



Wales Office
Swyddfa Cymru

Wales Office

**Annual Report and
Accounts 2016-17**



Wales Office Swyddfa Cymru

Annual Report and Accounts 2016-17

(For the year ended 31 March 2017)

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1 The Performance Report

Ministerial Foreword

This year has been one of the most eventful and significant in the UK's political history. As the negotiations for our departure from the EU begin we do not underestimate the scale of the challenge ahead, but we must also look forward to the opportunities leaving the EU presents.

We will deliver a Brexit deal that works for all parts of the UK, including Wales, and build a stronger, fairer country by strengthening our economy, tackling injustice and promoting opportunity and aspiration.

As we leave the EU the Union of the UK, and the work of the UK Government in Wales, becomes more important than ever. I am delighted that the Prime Minister has asked me to continue my work as the Secretary of State for Wales – to be the voice of the UK Government in Wales, and the voice of Wales in Whitehall. I would like to thank the whole of the Wales Office team for continuing to rise to the challenge of delivering on our priorities for the people of Wales.

We have an opportunity to shape a brighter future for Britain, and here in Wales we have a great platform to build on. Since 2010 we have seen the fastest growth outside of London, and during the year we have seen record levels of employment in Wales.

Wales continues to excel as a centre for research, innovation, skilled manufacturing and technology. Throughout the year we have welcomed numerous investments to Wales, including a multi-million pound defence contract for Qioptic in North Wales; an investment by Aston Martin in a new manufacturing facility in South Wales; and earlier this year, the F35 fighter jet global centre of excellence came to Flintshire, creating thousands of jobs and pumping billions into the local economy. We will continue to support all industry in Wales, and I remain absolutely committed to a sustainable future for steel in Port Talbot.

Nevertheless, while many people, places and businesses are flourishing, opportunities and growth are still spread unevenly across the country. That is why we launched a consultation on our new, UK-wide, modern industrial strategy which is a critical part of our plan to deliver a stronger economy and a fairer society – where opportunity is spread across every part of our United Kingdom.

Alongside the rest of the country, Wales now faces a new world of opportunity as we begin our negotiations to exit the EU, strengthen our relationships with current trading partners and forge relationships with new countries around the globe. I will ensure that Welsh businesses have full access to the support and funding provided through the UK Government's Department for International Trade.

The last year has also seen significant UK Government investment in Wales, including investment in broadband, work to improve mobile coverage, and a City Deal for Swansea Bay which is expected to create more than 9,000 jobs and trigger almost £1.3 billion in investment. I will also continue to work on the implementation of the Cardiff City Deal, as well as looking toward negotiations over the North Wales Growth Deal, ensuring that we maximise our links to the Northern Powerhouse.

We have also delivered a significant constitutional change to the devolution settlement as the Wales Act 2017 received Royal Assent earlier this year. This Act delivers a stronger, fairer, more accountable devolution settlement for Wales, with a new needs based funding settlement giving long-term financial security for Wales.

Many of these achievements have only been possible due to the positive relationship between UK and Welsh Government ministers. At this momentous time, it is more important than ever that we face the future together as a united nation. As the Prime Minister said at the Downing Street St David's Day reception this year, "we are one United Kingdom – England, Scotland, Northern Ireland and Wales. And we will succeed as one United Kingdom."

The strength of our commitment to Wales is seen through our determination to deliver more jobs for working people, more investment in Welsh infrastructure and a fair funding deal for the people of Wales. Looking ahead, our commitment to deliver a Shared Prosperity Fund will reduce inequalities between communities throughout the UK and is a clear demonstration of the UK working as one Union. We will also scrap the tolls for all vehicles using the Severn Crossings. This will strengthen the valuable partnership between the south west and south Wales, bringing businesses and communities closer together and supporting the Union.

There is no denying that we are living through an important moment in our country's history, but I firmly believe that the year ahead will provide many exciting opportunities for Wales and for the rest of the UK to flourish.

Rt Hon. Alun Cairns MP
Secretary of State for Wales

Director's Introduction

2016-17 was a year few of us will forget. Had someone told me at the outset that the Wales Bill would not be the biggest thing the Wales Office would deal with, I would have been sceptical to say the least. There is no disputing the significance of the Bill nor the fiscal framework that was agreed alongside it, and I am extremely proud of the way the Wales Office led the work. But I am even prouder of the way we responded to the events of 23 June 2016. We were quick to engage with external partners to listen to their views about the issues and priorities for Wales as the UK exits the EU, and we have maintained that dialogue ever since. We were similarly quick to ensure that we were party to all the key discussions and strands of work across Whitehall. This approach of exercising influence within Whitehall and at the same time reaching out to organisations across Wales also helped us conclude the Swansea Bay Region City Deal and shape the development of the UK Government's Industrial Strategy so that it will be one for the whole of the UK.

There has never been a more important time for the Wales Office to be a strong voice within Westminster and a visible presence in Wales. That is precisely what we will be.

