

Mr Brian Davies OBE  
Chief Executive  
Sport Wales

1 Cwr y Ddinas / 1 Capital Quarter  
Caerdydd / Cardiff  
CF10 4BZ  
Tel / Ffôn: 029 2032 0500  
Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660

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Dear Brian

## Examination of the review of well-being objectives at Sport Wales

### About our work

My duties under the Well-being of Future Generations (Wales) Act 2015 (the Act) require examinations at relevant public bodies, including Sport Wales. Specifically, I must assess the extent to which public bodies have acted in accordance with the sustainable development principle when a) setting well-being objectives and b) taking steps to meet them.

Acting in accordance with the sustainable development principle means seeking 'to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'<sup>1</sup>. To do that, public bodies must take account of the 'five ways of working'<sup>2</sup>.

I must conduct examinations at each relevant body in the current reporting period, which started in May 2020 and extends to May 2025. I am doing this through a rolling programme of examinations.

Sport Wales set its current well-being objectives in 2019, covering a period of 10 years. Given Sport Wales has not set new well-being objectives during this

<sup>1</sup> Section 5 (1) Well-being of Future Generations (Wales) Act 2015

<sup>2</sup> Welsh Government, [Shared Purpose: Shared Future. Statutory guidance on the Well-being of Future Generations \(Wales\) Act 2015, 2016](#)

reporting period and does not intend to do so, I have instead focused my examination on the following question:

‘To what extent has Sport Wales considered the sustainable development principle when reviewing its well-being objectives and determining whether they remain appropriate?’

The Act requires that all bodies review and report annually on their well-being objectives. This is the first examination that I have undertaken focused on the process of reviewing well-being objectives. I appreciate that there is limited guidance to public bodies on how they should review well-being objectives in line with the sustainable development principle. My auditors, therefore, developed a set of key questions and ‘positive indicators’ for this examination (see **Annex 1**), informed also by advice from the Future Generations Commissioner. The indicators describe what good could look like.

This examination had a limited scope and my auditors sought to ensure their evidence gathering was proportionate. They reviewed key documents and conducted a small number of interviews. They began the main evidence gathering in August 2023 and concluded in September 2023. They shared emerging findings with key Sport Wales staff in November 2023.

I have not assessed Sport Wales’s performance management arrangements in detail. However, such arrangements are relevant to a body’s annual review of well-being objectives and feature in this examination accordingly. Unlike at some other public bodies, I do not conduct a regular programme of performance audit work at Sport Wales, which could include reviewing performance management arrangements from time to time<sup>3</sup>. While my auditors have gained some insight into these arrangements during this examination, it is not comprehensive.

Since we concluded our evidence gathering, Sport Wales has undertaken further work relevant to the scope of this examination. This includes the preparation of its 2023-24 annual report. These developments are acknowledged within our findings.

<sup>3</sup> The Public Audit (Wales) Act 2004 requires the Auditor General to satisfy himself that the body concerned has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources for health and local government bodies.

## Overall conclusion

**Overall, I have concluded that Sport Wales has produced detailed annual reports that describe how it delivered its well-being objectives in line with the sustainable development principle, but its annual review process could be strengthened if it considered broader sources of evidence and set out strategic performance measures to show impact against the objectives over the long term. I have set out the reasons for this conclusion below.**

## Key findings

### The well-being objectives

Sport Wales published its 10-year strategy<sup>4</sup> in 2019. The strategy sets out the vision for sport in Wales and includes six 'strategic intent statements'. A description of the outcomes Sport Wales is seeking to achieve supports each statement. Together, the statements and descriptions function as Sport Wales's well-being objectives. In this way, Sport Wales has put its well-being objectives at the centre of its key strategic document, which reflects statutory guidance<sup>5</sup>.

During our examination, my auditors heard the well-being objectives described as defining 'how' the organisation will work. Annual business plan priorities and supporting actions were said to define 'what' the organisation will do. Sport Wales told us it communicated the relationship to its staff in this way and is confident there is a consistent understanding. My auditors did not test this understanding across the organisation.

