraged that officials are developing a road map to inform its future investment needs. However, we noted officials did not set out a date by which they would complete this work.

**Recommendation 11.** We recommend the Welsh Government informs the Committee when it expects to complete the corporate systems road map and provides an update when it has done so.

## 5. Performance Reporting

**77.** This Committee and its predecessor Committee have explored, with officials, the Welsh Government's performance reporting in its annual accounts, making recommendations along the way.<sup>74</sup> During its scrutiny of the 2022-23 Accounts, officials told the Committee having conducted a review of arrangements, the Welsh Government's Executive Committee had agreed the organisation should take more of a balanced scorecard-type approach to performance reporting.<sup>75</sup>

**78.** The Welsh Government's Performance Framework is "one of the main approaches used for monitoring the performance of the Welsh Government Civil Service".<sup>76</sup> Its aim is to:

*"... drive improvements in the organisational effectiveness of the Welsh Civil Service by focusing on operational performance and the responsibilities of the Permanent Secretary in respect to the running of the organisation."*<sup>77</sup>

**79.** The Committee sought information about the key areas of improvement in the year, and the Welsh Government's plans for its performance framework over following year. The then Chief Operating Officer said the Welsh Government had introduced a balanced scorecard for its performance framework, adding officials were:

*"... now looking at 16 areas across the organisation. We've got 26 measures, we have nine targets and benchmarks, and 22 trend indicators, really looking at our in-year performance, and that's helping us to look at what are the key areas that we need to improve during the year, and then we'll need to see the results of that and how that links into the performance framework that we'll put into the accounts next year".*<sup>78</sup>

**80.** The then Chief Operating Officer said the balanced scorecard is only one of the ways in which the Welsh Government monitors its performance. He added:

<sup>74</sup> PAPAC, Report on Welsh Government Accounts 2021-22, October 2023, Chapter 6

<sup>75</sup> PAPAC, Report on Welsh Government Accounts 2022-23, December 2024, paragraph 173

<sup>76</sup> Welsh Government Consolidated Accounts 2023-24, page 60

<sup>77</sup> Welsh Government Consolidated Accounts 2023-24, page 60

<sup>78</sup> PAPAC, RoP, 19 February 2025, paragraph 201

*"it's there to complement things like the regular monthly finance reporting, the annual people survey, and other data points that we have. But it's really helping us to drive performance in the organisation, as something that the sub-committee that I chair looks at, and is now doing deep dives into areas where we want to improve performance."*<sup>79</sup>

**81.** The Permanent Secretary said:

*"It is anticipated that the annual accounts will include a summary of the performance reporting across the year, which will include the regular scorecard reporting alongside annual metrics covering other important elements of performance (such as Welsh Government Values). It will also include the reflections and actions taken as a result by ExCo [Executive Committee] and Finance and Corporate Services Sub-committee."*<sup>80</sup>

## **Our view**

**82.** We note the Welsh Government's implementation of a balanced scorecard approach to its performance reporting and what the Permanent Secretary expects to include about it in the future accounts.

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<sup>79</sup> PAPAC, RoP, 19 February 2025, paragraph 201

<sup>80</sup> PAPAC, RoP, 19 February 2025, paragraph 201

## 6. Welsh Government workforce

### Managing staff performance

**83.** The Committee raised concerns about the management of staff performance following a leaked internal report from within the “cultural division” of the Welsh government, which surveyed the views of staff. Some details of the leaked document were published in the media<sup>81</sup>.

**84.** We highlighted extracts from the leaked report, as published in press coverage, suggested a lack of real performance management, where “managers who may not wish to have difficult conversations can avoid them and therefore staff who are not performing “get away” with it”. We also highlighted the suggestions that staff apparently felt “there was no sense of strategic long term planning” and there was “a widely held view that ministers’ expectations are not being managed”.<sup>82</sup>

**85.** The Director of People and Places said:

*“The culture division report is from, I believe, 2022 or 2023, so it was before my time. But, again, where we have pockets of practice across the organisation where there are a multitude of issues happening—whether it’s individual line managers being unable to have conversations or whether, for example, and our anti-racism plan makes it clear, we still have variances in staff experience across the organisation—we may use measures like a neutral assessment to understand in more detail what’s happening. So, yes, there was a report commissioned, I believe, by my predecessor in conjunction with the business area to look at the very specifics of what was happening. Since then, there has been a number of measures put in place and we’ve seen improvements in the people survey score, for example, in that particular area this year. I myself speak with our social partners, trade unions, about those pockets as and when they arise to make sure there are timely interventions.”<sup>83</sup>*

<sup>81</sup> The Guardian, ‘[Wales-cuts-culture-language-history-nation-funding](#)’, last accessed 9 May 2025

<sup>82</sup> PAPAC, RoP, 19 February 2025, paragraph 138-144

<sup>83</sup> PAPAC, RoP, 19 February 2025, paragraph 134

**86.** The Permanent Secretary agreed to consider sharing the report with the Committee.<sup>84</sup>

**87.** Following the evidence session, the Culture, Welsh Language, Sport and International Relations Committee shared a letter from the Minister for Culture, Skills and Social Partnership about the Welsh Government's Culture Division given the issues raised in the leaked report. It notes to "create a safe space for staff to share their experiences, their contributions are strictly confidential" and confirms the Welsh Government will not publish confidential information on staffing matters.<sup>85</sup>

**88.** More broadly, the Permanent Secretary said there are "always opportunities to improve" the performance management arrangements.<sup>86</sup> He continued:

*"Again, that performance management context is set by working across the UK civil service, and I think we do use those arrangements. We have moderation arrangements in place, so it's not just simply about a single conversation between a line manager and their own staff, so we try and make sure that we sponsor that as well. And we do call out difficulties around performance in the organisation. We have feedback from our staff about how that feels on the other side, through the staff survey. And speaking openly about what that represents, it tells us that we do have performance management systems in place. The general experience of staff will be that that is appropriate and supportive, but there are areas within the organisation where performance management is not working as we would wish and, therefore, we are focused on those processes as well."*<sup>87</sup>

**89.** The Director of People and Places added:

*"One of the areas that we're focusing on as part of Welsh Government 2025, going forward, however, is to review the performance framework and to make sure that colleagues can have better quality conversations. I'm not in a position today to say, because I don't*

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<sup>84</sup> PAPAC, RoP, 19 February 2025, paragraph 136

<sup>85</sup> [Letter from the Minister for Culture, Skills and Social Partnership to the Culture, Welsh Language, Sport and International Relations Committee, 21 March 2025](#)