Glynne Jones
Director

Departmental Overview

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

The Wales Office supports the Secretary of State for Wales in promoting the best interests of Wales within a strong United Kingdom. We are the face of the UK Government in Wales and the voice of Wales in Whitehall. Our primary and on-going goal is to support the Union of the United Kingdom.

Linked to this key objective is a more immediate goal, which is to ensure that the UK, including Wales, is in the strongest possible position on exiting the European Union. Our three key objectives to support these priorities are:

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

Ensure UK has a trade and foreign investment policy that delivers for Wales. Work with Department of International Trade (DIT), the Welsh Government and other key stakeholders to promote Wales and Welsh business to the world

The Wales Office has forged strong links with DIT to ensure that Welsh businesses are aware of and benefit from the UK Government work to promote British trade across the world.

In December, the Secretary of State for Wales welcomed the Secretary of State for Department for International Trade to Cardiff. They hosted a roundtable with businesses to discuss the future of trade policy for the UK. Officials from the Wales Office and DIT have continued this conversation with business, ensuring that Wales's voice is heard as policy is developed in this area.

In March 2017 the DIT and the Wales Office jointly hosted the Wales Business Export Summit in Cardiff to highlight the support and advice available to businesses across Wales looking to export. The event successfully demonstrated the shared priority of the UK and Welsh Governments in boosting exports from Wales.

We have also worked with the DIT and the Welsh Government to ensure that Wales was well represented at the Qatar-UK Business and Investment Forum held in Birmingham, where Wales's expertise was showcased by companies including Aston Martin, Airbus, Excelerate and Swansea University.

Deliver UK Government infrastructure investment

The Government has a strong record in delivering investment in our railway infrastructure and Wales Office Ministers and officials have played an important role in pushing for improvements to rail connectivity in both North and South Wales. In September the Parliamentary Under-Secretary gave a keynote speech

to the Policy Forum for Wales in which he highlighted the UK Government's significant contribution to transport infrastructure investment in Wales. Wales Office officials are also supporting the North Wales Mersey Dee Rail Task Force to develop proposals for investment in North Wales's rail infrastructure.

Wales Office officials continued to work closely with colleagues at the Department for Transport and Welsh Government officials to facilitate their ongoing procurement process and finalise the arrangements for the devolution of the Wales and Borders franchise. This will include agreement on the terms of an agency agreement and completion of the transfer of franchising functions by the end of this year.

In January the Secretary of State and the Roads Minister launched a joint consultation on the Government's plans for the future of the Severn River Crossings. Once the Crossings return to public ownership the Government plans to abolish the higher price toll category for vans and small buses, and halve the tolls for all vehicles using them. A reduction to the tolls has been a key demand from businesses on both sides of the Severn for many years and the Secretary of State's announcement was received favourably.

In March the Secretary of State welcomed the announcement that Port Talbot was the preferred location for one of the newest additions to the UK's prison estate, and highlighted the economic opportunities that it will bring to the local community, just as the local economy in North Wales had benefitted to the tune of £23m from the construction of HMP Berwyn in Wrexham, which began receiving its first prisoners in February.

The Secretary of State has worked together with Greg Clark and other Ministers towards retaining a sustainable steel making industry in Wales. On 19 January he convened an important meeting with leaders of the main unions at the key Tata sites in Wales. Following this meeting the unions recommended to their members that they should vote in favour of Tata's revised pensions offer. The Secretary of State and the Wales Office continue to engage with all partners in pursuit of a successful outcome on pensions and the wider issue of the future of steel production

Maximising the contribution that Wales can make to meeting the UK's energy needs is a key priority for the Wales Office. Progress continues towards new nuclear at Wylfa Newydd on Anglesey. Ministers visited the site in February to see the progress that is being made and discuss the benefits it could bring to the local community and wider economy.

Green energy provides opportunities for Welsh businesses, which Ministers saw first-hand when they visited Orthios Eco Park in March. We remain committed to considering the role tidal lagoon energy in Wales could play in the UK's energy mix, and the Wales Office has taken every opportunity to highlight the benefits such a scheme could bring. A number of key projects such as Glyn Rhonwy Pumped Storage and the Brechfa Forest connection project have also seen consents granted this year.

Traditional energy sources such as Oil and Gas are equally important to Wales and Ministers have met with companies such as Valero and visited Milford Haven Port to see the plans for infrastructure development here that will be part of the Swansea City Deal.

In January the Wales Office hosted a meeting of key partners to consider the potential of a joined up third crossing of the Menai Strait. Whilst it is essential that any project delivers value for money for tax payers and does not negatively impact the progress of Wylfa Newydd or the North Wales Connection Project we are keen that this option is fully explored.

Ensuring people across the whole of Wales can access strong mobile phone coverage is a priority for the UK Government. The Wales Office and Ofcom hosted a mobile summit on the 12 January to discuss how to improve mobile phone coverage in Wales. The principal aim of the summit was to discuss the improvements being made to mobile connectivity in Wales in 2017, and how mobile operators, UK Government and the Welsh Government can best work together to address the significant challenges in delivering further coverage improvements in Wales.

