



UK Government  
Llywodraeth y DU

# Office of the Secretary of State for Wales (Wales Office)

## Annual Report and Accounts 2019-20





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# Office of the Secretary of State for Wales (Wales Office)

## **Annual Report and Accounts 2019-20**

(For the year ended 31 March 2020)

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# 1 The Performance Report

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## Ministerial Foreword

I have been privileged to serve as Secretary of State for Wales since December 2019, leading the department as it continues to implement the UK Government's vision for Wales. There has never been a more significant time to lead one of the Territorial Offices in Whitehall, with the Government's commitment to levelling up the UK and strengthening the Union underpinning everything we do. My team works closely with other UK Government departments to ensure Wales is at the heart of government policy-making, and with the Welsh Government and stakeholders the length and breadth of Wales so that what matters in Wales is at the forefront of everyone's thinking.

It would be hard not to talk about this period without first addressing the COVID-19 pandemic that has paralysed nations across the world. My Office acted quickly and decisively to reorganise and play our part in the Government's Covid response, stopping work on whatever we could to marshal our resources and focus our efforts on the fight against Covid-19.

We recognised immediately that the scale of the public health and economic challenges required a UK-wide response. We have ensured that the UK Government and Welsh Government have worked as closely as possible to save lives and stop the spread of the virus. My office has been central to those conversations and the two governments have forged a highly productive working relationship.

We have focused our efforts on ensuring that Wales was a fair and full recipient of the unprecedented economic support packages that the UK Government has invested in to help jobs and businesses through the pandemic. This includes the Coronavirus Job Retention Scheme, the Self-Employed Income Support Scheme and the VAT Deferral scheme amongst many others. This is in addition to almost £2.3 billion in funding for the Welsh Government to help fight Covid.

As we move towards recovery, our vision for Wales is more ambitious than ever. Wales faces a new world of opportunity as we move closer to the end of the transition period following the UK's exit from the EU. Trade negotiations are underway with an array of nations across the globe, including, the US and Japan, and with the EU itself. We have ensured and will continue to ensure that the interests of Welsh businesses are fully represented in those discussions so that any trade deals benefit Wales and the whole of the UK.

The past year has seen significant direct investment come to Wales. The 2020 Budget saw the largest year on year increase of funding to Wales in a decade when combined with the £650 million of additional funding provided in the 2019

Spending Review. The £5 billion gigabit capable broadband rollout will also have a disproportionate benefit for us in Wales, with its focus on the hardest to reach areas. This is on top of the £5 million for connected communities, £16 million for Local Full Fibre in Wales and Wales' portion of the £400 million for world leading research, infrastructure and equipment across the UK.

During the year, flooding has caused devastation across many parts of Wales. My office has been working closely with the Welsh Government and local authorities to assess the actions needed to safeguard communities, infrastructure and environment by assessing the wider risk of land slippage on former coal tip sites. As part of this work, in March we announced a new freephone helpline provided by the Coal Authority to enable members of the public to report any concerns they have about spoil tips.

The last year has also seen our department continue its focus on regional development in Wales. In November my predecessor signed the North Wales Growth Deal alongside the Welsh Government, securing £120 million of UK Government funding into the region. At the 2020 Budget I was pleased to confirm £55 million in UK government funding for the Mid Wales Growth Deal. There is now £800 million of committed investment in city and growth deals for every region of Wales.

I want the UK Government to be more visible in Wales, so that people can see the practical benefits of the United Kingdom and how it impacts on their lives. The UK Government's new Hub in Cardiff – Ty William Morgan – is a key part of this ambition, and I was delighted to 'receive the keys' of the new building in December. I look forward to the official opening of the Hub early next year.

Throughout the year my Office has engaged closely with our stakeholders; I have met representatives of every sector and from every corner of Wales. This includes visits to Airbus and Toyota in North East Wales, the Semi Compound Conductor Cluster in South East Wales and the Ferryside Lifeboat Crew in south west Wales. We played host to some fantastic events for Wales Week in London 2020, and will continue to hold regular roundtables with stakeholders as we move into the COVID-19 recovery phase.

There are significant economic challenges ahead of us in 2020-2021. I know that it's a challenge that we can overcome with the same tenacity, drive and resolve as we have shown in the first half of this year. It has been a successful and busy year in the Wales Office and I would like to thank my officials in the department for their sustained efforts and ambitions across our portfolio. May I also take this opportunity to thank my Ministerial team, David TC Davies MP, Baroness Bloomfield and Sarah Atherton MP.

**Rt Hon. Simon Hart**  
**Secretary of State for Wales**

## Director's Introduction

Of all the annual report introductions I've been asked to write over the years, never have I written one in more extraordinary circumstances. The activity and achievements set out in the pages that follow – encompassing city and growth deals, the Western Gateway, international trade and EU exit to name but a few – seem a lifetime away as we play our part in tackling the COVID-19 crisis.

This year's report is a good account of what we delivered in 2019-20 but it is how we went about our business that has set us in such a strong position for the challenges we now face. The investment that we've made in 'smarter working', including in technology, meant that the transition to the whole department working from home was relatively seamless. The partnerships we have built with the widest range of stakeholders over the years has enabled us to act as a bridge between Wales and Westminster, ensuring both that Welsh interests are firmly in everyone's minds as the Government develops its responses to COVID-19 and that our partners and stakeholders are kept informed of developments. Similarly, at a time when Wales needs more than ever for its two Governments to be working together, our engagement with the Welsh Government is at unprecedented levels.

But perhaps the most important reason we have been able to respond so rapidly and effectively is the remarkable adaptability, professionalism and commitment of the staff here in the Office of the Secretary of State for Wales. They have done everything that has been asked of them without complaint or hesitation.

Quite the opposite – they have consistently gone the extra mile and more in pursuit of Welsh interests. In the coming weeks and months our minds will turn increasingly from managing the immediate crisis to putting in place a plan for Wales' recovery. There is not a team I would trust more with that task than the one I have here.

**Glynne Jones CBE**  
**Director**

## Departmental Overview

### The Department's Strategic Overview sets out our work under three objectives:

The Office of the Secretary of State for Wales ('the Office') supports the Secretary of State for Wales in promoting Welsh interests within a strong United Kingdom. We are the face of the UK Government in Wales and the voice of Wales across Whitehall.

Our on-going goal is to support the Union of the United Kingdom.

Our three key objectives to support these priorities are:

#### ***Objective 1 – Stronger Economy and Global Britain: support a strong, outward looking Welsh economy***

##### ***Support a trade and foreign investment policy that delivers for Wales***

Ensuring that the needs of Wales are addressed during trade negotiations has been a core focus of the Office in the past year. This has included extensive and detailed work on mandate development for negotiations with the European Union (EU), United States of America (USA), Australia, New Zealand, Japan, Canada, accession to the Comprehensive and Progressive Trans-Pacific Partnership, and others.

The Office has also worked across Whitehall to ensure that the interests of Wales were considered during the revision of the Day One No Deal Tariffs (both originally in March 2019 and during the revision process in summer 2019).

The Secretary of State for Wales<sup>1</sup> met frequently with senior stakeholders of various sectors in Wales to consider the impact of the UK Government's trade policy. This has included meetings with the farming unions, business representative organisations and the automotive and aerospace industries.

Trade promotion has been an active area of work for the Department during the past 12 months. As mentioned in the previous Annual Report, the Office launched the "Wales Portfolio" at MIPIM, the world's largest property and investment festival, held in Cannes in March 2019. This portfolio, developed collaboratively with the Department for International Trade (DIT) and the Welsh Government (WG), showcased six capital investment projects at the world's largest property and investment festival. In July, the Secretary of State hosted a follow-up dinner at the Old Bailey. This event featured targeted networking between the project leads and investors with a track-record in similar investments. We had been

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<sup>1</sup> References in this section to the *Secretary of State for Wales* are to the Rt. Hon. Alun Cairns up to 6th November 2019 and to the Rt. Hon. Simon Hart from the 16th December 2019. The post was unfilled during the General Election 2019.

working with interested parties on adding projects to the portfolio ahead of MIPIM 2020 before the event was delayed due to COVID-19.

In September, the Secretary of State visited India and met TATA Steel to discuss the future of steel-making and the importance of the sector in Wales. In November, the Secretary of State represented the UK Government at the G20 Global Forum on Steel Excess Capacity Ministerial Meeting in Tokyo to discuss progress to date on reducing excess steel capacity.

### ***Secure UK Government infrastructure investment***

The Office's role in infrastructure investment is to help Whitehall departments understand Welsh needs and ensure they are appropriately prioritised. In the past year, rail has featured highly in the Office's work. This is in part due to different aspects of rail having reserved and devolved responsibilities, making the Office's role as a facilitator between the Welsh Government and Whitehall departments critical.

In July, the Secretary of State announced jointly with the Secretary of State for Transport up to £58 million to upgrade Cardiff Central Station. This will ease crowding and congestion through the station during peak periods, drive forward regeneration and enable longer trains with more seats to serve the capital. They also announced that the Government would progress plans for a new West Wales Parkway station, near Swansea, to boost connectivity and capacity for passengers across the south and west of Wales. This builds upon a scoping study which the Secretary of State commissioned Professor Stuart Cole to develop. The Department for Transport (DFT) is now developing this business case alongside a range of rail enhancements in Wales.

In August, the Office ran workshops for local authorities in Llandudno, Carmarthen and Cardiff to explain the Department for Transport's 'Access for All' scheme targeted at improving the accessibility of rail stations. In February, Neath secured £500,000 for two new lifts, whilst Grangetown, Llantwit Major and Pontypool & New Inn all received £1 million for four new lifts each.

The transfer of the Core Valley Lines from the UK Government to the Welsh Government took place on 28 March, allowing the Welsh Government to take forward the development of the South Wales Metro.

Beyond rail, the Office secured the announcement of the development of the A483 Pant Llanymynech Bypass in the Budget in March. The Budget also announced a raft of infrastructure improvements for Wales, including the rollout of gigabit capable broadband to the hardest to reach areas and plans to roll out a Shared Rural Network for mobile coverage.

### ***Support economic growth across Wales***

Over the year, the Office has worked closely with UK Research and Innovation to ensure that Wales' expertise is recognised and funding is available to eligible projects. For example, in August, Cardiff was selected as the home of one of five

new transport research networks launched across the UK tasked with identifying solutions to transport pollution. The project, led by Cardiff University, will bring together experts from academia and industry including the University of Bristol and Aston Martin to identify challenges to decarbonisation.

In June, UK Government announced Derogallera Ltd and Tri-Wall Europe Limited have been allocated a share of £1.4 million from the UK Government's Faraday Battery Challenge to develop the latest battery technologies. Bringing together world-leading academia and businesses to accelerate the research needed to develop the latest electric car battery technologies, the Faraday Battery Challenge is a crucial part of the UK's move towards a net zero emissions economy.

The current transition towards electrification presents both challenges and opportunities for the Welsh automotive industry, and the Office has been working closely with the industry in Wales, the Welsh Government and the Department for Business Energy and Industrial Strategy to maximise the opportunities. In September, INEOS Automotive announced that it will assemble up to 25,000 of its new Grenadier SUV vehicles per year at the Brocastle site in Bridgend. The investment is initially expected to create around 200 jobs, rising to around 500 in the long term as part of INEOS' £600 million drive to create its latest 4x4 model. INEOS received UK Government funding as part of a competition to research and develop technologies that accelerate the transition to zero emission vehicles. The UK Government is also working with the company to provide further support towards the outcomes of that work.

The Secretary of State for Wales and Welsh Government Minister for Economy and Infrastructure co-sponsored a Taskforce to support workers, communities and companies affected by the proposed closure of Bridgend Ford. The Taskforce helped deliver the investment from INEOS, alongside providing support for individuals to access training and job opportunities. It also established support mechanisms for companies within the supply chain. Moving into the next phase of delivery, the Taskforce will be looking at the area as part of a regional approach with Bridgend at the front and centre. It will also continue to work with Ford to find and secure the best future for the site.

The steel industry is again facing challenging global conditions, and the Office is working closely with the industry, Welsh Government, Unions and Department for Business Energy and Industrial Strategy to ensure a long-term sustainable future for the sector in Wales. The Secretary of State has met with senior representatives of the steel sector several times to discuss the key challenges. This included meetings with senior representatives from Tata in Mumbai to discuss the future of their footprint in Wales.

As already mentioned, the Secretary of State represented the UK Government at the G20 Global Forum on Steel Excess Capacity Ministerial Meeting in Tokyo in November to discuss progress on reducing excess steel capacity. The Secretary of State also attended the UK Steel Council in February to discuss how government and industry could work together to secure a long-term sustainable

future and contribute to the decarbonisation and levelling up ambitions of the UK Government.

### ***City and Regional Growth Deals in Wales***

The Office continues to engage at all levels with all the City and Region Growth deals across Wales. This includes monitoring delivery of the deals through regular meetings at official level and Joint ministerial meetings where required.

The Wales City and Growth Deal Implementation Board, co-chaired by senior officials in the Office of the Secretary of State for Wales and the Welsh Government also met on a quarterly basis to review risks and measure the progress of each deal against performance milestones.

In relation to Cardiff Capital Region (CCR) the Office undertakes six monthly reviews and joint agreement with the Welsh Government on the annual release of funding. We have also worked with CCR and Ministry of Housing and Local Government (MHCLG) to prepare for the first five-yearly Gateway review which is due to report findings to ministers in March 2021.

In March 2020, the CCR regional cabinet approved a series of projects that had been developed through its Investment and Intervention Framework. These projects included extension of the graduate scheme and the development and funding to support the creation of a Life Sciences Park, Junction 32 on the M4.

The Office and the Welsh Government have fully supported Swansea Bay City Region Deal in the ongoing work to implement the recommendations of the Independent Review that was published in February 2019. We have held regular meetings to monitor their progress and joint workshops have been organised to agree the governance and assurance processes needed to be put in place. We worked closely with the region to secure the conditional release of £18 million in July 2019 for the Swansea Digital District and Yr Egin projects. A further project – Pembroke Dock Marine – has been submitted to both governments for approval, and is under consideration.

In November 2019 the Secretary of State for Wales, Welsh Government minister, and leaders of the Local Authorities signed a Heads of Terms agreement for the North Wales Growth Deal (NWGD). The agreement identified the programmes that will be funded and the governance arrangements for the deal.

The NWGD also appointed a Programme Director who will be responsible for leading the Growth Deal work. We will continue to aim towards the development of a Final Deal Agreement by the end of 2020.

In October 2019 the Government announced £55 million for a Mid Wales Growth Deal, meaning the whole of Wales is now covered by fiscal support through the City and Growth Deal mechanism. The Department will continue to work closely with Growing Mid Wales Partnership to produce a Heads of Terms document by the end of 2020.

## ***Objective 2 – EU exit: ensure Wales’s interests are fully represented as we exit the EU***

### ***Ensure Welsh interests are fully represented in UK Government planning for all EU Exit scenarios and future economic partnerships***

The Office has continued its engagement with stakeholders in Wales to ensure a strong voice at the centre of the UK Government for Welsh business, universities, the third sector, farming unions, local authorities and the Welsh public in general. We have worked closely with other UK Government departments and the Welsh Government to ensure the views of stakeholders the length and breadth of Wales fed into the Government’s work on EU exit and its plans for a flourishing and prosperous Wales within a strong United Kingdom.

The Secretary of State’s EU Exit Expert Implementation Panel and Economic Advisory Board continued to meet jointly throughout the year. These sessions provided the Secretary of State with a valuable platform to engage members on the work leading up to the UK’s departure from the EU on 31 January 2020. The Office’s close engagement with stakeholders has been critical this year in ensuring they remain fully informed at key moments including following the appointment of the Prime Minister and the General Election. The meetings have also allowed the views of Welsh stakeholders to be fed directly into the heart of UK Government decision-making.

The Office played a key role in making sure UK Government preparations for a potential No Deal exit scenario at the end of October fully factored in Welsh interests and considerations. This included working in conjunction with Whitehall colleagues as well as Welsh Government officials on various preparation dry run exercises to run through potential scenarios. These proved invaluable in testing systems and the role of the Office was crucial in providing the necessary assurance that Wales would be covered in contingency situations resulting from any ‘No Deal’.

The Secretary of State attended meetings of the EU Exit Operations Committee (XO) which afforded the department a crucial role in shaping the UK Government’s approach to leaving the EU giving Wales a voice in this critical decision making Ministerial forum. Furthermore, the Office provided extensive input to work that was carried out on preparations for the border as well as potential local impacts in the event of No Deal. Through this integral work in conjunction with the Welsh Government the potential impacts on flow at the border for the strategically important, both to Wales and the wider UK, of the port of Holyhead was prioritised. The Office also worked collaboratively with other government departments to ensure contingency plans for No Deal would deliver for Wales. The Office’s expertise in understanding the interplay between devolved and reserved matters in Wales ensured that plans would be effective if they had been needed for Wales and the wider UK.

### ***Ensure legislation on EU exit reflects the interests of Wales and the UK***

The Office worked closely with the Department for Exiting the European Union and the Cabinet Office on engaging with the Welsh Government in the development of, and during the passage of, the European Union (Withdrawal Agreement) Bill (now the European Union (Withdrawal Agreement) Act 2020). The Act implemented the Withdrawal Agreement as agreed between the United Kingdom and the European Union. Through this engagement the Government sought to reach agreement with the Welsh Government and the other devolved administrations on the provisions in the Bill that fall within devolved competence.