<sup>86</sup> PAPAC, RoP, 19 February 2025, paragraph 127

<sup>87</sup> PAPAC, RoP, 19 February 2025, paragraph 127

*believe this is the fact, that there is a single area that is an outlier. As with all organisations, performance management often depends on the capability and capacity of line managers, and that's an area that we'll focus on"*<sup>88</sup>

**90.** The Permanent Secretary also said "[I] absolutely accept the concerns about workload and the pressures that our staff are under in the organisation. The fact that we worked with our unions to produce a health, safety and well-being strategy was absolutely focused on actions that would take place in that".<sup>89</sup>

**91.** He continued:

*"You'll have seen in our corporate risk register that we've actually retained our concerns for our well-being of staff as a very high risk for the organisation as well, because we do need to call it out and do something about that as well. And it's why, in terms of right-sizing the organisation, what we're trying to make sure is that we don't just enhance and exacerbate those pressures as well. So, I do accept those concerns, but I also think that we are making progress on what we can do about that, and the manner and the ways in which we work are things that I think are within our gift to change."*<sup>90</sup>

## Sickness absence

**92.** In its report on the scrutiny of the 2022-23 Accounts, the Committee recommended the Welsh Government include, in its accounts, a breakdown of the sickness absence data to differentiate absences due to mental health from other absences.<sup>91</sup> The Welsh Government accepted this recommendation, confirming it would report on absences due to mental health in its accounts for 2024-25.<sup>92</sup>

**93.** The Committee noted the Welsh Government's sickness absence levels were lower in 2023-24 than the previous year. However, the absence related to mental health issues showed a "minor increase".<sup>93</sup> It sought further information about the

<sup>88</sup> PAPAC, RoP, 19 February 2025, paragraphs 131 & 132

<sup>89</sup> PAPAC, RoP, 19 February 2025, paragraph 162

<sup>90</sup> PAPAC, RoP, 19 February 2025, paragraph 163

<sup>91</sup> PAPAC, Report on Welsh Government Accounts 2022-23, recommendation 10

<sup>92</sup> Letter from the Permanent Secretary, Public Accounts and Public Administration Committee – Welsh Government Annual Report and Accounts 2022-23 (recommendation 10), 10 February 2025

<sup>93</sup> Welsh Government Consolidated Accounts 2023-24, page 147



prevalence of staff absence due to mental health issues and how the Welsh Government was addressing it.

**94.** In its follow up letter, the Welsh Government notes its “current data” showed approximately 48 per cent of all long-term sickness absence is related to mental health.<sup>94</sup> The letter states:

*“The Health Safety and Wellbeing Board holds the organisation to account on the support and interventions it provides staff to assist them to overcome mental health decline. The Board recently held a deep dive into mental health over the course of two board meetings. Actions flowing from the deep dive include promoting the use of the wellbeing hour, exploring the need for mental health first aid training for all line managers and more regular analysis of trends and patterns to enable the development of further targeted interventions and support in the right places at the right time.”<sup>95</sup>*

## **New HR system - Pobl**

**95.** During our scrutiny of the 2022-23 Accounts, the Committee asked officials about the status of the new HR system, Pobl, which the Welsh Government introduced in July 2023, and how they were ensuring it had accurate and timely information to support workforce management.<sup>96</sup>

**96.** The then Chief Operating Officer explained that the new HR system had been deployed in July 2023, with the previous systems past their sell-by date and out of support.<sup>97</sup> He noted the clear business risk and the need to implement those systems but assured us the system was now operating.<sup>98</sup>

**97.** The Committee noted the 2023-24 Accounts reported a data breach in the Pobl system and sought an information from the Welsh Government about what had happened.<sup>99</sup> The Director of People and Places explained:

*“So, we were migrating to Pobl. We were seeking to adapt the ‘select nationality’ criteria on the system to enable colleagues to self-identify*

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<sup>94</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>95</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>96</sup> PAPAC RoP, 20 March 2024, paragraph 139

<sup>97</sup> PAPAC RoP, 20 March 2024, paragraph 139

<sup>98</sup> PAPAC RoP, 20 March 2024, paragraph 139

<sup>99</sup> Welsh Government Consolidated Accounts 2023-24, page 114

*their nationality. In doing so, we identified that there was an element of adaptation that perhaps our supplier hadn't foreseen, and, as a result, it created a situation where, unknowingly, some line managers were able to view data that they shouldn't have been able to view. I'm assured that at no point was data, such as protected characteristics, viewable. However, there would have been elements that should not have been viewable that were viewable.*<sup>100</sup>

**98.** The Director of People and Places said the Chief Security Officer immediately undertook a review, following the data breach, and this identified recommendations on how the Welsh Government “could improve the robustness of the system”.<sup>101</sup> The Director of People and Places added:

*“I think there were 18 recommendations in total—14 have concluded, one is in progress, and three are currently being reviewed at the moment, whilst we look at the level of service supply around that particular system. We've recently made a decision to recruit some additional developers to help us with the system build to make sure that we can continue to get Pobl into the space where we'd like it to be, and moving that in-house gives us a greater degree of control over how we can manage some of these situations going forward rather than working in partnership with key partners.”*<sup>102</sup>

**99.** The then Chief Operating Officer said:

*“We've now also done some structural change, where we had a separate team dealing with the changes linked to some of the HR systems. We've now incorporated that into our core IT team, which gives us greater resilience, but also greater control around the standardisation of processes from the change-control perspective.”*<sup>103</sup>

<sup>100</sup> PAPAC, RoP, 19 February 2025, paragraph 231

<sup>101</sup> PAPAC, RoP, 19 February 2025, paragraph 232

<sup>102</sup> PAPAC, RoP, 19 February 2025, paragraph 233

<sup>103</sup> PAPAC, RoP, 19 February 2025, paragraph 237

## Welsh Language

**100.** In April 2020, the Welsh Government introduced its policy on the internal use of Welsh, ‘Cymraeg. It belongs to us all’.<sup>104</sup> The Welsh Government’s vision, as set out in its annual report on compliance with Welsh Language Standards 2022 to 2023 (June 2023), is for the organisation to:

*“... become a truly bilingual organisation by 2050, meaning that Welsh and English will be used naturally and interchangeably as the Government’s working languages.”<sup>105</sup>*

**101.** In its annual report on compliance with Welsh Language Standards 2023 to 2024, the Welsh Government sets out Welsh language skills data of its staff across levels of competence.<sup>106</sup> This showed an increase in the number and percentage of staff for whom the level of competence was not known at 31 March 2024 compared with a year earlier. The Welsh Government’s footnote to the data says:

