



**Wales Office
Swyddfa Cymru**

Wales Office

**Annual Report and
Accounts 2013-14**



Wales Office Swyddfa Cymru

Annual Report and Accounts 2013-14

(For the year ended 31 March 2014)

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1 Ministerial Foreword

This is my second annual report and accounts as Secretary of State for Wales.

It remains a privilege to represent Wales in Government at the UK Cabinet table. Throughout this year, I have continued to advance Welsh interests, both domestically and internationally.

Our determination to improve Welsh infrastructure has been recently demonstrated by our commitment to deliver a financial package to enable the Welsh Government to carry out long-overdue upgrades to the M4. This will help enhance economic growth in South Wales. Infrastructure and the economy, as our Business Plan makes clear, are the key priorities for my Department. We should not overlook the investment that is already underway, with Wales leading the United Kingdom in its delivery of superfast broadband across the country.

Railway electrification remains a priority. We are already committed to electrifying the Great Western main line and are working with the Department for Transport on the opportunities for improvements in North Wales. Implementation of HS2, as the recent report from Sir David Higgins highlights, will help further strengthen North Wales's rail connections with a proposed new hub at Crewe.

Improving employment prospects is key to economic growth in Wales. During the year, I have hosted a number of Jobs Summits across Wales to highlight the opportunities that are available for those seeking employment. This has been done in partnership with Jobcentre Plus, who very efficiently deliver our welfare policies on the ground. The summits have been taken forward collaboratively with colleagues from the Welsh Government. Building on this, the First Minister and I are leading a working group, assisted by the Department for Work and Pensions, on the reform of wider employment policies.

I pursue every opportunity to represent Wales on the international stage. The economies of South East Asia are vast and offer enormous opportunities for Welsh businesses. My most recent visit to Malaysia and Oman has shown the strength of the UK higher education brand and the opportunities that exist to promote our products, skills and experience globally.

Opportunities also exist for Wales to conduct more business with our European partners, highlighted by a business reception in Paris hosted in partnership with Her Majesty's Ambassador to France and UKTi.

This year, I introduced the Wales Bill into Parliament, which will devolve a package of tax and borrowing powers to the National Assembly for Wales

and Welsh Ministers, and implement most of the recommendations made by the Commission on Devolution in Wales (Silk Commission) in its first report. The powers will help make the devolved institutions more accountable to the people who elect them, and enable the Welsh Ministers to borrow to invest in Wales's key infrastructure. Ensuring that the Bill receives Royal Assent before the end of this Parliament is a priority for the Department in the coming year.

This year also saw the Silk Commission publish its second report, on the powers of the National Assembly for Wales. We will be looking carefully at the Commission's recommendations in the coming year.

The Wales Office reduced its running costs significantly during the year, and we are continually looking for ways to reduce our costs further. For example, we are sharing more of our services with other Government Departments and have leased out surplus space in our London office.

I would like to take this opportunity to thank all the dedicated staff at the Wales Office for their hard work and dedication, and also Stephen Crabb MP and Baroness Randerson for their continued and valued contributions as Parliamentary Under-Secretaries of State in the Department.

Rt Hon. David Jones MP
Secretary of State for Wales

2 Director's Introduction

I am pleased to introduce the Wales Office's Annual Report and Accounts 2013-14.

This has been another momentous year for Wales and the Wales Office. We published in draft, and then introduced, the first Wales Bill for 8 years; a Bill that will devolve a significant package of tax and borrowing powers to Wales. We also took receipt of the Silk Commission's second report, which will be a focus of our work going into 2014-15. In addition to our constitution work, we continued to place a high priority on efforts to improve the Welsh economy, particularly through infrastructure and inward investment. To have successfully handled such large undertakings whilst reducing in size and driving down costs speaks volumes for the quality and commitment of staff within the Wales Office. I continue to be grateful to them for their unstinting support and efforts.

Glynne Jones
Director

3 Strategic Report

The Wales Office has continued to build on previous successes and deliver for Wales across a range of areas. Strengthening Wales's economy and stimulating growth has been the core theme running through our work this year. Over the last year the economic news has improved with the strongest economic growth since 2007 and we have seen more people in work than at any time in our history.

The Wales Office has been at the forefront of promoting the opportunities for businesses to expand and grow in domestic and international markets. Through the promotion of the services of UK Trade and Investment to highlighting the support available for research and innovation or business loan start-ups, the Office has ensured that Welsh businesses maximise every opportunity to succeed and expand.

As we have been encouraging businesses to expand and invest, the Government has been investing in Wales's infrastructure assets. Developing an infrastructure fit for a modern economy was a key theme, with significant progress made on evaluating infrastructure needs through a new Wales Office Infrastructure Working Group. Announcements have included the £250 million prison in Wrexham, further investment in broadband infrastructure and an agreement to work with Hitachi and Horizon to support the financing of the new build nuclear power station on Anglesey.

Key benefits of our investment are the supply chain opportunities and associated jobs. Through jobs summits, and a new joint working group with the Welsh Government and the Department for Work and Pensions, the Wales Office is ensuring that those seeking employment have the necessary support from both governments to tackle Wales's historic problem of worklessness.

The Wales Office continued to resource and support the independent Commission on Devolution in Wales (the 'Silk Commission') which concluded its work in March 2014 with the publication of its Part II report. The Commission made 61 recommendations to improve the Welsh devolution settlement and the Wales Office is now working with Departments to assess these recommendations and their implications.

The Wales Office has played a pivotal role in co-ordinating the Government's response to the Commission's Part I recommendations, on fiscal devolution to Wales. Government responded on 18 November, having undertaken further consultation on the devolution of stamp duty land tax over the summer, and accepted almost all of the Commission's recommendations.

The Wales Bill, which implements most of the Commission's Part I recommendations, was published in draft for pre-legislative scrutiny on 18 December and introduced in the House of Commons on 20 March. The Bill also implements three of the four proposals that the Wales Office consulted on in its 2012 Green Paper on future electoral arrangements for the National Assembly for Wales, and implements a number of other changes requested by the Welsh Government. The Bill had its Second Reading on 31 March and will continue its Parliamentary passage during the coming year.

We have continued to be rigorous in ensuring that UK legislation both fully reflected the needs of Wales and was consistent with the devolution settlement. A number of bills in the Government's legislative programme had implications for Wales, and we made significant input into the development of legislation such as the Water Bill, the Immigration Bill and the Anti-social Behaviour, Crime and Policing Bill.

The Wales Office Business Plan sets out our Work under three objectives:

Objective 1: Promote the Welsh economy and the economic interests of Wales

Engagement with Business

The Secretary of State's Business Advisory Group met three times over the year and continues to provide him with a detailed understanding of economic conditions in Wales. The Group also outlined their priorities for the Autumn Statement and Budget, discussed how businesses in Wales can benefit more from UK Government initiatives and how businesses can foster more productive links with the higher education sector.

The promotion of UK Government support, in particular that available from UK Trade and Investment (UKTI), was a strong theme of the business receptions held throughout the year. The Secretary of State encouraged attendees to seize the opportunities available in growing international markets and to make the most of the expertise and global reach of UKTI.

To further demonstrate the opportunities that exist internationally, the Secretary of State also held a briefing session alongside UKTI and the British Ambassador to France at the Ambassador's Residence in Paris to promote the French market to Welsh businesses.

The event at the British Ambassador's Residence followed the Secretary of State's visits to the Paris Air Show in June and a visit to Toulouse in October where he announced the second call for the National Aerospace Technology Exploitation Programme, allowing more companies to apply for a share of the £40 million funding to help innovate technologies for new products or manufacturing processes.

In addition to the promotion of market opportunities within the European Union (EU), the Secretary of State undertook a series of international trade missions, to promote Welsh businesses in emerging markets. These included Singapore and Indonesia where the Secretary of State was the first UK Cabinet Minister to attend and speak at the annual Bali Democracy Forum.

In February the Secretary of State undertook a trade and diplomatic mission to Malaysia and Oman. During his visit the Secretary of State met with key business leaders to build on existing and new business links, as well as look at further opportunities for UK companies and institutions to operate in both regions.

The Secretary of State for Wales also welcomed a delegation from the Indonesian Embassy on a visit to north Wales to enable businesses in Wales to promote their offer and to explore the opportunities available from one of the fastest growing global economies.

Infrastructure

Improving Wales's infrastructure is a key priority to help stimulate economic growth. Infrastructure investment not only generates jobs during the construction phase but it also supports jobs as the infrastructure becomes operational. Improving our infrastructure assets supports indigenous businesses and makes Wales a more attractive destination for inward investment.

Recognising the importance of infrastructure investment in Wales, a new ministerial infrastructure working group commenced in June. Members of the group represent broad infrastructure interests in Wales and include representatives from the Welsh Government in recognition of the joint working required to address Wales's infrastructure needs. The Group has met three times and discussed issues including transport infrastructure needs, the opportunities available to Wales within energy infrastructure and the different options for financing Wales's future infrastructure needs such as the UK Government £40 billion UK Guarantees Scheme. The Secretary of State subsequently promoted the UK Guarantees Scheme to business in North Wales at a business breakfast hosted by Confederation of British Industry (CBI).

As an official government sponsor of London International Shipping Week, the Wales Office also raised the profile of Welsh ports and highlighted their importance to the Welsh and UK economies through the Secretary of State's attendance at a number of high profile events. The Secretary of State hosted an event at the Wales Office with Stephen Hammond MP, Parliamentary Under Secretary of State for Transport.

Wales Office Ministers have also been leading the charge for further investment in Wales's transport infrastructure including rail electrification in South Wales. The investment in High Speed (HS2) strengthens the case for the electrification of the North Wales rail line and the Secretary of State raised this with the Chair of HS2 Ltd and the Chair of the HS2 Growth Taskforce. The Secretary of State has also met with local council leaders and local businesses to discuss the development of the economic case for electrification as well as other cross border rail links. The Secretary of State undertook a visit to Heathrow Terminal 2, which was an opportunity to promote the £500 million investment by the UK Government in the Western Access Scheme which will link south Wales directly to the airport by 2021.

In November, the Prime Minister confirmed that the Welsh Government would have early access to borrowing powers to invest in improvements to the M4 in South Wales, in advance of the devolution of new capital borrowing powers which the Government is taking forward in the Wales Bill. Early access to borrowing will enable the Welsh Government to begin work on the much-needed upgrade of the M4 around Newport as soon as possible.

The Wales Office continues actively to encourage investment in the Energy Sector. In addition to meeting with key stakeholders such as RWE, Vatenfall, Anglesey Energy Island, Valero, and UK Petroleum Industry Association (UKPIA), the Secretary of State gave the keynote speech at a 'Wales in London' event, where he set out the scale of the energy challenge that the UK faces. With 20 per cent of our energy generation due to go offline by 2020, and energy consumption continuing to rise, the Secretary of State gave the clear message – standing still is not an option. Every challenge brings opportunities, and businesses in Wales have much to gain if they step up to help deliver the historic amounts of investment that will be needed in Wales and across the UK.

Of course one of the most important energy projects in Wales remains the proposed new build at Wylfa on Anglesey which will bring significant benefits to the economy in Wales through supply chain opportunities and high-quality employment. The Wales Office has continued to support the investment made here by Hitachi. In April the Secretary of State hosted a reception at Holyhead port on board HMS St Albans for representatives from Hitachi, Anglesey Energy Island, the Welsh Government, the Office for Nuclear Development and local stakeholders and businesses. August saw a visit to Wylfa and Coleg Menai by the Secretary of State and the Minister of State for Business and Energy, to see first hand the progress being made, and in December it was announced that the UK Government had signed an agreement with Hitachi and Horizon to support the financing of the new build through a UK guarantee, subject to final due diligence and ministerial approval.

Wales is also set to benefit from further UK Government investment as part of our plans to replace old and inefficient prisons with new modern facilities. The £250 million investment in Wrexham is expected to deliver significant economic benefits with an estimated £23 million invested locally each year once operational as the prison supports around 1,000 jobs.

To promote the opportunities available to local businesses during the construction of the prison, the Secretary of State led a local supplier engagement event in January, meeting with over 250 Small Medium Enterprises (SMEs) interested in bidding for contracts relating to construction of the new prison.

This year we also reached a significant milestone in ensuring that businesses and homes in Wales can access superfast broadband. As a result of the UK Government's investment in broadband in Wales more than 100,000 Welsh homes and businesses can now get access. We have now provided the Welsh Government with £69 million to deliver their Superfast Cymru project in Wales.

To further support businesses 'Small Business Saturday' in December also marked the launch of the super connected cities voucher schemes in Cardiff and Newport, providing vital support to enable businesses to connect to the superfast broadband infrastructure in these areas.

In November the Parliamentary Under-Secretary of State, Baroness Randerson, gave the key note speech at the Wales Tourism Alliance Conference, which underpinned the work of the Wales Office to promote Wales as a “GREAT” place to visit. Whilst culture and tourism are primarily devolved matters, it is an area where Wales can significantly benefit from close working between the UK and Welsh Governments. Encouraging industry in Wales to work together to grow their share of the overseas markets, she also highlighted the vast potential for Wales to excel if it capitalises on its assets – for example, the Pontcysyllte Aqueduct, Wales’s most recent (UNESCO) World Heritage site.

Getting people back into Work

Over the last year we have seen more people in work in Wales than at any time in our history. With economic inactivity also falling to record levels and the unemployment rate falling below the average for the UK as a whole the economic recovery has clearly taken hold in Wales.

The Government is committed to helping more people back into work and the Wales Office has played an active role through facilitating engagement between UK Government departments, the Welsh Government and key stakeholders.

Following from the first Jobs Summit for Wales held in Newport last February, the Secretary of State and Parliamentary Under-Secretary of State, Baroness Randerson hosted the second Jobs Summit in Wrexham in July. This was an opportunity for local SMEs and key business and skills stakeholders to come together to discuss the needs of business and the needs of young people within the labour market. The additional dynamic of involving young people gave employers an insight into the barriers facing some young people in north Wales. The Secretary of State secured a work experience placement for one of the attendees, and he is now in full time employment. A Jobs Summit took place in West Wales in late spring.

Following these Jobs Summits, the Secretary of State and the First Minister of Wales established a senior official level employment working group, including the Wales Office, the Department of Work and Pensions and the Welsh Government, to discuss the issues identified at the summits and how these can be jointly taken forward, together with European Social Fund employment projects and access to skills. This group first met in February and is exploring how, through joint working, we can ensure that job seekers in Wales have access to all the support they need to take an active part in the labour market.

The Parliamentary Under-Secretary of State, Stephen Crabb MP, launched the Disability Confident Conference with the Prime Minister in July. The conference brought together employers who are exemplars in areas of best practice in disability employment, and others who want to increase the diversity of their workforce and where disabled people are under-represented as employees.