There is an implicit relationship between the well-being objectives and business plan priorities. However, the exact relationship is not described in any of the documentation we reviewed. Interviewees felt that there was an alignment between the two, but also agreed that the relationship could be better described.

Since our evidence gathering, Sport Wales has considered how it could develop and better communicate that alignment. It told us that it intends to

<sup>4</sup> Sport Wales, [Sport Wales Strategy](#), 2019

<sup>5</sup> Welsh Government, [Shared Purpose: Shared Future. Statutory guidance on the Well-being of Future Generations \(Wales\) Act 2015](#), 2016

identify 'policy aspirations' that clarify the actions it needs to take to deliver the well-being objectives. They will be designed to support annual business planning and enhance the link between business plan priorities and the well-being objectives.

Sport Wales is free to determine how it frames its well-being objectives and where they sit in its strategic planning framework. However, since it set its well-being objectives, the Future Generations Commissioner published advice on setting well-being objectives in the Future Generations Report 2020<sup>6</sup>. The Commissioner's next report, due in 2025, may include further advice. My auditors have also developed a set of 'positive indicators' to guide examinations of the setting of well-being objectives. Sport Wales will be able to draw on these resources when setting future well-being objectives. In doing this, it will be able to consider how it can best frame its objectives to help to drive activity across the organisation and support effective monitoring.

## **Annual review and reporting arrangements**

Sport Wales produces a single annual report to discharge a range of reporting requirements. This includes discharging statutory duties set out under section 13 of the Act, by a) including information on progress towards meeting its well-being objectives and b) reviewing its well-being objectives. Incorporating the annual reporting and review of well-being objectives as part of corporate performance reporting reflects statutory guidance and good practice.

Sport Wales describes its annual reporting<sup>7</sup> as an 'integrated approach', which aims to present a 'more holistic picture' of performance. This is positive. However, following our evidence gathering, we concluded that Sport Wales could consider how better integrating its well-being objectives and business plan priorities (see above) might allow it to bring together in the annual report information that is currently reported separately against those respective elements. At the time of drafting this letter, Sport Wales had prepared a draft Annual Report 2023-24, which describes delivery of its priorities under its well-being objectives.

Consideration of the Act and the five ways of working are prominent throughout the annual reports we reviewed and their description of Sport Wales's activities. The examples given in the reports highlight the breadth of

<sup>6</sup> Future Generations Commissioner for Wales, [Future Generations Report \(Chapter 4: Well-being Objectives\)](#), May 2020

<sup>7</sup> We reviewed the 2021-22 and 2022-23 annual reports as part of this examination.

collaboration and how Sport Wales is working to deliver the wider benefits that sport can provide.

### **Consideration of performance against previous well-being objectives**

Following publication of its strategy, Sport Wales redesigned its performance monitoring arrangements with the aim of promoting reflection and learning to drive improvement. The arrangements centre on 'learning logs', which staff prepare each month. The logs describe progress against business plan priorities and identify learning and next steps. They underpin quarterly business plan monitoring. The ambition to become a learning-led organisation is clearly positive. However, my auditors have not reviewed the logs in detail, or how they are scrutinised or quality assured as part of this examination.

The learning logs play a critical role in informing the annual report. Sport Wales draws on them to develop a narrative description of progress against each well-being objective. Managers provide views on the narrative that relates to their area(s) of responsibility. Positively, this results in reflections on areas for improvement. Managers are also asked whether the well-being objectives are still right for Sport Wales as part of this process.

However, the learning logs are structured around business plan priorities and not the well-being objectives. Therefore, having a clear and well-understood link between the priorities and well-being objectives is crucial to support an effective review of progress towards those objectives. We acknowledge Sport Wales's view that the relationship is not linear and that it is developing arrangements to enhance those links.

Furthermore, Sport Wales does not clearly set out strategic performance measures to monitor the long-term outcomes it is seeking to achieve. It collects a range of quantitative data and reports some outcome data on sports participation in its annual report. However, it could build on this by clearly setting out measures for its well-being objectives and reporting the data to complement the narrative description of progress.