A number of changes were made to address concerns which the devolved administrations raised during extensive inter-governmental discussions before the Bill was introduced in Parliament. However, on 21 January 2020 the National Assembly for Wales<sup>2</sup> rejected a legislative consent motion on the Bill in line with the Scottish Parliament and the Northern Ireland Assembly. The UK Government remains firmly committed to the Sewel convention and the Office will continue to work closely with other UK Government departments, and with the Welsh Government, to secure the consent of the Assembly for parliamentary bills that legislate within devolved competence.

The Office kept a close eye on the parliamentary progress of EU exit legislation in Parliament that impacts on Wales, including the Agriculture Bill, Fisheries Bill and the Trade Bill. Whilst the Office undertook most of the detailed devolution work on these Bills before they were introduced in Parliament – and which we set out in last year’s Annual Report – we maintained close engagement with lead Whitehall departments and the Welsh Government as the Bills proceeded in the last Parliament.

We worked closely with the Department for the Environment, Food and Rural Affairs and the Welsh Government on the Environment Bill. Whilst the Bill does not include many devolved provisions, the Office worked to ensure its framework for post-exit environmental regulation in England relates clearly to devolved structures in Wales for managing the environment.

Bills on EU exit matters did not complete their parliamentary passage before the 2019 General Election was called. The Office maintained a close watch on the legislation as Bills were re-introduced in Parliament following the General Election.

### ***Objective 3 – United Nation: deliver a clearer and sustainable devolution settlement***

#### ***Ensure a strong Welsh voice at the heart of the Union***

The Office has continued to ensure that Wales remains at the heart of the UK Government’s consideration of the Union and has provided a strong voice for

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<sup>2</sup> On 6 May 2020 the National Assembly for Wales became Senedd Cymru or the Welsh Parliament. References to the legislature before this date are to the National Assembly for Wales or ‘the Assembly’.

Wales within Whitehall. Ministers and officials have worked closely with their counterparts in taking forward key workstreams looking at how the Union could be strengthened and the governance of the UK outside of the European Union. This includes the review of intergovernmental relations and work to establish common UK frameworks to provide a consistent approach across the UK in relation to a small number of powers returning from the EU in devolved areas.

In March, the Secretary of State gave evidence to the Welsh Assembly's Legislation, Constitution and Justice Committee as part of its inquiry into the UK's changing constitution. The session covered issues on intergovernmental relations and the Sewel convention.

Throughout the year the Office has engaged with other UK Government departments and stakeholders to represent Wales' interests on the international stage. In December, the Office hosted the Foreign and Commonwealth Office (FCO) Head of Missions as part of their two-day visit to Wales. It provided an opportunity to engage on a diverse range of interests in Wales to help participants better represent and promote Wales internationally. The Office also took part in an event co-hosted by the FCO and Cardiff University to support links between academia and government and to provide guidance and support to academics on working with government officials.

### ***Ensure the current devolution settlement works effectively***

In July, the Secretary of State laid the draft Government of Wales Act 2006 (Amendment) Order 2019. The Order modified the consent requirements in Schedule 7B to the Government of Wales Act 2006 to allow the Assembly to modify the functions of electoral registration officers (EROs) for a devolved purpose without needing the UK government's agreement. This supported the implementation of changes to the annual canvass, allowing functions over EROs to transfer to Welsh Ministers as intended under the Welsh Ministers (Transfer of Functions) Order 2018.

The Order was debated in the House of Lords and the House of Commons on 9 September and 24 October respectively, and was approved by the National Assembly for Wales on 6 November. The Order was made at Privy Council in December.

The Department has continued work to prepare a further Order under section 109 of the Government of Wales Act 2006 to make modifications to the Welsh devolution settlement to take account of EU exit. This will include further modifications of consenting requirements for functions exercised concurrently by Welsh Ministers and Ministers of the Crown. The draft Order will be subject to approval by both Houses of Parliament and the Assembly.

The Office has continued to engage with the Welsh Government on its legislative programme including facilitating requests for Minister of the Crown consents where necessary. Over the past year the Secretary of State has consented to provisions in the Wild Animals and Circuses (Wales) Bill and the Senedd and Elections (Wales) Act 2020 in relation to reserved authorities. The Department

also worked with the Welsh Government to support the change in the National Assembly for Wales's name to Senedd Cymru / Welsh Parliament through the Senedd and Elections (Wales) Act 2020, including providing guidance for UK government departments on how to take account of the change in UK Parliament legislation and in external communications.

The Office has also continued to work to improve Whitehall's understanding of devolution. Officials are members of the cross-government 'Devolution and You Steering Board' and regularly facilitate sessions with other departments on devolution and intergovernmental working.

In February, the Office took part in a (FCO) Devolution Masterclass, '*Delivering Foreign Policy for All of the UK in 2020*'. The event discussed the latest UK devolution and constitutional issues and why they are important for UK foreign policy and how the FCO's devolution strategy fits into the wider picture of devolution across the United Kingdom.

### ***Wales Act 2014***

In January, the Secretary of State for Wales published the fifth report on the progress made to implement fiscal provisions in the Wales Act 2014. The Act requires that the Secretary of State and the Welsh Ministers each report annually on progress to the UK Parliament and Senedd Cymru. The fourth report details the work done to ensure the successful introduction of Welsh Rates of Income Tax in April 2019.

### ***Support Welsh cultural interests in Wales and the UK***

The Office is committed to supporting and promoting Welsh cultural interests in Wales and beyond. The Department has attended and organised a number of Welsh cultural events throughout the year to support and promote Wales' unique cultural identity. This included the Royal Welsh Show where the UK Government celebrated Wales and the centenary of the show and showcased the work of the UK government in Wales.

In February, the Prime Minister and the Secretary of State welcomed young people and leading figures from Welsh charities, businesses and the arts to a St David's Day reception at Downing Street. The Prime Minister spoke to stallholders showcasing Welsh produce and others promoting their achievements and charitable work. Among those that attended were the Snowdonia Cheese Company, craft beer company Boss Brewing, adventure firm Zip World and Wales Air Ambulance. This was a brilliant opportunity to showcase Wales' impact on a global scale.

To highlight Wales Week in London, the Office held an International Trade Networking Breakfast, a Business Panel Discussion hosted by the Secretary of State for Wales at Gwydyr House in partnership with the Institute of Directors (IoD) Cymru & South Wales Chambers of Commerce, and a Wales Culture Reception in partnership with Omeara. These events were an excellent

opportunity to promote Welsh cultural interests across the capital and raise awareness of Wales on a UK national level.

The UK Government is committed to supporting the Welsh Government to achieve its target of one million Welsh speakers by 2050. In August, the Secretary of State launched new guidance for all UK Government departments (and arms-length bodies) when planning and delivering bilingual communications activity targeted at audiences in Wales. The guidance, the first of its kind for the UK Government, was announced at a joint event with Welsh Language Commissioner at S4C's pavilion at the National Eisteddfod in Llanrwst.

The guidance has been endorsed by the Commissioner's office and the Government Communications Service, the professional body for people working in communications, digital and engagement roles across government. Included are recommendations and good practice on designing and creating quality bilingual content in areas including events, consultations and campaigns.

The Welsh Language Act places a duty on public organisations to treat the English and Welsh languages equally when providing services to the public in Wales. Eleven UK government departments have so far implemented their own Welsh language schemes as a result of the Act.

At the Budget in March, the Chancellor announced a commitment to legislate for Welsh public service broadcaster S4C to be awarded the same VAT status as the BBC and ITN, worth approximately £15 million per year. This supports the ambition for one million Welsh speakers by 2050 and will help to secure the Welsh language for future generations.

### ***Covid-19 Response***

The Office acted promptly and decisively to support the UK government's response to the coronavirus outbreak. Following the Prime Minister's announcement of a UK lockdown on 23 March the Office restructured its operations to focus on responding to the pandemic. The Office suspended all non-essential work and restructured its operations so that responding to Covid-19 became the heart of the Office's activities.

The Secretary of State and Parliamentary Under-Secretary focused their time on contributing to the UK-wide response, including taking key decisions on the strategic response to the pandemic at meetings of COBR and Ministerial Implementation Groups established to lead the fight against the virus; working with the First Minister and his Ministerial Team to ensure the UK-wide response to the virus worked well in practice and engaging with stakeholders and the wider public right across Wales to help resolve issues and explain the Government's policies and support schemes.

The Office has also worked closely with other government departments to plan for the UK's recovery from the pandemic.

Some staff who work on major programmes retained their business-as-usual portfolios, including those working on programmes relating to the UK's exit from the EU and on city and growth deals. More staff have been released back to work on these essential programmes as the Government's Covid-19 response has evolved.

Covid-19 had a minimal impact on the Office's performance and outcomes in 2019-20. The changes in organisational focus and structures were made only in the last week of the reporting year. The impact of Covid-19 on delivery of the Office's objectives in 2020-21 is likely to be far more significant and will be reported on in next year's Annual Report.

Lockdown also saw a sharp change in the Office's working culture, with Ministers and Officials working from home and using some technologies for the first time. The Office has risen to this challenge, working remotely and effectively and helping ensure our staff remain safe. Policies and practices introduced long before the pandemic – including a home working policy and laptops and mobile phones for all staff – helped ensure the move to full home working was smooth. The pandemic has not resulted in a significant increase in reported sickness amongst staff.

## ***Finance and Governance***

The delivery of our three policy objectives above is underpinned by five principles of efficiency and good corporate governance. They are: -

- providing value for money and managing costs effectively;
- ensuring good financial management, responding accurately and promptly to correspondence;
- maintaining a competent, highly motivated workforce;
- managing information effectively; and
- creating a pleasant working environment.

We put these principles into practice in carrying out our key corporate activities.

### ***Finance***

The Department's 2019-20 budget was set in the 2015 Spending Round.

Of the £15.913 billion Welsh settlement, the Office's allocation for 2019-20 was around £5 million, which was spent largely on staff and accommodation, and other Departmental responsibilities such as the reimbursements of Lord Lieutenants of Wales. The remainder of the settlement (£15.908 billion) was allocated to the Welsh Consolidated Fund.

The Office arranges the transfer of grant payments to the Welsh Consolidated Fund but precisely how that money is spent and on what is a matter for the Welsh Government and National Assembly. The Welsh Government is accountable to the National Assembly for Wales for its use of resources and the Auditor General for Wales is responsible for the audit of those resources.

### ***Efficiency***

To help deliver the Department's objectives and challenges the Office continues to manage its work efficiently and effectively, in accordance with good governance principles and providing value for money to the taxpayer.

The Office is fully committed to sharing services and expertise with the other Territorial Offices and UK Government departments wherever possible with a view to exploiting all available opportunities to secure efficiencies and strengthen our resilience. We currently share a parliamentary team and security adviser with the other Territorial Offices and a freedom of information (FOI) requests service with the Northern Ireland Office.

In respect of accommodation, the Department has tenants (the Greater London Lord Lieutenancy and Independent Commission for Aid Impact) in the London office and the Cabinet Office in the Cardiff Office which generated rental income in 2019-20 of £112k for the Department and makes more efficient use of our accommodation. We are also in regular discussions with the Government Property Agency (GPA) over its Hubs programme and have agreed in principle to move into the new UK Government Hub in central Cardiff on its completion.

As a small Department, the Office takes a cost effective and pragmatic approach to the provision of our internal corporate services, maintaining existing Ministry of Justice (MoJ) framework arrangements and contracts in areas such as security, facilities management, IT and financial services. These arrangements and contracts realise significant benefits to the Department in terms of economies of scale and expertise to the Department.

### ***Pension Liabilities***

Details of how pension liabilities are treated in the Office's accounts are disclosed in the Remuneration and Staff Report and Accounting policy note 1.8.

### ***Transparency***

Transparency, accountability and openness are at the heart of the Office's core values. We continued to publish a substantial amount of information on gov.uk, including:

- spending over £500;
- gifts given and received by Ministers (and by the Special Advisers);
- Ministerial overseas travel; and

- hospitality received by Ministers and the Special Advisers.

During 2019-20 we dealt with 175 Freedom of Information (FOI) requests as set out below.

Description	Number
FOI requests received, of which:	175
Responses replied to within 20 working days or within permitted extension	175 (100%)
Internal Review of our responses requested	6
Response referred by requestor to the Information Commissioner	0

Our Parliamentary performance over 2019-20 is summarised below:

Target	Actual %
100% of named day questions answered on time	96%
100% of ordinary written questions answered on time	100%

Our performance in handling correspondence during 2019-20 was:

Target	Actual %
100% Correspondence dealt with within 15 days	68%

The failure to achieve the target is as a consequence of high levels of staff turnover requiring higher levels of training for new staff and consequential reduction in retained expertise and corporate knowledge. The expectation is that improved staffing continuity will lead to improvements.

### ***Political and Charitable Donations***

The Office did not make any political or charitable donations in 2019-20.

### ***Anti-Fraud and Whistleblowing***

The Office has robust arrangements in place for the prevention and detection of fraud and is committed to the highest possible standards of openness, honesty and accountability. Our arrangements follow the principles outlined in the Managing Public Money and the Civil Service Employee Model Whistleblowing Policy

There were no reported cases of fraud or whistleblowing during the reporting period.

### ***Accommodation and Capital works***

The Department's main office is Gwydyr House, on Whitehall, which was originally a Georgian town house, and is a Grade II\* listed building. We obtain our professional advice and support from both the MoJ estates team and from our own managing agents, to ensure that we meet the statutory building regulations and that we are compliant with health and safety, heritage and other relevant legislation. We have a rolling programme of maintenance in place for Gwydyr House that recognises its special status and requirements, and we continuously seek to provide a safe working environment for our staff, Ministers and visitors.

In addition, the Department also rents office space (accommodating around 46% of its staff) in Wales, located in Cardiff Bay near the National Assembly for Wales and key stakeholders. As set out on the previous page, the Office is planning to move into the new UK Government hub in central Cardiff.

Both our offices meet the requirements of the Disabilities Act.

### ***Health and Safety***

The Office recognises its obligations under Health and Safety at Work legislation for ensuring, so far as is reasonably practicable, the development of an effective health and safety regime.

During 2019-20, there were no accidents reported to the relevant authorities.

## **Sustainable Development**

This sustainable development report has been prepared in accordance with 2019-20 guidelines laid down by HM Treasury in 'Public Sector Annual Reports: Sustainability Reporting' published at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/832776/sustainability\\_reporting\\_guidance\\_2019-20.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/832776/sustainability_reporting_guidance_2019-20.pdf)

The focus is on achieving government targets, reducing environmental impact and reducing costs. Priorities include reducing carbon emissions, water consumption and sending waste to landfill.

The Department occupies Gwydyr House in London. It also occupies part of Caspian Point in Cardiff Bay but shared occupations are not accounted for due to the limitations of extrapolating reliable sustainability data from service charges supplied by landlords.

### ***Governance, responsibilities and internal assurance***

The environmental performance of the Office is reviewed periodically.

## ***Commitments on Environmental Impacts***

The Greening Government Commitments, launched on 1 April 2011, require Departments to take action to significantly reduce environmental impact. These commitments can be found at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/585344/greening-government-commitments-overview-reporting-requirements-2016-2020.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585344/greening-government-commitments-overview-reporting-requirements-2016-2020.pdf)

The Department's Carbon Reduction Commitment is managed by the Ministry of Justice. The Office is committed to reducing its environmental impact by:

- a. increasing the range of items that can be collected for recycling in both of our buildings;
- b. replacing printers with more energy efficient models; and
- c. using public transport where possible rather than cars when travelling to meetings.

<b>CO<sub>2</sub> Emission Tonnes</b>					
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Air travel	3.56	5.09	36.01	31.42	49.65
Rail travel	10.12	16.06	15.56	16.29	11.98
Car mileage	0.38	1.21	1.92	2.34	1.92
Gas heating	16.77	18.81	23.59	19.70	13.40
Electricity*	26.59	21.82	26.68	23.42	11.10
Waste	0.32	0.18	0.11	0.04	0.01
Total CO <sub>2</sub> (tonnes)	57.74	63.17	103.87	93.21	88.06
Water consumption cubic metres**	1972	6271	385	212	427

\* The CO<sub>2</sub> conversion factor for electricity has decreased in 2019 due to a decrease in coal generation and an increase in renewable generation.

\*\* The consumption of water decreased in 2017-18 due to the repair of a water leak from the previous year and the consumption based on actual meter usage rather than estimated as in the previous year.

Where the Office draws on services supplied by the Ministry of Justice or under contract to them, our contribution to Government commitments on environmental impact and sustainability are met within those wider frameworks.

## Financial Review

In 2019-20 the Office spent £15.3bn within Parliamentary Supply Estimates (Supplementary Estimate), primarily as a grant to the Welsh Consolidated Fund.

### *Financial Performance*

Parliament votes funds to departments on two occasions during the year by means of a *Main Estimate* at the start of the year and a *Single Supplementary Estimate* in February 2020.

### *Movements in Estimate provision during 2019–20*

At the start of the year the Department was voted £15.5billion in its Main Estimate. By the final Single Supplementary Estimate, this had increased to £15.9billion largely due to a £405,299,000 increase in funding for the Welsh Consolidated Fund (WCF).