*“With the move to a system of recording New HR details during 2023-2024, there has been a slight decline in the level of data we have about Welsh language skills. We are addressing the issue to reduce the number/percentage of staff where there is no record of their Welsh language skills.”<sup>107</sup>*

**102.** The Committee asked why this had happened. The Director of People and Places explained:

*“... moving from one system to another has resulted in data sets not being directly comparable. However, the data set on our new system, as of the year in question, identified that, of our workforce, 60 per cent of our colleagues have some proficiency in reading, between 50 per cent and 60 per cent have an understanding of Welsh, 51 per cent have the ability to speak a degree of Welsh. And when we look at fluency, about 25 per cent of our staff express a degree of fluency in*

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<sup>104</sup> Welsh Government annual report on compliance with Welsh Language Standards 2023 to 2024, 26 June 2024, Section 3.1

<sup>105</sup> Welsh Government annual report on compliance with Welsh Language Standards 2023 to 2024, 26 June 2024, Section 3.1

<sup>106</sup> Welsh Government annual report on compliance with Welsh Language Standards 2023 to 2024, 26 June 2024, Section 4

<sup>107</sup> Welsh Government annual report on compliance with Welsh Language Standards 2023 to 2024, 26 June 2024, Section 4

*Welsh language skills, so they are comfortable to undertake most if not all of their duties in Welsh. That's approximately 1,480 staff."*<sup>108</sup>

**103.** He added, over the last year, there has been a "significant" increase in the Welsh Government's Welsh language training ability. He added the organisation had seen a "significant uptake in the Welsh language support and development that we've put in place and, indeed, across the senior civil service in Welsh Government we have some very positive numbers there in terms of the individuals undertaking Welsh language lessons."<sup>109</sup>

**104.** The Committee also asked why, in advertising the role of Director, Education and Welsh Language, the Welsh Government had not specified the Welsh language as an essential skill.

**105.** The Director of People and Places explained:

*"There's always a desire to try and balance the market, and where the market is at the moment, with trying to find the key skills and talent that's required. Whenever we come together, including as a panel, to look at the job descriptions, we try to understand how successful are we going to be if we were to seek particular skills in a particular area. I note, for example, a job that went out at the same time—the director of culture—that was a Welsh language essential criteria role. We do make it clear in our adverts, and through the recruitment process, when we look at jobs, what the criteria is. It's always a delicate balance, but, on that occasion, for the director of education role, it was determined that it would be a 'desirable' characteristic, albeit one that, as we were testing the market, we would look to try and see if we were able to secure candidates who had those Welsh language skills. We were also clear, I think, to candidates that there's an expectation that anybody stepping into that role would be required to undertake Welsh language lessons, and to make sure that they can demonstrate some proficiency over a certain period of time."*<sup>110</sup>

<sup>108</sup> PAPAC, RoP, 19 February 2025, paragraph 173

<sup>109</sup> PAPAC, RoP, 19 February 2025, paragraph 174

<sup>110</sup> PAPAC, RoP, 19 February 2025, paragraph 181

## Pay Policy Statement 2024

**106.** During its scrutiny of the 2021-22 Accounts, the Committee recommended the Welsh Government ensure it publishes the Pay Policy Statement for the year to March by the time the Permanent Secretary approves and signs the Accounts for the same financial year. This would ensure the Committee is able to scrutinise the Pay Policy Statement each year, alongside the accounts<sup>111</sup>. However, in scrutinising the 2022-23 Accounts, the Committee was disappointed this was not the case.<sup>112</sup>

**107.** The Welsh Government published its Pay Policy Statement 2024 on 19 December 2024, a few weeks after the Auditor General for Wales laid the 2023-24 Accounts, thus enabling the Committee to scrutinise it.<sup>113</sup>

**108.** The Committee noted, at Annex 4, the Welsh Government lists its senior staff earning £100,000 or over at 31 March 2024, noting these include on payroll and off-payroll/seconded staff.<sup>114</sup> It sets out a separate table to list those members of staff with full-time equivalent salaries over £100,000 but who were paid less than £100,000 since they may work part-time or were a mid-year joiner.<sup>115</sup> This shows the Director General, Health and Social Services/Chief Executive NHS Wales' full-time salary was in the band £205k-£210k but her actual salary at 31 March 2024 was in the band £70k to £75k, which the final column of the table suggests was due to part-time working.<sup>116</sup>

**109.** The Committee queried whether the Director General, Health and Social Services/Chief Executive NHS Wales worked part-time since the Welsh Government's 2023-24 Accounts did not report any changes to her working hours. The Permanent Secretary confirmed this was not the case: the Director General, Health and Social Services/Chief Executive NHS Wales worked full-time<sup>117</sup> but had transferred from the NHS to the Civil Service in year.<sup>118</sup>

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<sup>111</sup> PAPAC, Report on Welsh Government Accounts 2021-22, recommendation 10, December 2024

<sup>112</sup> Report of the Public Accounts and Public Administration Committee, Scrutiny of Accounts 2022-23: Welsh Government, December 2024, paragraph 121

<sup>113</sup> Welsh Government Pay Policy Statement 2024

<sup>114</sup> Welsh Government Pay Policy Statement 2024, page 14

<sup>115</sup> Welsh Government Pay Policy Statement 2024, page 16

<sup>116</sup> Welsh Government Pay Policy Statement 2024, page 16

<sup>117</sup> PAPAC, RoP, 19 February 2025, paragraph 185

<sup>118</sup> PAPAC, RoP, 19 February 2025, paragraph 187

## Welsh European Funding Office (WEFO)

- 110.** The Welsh European Funding Office (WEFO) is responsible for managing the European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes in Wales for the 2014-2020 funding round.
- 111.** Project expenditure until 31 December 2023 was eligible for EU support, with all final project expenditure accounted for in 2023-24 accounting year.
- 112.** The Welsh Government includes tables in its 2023-24 Accounts to show the approvals by programme, total approved EU funded projects and analysis of total claims by sector, all at 31 March 2024. It also sets out information about the grant payments for each month during 2023-24.
- 113.** In its report, ‘Maximising EU Funding’<sup>119</sup> (June 2023), Audit Wales noted “WEFO and the Welsh Government have identified staff capacity as a risk to robustly processing and checking claims in time and managing the closure of the programmes”.<sup>120</sup>
- 114.** We asked Welsh Government Officials how they are balancing maintaining resources in WEFO to support programme closure and redeploying staff to other Welsh Government priorities.
- 115.** We were told:

*“WEFO has paid all final claims received from beneficiaries and submitted its own final claims to the European Commission on 13 February 2025. WEFO has maximised the drawdown of EU funding for the 2014 - 2020 Structural Funds Programmes across 5 Programmes, WEFO has facilitated investment of €4.5billion including €2.5billion EU funding and €2billion of Public and Private Investment. The majority of WEFO staff have been redeployed to new roles throughout the Welsh Government. However, WEFO has retained enough staff resources to service its regulatory obligations and manage the programme closure including the routine audits of the final claims.”<sup>121</sup>*

<sup>119</sup> Audit Wales Report, Maximising EU Funding - the Structural Funds Programme and the Rural Development Programme, 2 June 2023

<sup>120</sup> Audit Wales Report, Maximising EU Funding - the Structural Funds Programme and the Rural Development Programme, 2 June 2023, page 25

<sup>121</sup> Letter from the Permanent Secretary, 1 April 2025

## Our view

**116.** We welcome that the Permanent Secretary would consider sharing with the Committee a copy of the leaked report about its Culture Division. However, we recognise the importance of staff being able to share their experiences without fear of identification or their views being shared publicly. Nevertheless, the Committee was alarmed to hear these reports.

**117.** More broadly we believe that effective performance management arrangements are critical to improving the efficiency and productivity of the workforce. Never more so than at present with pressure on resources and the challenges the Welsh Government faces in balancing its workforce budget.

**118.** We welcome confirmation that the Welsh Government is to review its performance management arrangements under Welsh Government 2025. The Committee would appreciate information on the scope of this work and when the review will be completed.

**119.** The Committee notes almost half of the Welsh Government's long-term sickness absence is due to mental health issues. However, this does not provide the full picture. The Committee requests that the Welsh Government provides the corresponding data for short-term absences, as well as trend data for both short and long-term sickness absences due to mental health issues to show how this may have changed over time. The Committee is pleased to note the Welsh Government accepted its recommendation and will, from 2024-25, report include a breakdown of the sickness absence data in its accounts.

**120.** We are concerned about the data breach in the new HR system, Pobl. We are encouraged to hear the Welsh Government promptly conducted a review and has already implemented 14 out of 18 of the resulting recommendations. However, we would welcome information about the sort of data that line managers were able to view that they should have not been able to see.

**121.** We are disappointed to see the move to the new system has resulted in a decline in the Welsh Government's Welsh language data but note this is being addressed. We will return to this issue during our scrutiny of the 2024-25 Accounts.

**122.** We are pleased the Welsh Government published its Pay Policy Statement for 2024 in time for the Committee to scrutinise it alongside the 2023-24 Accounts. However, in preparing the pay policy statement, the Welsh Government should ensure the information is presented in way to avoid any misunderstanding.



**123.** We note the Permanent Secretary's explanation for the salary information, in the Welsh Government's Pay Policy Statement 2024, for the Director General, Health and Social Services/Chief Executive NHS Wales, which suggested she works part-time. We ask the Welsh Government to ensure, in future, the information in its pay policy statement is not misleading and is consistent with the remuneration information in the annual accounts.

**Recommendation 12.** The Committee recommends the Welsh Government shares information on its review of its performance management arrangements, including the scope and the timescales for completion.

**Recommendation 13.** The Committee requests that the Welsh Government provide data for the prevalence of short-term staff absence due to mental health issues and provides trend data for short and long-term absences due to mental health issues to show how this may have changed over time.

**Recommendation 14.** We recommend the Welsh Government provides information about the data breach in the Pobl system and what sort of data line managers were able to view, which they should not have been able to see.

**Recommendation 15.** We recommend that the Welsh Government reviews the presentation of the salary of the Director General, Health and Social Services/Chief Executive NHS Wales in its Pay Policy Statement for 2024 and ensures, in future, the information is not misleading and is consistent with the remuneration information in the annual accounts.

**124.** We are pleased that the Welsh Government was able to confirm that it has retained staff to manage the closure of the European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes in Wales. We welcome that Welsh Government has been able to also redeploy the majority of staff from the Welsh European Funding Office.

## 7. Welsh Government Spending

### Outturn

**125.** The Welsh Government Outturn Report for 2023-24 shows, overall, a net underspend of £112.5 million or 0.6 per cent against the Welsh Government's fiscal Departmental Expenditure Limit ('DEL') budget for 2023-24.<sup>122</sup> For the Economy Main Expenditure Group ('MEG') or department, the net underspend against the fiscal DEL budget was £62.3 million or 15.1 per cent. The Welsh Government notes the largest underspend within this related to the Development Bank of Wales (£27.1 million) which "arose from accounting for its outturn at year-end".<sup>123</sup>

**126.** The Committee asked what actions the Development Bank of Wales did not undertake that resulted in an underspend. The Director of Finance responded:

*"... I will have to go back into the detail of it as well, I think it was the alignment between the account that the development bank has with us, and then a misalignment. I don't think anything was stopped as a result of it. It's that reason, basically, but I'll have to come back with more detail."*<sup>124</sup>

### Our view

**127.** We welcome the publication of the Outturn Report in sufficient time for the Committee to scrutinise it alongside the annual accounts. We are interested to know why the Development Bank of Wales underspent against its fiscal DEL budget. We welcome the commitment from the Welsh Government to provide further details on this issue and look forward to receiving this information.

**128.** In line with its commitment to do so, we recommend that the Welsh Government explains, with a detailed commentary, why the Development Bank of Wales recorded an underspend of £27.1m against its fiscal Departmental Expenditure Limit budget.

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<sup>122</sup> Welsh Government: Report on outturn 2023 to 2024, paragraph 2.6

<sup>123</sup> Welsh Government: Report on outturn 2023 to 2024, Paragraph 2.9

<sup>124</sup> PAPAC, RoP, 19 February 2025, paragraph 206

## 8. Governance and Assurance

### Managing Welsh Public Money

**129.** Managing Welsh Public Money, which sets out the framework and principles for managing public resources responsibly in the public interest, was last updated in January 2016<sup>125</sup>.

**130.** As part of its scrutiny of the 2021-22 Accounts, the Committee recommended that the Welsh Government provide a timetable for updating Managing Welsh Public Money, with an indication of when it is likely to be published<sup>126</sup>.

