

Wales Audit Office Board
Minutes of the meeting on Wednesday 27 July 2022

Members:

Lindsay Foyster	Chair and non-executive member
Adrian Crompton	Chief Executive and Auditor General for Wales
Alison Gerrard	Non-executive member and Chair of the Remuneration & HR Committee
Adam Marshall	Elected employee member
Anne Beegan	Elected employee member
David Francis	Non-executive member and Senior Independent Director
Elinor Gwynn	Non-executive member
Ian Rees	Non-executive member and Chair of the Audit & Risk Assurance Committee
Kevin Thomas	Nominated Employee member and Executive Director of Corporate Services (EDCS)

Apologies: None

In attendance:

Anne-Louise Clark	Executive Director of Communications and Change (EDCC)
Ann-Marie Harkin	Executive Director of Audit Services (EDAS)
Amanda Jenkins	Planning & Reporting Specialist (Minutes)
Laurie Davies	Head of Business Services (items 9 and 10)
Nicola Evans	Head of Finance (item 7)

Observers:

Catherine Kay	Graduate Trainee
Rachel Evans	HR Business Partner

Item	Agenda
1.	Chair's welcome and apologies for absence
2.	Declarations of interest
3.	Review of minutes: Board meeting 09 June 2022, NEM meeting 17 June 2022
4.	Review of action tracker
5.	Report of the Chief Executive and Auditor General
6.	Chair's update
7.	Performance reporting, including the strategic risk register
8.	Staff survey: progress against actions
9.	Future workplaces: decision
10.	Health and Safety Committee: annual report
11.	Report from the Remuneration & HR Committee 21 July 2022
12.	Strategic Equality Plan
13.	Board effectiveness: update on actions and proposals for 2022-23 self-assessment
14.	Post project learning: travel and subsistence review
15.	Any other business

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16.	Review of the forward work programme
17.	Review of the meeting
18.	Date of next meeting: Strategic – Tuesday 20 September 2022 (Abergele), Business – Tuesday 27 September 2022 (Teams)

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Standing Items		
1.	Chair's welcome and apologies for absence	
1.1	The Chair welcomed members and those in attendance.	
1.2	There were no apologies for absence.	
1.3	Alison Gerrard would write the meeting blog incorporating the five key messages that would be captured by the EDCC.	AG / EDCC
2.	Declarations of interest	
2.1	The Employee Board members and staff present declared interests in the Future Workplaces decision (item 9), in as far as it related to personal convenience when working at the Cardiff office. The Chair confirmed that such interests were non-prejudicial so there would be no need for anyone to leave the meeting for that item.	
3.	Review of minutes: Board meeting 09 June 2022 and NEM meeting on 17 June 2022	
3.1	Subject to amendment for accuracy of attendees, the Board approved the minutes of its meeting on 09 June as an accurate record.	
3.2	The Board noted the minutes of the meeting of the non-Executive members on 17 June 2022.	
4.	Review of action tracker	
4.1	The Board received updates against actions which the Board Secretary would reflect on the tracker, including: <ul style="list-style-type: none"> • WAOB/21/025 (Staff survey response): close as covered by agenda item 8; • WAOB/21/055 (Resourcing): close as update provided via the Chief Executive's report (item 5). • WAOB/21/056 (Resourcing): close as update provided via the Chief Executive's report (item 5). • WAOB/21/060 (Strategic Equality Plan): close as covered by agenda item 12. 	
5.	Report of the Chief Executive and Auditor General	
5.1	The Auditor General and Chief Executive presented his report and drew the Board's attention to the update on Audit Services supply and demand. He highlighted the links to the Board's earlier discussions with the Trade Unions noting that the two data sets were showing a similar picture of a contradiction between timesheet data and anecdotal feedback from staff. He highlighted the success in reducing the number of vacant posts and	

