



Board Meeting: 24 April 2015

AGENDA ITEM: 3

Title of paper:	Well-being of Future Generations (Wales) Act 2015 - Implications and Opportunities for the Welsh Government
Purpose of paper:	To set out how the implementation of the Act could be structured to help drive the Devolved Services Reform and Preparing for the Future agendas.
Action required by the Board:	<p>The Board is asked to:</p> <ul style="list-style-type: none"> • note the changes required by the Act that relate to activities to be undertaken in all Welsh Government Departments; • note the corporate level work on implementation that has already commenced; • consider implementation from a policy department perspective, and how this should be driven; • agree that implementation should be integrated with existing governance structures, including those for <i>Devolved Services Reform</i> and <i>Preparing for the Future</i>; • agree that an update on implementation and governance be brought to a future meeting of the Board.
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1. Background

- 1.1. The Well-being of Future Generations (Wales) Act 2015 will come into force in April 2016 and will be a major influence on the incoming administration's objective setting and prioritisation. Though often misrepresented as environmental legislation, the Act in fact covers the full range of policy aims for the Welsh public sector. It is essentially a governance Act that sets out in law the principles for decision-making for the public sector, a single framework of goals and indicators, and the functions and membership of Public Service Boards. It will require us all to think about and plan for the lateral and long-term implications and benefits that can result from our strategic planning, investment and delivery.
- 1.2. By establishing a single binding legal framework, the Act provides a means of directly addressing the over-complexity identified by the Commission for Public Services and in our own Reducing Complexity agenda. The key challenges will be to ensure that the organisation as a whole uses the new framework, and that the implementation of the new legal requirements is seen not as "another compliance exercise" but as a way of building our future capability to deliver.

2. Requirements of the Act

- 2.1. The starting point for the Act is the establishment of seven well-being goals at a population level: a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and a thriving Welsh Language and a globally responsible Wales (see Annex 1).
- 2.2. The Welsh Government, along with 43 other public bodies that will be subject to the duties set out in the Act, will be required to:
 - improve economic, social, environmental and cultural well-being by contributing to the seven well-being goals;
 - act in accordance with the sustainable development principle, taking account of the governance principles (attending to long term impact, prevention, integration, collaboration and involvement) to the setting and meeting of objectives; (Annex 2)
 - set well-being objectives that explain how we will contribute to the well-being goals, and take steps to meet these objectives;
 - report annually on progress;
 - respond to relevant recommendations from the Future Generations Commissioner and feedback from the Auditor General for Wales.
- 2.3. There are also key buildings blocks for the Act that the Welsh Government is responsible for. These require us to:
 - publish 'All Wales National Indicators' for the purpose of measuring collective progress towards the achievement of the goals;
 - publish a report on the annual progress of the indicators;
 - within twelve months of an election, publish a Future Trends Report that contains predictions of likely future trends in the economic, social, environmental and cultural well-being of Wales;

- publish statutory guidance.

2.4. The Act will also put Local Service Boards on a statutory footing through the establishment of Public Services Boards.

3. Implications for the Welsh Government

3.1. As the sponsor of the Act, one of the bodies directly caught by the requirements of the Act and as the body that sets objectives for the rest of the devolved public sector, Welsh Government's leadership on delivering the requirements of the Act will be very much in the spotlight. Failure will not only present a reputational risk but would also open up our actions to legal challenge.

3.2. A series of existing work areas and reform programmes will be key to effective implementation. Reform of strategic planning and budgeting arrangements will be central to success. Equally, integrating work on implementation with the core reform programmes, most notably the work on Preparing for the Future and the Devolved Services Reform programme will be crucial. These programmes will set the core values and processes for our internal work and the work of the wider public sector. There is also a significant task to communicate coherently the requirements of the Act internally and ensure that staff are aware of the need to have regard to *all* of the well-being goals, regardless of where they work in the organisation.

3.3. Significant scrutiny of progress will be undertaken by the National Assembly, by the new Commissioner for Future Generations (on the extent to which well-being objectives are being met) and by the Auditor General for Wales (in relation to the extent to which we have acted in accordance with the sustainable development principles). The Board will wish to consider what internal assurance arrangements are required to give confidence that external expectations will be met.

4. What needs to be done

4.1. Successful implementation of the Act will require changes to business processes and to the way in which we work. In some areas this will entail modifications to existing approaches, and in others it will mean more radical change. To date, implementation activities have focused on corporate processes.

4.2. There are now important areas, particularly in relation to implementation in policy departments, where the support and leadership of the Board will be essential to ensure not only that compliance is achieved, but that we go beyond compliance to achieve Ministers' ambitions. An initial list of the lead teams identified against key areas of implementation is at Annex 3.

Successor to the Programme for Government (PfG)

- 4.3. The current PfG has given an outcome focus that has been a step forward from previous plans. We have learnt from the experience of developing the PfG and publishing subsequent annual reports. The Act will require the next Welsh Government to set out its well-being objectives, and the actions it will take in respect of those objectives. This will replace the current PfG, and it is a major opportunity to develop a strategic plan that reflects Ministerial priorities and drives them through the public service delivery system.
- 4.4. It is critical that a 'golden thread' is visible between national goals, Welsh Government objectives and actions, departmental plans and funding arrangements with delivery bodies. Whilst the content of the successor to the PfG will be dictated by the next Welsh Government, preparations can be initiated now to improve the alignment between corporate and departmental planning and reporting structures.

