



Date issued: February 2019

Terms of Reference – Well-being of Future Generations (Wales) Act 2015 examination

Background

- 1 This examination is being undertaken to help discharge the Auditor General's statutory functions under section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act).
- 2 The Auditor General for Wales (the Auditor General) is statutorily required to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when:
 - a. setting their wellbeing objectives; and
 - b. taking steps to meet them.
- 3 The Auditor General must provide a report on his examinations to the National Assembly for Wales (the Assembly) at least a year before each Assembly election. The first such report must be published by May 2020, before the 2021 election.
- 4 The Auditor General undertook a preliminary examination during 2017-18, in advance of commencing his formal examinations, to:
 - provide an overview of how the 44 public bodies are responding to the Act;
 - identify and disseminate emerging practice to help public bodies learn and improve; and
 - help inform the focus of future audit work under the Act.
- 5 The resulting report, published in May 2018, concluded that: 'Public bodies support the principles of the Well-being of Future Generations (Wales) Act 2015 and are taking steps to change how they work.'¹
- 6 During 2018 and 2019 the Auditor General is undertaking formal examinations in each of the 44 public bodies covered by the Act, with work in NHS bodies commencing early in 2019. The work will consider the organisation's overall corporate approach to applying the sustainable development (SD) principle and five ways of working. The work will also include a more detailed examination into one of the steps the organisation is taking to achieve its well-being objectives.
- 7 In addition to informing the Auditor General's 2020 pan-public sector report, the work we undertake will inform a local report setting out our findings for the

¹ Auditor General for Wales/Wales Audit Office, **Reflecting on Year One: How Have Public Bodies Responded to the Well-being of Future Generations (Wales) Act 2015?** May 2018.

organisation. This terms of reference sets out the approach, methodology, timing and focus of the Auditor General's Wellbeing of Future Generations (WFG) examination work.

- 8 Where we process personal data, this is in accordance with data protection legislation, including the Data Protection Act 2018 and the General Data Protection Regulation. Further information is set out in our fair processing notice attached at [Appendix 1](#).

Scope and focus of the examination

- 9 The examination will enable the Auditor General to assess the extent to which the organisation is acting in accordance with the SD principle when taking steps to meet its Wellbeing Objectives. We will seek an understanding of the corporate context in which steps are taken. This includes the way in which the organisation is:
- applying the SD principle and the five ways of working to do things differently and deliver change;
 - applying / embedding the SD principle throughout its core arrangements and processes, and;
 - involving / working with its citizens and stakeholders to deliver its well-being duty.
- 10 Our work will also examine the extent to which the SD principle is being applied to achieve one step, which we will confirm at the set-up meeting. Our intention is to consider a step relating to population health and wellbeing.
- 11 The examination will seek to answer the question: **To what extent has the organisation acted in accordance with the sustainable development principle when implementing the chosen step towards meeting their wellbeing objectives?**² In seeking to answer this question, our examination will consider the extent to which the five ways of working are being applied, as set out in [Exhibit 1](#).

Exhibit 1: Key questions

To what extent has the organisation acted in accordance with the sustainable development principle when 'implementing the chosen step' towards meeting its wellbeing objectives?	
Long term	To what extent has the organisation considered how the step will meet short-term and long-term need?
Prevention	To what extent has the organisation considered how the step will prevent problems from occurring or getting worse?

² We will update the audit question once the step to be examined has been confirmed.

Integration	To what extent has the organisation considered the need to take an integrated approach in delivering the step?
Collaboration	To what extent has the organisation taken account of the need to collaborate in delivering the step?
Involvement	To what extent has the organisation taken account of the need to involve the right people and ensure those people represent the diversity of the population?

- 12 In seeking to answer the questions set out in [Exhibit 1](#), we have developed a series of 'positive indicators' for each of the five ways of working which are provided in [Appendix 2](#). Whilst the positive indicators are intended to help inform our work, we do not intend to use the indicators as a 'checklist'. They will be viewed as 'indicators' that will help us to form conclusions, rather than 'determinants' of the extent to which a body is acting in accordance with the SD principle in taking steps to meet its wellbeing objectives.