### *Explanation for variances between Estimate and Net Resource Outturn*

#### *Wales Office Resource*

Spending in Departmental Expenditure Limits	Outturn £000	Estimate £000	(Overspend)/ Under spend £000	Percentage of estimate %
A   Wales Office	4,681	5,082	401	8

The underspend of £401k against the Supply Estimate is mainly attributable to unavoidable delays in recruiting new staff throughout the year, lower spend than expected on travel and subsistence due to the UK general election and subsequent change in Ministerial team; lower spend than anticipated on office services and Lord Lieutenants and unused contingency funds.

Spending in Annually Managed Expenditure Limits	Outturn £000	Estimate £000	(Overspend)/ Under spend £000	Percentage of estimate %
B   Wales Office	243	243	0	0

The spending in Annually Managed Expenditure (AME) relates to provisions for dilapidations and a potential onerous lease for the Cardiff Office. See note 11 Provision for Liabilities and Charges.

### **Wales Office – Capital**

<b>Spending in Capital Departmental Expenditure Limits</b>		<b>Outturn £000</b>	<b>Estimate £000</b>	<b>(Overspend)/ Under spend £000</b>	<b>Percentage of estimate %</b>
A	Wales Office	45	50	5	10

The outturn of capital expenditure incurred was at a lower level than initially expected resulting in a small underspend against the modest budget.

### **Non-Budget Costs**

<b>Spending in Non-Budget Limits</b>		<b>Outturn £000</b>	<b>Estimate £000</b>	<b>(Overspend)/ Under spend £000</b>	<b>Percentage of estimate %</b>
C	Grant Payable to the Welsh Consolidated Fund (WCF)	13,278,546	13,848,633	570,087	4.1
D	*Pay over of Welsh Rates of Income Tax to the WCF	2,059,000	2,059,000	0	0
	Total to WCF	15,337,546	15,907,633	570,087	4.1

On the 6th April 2019, the Welsh Rate of Income Tax (WRIT) was introduced in Wales. The Welsh Government elected not to make any changes to Income tax rates in 2019-20. Receipts from WRIT are added to the Welsh Block Grant.

### **Statement of Financial Position**

The value of net assets at 31st March 2020 is £4.5m (2018-19 £4.9m). The significant balances on the Statement of Financial Position are: -

- Property, plant and equipment £5.5m: – This principally comprises the London accommodation of the Office (Gwydyr House) at £5.3m;
- Financial Assets and Liabilities £72.5m are loans issued from the National Loans Fund (NLF) to the Welsh Government. The NLF interest and capital payments amounts are balanced by corresponding amounts in receivables and payables.

**Reconciliation of net resource expenditure between Estimates, budgets and accounts**

	2019-20 £000	2018-19 £000
Net Resource Outturn (Estimates)	15,342,470	14,586,680
Adjustments to remove non- budget items*	(15,337,546)	(14,582,040)
<b>Total Resource Budget Outturn</b>	<b>4,924</b>	<b>4,640</b>
Of which		
Departmental Expenditure Limit (DEL)	4,681	4,633
Annually Managed Expenditure Limit (AME)**	243	7
Adjustments include		
Non- Budget items*	15,337,546	14,582,040
<b>Net Operating Cost (Accounts)</b>	<b>15,342,470</b>	<b>14,586,680</b>

**Notes**

\* Non- Budget items are the Grant Payable to the Welsh Consolidated Fund and Payover of Welsh Rates of Income Tax to the Consolidated Fund. See Statement of Parliamentary Supply SOPS1

\*\* AME relates to an increase in provision for leasehold dilapidation costs and a new provision for a potential onerous lease. See Note 11.



**Glynne Jones CBE**  
**Accounting Officer**

**8th July 2020**

# 2 The Accountability Report

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## Corporate Governance Report

### Directors' Report

### Ministers, Directors and Senior officials

Ministers/Directors/Senior officials
<b>Rt Hon Simon Hart MP†</b> Secretary of State for Wales from 16 <sup>th</sup> December 2019
<b>Rt Hon Alun Cairns MP††</b> Secretary of State for Wales to 6 <sup>th</sup> November 2019
<b>David TC Davies MP†††</b> Parliamentary Under-Secretary of State for Wales from 16 <sup>th</sup> December 2019
<b>Kevin Foster MP††††</b> Parliamentary Under-Secretary of State for Wales from 4 <sup>th</sup> April 2019 to 16 <sup>th</sup> December 2019
<b>Nigel Adams MP†††††</b> Parliamentary Under-Secretary of State for Wales to 3 <sup>rd</sup> April 2019
<b>Lord Bourne of Aberystwyth††††††</b> Parliamentary Under-Secretary of State for Wales to 26 <sup>th</sup> July 2019
<b>Alison White</b> – Lead Non-Executive Board Member (NEBM)
<b>Peter Umbleja</b> – Non- Executive Board Member (NEBM)
<b>Glynne Jones</b> – Director
<b>Geth Williams</b> – Deputy Director, Constitution and Corporate Services
<b>Ashok Ahir</b> – Deputy Director, Press and Communications
<b>Charlotte Cantle</b> – Deputy Director, Private Office from 23 <sup>rd</sup> September 2019
<b>Michael Dynan-Oakley</b> – Deputy Director, Private Office to 1 <sup>st</sup> September 2019
<b>Louise Parry and Kate Starkey</b> – Joint Deputy Director, Policy from 10 <sup>th</sup> June 2019
<b>Sarah Stoney*</b> – Deputy Director Legal

#### Notes

† Following the UK General Election in December 2019, the Rt. Hon Simon Hart MP was appointed Secretary of State for Wales. No-one held the post of Secretary of State for Wales between the 6th November and the General Election.

- †† On the 6th November 2019, the Rt. Hon Alun Cairns resigned from his post as Secretary of State for Wales.
- ††† Following the UK General Election, David TC Davies was appointed Parliamentary Under-Secretary of State for Wales, replacing Kevin Foster MP.
- †††† On the 4th April 2019, Kevin Foster MP was appointed Parliamentary Under-Secretary of State for Wales, replacing Nigel Adams MP.
- ††††† On the 3rd April 2019 Nigel Adams MP stood down from his post as Parliamentary Under-Secretary of State for Wales.
- †††††† On the 26th July 2019, Lord Bourne stood down from his role as Parliamentary Under Secretary of State for Wales.
- \* Sarah Stoney is employed by the Government Legal Department (GLD). She is a member of the Office's Senior Leadership Team but is not a member of the Departmental Board.

The Office had two non-executive board members (NEBM) – Alison White (lead NEBM) and Peter Umbleja (NEBM). Details of all the Office's committees and membership are outlined in the "Governance Statement" (page 25).

### ***Security and information security***

The Office does not handle a large volume of sensitive or personal data, but nonetheless is committed to ensuring the information it does hold is handled and protected correctly and that we are compliant with the appropriate standards.

Information assets and risks are identified and controls are in place to manage their use, which are regularly reviewed. We make use of a training package provided through the Civil Service Learning (CSL) to train all staff annually in information assurance and data handling issues.

There were no security incidents reported during 2019-20

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Wales Office to prepare, for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Wales Office and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- Prepare the accounts on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

HM Treasury has appointed Glynne Jones the Director of the Office as Accounting Officer of the Office.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Office, are set out in *Managing Public Money* published by the HM Treasury.

## **Statement on the disclosure of relevant audit information**

The Office's Accounts have been prepared on a statutory basis in accordance with the requirements of HM Treasury and are designated to comply with generic Accounts Directions issued to departments by HM Treasury under the section 5 (2) of the Government Resources and Accounts Act 2000.

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses are disclosed at Note 2 to the accounts. During the reporting year no payment was made to the auditors for non-audit work (2018-19: £nil).

To the best of the Accounting Officer's/Director's knowledge, there is no relevant audit information of which the Office's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Office's auditors are aware of that information.

The Accounting Officer/Director hereby confirms that the annual report and accounts as a whole are fair, balanced and understandable, and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

# **Governance Statement**

## ***Introduction***

As the Director of the Office, I am also its Accounting Officer (AO). In accordance with the responsibilities assigned to me in my appointment letter, and as set out in Managing Public Money, I am charged with the governance of the Office.

As Accounting Officer, I am responsible to Parliament for the stewardship of the resources within the Office's control and for their management, and also have responsibility for maintaining a sound system of internal controls.

The governance framework comprises the systems and processes, and the culture and values, by which the Office is directed and controlled and how it is accountable to Parliament. It covers the process by which Ministers and senior management monitor the achievement of its objectives and considers whether the activities of the Office have led to the delivery of appropriate, cost-effective outcomes.

The Office's Governance Statement sets out the governance structures, the internal controls and risk management procedures that have operated within the Office during the financial year 2019-20 and up to the date of when the Annual Report and Accounts are laid in Parliament.

## ***Ministerial responsibilities***

The Secretary of State for Wales provides political direction to the Office and is accountable to Parliament. He is supported by a Parliamentary Under-Secretary of State for Wales, and a Baroness in Waiting (Government Whip) in the House of Lords and by a small team of civil servants led by the Director of the Office.

Ministers lead departments and are responsible and accountable to Parliament for the actions and policies of their departments. Boards, within the strategic framework set by Ministers, support the head of the Department by advising Ministers and providing advice about the Department's performance. Ministers and board members are responsible for corporate governance, which defines the rights and responsibilities of different stakeholders, determines rules and procedures for making decisions, and includes the process by which the Department's objectives are set and monitored.

## ***Corporate Governance Structures***

The management of the Office is overseen by the Departmental Board which was established in September 2015 and meets up to six times in a financial year. The Board is chaired by the Secretary of State or the Director at meetings where Ministers are not present.

The Departmental Board is responsible for providing advice about the Office's strategic direction (aims and objectives) in accordance with policies decided by Ministers, scrutinising the business plan and ensuring that the office has the capacity and capability to deliver the business plan, to meet current and future needs.

The Board supports the Secretary of State in delivering his responsibilities to Parliament. Details of the membership of the Board is shown below.

In 2019-20 the Board reviewed, agreed updates to and monitored progress of the Office's performance, priorities and objectives.

A review of the governance arrangements of the Department was undertaken by the Lead Non-Executive Board Member (NEBM) in 2020. The results of her review were that the Departmental Board is considered to have continued to improve its effectiveness since last year's review. The areas in which the Board has strengthened include:

- Board membership enables good, informed discussions, where the Board is able to really drill down into performance management, with Non-Executive Directors (NEDs) providing an effective challenge function;
- There are regular discussions about stakeholders and their perceptions of the Department
- Consideration of risk management by the Board has improved;

The areas identified in which the Board needs to further develop are on: -

- Enhancing the role of the Board and clearly show how it is distinctive from the role of the Audit Committee and the process of risk management;
- Members would appreciate further discussion about the role of the Board in setting strategy, and scrutinising performance;
- Potential to increase Board scrutiny on major UK programme expenditure projects in Wales.

The Secretary of State held regular bilateral meetings with the Director to discuss policy, strategy and Departmental issues.

Attendance at the Departmental Board during the year is shown in the table below:

## Departmental Board

Members	No. of Eligible Meetings Attended
<b>*Rt. Hon Simon Hart MP</b> Chair† Secretary of State for Wales from 16 <sup>th</sup> December 2019	1 of 1
<b>*Rt. Hon Alun Cairns MP</b> Chair †† Secretary of State for Wales to 6 <sup>th</sup> November 2019	1 of 1
<b>*David TC Davies MP</b> ††† Parliamentary Under-Secretary of State for Wales from 16 <sup>th</sup> December 2019	1 of 1
<b>*Kevin Foster MP</b> †††† Parliamentary Under-Secretary of State for Wales from 4 <sup>th</sup> April 2019 to 16 <sup>th</sup> December 2019	1 of 1
<b>*Nigel Adams MP</b> ††††† Parliamentary Under-Secretary of State for Wales to 3 <sup>rd</sup> April 2019	0 of 0
<b>*Lord Bourne of Aberystwyth</b> †††††† Parliamentary Under-Secretary of State for Wales to 26 <sup>th</sup> July 2019	0 of 0
<b>Alison White</b> – Lead Non-Executive Board Member (NEBM)	5 of 5
<b>Peter Umbleja</b> – Non- Executive Board Member (NEBM)	5 of 5
<b>Glynne Jones CBE</b> – Director	5 of 5
<b>Geth Williams</b> – Deputy Director, Constitution and Corporate Services	5 of 5
<b>Ashok Ahir</b> – Deputy Director, Press and Communications	5 of 5
<b>Charlotte Cantle</b> – Deputy Director, Private Office from 23 <sup>rd</sup> September 2019	3 of 3
<b>Michael Dynan-Oakley</b> – Deputy Director, Private Office to 1 <sup>st</sup> September 2019	2 of 2
<b>Louise Parry and Kate Starkey</b> – Deputy Director, Policy from 10 <sup>th</sup> June 2019	4 of 4

### Notes

- \* Ministers are scheduled to attend two Board meetings a year.
- † Following the UK General Election in December 2019, the Rt. Hon Simon Hart MP was appointed Secretary of State for Wales.
- †† On the 6th November 2019, the Rt. Hon Alun Cairns resigned from his post as Secretary of State for Wales. No-one held the post of Secretary of State for Wales between the 6th November and the General Election.
- ††† Following the UK General Election in December 2019, David TC Davies MP was appointed Parliamentary Under-Secretary of State for Wales, replacing Kevin Foster MP.

- †††† On the 4th April 2019, Kevin Foster MP was appointed Parliamentary Under-Secretary of State for Wales, replacing Nigel Adams MP.
- ††††† On the 3rd April 2019, Nigel Adams MP stood down from his post as Parliamentary Under-Secretary of State for Wales.
- †††††† On the 26th July 2019, Lord Bourne stood down from his role as Parliamentary Under Secretary of State for Wales. Baroness Bloomfield (Government Whip) acts as the spokesperson for the Office in the House of Lords.

## Committees Reporting to the Departmental Board

### *The Audit and Risk Assurance Committee (ARAC)*

The ARAC is chaired by the Lead Non- Executive Board Member (NEBM), and comprises one other NEBM and another independent member. The independent member has been in post for three years. The Committee operates in accordance with the Treasury’s Audit Committee Handbook and meets quarterly. The Committee undertook a full evaluation of its own effectiveness in March 2020 seeking views from its members. The general view was that the Committee was operating successfully in most aspects of its role; the Committee was taken seriously and was influential in advising the Accounting Officer on risks and assurances, despite the challenges on business as usual as a result of EU Exit related activities.

Some of the issues considered by the Audit and Risk Assurance Committee (ARAC) during the year included:

- the Department’s risk registers and governance processes;
- Annual Report and Accounts;
- National Loan Fund Accounts; and
- Internal and External Audit reports.

**Attendance at the Audit and Risk Assurance Committee during the financial year was as follows:**

### Audit and Risk Assurance Committee

Members	No. of Eligible Meetings Attended
Alison White – Lead NEBM, Chair	4 of 4
Peter Umbleja – NEBM	4 of 4
Sam Hartley <sup>1</sup> – Independent Member	4 of 4

**Footnotes**

**Note 1:** Sam Hartley is currently the Secretary to the Independent Commission on Civil Aviation Noise.

## Other Committees

The Office also has a Health and Safety (H&S) Committee with a remit to advise the Board on ensuring that the Office provides a healthy and safe work environment for its staff, Ministers and visitors.

The Health and Safety Committee, chaired by the Head of Corporate Services, met once during 2019-20. It considered a range of issues, including reporting of any accidents at work, and training for fire wardens, first aiders and DSE assessors.

## Risk identification and management

The Office's system of internal control is designed to identify business risks and mitigate them in accordance with the risk appetite defined by the Board. It is based on a continuous process designed to identify and prioritise risks to the achievement of Departmental objectives, to evaluate the likelihood of those risks being realised and their potential impact, and to manage them efficiently, effectively and economically.

The robustness of this system continues to be illustrated by the Department's management of its key strategic risks. In 2019-20 these have included the risks of: -

- Failure to support work on the UK's exit from the EU, and in particular the engagement between the UK Government and Welsh Government on exit;
- Failure to support the UK Growth agenda in Wales and work co-operatively with the Welsh Government to help deliver economic growth in Wales;
- Failure to ensure the reserved powers model of Welsh devolution operates effectively;
- Failure of Wales' interests not being fully reflected in the policy and legislation work of UK Government departments; and
- The Office is unable to provide adequate or suitable resources to deliver Government's commitments on Wales.

The Office has strong controls in place to mitigate these risks. For example, on the key risk of failure to support work on the UK's exit from the EU, and the engagement between the UK and Welsh Government's on exit. The Office was fully engaged in work on EU Exit led by the Department for Exiting the European Union (DExEU) and the Cabinet Office (CO) and senior officials of the Office attend all Whitehall meetings relating to EU Exit. Relations with the Welsh Government (WG) on exit matters remained generally positive. Our Ministers were engaging directly with stakeholders in Wales on Exit and the Secretary of State (SoS) attended all bilateral meetings between UK Ministers and the First Minister reviewing progress. The Wales Office secured additional resource, and

created additional posts, to focus on Exit work, and Officials were engaged in Exit scenario planning, working alongside other Government Departments. The UK left the EU with an exit deal on the 31st January 2020. Office officials and Ministers are now fully engaged with other UK Departments and the Welsh Government on discussions about the future trade deal with the EU.