The Wales Office is committed to the further roll out of superfast broadband in Wales. To this end the UK Government is working with the Welsh Government to deliver new infrastructure and this has been backed up with £69m of UKG funding. This has resulted in over 620,000 Welsh homes and businesses now having access to superfast broadband. By the end of 2017 an additional 110,000 premises are expected to benefit from these investment which would bring superfast coverage to almost 97% of premises in Wales.

Ensure UK economic policy works for Wales.

The Wales Office has continued to grow its engagement with stakeholders from across Wales to ensure that UK economic policy works for Wales. We have hosted a number of events, both with Ministers and at official level over the year. Our engagement has considered the views of different stakeholders, from a range of different sectors across the whole of Wales. We have been ensuring that these views are understood across a variety of UK Government Departments.

Wales Office Ministers also undertook a comprehensive visits programme to see first-hand how businesses in Wales were working hard to increase productivity, create jobs and support wider economic growth.

The Wales Office has been working closely with the Department for Business, Energy and Industrial Strategy (BEIS) to ensure that the needs of Wales are properly reflected in the UK Government's Industrial Strategy. This has included working with BEIS as it has developed policy, and ensuring joint working with the Welsh Government on issues that are of interest to both Governments.

The Wales Office has also facilitated direct engagement with stakeholders in Wales. We have hosted roundtables for both Ministers and senior officials with Welsh businesses and supported the BEIS to host a successful Industrial Strategy

Starburst in Wales. This has ensured that the voice of Wales and the views of different stakeholders from a range of different sectors of the economy is heard across Government as these policies are developed.

Additionally, the Wales Office has worked closely with HM Treasury and the Department for Education to ensure that Wales received its fair share of the funding from the Apprenticeship Levy.

We have also worked with the Cities and Local Growth Unit to ensure that cross-Whitehall policies which support local economic growth deliver for Wales.

We successfully reached agreement with the Welsh Government and local partners on a city deal for the Swansea Bay Region which will bring £1.3bn of investment to the area. This includes £115.6m of UK Government funding, and will help fund investments in new digital infrastructure for the region, innovation and research support for key local industries and support to develop new businesses and products.

The Wales Office has continued to support Cardiff Capital Region as they develop the assurance framework and implementation plan for the Cardiff City deal. This enabled the Cardiff Capital Region to move out of shadow form on 1 March 2017, enabling them to draw down the first tranche of funding and begin to implement their plans for the region.

Following the announcement at Budget 2016 that the door was open to a growth deal for North Wales, Wales Office have continued to work with local partners as they develop their vision for the region and proposals for government. Good progress has been made and we look forward to considering the proposals that come forward.

The Wales Office has also ensured that North Wales is considered part of the Northern Powerhouse. The economies of North East Wales and North West England are inextricably linked, and it is important that administrative borders do not hinder growth for the region.

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

Implement an effective stakeholder engagement strategy on EU exit

As part of the Prime Minister’s commitment to work to deliver a deal that benefits all parts of the UK, Wales Office Ministers have travelled the length and breadth of Wales to discuss the impact of EU exit. Ministers have also chaired a number of round tables specifically on EU exit with representatives of a diverse range of sectors in Wales, including agriculture, business, creative industries, pharmaceuticals, life sciences and energy, with more to follow in the coming months. The outcomes from all these meetings will help contribute to the UK Government’s thinking as we negotiate our exit from the EU.

The Government has also been engaging with the Welsh Government about our exit from the EU and the Wales Office has been an integral part of those discussions. Wales Office Ministers attend Joint Ministerial Committee meetings and the Secretary of State attends the EU Exit and Trade Cabinet Committee to represent the views of Wales. Wales Office Ministers and officials have also been part of the intensification of engagement committed to by the Prime Minister in January in the lead up to and beyond the triggering of Article 50. Since the referendum in June, Ministers from DExEU have visited Wales on a number of occasions and the Prime Minister has visited Wales five times in the same period. On each occasion, the Wales Office played an important role in ensuring these visits were a success.

In its role as Wales's voice in Westminster, the Wales Office has been working to ensure Wales's interests are represented in cross-Government discussions on the UK's exit from the EU. In particular, recognising that Wales has historically been in receipt of significant European Structural and Investment Funds, the Wales Office continues to work with colleagues across Whitehall to consider future arrangements after we leave the EU.

Support Welsh cultural interests in Wales and the UK

The importance of broadcasting to the cultural interest of Wales was highlighted this year with the publication of a new BBC Charter. Wales Office worked closely with other departments to ensure the needs of Wales were fully considered resulting in significant improvements for Welsh Viewers. For example, there will be new powers for OFCOM to scrutinise performance, clear obligations and measures in relation to serving Welsh audiences, a unitary board member representing Wales and increases in the amount of programme making outside of London. A great opportunity for the independent sector in Wales

We continue to support the crucial role that S4C plays in the Welsh broadcasting landscape and ahead of the upcoming review the Wales Office worked hard to secure additional capital funding for the channel for 2017-18.