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	reminded the Board of the impact of this on vacancy savings in the Estimate.	
5.2	<p>The Board discussed the update and recognised that:</p> <ul style="list-style-type: none"> • there should not be an automatic presumption linking additional hours with stress, staff could be stressed and unable to work additional hours or off work with stress related sickness so working no hours; • following the Reset Exercise, the EDAS anticipated the 500 days unresourced figure would reduce to reflect the situation more accurately and this would be reflected in the August staff plan; • there was a gap in information relating to Corporate Services staff, and the EDAS highlighted that pulse surveys suggested some additional hours were worked but not on the same scale as in Audit Services; and the ongoing corporate services restructures had been designed to address workload pressures as well as other business needs; and • it needed to understand the full picture and context, including any concerns for ELT that were highlighted through the data. The Chair confirmed she would be happy for the EDAS to contact her to discuss alternative ways to present the information. 	
5.3	The Board confirmed it was content for the EDAS to provide regular updates on audit services supply and demand via the Chief Executive's report, unless at any time the ELT decided it warranted a dedicated paper.	EDAS
5.4	The Board highlighted the exceptional success in trainee and apprentice examinations and passed on its congratulations, especially to Alice Taylor and Ali Tariq on their awards.	
5.5	The Board noted the report.	
6.	Chair's Update	
6.1	The Chair presented her written report which she took as read. Following the re-appointment of Anne Beegan as an elected employee member of the Board for a further period of four years, the Chair proposed and the Board approved Anne's membership of the Audit & Risk Assurance Committee.	
6.2	The Board otherwise noted the report.	
7	Performance reporting	
7.1	The Chair introduced the item, welcoming the new approach in developing an integrated performance report. She emphasised the need for Board to focus discussion on the governance aspects of content in the report at its meeting, noting that further work would be done on the design before the September meeting. The Chair proposed that Anne Beegan, Ian Rees and Lindsay Foyster would join the EDCC and Board and Committee Support in taking this action forward.	
7.2	The EDCC presented a paper and slide pack providing the quarter one performance information on finance, KPIs, delivery of the annual plan and strategic risk. She highlighted a new approach had been taken to	

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	presenting the information and welcomed Board input on the design, level of detail and timeliness of the information presented.	
7.3	The EDCC explained that the pack sought to provide the Board with an integrated suite of information rather than individual reports on each area. She highlighted that information had also been triangulated from various areas of the business, including HR information that had been presented to the Remuneration & HR Committee earlier in the week.	
7.4	<p>The EDCC highlighted;</p> <ul style="list-style-type: none"> • the amber finance health assessment due to the forecast outturn deficit, but the potential this could move to red and assured the Board that ELT would closely monitor the position; • that a lot of the performance data aligned with areas the Board had already discussed today with specific risks related to staff welfare; • the interconnectivity between the strategic risks related to financial balances and workforce issues; • some risks had been closed due to mitigating actions being completed and new risks opened relating to budget pressures and office space; and • that ELT would be reviewing the full suite of risks at its next meeting, considering the outcome of Board's recent blank sheet review. 	
7.5	The Head of Finance clarified that although the year-to-date income was ahead of forecast, increasing sickness levels would impact upon it. She highlighted that compared to the same point in 2021-22 the position this year was concerning but she anticipated more could be released from non-pay budgets including the T&S budget as the amount of travel required remained uncertain. She confirmed ELT would continue to closely monitor the situation and that by September Board would either provide assurance that the position had improved or outline the remedial action required.	
7.6	<p>The Board discussed:</p> <ul style="list-style-type: none"> • the potential for a new risk related to the problems with staff recruitment and levels of sickness absence impacting on future income and the financial balances; • that the strategic risks were currently in transition as the outcomes from the blank sheet review had not yet been incorporated; • the impact of internal recruitment on the vacancy savings target and that any savings from backfilling were not factored into the forecast; and • the potential impact of carrying vacancies on the opportunity to generate income, staff pressures and sickness rates. 	
7.7	The Board discussed the new approach to the report and agreed it represented a step in the right direction and clearly showed interconnectivity between different aspects of the business. It discussed the level of formality required in the information and agreed the EDCC	EDCC/ LF/IR/AB