### **Capacity to handle risk**

Risks were identified and articulated both at a strategic and an operational level by the Departmental Board and at working level by the teams within the four divisions. The branch risk registers underpinned and fed into the overarching Departmental Strategic Risk Register which was reviewed at every Audit and Risk Assurance Committee meeting.

The Departmental Board and Audit and Risk Assurance Committee (ARAC) also regularly reviewed its approach to risk management to ensure that key risks had been identified and appropriate and proportionate measures were in place to manage the level of risk to an acceptable level. The Board took assurance from the Senior Leadership Team on the effectiveness of the controls to manage operational risk and the ARAC on the effectiveness of the risk management framework.

The ARAC leads on the scrutiny and handling of key risks, and undertook a detailed review of divisional risk registers and how they were managed.

An example of the Office's capacity to handle new risks is shown by its initial response to the COVID 19 pandemic.

### **Initial Response to COVID 19**

In March 2019 the Office suspended all non-essential work to focus resources on responding to the Covid-19 pandemic. The Office is fully engaged in the Whitehall-wide work on Covid-19. The Director of the Office is a member of the "four nations" group, which helps co-ordinate the response to Covid-19 across the nations and office officials and Ministers are in regular communication with the Welsh Government,

The Office is working closely with other Government Departments on the pandemic response, and is reaching out to stakeholders in Wales particularly those in the most affected sectors, for example small business and aviation, and feeding back information and intelligence into the heart of government.

This is an ongoing risk which is being monitored daily by Ministers and Officials.

### **Risk and control framework**

The Office had in place a Risk Management Policy Framework and Strategy, approved by the Audit and Risk Assurance Committee and the Board. The Policy clearly outlines its procedures, and the promotion of a transparent and

accountable culture to support consistent, timely and effective risk management across the Department.

The effectiveness of the risk management arrangements was supported by the work of the internal auditors, the senior managers who had responsibility for the development and maintenance of the internal control framework, the Audit and Risk Assurance Committee and the recommendations made by the National Audit Office in its management letter and other reports.

### **Assurance Statements**

Each Deputy Director is required to complete and sign a Certificate of Assurance statement supported by a completed Internal Control Checklist. This year, all the statements were reviewed by the Government Internal Audit Agency and by the Chair and members of the ARAC as part of the governance review.

There were two issues to come out of the assurance statement process: -

1. Lack of divisional plans to take forward the Departmental business plan;
2. Compliance with information assurance was generally good but not uniform across the board.

These are not of significance and the intention is to address them in the next financial year.

### **Internal Audit**

HM Treasury mandate that internal audit must give a year end assurance on the effectiveness of a department's governance, risk and control. The Internal Audit assurance is one of the key sources of evidence underpinning the Accounting Officer's Governance Statement.

The Internal Audit assurance is based on internal audit work performed over the course of the year, combined with knowledge of the governance, risk and control framework gained through attendance at meetings and discussions with senior management. Internal audit services are provided by the Government Internal Audit Agency (GIAA), which works in accordance with Public Sector Internal Audit Standards. Its work is informed by its analysis of the risks to which the Department is exposed and the annual audit plan is based on that analysis. The plan is discussed and endorsed by the Audit and Risk Assurance Committee and then agreed with the Accounting Officer.

The 2019-20 internal audit plan included reviews of: Handling of Parliamentary Questions and Freedom of Information Requests, Management of Functional Support Services; Travel and Subsistence and Management of the Delivery of Initiatives.

The Head of the GIAA annually provides an independent opinion on the adequacy and effectiveness of the Department's governance, risk and control arrangements. The Internal Audit reviews contribute to that opinion.

The Internal Audit opinion for 2019-20 reported a good level of control and found no significant control issues. It is in this context that the Head of the GIAA was able to give a moderate level of assurance on the adequacy of the framework of governance and control within the Office. The GIAA highlighted that their opinion is largely based on the work and activity undertaken prior to the impact of Covid 19 and the changes in the operating environment.

### **Compliance with the Corporate Governance Code**

The Office took full account of HM Treasury's guidance "Corporate Governance in Central Government Departments" (April 2017) in adapting and strengthening its processes to reflect its status as a stand-alone Department. This was however done on a scale proportionate to its size, budget and function (to provide policy support and advice to Ministers rather than to deliver programmes or services directly to the public). Areas where the Department does not currently fully comply with the guidance are limited to:

- Numbers of NEBMs. After due consideration by the Director, Departmental Board and the Audit and Risk Assurance Committee, and following discussions with Internal Audit and National Audit Office, the Department decided not to increase the number of its NEBMs. It is felt the current membership is proportionate to the size of the Department (around 45 staff). The two NEBMs in post during 2019-20 brought extremely valuable skills and experience which are particularly relevant to the Office. The lead NEBM is a qualified accountant and an experienced chair and independent member of audit and risk committees, including during the past year, the Animal and Plant Health Agency and Queen Elizabeth 2nd Conference Centre. The second NEBM is a retired chartered accountant from South Wales who has over 30 years' experience in leadership roles.
- To ensure that the Audit and Risk Assurance Committee comprises at least three members, an official from the Independent Commission on Civil Aviation Noise serves as an independent member.
- Membership of the Board should include the Finance Director: – Due to the size of the Office, and ensuring the balance of membership between Ministers and Officials, the Head of Finance is not a member of the Board but attends all Board meetings in an advisory capacity.

### **Security and information security**

This is covered in the Director's Report. Please see page 22.

## **Information Risk and Assurance**

### ***Information Assets***

The Office does not directly provide services to the public and does not maintain large databases of personal data. There are limited personal data holdings in the form of personnel and finance records, and correspondence from members of the public and Members of Parliament (MPs), Assembly Members (AMs) and Peers. Other information held by the Department includes corporate and policy papers, and Cabinet Committee papers.

The Office is compliant with the European General Data Protection Regulation (GDPR) which came into effect on 25 May 2018.

### ***Management Information***

The Board and Audit and Risk Assurance Committee receives quality management information about the performance of the Office to enable them to assess, challenge and drive improvements as required.

### ***Risks and their Management***

Given the limited holdings of sensitive information, the Office does not carry a degree of risk that requires extensive or special management strategies.

## **Outcomes during 2019-20**

There were no data losses during 2019-20.

## **Summary report from the Chair of the Audit and Risk Assurance Committee**

Based on its work over this reporting period (1st April 2019 to 31st March 2020) the Committee is able to provide reasonable assurance on the adequacy of audit arrangements for the Agency and on the assurances provided to the Accounting Officer in respect of the governance, risk management and control arrangements. It is also able to provide assurance that the processes in place to produce the financial accounts for the Office are sound.

***Assessment of system of internal control***

On the basis of this review, I can give assurance that the system of internal control in the Office is adequate to achieve the Department's objectives. This is given on the basis that, where exposure to risk has been identified, either action has been taken to address the risk or the nature of the risk is fully understood and accepted.

A handwritten signature in black ink, appearing to read 'Glynne Jones', written in a cursive style.

**Glynne Jones CBE  
Accounting Officer**

**8th July 2020**

# Remuneration and Staff Report

## Remuneration Report

The Remuneration and Staff Report summarises the remuneration of Ministers, Executive Board Members, Non-Executive Board Members (NEBMs) and staff; it also provides details of actual costs and contractual arrangements.

The Remuneration and staff report has been prepared in accordance with the requirements of the financial reporting manual as issued by HM Treasury. Some of the tables in this report have been subject to audit by the external auditor, the Comptroller & Auditor General, appointed under the Government Resources and Accounts Act 2000. Where tables are subject to audit, this is clearly stated.

## Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament (MPs) and their allowances; on Peer's allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on Departments to meet the output targets for the delivery of Departmental services;
- the funds available to Departments as set out in the Government's Departmental Expenditure Limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at: [www.gov.uk/government/organisations/review-body-on-senior-salaries](http://www.gov.uk/government/organisations/review-body-on-senior-salaries).

## **Board members and senior civil servant's remuneration**

The Office is not a direct employer. All staff are either employed by the Ministry of Justice or on loan from other Government Departments. The salaries of Senior Civil servants are determined in line with the Cabinet Office Senior Civil Service (SCS) Reward policy.

## **Service Contracts**

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at <https://civilservicecommission.independent.gov.uk/>.

## **Ministers' salaries and pension entitlements**

*This section has been subject to audit.*

The salaries, taxable benefits in kind and pension entitlements of Ministers are shown in the following tables. Salary figures include all allowances payable by the Office, whereas full-year equivalents are calculated net of allowances, bonuses and ex gratia payments.

In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£79,468 from 1 April 2019) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures below.

## **Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. No Minister in the Office of the Secretary of State for Wales received benefits in kind in 2019-20 or 2018-19.

## Remuneration (salary, benefits in kind and pensions)

Single total figure of remuneration										
	Ministers		Salary (£)		Benefits in Kind (to nearest £100)		Pension benefits to nearest £1000 <sup>1</sup>		Total (to nearest £1000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19		
The Rt. Hon Simon Hart MP, Secretary of State from 16 <sup>th</sup> December 2019†	18,817	n/a	nil	n/a	4,000	n/a	23,000	n/a		
The Rt. Hon Alun Cairns MP, Secretary of State to 6 <sup>th</sup> November 2019††	57,379	67,505	nil	nil	12,000	15,000	69,000	83,000		
David TC Davies MP, Parliamentary Under Secretary of State from 16 <sup>th</sup> December 2019†††	nil	n/a	nil	n/a	nil	n/a	nil	n/a		
Kevin Foster MP, Parliamentary Under Secretary of State from 4 <sup>th</sup> April 2019 to 16 <sup>th</sup> December 2019††††	nil	n/a	nil	n/a	nil	n/a	nil	n/a		
Nigel Adams MP, Parliamentary Under Secretary of State (from 5 <sup>th</sup> November 2018 to 3 April 2019†††††	nil	nil	nil	nil	nil	nil	nil	nil		
Mims Davies MP, Parliamentary Under Secretary of State (from 19 <sup>th</sup> July 2018 to 5 <sup>th</sup> November 2018) ††††††	n/a	nil	n/a	nil	n/a	nil	n/a	nil		
Stuart Andrew MP, Parliamentary Under Secretary of State (to 19 <sup>th</sup> July 2018) ††††††	n/a	nil	n/a	nil	n/a	nil	n/a	nil		
Lord Bourne of Aberystwyth, Parliamentary Under Secretary of State to 26 <sup>th</sup> July 2019†††††††	nil	nil	nil	nil	nil	nil	nil	nil		

### Notes to the table:

1. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

† Following the UK General Election, on the 16th December 2019, the Rt. Hon Simon Hart MP was appointed Secretary of State for Wales. His full time equivalent salary in 2019-20 in this role was

£67,505. No-one held the post of Secretary of State for Wales between the 6th November and the General Election.

†† On the 6th November 2019, the Rt Hon Alun Cairns resigned from his post as Secretary of State for Wales. His total salary for 2019-20 includes a compensation payment of £16,876. The full time equivalent salary in this role was £67,505.

††† Following the UK General Election, on the 16th December 2019, David TC Davies was appointed Parliamentary Under-Secretary of State for Wales, replacing Kevin Foster MP.

†††† On the 4th April 2019, Kevin Foster MP was appointed Parliamentary Under-Secretary of State for Wales, replacing Nigel Adams MP who stood down from this role on the 3rd April 2019.

††††† On the 5th November 2018 following a Cabinet reshuffle Nigel Adams MP was appointed Parliamentary Under-Secretary of State for Wales replacing Mims Davies MP.

†††††† On the 19th July 2018 following a Cabinet reshuffle Mims Davies MP was appointed Parliamentary Under-Secretary of State for Wales replacing Stuart Andrew MP.

††††††† On the 26th July 2019, Lord Bourne stood down from his role as Parliamentary Under Secretary of State.

The remuneration costs for both Parliamentary Under-Secretaries of State are borne by the Consolidated Fund and the House of Lords respectively.

Pension Benefits					
	Accrued Pension at age 65 as at 31 March 2020	Real increase in pension at age 65	CETV at 31 March 2020	CETV at 31 March 2019*	Real increase/decrease in CETV £000
Ministers	£'000	£'000	£'000	£'000	£'000
The Rt. Hon Simon Hart MP, Secretary of State from 16th December 2019	0 – 5	0 – 2.5	7	n/a	3
The Rt. Hon Alun Cairns MP, Secretary of State to 6th November 2019	5-10	0 – 2.5	69	57	6
David TC Davies MP, Parliamentary Under Secretary of State from 16th December 2019	nil	nil	nil	n/a	nil
Kevin Foster MP, Parliamentary Under Secretary of State from 4th April 2019 to 16th December 2019	nil	nil	nil	n/a	nil

Pension Benefits					
	Accrued Pension at age 65 as at 31 March 2020	Real increase in pension at age 65	CETV at 31 March 2020	CETV at 31 March 2019*	Real increase/decrease in CETV £000
Ministers	£'000	£'000	£'000	£'000	£'000
Nigel Adams MP, Parliamentary Under Secretary of State (to 3 <sup>rd</sup> April 2019)	nil	nil	nil	nil	nil
Mims Davies MP, Parliamentary Under Secretary of State (from 19th July 2018 to 5th November 2018)	n/a	n/a	n/a	nil	n/a
Stuart Andrew MP, Parliamentary Under Secretary of State (to 19th July 2018)	n/a	n/a	n/a	nil	n/a
Lord Bourne of Aberystwyth, Parliamentary Under Secretary of State to 26th July 2019	nil	nil	nil	nil	nil

**Notes to the table:**

\*Where n/a: reflects there is no previous information published.

## Ministerial Pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at <http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's final salary pension scheme.

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

### **The Cash Equivalent Transfer Value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

### **Board Members' salary and pension entitlements**

*This section has been subject to audit.*

Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Office and thus recorded in these accounts.

Salary figures include all allowances payable by the Department, whereas full year equivalents are calculated net of allowances, bonuses and ex gratia payments. Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2019-20 relate to performance in 2018-19 and the comparative bonuses reported for 2018-19 relate to performance in 2017-18.

The Board Members were supported by the Head of Finance and Corporate Services who attends all meetings of the Departmental Board and Audit and Risk Assurance Committee.

The salaries, bonuses taxable benefits in kind and pension entitlements for Board Members are shown in the following tables: -

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits to nearest £1000) <sup>2</sup>		Total (£1000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Glynne Jones CBE, Director	90-95	90-95	nil	nil	nil	nil	38,000	43,000	130-135	130-135
Geth Williams, Deputy Director, Constitution and Corporate Services	70-75	70-75	nil	nil	nil	nil	33,000	27,000	105-110	95-100
Ashok Ahir, Deputy Director, Press and Communications (from 2 <sup>nd</sup> July 2018) †	75-80	55-60	nil	nil	nil	nil	30,000	22,000	105-110	75-80
Louise Parry, Deputy Director, Policy, job share with Kate Starkey from 10 <sup>th</sup> June 2019) ††	30-35	n/a	nil	n/a	nil	n/a	75,000	n/a	105-110	n/a
Kate Starkey, Deputy Director, Policy – job share with Louise Parry (from 10 <sup>th</sup> June 2019) ††	30-35	n/a	nil	n/a	nil	n/a	25,000	n/a	55-60	n/a
Robin Healey, Deputy Director, Policy (to 31 <sup>st</sup> January 2019) †††	n/a	55-60	n/a	5-10	n/a	nil	n/a	29,000	n/a	95-100
Charlotte Cantle, Deputy Director, Private Office (from 23 <sup>rd</sup> September 2019) ††††	40-45	n/a	nil	n/a	nil	n/a	17,000	n/a	55-60	n/a
Michael Dynan-Oakley, Deputy Director, Private Office (to 1 <sup>st</sup> September 2019) †††††	35-40	80-85	nil	nil	nil	nil	35,000	17,000	50-55	95-100

**Notes to the table:**

2. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
- † Ashok Ahir joined the Department as Deputy Director, Press and Communications on the 2nd July 2018. His full time equivalent salary in 2018-19 is in the range of £70k to £75k.
- †† Louise Parry and Kate Starkey joined the Department as Deputy Director Policy on the 10th June 2019. Their full time equivalent salary for 2019-20 is in the range of £75k to £80k

- ††† Robin Healey left the Department on the 31st January 2019. His full time equivalent salary in 2018-19 is in the range of £70k to £75k.
- †††† Charlotte Cantle joined the Department as Deputy Director Private Office on the 23rd September 2019. She is on loan from the Cabinet Office and her full time equivalent salary in 2019-20 is in the range of £80-85k.
- †††† Michael Dynan-Oakley left the Department on the 1st September 2019. His full time equivalent salary in 2019-20 is in the range of £85k to £90k.
- The 2018-19 pensions benefit for Michael Dynan-Oakley have been recalculated by the Pension Providers due to a change to pensionable pay via a data cleanse project. The effect of the recalculation is that the 2018-19 pension benefits and single total figure of remuneration has changed from £157,000 to £35,000 and from £230k – £235k to £95k to £100k.