Methodology

- 13 As the main provisions of the Act came into force in 2016, it is inevitable that public bodies will need time to effect that change. Therefore, the Auditor General has emphasised that this is a transition period and recognises that all public bodies are on a learning path. To discharge his duties under the Act the Auditor General has recognised a number of principles to guide his WFG examination work, these are:
- a focus on how the ways of working are being applied and not on the application of specific processes or compliance with the planning and reporting timetable;
 - organisations that take well-managed risks and then learn from any mistakes will not be penalised for taking those managed risks;
 - the essence of the Act is about changing behaviours and mind-sets, and these will take time to embed;
 - the ways of working should not be seen as a hierarchy or as unrelated to each other;
 - welcoming an organisation's honest self-reflection on its progress that takes account of the fact that it will take time for organisations to thoroughly consider how to apply the Act and deliver real and meaningful change; and
 - that over the medium and long term, organisations are able to demonstrate how the Act is shaping what they do.
- 14 We have engaged with a range of stakeholders and worked with the Future Generations Commissioner to develop the audit approach, recognising that this is a transition period for public bodies.

- 15 Our approach will:
- use the five ways of working as the starting point;
 - focus on ‘how’ organisations are working, as well as ‘what’ they are doing;
 - help organisations to self-reflect on progress and what they could do differently;
 - capture narrative and seek the views of a cross-section of staff/stakeholders;
 - enable us to give early feedback to organisations; and
 - encourage organisations to develop their own actions in response to our findings.
- 16 Our methodology is set out in [Exhibit 2](#).

Exhibit 2: methodology

Activity	Description
Set-up meeting	<p>We will use this meeting to confirm the step for examination and discuss the corporate arrangements for applying the sustainable development principle, specifically:</p> <ul style="list-style-type: none"> • any changes in corporate arrangements since our Year One Commentary work in 2017; and • the organisation’s response to the recent Future Generations Commissioner self-assessment request (if completed). <p>We will also discuss the methodology and look to identify interviewees and workshop participants, if necessary, at a separate planning meeting.</p>
Facilitated workshop	<p>We will run a workshop at the beginning of our fieldwork to understand:</p> <ul style="list-style-type: none"> • why those involved in designing and delivering the step have done so in the ‘way’ that they have; and • what those involved in the step feel they have achieved and learned, in the context of applying the five ways of working. <p>The output from this workshop will be a narrative informed by attendees’ contributions and will form part of our audit evidence. This workshop will also help us to refine the focus of our examination of the step and determine any further interview / document requirements.</p>
Documents	Examination of documents relevant to delivery of the step.
Interviews	Interviews to seek the views of a wider cross-section of stakeholders, including partners, where necessary.
Feedback and Response Workshop	We will run a workshop at the end of our fieldwork to share our findings, promoting discussion and encouraging the organisation to reflect on what we have found and develop its own improvement actions in response.

Reporting our findings

- 17 We will set out our findings from this examination in a report, including proposals for improvement where relevant and accounting for the actions developed by the organisation at the Feedback and Response Workshop.
- 18 Collation of examination findings across the 44 public bodies will help to inform the Auditor General's 2020 pan public sector report to the Assembly.

Timetable

- 19 The table below sets out an indicative timetable, although specific timings will be dependent on workshop dates.

Exhibit 3: timetable

Indicative timetable	
Terms of reference issued	February 2019
Set-up meeting	March 2019
Fieldwork <ul style="list-style-type: none">• Facilitated workshop• Interviews• Document examinations	March – May 2019
Feedback and Response workshop	May - June 2019
Report issued	June - July 2019

Wales Audit Office contacts

- 20 The local audit team will introduce themselves and make arrangements for the set-up meeting. To help with this, please confirm the contact details for the lead Executive Director responsible for WFG.
- 21 Should you have any queries regarding the work or this terms of reference in the meantime, please don't hesitate to contact carol.moseley@audit.wales.

Appendix 1 - Fair Processing Notice

This privacy notice tells you about the potential collection of your personal information by the Auditor General for Wales (and by the Wales Audit Office on his behalf).

Who we are and what we do

The Auditor General's work includes examining how public bodies manage and spend public money. The information collected will be used for this examination and may also be used in our wider statutory audit work (such as the Structured Assessment and Annual Audit Report).

The relevant laws

We process your personal data (including special category personal data) in accordance with data protection legislation, including the Data Protection Act 2018 and the General Data Protection Regulation.

Our work in relation to the NHS is done under section 61 Public Audit (Wales) Act 2004, section 145 Government of Wales Act 1998 and s15 of the Well-being of Future Generations (Wales) Act 2015.

What we will do with your information

We are collecting information to undertake an examination to help inform the Auditor General's conclusions in relation to his statutory duties, as outlined above. We are asking for information and opinions about the arrangements that the body has put in place to achieve its Well-being Objective(s). Some of this information may be information about identifiable individuals, which would make it personal information, even though the purpose of our work is not in itself to collect information about identifiable individuals.