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	would work with the proposed task and finish group to further develop the integrated report before September's meeting.	
7.8	The Board noted the update.	
8	Staff survey: progress against actions	
8.1	The EDCC presented a paper supported by a presentation outlining the activity and progress made against actions developed to address key areas arising from the staff survey results.	
8.2	<p>The EDCC outlined how the two areas with low satisfaction, namely learning and development and change leadership, had been investigated through deep dive interviews with a small group of staff as well as the mid-year review which had been a short sharp temperature check on-line staff survey to test some assumptions.</p> <p>She highlighted;</p> <ul style="list-style-type: none"> • the deep dive conversations focused on staff's actual experiences and showed that those who were self-motivated felt the organisation supported them in their development; • the trainee experiences were generally positive and indicated they appreciated the support they received; • staff preferred bite size learning that they could access at the time they needed it and that suited them best; • that LinkedIn learning and ESS were understood and liked; • that the findings suggested actions in train were making a difference, but changes could be better communicated and tell the stories of staff experiences. 	
8.3	<p>The Board discussed:</p> <ul style="list-style-type: none"> • that some comments resonated with the earlier discussions with the trade unions around workload and resourcing and the importance of using channels such as Pobl to share the ongoing work to address these concerns; • the range of key areas of change raised by staff in the discussions; and • the need to continue to get this snapshot information and more qualitative information going forward to better understand and address staff concerns. 	
8.4	<p>The Board was assured that:</p> <ul style="list-style-type: none"> • there were a lot of positive messages from the findings; and • that the outcome would be fed back to staff to give assurance that the ELT and the Board were listening to and acting on their responses. 	
9	Future Workplaces	
9.1	The Head of Business Services introduced a paper and supporting presentation outlining the business case for the relocation of the Cathedral Road office. She re-capped the process followed, and factors taken into consideration to initially shortlist and recommend the move to 1 Capital Quarter.	

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9.2	<p>The Head of Business Services outlined the reasoning behind the recommendation, highlighting;</p> <ul style="list-style-type: none"> • the property met savings objectives with the opportunity to negotiate separate lease by floor to reduce cost if found to be too large; • that overall, it met business needs as well, if not better, than the other premises; • it should achieve higher environmental performance than the other properties shortlisted; and • one floor was currently move in ready. 	
9.3	<p>The EDCS confirmed that both the Change Programme Board and the OFW Steering Group considered 1 Capital Quarter to be the best fit for business need.</p>	
9.4	<p>The Board discussed:</p> <p><u>Options for premises</u></p> <p>The benefits and dis-benefits of each short-listed premises, noting that Capital Quarter was a modern, energy efficient premises with proximity to public transport links and car parking. It discussed the late offer received from the landlord of Cathedral Road, noting that even with additional tenants the savings target would not be achieved and there was a risk the offer could be retracted.</p> <p><u>Staff engagement</u></p> <p>It noted the level of staff engagement to date, with several site visits carried out with staff from across the organisation, and the positive feedback on Capital Quarter. It was assured that the Trade Unions had been fully involved throughout the process.</p> <p><u>Fit out</u></p> <p>The Head of Business Services confirmed that there had been discussions with the landlord, and they were able to fit out the premise which would help reduce some of the pressure due to time constraints. She emphasised one floor was ready to occupy immediately, which was another benefit with the time constraints.</p> <p><u>Costs and supplementary budget</u></p> <p>The Board noted that all the shortlisted premises would achieve the savings target; it acknowledged the recommended premises had the 2nd highest costs but was assured the savings target would be achieved and the premises was considered the highest quality and best overall to optimise benefits.</p> <p><u>Finance Committee</u></p> <p>It discussed engagement with the Finance Committee and the AGW confirmed a letter had been drafted outlining both capital and revenue costs of the move so there would be no surprises at the September Finance Committee. He clarified the costs were deemed part of normal running the business expenditure with the end of the current lease, not</p>	