## Non – Executive Directors

Remuneration	Salary exc bonuses (including allowances (£'000))		Benefits in kind (to nearest £100)		Total (£'000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Alison White, Audit Committee Chair (from 1st July 2018) *	10-15	5-10	nil	n/a	10-15	5-10
Isobel Garner, Audit Committee Chair (to 30th June 2018) **	n/a	0-5	n/a	nil	n/a	0-5
Peter Umbleja, Non-Executive Director (from 1st April 2019)	5-10	n/a	nil	n/a	5-10	n/a
Tom Jones, Non-Executive Director (to 31st March 2019)	n/a	5-10	n/a	nil	n/a	5-10

### Notes to the table:

- \* Alison White was appointed Chair of the Audit Committee on the 1st July 2018. Her full time equivalent salary in 2018-19 was in the range £10k to £15k.
- \*\* Isobel Garner stood down from the role as Chair of the Audit Committee on the 30th June 2018. Her full time equivalent salary in 2018-19 was in the range £10k to £15k.

## Pension Benefits

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2020	Real increase in pension and related lump sum at pension age at 31 March 2020	CETV at 31 March 2020	CETV at 31 March 2019	Real increase/decrease in CETV
	£000	£000	£000	£000	£000
Glynne Jones CBE, Director	40 – 45 plus a lump sum of 90 – 95	0 – 2.5 plus a lump sum of 0 – 2.5	770	711	22
Geth Williams, Deputy Director, Constitution and Corporate Services	25 – 30 plus a lump sum of 65 – 70	0 – 2.5 plus a lump sum of 0 – 2.5	559	511	21
Ashok Ahir, Deputy Director, Press and Communications	0 – 5	0 – 2.5	37	15	16
Louise Parry, Deputy Director Policy (from 10 <sup>th</sup> June 2019)	10 – 15 plus a lump sum of 30 – 35	2.5 – 5 plus a lump sum of 7.5 – 10	211	152	51
Kate Starkey, Deputy Director Policy (from 10 <sup>th</sup> June 2019)	15 – 20	0 – 2.5	246	223	13
Robin Healey, Deputy Director, Policy (to 31st January 2019)	n/a	n/a	n/a	277	n/a
Charlotte Cattle, Deputy Director, Private Office (from 23 <sup>rd</sup> September 2019)	5 – 10	0 – 2.5	53	45	5
Michael Dynan-Oakley, Deputy Director, Private Office to 1 <sup>st</sup> September 2019*	30 – 35 plus a lump sum of 80 – 85	0 – 2.5 plus a lump sum of 0 – 2.5	656	639	11

Notes to the table:

- \* The 2018-19 CETV for Michael Dynan-Oakley have been recalculated by the Pension Providers due to a change to pensionable pay via a data cleanse project. The effect of the recalculation is that the CETV at 31st March 2019 has changed from 757 to 639.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the appointed provider – Legal & General. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### **The Cash Equivalent Transfer Value (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another

pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## **Pay Multiples**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Office in the financial year 2019-20 was £90-£95k (2018-19, £90-£95k) (See Single total figure of remuneration table). This was 2.5 times (2018-19, 2.8 times) the median remuneration of the workforce, which was £36,798 (2018-19, £32,720). The median remuneration in 2019-20 has increased for a number of reasons:

- Staff pay award averaging around 1.5% across the board;
- Filling of vacant posts; and
- New staff recruited from other Government Departments on higher rates of pay and in a different location to their predecessors.

In 2019-20, no employees (2018-19, nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £8,300 to 93,000 (2018-19 £8,300 to £91,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## **Compensation for loss of office**

No staff left the Office under Voluntary Exit terms in 2019-20 or 2018-19.

## **Ministers**

The Rt. Hon. Alun Cairns MP left under severance terms on 6 November 2019 and received a severance payment of £16,876. There were no severance payments made in 2018-19.

## Staff Report

*This section has been subject to audit.*

### Staff Costs

The Office's expenditure on staff during 2019-20 is shown in the table below: -

					31 March 2020	31 March 2019
	Permanently Employed Staff & Inward Secondees	Others	Ministers	Special Advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,112	207	76	123	2,518	2,455
Social security costs	174	-	7	14	195	218
Other pension costs	444	-	-	20	464	399
<b>Total Costs</b>	<b>2,730</b>	<b>207</b>	<b>83</b>	<b>157</b>	<b>3,177</b>	<b>3,072</b>

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme in which the Wales Office is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

For 2019-20 employer's pension contributions of £464k (2018-19: £399k) were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% (2018-9: 20% to 24.5%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflected past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' pension contributions of £0 (2018-19: £0) were paid to one or more the panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 8% to 14.5% (2018-19: 8.0% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3.0% of pensionable pay.

In addition, employer pension contributions of equivalent to 0.8% of pensionable pay were payable to the PCSPS to cover the future provision of lump sum benefits on death in service and ill health retirement of employees in the PCSPS scheme.

Contributions due to the partnership pension providers at the reporting period were Nil. (2018-19: £Nil).

There were no retirements during 2019-20 (2018-19: Nil) on the grounds of ill health.

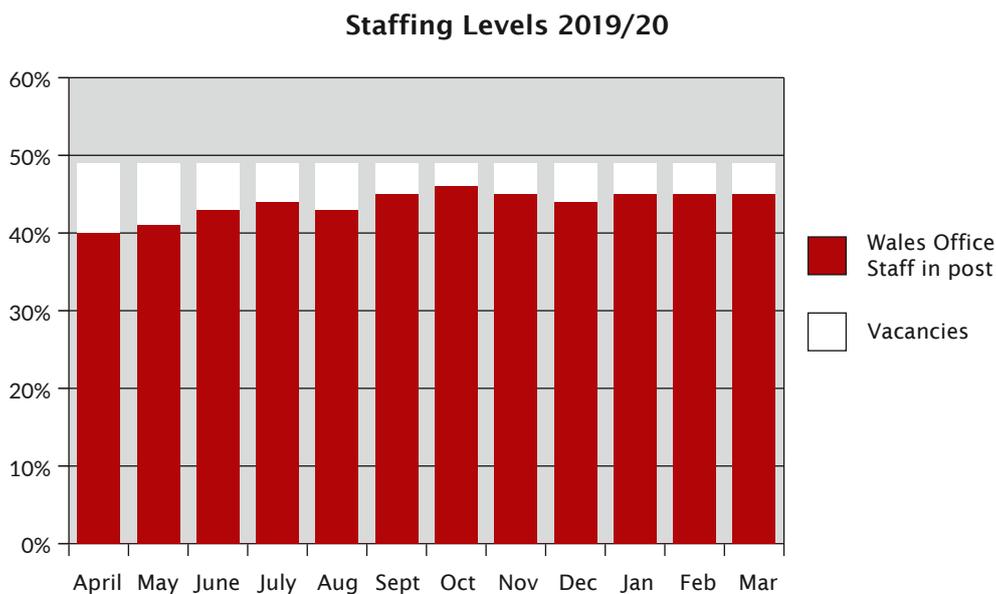
## Staff Numbers

The average number of full-time equivalent staff employed during the year is shown in the table below:

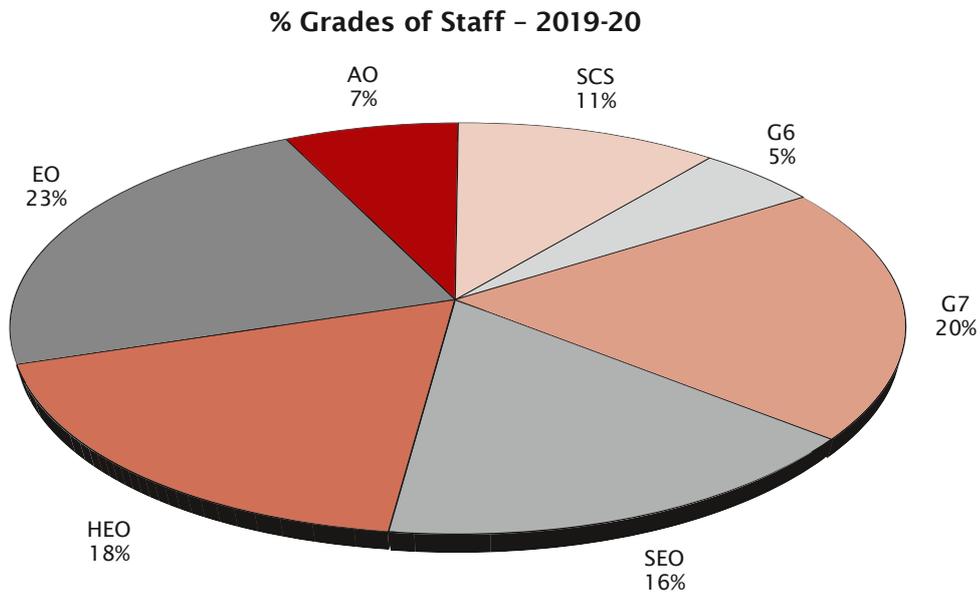
	<b>31 March 2019</b>	<b>31 March 2018</b>
Permanent staff	41	45
Others	6	4
Ministers	2	2
Special Advisors	1	2
<b>Total</b>	<b>50</b>	<b>53</b>

The Office has never employed staff directly. We continue to receive employment services from the Ministry of Justice (MoJ) who assign staff to us. MoJ are subject to the Civil Service Commissioners' Recruitment Principles and staff are recruited on our behalf through fair and open competition. In the past we have been far more reliant on loans from other government departments but now this arrangement applies to less than five staff.

The Office had a staff complement of 52 staff by the end of the 2019-20 financial year reporting period. However, as the chart below shows, the full complement was not achieved in any given month although there was an average of 89% in staffing levels across the year.



A breakdown of staff by civil service grades is shown in the chart below:



On average, 46% of staff were based in our Cardiff Office and 54% in London.

***Reporting of Civil Service and other compensation schemes – exit packages***

There were no Civil Service exit packages in 2019-20 or 2018-19.

***Trade Union (Facility Time Publication Requirements) Regulations 2017 (Statutory Instruments 328)***

The Trade Union Facility Time Regulations do not apply to the Office as we are not an employer and have less than 49 full time equivalent staff. The Ministry of Justice as the employer provides trade union representation for staff.

***Senior Civil Service***

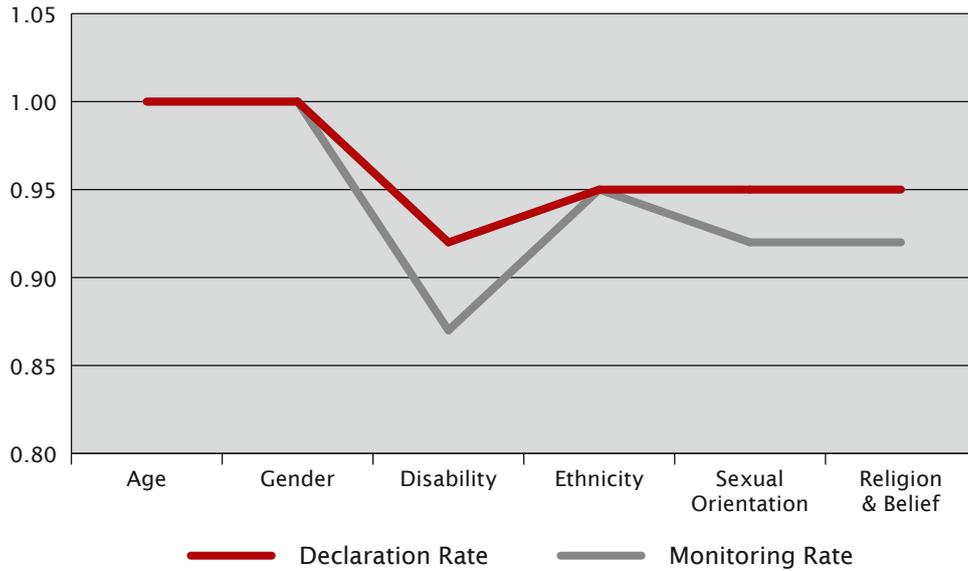
At the 31 March 2020 there were seven people holding 6 substantive senior civil servant posts in the Office of the Secretary of State for Wales. These numbers include one lawyer who is on secondment from the Government Legal Service.

<b>Staff in Senior Civil Service positions</b>	<b>March 2020</b>	<b>March 2019</b>
Proportion of women	57%	20%
Proportion of women at Pay band 2 & above	0%	0%
Proportion of Black and Minority Ethnic (BAME) disclosed	17%	20%
Proportion of Disabled staff disclosed	0%	0%

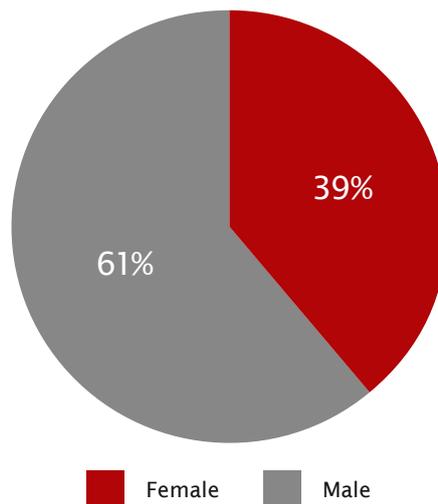
## Equality & Diversity

Information regarding a range of personal characteristics are monitored through the Ministry of Justice Human Resources (HR) system where staff are encouraged to make personal declarations at regular intervals throughout the year. Data available as at 31 March 2020 in terms of gender, ethnicity, disability and age are shown in the charts below:

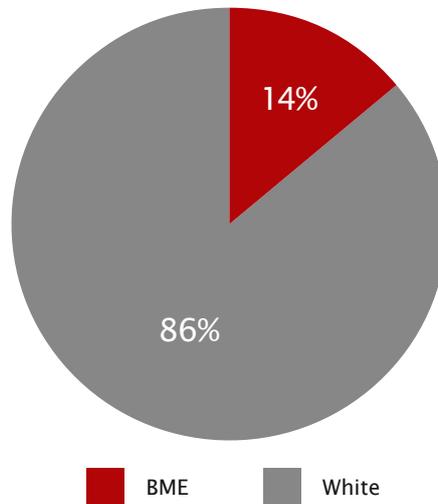
**Equality Monitoring rates for OSSW staff  
as at 31/03/2020**



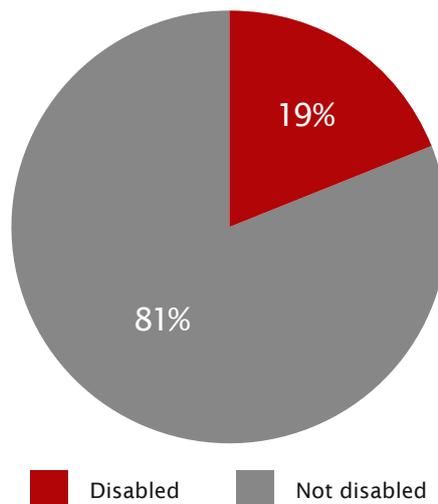
**OSSW Gender Profile  
as at 31/03/2020**



**Ethnicity profile for OSSW staff  
as at 31/03/2020**



**Disability monitoring for OSSW staff  
as at 31/03/2020**

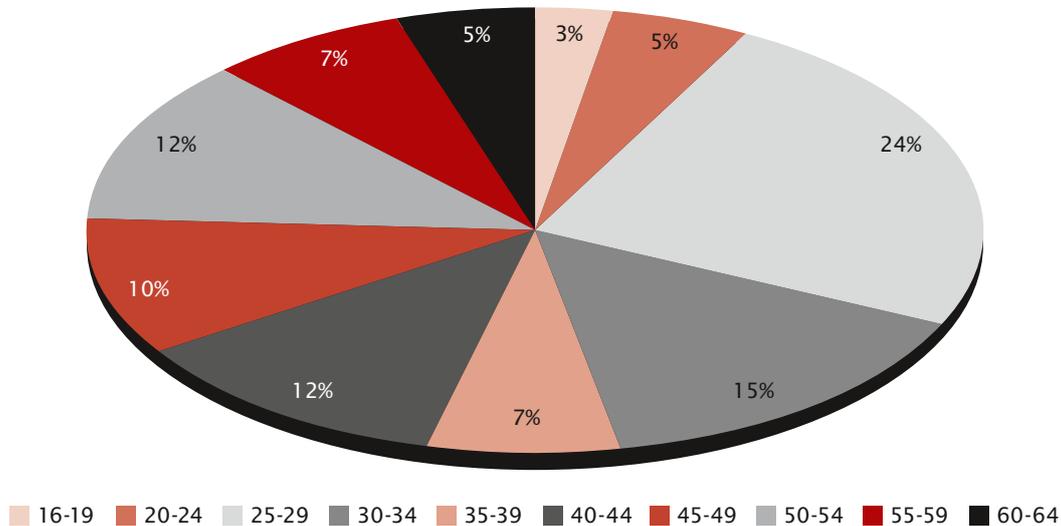


In terms of Sexual Orientation and Religion & Belief reporting, as some of the categories relate to fewer than five staff, the information will not be published.

The Ministry of Justice (MoJ) as the employer uses anonymised applications as part of its recruitment process to reduce unconscious bias at the short-listing stage. The Office has participated in an MoJ pilot during this reporting year, to make interview panel memberships more diverse. However, for the first time in a decade, men now hold more posts than women.

The table below shows the age profile of staff working in the office.

**Age profile for OSSW staff as at 31/03/2020**



### ***Employment of disabled persons***

The Ministry of Justice participates in the Disability Confident Employer Scheme and offers the Guaranteed Interview Scheme (GIS) for candidates who consider themselves disabled. As the Office is compliant with MoJ recruitment schemes, we also adopt these best practice standards.