Objective 2: Oversee and maintain the devolution settlement and to facilitate co-operative working between the UK Government and the devolved institutions in Wales

Commission on Devolution in Wales (the ‘Silk Commission’)

The Secretary of State and the Chief Secretary to the Treasury published the Government’s response to the Silk Commission’s first report – on fiscal devolution to Wales – in November, accepting, in full or in part, 30 of the 31 recommendations that the Commission had directed to the UK Government.

The Wales Office published the draft Wales Bill for pre-legislative scrutiny on 18 December setting out how the Government intended to implement those recommendations that required legislation. The draft Bill also included legislation to implement changes to the Assembly’s electoral arrangements that the Wales Office consulted on in 2012. Following pre-legislative scrutiny, the Wales Bill was introduced in the House of Commons on 20 March and received its Second Reading on 31 March.

The Silk Commission concluded its work on 3 March when it published its second report. The Commission made 61 recommendations to improve the Welsh devolution settlement. The Wales Office is now working with other UK Government Departments to assess the recommendations and their implications; in particular, the case for implementing those recommendations that do not require primary legislation in the current Parliament.

In the context of these developments, the Secretary of State has made a number of keynote speeches on the devolution settlement in Wales and wider constitutional issues, including “Wales in the Continuing Union” at Cardiff University’s Wales Governance Centre in June and “Wales in the Age of Localism” to the Society of Local Council Clerks in Llandudno in September.

Advising on the interface between devolved and non-devolved policy and legislation

The Department has ensured that it promoted Welsh interests in the development of Government legislation, co-ordinating and facilitating engagement with Bill teams and providing advice on how proposed legislation could impact on Wales. As the Department responsible for oversight of the devolution settlement, the Wales Office advised on how the Welsh devolution settlement should be reflected in proposed legislation, and where the legislative consent of the Assembly should be sought in relation to provisions in parliamentary Bills.

Important pieces of legislation that we have been closely involved in, and which have required careful consideration of the devolution settlement, have included the Immigration Bill and the Water Bill.

Immigration Bill required the Wales Office to support the Home Office in ensuring the current devolution settlement was accurately reflected, given the interplay between immigration matters, which are non-devolved, and those of health and housing, which are devolved in Wales. The Water Bill also required particular attention given the complex cross border issues, and the need to ensure that appropriate legislative consent was sought, and secured, from the National Assembly.

This complexity was also reflected in the work we took forward to support the establishment of the Natural Resources Body for Wales. The Wales Office was pleased to assist the Welsh Government in the setting up of this new body by facilitating cross government discussions required and taking the necessary secondary legislation through Parliament.

The Parliamentary Under-Secretary of State, Baroness Randerson keeps an overview of the Welsh Government's legislative programme and has regularly met with Welsh Government Ministers over the year to discuss legislation within their portfolios. The Department has also worked closely with colleagues across Whitehall to review the policy initiatives of the Welsh Government and the progress of its legislative programme. In particular the Wales Office has continued to play an important role in monitoring Assembly Bills to ensure they are within the Assembly's legislative competence.

Close liaison has been established on a number of Bills and pre-legislative proposals, in particular the Social Services and Well-being (Wales) Bill, which affects a number of Whitehall Departments. We have also started early engagement on the proposed bills to prevent offending by young people and to address and reduce domestic violence.

Encourage and facilitate co-operative working between the UK Government and the devolved institutions

The Wales Office continued to work with Departments across Whitehall to raise awareness of the devolution settlement for Wales, explaining how it works in practice and what Departments need to do to ensure that devolution issues are fully considered in their everyday work. This included co-ordinating and facilitating engagement with Bill teams to advise on how the devolution settlement should be reflected in UK Government legislation, holding regular discussions with policy officials as new policies are developed across Whitehall and contributing to training events on devolution for the Government Legal Service.

Object 3: To represent Wales's interests within the UK Government, and to promote a wider understanding of UK Government policies in Wales

Wales Office Ministers undertook seven oral Parliamentary Question (PQ) sessions in the House of Commons during 2013-14, allowing MPs to scrutinise the work of the UK Government. Further to this 3 Welsh Grand Committees were held; on the Government's legislative programme in June, the Autumn Statement in January and the Government's response to the Silk Commission's Part I report in February. Wales Office Ministers have also replied to various Westminster Halls debates on topics such as Financial Scams in Wales and Welfare Reform. The Parliamentary Under-Secretary of State, Baroness Randerson also responded to a number of House of Lords debates on the state of the Welsh economy.

The needs of Wales were fully considered in all Parliamentary Bills, and Welsh provisions were included in a number of them. The Children and Families Bill was an excellent example of the UK Government and the Welsh Government working together to achieve the best for Wales. The Wales Office worked quickly to extend a number of the provisions, some of which were introduced late in the Bill's progress, to Wales and secure the necessary legislative consent motions outside the usual procedures.

Autumn Statement and Budget

The Secretary of State has been keen to ensure that the Autumn and Budget Statements benefit hardworking families and business across Wales.

The Autumn Statement announced that from 2015 onwards employer National Insurance Contributions will be abolished for under 21 year olds as part of a wider package of measures to support young people and make sure that no-one is left behind. There are 64,000 people in Wales under the age of 21 whose jobs will be supported by the abolition of employer National Insurance Contributions. Furthermore, Jobcentre Plus will extend their services to provide support for 16-17 year olds who want to access apprenticeship and training opportunities.

The Autumn Statement also announced further measures to support businesses and help families with the cost of living including an energy package which could see 1.3million households in Wales benefitting from an average £50 reduction in their electricity bills. The Government also continued to support motorists through the commitment to freeze fuel duty; by cancelling the fuel duty rise planned for September 2014 fuel costs will be reduced for drivers of the 1.75 million vehicles in Wales.

As a result of the measures announced in Budget 2014 and previous fiscal announcements, over the current spending review period the spending power of the Welsh Government will be £800 million higher than was announced at the 2010 spending review.

Welfare Reform

In his speech at the Policy Forum Wales seminar on Welfare Reform and Poverty in Wales, the Parliamentary Under-Secretary of State, Stephen Crabb MP explained to key stakeholders exactly why Wales, perhaps more than any other part of the UK, needs welfare reform. During his speech the Minister highlighted that the UK Government's welfare reforms are "a once in a generation opportunity to break the cycle of dependency and return the welfare system to its true value and purpose" and stressed the need for all tiers of government in Wales to work together to deliver reforms. To achieve this, we are continuing to work closely with the Welsh Government as reforms to the welfare system are implemented and remain closely engaged with key Welsh stakeholders.

To further emphasise the need for joint working the Parliamentary Under-Secretary of State, Stephen Crabb MP hosted a roundtable event with South Wales local authorities in December and with North Wales local authorities in March to discuss how local authorities can assist in delivering the reforms. These meetings were also important opportunities to engage directly local authorities as the delivery agent for many services from housing to financial management advice. The Minister was greatly impressed by the dedication and flexibility by which the local authorities are operating in order to successfully implement this change in policy.

A programme of visits was also undertaken to see the range of support that is available for job seekers in Wales. In June, the Parliamentary Under-Secretary of State, Stephen Crabb MP, visited Aberdare Job Centre Plus, the Working Links Work Programme provider, and Merthyr Institute for the Blind. In December the Minister visited Newport Jobcentre Plus and the Bridgend Work Programme provider. A series of ministerial meetings also took place to discuss welfare reform and measures to help people into employment.

Policing

The Wales Office worked closely with the Home Office throughout the year to ensure that issues specific to Wales were fully considered throughout the implementation of all new policing policies. The Secretary of State has met regularly with the Police and Crime Commissioners and Police Chief Constables in Wales to discuss police issues across Wales. Given this close involvement in policing matters, Ministers welcomed the news that overall crime in Wales had fallen by 5% in the year to September 2013.

The Big Society

Following the establishment of the Wales Office Big Society Forum in 2012, the success of Welsh social enterprises was once again celebrated throughout the year. Wales Office Ministers were pleased to see both Crest Co-operative and Vi-Ability achieving prestigious Big Society Awards.

The work of the Big Society Forum has increasingly focused on specific topics of importance to Wales. In November, the Parliamentary Under-Secretary of State Baroness Randerson hosted a roundtable event alongside Age Cymru to look at what more can be done to protect older people from the threat of financial scams and in March hosted another meeting at the University of

South Wales to discuss how to increase the participation in community energy schemes in Wales.

Armed Forces

The Wales Office recognises and honours the contribution which our Armed Forces make to Wales and to the UK as a whole. All Wales Office Ministers attended services to mark Remembrance Day, in London, Cardiff and Pembrokeshire and the Secretary of State visited the Royal Mint in Llantrisant, where he marked the occasion by striking a 2013 £5 Remembrance Day coin. The Parliamentary Under-Secretary of State Baroness Randerson attended events to mark the fifth Armed Forces Day in Cardiff. Over the course of the weekend she attended a reception in Coopers Field, visited the Firing Line Museum in Cardiff Castle and met with members of the service community and their families.

The reserve forces play a vital role in our nation's defence, and in March the Secretary of State was pleased to help launch a new Reserve Squadron, 614 (West Glamorgan) Squadron, in Cardiff. Attending the launch event he highlighted the unique opportunities that joining the reserve forces offers to both individuals and employers.

Welsh Language

The Wales Office is the lead Department within the UK Government on Welsh language issues. The Secretary of State for Wales meets the Welsh Language Commissioner regularly to discuss Welsh language provision by UK Government Departments and wider developments in policy on the Welsh language. He also discusses matters relating to the language with Guto Bebb MP, the Wales Office's advisor on Welsh language issues. In March, the Wales Office appointed a member of staff on secondment from the Welsh Language Commissioner's office to review Welsh language provision across Government and assess the capacity of UK Government Departments and bodies to meet the Welsh Government's proposed Welsh Language standards.

Sustainable Development

The data in this report is in accordance with 2013–2014 guidelines laid down by HM Treasury in 'Public Sector Annual Reports: Sustainability Reporting' published at: www.hm-treasury.gov.uk/frem_sustainability.htm

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

The Wales Office solely occupies one building in London, Gwydyr House; 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 Wales Office Management Committee monitored environmental performance at each of its meetings in 2013-14.

Greening Government Commitments

The Greening Government Commitments launched on 1 April 2011 require Departments to take action to significantly reduce environmental impact by 2014–2015 (compared to a 2009–2010 baseline). These commitments can be found at: <http://sd.defra.gov.uk/gov/green-government/commitments>.

Climate Change Adaptation and Mitigation

The Wales Office takes advice from the Ministry of Justice on putting in place measures necessary to adapt to future climate change.

Carbon Reduction Commitment

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

- a Encouraging the use of video conferencing rather than travelling to meetings;
- b Using recycled paper; and
- c Using public transport rather than cars when travelling to meetings.

C02 Emissions Tonnes						
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Air travel	5.36	3.03	0.37	2.49	21.46	19.8
Rail travel	17.2	19.3	15.9	15	13.73	8.66
Car mileage	7.83	6.3	1.78	2.05	2.08	2.15
Gas heating	13.72	19.65	14.64	13.86	17.59	16.35
Electricity	35.68	33.81	33.19	35.04	33.90	32.35
Waste	1.29	1.23	1.27	0.86	0.85	0.83
Total C02 (tonnes)	81.08	83.32	67.15	69.30	89.61	60.34
Water Consumption Cubic meters*	346	370	320	474	361	869

* The consumption of water has increased in 2013-14 due to a major capital works project being undertaken at the London accommodation.

Where the Wales 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. The Wales Office has a continuing programme of work to reduce its environmental impact, including:

- Increasing the range of items that can be collected for recycling in both of our buildings;
- Encouraging the use of video conferencing rather than travelling to meetings; and
- Replacing printers with more energy efficient models

Financial Review

In 2013-14 the Wales Office spent £13.487 billion within Parliamentary Supply Estimates (Spring 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.

Movements in Estimate provision during 2013-14

At the start of the year the Wales Office was voted £13.195 billion in its Main Estimate. By the final Single Supplementary Estimate, this had increased to £13.488 billion largely due to a £293,207,000 increase in funding for the Welsh Consolidated Fund (WCF).

Explanation for variances between Estimate and Net Resource Outturn

Wales Office – Resource

Spending in Department Expenditure Limits	Outturn £000	Estimate £000	(Overspend)/ Under-spend £000	Percentage of estimate %
A Wales Office	3,936	4,625	689	15

The under-spend in the Wales Office is mainly attributable to the Department carrying vacant posts for a long period in the year, efficiency savings, unused non cash budget and contingency funds.

Wales Office – Capital

Spending in Department Expenditure Limits	Outturn £000	Estimate £000	(Overspend)/ Under-spend £000	Percentage of estimate %
Wales Office	564	724	160	22

The under-spend on capital is mainly attributable to expenditure contracted for at the end of the reporting period but not yet incurred.

Commission on Devolution

Spending in Department Expenditure Limits	Outturn £000	Estimate £000	(Overspend)/ Under-spend £000	Percentage of estimate %
Commission on Devolution	513	595	82	14

The under-spend in the Commission on Devolution is mainly attributable to unused contingency funds and efficiencies in use of resources.

Grant payable to the Welsh Consolidated Fund

Spending in Department Expenditure Limits	Outturn £000	Estimate £000	(Overspend)/ Under-spend £000	Percentage of estimate %
Welsh Consolidated Fund	13,482,462	13,482,655	193	0.0014

Reconciliation of net resource expenditure between Estimates, budgets and accounts

	2013-14 £000	2012-13 Total £000
Net Resource Outturn (Estimates)	13,486,890	12,791,950
Adjustments to remove non budget items		
Grants to the Welsh Consolidated Fund	(13,482,462)	(12,786,547)
Other		
Total Resource Budget Outturn	4,428	5,403
Of which		
Departmental Expenditure Limit (DEL)	4,449	5,423
Annually Managed Expenditure Limit (AME)*	(21)	(20)
Adjustments include		
Grants to devolved administrations - Wales	13,482,462	12,786,547
Consolidated Fund Extra Receipts in the OCS	(1) [^]	
Net Operating Cost (Accounts)	13,486,889	12,791,950

* AME relates to utilisation of an early retirement provision. The outturn of £21, 277 (rounded to £21k) was £723 below the AME cover which has resulted in a breach of the Parliamentary Supply limit for AME. See Note SOPS2 and Chapter 6 Governance Statement

[^] The £ (1)k relates to operating income outside the ambit of the Estimate and does not go through Note SOPS2. See Note SOPS5.