Welsh speakers should be able to interact with the Government in their language of choice wherever practical and reasonable. Significant progress has been made this year, not least making changes which allow bilingual meetings of the Welsh Grand Committee when it meets in Westminster. We have also supported a number of Whitehall departments to develop and build on their own Welsh language schemes to improve the services across government for Welsh speakers.

Whilst heritage is a devolved matter the UK Government has a clear role to play. At Autumn Statement 2016, the Chancellor committed £2 million of LIBOR funds to contribute towards relocating the Museum of Military Medicine to Cardiff.

It is important that the UK and Welsh Governments work together on key areas such as tourism, where Wales has much to gain from being part of a wider UK tourist offer. The Wales Office has met with Visit Britain, the Wales

Tourism Alliance and individual businesses to ensure a joined up approach to highlighting Wales as a GREAT destination for domestic and overseas visitor.

The Wales Office has cemented its reputation as champion of the armed forces in the last year. The Secretary of State observed the commemoration of the Battle of the Somme by visiting the site of Mametz Wood where thousands of Welsh soldiers advanced 100 years ago. He attended the South Wales Armed Forces Day in June to acknowledge our servicemen and women's contribution in conflicts throughout history and up to the present day. He also met with Brigadier Richmond, Commander of 160th Infantry Brigade and Army Headquarters Wales, in January to discuss the opportunities and challenges that the Army has in Wales as well as reiterate his commitment to the Armed Forces.

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

Implement the Wales Act 2017

The Wales Bill was introduced into Parliament in June 2016 and was steered through the House of Commons by the Secretary of State and the Parliamentary Under Secretary of State. It completed its Commons stages in September and was introduced in the House of Lords soon after. In the House of Lords, Lord Bourne of Aberystwyth was the lead Minister and the Bill completed its Lords passage in January 2017 with only Government amendments having been made. Of these amendments, many were significant and a result of ongoing discussions between the Wales Office, the Welsh Government and the Assembly Commission. Amendments included:

- The devolution of teachers' pay and conditions;
- The devolution of the Community Infrastructure Levy;
- Provisions to allow for the alignment of the devolution boundary for water with the geographical border of Wales; and
- Provision to enable the removal of the Secretary of State's intervention powers in relation to water following the agreement of a cross-border water protocol.

All Lords amendments were approved by the House of Commons and the Bill received Royal Assent on 31 January, becoming the Wales Act 2017. Throughout the passage of the Bill the Wales Office engaged proactively, through Ministers and officials with the Welsh Government and the Assembly Commission (as noted above); with MPs, AMs and Peers; and with other stakeholders including businesses, third sector organisations, academics and the legal profession. This, along with the agreement of the fiscal framework (see below), helped ensure that the Bill received Assembly support.

Some important provisions in the Act came into force on 31 March, two months after Royal Assent. These include:

- Recognising the permanence of the National Assembly and the Welsh Government;
- The statutory recognition of the convention on legislative consent;
- The provisions enabling the Assembly to change its name;
- Removal of the need for a referendum before a portion of income tax is devolved; and
- An increase in the Welsh Government's overall capital borrowing capacity limit to £1 billion (as committed to in the Fiscal Framework).

Most of the Wales Act's provisions will be brought into force by regulations made by the Secretary of State, including those providing for the reserved powers model of Welsh devolution and many of the further powers being devolved to the Assembly and Welsh Ministers. The Wales Office is working with the Welsh Government, the Assembly Commission and UK Government Departments to determine when the Wales Act's remaining provisions should be brought into force, thereby delivering a clearer, fairer and stronger devolution settlement for Wales.

Fiscal Framework

As noted above, the Wales Act 2017 removes the need for a referendum before a portion of income tax is devolved in Wales. As a consequence, there was a clear need to agree new fiscal arrangements for Wales to take account of the Welsh Rates of Income Tax and the devolved taxes that were added to the devolution settlement by the Wales Act 2014 (stamp duty land tax and landfill tax).

Wales Office Ministers and officials supported discussions between the Chief Secretary to the Treasury and the Welsh Government Finance Secretary that led to the agreement of a historic fiscal framework in December 2016. This agreement means:

- The Assembly will take on responsibility for Welsh Rates of Income Tax (WRIT) from April 2019.
- The funding floor announced in the Autumn of 2015 for this Parliament will become a part of the fiscal arrangements for the Welsh Government for the long term ensuring the Welsh Government will have a fair level of funding, taking into account Welsh tax capacity and treating population change consistently across tax and spending.
- The Welsh Government's overall capital borrowing capacity will be doubled to £1bn. This was included by Government amendment in the Wales Act 2017 and took effect on 31 March 2017 (see above).