Linked to this, I would also expect to see alignment between such measures and supporting performance measures in the business plan. While Sport Wales reports to the Welsh Government on a selection of performance measures to monitor delivery against its remit letter, they are not designed to capture the breadth of activity it is taking to deliver its objectives.

I acknowledge that the way Sport Wales has conceived its well-being objectives means it may not envisage monitoring them in this way and that doing so may not be straightforward. I also acknowledge that Sport Wales has

intentionally designed its performance arrangements to focus on learning. However, there appears to be a gap in setting out measures that show the impact Sport Wales is having.

## **Consideration of changes in the external environment**

The annual reports we reviewed highlight examples of where Sport Wales has sought to understand, or is responding to, changes in the external environment. For example, how it has:

- adapted its activity in response to the COVID-19 pandemic;
- gathered insight into the resilience of the sport sector and trends that are likely to impact sport and physical activity; and
- acted in response to evidence from citizen and stakeholder engagement, such as the School Sports Survey.

Sport Wales also undertakes an annual review of its business plan priorities. My auditors have not reviewed this review process in detail, but Sport Wales states that it takes account of external factors such as its Welsh Government remit letter, budget, and partner feedback.

While Sport Wales is seeking to adapt its activity in response to a changing environment, there is an opportunity to draw this and other information together to inform its review of the objectives and strategy. In doing this, Sport Wales could consider wider sources of evidence (see Recommendation 1) to assure itself that they remain appropriate.

It is reasonable and practical for Sport Wales to undertake annual reviews that vary in depth over the course of the ten-year strategy. Changes in the external environment, the availability and publication of information and practical matters relating to capacity would all be factors in determining how this is done. Nevertheless, strategic performance measures would support effective reviews over the period.

Sport Wales will also need to consider the requirements of the Social Partnership and Public Procurement (Wales) Act 2023 when reviewing and setting future well-being objectives. This includes the change in national well-being goals<sup>8</sup>, that came into effect on 1 April 2024.

<sup>8</sup> Section 20 of the Social Partnership and Public Procurement (Wales) Act 2023 will introduce a change to the 'Prosperous Wales' well-being goal set out under Section of the Well-being of Future Generations (Wales) Act 2015. This will mean 'fair' work will be substituted for 'decent' work. This change came into effect on 1 April 2024. Under the Well-being of Future

## Recommendations

**Recommendation 1:** When reviewing its well-being objectives in future years, Sport Wales should draw on a broad range of information to help determine whether the objectives remain appropriate. Such sources could relate to changes in its internal and the external environment. Examples could include, but are not limited to:

- new legislation and policy, including changes to the well-being goals;
- the Welsh Government's Future Trends report;
- advice published by the Future Generations Commissioner, including the Future Generations Report; and
- new well-being objectives (or priorities) of partners including other public bodies or public services boards.

**Recommendation 2:** Sport Wales should further develop and clearly articulate the alignment between its well-being objectives and its business plan priorities. This should help Sport Wales demonstrate that objectives are driving activity across the organisation, while continuing to enhance annual reviews and streamline annual reporting.

**Recommendation 3:** Sport Wales should clearly set out and monitor:

- Strategic performance measures to accompany its well-being objectives that capture the long-term impact it is seeking to achieve.
- Supporting performance measures to monitor progress in delivering the steps (as set out in the business plan), that are clearly aligned to the strategic performance measures.

Sport Wales should do this in relation to its current well-being objectives and ensure it develops appropriate measures alongside future well-being objectives.

## Closing remarks

As outlined, I note the many references to the five ways of working across aspects of Sport Wales's work. The findings set out in this letter do not cover the breadth of work that Sport Wales is doing to deliver on its responsibilities

Generations Act, public bodies must review their well-being objectives where there is an amendment to the well-being goals (Section 9 (3)). Public bodies are awaiting further guidance on this from the Welsh Government.

under the Act. There will be an opportunity to explore the application of the sustainable development principle in other contexts in the next examination I undertake under the Act.