**131.** In October 2024, the Permanent Secretary said, given the resource implications, the Welsh Government was working with the new Director of Finance to “identify those essential elements within Managing Welsh Public Money that require an immediate update and these will be prioritised”. The Permanent Secretary added that the Welsh Government would issue chapters as they were updated but officials would “undertake a comprehensive review of the entire document”. It aimed to complete this by December 2025.<sup>127</sup>

**132.** In his response to the Committee’s Report on the Scrutiny of the Welsh Government Accounts for 2022-23<sup>128</sup>, the Permanent Secretary said officials would start with chapters the Committee had noted as requiring update, identifying four areas<sup>129</sup>. He reiterated that the Welsh Government will aim to update the whole document by December 2025 although refers to this timescale as “provisional”, adding “this timeline may be adjusted based on other competing priorities”.<sup>130</sup>

### Risk Profile

**133.** In its 2023-24 Accounts, the Welsh Government included an overview of its Corporate Risk Register. The Welsh Government scores each risk and uses an adapted traffic light system to show in which category it falls (red - very high,

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<sup>125</sup> [Welsh Government, Managing Welsh Public Money](#), January 2016

<sup>126</sup> Public Accounts and Public Administration Committee, Scrutiny of Accounts 2021-22 - Welsh Government, October 2025, paragraph 175

<sup>127</sup> [Letter from the Permanent Secretary, 3 October 2024](#)

<sup>128</sup> Public Accounts and Public Administration Committee, [Scrutiny of Accounts: Welsh Government 2022-23](#), December 2024

<sup>129</sup> [Welsh Government response to the Public Accounts and Public Administration Committee - Welsh Government Annual Report and Accounts 2022-23](#), 15 April 2024

<sup>130</sup> [Letter from the Permanent Secretary, 1 April 2025](#)

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critical risk; amber – high, material risk; yellow – medium, manageable risk and green – low, negligible risk).<sup>131</sup>

**134.** It lists 28 risks, comprising 21 risks at April 2023 and seven new risks added in year. The Welsh Government has removed, from the Corporate Risk Register, seven risks in 2023-24, as well as one of those added in the year, leaving 20 risks at April 2024.<sup>132</sup>

**135.** Out of the seven new risks added, the 2023-24 Accounts only provides narrative for the one that has since been removed in year. It does not explain the nature of the other six risks, two of which have been classified as very high, critical risks. The Committee asked for an explanation as to why these six risks have been included and how they are being mitigated.

**136.** The Permanent Secretary explained “this year’s annual accounts have changed from previous years, we have tried to help the understanding by putting in more information on the risk side.... I accept, though, it’s still limited in terms of what it’s describing.”<sup>133</sup> He continued:

*“We had added in, for example, some concerns about the future of public transport as a risk, which the label may not really reveal what that was all about, but this was a concern about the reduced fare revenues that had happened in having the experience of reduced use of public transport after COVID-19. This had led to additional financial pressures, actually, right across the sector, and there wasn’t really a way of mitigating that at this stage. But we removed that one in January of this year because the risk, really, had been mitigated as passenger levels have increased, and have recovered, basically, to that previous position.”<sup>134</sup>*

**137.** The Permanent Secretary detailed other risks including “concerns on health and safety on behalf of the organisation”; climate change “about whether we’re going to meet our statutory targets”; “constitutional matters” relating to legislative consent motions and “a concern that we were just seeing breaches of the Sewel convention”; and “emergency response....because of concerns about ongoing

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<sup>131</sup> Welsh Government Consolidated Accounts 2023-24, page 121

<sup>132</sup> Welsh Government Consolidated Accounts 2023-24, page 121

<sup>133</sup> PAPAC, RoP, 19 February 2025, paragraph 219

<sup>134</sup> PAPAC, RoP, 19 February 2025, paragraph 219

resilience responses” and whether Welsh Government has “the capacity and the resilience in place to discharge that”.<sup>135</sup>

**138.** The Permanent Secretary said the risk register is “dynamic—it’s not just something that’s there forever; we actually do work our way through some of these issues”.<sup>136</sup> He continued:

*“Firstly, from an organisational perspective, I have to say we spent an awful lot of time on the risk register over the last couple of years, not just the industry of it, but actually making sure that we are triggering responses and actions and the agenda of Welsh Government itself. So, we use the corporate risk registers as a way of overseeing the performance of the organisation, although it’s not necessarily about overseeing areas that Ministers will be responsible for. But we have also introduced a specific area that you might have seen highlighted, which was that we produced a version of a Welsh risk register that’s been put into the public domain. It will always have some limitations. There are some areas that will be more confidential, but I think it allows the public to have a wider understanding of the types of pressures that can be faced by Welsh Government, by public services, and actually by communities themselves.”*<sup>137</sup>

## Internal Audit of the Welsh Government’s Programme and Project Management (PPM) Framework

**139.** The 2023-24 Accounts include a summary of the Head of Internal Audit’s (‘HIA’s’) opinions issued in the year. This shows of the 48 reports issued:

- 8 had substantial assurance.
- 26 had reasonable assurance.
- 4 had limited assurance.
- 1 had no assurance.
- 9 were advisory and Internal Audit did not give an opinion.<sup>138</sup>

<sup>135</sup> PAPAC, RoP, 19 February 2025, paragraph 222

<sup>136</sup> PAPAC, RoP, 19 February 2025, paragraph 220

<sup>137</sup> PAPAC, RoP, 19 February 2025, paragraph 228

<sup>138</sup> Welsh Government Consolidated Accounts 2023-24

**140.** The Head of Internal Audit gave a ‘no assurance’ opinion following the review of the Programme and Project Management (PPM) Framework in 2023-24. This followed the review in 2022-23 when the Head of Internal Audit gave a ‘no assurance’ opinion on the Welsh Government’s conformance with best practice strategic frameworks for project delivery. The Welsh Government had implemented a programme to strengthen its PPM Framework following the 2022-23 report but noted “Insufficient progress in delivering the priority projects and workstreams of this Programme have led to a further “no assurance” this year”.<sup>139</sup>

**141.** The Welsh Government says:

*“The Audit report highlighted the need for PPM professionalism, governance, support and guidance to aid Welsh Government (WG) in delivering its agenda of change and the requirement for there to be more PPM practices, skills and presence being visible within and across WG.”<sup>140</sup>*

**142.** It adds “To achieve Good, 141 recommendations need addressing and whilst work is progressing, it is recognised this will take time to implement and embed across Welsh Government”.<sup>141</sup>

**143.** It says:

*“Progress achieved in the past 12 months has been a positive move forward, however the next step will be to have a fuller picture of the project professionals across WG, which will be the catalyst to embed the required level of cultural change.”<sup>142</sup>*

**144.** It notes it has already recruited a number of additional PPM professionals into its structure and is in the process of looking to incorporate/ develop PPM expertise and capability at all grades across the team. Also, addressing all 141 recommendations involves understanding the organisation’s capacity and capabilities, including the necessary time it would take to absorb the changes it wants to make and adopt new processes/tools.<sup>143</sup>

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<sup>139</sup> Welsh Government Consolidated Accounts 2023-24

<sup>140</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>141</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>142</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>143</sup> Letter from the Permanent Secretary, 1 April 2025

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## Economic Resilience Fund - Post Completion Monitoring

**145.** In its report on the Scrutiny of the Welsh Government's 2020-21 Accounts, the Committee said:

*"We will continue to monitor the progress made by the Welsh Government in terms of completing its Post Completion Monitoring work as part of our future scrutiny of the Welsh Government's Annual Report and Accounts. We recommend that the Welsh Government provides the Committee with six monthly updates on the progress being made."*<sup>144</sup>

**146.** The Welsh Government provided updates in between the Committee's scrutiny of its accounts for 2021-22 and 2022-23.