Wales Act 2014

The work on the funding floor is closely linked to the Wales Act 2014 and indeed paves the way for the full implementation of the Act. The Wales Office has worked closely with HM Treasury, Her Majesty's Revenue and Customs (HMRC)

and the Welsh Government on implementing the 2014 Act, with the capital borrowing powers coming into effect from January 2017 and the increased overall borrowing limit agreed as part of the fiscal framework discussions being brought into force on 31 March this year. The annual borrowing limit will increase from £125m to £150m from April 2019.

The Wales Office is also part of the project team working on the implementation of WRIT from April 2019.

In December the Secretary of State for Wales published the second report on the progress made to implement the 2014 Act's fiscal provisions. The Wales Act 2014 requires that the Secretary of State and the Welsh Ministers each report annually on progress to Parliament and the Assembly.

Finance and Governance

The delivery of our three policy objectives above 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 £14.036 billion Welsh settlement, the Wales Office allocation for 2016-17 was around £4.7million, 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 (£14.031 billion) was allocated to the grant to the 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 Wales Office 2016-17 budget was set in the 2015 Spending Round. The budget was increased by 2% in real terms in comparison with 2015-16. This increase is in line with the other Territorial Offices.

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

The Department continues to look to share services and expertise with the other Territorial Offices and other Government Departments (including the other Territorial Offices) wherever possible to both drive down costs and improve resilience. To date a shared parliamentary unit has been established with the other Territorial Offices and a shared freedom of information requests (FOI) service with the Northern Ireland Office.

In respect of accommodation, the Department has tenants (the Greater London Lord Lieutenancy) occupying part of the London Office which generates rental income of £51k per annum for the Department and makes the best use of surplus office space.

As a small Department, the Wales Office takes a cost effective and pragmatic approach to the provision of our internal corporate services, maintaining existing Ministry of Justice (MoJ) framework arrangements and contracts in areas such as security, facilities management, IT and financial services. These arrangements and contracts realise significant benefits to the Department in terms of economies of scale and expertise to the Department. 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 1.8.

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;
- gifts given and received by Ministers (and by the Special Advisers);
- Ministerial overseas travel; and
- hospitality received by Ministers and the Special Advisers.

During 2016-17 we dealt with 121 Freedom of Information (FOI) requests as set out below:-

Description	Number
FOI requests received, of which:	121
Responses replied to within 20 working days or within permitted extension	119 (98%)
Internal Review of our response requested	1
Response referred by requestor to the Information Commissioner	0

Our Parliamentary performance over 2016-17 is summarised below:

Target	%
100% of named day questions answered on time	98%
100% of ordinary written questions answered on time	100%

Our performance in handling correspondence during 2016-17 was:

Target	%
100% Correspondence dealt with within 15 days	97%

Accommodation and Capital works

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

In addition, the Department also rents office space (accommodating around 44% 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 Disabilities Act.

Health and Safety

There were no health and safety issues reported during the year.

Sustainable Development

This sustainable development report has been prepared in accordance with 2016–2017 guidelines laid down by HM Treasury in ‘Public Sector Annual Reports: Sustainability Reporting’ published at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/591469/Sustainability_Reporting_Guidance_2016-17.pdf. The focus is on achieving government targets, reducing environmental impact and reducing costs. Priorities include reducing carbon emissions, water consumption and sending waste to landfill.

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

Governance, responsibilities and internal assurance

The Wales Office Departmental Board/regularly monitors the Department’s environmental performance.

Greening Government Commitments

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

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585344/greening-government-commitments-overview-reporting-requirements-2016-2020.pdf

Carbon Reduction Commitment

The Wales Office is committed to reducing its environmental impact by:

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

C02 Emissions Tonnes					
	2012/13	2013/14	2014/15	2015/16	2016/17
Air travel	21.46	19.8	0.63	3.56	5.09
Rail travel	13.73	8.66	10.07	10.12	16.06
Car mileage	2.08	2.15	1.91	0.38	1.21
Gas heating	17.59	16.35	10.76	16.77	18.81
Electricity	33.9	32.35	31.63	26.59	21.82
Waste	0.85	0.83	0.87	0.32	0.18
Total C02 (tonnes)	89.61	80.14	55.87	57.74	63.17
Water Consumption Cubic meters*	361	869	2224	1972	6271

* The consumption of water has increased in 2016-17 due to a water leak which is under investigation by the water company.

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.

Financial Review

In 2016-17 the Wales Office spent £13.5 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 2016-17

At the start of the year the Wales Office was voted £13.860 billion in its Main Estimate. By the final Single Supplementary Estimate, this had increased to £14.036 billion largely due to a £174,987,000 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	4,513	4,722	209	4%

The underspend of £209k against the Estimate is mainly attributable to unused non cash budget and prudent financial management.

Wales Office – Capital

Spending in Department Expenditure Limits		Outturn £000	Estimate £000	(Overspend)/ Under-spend £000	Percentage of estimate %
A	Wales Office	0	30	30	100

The Wales Office had no planned capital expenditure in 2016-17.

