

Chapter 10: Public Sector Capacity

10.1 OVERVIEW

- 10.1.1 This chapter considers some of the issues of capacity of the public sector in Wales and at Westminster to govern Wales well and in the interests of its people, particularly in the context of the implications of the broad recommendations of this report.

Box 10.1: Evidence on Public Sector Capacity

[To follow]

10.2 CURRENT ARRANGEMENTS

- 10.2.1 Prior to devolution, the Welsh Office was the Whitehall department that took responsibility for delivering and adapting the UK Government's policies in Wales. In 1999, the officials who staffed the Welsh Office were largely transferred to the National Assembly for Wales as the devolved institution, remaining members of the Home Civil Service. With the legal separation in 2007 of this corporate body into the executive Welsh Assembly Government and legislature, the National Assembly for Wales, the majority of officials remained with the executive.
- 10.2.2 The Welsh Government is now served by approximately 5 000 officials, who work for the Home Civil Service. In broad terms, this entails the officials of the Welsh Government using the same professional development, pay guidelines and pension provision as civil servants elsewhere in Great Britain. Most significantly, it means the apolitical role and status of the civil service is equivalent to other parts of Great Britain.
- 10.2.3 Within Whitehall, the main responsibility for Welsh matters rests with the Wales Office, [a small Department](#) of approximately 50 staff, which was created at the outset of devolution. Each [principal](#) Whitehall [De](#)partment has a working-level devolution contact, who leads on engagement with the devolved administrations and can advise colleagues on devolution matters, and a senior devolution champion, who takes a strategic overview of how the [De](#)partment is engaging with devolution.
- 10.2.4 Within Wales, there are approximately 27 000 officials working for UK [De](#)partments. This includes officials providing non-devolved services direct to local communities, for example employees of JobCentre Plus or the courts, and also some providing services for the whole of Great Britain, for example the Driver and Vehicle Licensing Agency at Swansea, [or the whole of the United Kingdom, such as those who work for the Ministry of Defence.](#)

10.3 IMPROVING THE CAPACITY OF GOVERNMENT

- 10.3.1 The increase of powers that we have proposed in this report, ~~particularly on policing~~, will require some increased capacity to administer within the Welsh Government. A long-standing principle exists where a responsibility is devolved, its administrative costs ~~sh~~ould be transferred, along with the costs for actually delivering the service. The Welsh Government provided an estimate of £3-4 million, or XX percent of the current administrative budget. It was encouraging that the Welsh Government took early action following the publication of our first report in developing a Treasury function, which we had recommended. We would hope that the proposals of the present report would be acted on in a similar manner.
- 10.3.2 ~~The Commission did hear During~~ its evidence gathering, ~~the Commission heard~~ more from members of the public ~~and some than~~ civil society organisations, that there were some concerns with the performance of the Welsh Government in the administration of its existing responsibilities. This was distinct from the policy decisions made, and often ~~led to the view termed that~~ the settlement should not be amended or extended without an improvement in performance. Again, ~~this it is not would not be for the present Commission for us~~ to evaluate or make a judgement on ~~these views~~, but we ~~have an obligation to must~~ reflect the views presented to us. We believe that the improvement of information available publically that we propose in Chapter 9 would allow a more informed debate on performance, and a more sophisticated appraisal of the ability to deliver an elected Welsh Government's programme.
- 10.3.3 We also heard some suggestions in evidence that the UK Government ~~would sometimes regards consider~~ Wales as ~~a region of English and region~~, to a ~~greater~~ extent than ~~that~~ other devolved parts of the United Kingdom. ~~would not be, and It was also put to us that United Kingdom~~ officials ~~sometimes~~ did not understand the ~~devolution~~ settlement very well, particularly ~~in non-devolved areas of responsibility where they remained the responsible government for a particular issue~~. It would be helpful for both UK Government ~~De~~partments and the Welsh public if ~~the De~~partments' responsibilities in relation to Wales were more apparent. For example, this could include departmental plans, from which all divisional and individual work plans are developed, clearly ~~setting~~ out whether a featured policy area was executed by the ~~De~~partment on behalf of the whole of the UK, ~~or~~ Great Britain, ~~or~~ England and Wales or just England. This may also help ensure ~~De~~partments' communications around new policy initiatives are clear on where they apply at the outset.
- 10.3.4 We had a very useful meeting with the Head of the Home Civil Service during our work. ~~We noted, and welcomed h~~is acknowledgement that performance on devolution was patchy, and his commitment to further develop Whitehall's capacity to deal with devolution. We are also aware that the House of Commons' Welsh Affairs Committee undertook a wide-ranging and comprehensive review of Wales and Whitehall in the last Parliament,¹; and its report of late March 2010 set out some helpful suggestions for