In the 2023-24 Accounts, the Welsh Government says it has continued to monitor and review the funds used to provide business support during the pandemic. It notes this has not identified any significant issues, nor instances or recoveries as a result of fraud for the Welsh Government delivered schemes.<sup>145</sup>

**147.** The Welsh Government notes:

*"We are currently in the process of developing an Exit Strategy that examines the cost versus benefit of continuing Economic Resilience Fund (ERF) Post Competition Monitoring (PCM) activity, recognising that there will be diminishing returns the longer PCM continues."*<sup>146</sup>

**148.** The Permanent Secretary provided an update on this issues:

*"... on the ongoing monitoring around how businesses were supported through COVID, we've not yet completed all of those—that's why it's not reflected in the annual accounts. Certainly, on the tests of concerns of fraud or error rates, they've been maintained at the lowest levels. Just again to say that even whilst we were under scrutiny before, we were reporting levels that were below 1 per cent. Comparatively, England was reporting about an 8 per cent level, and I think Scotland at around 6 per cent, but that was in part because of*

<sup>144</sup> PAPAC: Scrutiny of Accounts Welsh Government 2020-21, recommendation 15

<sup>145</sup> Welsh Government Consolidated Accounts 2023-24

<sup>146</sup> Welsh Government Consolidated Accounts 2023-24



*the way in which we established those schemes in the first place. So, all of the post-completion monitoring is not yet finished, but everything is indicating to us that we've got a similar level of very low error that has been reported as well. I'm happy to provide a note, Chair, as those things are updated, but hopefully, as we come into the next set of accounts, we'll be able to be clearer anyway on it, because it's still been ongoing."*<sup>147</sup>

**149.** In relation to the COVID business grants, the Permanent Secretary said "in our experience, this is a very low level of error and potential fraud being reported, and we've not had to pursue anything, really, of significance in that environment".<sup>148</sup>

### **Tailored Review of Arm's Length Bodies**

**150.** The Committee has sought updates from the Welsh Government about its programme for tailored reviews and the risk assessment of its Arm's Length Bodies. This followed its predecessor Committee's concerns about the Welsh Government's decision to remove its calling in procedures and its subsequent interest in the tailored review process given its objective of providing assurance to Ministers, the Principal Accounting Officer and the Arm's-Length bodies on whether they 'remain fit for purpose and are well governed and properly accountable'.<sup>149</sup>

**151.** In September 2018, the then Permanent Secretary told the Public Accounts Committee of the Fifth Senedd that the Welsh Government had developed a risk tool to identify when a review of an Arm's-Length Body would be beneficial.<sup>150</sup>

**152.** In March 2022, the Welsh Government said it was using the 'Handy Risk Assessment Tool' ('HART') model, the use of which it had consulted on. It noted it would use the HART model to risk assess all Arm's Length Bodies by February 2023.<sup>151</sup>

**153.** On 14 December 2023, the then Chief Operating Officer told the Committee the Welsh Government would move to a new self-assessment model, an adapted version of a model produced by the Cabinet Office, for the tailored review of its

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<sup>147</sup> PAPAC, RoP, 19 February 2025, paragraph 212

<sup>148</sup> PAPAC, RoP, 19 February 2025, paragraph 214

<sup>149</sup> Public Accounts Committee, Scrutiny of Accounts 2019-20: Welsh Government, March 2021, paragraphs 52 and 56

<sup>150</sup> Letter from the then Permanent Secretary, 25 September 2018, page 2

<sup>151</sup> Letter from the Permanent Secretary, 29 March 2022

Arm's Length Bodies. The then Chief Operating Officer described the new model as "much more appropriate"<sup>152</sup>, explaining:

*"We aim to review the self-assessment model early in the new year and then pilot it and roll it out to organisations following on from that, and that then forms the risk assessment process that would lead into a tailored review programme around specific organisations."*<sup>153</sup>

**154.** He added the reviews of individual organisations had been paused whilst the Welsh Government implemented and adapted the self-assessment model. Its thematic reviews would continue.<sup>154</sup>

**155.** The 2023-24 Accounts note the Welsh Government published a Tailored Review of board recruitment (June 2024) and it had undertaken a Tailored Review of the royal charters of public bodies.<sup>155</sup>

**156.** In its latest response, the Welsh Government confirms it has not yet implemented the self-assessment approach.<sup>156</sup> It has completed the "initial pilot stage" and officials would seek agreement from senior officials to use it for an extended pilot across all Welsh public bodies outside of the NHS and local government sectors.<sup>157</sup> The Permanent Secretary notes Arm's Length Bodies will be required to complete the self-assessment by 31 March 2026.<sup>158</sup>

**157.** The Permanent Secretary also noted the UK Government has halted its Tailored Review programme. He advises:

*"As a result, the Welsh Government will not be restarting a programme of Tailored Reviews but is looking to offer a number of options for further, more detailed reviews of bodies. This will offer a more flexible approach to reviews based on the results of each self-assessment exercise."*<sup>159</sup>

<sup>152</sup> PAPAC, RoP, 14 December 2023, paragraph 66

<sup>153</sup> PAPAC, RoP, 14 December 2023, paragraph 66

<sup>154</sup> PAPAC, RoP, 14 December 2023, paragraph 67

<sup>155</sup> Welsh Government Consolidated Accounts 2023-24

<sup>156</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>157</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>158</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>159</sup> Letter from the Permanent Secretary, 1 April 2025

**158.** The Permanent Secretary confirmed he would provide a further update on the roll out of the self -assessment exercise “in due course”.<sup>160</sup>

**159.** On 6 June, the Welsh Government provided an update to the Committee.<sup>161</sup> This noted, in May 2025, the Welsh Government issued its Self-Assessment Model for Wales (the ‘SAMW’) and guidance to its Arm’s Length Bodies (‘ALBs’) for use. This followed a pilot, which ran in late 2024 and early 2025.