I also note the organisation's emphasis on learning and improvement. This has been apparent in the way Sport Wales has engaged with my auditors throughout the examination.

I request a response from Sport Wales to my recommendations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a long horizontal flourish extending to the right.

**ADRIAN CROMPTON**  
**Auditor General for Wales**



## Annex 1: Key questions and what we are looking for – reviewing well-being objectives

The table below sets out the question we were seeking to answer in carrying out this examination, along with some sub questions that helped guide our evidence gathering. It also includes some positive indicators that have been tailored to this examination, adapted from those we use for our examinations of the setting of well-being objectives. We have also sought the advice of the Commissioner in tailoring the indicators for this examination. The positive indicators set out below are not designed to be used as a checklist, but rather an illustrative set of characteristics that describe what good could look like.

<b>To what extent has the body acted in accordance with the sustainable development principle when reviewing its well-being objectives and determining whether they remain appropriate?</b>	
<b>Has the body put appropriate annual review and reporting arrangements in place, as required by the Act and advised in statutory guidance?</b>	<ul style="list-style-type: none"><li>• The body reports on its well-being objectives annually.</li><li>• Annual reporting sets out a clear and balanced assessment of progress against previous well-being objectives.</li><li>• The annual report is publicly available.</li><li>• The body has planned appropriate and proportionate review arrangements that reflect its planning cycle (this may include reviewing the objectives to varying degrees across annual cycles).</li><li>• Where necessary, the body publishes changes to its well-being objectives.</li><li>• There is appropriate challenge and scrutiny of performance information, and that is taken into account in any revisions to the well-being objectives.</li></ul>

**To what extent has the body acted in accordance with the sustainable development principle when reviewing its well-being objectives and determining whether they remain appropriate?**

**Has the body considered appropriate information that would enable it to determine the extent to which the objectives remain consistent with the sustainable development principle?**

- The body considers appropriate information on changes to the external environment that may impact its well-being objectives. This could include:
  - Considering significant changes in its operating environment (for example, the impact of the COVID-19 pandemic).
  - Reviewing key evidence sources on emerging risks and opportunities (such as the Future Trends report(s), the Future Generations Commissioner’s most recent Future Generations Report, the Well-being of Wales Report(s) Natural Resources Wales’s State of Natural Resources Report (SoNaRR) for Wales).
  - Undertaking horizon scanning or use other futures techniques.
- The body considers how changes to its resources might impact on its well-being objectives. This is likely to include consideration of medium- and longer-term risks, linked to its budget and medium-term financial planning.
- The body considers its performance information, including its performance against its well-being objectives and wider information such as service monitoring, when reviewing its well-being objectives.
- The body considers the results of involvement activity (whether primary, secondary or a combination) that reflects the full diversity of the population when reviewing its well-being objectives.

**To what extent has the body acted in accordance with the sustainable development principle when reviewing its well-being objectives and determining whether they remain appropriate?**

	<ul style="list-style-type: none"><li>• The body involves key people from across the organisation when reviewing its well-being objectives.</li><li>• The body considers partners' objectives/ activity, its relationships and collaborative arrangements when reviewing its well-being objectives. This could include:<ul style="list-style-type: none"><li>○ Partners' well-being objectives.</li><li>○ Ministerial priorities, the Programme for Government and remit letters.</li><li>○ Public Services Boards' well-being assessments and plans.</li><li>○ Regional Partnership Boards' population assessments.</li><li>○ NRW's Area Statements.</li><li>○ The results of partners' involvement/ consultation exercises, as relevant.</li></ul></li><li>• The body considers any changes that Welsh Ministers make to the well-being goals, as necessary.</li></ul>
<p><b>Is the body seeking to learn and improve its review arrangements in line with the sustainable development principle?</b></p>	<ul style="list-style-type: none"><li>• The body has identified gaps/ areas for development in its data and intelligence and how it might address them for future reviews.</li><li>• The body has considered its review process and how it could strengthen it in future, for example timing, who has been involved, quality of outputs (including the annual report).</li></ul>