¹ <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmwelaf/246/246.pdf>

improving Whitehall's capacity for dealing with Wales and how this could be monitored.

- 10.3.5 ~~One of the recommendations of the Committee's A suggestion made by the Wales and Whitehall~~ report ~~was~~ to improve both the Welsh Government's general capacity and Whitehall's to deal with devolution ~~by was to~~ better organis~~ation~~ and facilitat~~ion of~~e secondments between the two governments. The Head of the Home Civil Service was also keen to develop staff interchange, and ~~told us set out~~ that participants on the FastStream graduate programme would be required to spend part of their programme of intensive development working for a devolved administration. We welcome this commitment to exchanging personnel and expertise.
- 10.3.6 We also had a very helpful discussion with the National Audit Office and the Wales Audit Office on ~~departments' performance on devolution and~~ the role of the two organisations- ~~In relation to the performance of D~~departments on devolution While recognising they are responsible for setting their own priorities, in consultation with the National Assembly and House of Commons Parliament's Public Accounts Committees, we believe there are two main roles they could play. The first is in reporting on comparative policy approaches and performance outcomes, such as the June 2012 report on *Healthcare across the UK*². This enables comparisons of different approaches taken by the different administrations and should develop the potential for devolution in the UK to be used as a 'policy laboratory'. To do so, however, it will be necessary to ensure that data is truly comparable – that they are collected on the same basis in countries involved in the comparison. The second is in overseeing how governments interact and how devolution is considered in Whitehall to identify and spread best practice, and regularise the "patchy" performance we heard about to a higher standard. We acknowledge that this may seem rather more narrow in focus than other aspects of the National Audit Office's work, and there may be opportunities for their right of access to UK Government departments to be shared with Wales Audit Office auditors to undertake such inquiries.

10.4 IMPROVING THE ACCESSIBILITY OF GOVERNMENT

- 10.4.1 An issue raised in evidence was the opportunity for greater engagement between the Welsh Government and civil society in Wales, and a particular example given of where collaboration had not ~~occurred proven possible~~ was in how the Welsh Government's administration would adapt to reduced public spending, with the key strategy document not being publically available. A related point was that civil society in Wales, which had grown sharply exponentially since the advent of devolution, remained under-developed, particularly compared with other parts of the United Kingdom. A proposal made in some submissions to the Commission was that more public money ought to be available for civil society organisations to advise the Welsh Government or National Assembly.

² http://www.wao.gov.uk/assets/englishdocuments/Healthcare_across_the_UK.pdf

10.4.2 While we recognise that it is for the Welsh Government to decide how it should best achieve its objectives, and whether it wishes to provide further financial support for civil society, ~~However,~~ we believe it would be positive from our principles of accountability and collaboration if the Welsh Government were to take a more collaborative approach in the conduct of its business. This would include the development of policy, as well as the best means to deliver its policies, particularly in times of straitened public spending. This could also capitalise on and further develop existing resources and expertise within civil society, particularly universities in Wales. Finally, by communicating clearly and extensively its priorities and how it sought to achieve them, there would be potential for organisations to align their resources and efforts in striving toward a common goal.