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	13,525,626	14,030,920	505,294	3.6

Reconciliation of net resource expenditure between Estimates, budgets and accounts

	2016-17 £000	2015-16 £000
Net Resource Outturn (Estimates)	13,530,115	13,396,515
Adjustments to remove non budget items		
Grants to the Welsh Consolidated Fund	(13,525,626)	(13,392,591)
Other		
Total Resource Budget Outturn	4,489	3,924
Of which		
Departmental Expenditure Limit (DEL)	4,513	3,946
Annually Managed Expenditure Limit (AME)*	(24)	(22)
Adjustments include		
Grants to devolved administrations - Wales	13,525,626	13,392,591
Consolidated Fund Extra Receipts in the OCS		
Net Operating Cost (Accounts)	13,530,115	13,396,515

* AME relates to utilisation of an early retirement provision See Note 11.

Glynne Jones
Accounting Officer

6 July 2017

2 The Accountability Report

Corporate Governance Report

Directors' Report

Wales Office Ministers, Directors and Senior officials

The Ministers, Directors and senior officials of the Wales Office during 2016-17 are shown in the table below:-

Wales Office Ministers/Directors/Senior officials
Rt Hon Alun Cairns MP – Secretary of State for Wales
Guto Bebb MP – Parliamentary Under-Secretary of State for Wales
Lord Bourne of Aberystwyth – Parliamentary Under-Secretary of State for Wales
Isobel Garner – Lead NEBM
Tom Jones – NEBM
Glynne Jones – Director
Geth Williams – Deputy Director, Constitution and Corporate Services
Allan Ross – Deputy Director, Press and Communications
Robin Healey – Deputy Director Policy
Sarah Stoney – Deputy Director Legal* from 24 October 2016
Michael Dynan-Oakley – Deputy Director, Private Office from 22 February 2017
Kate Davies – Deputy Director, Private Office to 31 August 2016

* The Deputy Director Legal is a new post created in this financial year.

The Wales Office had two non-executive board members (NEBM) – Isobel Garner (lead NEBM) and Tom Jones (NEBM). Details of all Wales Office committees and membership are outlined in the “Governance Statement” (page 22).

Security and information assurance

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.

There was one security incident reported during 2016-17. This involved the loss of a laptop encryption token, but with no associated data loss. The incident was fully investigated and appropriate action was taken.

Statement of Accounting Officer's Responsibilities

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

Statement on the disclosure of relevant audit information

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

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses are disclosed at Note 3 to the accounts. During the reporting year no payment was made to the auditors for non-audit work (2015-16: £nil).

I hereby confirm that so far as I am aware, there is no relevant audit information of which the Wales Office's auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the Wales Office's auditors are aware of that information.

I hereby confirm that the annual report and accounts as a whole are fair, balanced and understandable, and that I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

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 Consolidated Fund 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 as the 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.

Wales Office Departmental Board

The Wales Office Departmental Board was established in September 2015 and meets up to six times in a financial year. The Board is chaired by the Secretary of State or the Director of the Wales Office if Ministers are not present. It was agreed that Ministers should attend at least two meetings in the year.

The Departmental Board is responsible for setting the Department's strategic direction (aims and objectives) based on policies decided by Ministers, agreeing the business plan and ensuring that the office has the capability and capacity to deliver the business plan to meet current and future needs.

The Board assists the Secretary of State in delivering his responsibilities to Parliament. The Board comprises the Ministerial team, two independent non-executive board members (NEBMs); and the Director, and Deputy Directors of the Department. The Head of Finance and Corporate Services attends all Board meetings in an advisory capacity on financial and governance issues.

Departmental Board meetings were held in May 2016, June 2016, September 2016, December 2016, and March 2017. The Secretary of State chaired the June, December and March meetings with other meetings chaired by the Director of the Wales Office.

In 2016-17, the Wales Office Board reviewed, agreed updates to and monitored progress of the Departmental Business Plan and Strategic Risk Register. The updated Business Plan and Risk Register continue to reflect the Department's priorities, objectives, and key activities.

A review of the governance arrangements of the Department was undertaken by the lead Non Executive Board Member ((NEBM) in March 2017. The result of her review were that she was satisfied that the Corporate Governance arrangements for the Wales Office are consistent with HMT Code of Corporate Governance and are proportional, given the size and nature of the Department. There were some recommendations made that would strengthen arrangements further. The recommendations include developing a Board Operating Framework which details the functioning of the Board and making a clearer distinction between items discussed and agreed at the Senior Team Leaders meetings and the Board. Through the development of a work programme and a Board Operating Framework this distinction will become clearer.

The Secretary of State held regular 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.