The Auditor General and the study team from the Wales Audit Office will have access to the information you provide. We may share some information with senior staff of the health body and our report may include some information as outlined below.

The information that we share and publish will be anonymous and will be about the themes and trends that we identify. We will keep the information collected, including your personal data, for a period of 7 years (and 25 years in the case of any published report).

Your rights

Under data protection law you have the right to request a copy of the current personal information held about you and a right to raise an objection to data processing that causes unwarranted and substantial damage and distress.

If you wish to discuss any objections or concerns, or obtain a copy of the current personal information held about you, please write to: The Information Officer, Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ or email infoofficer@audit.wales

The Information Commissioners Office

If you require further information in relation to your rights under data protection law or are dissatisfied with how we are handling your personal data you may contact the Information Commissioner at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF, or email casework@ico.gsi.gov.uk, or telephone 01625 545745.

Appendix 2 - Positive Indicators of the Five Ways of Working

The table below (**Exhibit 4**) sets out 'positive indicators' for each of the five ways of working that we have identified and will use to help inform our assessments of the extent to which bodies may be applying the SD principle. We do not intend to use the indicators as a 'checklist'. They should be viewed as 'indicators' that will help us to form conclusions, rather than 'determinants' of the extent to which a body is acting in accordance with the SD principle in taking steps to meet its wellbeing objectives.

Exhibit 4: Positive Indicators of the Five Ways of Working

What would show a body is fully applying the long term way of working?
<ul style="list-style-type: none">• There is a clear understanding of what 'long term' means in the context of the Act.• They have designed the step to deliver the wellbeing objective/s and contribute to their long-term vision• They have designed the step to deliver short or medium-term benefits, which are balanced with the impact over the long term (within the project context).• They have designed the step based on a sophisticated understanding of current and future need and pressures, including analysis of future trends.• Consequently, there is a comprehensive understanding of current and future risks and opportunities.• Resources have been allocated to ensure long-term as well as short-term benefits are delivered.• There is a focus on delivering outcomes, with milestones/ progression steps identified where outcomes will be delivered over the long term.• They are open to new ways of doing things which could help deliver benefits over the longer term.• They value intelligence and pursue evidence-based approaches.
What would show a body is fully applying the preventative way of working?
<ul style="list-style-type: none">• The body seeks to understand the root causes of problems so that negative cycles and intergenerational challenges can be tackled.• The body sees challenges from a system-wide perspective, recognising and valuing the long-term benefits that they can deliver for people and places.• The body allocates resources to preventative action that is likely to contribute to better outcomes and use of resources over the longer term, even where this may limit the ability to meet some short-term needs.• There are decision-making and accountability arrangements that recognise the value of preventative action and accept short-term reductions in performance and resources in the pursuit of anticipated improvements in outcomes and use of resources.

What would show a body is taking an 'integrated' approach?

- Individuals at all levels understand their contribution to the delivery of the vision and wellbeing objectives.
- Individuals at all levels understand what different parts of the organisation do and proactively seek opportunities to work across organisational boundaries. This is replicated in their work with other public bodies.
- Individuals at all levels recognise the cross-organisation dependencies of achieving the ambition and objectives.
- There is an open culture where information is shared.
- There is a well-developed understanding of how the wellbeing objectives and steps to meet them impact on other public sector bodies.
- Individuals proactively work across organisational boundaries to maximise their contribution across the wellbeing goals and minimise negative impacts.
- Governance, structures and processes support this, as do behaviours.

What would show a body is collaborating effectively?

- The body is focused on place, community and outcomes rather than organisational boundaries.
- The body has a good understanding of partners' objectives and their responsibilities, which helps to drive collaborative activity.
- The body has positive and mature relationships with stakeholders, where information is shared in an open and transparent way.
- The body recognises and values the contributions that all partners can make.
- The body seeks to establish shared processes and ways of working, where appropriate.

What would show a body is involving people effectively?

- Having an understanding of who needs to be involved and why.
- Reflecting on how well the needs and challenges facing those people are currently understood.
- Working co-productively, working with stakeholders to design and deliver.
- Seeing the views of stakeholders as a vital source of information that will help deliver better outcomes.
- Ensuring that the full diversity of stakeholders is represented, and they are able to take part.
- Having mature and trusting relationships with its stakeholders where there is ongoing dialogue and information is shared in an open and transparent way.
- Ensure stakeholders understand the impact of their contribution.
- Seek feedback from key stakeholders which is used to help learn and improve.