**160.** The guidance includes the following principles for the self-assessment reviews:

- Each body should undergo a self-assessment exercise once a year.
- The self-assessment exercise should be completed jointly by the partnership team and the body.
- The SAMW is designed to be used as a first stage in assessing any issues for further review. However, the Welsh Government says it “does not provide a final and authoritative view on the need for a more detailed review but offers an indication of performance against a number of baseline performance indicators”.<sup>162</sup>
- Each body should have a detailed review at least once in each Senedd term (once every four years).

**161.** The Welsh Government says:

*“Where a need for a wider review is identified by Welsh Government or the body itself, there are a number of review methods available. These include a focus on key issues identified through the assessment, a Critical Friend Review or similar tool from the Welsh Government Policy Gateway and Integrated Assurance Hub, or an internally led Rapid Review.”*<sup>163</sup>

**162.** The Welsh Government says it has asked ALBs, which have not been reviewed since 2021, to “carry out a self-assessment ... and consider the need for a

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<sup>160</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>161</sup> Letter from the Chief Operating Officer, Welsh Government 6 June 2025

<sup>162</sup> Letter from the Chief Operating Officer, Welsh Government 6 June 2025

<sup>163</sup> Letter from the Chief Operating Officer, Welsh Government 6 June 2025

wider review of the organisation, reporting on the outcomes by 31 March 2026”.<sup>164</sup> It appears to refer to this as the “Test Phase”.<sup>165</sup> It adds:

*“Any issues raised can feed into further amendments to the Model, so that an agreed Model is in place for the next term of government. The remaining bodies need not take any action this year but are encouraged to consider how to use self assessment in the future.”*<sup>166</sup>

**163.** The guidance notes ALBs are to send their completed self-assessments to the Welsh Government’s Public Bodies Reference Group. It says:

*“The Public Bodies Reference Group (the Welsh Government Directors responsible for public bodies) will consider the results from different bodies and consider any changes needed for the self assessment model and wider reviews after the Test Phase has ended.”*<sup>167</sup>

**164.** The letter included a list of the Welsh Government’s 48 Arm’s Length Bodies.

## Our view

**165.** The Committee is disappointed that the Permanent Secretary’s most recent letter about Managing Welsh Public Money did not set out when the Welsh Government expected to complete its review of the four areas it has prioritised for updating. The Committee is also concerned that the Permanent Secretary is seemingly rolling back from his previous commitment to revise the whole document by December 2025.

**166.** The Welsh Government describes Managing Welsh Public Money as the “framework and principles for managing public resources responsibly and in the public interest”<sup>168</sup> and having said its Corporate Governance Centre of Excellence began a refresh of Managing Welsh Public Money in April 2021, it is vital this work is completed.

<sup>164</sup> Letter from the Chief Operating Officer, Welsh Government 6 June 2025

<sup>165</sup> Letter from the Chief Operating Officer, Welsh Government 6 June 2025

<sup>166</sup> Letter from the Chief Operating Officer, Welsh Government 6 June 2025

<sup>167</sup> Letter from the Chief Operating Officer, Welsh Government 6 June 2025

<sup>168</sup> Welsh Government, Managing Welsh public money

**167.** The Committee will review the progress made, and seek an explanation, should the Welsh Government not publish an update of Managing Welsh Public Money by December 2025.

**168.** The Committee acknowledges and welcomes the additional disclosures about risks which the Welsh Government has included in its accounts. The presentation clearly sets out the risks at April 2023, the changes year and the position at April 2024. However, the Welsh Government should also include, in its accounts, information about the new risks added in the year and ensure it follows best practice in reporting about risks.

**Recommendation 16.** We welcome the additional disclosures about risks in the Welsh Government's 2023-24 Accounts, which sets out the information in a clear and engaging way. However, we recommend that the Welsh Government also include, in its annual accounts, commentary about the new risks added during the year and ensures it follows best practice in reporting risks.

**169.** The Head of Internal Audit has identified significant issues with the Welsh Government's Programme and Project Management Framework. We note the Welsh Government's position that work is progressing, and it will take time to implement and embed change across the organisation. However, it is critical that it do so. We will follow up on this matter in our scrutiny of the Welsh Government's 2024-25 Accounts.

**170.** We note that the Auditor General for Wales's recent report on the Wales Infrastructure Investment Strategy<sup>169</sup> also references the internal audit findings as part of its own commentary on the Welsh Government's approach to programme and project management. The report notes:

*"... looking back a decade, the Welsh Government set out plans to improve programme and project management in its 2013-14 and 2014-15 annual accounts. It said at the time that it had established a centre of expertise, re-established a community of practice, and launched training for staff."*<sup>170</sup>

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<sup>169</sup> Auditor General for Wales, *The Wales Infrastructure Investment Strategy* (May 2025)

<sup>170</sup> Auditor General for Wales, *The Wales Infrastructure Investment Strategy* (May 2025), paragraph 3.18

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**171.** However, the Auditor General for Wales added:

*“The recent internal audit findings suggest that the Welsh Government has not sustained previous improvements. During our own fieldwork, we found that the Welsh Government did not have a clear understanding of infrastructure programme and project management skills across the organisation.”<sup>171</sup>*

**172.** The Auditor General has made his own recommendations around urgent improvements to programme and project management and we await sight of the Welsh Government’s response. We are pleased to note that the Welsh Government has continued to monitor and review the funds allocated for business support during the pandemic. We note the Welsh Government is to issue a formal notice for the recovery of grants awarded from its Economic Resilience Fund where a recipient has not responded to provide monitoring information. However, the Welsh Government does not set out data about the number and value of such grants. We ask that the Welsh Government share this information.

**173.** We welcome the Permanent’s Secretary’s commitment to provide an update, and include information in its accounts, about the level of fraud and error in its COVID-19 business grants once the Welsh Government has finished Post Completion Monitoring. The Committee recommends the Welsh Government provide information about the number and the overall value of the Economic Resilience Fund grants for which it has issued, or is going to issue, a formal notice for the recovery of grant having not received from the recipient the monitoring information required.

**174.** The Committee welcomes the update about the self-assessment model. However, we are perplexed by how long it has taken the Welsh Government to implement a risk-based approach to obtaining assurance regarding its Arm’s Length Bodies. In September 2018, the then Permanent Secretary informed our predecessor Committee the Welsh Government had developed a risk tool to determine when a review of an Arm’s-Length Body would be beneficial. However, it’s taken the Welsh Government more than six years, with changes in approach including a shift to self-assessment, to implement the arrangements for a “Test Phase”: it has yet to agree its Self-Assessment Model.