Attendance at the Wales Office Board during the financial year was as follows:

Wales Office Board

Members	No. of Meetings Attended
Rt Hon Alun Cairns MP Chair Secretary of State for Wales	3 of 5
Guto Bebb MP Parliamentary Under-Secretary of State for Wales	3 of 5
Lord Bourne of Aberystwyth Parliamentary Under-Secretary of State for Wales	2 of 5
Isobel Garner – Lead NEBM	4 of 5
Tom Jones – NEBM	5 of 5
Glynne Jones – Director	5 of 5
Geth Williams – Deputy Director, Constitution and Corporate Services	5 of 5
Allan Ross – Deputy Director, Press and Communications	5 of 5
Robin Healey – Deputy Director, Policy	5 of 5
Sarah Stoney – Deputy Director Legal* from 24 October 2016	2 of 5
Michael Dynan-Oakley – Deputy Director, Private Office from 20 February 2017	1 of 5
Kate Davies – Deputy Director, Private Office to 31 August 2016	2 of 5

* The Deputy Director Legal is a new post created in this financial year and attends all Board Meetings in an advisory capacity only.

Committee Reporting to the Wales Office Departmental Board

The Audit and Risk Assurance Committee (ARAC):- The ARAC is chaired by the lead NEBM, and comprises one other NEBM and another independent member. A new independent member was appointed to the committee on the 1 January 2017 replacing the previous independent member who stood down on the 31 December 2016. The Committee operates in accordance with the Treasury's Audit Committee Handbook and meets quarterly. The Committee undertook a full evaluation of its own effectiveness in February 2017 seeking views from both internal auditors and the National Audit Office. The Committee concluded it was operating effectively.

Some of the issues considered by the ARAC during the year included:

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

Attendance at the Wales Office ARAC during the financial year was as follows:

Audit and Risk Assurance Committee

Members	No. of Meetings Attended
Isobel Garner – Lead NEBM, Chair	4 of 4
Tom Jones – NEBM	4 of 4
Chris Southworth ¹ – Independent Member	3 of 4
Sam Hartley ² – Independent Member	1 of 4

Note 1: Chris Southworth is a Deputy Director, Economy Group from the Northern Ireland Office. He stood down from the Committee on 31 December 2016.

Note 2: Sam Hartley is the Secretary to the Boundary Commission for England. He was appointed to the Committee on the 1 January 2017.

Other Committees

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

- advise the Board 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 H&S 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 H&S Committee, chaired by the Head of Corporate Services, met once during 2016-17. It considered a range of issues, including accident at work statistics and staff training as fire wardens and first aiders.

Accounting Officer Role

The Director of the Wales Office is its Accounting Officer (AO). 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 AO 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 AO 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 that 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 four divisions to deliver its functions:

1. Constitution and Corporate Services
2. Private Office
3. Press and Communications
4. Policy

Each of these is headed by a senior member of staff who reports 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 by the senior team and financial reports were reviewed and discussed at all meetings of the Wales Office Departmental Board and Audit and Risk Assurance Committee. The senior management team met on a regular 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.

The Wales Office obtains its legal services from the Government Legal Department (GLD). The Wales Office Legal Advisers (WOLA) team is employed by GLD and co-located with Wales Office staff in Gwydyr House and Caspian Point. The WOLA Deputy Director (DD Legal) role was established in GLD on 24

October 2016. The DD Legal is a member of the Wales Office Senior Leadership Team and attends all Wales Office Board meetings in an advisory capacity.

Internal Audit

Internal Audit reviews during the year covered information assurance/cyber security, financial controls/systems, resilience and a follow up audit of corporate governance.

Internal Audit identified a good level of control and found no critical control issues on their reviews and are able to give a moderate level of assurance that the Department's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks to the Department are being effectively managed.

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. This was however done 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, Wales Office Board and the Audit and Risk Assurance Committee, and following discussions with Internal Audit and National Audit Office, the Department decided not to increase the number of its NEBMs. It is felt the current membership is proportionate to the size of the Department (around 44 staff). The two NEBMs in post during 2016-17 brought extremely valuable skills and experience which are particularly relevant to the Wales Office. The lead NEBM has a portfolio career on improving public services and currently chairs the Wales Audit Office Board. Prior to her non-executive career she was Chief Executive of a County Borough Council in Wales. The second NEBM is a farmer from Wales and currently serves as the UK member on the European Economic and Social Committee, and is also Vice President of the Wales Council for Voluntary Action.
- To ensure that the Audit and Risk Assurance Committee comprises at least three members, an official from the Northern Ireland Office served as an independent member of the committee from March 2014 until December 2016 when he stood down. In January 2017, the Secretary to the Boundary Commission for England was appointed as an independent member. This appointment further strengthened the independence of the committee.
- Wales Office Board Membership does not include a qualified financial individual. Due to its size the Wales Office has one qualified financial professional, who attends all Board meetings in an advisory capacity.

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 2016-17, these have included the risk that the Welsh Assembly fails to give consent to the Wales Bill. The Department has managed this risk with Wales Office officials actively engaged with officials from the Welsh Government and Assembly Commission. The Wales Office also ensured that Whitehall Departments were fully engaged in ongoing work to develop and amend the Wales Bill, in part in response to government commitments given during the Bill's parliamentary passage and in part in response to comments from the Welsh Government and Assembly Presiding Officer. The Assembly passed a Legislative Consent Motion for the Wales Bill in January 2017, and the Bill received Royal Assent later that month.