Purposeful national (outcome) indicators and performance measures

- 4.5. A project has already been established to develop new National Indicators of Well-being as a requirement of the Act. Alongside this, the Devolved Services Reform programme is taking stock of the plethora of performance measurement frameworks that have grown up independently of each other. More purposeful indicators and measures would enable a more thorough evaluation of performance and would shape decision making.
- 4.6. In future, because of the Act, it will be critical that all performance management frameworks – many of which are owned by policy departments - are designed within the overall framework of the Act.

Demonstrating how resources are allocated in order to make progress towards the National Goals

- 4.7. Budget decisions will be a key element of what we will do in support of national goals. Meaningful alignment of budgets with the successor to the PfG will be required to give an account of how financial resources are being deployed to meet the objectives required by the Act.
- 4.8. The Department for Finance and Corporate Services is at the early stages of work with Heads of Finance and the Resources and Structures work stream of Preparing for the Future to explore how current programme funding, staff resources and planning/ performance measurement hierarchies can be linked, or if a new single hierarchy should be established.

Relationship with delivery organisations

- 4.9. The way in which the Welsh Government manages its relationships with delivery partners - including through funding agreements, remit letters and performance accountability – should be reset in the context of the Act. Capability will need to be built amongst budget holders to ensure that they understand what this means in practice, alongside the work to provide statutory guidance for public bodies.

- 4.10. No single organisation can deliver better well-being outcomes individually, so making progress on the national goals will require the public sector to work together – on the basis of the five sustainable development principles - as a more coherent whole. Public Services Boards will establish common objectives through their well-being plans and work collaboratively to tackle shared challenges for the long term, for example by pooling budgets and delivering together on the basis of agreed local priorities.

Communications and capability building

- 4.11. Effective communication of the changes across the organisation will be vital and must be part of a coherent set of messaging around change and reform, rather than potentially a competing message. Specific work will be needed to bring together the communication on the work that is in hand. The ways in which we establish public service values, develop leadership and policy skills, and evaluate and assess the impact of policy delivery should also be fit for purpose to deliver the requirements of the Act.

Governance

- 4.12. To date the governance of implementation has taken place within existing structures, for example the WFG Bill Project Board, the Devolved Services Reform Portfolio and business-as-usual arrangements. In going forward, we would appreciate a steer from the Board on how best to ensure that the work on the Act and the different existing strands of reform work are best governed to ensure a coherent presentation and implementation of the changes needed.
- 4.13 We are not inclined to establish a purely freestanding structure for the Act implementation and our preference is to build this into the existing workstreams. This will require discussion with the respective SROs to ensure that this is a practical approach and to identify what if any changes to existing governance are needed to make this effective.
- 4.14 If the Board is content with this approach, we will wish to report back to the Board on the final basis for governance and how the actions needed are to be delivered, by whom and by when.

5. Recommendations

- 5.1 It is recommended that the Board:
- notes the changes required by the Act that relate to activities to be undertaken in all Welsh Government Departments;
 - notes the corporate level work on implementation that has already commenced;
 - considers implementation from a policy department perspective, and how that should be driven;
 - agrees that implementation should be integrated with existing governance structures, including *Devolved Services Reform* and *Preparing for the Future*, and considers any additional assurance that may be required;
 - agrees that an update on implementation and governance be brought to a future meeting of the Board.

Publication

This paper should be published.

Date submitted to Secretariat: 16 April 2015

ANNEX 1



Well-being goals

Goal	Description of the goal
A prosperous Wales	An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.
A resilient Wales	A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).
A healthier Wales	A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
A more equal Wales	A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).
A Wales of cohesive communities	Attractive, viable, safe and well-connected communities.
A Wales of vibrant culture and thriving Welsh language	A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.
A globally responsible Wales	A globally responsible Wales. A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

Annex 2



Sustainable Development Principle

In this Act, any reference to a public body doing something ‘in accordance with the sustainable development principle’ means that the public body must act in a manner which seeks to ensure that **the needs of the present are met without compromising the ability of future generations to meet their own needs**



Long Term

The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.



Prevention

How acting to prevent problems occurring or getting worse may help public bodies meet their



Integration

Considering how the public body’s well-being objectives may impact upon each of the well-being goals, on each of their other objectives, or on the objectives of other public bodies.



Collaboration

Acting in collaboration with any other person (or different parts of the body itself) could help the body to meet its well-being objectives.



Involvement

The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which they serve.

ANNEX 3 Key areas of implementation

Work areas	Lead
Changes to Programme for Government	FCS – SB PfG Delivery Group
National indicators	FCS – SB FCS - KAS
Strengthening performance management	FCS – SB DSR
Re-alignment of budgets	FCS – SB Heads of Finance Preparing for the Future
Relationship with delivery organisations	All departments
Public Services Boards	LGC
Communications	Permanent Secretary's Department
Capability / Leadership / Values	FCS – Academi DSR
Policy training	DHSS - PSU
Impact assessments	All departments Reducing Complexity
Appraisal (including 5 case model, cost benefit analysis)	FCS - Treasury
Procurement	FCS – NPS; CPS