10.4.3 We further recognise that the focus of many civil society organisations in Wales are not solely on devolved matters. It would therefore be helpful if they were kept advised of UK Government activity and consultation opportunities. The Wales Office has developed its capacity for communicating the impact of UK Government activity for Wales to interested organisation, particularly in the Budget. This could be developed further, with the Wales Office routinely advising self-identified stakeholders of relevant UK Government announcement and consultations.

10.5 A WELSH PUBLIC SECTOR

10.5.1 As noted above, officials supporting the Welsh Government are employed as part of the Home Civil Service. Some evidence ~~suggest~~asserted that the Welsh Government should be served by a distinct Welsh civil service, separate from the Home Civil Service.

10.5.2 The advantages claimed for a separate civil service were that it would ensure that~~put forward for this would be in ensuring~~ there was absolute clarity about whom officials served and where their loyalty lay, and that there would be greater opportunity for a Welsh Public Service to emerge. Such a Welsh Public Service~~This~~ could include officials of local government and of other devolved public bodies in Wales, as well as those of the Welsh Government. This would~~to~~ facilitate a more cohesive Wales-wide public service ethos and better enable cooperation.

10.5.3 We believe that the current arrangements serve Wales well within the United Kingdom. There is greater potential for interchange than may be possible with a separate civil service, and the distinct code of conduct applicable to Welsh Government civil servants makes clear whom they serve – indeed, we are not aware of any concerns from current or previous ministers that officials’ loyalties were conflicted.

10.5.4 There has been one small but, in presentational terms, significant change that demonstrates that Welsh Government officials serve the Welsh Ministers. Following a recommendation of the Calman Commission that was applied by analogy to Wales. Furthermore,~~given that~~ the only political input into the

appointment of the Permanent Secretary, as head of the Welsh Government's administration, comes from the First Minister. The Prime Minister no longer has a role. ~~(following the modification in arrangements based on the recommendation of the Calman Commission), we believe it is clear that Welsh Government officials serve the Welsh Ministers.~~

10.5.5 The current Permanent Secretary of the Welsh Government emphasised to us that the fact that Welsh Government officials remain part of the civil service does not inhibit closer working between public officials in Wales. Wat said, we would support further ~~the~~ opportunities for better collaboration between officials of the Welsh Government and officers of local government and other public employees, in Wales. Similar to our support above for interchange and good relations between officials of the Welsh Government and the UK Government, we believe this would be beneficial for the governance of Wales and delivery of good public services.

10.5.6 We believe this would have two main parts – developing the capabilities of the public sector in Wales and allowing interchange of officials and officers. The first could include common training ~~g-budgets~~ and ~~enabling~~ common professional development, which could build further on the work of Academi Wales as the Welsh Government initiative to assist the development of managers within the Welsh public sector. This could be expanded to draw in a wider range of public sector employees, including those of UK Departments and agencies, such as the DVLA. Greater interchange should allow better understanding of the perspectives and challenges of the Welsh Government and local government, which should enable constructive relations. [this may be covered by the Williams Commission]. In the future, there could also be greater collaboration between public sector organisations, including shared provision of back-office functions to reduce the overall cost of administration in Wales.

Recommendations

R.65 the Welsh Government should continue to be supported by civil servants who are members of the Home Civil Service, and inter-change between the governments should be encouraged and facilitated

R.66 the two governments should seek to develop collaboration on training and development for officials based in Wales, drawing in other public sector employees, and seeking to improve capacity to deliver efficient and better-integrated public services in Wales;

R.67 efforts to increase Whitehall departments' capacity dealing with Welsh matters should be strengthened, including by departments creating greater internal clarity over their responsibilities for different parts of the United Kingdom;

10.6 CONCLUSIONS

10.6.1 The Welsh Government should continue to be staffed by officials of the Home Civil Service, and a wider Welsh Public Service should be nurtured.

- 10.6.2 Capacity should be developed with a more structured system of interchange, and overseen by NAO/WAO.
- 10.6.3 Greater engagement with Welsh Civil Society could better nurture it and benefit the Welsh Government's capacity for policy-making, delivery and reform.
- 10.6.4 In the next chapter we set out how we envisage the modifications we propose ought to be implemented.