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	<p>exceptional costs. The EDCS clarified the aim to seek upfront investment highlighting the reduction in ongoing running costs and knock-on potential in reducing future calls on the WCF and/or fees.</p> <p><u>Long term impact</u></p> <p>The Board was assured the social value and WFG impacts had been fully considered and noted the use of the TOMS Wales tool to ensure all areas had been covered. The Board discussed the opportunity to ensure the fit out of the premises achieved sustainability aims.</p>	
9.5	<p>The Head of Business Services outlined the next steps and timeline. The Board noted there would be a dedicated Hub page, an all staff zoom session after the Board decision today and extensive staff involvement in the design and feel of the office space.</p>	
9.6	<p>The EDCS confirmed that engagement had already taken place with the Finance Committee Clerks and confirmed the letter going to the Chair summarised the business case and the case for change and outlined the budget requirements both before and after the capital programme. He confirmed the Supplementary would be considered by the Committee in private due to the commercial sensitivity. The Board discussed timing and agreed any further consideration required by it could be dealt with virtually.</p>	
9.7	<p>The AGW confirmed that whilst everything possible had been done to brief the Finance Committee there was still a risk that the funding would not be agreed at its September meeting. He confirmed worst case scenario options and implications for future capital budgets were being considered in the case of the Supplementary not being approved.</p>	
9.8	<p>The Board confirmed it was assured that a robust and thorough process had been followed and all factors considered in making the recommendation. It expressed its gratitude to the Head of Business Services and her team and the Steering Group for the robustness of the business case and the hard work undertaken to reach the recommendation.</p>	
9.9	<p>The Board and ELT members agreed that the recommended option provided an exciting and positive opportunity for the whole organisation and would go towards supporting staff wellbeing.</p>	
9.10	<p>The Board approved;</p> <ul style="list-style-type: none"> • the move to 1 Capital Quarter, Cardiff with a 10-year lease and a 5-year break, with separate lease agreements/breaks per floor; • the seeking of a supplementary estimate; and • negotiation for the landlord to undertake a proportion of the tenant fit out, subject to further due diligence. 	
10	Health and Safety Committee Report	
10.1	<p>The Chair clarified that whilst the Health and Safety Committee Annual report covered reporting on sickness absence, discussion on this area would be held over to be covered under consideration of the risk aspect through the report of the chair of the Remuneration and HR Committee.</p>	

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10.2	<p>The Head of Business Services presented the Health & Safety Committee annual report and highlighted:</p> <ul style="list-style-type: none"> • as outlined by the Chair, the report incorporated trends in sickness absence, but confirmed this item would be covered in more detail by the report from the Remuneration & HR Committee; • that all staff had taken the statutory minimum annual leave, but there had been an increase in those carrying over more than nine days leave; and • a lot of work had taken place developing the Wellbeing Strategy and action plans, including the creation of the new Wellbeing Champion role. 	
10.3	<p>The Head of Business Services outlined the proposed change of name of the group to the Health, Safety and Wellbeing Committee and directed the Board to the updated Terms of Reference in the Board reference library.</p>	
10.4	<p>The Board discussed the holiday carry over and its previous commitment to reduce the number of staff carrying over more than nine days. The Head of Business Services confirmed that the H&S Committee agreed the need for a robust approach to ensure staff wellbeing and it would be covered in the line manager training programme due to be rolled out shortly. The Board advised it would like the H&S Committee to closely monitor and provide the Board with early sight if this figure continues to increase.</p>	LD
10.5	<p>The Board discussed the important role of managers in setting the tone for staff wellbeing and noted no managers were Wellbeing Champions.</p>	
10.6	<p>The Board thanked the H&S Committee for incorporating the trend data into its report. It noted the briefing and approved the Committee's annual report and the change of name to the Health, Safety and Wellbeing Committee</p>	
11.	Report from the Remuneration & HR Committee 21 July 2022	
11.1	<p>The Chair of the Remuneration and HR Committee presented her report of the Committee's meeting on 21 July, which supplemented the papers included in the Board pack.</p>	
11.2	<p>The Chair of the Remuneration and HR Committee highlighted:</p> <ul style="list-style-type: none"> • the Committee's recommendation to delay the review of timelines relating to the redeployment pool and pay protection within the Organisation and Workforce Design Policy, based on management's advice that considering these issues at this point in time could negatively impact industrial and wider staff relations; and • that the level of sickness absence had featured in several discussions during today's meetings, and reemphasised whether, due to the potential impact on service delivery it warranted establishing a strategic risk on the register. 	
11.3	<p>The Board discussed the societal, cultural, and environmental factors, such as the pressures on the NHS, that impact on the public as a whole</p>	