Looking ahead to 2014-15

As the Government's long-term economic plan continues to work, we will maximise every opportunity to drive economic growth across Wales. Improving Wales's infrastructure, helping more people get back into work and encouraging more inward investment into Wales will be our key priorities. In September, the NATO summit in Newport will provide a fantastic opportunity to showcase on the global stage what Wales has to offer, and we are determined that the local community capitalises on the benefits.

The Department will continue to support the Wales Bill during its parliamentary passage, with the aim of ensuring the Bill receives Royal Assent before the end of this Parliament. We will also be focusing on the recommendations made in the Silk Commission's second report, particularly those which do not need primary legislation in order to be implemented. The Government will consider the case for implementing those recommendations in this Parliament if a good case has been made and there is broad support for the proposed change.

The Department is a rich source of advice and expertise on the Welsh devolution settlement for other Government Departments. We will continue to work hard to raise awareness of the Welsh devolution settlement in policy teams across Whitehall and in the Government Legal Service. Departments will also continue to call on the Wales Office for advice as policies are formulated and legislation prepared for the fourth (and final) legislative session of this Parliament. Similarly, we will also be working with the Welsh Government to ensure that the legislation it brings forward in the Assembly is consistent with the devolution settlement and within the Assembly's legislative competence.

We will continue to build on the improvements and efficiencies we have made in the Department in recent years, and are already planning how to meet the challenges of delivering our Business Plan objectives within our reduced budget. We will also work closely with other Government Departments, and especially the other Territorial Offices, as we explore further possibilities for sharing our support services.

Glynne Jones
Accounting Officer

23 June 2014

4 Directors' Report

Wales Office Ministers and Directors'

The Ministers and Directors of the Wales Office during 2013-14 are shown in the table below:-

Wales Office Ministers/Directors
Rt Hon David Jones MP – Secretary of State for Wales
Stephen Crabb MP – Parliamentary Under-Secretary of State for Wales
Baroness Randerson – Parliamentary Under-Secretary of State for Wales
Glynne Jones – Director and Accounting Officer
Stephen Hillcoat – Deputy Director, Private Office and Communications
Sian Osborne – Acting Deputy Director, Policy
Geth Williams – Acting Deputy Director, Constitution and Corporate Services

The Wales Office also has two non executive board members David Crawley (lead NEBM) and Ian Summers (NEBM). David Crawley is the chair of the Wales Office Audit and Risk Assurance Committee and Deputy Chair of the Strategy Board and Management Committee. Ian Summers is a member of all three committees. Details of all Wales Office committees and membership are outlined in chapter 6 “Governance Statement”.

Our Corporate Performance

The delivery of our three objectives as outlined in Chapter 3 is underpinned by six principles of efficiency and good corporate governance. They are:-

- **Providing value for money and managing costs effectively.** We review all Service Level Agreements with other departments providing services to the Wales Office to make sure that services are provided efficiently and economically;
- **Ensuring good financial management,** with effective financial controls in place;
- **Responding accurately and promptly** to public correspondence, Parliamentary Questions, Freedom of Information requests and Parliamentary and Assembly enquiries;
- **Maintaining a competent, highly motivated workforce** who are able to participate in the running and future direction of the Wales Office;
- **Managing information effectively,** ensuring information held by the Wales Office is managed and protected properly to safeguard the interests of Government and individual members of the public; and
- **Creating a pleasant working environment** for all staff in Wales Office buildings.

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

Finance

Of the £13.488 billion Welsh settlement, the Wales Office allocation for 2013-14 was around £6 million, which was spent largely on Wales Office staff and accommodation, and other Wales Office responsibilities such as the reimbursements of Lord Lieutenants of Wales. The remainder of the settlement (£13.483 billion) was the grant to the Welsh Government and Welsh Consolidated Fund.

The Wales 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

The current Spending Review (SR) period (up to 2014-15) will see the Wales Office budget shrink by one third in real terms.

To help meet this reduction, the Wales Office established a Change and Efficiencies Committee which was tasked with making recommendations on the efficiencies to be realised in each of the coming financial years covered by the Spending Resource. As part of this work the Office reviewed its staffing structure to ensure that it had the right skills in the right places to deliver its Business Plan within our diminishing budget. We have sought tenants within our London office to improve the utilisation of our accommodation.

The Office continues to look to share services and expertise with other Government Departments wherever possible to both drive down costs and improve resilience. In 2013-14, the Wales Office and Northern Ireland Office completed a successful pilot of a shared Freedom of Information process and in 2014-15 are to pilot a similar shared service in respect of ministerial correspondence.

As a small Department, the Wales Office has continued with 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, and IT and financial services. These arrangements and contracts realise significant benefits in terms of economies of scale and expertise to the Department. We have service level agreements in place with the MoJ for these services.

Pension Liabilities

Details of how pension liabilities are treated in the Wales Office accounts are disclosed in the Remuneration Report and Accounting policy note 1.9.

Transparency

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

- Spending over £500, including Government Procurement Cards;
- Monthly Workforce figures including Salary Costs;
- Senior Civil Service structure and salaries;
- Gifts given and received by Ministers (and by the Special Adviser) over £140;
- Ministerial overseas travel;
- Hospitality received by Ministers, the Special Adviser and the Director; and
- Meetings with external organisations, including the media.

During 2013-14 we dealt with over 100 Freedom of Information (FOI) requests as set out below.

Description	Number
FOI requests received, of which:	117
Responses replied to within 20 working days or within permitted extension	116 (99%)
Internal Review of our response requested	2
Response referred by requestor to the Information Commissioner	0

Our Parliamentary performance over 2013-14 is summarised below:

Target	%
% of named day questions on time	96%
% of ordinary written questions on time	99%

Our performance in handling correspondence during 2013-14 was:

Target	%
Correspondence dealt with within 15 days	98%

Payments to Suppliers

During financial year 2013-14 the Department paid 64% of invoices within 5 days of receipt of a valid invoice and 90% of invoices within 8 days (2012-13 94%). This is against the cross government target of 80% within 5 days receipt of a valid invoice. The Department has paid all its invoices within supplier terms.

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 which recognises its special status and requirements, and we continuously seek to provide a safe working environment for our staff, Ministers and visitors.

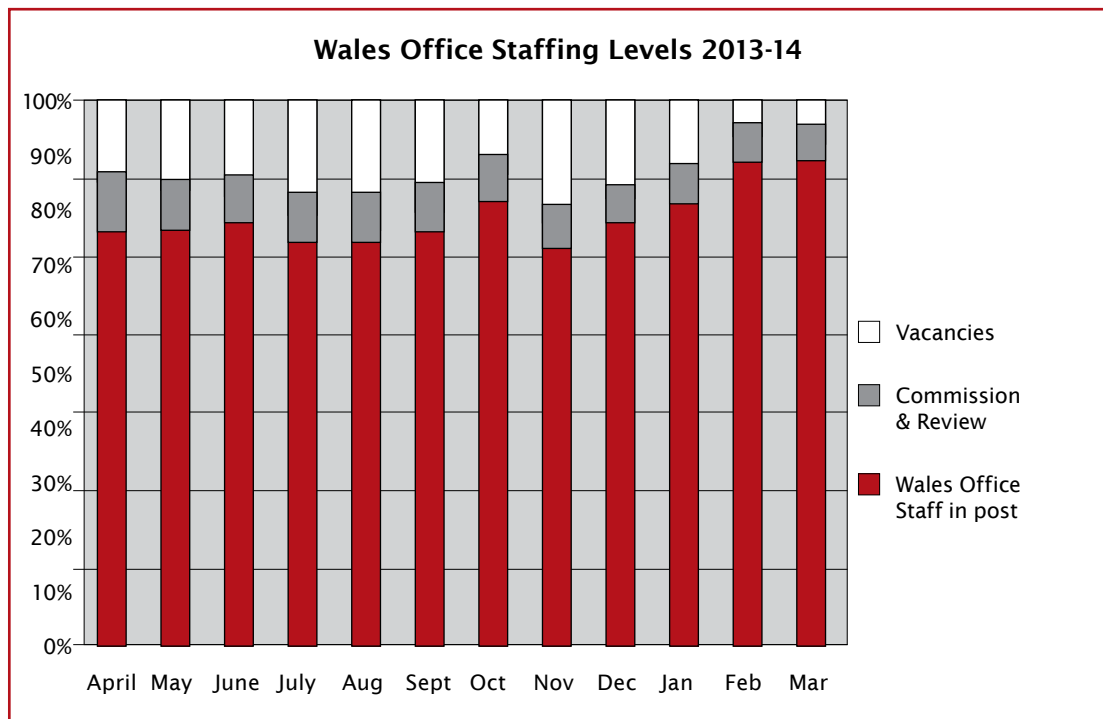
In addition, the Department also rents office space (accommodating around 43% of its staff) in Wales, located in Cardiff Bay near the National Assembly for Wales and key stakeholders. Both offices meet the requirements of the Equalities Act.

Staff

We seek to ensure that we deploy our small staff numbers, equipped with the right skills, to best effect to deliver our business objectives. We are not an employer in our own right and therefore continue to receive employment services from the Ministry of Justice who also recruit on our behalf. Our internal staffing policy focuses on several key strands: staff engagement; improved performance management; continuous learning and development supported by Civil Service Learning; skills and capability; and organisational change and efficiency.

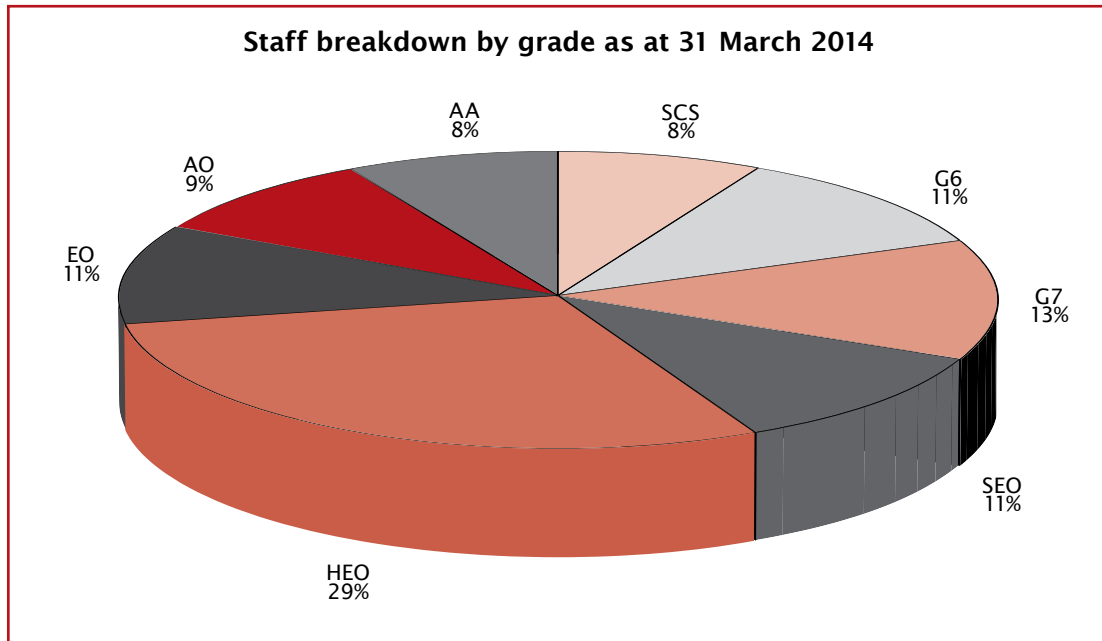
The Wales Office had a staff complement of 56 staff at the start of 2013-14 (which included four staff on funded loan to an independent Commission and another member to an Inquiry). This complement reduced to 53 by the 31st March 2014, in line with Comprehensive Spending Review targets.

The chart below shows the pattern of staffing levels throughout the year.



The total number of staff in post as at 31 March 2014 was 53 (52.4 fte), which included six (temporary) agency personnel, three interim managers, four apprentices on fixed term contracts, seven staff on loan from the Welsh Government and seven on loan from other Government Departments. 43% of staff were based in our Cardiff office and 57% in Gwydyr House, London. Four staff members were on secondment to the Commission on Devolution in Wales.

A breakdown of staff by civil service grades as at 31 March 2014 is shown in the chart below:



Recruitment

The Wales Office undertook 7 internal recruitment exercises (that is, internal to the Civil Service) during 2013-14. Two of these exercises (for specialist communications staff) resulted in no applications and so progressed to external campaigns. This was the first external recruitment exercises that have been undertaken by the Office in five years. In addition, two apprenticeships schemes were advertised and a fast-stream placement was facilitated by the Ministry of Justice.

Departures, Resignations and Retirements

Over the past year, the main reasons why staff left the Wales Office was due to staff on loan returning to their parent Departments and staff acquiring posts in the wider civil service. There were no retirements in year.

Senior Civil Service

At the 31 March 2014 there were 4 substantive senior civil servant posts within the Wales Office.

Equal Opportunities

Staff in Senior Civil Service positions	March 2014	March 2013
Proportion of women	1 of 4	1 of 4
Proportion of women at Pay band 2 & above	0%	1 of 4*
Proportion of Black and Minority Ethnic (BME)	0%	0%
Proportion of Disabled staff	0%	0%

* The former Director of the Wales Office Fiona Adams-Jones was the only member of the senior civil service at Pay band 2.

Staff Below Senior Civil Service Level	March 2014	March 2013
Women	51%	56%
BME	4%	8%
Disabled	0%	2%

Performance Management

The Wales Office is committed to effective performance management. A new system was introduced across the civil service in 2013-14 and all staff met the deadlines set including two formal appraisals at the mid and end year points. Recommendations from a Wales Office Performance Management Working Group were implemented fully and an evaluation of how well the suggested improvements have bedded in is scheduled for the 2014-15 reporting period.

Staff Engagement Survey

The Wales Office participates in the annual civil service-wide survey. In 2013 our overall staff engagement index was 56%, which showed the first positive increase since 2010.

Our top positive scores related to staff:

- Having the skills needed to do their jobs effectively (95% positive);
- Having a clear understanding of the Office's purpose, its objectives and how their work contributes to them (90-93% positive); and
- Believing that the senior managers in the Office are sufficiently visible (93% positive).

Visibility of senior managers was 34% above the Top Performing Units (HPUs), which is the upper quartile for the UK Civil Service. There was also a 17% increase overall under the "Leadership and Managing Change" theme, putting our performance 15% above High Performing Units. This included staff agreeing that:

- Management Board have a clear vision for the future of the Office (23% above HPUs);
- Senior Managers will take action on the results from this survey (22% above HPUs); and
- Change is managed well in the Wales Office (18% above HPUs).