<sup>171</sup> Auditor General for Wales, *The Wales Infrastructure Investment Strategy* (May 2025), paragraph 3.19

**175.** The outcomes of the self-assessment exercise in 2025-26 are not due to be reported until 31 March 2026. This means the Committee will not be able to consider them before the end of this Senedd term, which is disappointing. We will make reference to these matters in our legacy report for consideration by our successor committee in the next Senedd Term.

**176.** The Committee will also take the opportunity to explore the Welsh Government's process during our accounts scrutiny work this autumn. Ahead of that, we note our reservations. While acknowledging the Welsh Government says it has a "number of review methods available", we have reservations over the plan for all ALBs to have a detailed review each Senedd term (every four years). Recognising the Welsh Government paused its programme part way through this Senedd term, tailored reviews have been completed to date for only two ALBs, the National Library of Wales (September 2020)<sup>172</sup> and Amgueddfa Cymru (July 2023)<sup>173</sup>, alongside thematic reviews.

**177.** In terms of the approach for detailed reviews, we do not understand why the Welsh Government's decision not to restart its Tailored Review programme is the result of the UK Government's decision to stop its corresponding programme. We would welcome an explanation at this stage.

**Recommendation 17.** We recommend that the Welsh Government explain why its decision not to restart its Tailored Review programme is the result of the UK Government's decision to stop its corresponding programme.

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<sup>172</sup> Tailored review of the National Library of Wales

<sup>173</sup> National Museum Wales: tailored review



## 9. Follow Up Issue

### TVR Automotive

**178.** In July 2024, the Committee considered a letter from the Auditor General for Wales about the Welsh Government's support for TVR Automotive Ltd (TVRA).<sup>174</sup> This noted, at that time, the Welsh Government held an equity stake in TVRA, based on its share investment of £0.5m in 2016. However, this equity stake was reduced to 1.6% of the total shares due to Ensorcia's investment. In June 2023, the Welsh Government entered a new shareholder agreement with TVRA and secured an ongoing buyback agreement, which it can exercise whenever it chooses, to sell its shares back to TVRA at 100% of the fair value.

**179.** Officials were, at the time of the Auditor General for Wales's letter to the Committee, preparing Ministerial advice for a decision about the shareholding. Either to sell back the shares to TVRA at the value agreed or retain the shares in the hope the share price may increase from the current valuation, potentially generating a more positive return on the original investment.

**180.** The Welsh Government had decided to lease the refurbished factory in Ebbw Vale to an alternative tenant, which could generate approximately £0.735m per year over a lease term of 10 to 15 years, giving a total return of £7.350m – £11.025m million. While the property had attracted "some market interest", the Welsh Government had not received any formal offers to lease the factory.<sup>175</sup>

**181.** In written correspondence we asked Welsh Government Officials whether the Welsh Government still holds an equity stake in TVR Automotive and if so, how does this represent value for money.

**182.** In its response, the Welsh Government said the then Cabinet Secretary for the Economy, Transport and North Wales had, in August 2024, approved the sale of all shares held by Welsh Government in TVR Automotive Limited at 'Fair Market Value' (FMV), as per the Shareholders Agreement.<sup>176</sup>

**183.** Furthermore, the letter stated that the work of establishing the FMV is not straightforward and "TVRA are still a pre-revenue based entity with very little asset

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<sup>174</sup> Letter from the Auditor General for Wales to PAPAC, [The Welsh Government's support for TVR Automotive Ltd](#), 12 July 2024

<sup>175</sup> Letter from the Auditor General for Wales to PAPAC, [The Welsh Government's support for TVR Automotive Ltd](#), 12 July 2024

<sup>176</sup> [Letter from the Permanent Secretary, 1 April 2025](#)

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value beyond branding and there is little by way of industry comparatives and a business plan that is still to be achieved. The sale has yet to complete (the equity stake is still held) but negotiations are underway”.<sup>177</sup>

**184.** We also asked if the Welsh Government has now leased the refurbished factory in Ebbw Vale; and if so, we sought information about the terms of the lease and whether it will generate the expected return. We also asked the Welsh Government about the number of vacant commercial properties it is holding more widely across Wales and how it decides when to sell them.

**185.** In its written correspondence, the Welsh Government stated “The property remains vacant but is the subject of an active enquiry from a potential occupier. Discussions/ negotiations are progressing.”<sup>178</sup>

**186.** Regarding the Welsh Government’s wider commercial property portfolio, we were told that:

*“The vacancy level on the lettable estate currently stands at circa 12%. There are currently 17 whole buildings that are vacant and not available for letting due to reasons such as refurbishment, being under offer, or awaiting demolition. Assets within the Economy portfolio are sold either in pursuit of Economic Development policy objectives, or when identified as being surplus to requirements for policy delivery”.*<sup>179</sup>

## Our View

**187.** We recognise there is balance to be struck between investing public money to maximise investment in Wales and the associated risks. The Welsh Government needs to manage these risks. The decision making and governance arrangements around them need to be robust and rigorously informed

**188.** Our previous scrutiny has shown that commercial investment is precarious and it can take many years to realise the economic benefits. While our role has not been to comment on the merits of Welsh Government decisions to invest in specific businesses, we do have an interest in how decisions to invest are made and then managed.

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<sup>177</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>178</sup> Letter from the Permanent Secretary, 1 April 2025

<sup>179</sup> Letter from the Permanent Secretary, 1 April 2025

**189.** In the case of TVRA, we are concerned about what happens next in terms of the use of the factory and the Welsh Government's equity investment., we are concerned that the property remains vacant and the investment as it currently stands is not generating any income or representing value for money. From when the Auditor General first wrote to us in July 2024 about the Welsh Government's support for TVRA to the latest update we received from the Welsh Government in April 2025 very little has changed. We also note that refurbishment of the factory was completed in July 2023, which was when the decision to pursue an alternative tenant option was made.

**Recommendation 18.** We recommend that the Welsh Government alert this Committee when any sale of the shares is concluded, including details of the level of return, and kept the Committee updated on the leasing arrangement as and when any tenant is found. We ask that any updates include information about whether the expected level of income from any lease has been secured.

## Annex 1: List of oral evidence sessions

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the [Committee's website](#).

Date	Name and Organisation
19 February 2025	<b>Dr Andrew Goodall, Permanent Secretary,</b> Welsh Government <b>Tim Moss, Director General and Chief Operating Officer,</b> Welsh Government <b>Dean Medcraft, Director of Finance,</b> Welsh Government <b>Dominic Houlihan, Director of People and Places,</b> Welsh Government