### ***Other Health Wellbeing Issues***

The average number of working days lost (AWDL) due to staff sickness for the calendar year 2019 was 4.85. This is considerably higher than in previous years and is a result of long term absence due to serious medical conditions. This is borne out by the data that 85% have had no recorded absence during the same period.

The Office regularly participates in Wellbeing events organised in collaboration with the wider UK Governance Group and now receives wellbeing suggestions weekly.

### ***Spend on consultancy and temporary staff***

The spend on consultancy in 2019-20 was £6,600 (2018-19 £35,000).

The total spend on temporary staff in 2019-20 was £206,865 (2018-19 £86,229). The Office used temporary staff to cover for staff on maternity leave and for vacant posts.

### ***Off Payroll Appointments***

In 2019-20 the Office had no off-payroll appointments for more than £245 per day and for duration of six months or longer.

### ***Welsh Language***

The Office has in place its own Welsh Language Scheme and reports annually to the Welsh Language Commissioner on performance against the targets specified in the Scheme. We ensure that a reasonable proportion of staff are recruited who possess bilingual ability. These staff are able to respond to telephone queries and written correspondence in Welsh, when required.

We recognise the importance of the Welsh language in our day to day work, and provide training and guidance for staff accordingly. A skills audit of the Department's staff is conducted annually and the results of this provide the foundation for our workforce and succession planning. As at 31st March 2020: -

- 15% of staff assessed themselves as being fluent in listening, reading and speaking Welsh, with 12% of these staff considering themselves fluent in written Welsh.
- 4% of staff assessed themselves to have advanced skills in listening, reading and speaking the Welsh, with 2% of these staff also considering themselves to have advanced skills in written Welsh.
- 2% of staff assessed themselves to have intermediate skills in listening, reading and speaking Welsh, whilst having a learner understanding in written Welsh.
- 30% of the remaining staff assessed themselves to have a basic or learner skills understanding across the facets of the Welsh language;
- 49% of staff assessed themselves as having no Welsh Language capability.

## Parliamentary accountability and audit report

This information has been subject to audit.

### Statement of Parliamentary Supply

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS) the Government Financial Reporting Manual (FReM) requires the Wales Office to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary position (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SoPS contains a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SoPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and, and analysis of income payable to the Consolidated fund (note 4).

## Summary of Resource and Capital Outturn 2019-20

Type of Spend	SoPS Note	2019-20		2019-20		2019-20		2019-20		2018-19	
		Voted £000	Non-Voted £000	Outturn Total £000	Voted £000	Non-Voted £000	Estimate Total £000	Outturn vs Estimate £000	Estimate Total £000	Prior Year Outturn £000	
<b>Departmental Expenditure Limit</b>											
Resource	1.1	4,681	-	4,681	5,082	-	401	401	401	4,633	
Capital	1.2	45	-	45	50	-	5	5	5	18	
<b>Total</b>		<b>4,726</b>	-	<b>4,726</b>	<b>5,132</b>	-	<b>406</b>	<b>406</b>	<b>406</b>	<b>4,651</b>	
<b>Annually Managed Expenditure</b>											
Resource	1.1	243	-	243	243	-	-	-	-	7	
Capital	1.2	-	-	-	-	-	-	-	-	-	
<b>Total</b>		<b>243</b>	-	<b>243</b>	<b>243</b>	-	-	-	-	<b>7</b>	
<b>Total Budget</b>											
Resource		<b>4,924</b>	-	<b>4,924</b>	5,325	-	401	401	401	4,633	
Capital		45	-	45	50	-	5	5	5	18	
<b>Total Budget Expenditure</b>		<b>4,969</b>	-	<b>4,969</b>	<b>5,375</b>	-	<b>406</b>	<b>406</b>	<b>406</b>	<b>4,651</b>	
<b>Non-Budget Expenditure</b>											
		<b>15,337,546</b>	-	<b>15,337,546</b>	15,907,633	-	570,087	570,087	570,087	14,582,040	
<b>Total Budget and Non-Budget</b>		<b>15,342,515</b>	-	<b>15,342,515</b>	<b>15,913,008</b>	-	<b>570,493</b>	<b>570,493</b>	<b>570,493</b>	<b>14,586,698</b>	

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.

## Net cash requirement 2019-20

Item	SoPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total 2018-19
Net cash requirement	3	15,342,040	15,912,564	570,524	14,586,496

## Administration costs 2019-20

Type of Spend	SoPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total 2018-19
Administration costs	1.1	4,486	4,592	106	4,450

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

# Notes to the Statement of Parliamentary Supply 2019-20

## SOPSI Outturn detail, by Estimate Line

### SOPSI.1 Analysis of outturn by Estimate line

Type of Spend (Resource)	Administration						Programme			Resource Outturn		Estimate		Outturn vs Estimate savings (excess)	Prior Year Outturn Total 2018-19
	Gross		Income		Net		Gross		Income	Net	Total	Virement	Total Inc. virements		
		(112)		(112)		(112)		(112)		(112)					
<b>Spending in Departmental Expenditure Limits (DEL)</b>															
<b>Voted Expenditure</b>															
A - Wales Office	4,598	(112)	4,486	195	-	195	4,681	-	-	4,681	5,082	-	5,082	401	4,633
<b>Total voted DEL</b>	<b>4,598</b>	<b>(112)</b>	<b>4,486</b>	<b>195</b>	<b>-</b>	<b>195</b>	<b>4,681</b>	<b>-</b>	<b>-</b>	<b>4,681</b>	<b>5,082</b>	<b>-</b>	<b>5,082</b>	<b>401</b>	<b>4,633</b>
<b>Total spending in DEL</b>	<b>4,598</b>	<b>(112)</b>	<b>4,486</b>	<b>195</b>	<b>-</b>	<b>195</b>	<b>4,681</b>	<b>-</b>	<b>-</b>	<b>4,681</b>	<b>5,082</b>	<b>-</b>	<b>5,082</b>	<b>401</b>	<b>4,633</b>
<b>Spending in Annually Managed Expenditure (AME)</b>															
B - Provisions	243	-	243	-	-	-	243	-	-	243	243	-	243	-	7
<b>Total voted AME</b>	<b>243</b>	<b>-</b>	<b>243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243</b>	<b>-</b>	<b>-</b>	<b>243</b>	<b>243</b>	<b>-</b>	<b>243</b>	<b>-</b>	<b>7</b>
<b>Total spending in AME</b>	<b>243</b>	<b>-</b>	<b>243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243</b>	<b>-</b>	<b>-</b>	<b>243</b>	<b>243</b>	<b>-</b>	<b>243</b>	<b>-</b>	<b>7</b>
<b>Non Budget Expenditure</b>															
C - Grant Payable to the Welsh Consolidated Fund	-	-	-	13,278,546	-	13,278,546	13,278,546	-	-	13,278,546	13,848,633	-	13,848,633	570,087	14,582,040
D - Payover of Welsh Rates of Income Tax to Welsh Consolidated Fund	-	-	-	2,059,000	-	2,059,000	2,059,000	-	-	2,059,000	2,059,000	-	2,059,000	-	-
<b>Total Non Budget Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,337,546</b>	<b>-</b>	<b>15,337,546</b>	<b>15,337,546</b>	<b>-</b>	<b>-</b>	<b>15,337,546</b>	<b>15,907,633</b>	<b>-</b>	<b>15,907,633</b>	<b>570,087</b>	<b>14,582,040</b>
<b>Total Resource</b>	<b>4,841</b>	<b>(112)</b>	<b>4,729</b>	<b>15,337,741</b>	<b>-</b>	<b>15,337,741</b>	<b>15,342,470</b>	<b>-</b>	<b>-</b>	<b>15,342,470</b>	<b>15,912,958</b>	<b>-</b>	<b>15,912,958</b>	<b>570,488</b>	<b>14,586,680</b>

## SOPS1.2 Analysis of capital outturn by Estimate line

Type of Spend (Capital)	Outturn		Estimate		Outturn vs Estimate savings (excess)	Prior Year Outturn 2018-19
	Gross	Income	Net	Total inc virements		
<b>Spending in Departmental Expenditure Limits (DEL)</b>						
<b>Voted Expenditure</b>						
A – Capital	45	-	45	50	-	5
<b>Total Voted DEL</b>	<b>45</b>	<b>-</b>	<b>45</b>	<b>50</b>	<b>-</b>	<b>5</b>
<b>Total spending in DEL</b>	<b>45</b>	<b>-</b>	<b>45</b>	<b>50</b>	<b>-</b>	<b>5</b>
<b>Total Capital</b>	<b>45</b>	<b>-</b>	<b>45</b>	<b>50</b>	<b>-</b>	<b>5</b>

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements are provided on the Supply Estimates Manual, available on gov.uk. The outturn vs estimate column is based on the total including virements. The estimate total before virements have been included so that users can tie the estimate back to the Estimates laid before Parliament.

## SOPS2 Reconciliation of outturn to net operating expenditure

	SoPS Note	Outturn total £000	Prior Year Outturn Total 2018-19 £000
<b>Total resource outturn</b>	1.1		
Budget		4,924	4,640
Non-Budget		13,278,546	14,582,040
<b>Total</b>		<b>13,283,470</b>	<b>14,586,680</b>
<b>Net Operating Expenditure in Statement of Comprehensive Net Expenditure</b>	<b>SOCNE</b>	<b>13,283,470</b>	<b>14,586,680</b>

## SOPS3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	SoPS Note	Outturn total	Estimate	Outturn vs Estimate savings/ (excess)
		£000	£000	£000
<b>Total Resource outturn</b>	1.1	15,342,470	15,912,958	570,488
<b>Total Capital outturn</b>	1.2	45	50	5
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(157)	(170)	(13)
New provisions and adjustments to previous provisions		(243)	(243)	-
Departmental Unallocated Provision		-	-	-
Supported capital expenditure (revenue)		-	-	-
Prior Period Adjustments		-	-	-
Other non-cash items		(31)	(31)	-
<i>Adjustments to reflect movements in working balances:</i>				
Capital accruals		-	-	-
Increase/(decrease) in stock		-	-	-
Increase/(decrease) in receivables		(24)	-	24
(Increase)/decrease in payables		(20)	-	20
Use of provisions		-	-	-
<b>Total</b>		(475)	(444)	31
<b>Net cash requirement</b>		<b>15,342,040</b>	<b>15,912,564</b>	<b>570,524</b>

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

## SOPS4 Amounts of income payable to the Consolidated Fund

### SOPS4.1 Analysis Income payable to the Consolidated Fund

In addition to income retained by the departmentm the following income is payable to the Consolidated Fund.(cash receipts being shown in italics).

Item	Outturn		Prior Year 2018-19	
	Accruals	Cash basis	Accruals	Cash basis
	£000	£000	£000	£000
Income outside the ambit of the Estimate				
Forfeited Assembly Election Deposits	-	-	-	-
<b>Total Income payable to the Consolidated Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Consolidated Fund income shown in note 4.1 does not include any amounts collected by the Wales Office where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

Income collected by the Welsh Government and due to the Consolidated Fund is shown in the table below

	Outturn Total	Prior Year
	£000	Outturn 2018-19 £000
Student Loans	47,626	17,448
Tai Cymru	11	6
Bank Interest	41	-
Other	8	-
<b>Amount payable to the Consolidated Fund</b>	<b>47,686</b>	<b>17,454</b>
Balance held at the start of the year	-	-
Payments into the Consolidated Fund	47,686	17,454
Balances held on trust at the end of the year	-	-

The total income paid into the Consolidated Fund as at 31st March 2019 and 31 March 2020 were:

	Outturn Total	Prior Year
	£000	Outturn 2018-19 £000
Income from 2018-19		17,454
Income from 2019-20	47,686	
	<b>47,686</b>	<b>17,454</b>

### **3. Parliamentary Accountability Disclosures**

#### **3.1 Losses and Special Payments**

The Wales Office has made no losses and special payments in 2019-20 (2018-19 Nil).

#### **3.2 Remote Contingent Liabilities**

The Wales Office does not have any remote contingent liabilities.



**Glynne Jones CBE**  
**Accounting Officer**

**8th July 2020**

# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of the Wales Office for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Wales Office's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2020 and of the Department's net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Emphasis of matter

Without qualifying my opinion, I draw attention to the disclosures made in note 1.16 to the financial statements concerning the material uncertainty in the Gwydyr House property valuation.

As set out in these notes, given COVID-19 is affecting market activity in many sectors and in line with the guidance from the Royal Institution of Chartered Surveyors (RICS), the valuation of Gwydyr House as at 31 March 2020 included a 'material uncertainty' clause. This means a higher degree of caution, and therefore less certainty, should be attached to the valuation than would normally be the case.

## Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and

- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Wales Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Wales Office's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Wales Office have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Wales Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wales Office's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the Wales Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Wales Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Wales Office to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded.

The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Wales Office and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**13th July 2020**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria

# 3 Financial Statements

## Statement of Comprehensive Net Expenditure For the year ended 31 March 2020

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

		2019-20	2018-19
		Core	Core
		Department	Department
	Note	£000	£000
Income	3	(112)	(100)
<b>Total operating income</b>		(112)	(100)
Staff Costs	2	3,177	3,072
Accommodation, maintenance and utilities	2	519	453
Depreciation	2	157	141
Other operating expenditure	2	1,145	1,032
Payover to the Welsh Consolidated Fund	2	15,337,546	14,582,040
Lord Lieutenants' expenses	2	38	42
NLF interest payable		2,394	1,625
NLF interest receivable		(2,394)	(1,625)
<b>Total operating expenditure</b>		<b>15,342,582</b>	<b>14,586,780</b>
<b>Net operating expenditure</b>		<b>15,342,470</b>	<b>14,586,680</b>
<b>Other Comprehensive Net Expenditure</b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain) / loss on revaluation of Property, Plant and Equipment		81	(236)
Property, Plant and Equipment		-	-
<b>Items that may be reclassified subsequently to net operating costs:</b>			
Net (gain) / loss on revaluation of Property, Plant and Equipment		-	-
<b>Comprehensive Net Expenditure for the year</b>		<b>15,342,551</b>	<b>14,586,444</b>

All income and expenditure relate to continuing activities.  
The notes on pages 72 to 89 form part of these accounts

## Statement of Financial Position As at 31 March 2020

This statement presents the financial position of the Wales Office. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	<u>31 March 2020</u> £000	<u>31 March 2019</u> £000
<b>Non-current assets:</b>			
Property, plant and equipment	4	5,455	5,648
Financial assets	8	72,502	74,864
Receivables falling due after more than one year	9	-	4
<b>Total non-current assets</b>		<u>77,957</u>	<u>80,516</u>
<b>Current assets:</b>			
Trade and other receivables	9	2,883	1,652
Cash and cash equivalents	6	37	61
<b>Total current assets</b>		<u>2,920</u>	<u>1,713</u>
<b>Total Assets</b>		<u>80,877</u>	<u>82,229</u>
<b>Current liabilities</b>			
Trade and other payables	10	(3,609)	(2,359)
<b>Total current liabilities</b>		<u>(3,609)</u>	<u>(2,359)</u>
<b>Assets less net current liabilities</b>		<u>77,268</u>	<u>79,870</u>
<b>Non-current liabilities</b>			
Provisions	11	(296)	(53)
Financial liabilities	10	(72,502)	(74,864)
<b>Total non-current liabilities</b>		<u>(72,798)</u>	<u>(74,917)</u>
<b>Assets less liabilities</b>		<u>4,470</u>	<u>4,953</u>
<b>Taxpayers' equity:</b>			
General fund		612	975
Revaluation reserve		3,858	3,978
<b>Total equity</b>		<u>4,470</u>	<u>4,953</u>

The notes on pages 72 to 89 form part of these accounts



**Glynne Jones CBE**  
Accounting Officer

**8th July 2020**

## Statement of Cash Flows For the year ended 31 March 2020

The Statement of Cash Flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income the recipients of services provided by the department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the departments' future public service delivery.

	Note	2019-20 £000	2018-19 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure	SOCNE	(15,342,470)	(14,586,680)
Adjustments for non-cash transactions	2	431	178
(Increase)/Decrease in trade and other receivables	9	(1,227)	(1,199)
<i>Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure<sup>1</sup></i>	9	1,251	1,132
Increase/(Decrease) in trade and other payables	10	(1,112)	65,018
<i>Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure<sup>1</sup></i>	10	1,132	(64,854)
<b>Net cash outflow from operating activities</b>		<b>(15,341,995)</b>	<b>(14,586,405)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(45)	(91)
Loan repayments from other bodies	9	1,228	120
Interest receivable from the NLF	SOCNE	2,394	1,625
<b>Net cash inflow from investing activities</b>		<b>3,577</b>	<b>1,654</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - Current Year <sup>2</sup>		15,342,016	14,586,525
Repayment of loans from the NLF <sup>3</sup>	10	(1,228)	(120)
Interest payable to the NLF	SOCNE	(2,394)	(1,625)
<b>Net financing</b>		<b>15,338,394</b>	<b>14,584,780</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	6	(24)	29
Payments of amounts due to the Consolidated Fund <sup>4</sup>		47,686	17,454
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>	6	<b>(24)</b>	<b>29</b>
<b>Cash and cash equivalents at the beginning of the period</b>	6	<b>61</b>	<b>32</b>
<b>Cash and cash equivalents at the end of the period</b>	6	<b>37</b>	<b>61</b>

The notes on pages 72 to 89 form part of these accounts

1. Movements include: departmental balances with the Consolidated Fund: and payables linked to financing - NLF loans (principal and interest), capital debtors, finance leases and PFI and other service concession arrangements.
2. This is the amount received from the Consolidated Fund in respect of the current year.
3. This includes loans repaid by entities for onward transmission to the NLF and interest received from entities for transmissions to the NLF.
4. Cash paid over to the Consolidated Fund under any category.