The two key areas where the Office is taking action in 2014 relate to the themes of Engagement itself and My Manager. Our lowest positive scores and areas where scores have reduced since 2012 reflect these themes as follows:

- Just under half the staff felt proud to be part of the office, would recommend the office as a great place to work; and felt a strong personal attachment to it;
- There had been around a 10% decline in staff having confidence in the decisions made by their managers, the belief that their managers were open to their ideas; and that staff were trusted to carry out their job effectively.
- Around a third of staff felt a strong personal attachment to the Office and that the Office was a great place to work.

Learning and Development (L&D)

All Wales Office staff have embraced the commitment to the “Five a Year” Learning and Development (L&D) days as set out in the Civil Service Capabilities plan launched in April 2013. This has also been reflected in our Staff Engagement Results, with a 28% increase in the number of staff confirming that they are able to access the right L&D opportunities when they need to; a 20% increase in the number of staff believing that the L&D accessed has helped them improve their performance; and a 17% increase in those saying that L&D activities are helping them to develop their careers.

The Wales Office was also the first Department within the Civil Service to submit its Annual Skills Review and the first to confirm 100% compliance of staff undertaking a self assessment against the new Civil Service Competence Framework.

Volunteering

Building on the success of 2012, a further eight staff, at all levels in the Department, volunteered to spend a day working for the Prince’s Trust in Wales during summer 2013. Two members of staff carried out independent volunteering, one for Inspiring the Future during the autumn and one working for Crisis over the Christmas period.

Employment of disabled persons

The Wales Office follows the Ministry of Justice (MoJ) Disability Policy and is committed to ensuring equality for all disabled staff. We promote a culture that enables disabled staff to participate fully in working life, and guidance on supporting disabled staff is provided through the Departmental Ability Manual. The Wales Office participates in the Guaranteed Interview Scheme (GIS) for candidates with a disability. In 2014, the office held a specific event in line with the Time to Change launch, raising awareness of Mental Health issues in a workplace context.

Sickness absence data

The average number of working days lost (AWDL) in the calendar year due to staff sickness across the whole of the Wales Office in 2013-14 was 12.9 days (2012-13 6.1 days).

Health and Safety

No health and safety breaches were reported during the year. Further information on the Department's Health and Safety Committee is set out in Chapter 6 of this report.

Security and information security

The Wales 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.

Welsh Language

The Wales 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. The Department has a number of staff who speak Welsh and is able to respond to telephone queries and written correspondence in Welsh, if required.

We recognise the importance of the Welsh language in our day to day work, and have encouraged staff to learn Welsh to help them work more confidently in the language. We are currently reviewing how such training can be provided most effectively.

A skills audit of Wales Office staff is conducted annually and the results of this provide the foundation for our workforce planning and training programme. 11% of staff were fully bilingual at the end of the reporting year.

Audit

The financial statements are audited by the Comptroller and Auditor General (C&AG), who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration is disclosed at Note 7 to the accounts. During the reporting year no payment was made to the auditors for non-audit work (2012-13: £nil).

To the best of the Accounting Officer's and Directors' knowledge, there is no relevant audit information of which the Wales 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 Wales Office's auditors are aware of that information.

Glynne Jones
Accounting Officer

23 June 2014

5 Remuneration Report

Auditable Sections

In accordance with the requirements of Schedule 7A to the Companies Act 1985 (as amended) only certain sections of the Remuneration Report have been subject to full external audit. These comprise the sections on salary and pension entitlements.

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.ome.uk.com

Board members and senior civil servants remuneration

The salaries of Senior Civil servants are determined in line with the Cabinet Office Senior Civil Service (SCS) Reward policy.

The Wales Office is not a direct employer. All staff are either Ministry of Justice or on loan from other Government Department's. Performance based non-consolidated performance-related payments for Senior Civil Servants in the Department are determined by the Ministry of Justice Remuneration Committee.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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 Commissioners can be found at www.civilservicecommission.independent.gov.uk.

Ministers' salary and pension entitlements

The salary, taxable benefits in kind and pension entitlements for Ministers are shown in the following tables. Salary figures include all allowances payable by the Wales 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 services as an MP (£65,738 as of 1 April 2010), and various allowances to which they are entitled are borne centrally.

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) ¹		Total (to nearest £1000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
The Rt Hon David Jones MP, Secretary of State*	68,169	49,467	nil	nil	25,000	18,000	93,000	67,000
The Rt Hon Cheryl Gillan MP, Secretary of State for Wales (to 3 September 2012)**	nil	46,458	nil	nil	nil	9,000	nil	55,000
Stephen Crabb MP, Parliamentary Under Secretary of State ***	nil	nil	nil	nil	nil	nil	nil	nil
Baroness Randerson, Parliamentary Under Secretary of State***	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.
- * David Jones MP was Parliamentary Under-Secretary of State for Wales up to September 2012, and Secretary of State for Wales thereafter. His salary for 2012-13 reflects his appointment to Secretary of State for Wales from September.
- ** Includes a payment for loss of office of £17,207 to Cheryl Gillan MP on departure of post as Secretary of State.
- *** Following a cabinet reshuffle in September 2012 Stephen Crabb MP and Baroness Randerson were both appointed Parliamentary Under-Secretary of State for Wales. The remuneration costs for both Ministers are borne by the Consolidated Fund and the House of Lords respectively.

PENSION BENEFITS					
Ministers	Accrued Pension at age 65 as at 31 March 2014	Real increase in pension at age 65	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/decrease in CETV £000
		£000	£000	£000	£000
The Rt Hon David Jones MP, Secretary of State for Wales	4331	0-2.5	78	45	22
The Rt Hon Cheryl Gillan MP, Secretary of State for Wales (to 4 September 2012)	n/a	n/a	n/a	80	n/a
Stephen Crabb MP, Parliamentary Under Secretary of State for Wales*	n/a	n/a	n/a	n/a	n/a
Baroness Randerson, Parliamentary Under Secretary of State*	n/a	n/a	n/a	n/a	n/a

Notes to the table:

2013-14 accrued pension is stated as the actual amount not grouped in bands as in previous years. 2012-13 figures have not been restated. The CETV at 31 March 2014 (published) was calculated using actuarial assumptions applicable at the year end. The CETV at 31 March 2014 (recalculated) reflects the actual position based on the crystallisation of those yield assumptions.

- * Following a cabinet reshuffle in September 2012 Stephen Crabb MP and Baroness Randerson were both appointed Parliamentary Under-Secretary of State for Wales. The remuneration costs for both Ministers are borne by the Consolidated Fund and the House of Lords respectively.

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 (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

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). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for 1/50th accrual rate and a lower rate of employee contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2013 members paid contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates will increase from April 2014.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

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 members' accrued benefits and any contingent spouses' 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 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 effectively 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.

Senior Managers' salary and pension entitlements

Salary figures include all allowances payable by the Wales Office, 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 2013-14 relate to performance in 2012-13 and the comparative bonuses reported for 2012-13 relate to performance in 2011-12.

The Senior Managers were supported by the Chief Accountant and Head of Corporate Services who attends all meetings of the Strategy Board, Management Committee and Audit and Risk Assurance Committee.

The salary, taxable benefits in kind and pension entitlements for Senior Managers is shown in the following tables:-

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000) ²		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Glynne Jones Director †	80-85	75-80	5-10	5-10	nil	nil	43,000	24,000	130-135	105-110
Stephen Hillcoat Deputy Director, Private Office and Communications	70-75	70-75	nil	nil	nil	nil	16,000	21,000	85-90	90-95
Geth Williams Acting Deputy Director, Constitution and Corporate Services	65-70	50-55	0-5	nil	nil	nil	9,000	33,000	75-80	80-85
Sian Osborne Acting Deputy Director, Policy ††	70-75	15-20	nil	nil	8,400	2,000	10,000	15,000	90-95	30-35
Fiona Adams-Jones Head of the Wales Office (to 31 December 2012)†††	nil	70-75	nil	nil	nil	10,200	nil	(11,000)	nil	70-75
Tim Hemmings Deputy Director, Policy (to 16 July 2012)	nil	15-20	nil	nil	nil	nil	nil	2,000	nil	15-20

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.

† Glynne Jones – prior to being appointed Director was Deputy Director of Constitution and Deputy Head of Office to July 2012 and Deputy Director of Policy to 31 December 2012 .

†† Sian Osborne is on loan from the Welsh Government; The Wales Office met the cost of her London accommodation and utilities.

††† Fiona Adams-Jones was on loan from the Welsh Government. The Wales Office met the cost of her London accommodation and utilities.

Non – Executive Directors

Remuneration	Salary exc bonuses (including allowances)		Benefits in kind (to nearest £100)		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
David Crawley, Audit Committee Chair and Deputy Chair, Management Board and Non-Executive Director, Wales Office	10-15	10-15	nil	nil	10-15	10-15
Ian Summers, Non Executive Director, Wales Office	5-10	5-10	nil	nil	5-10	5-10

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 Wales Office in the financial year 2013-14 was £80-85k (2012-13, £100-105k). This was 2.8 times (2012-13, 3.7 times) the median remuneration of the workforce, which was £29,800 (2012-13, £24,900).

In 2013-14, no employees (2012-13, nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £8,300 to £71,200 (2012-13, £6,700 to £74,500).

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.

The decrease in the pay of the highest paid director and corresponding multiple of permanent staff median pay in 2013-14 is due to the director of the Wales Office being on a lower salary than his predecessor who left in 2012-13.

Remuneration	2013-14		2012-13	
	Number	£'000	Number	£'000
Total Remuneration Permanent Staff (excluding highest paid Director)		1,590		1,839
Total Permanent Staff (excluding highest paid Director)	*41		*47	
Median Pay of Permanent Staff		29.8		24.9
Highest Paid Director Median of Pay band (including Benefits in Kind)		82.5		102.7
As a multiple of Permanent Staff Median Pay		2.8		3.7

* Note to table: Number of staff on payroll, excluding highest paid Director, as at 31 March.

Compensation for loss of office

No senior managers received compensatory payments in 2013-14 (£Nil in 2012-13)

Service Contracts

Senior Managers	Contract Start date	Unexpired term (years)	Notice period (months)
Glynne Jones, Director †	16 January 1989	19	3
Stephen Hillcoat, Deputy Director and Principal Private Secretary	26 November 1986	20	3
Geth Williams, Deputy Director, Constitution and Corporate Services	2 November 1992	16	3
Sian Osborne, Deputy Director, Policy	7 February 2000	32	3

Notes to the table:

Contracts for Senior Civil Servants were not issued until 1996; where people joined before contracts, the table shows their joining date.

Unexpired term is either the remaining contract period on fixed term contracts or when an individual reaches pensionable age.

Pension Benefits

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2014 £000	Real increase in pension and related lump sum at pension age at 31 March 2013 £000	CETV at 31 March 2014 £000	CETV at 31 March 2013 £000	Real increase/decrease in CETV £000
Glynne Jones, Director	25-30 plus lump sum 75-80	0-2.5 plus lump sum 5-7.5	406	352	28
Stephen Hillcoat, Deputy Director, Private Office and Communications	25-30 plus lump sum 75-80	0-2.5 plus lump sum 2.5-5	376	344	8
Geth Williams, Acting Deputy Director Constitution and Corporate Services	15-20 plus lump sum 45-50	0-2.5 plus lump sum 0-2.5	276	252	5
Sian Osborne, Acting Deputy Director Policy	10-15 plus lump sum 30-35	0-2.5 plus lump sum 0-2.5	130	116	3
Fiona Adams-Jones, Head of the Wales Office†† (to 31 December 2012)	nil	nil	nil	935	nil
Tim Hemmings, Deputy Director, Policy (to 30 June 2012)	nil	nil	nil	130	nil

Notes to the table:

Where nil reflects there is no previous information published.

Salary

'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 Wales Office and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty's Revenue and Customs as a taxable emolument. Sian Osborne is on loan from the Welsh Government; the Wales Office met her accommodation and utilities costs in London.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements, from 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). 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 and nuvos are increased annually in line with changes in the Consumer Prices Index. Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. 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' 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, immediately after the scheme year end, the accrued pension is up-rated in line with CPI. In all cases members may opt to give up (commute) pension for 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 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. 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 0.8% 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 and 65 for members of nuvos.

Further details about the Civil service pension arrangements can be found at the website www.civilservice.gov.uk/pensions

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 members' accrued benefits and any contingent spouses' 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 individual 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 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 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.

Glynne Jones
Accounting Officer

23 June 2014

6 Governance Statement

This Statement sets out the basis on which the Wales Office was established; the way in which it is governed and managed; and how it is accountable for what it does. It is intended to provide a comprehensive and tailored statement of the basis on which the Accounting Officer can give assurance as to the proper functioning of the Office and its stewardship of public funds.

Status and role of the Wales Office

The Wales Office was established at the same time as the National Assembly for Wales in 1999. Its key purpose is to support the Secretary of State for Wales in promoting the best interests of Wales within the United Kingdom and ensuring the smooth operation of the devolution settlement in Wales. It is also responsible for the prompt payments of monies voted to the Welsh Government by Parliament (the Welsh Block Grant). In discharging these responsibilities, and in line with all other Departments of State, the Wales Office is responsible for putting in place sound governance and risk management arrangements.

Its Director is designated Accounting Officer.

Purpose of the governance framework

The governance framework comprises the systems and processes, and the culture and values, by which the Wales Office is directed and controlled and the means by which 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 framework incorporates a robust system for risk identification and management.

Governance framework

The Secretary of State for Wales provides political direction to the Wales Office and is accountable to Parliament. He is supported by two Parliamentary Under-Secretaries of State for Wales; one in the House of Commons and one in the House of Lords, and by a small team of civil servants led by the Wales Office Director.

Strategy Board

The Wales Office Strategy Board (SB) is responsible for setting the Department's policy priorities and agreeing business objectives. It assists the Secretary of State in delivering his responsibilities to Parliament, but it is the Secretary of State who is held accountable. The SB comprises the Ministerial team, with the

Secretary of State as chair; two independent non executive board members (NEBMs); and the Director, and deputy directors of the Department. The Head of Corporate Services and Chief Accountant attends all Strategy Board meetings in an advisory capacity on financial and governance issues. Strategy Board meetings were held in July 2013 and February 2014, under the chairmanship of the Secretary of State.

In 2013-14, the Strategy Board reviewed and agreed an updated Departmental Business Plan. The updated Business Plan continues to reflect the Department's priorities, objectives, and key activities.