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	and it would therefore expect to see reflected amongst the workforce and influence sickness absence levels.	
11.4	The Board asked the ELT to give further consideration as part of their assimilation of the outcomes from the annual risk review, as to whether the position with sickness absence was adequately covered on the strategic risk register. The Board noted they would receive the outcome of this exercise at its September meeting.	ELT
11.5	The Board approved the proposal to delay the review of provisions in the Organisation and Workforce Design Policy relating to the redeployment pool and pay protection until July 2023. The Board otherwise noted the report.	
12.	Strategic Equality Plan	
12.1	The Chair reminded the Board that they had previously had opportunities to engage with the development of the Strategic Equality Plan (SEP) and that the final version was being presented for approval.	
12.2	The EDCC presented the final version of the SEP which had been redrafted to take account of members' feedback and circulated for comment ahead of today's Board meeting.	
12.3	The Board noted that the tone and language of the revised version better reflected its ambitions. It thanked the EDCC and the Communications and Design team for their work.	
12.4	The Board approved the SEP and confirmed it did not require the designed version to come back to a future meeting; it agreed the Chair and AGW would approve the final design version.	Chair/ AGW
13	Board Effectiveness	
13.1	The Planning and Reporting Specialist presented a paper which provided: <ul style="list-style-type: none"> • an update on progress against the actions arising from the 2020-21 Board self-assessment and the external effectiveness review in 2021-22; and • a proposal for the format and content of the Board self-assessment of its effectiveness in 2022-23. 	
13.2	The AGW highlighted that: <ul style="list-style-type: none"> • a lot of progress had been made on areas identified from previous assessment, but there was still work to do; and • the proposed questions for 2022-23 were a simplified suite and raised the question as to whether to open the questionnaire up to others who regularly presented papers to the Board. 	
13.3	The Board discussed the proposed self-assessment questionnaire, the EDCCS suggested incorporating specific reference to the values and behaviours. It agreed that the Chair would check the questions with the Board Secretary against the governance model to ensure all aspects were adequately covered.	Chair / BS

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13.4	The Board discussed opening the self-assessment questionnaire up to others, noting the next full external review would be conducted in a couple years. It agreed that obtaining opinions from those who regularly attended Board would add value. The EDCS would discuss with the Board Secretary who to include in the circulation of the self-assessment questionnaire.	EDCS
13.5	The Board approved, subject to the revisions discussed, the proposal for the format and content of the Board self-assessment of its effectiveness in 2022-23.	
14	Post Project learning: travel and subsistence review	
14.1	The EDCC presented a paper and supporting presentation summarising the outcomes of the travel and subsistence review post project learning exercise. She highlighted the process followed and the key lessons learnt.	
14.2	The Board noted that going forward the learning would be reflected in the Our Future Workplaces project and a set of principles would be established to use for all large corporate projects. It noted the value of the insight and robustness of the exercise	
14.4	The Board noted the report.	
15	Any other business	
15.1	None	
16	Review of the forward work programme	
16.1	The Board noted its forward work programme which the Board Secretary would update.	
17	Review of the meeting	
17.1	The Board welcomed feedback from the members of staff observing the meeting which recognised: <ul style="list-style-type: none"> • the interesting and involved conversations which had taken place; • the opportunity to see how projects staff worked on concluded; and • to gain insight into how everything 'behind the scenes' worked. The Chair emphasised that Board meetings were open for any staff to observe and would welcome staff observers sharing their experiences with colleagues	
17.2	Members reflected on the length of agenda and the limited time for breaks, noting the impact of the overrun of its earlier meeting with the trade unions. The Board Secretary would schedule the next meetings separately from Board meeting dates and arrange for these to be in person if feasible.	BS
17.3	The AGW requested feedback on his written report and the Board confirmed it welcomed the report and found it relevant and interesting in providing a valuable snapshot on what was happening across the audit profession and the business.	
18	Date of next meeting	

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18.1	Strategic Meeting: Tuesday 20 September 2022, (Abergele) Business Meeting: Tuesday 27 September 2022, (Teams).	