## Statement of Changes in Taxpayers Equity For the year ended 31 March 2020

This statement shows the movement in the year on the different reserves held by the Wales Office analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

		General Fund	Revaluation Reserve	Total Taxpayers' Equity
	Note	£000	£000	£000
<b>Balance at 1 April 2018</b>		1,093	3,772	4,865
<b>Net Parliamentary Funding</b>				
- Drawn down		14,586,525	-	14,586,525
- Deemed		32	-	32
Unspent Supply drawn down repayable to the Consolidated Fund	10	(61)	-	(61)
CFERs payable to the Consolidated Fund		-	-	-
Comprehensive Net Expenditure for the year	SOCNE	(14,586,680)	-	(14,586,680)
<b>Non-cash charges</b>				
Auditor's remuneration	2	30	-	30
<b>Other Reserve Movements</b>				
- Property, Plant & Equipment		-	236	236
- Other		6	-	6
<b>Movements in Reserves</b>				
- Transfers between reserves		30	(30)	-
<b>Balance at 31 March 2019</b>		<u>975</u>	<u>3,978</u>	<u>4,953</u>
<b>Balance at 1 April 2019</b>		975	3,978	4,953
<b>Net Parliamentary Funding</b>				
- Drawn down	SCF	15,342,016	-	15,342,016
- Deemed	10	61	-	61
Unspent Supply drawn down repayable to the Consolidated Fund	10	(37)	-	(37)
CFERs payable to the Consolidated Fund		-	-	-
Comprehensive Net Expenditure for the year	SOCNE	(15,342,470)	-	(15,342,470)
<b>Non-cash charges</b>				
- Auditor's remuneration	2	31	-	31
<b>Other Reserve Movements</b>				
- Property, Plant and Equipment		-	(81)	(81)
- Other		(3)	-	(3)
<b>Movements in Reserves</b>				
- Transfers between reserves		39	(39)	-
<b>Balance at 31 March 2020</b>		<u>612</u>	<u>3,858</u>	<u>4,470</u>

The notes on pages 72 to 89 form part of these accounts

# Notes to the Accounts for the year ended 31 March 2020

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## 1a) Statement of accounting policies

### 1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Wales Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Wales Office are described below. They have been applied consistently in dealing with items considered material in relation to these accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Wales Office to prepare one additional primary statement. The Statement of Parliamentary Supply and its supporting notes report outturn against the Estimate in terms of the net resource requirement and the net cash requirement.

The functional and presentational currency of the Wales Office is the British Pound Sterling (£).

### 1.2 Accounting convention

These Accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, and certain financial assets and liabilities.

### 1.3 Operating segments

The Wales Office is considered to provide a single function and in terms of IFRS reporting is considered to be a single operating segment.

### 1.4 Property, plant and equipment

#### *Valuation basis*

Property, plant and equipment assets (PPE) are stated at fair value. On initial recognition PPE assets are measured at cost including any costs directly attributable to bringing them into working condition.

### ***Valuation method***

The Wales Office has one property asset - Gwydyr House - which is included at fair value, as interpreted by the FReM, on the basis of a professional valuation, which is conducted at least once every five years. In between professional valuations, carrying values are adjusted through professional desktop valuations.

Professional valuations are undertaken by the Valuation Office Agency (VOA) using the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual, known as the 'Red Book'.

Gwydyr House is classified as a Grade 2\* listed building valued on an 'Existing Use' basis in accordance with the Red Book, taking into account the functional obsolescence of the property.

Non-property assets are included at cost upon purchase and are restated at each reporting date using the Producer Price Index produced by the Office for National Statistics.

### ***Revaluation***

When an asset's carrying amount increases as a result of a revaluation, the increase is recognised in the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Net Expenditure. Any remaining increase is credited directly to the Revaluation Reserve in Taxpayers' equity.

When an asset's carrying amount decreases (other than as a result of a permanent diminution), the decrease is recognised in the Revaluation Reserve to the extent a balance exists in respect of that asset. Any further decrease in excess of revaluation surpluses are charged to the Statement of Comprehensive Net Expenditure.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Net Expenditure and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the General Fund.

### ***Capitalisation threshold – individual assets***

The Wales Office's capitalisation threshold for individual assets is £1,000 (including VAT).

### ***Capitalisation threshold – grouped assets***

The Wales Office has a small pool of assets for furniture and fittings which has been capitalised.

The Wales Office applies a capitalisation threshold for grouped assets of £10,000 (including VAT).

## ***Depreciation***

Depreciation is charged on a straight-line basis at rates calculated to write-off the value of assets less estimated residual value evenly over their estimated useful lives. The useful lives of assets or asset categories are reviewed annually and any changes are discussed with the relevant authorities to ensure that budgeting implications have been properly considered. Where a change in asset life is agreed, the asset is depreciated on a straight-line basis over its remaining assessed life. Depreciation commences in the month following the acquisition of a non-current asset for land, buildings and dwellings and in-month for all other non-current assets.

Estimated useful asset lives are within the following ranges:

Freehold land	Not depreciated
Freehold buildings (including dwellings)	Depreciated over the life of the assets (up to 60 years)
Grouped assets	Various depending on individual asset types
Information technology	Shorter of remaining lease period or 3 to 15 years
Plant and equipment	Shorter of remaining lease period or 3 to 20 years
Furniture and fittings	Shorter of remaining lease period or 5 to 20 years
Assets under construction	Not depreciated

The carrying values are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If an asset is determined to be impaired, the asset is written down immediately to its recoverable amount.

## ***Disposal of non-current assets***

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised within Administration or Programme costs, as appropriate, in the Statement of Comprehensive Net Expenditure.

When re-valued assets are sold, the amounts included in the Revaluation Reserve are transferred to the General Fund.

### **1.5 Assets under construction**

Assets under construction are valued at historical cost within property, plant and equipment and Intangible assets and are not depreciated or amortised. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and

transferred to the respective asset category. Depreciation or amortisation is then charged on the asset in accordance with the stated accounting policy.

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition. If expenditure is deemed as not attributable to the asset it is expensed to the Statement of Comprehensive Net Expenditure.

## **1.6 Leases**

### ***Operating leases***

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

### ***Arrangements containing a lease***

In determining whether the Wales Office is party to a lease, contracts that do not take the legal form of a lease but which may contain an embedded lease, for example outsourcing arrangements and take-or-pay contracts, are assessed according to the criteria set by IFRIC (International Financial Reporting Interpretations Committee) 4 'Determining Whether an Arrangement Contains a Lease'. The contract is accounted for as a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The arrangement is then assessed under IAS 17 to determine whether it is classified as a finance or operating lease.

## **1.7 Investments**

### ***National Loans Fund (NLF)***

Advances from the National Loans Fund (NLF) are treated as investments and disclosed at historical cost. The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State for Wales originally to the Mid-Wales Development Corporation. They were then passed to the Development Board for Rural Wales (DBRW) in the 1980's; and to the Welsh Development Agency (WDA) when DBRW was abolished in 1998. Following WDA abolition in 2006, responsibility for repayment of principal and interest falls on the Welsh Government and is a charge on the Welsh Consolidated Fund. Amounts received by the Wales Office are surrendered to the NLF. Outstanding loan balances are included within Trade and Other Payables and Financial Liabilities.

Under Section 122a of the Government of Wales Act 2006 (GOWA) the Welsh Government can borrow up to £1bn for capital expenditure. In March 2019 the Welsh Government requested to borrow £65m for capital expenditure from the National Loans Fund.

## **1.8 Employee benefits**

### ***Employee leave accruals***

Under IAS 19 '*Employee Benefits*', accruals are made for untaken annual leave and flexi-leave. Performance bonuses are not accrued as the annual appraisal process which determines performance pay is not finalised at the time these Accounts are prepared.

### ***Pensions***

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded.

The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

### ***Early departure costs***

The Wales Office is not a direct employer. All staff are either Ministry of Justice or Welsh Government staff and it is the responsibility of these Departments to pay the additional costs of benefits beyond the normal PCSPS of staff who retire early. In specific circumstances where the Wales Office has agreed to meet the costs, early departure costs are provided in full at the point that the agreement is binding. The estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of (0.5%) (2018-19:0.29%) in real terms if material.

## **1.9 Operating income**

Operating income relates to rental income. This income is recognised under IAS 17 and not IFRS 15 (Revenue from contracts with customers).

## **1.10 Consolidated Fund Extra Receipts (CFERs)**

CFERs balances are calculated on an accruals basis, unless stated otherwise. These mostly relate to amounts originally received by certain devolved bodies in Wales that have been designated by the Treasury under Section 120 of the Government of Wales Act 2006. These amounts are paid over by Welsh Ministers to the Secretary of State and charged on the Welsh Consolidated Fund. The Wales Office also receives amounts through the recovery of lost deposits from Assembly elections. The Wales Office pays the amounts received into the UK Consolidated Fund.

## **1.11 Administration and Programme expenditure**

The Statement of Comprehensive Net Expenditure comprises administration expenditure for the running costs of the Secretary of State for Wales together with programme expenditure for the Lord Lieutenants expenses and the grant payable to the Welsh Consolidated Fund under Section 118 of the Government of Wales Act 2006.

## **1.12 Provisions**

Provisions are recognised when the Wales Office has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made for the amount of the obligation.

Provisions reflect the best estimate of the expenditure required to settle the obligation. Where the effect of discounting is material, provisions are measured at their present value using the real rate set by HM Treasury, currently 2.35%; by comparison 2018-19 rates were 2.6%.

## **1.13 Value Added Tax (VAT)**

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

## **1.14 Financial instruments**

IFRS 9 requires an entity to recognise a financial asset or a financial liability in its Statement of Financial Position when it becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with the Wales Office's normal purchase, sale or usage requirement, are recognised when, and to the extent to which, performance occurs. All other financial assets and liabilities are recognised when the Wales Office becomes party to the contractual provisions to receive or make cash payments. Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

### ***Classification and measurement***

In addition to Cash and cash equivalents, the Wales Office has two categories of financial assets:

#### ***Loans and receivables***

Loans and receivables comprise trade receivables, other receivables and loans that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method

net of any impairment. Interest is recognised by applying the effective interest rate. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue or expense over the relevant period using the estimated future cash flows.

IFRS 9 requires an entity to produce an expected loss impairment model for financial instruments held. Under the FReM, balances with core central government departments, the Government's Exchequer Funds (include the National Loans Funds) are excluded from recognising impairments.

The main financial instrument is the loans from the National Loans Fund. There is no loss allowance these loans as NLF loans can only be made where there is a reasonable expectation that they will be serviced and repaid on the due dates as the NLF is not legally allowed to make a loss (s5 (3) of the National Loans Act 1968).

The Wales Office, acting as Sponsor Department, provides a letter of guarantee signed by its Permanent Secretary, to the Treasury Accountant at Her Majesty's Treasury (HMT), standing behind all NLF loans made to the Welsh Government and confirming that the NLF will be repaid in full by the Wales Office in in case of default by the Welsh Government. This effectively means the Wales Office will repay the NLF loans from their Estimate.

### **1.15 Cash and cash equivalents**

Cash and cash equivalents recorded in the Statement of Financial Position and Statement of Cash Flow include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **1.16 Significant accounting estimates and assumptions**

The Accounts reflect estimates and assumptions concerning the future. By definition, estimates are unlikely to be the same as actual results. Estimates are continually evaluated and are based on historical experience and other relevant factors including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### ***Revaluation of Property, Plant and Equipment (Land and Buildings)***

The valuation exercise was carried out by the Valuation Office Agency (VOA) with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the VOA has declared a 'material valuation uncertainty' in the valuation report for Land and Buildings. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement

of property assets in these financial statements. Having declared this material valuation uncertainty, the VOA has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Wales Office.

### ***Provision for Liabilities and Charges***

The provisions for liabilities and charges reported at note 11 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. Where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty, a provision is recognised. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

### ***Lease accounting***

Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, both the building and the land elements may be capitalised as separate finance leases if they meet the criteria for a finance lease. If the contracted lease payments are not split between land and building's in the lease contract the split is made based on the market values of the land and buildings at the inception of the lease.

### **1.17 Impending application of newly issued accounting standards not yet effective**

The following new standards, interpretations and amendments, which have been adopted by the EU but are not yet effective, may have an impact on future Wales Office accounts:-

IFRS 16 – Leases replaces IAS 17 Leases and related interpretations and has an effective date of 1st January 2019. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new standard will be applied in central government from 1st April 2021.

The Office expects IFRS 16 to have a material impact on future accounts as we bring our current operating lease onto the Statement of Financial Position. It is not yet possible to quantify this impact.

IFRS 17 – Insurance contracts replaces IFRS 4 of the same name. The new standard will apply more standardised and rigorous requirements on accounting for insurance contracts. The new standard sets clearer expectations on the recognition, classification and measurement of assets and liabilities in relation to insurance contracts. The implementation of IFRS 17 is not planned until 2022, and HM Treasury are already considering its application to the public

sector. It is expected that IFRS 17 will be applied in central Government from 2022-23.

IFRS 17 will have no impact on future Wales Office accounts.

## 2. Expenditure

	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>£000</u>	<u>£000</u>
Staff Costs:		
Wages and Salaries	2,518	2,455
Social Security Costs	195	218
Other Pension Costs	464	399
Accommodation, maintenance and utilities	519	453
Communications, office supplies and services	32	55
Rentals under operating leases: land and buildings	186	183
Rentals under operating leases: other (plant, machinery, vehicles etc)	80	61
IT services & telecommunications (non-service concession arrangements)	64	95
Other contracted out services	17	14
Professional services	43	83
Travel and subsistence	208	252
Training and other staff related costs	41	28
Bank fees and charges	3	3
Other administration expenditure	12	37
Events and Conferences	31	30
Allocation of overheads	154	154
<b>Non-cash items</b>		
Auditors' remuneration and expenses	31	30
Provision increase in-year	243	7
<b>Total Administration Costs</b>	<u>4,841</u>	<u>4,557</u>
 <i>Programme Costs – Wales Office</i>		
Lord Lieutenants' expenses	38	42
Payover to the Welsh Consolidated Fund	15,337,546	14,582,040
 <i>Non-cash items</i>		
Depreciation	157	141
<b>Total Programme Costs</b>	<u>15,337,741</u>	<u>14,582,223</u>
 <b>Net Operating Expenditure for the year ended 31 March 2020</b>	<u>15,342,582</u>	<u>14,586,780</u>

### 3. Income

	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>£000</u>	<u>£000</u>
<b>Income</b>		
Rental income	112	100
<b>Total Income</b>	<u>112</u>	<u>100</u>

There is no income payable to the Consolidated Fund.

## 4. Property, Plant and Equipment

	Freehold Land	Freehold Buildings	Information Technology	Plant & Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>2019-20</b>							
<b>Cost or valuation</b>							
At 1 April 2019	3,343	2,137	35	209	298	18	6,040
Additions	-	45	-	-	-	-	45
Revaluations	(92)	(103)	-	5	(2)	-	(192)
Reclassifications	-	-	-	18	-	(18)	-
<b>At 31 March 2020</b>	<b>3,251</b>	<b>2,079</b>	<b>35</b>	<b>232</b>	<b>296</b>	<b>-</b>	<b>5,893</b>
<b>Depreciation</b>							
At 1 April 2019	-	-	(3)	(185)	(204)	-	(392)
Charged in year	-	(113)	(5)	(15)	(24)	-	(157)
Revaluations	-	113	-	(4)	2	-	111
<b>At 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>(204)</b>	<b>(226)</b>	<b>-</b>	<b>(438)</b>
<b>Net book value at 31 March 2020</b>	<b>3,251</b>	<b>2,079</b>	<b>27</b>	<b>28</b>	<b>70</b>	<b>-</b>	<b>5,455</b>
<b>Net book value at 1 April 2019</b>	<b>3,343</b>	<b>2,137</b>	<b>32</b>	<b>24</b>	<b>94</b>	<b>18</b>	<b>5,648</b>
<b>All assets are owned by the Wales Office</b>	<b>3,251</b>	<b>2,079</b>	<b>27</b>	<b>28</b>	<b>70</b>	<b>-</b>	<b>5,455</b>

Professional valuations of land and buildings, which all relate to Gwydyr House, are undertaken by qualified chartered surveyors from the Valuation Office Agency (VOA) who are independent of the Wales Office in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual, known as the 'Red Book'. The last physical valuation was undertaken on the 31st March 2020\* with professional desktop valuations being undertaken in intervening years.

All assets other than land and buildings and assets under construction are revalued at each reporting date using the Producer Price Index prepared by the Office for National Statistics.

\* As at 31st March 2020, the VOA has declared a 'material valuation uncertainty' in their valuation report for Land and Buildings. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets in these financial statements. Having declared this material valuation uncertainty, the VOA has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Wales Office.