A review of the governance procedures of the Department was undertaken by the lead NEBM in his role as deputy chair of the Strategy Board in the spring of 2013. The results of his review were presented to the Strategy Board at its July meeting, with the conclusion that the revised system of governance introduced in April 2012 had made a good start and that there was no case for significant changes. All recommendations were accepted including the need for formal consideration of strategic risks at all meetings and better planning of meetings.

In addition, the Secretary of State had weekly bilateral meetings with the Director to discuss policy, strategy and Departmental issues. The Secretary of State also chaired weekly meetings of the full Ministerial and senior management team which co-ordinated and discussed forthcoming Departmental and Ministerial business.

Committees Reporting to the Strategy Board

The Strategy Board is supported by two committees:-

I. Management Committee (MC) – This committee is chaired by the Director and comprises the Department's three deputy directors and two NEBMs. The responsibilities of the Management Committee include:-

- Providing collective and effective operational leadership to the Office, guided and informed by the Wales Office Strategy Board;
- Overseeing the delivery of Ministers' objectives and priorities, as set out in the Wales Office Business Plan, and the management of key associated risks;
- Ensuring prudent and effective management of the Wales Office's financial assets and resources.

Throughout 2013-14, policy delivery and performance was overseen by the Management Committee.

II. The Audit and Risk Assurance Committee (ARAC) – The ARAC is chaired by the lead NEBM, and comprises one other NEBM – who is a qualified accountant – and, from March 2014, another independent member (replacing a senior Wales Office official who was a member of the committee to December 2013). The appointment of another independent member brings the Wales Office Audit Committee membership into line with required

guidance. This 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 September 2013, seeking views from both internal auditors and the National Audit Office. The Committee concluded it was operating effectively subject to minor adjustments to its processes.

Attendance at the Strategy Board, Management Committee and Audit and Risk Assurance Committee during the financial year was as follows:

Strategy Board

Members	No. of Meetings Attended
Rt Hon David Jones MP – Chair, Secretary of State for Wales	2 of 2
Stephen Crabb MP – Parliamentary Under-Secretary of State for Wales	2 of 2
Baroness Randerson – Parliamentary Under-Secretary of State for Wales	2 of 2
David Crawley – Lead NEBM	2 of 2
Ian Summers – NEBM	2 of 2
Glynne Jones – Director, Chair	2 of 2
Stephen Hillcoat – Deputy Director, Private Office and Communications	2 of 2
Sian Osborne – Acting Deputy Director, Policy	2 of 2
Geth Williams – Acting Deputy Director, Constitution and Corporate Services	2 of 2

Management Committee

Members/Attendees	No. of Meetings Attended
Glynne Jones – Director, Chair	5 of 5
David Crawley – Lead NEBM	5 of 5
Ian Summers – NEBM	5 of 5
Stephen Hillcoat – Deputy Director, Private Office and Communications	4 of 5
Sian Osborne – Acting Deputy Director, Policy	5 of 5
Geth Williams – Acting Deputy Director, Constitution and Corporate Services	5 of 5

The Head of Corporate Services and Chief Accountant attends all Strategy Board and Management Committee meetings in an advisory capacity on financial and governance issues.

Audit and Risk Assurance Committee

Members	No. of Meetings Attended
David Crawley – Chair Lead NEBM	4 of 4
Ian Summers – NEBM	4 of 4
Sian Osborne ¹ – Acting Deputy Director Policy	3 of 4
Chris Southworth ² – Independent Member	2 of 4

Footnotes

Note 1: Acting Deputy Director Policy left the Committee in December 2013.

Note 2: Chris Southworth is a Deputy Director, Economy Group from the Northern Ireland Office. He was appointed to the Committee in March 2014, but attended the December 2013 meeting as an observer.

Other Committee

The Wales Office also has a Health and Safety (H&S) Committee with a remit to:

- Advise the Management Committee on ensuring that the Wales Office provides a healthy and safe work environment for its staff, Ministers and visitors;
- Actively manage identified H&S risks and monitor progress against the Occupational Health and Safety Corporate Plan; and
- Further improve H&S performance and standards, and strive to exceed all statutory standards, codes of practice, regulations and applicable legal requirements.

The Health and Safety Committee, chaired by a deputy director, met once during 2013-14. It considered a range of issues, including staff training in fire warden responsibilities.

Accounting Officer role

The Director of the Wales Office is its Accounting Officer (IAO). In accordance with the responsibilities assigned to him in his appointment letter, and as set out in Managing Public Money, he is charged with the governance of the Wales Office.

The Accounting Officer is expected to take personal responsibility for:-

- Regularity and propriety, including seeking HM Treasury approval for any expenditure outside the normal delegations;
- Affordability and sustainability, respecting agreed budgets and avoiding unaffordable long term commitments;
- Value for money assessments;
- Being held accountable to Parliament through the Public Accounts Committee (PAC).

The Accounting Officer is expected to ensure that the Department operates effectively, complies with all relevant legislation and guidance and displays a high standard of probity. The Wales Office aims to:

Governance

- Have a governance structure which transmits, delegates, implements and enforces decisions;
- Have trustworthy internal controls to safeguard, channel and record the use of resources as intended;
- Operate with propriety having regard to the need for proper conduct of public business;
- Treat its suppliers and business counterparts fairly and honestly; and
- Give timely, transparent and realistic accounts of its business.

Decision-making

- Support its Ministers with clear, well reasoned, timely and impartial advice;
- Make all its decisions in line with the strategy, aims and objectives of the organisation as set by Ministers and/or in legislation;
- Meet the Treasury's requirements about limits on use of public resource;
- Manage its staff fairly, with inclusive policies designed to promote and integrate diversity; and
- Communicate its decisions openly and transparently.

Financial management

- Ensure that financial transactions are regular and proper;
- Use its resources efficiently, economically and effectively, avoiding waste and extravagance;
- Carry out procurement and project appraisal objectively and fairly, seeking good value for the public sector as a whole;
- Use management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments;
- Avoid over-defining detail and imposing undue compliance costs, either on its own staff or on its suppliers and stakeholders;
- Have practical documented arrangements for working in partnership with other organisations; and
- Use internal and external audit to improve its financial management, internal controls and performance.

Decision taking and business management

The Wales Office is organised into three divisions to deliver its functions:

1. Policy and Legislation;
2. Private Office and Communications; and
3. Constitution and Corporate Services.

Each of these is headed by a Deputy Director who reported to the Director. Formal budgets were delegated by the Director to each Deputy Director in their roles as heads of division.

Divisional budgets were monitored monthly by the senior team and financial reports were reviewed and discussed bi-monthly by the Management Committee. The senior management team met on a weekly basis to oversee and co-ordinate day-to-day business, management issues, and budgetary matters.

The Department has Service Level Agreements with the Ministry of Justice (MoJ) for most of its procurement needs and for a wide range of staffing, accommodation and financial services. It rarely but occasionally undertakes one-off small-scale procurements itself, under Government procurement rules.

Performance

Internal Audit reviews during the year covered: efficiencies and change management, transaction and payroll testing, attendance management and review of Freedom of Information and Parliamentary Questions processes.

Internal Audit have concluded that from the reviews undertaken they are able to give a high level of assurance that the Department's overall risk, control and governance framework is adequate to enable the achievements of its objectives and that the key risks to the Department are being effectively managed.

Examples of issues that were considered by the Management Committee during the year included:

- Review of the Departmental Business Plan;
- Strategic risks;
- Departmental performance; and
- Capital works in Gwydyr House.

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

- The Department's risk registers and governance processes;
- Annual Report and Resource Accounts; and
- National Loan Fund Accounts

Compliance with the Corporate Governance Code

The Wales Office took full account of HM Treasury's guidance Corporate Governance in Central Government Departments (July 2011) in adapting and strengthening its processes to reflect its status as a stand-alone Department, but on a scale proportionate to its size, budget and function (to provide policy support and advice to Wales Office 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, Management Committee 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 current NEBMs bring extremely valuable skills and experience which are particularly relevant to the Wales Office. The lead NEBM has extensive experience in public finance as a former Accounting Officer and has wide current experience of Board membership at a senior level in substantial public and charitable organisations. The second NEBM – a qualified accountant – has considerable experience of public accounting and audit at a senior level as well as operating within the devolved public sector in Wales. The Department, in consultation with the Cabinet Office, has agreed to extend the terms of the current NEBMs to ensure that it has the opportunity to draw further on their experience as the Director's role is filled on a permanent basis and in the run up to the 2015 General Election and beyond.
- In order to ensure the Audit and Risk Assurance Committee comprises at least three members a senior Wales Office official served the committee to December 2013. From March 2014, an official from the Northern Ireland Office was appointed as a new independent member, to further strengthen the independence of the committee.
- Board Membership does not comprise a qualified financial individual. Due to its size the Wales Office has one qualified financial professional who attends all Strategy Board and Management Committee meetings in an advisory capacity.
- Following the last review, the Strategy Board concluded that, in view of the nature of the business and the scale of the department, there was no case for requiring four meetings per year, and that in general two to three would normally be sufficient. The Board met twice in 2013-14.

Risk identification and management

The Wales Office's system of internal control is designed to identify business risk and manage it to a reasonable level. It is based on a continuous process designed to identify and prioritise risks to the achievement of the Wales Office's 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 2013-14, these have included handling the Government's response to the Commission on Devolution in Wales's (Silk Commission) first report on fiscal devolution to Wales. The Wales Office worked closely with HM Treasury and Her Majesty's Revenue and Customs (HMRC) to examine the Commission's findings and co-ordinate the work undertaken to determine the Government's response. The risks associated with this work were regularly reviewed by the Department's Management Board, helping to ensure the work was prioritised and remained on track during the year. The Department co-ordinated this work whilst continuing to support the Commission as it undertook its Part II remit.

Similarly the Department's response to risk was illustrated in the actions the Department took to ensure that it would be able to achieve the savings needed to manage its challenging Spending Review settlement through to 2015-16 without compromising its ability to deliver its objectives. This involved an analysis of where workload pressures were most likely to fall over the next three years, an assessment of current capability in those areas and a subsequent restructuring exercise to ensure the correct allocation of staff resources.

The main operational risk identified was failure to ensure payment to the Welsh Consolidated Fund. The Department mitigates this risk through the use of service level agreements that include the Welsh Government and the Government Banking Service, agreed drawdown processes and contingency plans.

Capacity to handle risk

Risks were identified and articulated both at a strategic and an operational level by the Management Committee and at working level by the teams within the three divisions. The branch risk registers underpinned and fed into the overarching Departmental Risk Register which was reviewed bi monthly by the Management Committee and at all Strategy Board meetings. The Audit and Risk Assurance Committee scrutinised the handling of key risks at its quarterly meetings and took a more in-depth look at selected individual risks and how they were managed.

Risk and control framework

The Wales Office had in place a Risk Management Policy Framework and Strategy, approved by the Management Committee, which was informed by the advice of the Audit and Risk Assurance Committee. Key elements were:

- A formal process for identifying, evaluating, managing and reporting risk;
- A system of analysis and reporting that identifies risk to objectives, risk impact and likelihood, current and planned mitigating action and individual risk owners;
- A formal programme incorporating procedures for the management of risk; and
- Annual training and risk management awareness workshops.

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.

All key controls, identified as a result of an assessment of key business risks and the following key financial areas, were in place and had been applied. In particular these provided high assurance that:

- Expenditure/income was recorded and properly spent and received with regard to propriety and regularity;
- The expenditure/income spent and received complied with legislation and regulations, including those which provided the legal framework within which the Wales Office conducted its activities;
- Expenditure was properly classified and transfers of expenditure between expenditure classifications were made in accordance with the Finance Manual;
- There were no breaches of delegated financial authority;
- Budgets were monitored regularly, actual expenditure was compared to forecasts, and variances reported to the Management Committee;
- Controls were in place to ensure that the assets of the Wales Office were safeguarded against unauthorised use or disposal;
- There were control procedures in place to guard against fraud;
- Information assets were monitored and risks properly assessed, reported on, recorded and quality reviewed (see information assurance section below);
- There were controls procedures in place for the Senior Information Responsible Officer to guard against breaches in information security; and
- There were no breaches of the policy regarding hospitality and gifts.

Information Risk and Assurance

Information Assets

The Wales 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.

Risks and their Management

The Wales Office has identified the following specific information risks:

1. Loss of information, particularly when staff are travelling;
2. Compromise of information by unauthorised access;
3. Loss or corruption of information due to technical system failure; and
4. Loss of information due to theft.

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

Management of risks

Risk 1: Loss of information, particularly when staff are travelling:

- Staff have been given guidance on information handling which is specific to the Department, and which details their responsibilities. Staff are periodically reminded about the rules for safeguarding information when travelling;
- The Department has a clear desk policy for both of our offices that requires sensitive information to be stored appropriately; and
- Staff have been made aware of procedures to report losses of sensitive information and items such as smartphones.

Risk 2: Compromise of information by unauthorised access:

- An access control system is maintained for records management that limits users to specific files only. Access is periodically reviewed; and
- HR files are secured in locked cabinets and in a lockable room.

Risk 3: Loss or corruption of information due to technical system failure:

We have assurance from MoJ's IT suppliers, under a service level agreement, that information is secure, regular backups of data are made and can be used for a recovery operation if necessary; and that old and obsolete files and data are safely destroyed.

Risk 4: Loss of information due to theft:

- It is mandatory for all staff to lock away all classified documents in secure cabinets. A check is undertaken daily to ensure that all cabinets are locked; and
- The clear desk policy is designed to prevent documents being left unsecured, and a number of spot-checks have shown that the policy is being adhered to.

Outcomes during 2013-14

There were no data losses during 2013-14. All staff completed mandatory information training by the end of March 2014.

Summary report from the Chair of the Audit and Risk Committee

The Committee paid close attention throughout the year to finance and accounting, governance and risk management issues of the Wales Office. Based on its work over the reporting period, the Committee is able to provide a high level of assurance on the adequacy of audit arrangements and on the assurances provided to the Accounting Officer in respect of the governance, risk management and control arrangements operated in the Department.

Assessment of system of internal control

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

Supply Breach

The Comptroller and Auditor General has concluded that he is required to report as part of his opinion on regularity a breach of the Parliamentary Supply limit for Annually Managed Expenditure (AME) of £-723 (non cash).

The only purpose for which the Wales Office required AME cover in 2013-14 was for the utilisation of an early retirement liability which had been created in earlier years. The AME budget cover in the Wales Office Main Estimate was a negative budget of £-20,000. As part of the Supplementary Estimates process which is the only in-year opportunity to amend supply limits, the Wales Office increased its AME cover by £-2,000 to £-22,000. The increase of £-2,000 was sought to ensure that the Department had sufficient cover for the expected increase in the value of the non cash utilisation of provisions.

The Wales Office net outturn for non cash utilisation of provisions in 2013-14 was £-21,277 which was £-723 below the AME budget cover. The net outturn of negative £-723 creates a breach in AME according to the HM Treasury Estimates guidance.

I have reviewed the circumstances of this matter with my Audit Committee and am assured that this breach does not arise as a result of failings in financial management or control within the Wales Office. A taut and realistic estimate of the financial outturn was prepared as part of the Supplementary Estimate process with the outturn just coming under the AME budget. I am pleased that the NAO are to seek clarity with HM Treasury on the guidance relating to negative budgets.

Glynne Jones
Accounting Officer

23 June 2014

7 Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, 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 net resource outturn, the application of resources, changes in taxpayers' equity 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; and
- Prepare the accounts on a going concern basis.

HM Treasury has appointed the Director of the Wales Office as Accounting Officer of the Wales 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 Wales Office, are set out in *Managing Public Money* published by the HM Treasury.

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

I certify that I have audited the financial statements of the Wales Office for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

Basis for Qualified Opinion on regularity

Parliament authorised an Annually Managed Resource Expenditure limit for the Wales Office of minus £22,000. Against this limit, the Office achieved net expenditure of minus £21,277, therefore breaching the authorised limit by £723 as shown in the Statement of Parliamentary Supply.

Qualified Opinion on regularity

In my opinion, except for the excess described in the basis for qualified opinion paragraph, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2014 and shows that those totals have not been exceeded; and
- 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.

More details of the reason for my qualified audit opinion are set out in my report on pages 55 to 56.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Office's affairs as at 31 March 2014 and of its net operating cost 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.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the sections of the Annual Report entitled Strategic Report, Directors' Report and Governance Statement 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 part of the Remuneration 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.

Sir Amyas C E Morse
Comptroller and Auditor General

25 June 2014

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Report of the Comptroller and Auditor General to the House of Commons

Introduction

1. The Wales Office (the Department) is a ministerial government department responsible for the operation of the devolution settlement in Wales, representing the UK government in Wales. The Department also represents Welsh interests in Westminster.
2. In 2013-14 the Department was responsible for £13,487 million of UK public expenditure, of which £4.38 million related to its administration costs. The Department secures the approval to incur expenditure through the parliamentary supply process on an annual basis. The Department accounts to Parliament on its expenditure under an accounts direction issued by HM Treasury under the Government Resources and Accounts Act 2000. This requires the Department to prepare financial statements in accordance with the Government Financial Reporting Manual (FRM).

Purpose of Report

3. The Department prepares an Annual Estimate of its net expenditure; authorisation to incur the net expenditure is then provided by Acts of Parliament.
4. These Acts set a series of annual limits on the net expenditure which the Department may not exceed and on the total overall cash they can use. Where these limits are breached, I qualify my regularity opinion on the financial statements. HM Treasury then prepares a statement of all such excesses in the year and requests that the House of Commons approves the expenditure, which is then given statutory authority as part of a Supply and Appropriations (Anticipation and Adjustments) Act. Further detail on the authorised limits can be found within the Supply Estimates for 2013-14.
5. Parliament authorised an Annually Managed Resource expenditure limit for the Department of minus £22,000. The Department's outturn against this limit was minus £21,277 meaning that the authorised limit was breached by £723 and so I have qualified my regularity opinion on the Department's financial statements in this regard. HM Treasury propose to ask Parliament to authorise a further £723 of Annually Managed Resource expenditure.

Explanation for Qualified Audit Opinion

6. The Department carries a provision in its Statement of Financial Position to meet the costs of early retirements which were agreed in prior years. At the start of the financial year the Department had recognised a liability of £89,000 for the expected future early retirement costs.
7. The utilisation of existing provisions is accounted for as negative Annually Managed Resource expenditure in parliamentary supply with an equal and opposite charge to Departmental Expenditure Limit Resource expenditure. In preparing its Estimate, the Department secured a limit for Annually Managed Resource expenditure of minus £22,000. During the year the

Department utilised £21,277 related to this provision such that the Estimate was breached by £723. This amount is non-cash.

8. The Department was not in breach of any other control totals. It has recorded a saving against Estimate of £931,000 against its Departmental Expenditure Limits, a saving of £193,000 against its Non Budget Limit and a saving of £1,559,000 against its net cash requirement for the year.
9. The Accounting Officer has reviewed whether these circumstances indicate any deficiencies in financial management or internal control and concluded that they do not. He has made appropriate disclosures in his Governance Statement on the matter.

Budgetary Framework

10. I am obliged to report to Parliament on all breaches of control totals, no matter how small, since Parliament has indicated that these are absolute limits that must be adhered to. Nevertheless, this is not the first time I have had to qualify my opinion on small breaches of negative control totals. I have therefore asked the Treasury to consider whether the use of such controls for managing the budgetary impact of transactions such as the utilisation of provisions remains appropriate and whether the arrangements are operating as intended.

Sir Amyas C E Morse
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

9 Financial Statements

Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Wales Office to prepare a Statement of Parliamentary Supply and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

Summary of Resource and Capital Outturn 2013-14

Note	2013-14 Estimate			2013-14 Outturn			2013-14 Voted Outturn compared with Estimate: saving/(excess)	2012-13 Outturn
	Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000		
Departmental Expenditure Limit								
-Resource	5,220	-	5,220	4,449	-	4,449	771	5,423
-Capital	724	-	724	564	-	564	160	316
Annually Managed Expenditure								
-Resource	(22)	-	(22)	(21)	-	(21)	(1)	(20)
-Capital	-	-	-	-	-	-	-	-
Total Budget	5,922	-	5,922	4,992	-	4,992	930	5,719
Non-Budget								
-Resource	13,482,655	-	13,482,655	13,482,462	-	13,482,462	193	12,786,547
Total	13,488,577	-	13,488,577	13,487,454	-	13,487,454	1,123	12,792,266
Total Resource	13,487,853	-	13,487,853	13,486,890	-	13,486,890	963	12,791,950
Total Capital	724	-	724	564	-	564	160	316
Total	13,488,577	-	13,488,577	13,487,454	-	13,487,454	1,123	12,792,266

Net cash requirement 2013-14

Note	Estimate £000	Outturn £000	2013-14 Outturn compared with Estimate: saving/(excess) £000	2012-13 Outturn £000
Net cash requirement	13,488,379	13,486,820	1,559	12,792,506

Administration costs 2013-14

	2013-14 Estimate £000	2013-14 Outturn £000	2012-13 Outturn £000
SOPS3	5,160	4,384	5,346

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote

Explanation of variances between Estimate and Outturn are given in SOPs Note 2.2 and the Strategic Report on pages 17-18

The notes on pages 70 to 91 form part of these accounts

Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)

SOPS1.Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2013-14 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SOPS1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system, and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SOPS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences.

SOPS1.3 Prior Period Adjustments (PPAs)

PPAs resulting from an error in previous recording, or from an accounting policy change initiated by the department, need to be voted by Parliament in

the current year, whereas in IFRS-based accounts (IAS 8) they are treated as adjustments to previous years. (PPAs resulting from a change in accounting policy brought in by a new or modified accounting standard are not included in Estimates, so there is no misalignment.)

SOPS1.4 Receipts in excess of HM Treasury agreement

This applies where HM Treasury has agreed a limit to income retainable by the department, with any excess income scoring outside of budgets, and consequently outside of the Statement of Parliamentary Supply. IFRS-based accounts will record all of the income, regardless of the budgetary limit. This situation may arise in the following areas: (i) profit/loss on disposal of assets; (ii) income generation above department Spending Review settlements; and (iii) income received above netting-off agreements.

SOPS1.5 Provisions – Administration and Programme expenditure

Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary Supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the Statement of Parliamentary Supply was differ from that reported in the IFRS-based accounts. A reconciliation is provided in SoPS note 3.2

SOPS2. Net Outturn section

SOPS2.1 Analysis of net resource outturn by section

	Administration				Programme				Net Total compared to Estimate adjusted for virements	2012-13 Outturn
	Gross	Income	Net Total	Gross	Income	Net Total	Net Total	Net Total		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Spending in Departmental Expenditure Limits (DEL)										
Voted										
A Wales Office	3,923	(30)	3,893	43	-	43	3,936	4,625	689	4,861
B Commission on Devolution	513	-	513	-	-	-	513	595	82	562
Total Voted expenditure in DEL	4,436	(30)	4,406	43	-	43	4,449	5,220	771	5,423
Annually Managed Expenditure (AME)										
Voted expenditure	(21)	-	(21)	-	-	-	(21)	(22)	(1)	(20)
C Provisions	(21)	-	(21)	-	-	-	(21)	(22)	(1)	(20)
Total; Voted expenditure in AME	(21)	-	(21)	-	-	-	(21)	(22)	(1)	(20)
Non-Budget Spending										
D Grant payable to the Welsh Consolidated Fund	-	-	-	13,482,462	-	13,482,462	13,482,462	13,482,655	193	12,786,547
Total for Estimate:	-	-	-	13,482,462	-	13,482,462	13,482,462	13,482,655	193	12,786,547
Total voted in Estimate	4,415	(30)	4,385	13,482,505	-	13,482,505	13,486,890	13,487,853	963	12,791,950

The notes on pages 70 to 91 form part of these accounts

SOPS2.2. Analysis of net capital outturn by section

			2013-14 Outturn	2013-14 Estimate			2012-13 Outturn
	Gross	Income	Net	Net Total	Net total Outturn compared with Estimate		
	£000	£000	£000	£000	£000		£000
Spending in Departmental Expenditure Limits (DEL)							
Voted expenditure							
A Wales Office	564	-	564	724	160		316
Total Voted Expenditure in DEL	564	-	564	724	160		316
Total for Estimate:	564	-	564	724	160		316

The notes on pages 70 to 91 form part of these accounts

SOPS3. Reconciliation of outturn to net operating cost and against Administration Budget

SOPS3.1 Reconciliation of net resource outturn to net operating cost

		<u>2013-14</u>	<u>2012-13</u>
		<u>Outturn</u>	<u>Outturn</u>
	Note	<u>£000</u>	<u>£000</u>
Total resource outturn in Statement of Parliamentary Supply			
Budget	SOPS2.1	4,428	5,403
Non-Budget	SOPS2.1	13,482,462	12,786,547
		<u>13,486,890</u>	<u>12,791,950</u>
Add:			
Capital grants (net of EU contributions)		-	-
Other		-	-
		<u>-</u>	<u>-</u>
Less:			
Income payable to the Consolidated Fund		(1)	-
Other		-	-
		<u>(1)</u>	<u>-</u>
Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure			
		<u>13,486,889</u>	<u>12,791,950</u>

The notes on pages 70 to 91 form part of these accounts

SOPS3. Reconciliation of outturn to net operating cost and against Administration Budget

3.2 Outturn against final Administration budget and Administration net operating cost

	Note	<u>2013-14</u> £000	<u>2012-13</u> £000
Estimate Administration Costs Limit		5,160	6,106
Outturn – Gross Administration Costs		4,415	5,355
Outturn – Gross Income relating to Administration Costs		(30)	(9)
Outturn – Net Administration Costs		<u>4,385</u>	<u>5,346</u>
Reconciliation to operating costs:			
Less: provisions utilised (transfer from Programme)		-	-
Less: Other		(1)	-
Administration Net Operating Costs		<u>4,384</u>	<u>5,346</u>

The Parliamentary control on administrative costs applies to departments as per FReM Chapter 11.

The notes on pages 70 to 91 form part of these accounts

SOPS4. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	Net total outturn compared with Estimate saving/ (excess)
		<u>£000</u>	<u>£000</u>	<u>£000</u>
Resource Outturn	SOPS2.1	13,487,853	13,486,890	963
Capital Outturn	SOPS2.2	724	564	160
Accruals to cash adjustment				
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(100)	(99)	(1)
New provisions and adjustments to previous provisions				
Departmental Unallocated Provision				
Supported capital expenditure (revenue)				
Prior Period Adjustments				
Other non-cash items		(120)	(29)	(91)
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital				
Add cash grant-in-aid				
<i>Adjustments to reflect movements in working balances:</i>				
Capital accruals			(545)	545
Increase/(decrease) in stock				
Increase/(decrease) in receivables			12	(12)
(Increase)/decrease in payables			7	(7)
Use of provisions		22	21	1
Removal of non-voted budget items:				
Consolidated Fund Standing Services				
Other adjustments			(1)	1
Net cash requirement		<u>13,488,379</u>	<u>13,486,820</u>	<u>1,559</u>

The notes on pages 70 to 91 form part of these accounts

SOPS5. Income payable to the Consolidated Fund

SOPS5.1 Analysis of Income payable to the Consolidated Fund

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

	Note	Outturn 2013-14		Outturn 2012-13	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
		£000	£000	£000	£000
Operating income outside the ambit of the Estimate - Forfeited Assembly Election Deposits	5	1	<i>1</i>	-	-
Excess income	5				
Total income payable to the Consolidated Fund		1	<i>1</i>	-	-

5.2 Consolidated Fund income

Consolidated Fund income shown in note 5.1 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:

	2013-14	2012-13
	£000	£000
Income collected by the Welsh Government and due to the Consolidated Fund	25,315	21,046
	25,315	21,046
Amount payable to the Consolidated Fund	25,315	21,046
Balance held at start of year	-	-
Payments into the Consolidated Fund	25,315	21,046
Balance held on trust at the end of the year	-	-

The income for 2013-14 arises from repayment of Student Loans £25,159,000, Cleddau Bridge Loan £100,000, Tai Cymru £9,000, Bank Interest £37,000 and Other Miscellaneous Income £10,000

The total income paid into the Consolidated Fund as at 31st March 2014:

	2013-14	2012-13
	£000	£000
Income from 2011-12		7
Income from 2012-13		27
Income from 2013-14	25,316	21,046
	25,316	21,080

The notes on pages 70 to 91 form part of these accounts

Statement of Comprehensive Net Expenditure For the year ended 31 March 2014

This account summarises the expenditure and income generated and consumed on an accruals basis. It also included 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.