## 4.a Property, Plant and Equipment

	Freehold Land	Freehold Buildings	Information Technology	Plant & Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>2018-19</b>							
<b>Cost or valuation</b>							
At 1 April 2018	3,264	2,086	-	207	298	35	5,890
Additions	-	-	-	-	-	18	18
Revaluations	79	51	-	2	-	-	132
Reclassifications	-	-	35	-	-	(35)	-
<b>At 31 March 2019</b>	<b>3,343</b>	<b>2,137</b>	<b>35</b>	<b>209</b>	<b>298</b>	<b>18</b>	<b>6,040</b>
<b>Depreciation</b>							
At 1 April 2018	-	-	-	(176)	(179)	-	(355)
Charged in year	-	(104)	(3)	(9)	(25)	-	(141)
Revaluations	-	104	-	-	-	-	104
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(185)</b>	<b>(204)</b>	<b>-</b>	<b>(392)</b>
<b>Net book value at 31 March 2019</b>	<b>3,343</b>	<b>2,137</b>	<b>32</b>	<b>24</b>	<b>94</b>	<b>18</b>	<b>5,648</b>
<b>Net book value at 1 April 2018</b>	<b>3,264</b>	<b>2,086</b>	<b>-</b>	<b>31</b>	<b>119</b>	<b>35</b>	<b>5,535</b>
<b>All assets are owned by the Wales Office</b>	<b>3,343</b>	<b>2,137</b>	<b>-</b>	<b>24</b>	<b>94</b>	<b>18</b>	<b>5,616</b>

Professional valuations of land and buildings, which all relate to Gwydyr House, are undertaken by qualified chartered surveyors from the Valuation Office Agency (VOA) using the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual, known as the 'Red Book'. The last valuation was undertaken on the 31st March 2015. In between professional valuations all property, plant and equipment are valued using indices.

## 5. Capital and other Commitments

### 5.1 Commitments under Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below.

	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>£000</u>	<u>£000</u>
<b>Obligations under operating leases comprise:</b>		
<b>Buildings:</b>		
Not later than one year	90	90
Later than one year but not later than five years	91	181
Later than five years	-	-
<b>Total</b>	<u>181</u>	<u>271</u>

The buildings lease relates to lease accommodation for the Wales Office in Cardiff.

## 6. Cash and cash equivalents

	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 April 2019	61	32
Net change in cash and cash equivalents	(24)	29
<b>Balance as at 31 March 2020</b>	<b>37</b>	<b>61</b>

All balances were held with the Government Banking Service.

## 7. Financial Instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore usually exposed to little credit, liquidity or market risk.

## 8. Investments and Loans in Other Public Sector Bodies

	<u>Loans funded from National Loans Fund</u>
	<u>£000</u>
<b>Cost or valuation</b>	
<b>At 1 April 2018</b>	11,092
*Additions – New Capital Loan from the NLF for the Welsh Government	65,000
Loans repayable within 12 months transferred to receivables	(1,228)
<b>At 1 April 2019</b>	74,864
Loans repayable within 12 months transferred to receivables	(2,362)
<b>Balance at 31 March 2020</b>	<b>72,502</b>

\*Under Section 122a of the Government of Wales Act 2006 (GOWA) the Welsh Government can borrow up to £1bn for capital expenditure. In March 2019 the Welsh Government requested to borrow £65m for capital expenditure from the National Loans Fund.

Section 122 of the GOWA 2006 states that The Treasury may issue to the Secretary of State out of the National Loans Fund such sums as the Secretary of State needs for making loans under section 121 of GOWA 2006.

## 9. Trade Receivables and other current assets

	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due within one year:</b>		
Trade receivables	126	118
VAT receivables	37	17
Deposits and advances	26	4
Other receivables	19	129
Prepayments and accrued income	41	5
Current part of NLF loan – interest receivable	272	151
Current part of NLF loan – capital	2,362	1,228
<b>Total receivables</b>	<b><u>2,883</u></b>	<b><u>1,652</u></b>
	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due after more than one year:</b>		
Deposits and advances	-	4
<b>Total receivables</b>	<b><u>-</u></b>	<b><u>4</u></b>

## 10. Trade Payables and other current liabilities

	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due within one year:</b>		
Other taxation and social security	108	94
Trade payables	11	117
Other payables	90	194
Accruals	729	514
Current part of NLF loan – capital	2,362	1,228
Current part of NLF loan – interest payable	272	151
Amounts issued from the Consolidated Fund for supply but not spent at year end	37	61
<b>Total payables</b>	<b><u>3,609</u></b>	<b><u>2,359</u></b>
	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due after more than one year:</b>		
NLF loans	72,502	74,864
<b>Total payables</b>	<b><u>72,502</u></b>	<b><u>74,864</u></b>

## 11. Provisions for Liabilities and Charges

	<b>Leasehold Dilapidation Costs</b>	<b>Onerous Lease Costs</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1 April 2018	46	-	46
Provided in year	7	-	7
<b>Balance as at 1 April 2019</b>	<b>53</b>	<b>-</b>	<b>53</b>
Provided in year	8	235	243
<b>Balance as at 31 March 2020</b>	<b>61</b>	<b>235</b>	<b>296</b>

The leasehold dilapidation costs are the potential future sums payable on exiting the lease for the Cardiff Office.

The onerous lease provision relates to potential costs arising from an early surrender of the Cardiff Office lease, as a consequence of the Departments planned move to the new UK Government Hub in Cardiff.

### 11.1 Analysis of expected timing of discounted flows

	<b>Leasehold Dilapidation 2019-20</b>	<b>Onerous Lease Costs 2019-20</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	-	-
Later than one year and not later than five years	61	235
Later than five years	-	-
<b>Balance at 31 March 2020</b>	<b>61</b>	<b>235</b>

	<b>Leasehold Dilapidation 2018-19</b>
	<b>£000</b>
Not later than one year	-
Later than one year and not later than five years	53
Later than five years	-
<b>Balance at 31 March 2019</b>	<b>53</b>

## **12. Related party transactions**

### ***Associated Departments and other central Government bodies***

The Wales Office funds the Welsh Government. The Welsh Government is regarded as a related party with whom the Wales Office has had various material transactions during the year.

In addition, the Wales Office has had a number of significant transactions with other government departments mainly the Ministry of Justice and other central government bodies.

No minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year. All compensation for senior management is disclosed in full in the Remuneration Report.

## **13. Events after the Reporting Period**

In accordance with the requirements of IAS 10 '*Events After the reporting Period*', post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue by the Accounting Officer. This is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General. There are no material events to report.

Whilst disruptive to the country as a whole the international COVID-19 pandemic has had no direct adverse impact to date on the Wales Office.

# Appendix 1: Public Expenditure Core Financial Tables

**TABLE 1**

<b>Spending by Wales Office &amp; Welsh Government 2014-15 to 2020-21</b>							
	2014-15 Outturn £000	2015-16 Outturn £000	2016-17 Outturn £000	2017-18 Outturn £000	2018-19 Outturn £000	2019-20 Plans £000	2020-21 Plans £000
<b>Wales Office Expenditure</b>							
Resource expenditure within Administration Costs	4,280	3,937	4,350	4,627	4,450	4,592	4,486
Other resource expenditure	43	54	163	178	183	490	236
<b>Wales Office Resource<sup>(2)</sup></b>	<b>4,323</b>	<b>3,991</b>	<b>4,513</b>	<b>4,805</b>	<b>4,633</b>	<b>5,082</b>	<b>4,681</b>
<b>Wales Office Capital</b>	117	45	0	73	18	50	45
<b>Wales Office Resource + Capital DEL<sup>(2)</sup></b>	<b>4,440</b>	<b>4,036</b>	<b>4,513</b>	<b>4,878</b>	<b>4,651</b>	<b>5,132</b>	<b>4,726</b>
<i>less depreciation &amp; impairments</i>	<i>-131</i>	<i>-100</i>	<i>-109</i>	<i>-126</i>	<i>-141</i>	<i>-170</i>	<i>-157</i>
<b>Wales Office DEL<sup>(3)</sup></b>	<b>4,309</b>	<b>3,936</b>	<b>4,404</b>	<b>4,752</b>	<b>4,510</b>	<b>4,962</b>	<b>4,569</b>
<b>Welsh Government Expenditure (The Welsh Block)<sup>(6)</sup></b>							
Welsh Government Resource (before Block Grant Adjustment)	14,203,147	13,328,943	13,325,208	14,001,757	14,283,175	15,436,528	15,217,128
<i>less: Block Grant Adjustment</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-272,279</i>	<i>-2,319,055</i>	<i>-2,358,652</i>
Resource	14,203,147	13,328,943	13,325,208	14,001,757	14,010,896	13,117,473	12,858,476
Capital	1,500,156	1,542,658	1,449,083	1,821,285	2,036,807	2,226,309	2,132,006
<b>Total Resource + Capital</b>	<b>15,703,303</b>	<b>14,871,601</b>	<b>14,774,291</b>	<b>15,823,042</b>	<b>16,047,703</b>	<b>15,343,782</b>	<b>14,990,482</b>
<i>less depreciation &amp; impairments</i>	<i>-448,801</i>	<i>-513,710</i>	<i>-253,397</i>	<i>-708,262</i>	<i>-703,761</i>	<i>-975,129</i>	<i>-811,094</i>
<b>Welsh Government DEL<sup>(3)(5)</sup></b>	<b>15,254,502</b>	<b>14,357,891</b>	<b>14,520,894</b>	<b>15,114,780</b>	<b>15,343,942</b>	<b>14,368,653</b>	<b>14,179,388</b>

(1) Totals may not sum due to roundings.

(2) Including depreciation & impairments.

(3) Resource + capital - depreciation & impairments (includes Student Loans impairments).

(4) By convention Departmental Expenditure Limit budgets are expressed as resource and capital less depreciation & impairments. Therefore the resource and capital numbers in this table will not sum to the Departmental Expenditure Limit: the difference being depreciation & impairments.

(5) DEL figures for outturn years have been adjusted to reflect subsequent budgeting changes.

(6) From the 2015 Spending Review, Wales Office expenditure no longer forms part of the Welsh Block.

(7) Wales Office outturn data represent final outturn and will accord with the accounts published elsewhere in this document. The Welsh Government data shows provisional outturn as the Welsh Government have yet to finalise their accounts.

**TABLE 2****Cash grant paid to the Welsh Consolidated Fund 2018-19:  
Provision & Final Outturn**

	<b>Original Provision £000</b>	<b>Final Provision £000</b>	<b>Final Outturn £000</b>
<b>Expenditure Classified as DEL<sup>(2)</sup></b>	15,827,012	16,519,564	16,047,703
<b>Expenditure Classified as AME</b>	741,995	801,657	620,500
<b>Expenditure Financed by Welsh Taxes</b>	275,880	285,880	272,279
<b>Expenditure Financed by Capital Borrowing</b>	125,000	125,000	65,000
<b>Non Domestic Rates</b>	1,050,000	1,050,000	1,050,000
<b>Total Managed Expenditure</b>	<b>18,019,887</b>	<b>18,782,101</b>	<b>18,055,482</b>
<b>Less:</b>			
<i>Non Voted expenditure:</i>			
LA Credit Approvals	88,800	88,800	88,800
Other Non-Voted	6,078	6,078	6,078
<i>Wales Act 2014 Transactions:</i>			
Income from Welsh taxes:			
Land Transaction Tax	250,000	239,000	227,846
Landfill Disposal Tax	26,000	47,000	44,433
Repayment of principle of loans	-120	-120	-120
Capital Borrowing	125,000	125,000	65,000
<i>Non-Cash:</i>			
Resource Ringfenced Non Cash	664,279	904,279	703,761
AME Non-cash	53,757	102,126	92,465
<b>TOTAL NON VOTED TME</b>	<b>1,213,794</b>	<b>1,512,163</b>	<b>1,228,263</b>
<b>TOTAL VOTED TME</b>	<b>16,806,093</b>	<b>17,269,938</b>	<b>16,827,219</b>
<b>Voted receipts</b>			
Contributions from the National Insurance Fund	1,214,227	1,234,860	1,234,860
NDR Receipts	1,037,743	1,038,259	1,000,982
<b>Timing Adjustments</b>			
Increase / Decrease in Debtors & Creditors	0	50,000	-148,191
Use of Provisions	0	0	116,538
Devolved Taxes - Timelag in collection of receipts in year 1	0	11,100	22,279
Movements in balance on consolidated fund	0	0	37
<b>Cash Grant payable to Welsh Consolidated Fund by Wales Office<sup>(3)</sup></b>	<b>14,554,123</b>	<b>15,057,919</b>	<b>14,582,040</b>

## Notes

(1) Totals may not sum due to roundings.

(2) Resource and capital DEL including depreciation.

(3) Government of Wales Act 2006, Section 118 (2).

(4) All items forming this calculation refer to expenditure incurred by/income received by the Welsh Government.

**TABLE 3****Cash grant paid to the Welsh Consolidated Fund 2019-20:  
Provision & Provisional Outturn**

	<b>Original Provision £000</b>	<b>Final Provision £000</b>	<b>Provisional Outturn £000</b>
<b>Expenditure Classified as DEL<sup>(2)</sup></b>	14,709,623	15,343,782	14,990,482
<b>Expenditure Classified as AME</b>	869,119	1,216,397	900,956
<b>Expenditure Financed by Welsh Taxes</b>	2,358,000	2,356,819	2,358,652
<b>Expenditure Financed by Capital Borrowing</b>	125,000	0	0
<b>Non Domestic Rates</b>	1,061,000	1,061,000	1,061,000
<b>Total Managed Expenditure</b>	<b>19,122,742</b>	<b>19,977,998</b>	<b>19,311,090</b>
<b>Less:</b>			
<i>Non Voted expenditure:</i>			
LA Credit Approvals	88,800	88,800	88,800
Other Non-Voted	6,078	6,078	6,078
<i>Wales Act 2014 Transactions:</i>			
Income from Welsh taxes:			
Income Tax	2,059,000	2,059,000	2,059,352
Land Transaction Tax	256,000	259,819	256,400
Landfill Disposal Tax	43,000	38,000	42,900
Repayment of principal of loans	-2,273	-1,228	-1,228
Capital Borrowing	125,000	0	0
Resource Ringfenced Non Cash	690,064	975,129	811,094
AME Non-cash	69,723	382,279	275,442
<b>TOTAL NON VOTED TME</b>	<b>3,335,392</b>	<b>3,807,877</b>	<b>3,538,838</b>
<b>TOTAL VOTED TME</b>	<b>15,787,350</b>	<b>16,170,121</b>	<b>15,772,252</b>
<b>Voted receipts</b>			
Contributions from the National Insurance Fund	1,275,112	1,290,129	1,290,129
NDR Receipts	1,068,904	1,104,668	1,104,668
<b>Timing Adjustments</b>			
Increase / Decrease in Debtors & Creditors	0	73,276	-98,909
Use of Provisions	0	0	0
<b>Cash Grant payable to Welsh Consolidated Fund by Wales Office</b>	<b>13,443,334</b>	<b>13,848,600</b>	<b>13,278,546</b>
<i>Welsh Rate of Income Tax</i>	<i>2,059,000</i>	<i>2,059,000</i>	<i>2,059,000</i>
	<b>15,502,334</b>	<b>15,907,600</b>	<b>15,337,546</b>

## Notes

(1) Totals may not sum due to roundings.

(2) Resource and capital DEL including depreciation.

(3) All items forming this calculation refer to expenditure incurred by/income received by the Welsh Government

**TABLE 4****Calculation of Cash Grant Payable to Welsh Consolidated Fund 2020-21**

	<b>2020-21</b>
	<b>£000</b>
Expenditure Classified as DEL (Block Grant) <sup>(2)</sup>	17,805,901
Expenditure Classified as AME	1,021,289
Expenditure Financed by Welsh Taxes	2,455,467
Expenditure Financed by Capital Borrowing	125,000
Expenditure Financed by Non Domestic Rates	1,136,000
<b>Total Managed Expenditure</b>	<b>22,543,657</b>
<i>Less:</i>	
<i>Non Voted expenditure:</i>	
Supported Borrowing by Welsh Local Authorities	88,800
Collection costs for the NI Contributions and Non Domestic Rates	6,078
<i>Wales Act 2016 Transactions:</i>	
Income from Welsh taxes:	
Income Tax	2,169,668
Land Transaction Tax	254,008
Landfill Disposal Tax	34,153
Repayment of principal of loans	-2,362
Capital Borrowing	125,000
Resource Ringfenced Non Cash	688,713
AME Non-cash	333,950
<b>Sub-Total</b>	<b>3,698,008</b>
<b>TOTAL SUPPLY EXPENDITURE</b>	<b>18,845,649</b>
<b>Less receipts</b>	
Contributions from the National Insurance Fund	1,327,527
NDR Receipts	1,087,533
<b>Cash Grant payable to Welsh Consolidated Fund by Wales Office</b>	<b>16,430,589</b>
<i>Welsh Rate of Income Tax</i>	<i>2,169,668</i>
<b>Total cash requirement including Welsh Rate of Income Tax</b>	<b>18,600,257</b>

## Notes

(1) Totals may not sum due to roundings

(2) Resource and capital DEL including depreciation

(3) All items forming this calculation refer to expenditure incurred by/income received by the Welsh Government