		2013-14	2012-13
	Note	Core Department	Core Department
		<u>£000</u>	<u>£000</u>
Administration Costs:			
Staff Costs	2.1	2,761	3,056
Other costs	3	1,654	2,299
Income	5	(31)	(9)
Programme Expenditure			
Staff Costs	2.1	-	
Other costs	4	13,482,505	12,786,604
NLF interest payable		1,686	1,693
NLF interest receivable		(1,686)	(1,693)
Net Operating Cost for the period ended 31 March 2014		<u>13,486,889</u>	<u>12,791,950</u>
Total Expenditure		13,486,920	12,791,959
Total Income		(31)	(9)
Net Operating Cost for the year ended 31 March 2014		<u>13,486,889</u>	<u>12,791,950</u>
Other Comprehensive Net Expenditure			
Net Operating Cost		13,486,889	12,791,950
Items that will not be reclassified to net operating costs:			
Net (gain) / loss on revaluation of Property, Plant and Equipment		(385)	(95)
Total Comprehensive Expenditure for the year ended 31 March 2014		<u>13,486,504</u>	<u>12,791,855</u>

The notes on pages 70 to 91 form part of these accounts

Statement of Financial Position As at 31 March 2014

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	31 March 2014 <u>£000</u>	31 March 2013 <u>£000</u>
Non-current assets:			
Property, plant and equipment	6	4,844	3,994
Financial assets	10	11,487	11,554
Receivables falling due after more than one year	11.1	29	13
Total non-current assets		<u>16,360</u>	<u>15,561</u>
Current assets:			
Trade and other receivables	11.1	226	223
Cash and cash equivalents	9	181	389
Total current assets		<u>407</u>	<u>612</u>
Total Assets		<u>16,767</u>	<u>16,173</u>
Current liabilities			
Trade and other payables	12.1	(1,630)	(1,297)
Total current liabilities		<u>(1,630)</u>	<u>(1,297)</u>
Assets less net current liabilities		<u>15,137</u>	<u>14,876</u>
Non-current liabilities			
Provisions	13	(68)	(89)
Financial liabilities	12.1	(11,487)	(11,554)
Total non-current liabilities		<u>(11,555)</u>	<u>(11,643)</u>
Assets less liabilities		<u>3,582</u>	<u>3,233</u>
Taxpayers' equity:			
General fund		607	635
Revaluation reserve		2,975	2,598
Total taxpayers' equity		<u>3,582</u>	<u>3,233</u>

Glynne Jones
Accounting Officer

23 June 2014

The notes on pages 70 to 91 form part of these accounts
Wales Office Annual Report and Accounts

Statement of Cash Flows For the year ended 31 March 2014

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Wales Office during the reporting period. The statement shows how the Wales Office 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 from 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 Department's future public service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows, including borrowing.

		<u>2013-14</u>	<u>2012-13</u>
	Note	£000	£000
Cash flows from operating activities			
Net operating cost	SOCNE	(13,486,889)	(12,791,950)
Adjustments for non-cash transactions	3	128	108
(Increase)/Decrease in trade and other receivables	11.1	(19)	60
<i>Less: Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		7	7
Increase/(Decrease) in trade payables	12.1	266	(290)
<i>Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(273)	(105)
Use of provisions	13	(21)	(20)
Net cash outflow from operating activities		<u>(13,486,801)</u>	<u>(12,792,190)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(19)	(316)
(Loan repayment) from other bodies		59	52
Net cash outflow from investing activities		<u>40</u>	<u>(264)</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) - Current Year		13,486,612	12,792,697
Repayment of loans from the NLF		(59)	(52)
Net financing		<u>13,486,553</u>	<u>12,792,645</u>
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		(208)	191
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	SOPS5	25,316	21,046
Payments of amounts due to the Consolidated Fund	SOPS5	(25,316)	(21,080)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	9	<u>(208)</u>	<u>157</u>
Cash and cash equivalents at the beginning of the period	9	<u>389</u>	<u>232</u>
Cash and cash equivalents at the end of the period	9	<u>181</u>	<u>389</u>

The notes on pages 70 to 91 form part of these accounts

Statement of Changes in Taxpayers Equity For the year ended 31 March 2014

This statement shows the movement in 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). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure.

	Note	General Fund £000	Revaluation Reserve £000	Total Taxpayers' Equity £000
Balance at 31 March 2012		49	2,507	2,556
Changes in accounting policy		-	-	-
Balance at 1 April 2012		49	2,507	2,556
Net Parliamentary Funding				
- Drawn down		12,792,697	-	12,792,697
- Deemed		198	-	198
Unspent Supply drawn down repayable to the Consolidated Fund	12.1	(389)	-	(389)
CFERs payable to the Consolidated Fund		-	-	-
Comprehensive Net Expenditure for the year	SOCNE	(12,791,950)	-	(12,791,950)
Non-cash charges				
- Auditor's remuneration	3	26	-	26
Other Reserve Movements				
- Property, Plant & Equipment		-	95	95
- Other Government Department recharges to prior year		-	-	-
Movements in Reserves				
- Transfers between reserves		4	(4)	-
Balance at 31 March 2013		635	2,598	3,233
Balance at 1 April 2013		635	2,598	3,233
Net Parliamentary Funding				
- Drawn down	SCF	13,486,612	-	13,486,612
- Deemed	12.1	389	-	389
Unspent Supply drawn down repayable to the Consolidated Fund	12.1	(181)	-	(181)
CFERs payable to the Consolidated Fund	5	(1)	-	(1)
Comprehensive Net Expenditure for the year	SOCNE	(13,486,889)	-	(13,486,889)
Non-cash charges				
- Auditor's remuneration	3	29	-	29
Other Reserve Movements				
- Property, Plant and Equipment		-	385	385
- Other		5	-	5
Movements in Reserves				
- Transfers between reserves		8	(8)	-
Balance at 31 March 2014		607	2,975	3,582

The notes on pages 70 to 91 form part of these accounts

Notes to the accounts for the year ended 31 March 2014

1 Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2013-14 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.

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’.

In between professional valuations, carrying values are adjusted by the application of indices or through desktop valuations.

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 Price Index Numbers for Current Cost Accounting (PINCCA) 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 or for leased assets, over the life of the lease or the period implicit in the repayment schedule. 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. The Wales Office's own staff costs are expensed to the Statement of Comprehensive Net Expenditure, as are those of agency and contract staff undertaking ongoing roles that might otherwise be filled by civil servants. The costs of external consultants engaged on specific projects are capitalised where they are directly attributable to bringing the asset into working order.

1.6 Intangible Assets

The Wales Office does not have any intangible assets

1.7 Leases

Finance leases

The Wales Office does not have any finance 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.

1.8 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.

1.9 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 and are non-contributory except in respect of dependants' benefits. 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 1.8% (2012-13: 2.35%) in real terms if material.

1.10 Operating income

Operating income includes both income earned by the Department and income that is surrendered on receipt to the Consolidated Fund as Extra Receipts.

1.11 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.

1.12 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.

1.13 Non-cash costs

Audit Fees

Non-cash costs represent the National Audit Office's (NAO) fee for the audit of the financial statements.

1.14 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 2.2%; by comparison 2012-13 rates were 2.2%.

1.15 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.

1.16 Financial instruments

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 – financial assets

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.

1.17 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.

1.18 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.

Provision for Liabilities and Charges

The provisions for liabilities and charges reported at note 13 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.

1.19 Impending application of newly issued accounting standards not yet effective

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

IFRS 9 – Financial Instruments (effective from accounting periods beginning on or after 2015 (as per exposure draft issued 4 August 2011- not yet EU adopted). This standard has three phases; Phase 1, classification and measurement issues; Phase 2 how impairments of financial assets should be calculated and recorded and Phase 3 addresses hedge accounting. HM Treasury will review the impact of this IAS on government departments when a final IAS has been issued.

IFRS 13 – Fair Value Measurement (effective from 1 January 2013). This standard has been prepared to provide consistent guidance on fair values measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 states otherwise). The application of IFRS 13 is subject to further review by HM Treasury.

IAS 18 Replacement – Revenue Recognition and Liabilities Recognition (effective no later than 1 January 2015 as per Exposure Draft). This standard was reissued in November 2011, the Exposure Draft sought to develop a single conceptual model, and general principles, for determining when revenue should be recognised in the financial statements – replacing IAS 18 and IAS 11. HM Treasury will consider the full impact of this IFRS when it has been issued.

The above standards to be adopted are not expected to have a material impact on the Wales Office.

2. Staff numbers and related costs

2.1 Staff Numbers and Related Costs

					31 March 2014	31 March 2013
	Permanently Employed Staff	Others	Ministers	Special Advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	1,917	159	68	52	2,196	2,471
Social security costs	177	-	7	4	188	193
Other pension costs	368	-	-	9	377	392
Sub Total	2,462	159	75	65	2,761	3,056
Less recoveries in respect of outward secondments	-	-	-	-	-	-
Total Net Costs	2,462	159	75	65	2,761	3,056
Of which:						
Charged to Admin Costs	2,462	159	75	65	2,761	3,056
Charged to Programme Costs	-	-	-	-	-	-
	2,462	159	75	65	2,761	3,056

Of the above amounts the amounts attributable to the Commission on Devolution in Wales are:-

Wages and salaries	212	2	-	-	214	156
Social security costs	22	-	-	-	22	18
Other pension costs	42	-	-	-	42	30
Sub Total	276	2	-	-	278	204
Less recoveries in respect of outward secondments	-	-	-	-	-	-
Total Net Costs	276	2	-	-	278	204

The notes on pages 70 to 91 form part of these accounts

2.2 Average number of staff employed at the Wales Office

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

	<u>31 March 2014</u>	<u>31 March 2013</u>
Core Department		
Permanent staff	46.0	52.0
Others	4.0	1.0
Ministers	2.0	2.0
Special Advisers	1.0	1.0
Total	<u>53.0</u>	<u>56.0</u>
Core Department Total	<u>53.0</u>	<u>56.0</u>

The average number of staff in post as at 31st March 2014 includes fourteen staff who were on loan from other Government departments including the Welsh Assembly Government. In addition, four additional staff were on funded loan to the Commission on Devolution in Wales.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Wales Office is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation of the scheme was carried out on 31 March 2007 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservice-pensions.gov.uk

For 2013-14, employers' pension contributions of £377k (2012-13: £392k) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% (2012-13: 16.7% to 24.3%) 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 (2012-13: £0) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3.0% to 12.5% (2012-13: 3.0% to 12.5%) 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 cost of 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 date were £0 (2012-13:£0)

There were no retirements during 2013-14 (2012-13: Nil) on the grounds of ill health.

The notes on pages 70 to 91 form part of these accounts

3. Other Administration Costs

	31 March 2014	31 March 2013
Note	£000	£000
Accommodation, maintenance and utilities	518	867
Communications, office supplies and services	51	76
Rentals under operating leases: land and buildings	175	234
Rentals under operating leases: other (plant, machinery, vehicles etc)	123	137
Service concession charges: Other	17	28
IT services & telecommunications (non-service concession arrangements)	65	128
Other contracted out services	17	24
Transcript fees	-	2
Professional services	58	61
Travel and subsistence	200	317
Training and other staff related costs	36	20
Bank fees and charges	2	2
Research and development expenditure	29	67
Other administration expenditure	89	82
Allocation of overheads	146	146
Non-cash items		
Depreciation	99	82
Auditors' remuneration and expenses	29	26
TOTAL	1,654	2,299

Of the above amounts the amounts attributable to the Commission on Devolution in Wales are:-

Accommodation, maintenance and utilities	28	157
Communications, office supplies and services	2	-
Rentals under operating leases: land and buildings	69	50
IT services & telecommunications (non-service concession arrangements)	1	1
Transcript fees	-	2
Travel and subsistence	46	29
Training and other staff related costs	7	12
Research and development expenditure	29	67
Other administration expenditure	53	40
TOTAL	235	358

This note relates to the expenditure of the Wales Office. The total will normally be consistent with the costs included in the Administration costs in the Statement of Parliamentary Supply. Differences may arise due to the treatment of provisions

The notes on pages 70 to 91 form part of these accounts

4. Programme Costs

	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>£000</u>	<u>£000</u>
<i>Programme Costs – Wales Office</i>		
Lord Lieutenants' expenses	43	57
Funding of the National Assembly for Wales	13,482,462	12,786,547
Total Programme Costs	<u>13,482,505</u>	<u>12,786,604</u>

5. Income

	<u>31 March 2014</u>	<u>31 March 2013</u>
Note	<u>£000</u>	<u>£000</u>
Income		
Rental income	30	9
Total Income	<u>30</u>	<u>9</u>
Payable to Consolidated Fund		
Excess Income	-	-
Forfeited Assembly Election Deposits	1	-
Total payable to Consolidated Fund	<u>1</u>	<u>-</u>
Grand Total	<u>31</u>	<u>9</u>
Of which		
Administration income	31	9
Total	<u>31</u>	<u>9</u>

The notes on pages 70 to 91 form part of these accounts

6. Property, Plant and Equipment

	Land	Buildings	Plant & Equipment	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
2013-14						
Cost or valuation						
At 1 April 2013	2,560	1,512	152	237	-	4,461
Additions	-	-	-	19	545	564
Revaluations	204	178	5	3	-	390
Reclassifications	-	-	-	-	-	-
Restatements	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 March 2014	2,764	1,690	157	259	545	5,415
Depreciation						
At 1 April 2013	-	(272)	(105)	(90)	-	(467)
Charged in year	-	(57)	(26)	(16)	-	(99)
Revaluations	-	-	(4)	(1)	-	(5)
Reclassifications	-	-	-	-	-	-
Restatements	-	-	-	-	-	-
At 31 March 2014	-	(329)	(135)	(107)	-	(571)
Net book value at 31 March 2014	2,764	1,361	22	152	545	4,844
Net book value at 1 April 2013	2,560	1,240	47	147	-	3,994
Asset financing:						
Owned	2,764	1,361	22	152	545	4,844

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 31 March 2013. In between professional valuations all property, plant and equipment are valued using indices.

The notes on pages 70 to 91 form part of these accounts

6.a Property, Plant and Equipment *(continued)*

	<u>Land</u>	<u>Buildings</u>	<u>Plant & Equipment</u>	<u>Furniture & Fittings</u>	<u>Payments on Account & Assets under Construction</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
2012-13						
Cost or valuation						
At 1 April 2012	2,584	1,176	140	80	67	4,047
Additions	-	-	9	156	151	316
Revaluations	(24)	118	3	1	-	98
Reclassifications	-	218	-	-	(218)	-
Restatements	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 March 2013	<u>2,560</u>	<u>1,512</u>	<u>152</u>	<u>237</u>	<u>-</u>	<u>4,461</u>
Depreciation						
At 1 April 2012	-	(228)	(74)	(80)	-	(382)
Charged in year	-	(44)	(29)	(9)	-	(82)
Revaluations	-	-	(2)	(1)	-	(3)
Reclassifications	-	-	-	-	-	-
Restatements	-	-	-	-	-	-
At 31 March 2013	<u>-</u>	<u>(272)</u>	<u>(105)</u>	<u>(90)</u>	<u>-</u>	<u>(467)</u>
Net book value at 31 March 2013	<u>2,560</u>	<u>1,240</u>	<u>47</u>	<u>147</u>	<u>-</u>	<u>3,994</u>
Net book value at 1 April 2012	<u>2,584</u>	<u>948</u>	<u>66</u>	<u>-</u>	<u>67</u>	<u>3,665</u>
Asset financing:						
Owned	<u>2,560</u>	<u>1,240</u>	<u>47</u>	<u>147</u>	<u>-</u>	<u>3,994</u>

The notes on pages 70 to 91 form part of these accounts

7. Capital and other Commitments

The Wales Office has Capital expenditure contracted for at the end of the reporting period but not yet incurred of £118,000. This commitment relates to capital expenditure on the Wales Office London accommodation.

7.1 Commitments under Leases

7.2 Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>Core Department</u>	<u>Core Department</u>
	<u>£000</u>	<u>£000</u>
Obligations under operating leases comprise:		
Land & Buildings:		
Not later than one year	6	130
Later than one year but not later than five years	360	366
Later than five years	272	362
Total	<u>638</u>	<u>858</u>
Other:		
Not later than one year	53	88
Later than one year but not later than five years	-	53
Later than five years	-	-
Total	<u>53</u>	<u>141</u>
Grand Total	<u>691</u>	<u>999</u>

The land and buildings lease relates to lease accommodation for the Wales Office in Cardiff. In 2012-13, the Department entered into two separate leases for different floors in the Cardiff accommodation one for the Wales Office and the second for the Commission on Devolution.

In 2014-15, the Wales Office has entered a peppercorn rent period for the lease and following the completion of their review the Commission on Devolution will exit their lease in the first quarter of 2014-15.

The other leases are for office equipment and lease of a Ministerial car.

The notes on pages 70 to 91 form part of these accounts

8. Financial Instruments

8.1 Categories of Financial Instruments

	Note	31 March 2014 £'000	31 March 2013 £'000
Financial Assets			
Cash	9	181	389
<i>Loans and Receivables < 1yr</i>			
Other receivables (gross)	11.1	17	32
National Loans Fund – capital	11.1	67	59
<i>Loans and Receivables > 1yr</i>			
National Loans Fund	10	11,487	11,554
Carrying amount of Financial Assets		11,752	12,034
Financial Liabilities			
<i>Financial Liabilities at amortised cost</i>			
National Loans Fund – capital	12.1	(11,554)	(11,613)
Carrying amount of Financial Liabilities		(11,554)	(11,613)

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 exposed to little credit, liquidity or market risk.

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.

The notes on pages 70 to 91 form part of these accounts

9. Cash and cash equivalents

	<u>31 March 2014</u>	<u>31 March 2013</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 April 2013	389	232
Net change in cash and cash equivalents	(208)	157
Balance at 31 March	<u>181</u>	<u>389</u>
The following balances were held at:		
Government Banking Service	180	388
Commercial banks and cash in hand	1	1
Total	<u>181</u>	<u>389</u>

The notes on pages 70 to 91 form part of these accounts

10. Investments

	<u>31 March 2014</u>
	<u>Loans funded from National Loans Fund</u>
	<u>£000</u>
Balance at 31 March 2013	11,554
Transfers	(67)
Balance at 31 March 2014	<u>11,487</u>

The notes on pages 70 to 91 form part of these accounts

11. Trade Receivables and other current assets

11.1 Analysis by type

	Note	31 March 2014 £000	31 March 2013 £000
Amounts falling due within one year:			
Trade receivables		-	-
VAT receivables		-	22
Deposits and advances		5	3
Other receivables		12	7
Prepayments (non PFI) and accrued income		11	-
Current part of NLF loan – interest receivable		131	132
Current part of NLF loan – capital		67	59
Total receivables		226	223
	Note	31 March 2014 £000	31 March 2013 £000
Amounts falling due after more than one year:			
Deposits and advances		4	13
Prepayments and accrued income		25	-
Total receivables		29	13

11.2 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Balances with other central government bodies	210	219	-	-
<i>Subtotal: intra-government balances</i>	210	219	-	-
Balances with bodies external to government	16	4	29	13
Total receivables	226	223	29	13

The notes on pages 70 to 91 form part of these accounts

12. Trade Payables and other current liabilities

12.1 Analysis by type

	Note	31 March 2014 £000	31 March 2013 £000
Amounts falling due within one year:			
VAT		2	-
Other taxation and social security		58	66
Trade payables		385	50
Other payables		40	79
Accruals		766	522
Current part of NLF loan – capital		67	59
Current part of NLF loan – interest payable		131	132
Amounts issued from the Consolidated Fund for supply but not spent at year end		181	389
Total payables		1,630	1,297

	Note	31 March 2014 £000	31 March 2013 £000
Amounts falling due after more than one year:			
NLF loans	10	11,487	11,554
Total payables		11,487	11,554

12.2 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Balances with other central government bodies	759	1,121	11,487	11,554
Balances with local authorities	5	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	2	1	-	-
<i>Subtotal: intra-government balances</i>	766	1,122	11,487	11,554
Balances with bodies external to government	864	175	-	-
Total payables	1,630	1,297	11,487	11,554

The notes on pages 70 to 91 form part of these accounts

13. Provisions for Liabilities and Charges

	Early Retirement Costs	Total
	£000	£000
Balance as at 1 April 2012	109	109
Provided in year	-	-
Provisions not required written back	-	-
Provisions utilised in year	(20)	(20)
Unwinding of discount	-	-
Balance as at 1 April 2013	89	89
Provided in year	-	-
Provisions not required written back	-	-
Provisions utilised in year	(21)	(21)
Unwinding of discount	-	-
Balance as at 31 March 2014	68	68

Early Retirement Costs are the sums payable to former members of staff when they are granted early retirement from the civil service. These amounts are made in either monthly payments up until they reach 60 years of age, lump sums or a combination of the two. Our Pension Provider (MyCSP) estimates the amounts that should be payable to these individuals and provision for these amounts is made in our accounts.

13.1 Analysis of expected timing of discounted flows

	Early Retirement 2013-14	Early Retirement 2012-13
	£000	£000
Not later than one year	21	20
Later than one year and not later than five years	47	69
Later than five years	-	-
Balance as at 31 March 2014	68	89

The notes on pages 70 to 91 form part of these accounts

14. Contingent Liabilities disclosed under IAS 37

The Wales Office does not have any contingent liabilities

15. 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.

There are no other related party transactions to report.

16. 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 After the reporting Period' required to be disclosed.

Public Expenditure Core Financial Tables

TABLE 1

The Welsh Block 2009-10 to 2015-16

	2009-10 outturn £'000	2010-11 outturn £'000	2011-12 outturn £'000	2012-13 outturn £'000	2013-14 outturn £'000	2014-15 plans £'000	2015-16 plans £'000
Wales Office ⁽¹⁾⁽²⁾							
Wales Office Resource ⁽³⁾	5,567	5,074	5,099	5,501	4,385	4,849	4,347
Wales Office Administration Costs	42	43	34	57	43	60	60
Wales Office – other ⁽³⁾	5,609	5,117	5,133	5,558	4,428	4,909	4,407
Wales Office Capital	0	130	185	319	564	25	25
Wales Office Resource + Capital DEL ⁽³⁾	5,609	5,247	5,318	5,877	4,992	4,934	4,432
<i>less depreciation & impairments</i>	-61	-227	-70	-72	-99	-130	-70
Wales Office DEL ⁽⁴⁾	5,548	5,020	5,248	5,805	4,893	4,804	4,362

(1) Totals may not sum due to roundings.

(2) Includes Budgetary Changes as a result of Clear Line of Sight.

(3) Including depreciation & impairments.

(4) Resource + capital – depreciation & impairments.

(5) 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.

TABLE 1B

Welsh Government DEL and Total Welsh Block

	2009-10 outturn £'000	2010-11 outturn £'000	2011-12 outturn £'000	2012-13 outturn £'000	2013-14 estimated outturn £'000	2014-15 plans £'000	2015-16 plans £'000
Welsh Government ⁽¹⁾⁽²⁾⁽⁷⁾⁽⁸⁾							
Welsh Government Resource ⁽³⁾	13,752,801	14,021,910	13,902,986	13,892,880	14,474,150	14,220,895	14,309,391
Welsh Government Capital	1,931,711	1,751,150	1,385,694	1,361,724	1,318,453	1,455,087	1,505,381
Welsh Government DEL ⁽³⁾⁽⁷⁾	15,684,512	15,773,060	15,288,680	15,254,604	15,792,603	15,675,982	15,814,772
<i>less depreciation & impairments</i>	-464,079	-407,253	-427,664	-511,778	-759,545	-506,394	-626,499
Welsh Government DEL ⁽⁴⁾⁽⁷⁾	15,220,433	15,365,807	14,861,016	14,742,826	15,033,058	15,169,588	15,188,273
Wales Office DEL ⁽⁴⁾	5,548	5,020	5,248	5,805	4,893	4,804	4,362
Total Welsh Block ⁽⁴⁾⁽⁵⁾⁽⁶⁾	15,225,981	15,370,827	14,866,264	14,748,631	15,037,951	15,174,392	15,192,635

(1) Totals may not sum due to roundings.

(2) Includes Budgetary Changes as a result of Clear Line of Sight.

(3) Including depreciation & impairments.

(4) Resource + capital – depreciation & impairments.

(5) 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.

(6) Wales Office DEL + Welsh Government DEL net of depreciation and impairments.

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

(8) Welsh Government outturn for 2012-13 is provided on a provisional basis pending completion of the audit of their accounts.

TABLE 2

Changes to Welsh Government Departmental Expenditure Limit for 2011-12 to 2015-16 since publication of 2012-13 Report & Accounts

	2011-12 £m Outturn	2012-13 £m Outturn	2013-14 £m Estimated Outturn	2014-15 £m Plans	2015-16 £m Plans
Capital DEL plus Resource DEL: June 2013	15,288.680	15,294.892	15,491.798	15,627.707	0.000
Interdepartmental transfers					
from DfE: Teacher Training	0.000	0.000	0.168	0.168	0.000
from DCMS: Next Generation Broadband	0.000	0.000	21.955	0.000	0.000
from MOJ: Administrative Justice Tribunal Council	0.000	0.000	0.042	0.100	0.058
from DWP: Council Tax Benefit Admin	0.000	0.000	0.000	5.200	0.000
from DECC: Fuel Poverty to Dept Health: National Institute for Biological Science & Control	0.000	0.000	0.000	0.000	-0.609
Spending Policy					
2013 Spending Round outcome	0.000	0.000	0.000	0.000	15,722.514
Budget Exchange	0.000	0.000	85.638	0.000	0.000
Student Loan Impairment	0.000	0.000	326.450	0.000	0.000
Barnett Consequentials					
Autumn Statement 2013	0.000	0.000	0.575	21.877	77.370
Budget 2014	0.000	0.000	0.000	20.930	15.439
Departmental outturn (underspend compared to final plans)					
Provisional Outturn 2012-13	0.000	-11.605	0.000	0.000	0.000
Final Outturn 2012-13	0.000	-28.683	0.000	0.000	0.000
Estimated Outturn 2013-14	0.000	0.000	-141.815	0.000	0.000
Subtotal	0.000	-40.288	300.805	48.275	15,814.772
Capital DEL plus Resource DEL: June 2014	15,288.680	15,254.604	15,792.603	15,675.982	15,814.772

(1) Totals may not sum due to roundings.

TABLE 3**Cash grant paid to the Welsh Consolidated Fund 2012-13:
Provision and Final Outturn**

	Original Provision £'000	Final Provision £'000	Final Outturn £'000
Expenditure Classified as DEL ⁽¹⁾	15,076,759	15,200,719	15,015,495
Expenditure Classified as AME	405,773	497,722	417,758
Total Managed Expenditure	15,482,532	15,698,441	15,433,253
<i>Less:</i>			
<i>Non Voted expenditure:</i>			
LA Credit Approvals	107,299	107,299	107,299
Other Non-Voted	6,078	6,078	6,078
Resource Non Cash	472,999	496,349	426,123
AME Non-cash	221,714	327,520	221,653
TOTAL NON VOTED TME	808,090	937,246	761,153
TOTAL VOTED TME	14,674,442	14,761,195	14,672,100
Voted receipts			
	-886,492	-941,907	-941,907
NDR Receipts	-944,000	-1,003,000	-1,003,000
Total	-1,830,492	-1,944,907	-1,944,907
Change in balance of Welsh Consolidation Fund & movements in working capital	535	44,535	59,354
Cash grant paid to Welsh Consolidated Fund	12,844,485	12,860,823	12,786,547

Totals may not sum due to roundings.

(1) Resource and capital DEL including depreciation.

TABLE 4**Cash grant paid to the Welsh Consolidated Fund 2013-14:
Provision and Estimated Outturn**

	Original Provision £'000	Final Provision £'000	Estimated Outturn £'000
Expenditure Classified as DEL	15,491,805	15,934,418	15,792,603
Expenditure Classified as AME	317,132	402,883	304,012
Total Managed Expenditure	15,808,937	16,337,301	16,096,615
Less:			
<i>Non Voted expenditure:</i>			
LA Credit Approvals	88,800	88,800	88,800
Other Non-Voted	6,078	6,078	6,078
Resource Ringfenced Non Cash	482,341	809,944	759,545
AME Non-cash	102,146	180,303	133,322
TOTAL NON VOTED TME	679,365	1,085,125	987,745
 TOTAL VOTED TME	 15,129,572	 15,252,176	 15,108,870
Voted receipts	-996,549	-947,696	-947,696
NDR Receipts	-944,000	-1,020,000	-1,020,000
Total	-1,940,549	-1,967,696	-1,967,696
 Timing Adjustments	 325	 198,075	 341,188
Use of Provisions	100	100	100
 TOTAL GRANT TO WELSH CONSOLIDATED FUND	 13,189,448	 13,482,655	 13,482,462

TABLE 5**Cash grant paid to the Welsh Consolidated Fund 2014-15: Provision**

	Original Provision £'000
Expenditure Classified as DEL	15,675,982
Expenditure Classified as AME	443,069
Total Managed Expenditure	16,119,051
Less:	
<i>Non Voted expenditure:</i>	
LA Credit Approvals	88,800
Other Non-Voted	6,078
Resource Ringfenced Non Cash	506,394
AME Non-cash	153,259
TOTAL NON VOTED TME	754,531
TOTAL VOTED TME	15,364,520
Voted receipts	
Contributions from the National Insurance Fund	-946,932
NDR Receipts	-1,041,000
TOTAL	-1,987,932
Timing Adjustments	
Increase / Decrease in Receivables & Payables	270
Use of Provisions	
TOTAL GRANT TO WELSH CONSOLIDATED FUND	13,376,858

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