A key operational risk identified was that the Wales Office is unable to provide adequate resources to deliver the new Government's commitments on Wales. The Department mitigates this risk through training and succession planning of existing staff and recruiting new staff with the right knowledge, experience and skills to hit the ground running. As a result the Department has successfully filled key vacant posts in comparison with previous years.

Capacity to handle risk

Risks were identified and articulated both at a strategic and an operational level by the Departmental Board and at working level by the teams within the five divisions. The branch risk registers underpinned and fed into the overarching Departmental Risk Register which was reviewed at every Wales Office Departmental Board meeting. The Audit and Risk Assurance Committee (ARAC) 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. The Department also has a Risk Appetite Statement that was approved by the ARAC.

Risk and control framework

The Wales Office has in place a Risk Management Policy Framework and Strategy, approved by the Wales Office Board, which was informed by the advice of the ARAC. 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
- 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 ARAC 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 Departmental Board;
- 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.

Security and information assurance

This is covered in the Director's Report. Please see page 19.

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 smart phones.

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 by Security staff 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 2016-17

There were no data losses during 2016-17.

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

Based on its work for the year ended 31 March 2017, the Audit and Risk Assurance Committee is able to provide a reasonable level of assurance on the adequacy of the internal and external audit arrangements for the Wales Office, the financial management arrangements in place, and on the assurances provided to the Accounting Officer in respect of the governance, risk management and control arrangements that have operated throughout 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 address the risk or the nature of the risk is fully understood and accepted.

Remuneration and Staff Report

Remuneration Report

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.

The following sections are all subject to audit: ministers' remuneration, Board members' remuneration, pay multiples, fees paid to Non-Executive Board Members, ministers' pension benefits, Board members' pension benefits, compensation for loss of office, staff costs, reporting of Civil Service and other compensation schemes and average number of persons employed.

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 Wales Office is not a direct employer. All staff are either Ministry of Justice or on loan from other Government Departments. Performance based non-

consolidated performance-related payments for Senior Civil Servants in the Department are determined by the Ministry of Justice Executive Committee.

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

Service Contracts

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

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

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Ministers' salaries and pension entitlements

The salaries, taxable benefits in kind and pension entitlements of Ministers are shown in the following tables. Salary figures include all allowances payable by the 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 their services as an MP (£74,000 from 8 May 2015, £74,962 from 1 April 2016) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures below.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. No Wales Office Minister received benefits in kind in 2016-17 or 2015-16.

Remuneration (salary, and pensions)

Ministers	Salary (£)		Pension benefits (to nearest £1000) ¹		Total (to nearest £1000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
The Rt Hon Alun Cairns MP, Secretary of State (From 19 March 2016)*	67,505	2,359	17,000	1,000	85,000	3,000
The Rt Hon Stephen Crabb MP, Secretary of State (to 19 March 2016)**	n/a	67,505	n/a	24,000	n/a	92,000
Guto Bebb, Parliamentary Under Secretary of State (from 19 March 2016)***	nil	n/a	nil	n/a	nil	n/a
Lord Bourne of Aberystwyth, Parliamentary Under Secretary of State (from May 2015)****	nil	n/a	nil	n/a	nil	n/a
Baroness Randerson, Parliamentary Under Secretary of State (to May 2015)	n/a	nil	n/a	nil	n/a	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.

* Alun Cairns MP was appointed Secretary of State for Wales on the 19 March 2016. He previously held the role of Parliamentary Under-Secretary of State for Wales His salary for 2015-16 reflects his appointment to Secretary of State for Wales from 19 March. The full time equivalent of his salary is £67,505.

** Stephen Crabb MP held the post of Secretary of State for Wales until the 19 March 2016

*** Guto Bebb MP was appointed Parliamentary Under-Secretary of State for Wales on the 19 March 2016.

**** Following the May 2015 general election Lord Bourne of Aberystwyth was appointed as Parliamentary Under-Secretary of State for the Wales Office and Department of Energy and Climate Change. On the 17 July 2017 following a Cabinet reshuffle Lord Bourne was appointed as Parliamentary under Secretary of State at the Department for Communities and Local Government. He continued in his Ministerial role at the Wales Office.

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

PENSION BENEFITS					
Ministers	Accrued Pension at age 65 as at 31 March 2017 £000	Real increase in pension at age 65 £000	CETV at 31 March 2017 £000	CETV at 31 March 2016 ^{*1} £000	Real increase/decrease in CETV £000 £000
Alun Cairns MP, Parliamentary Under Secretary of State (From 19 March 2016)*	1976	0-2.5	22	9	5
The Rt Hon Stephen Crabb MP, Secretary of State for Wales (to 19 March 2016)**	n/a	n/a	n/a	57	n/a
Guto Bebb, Parliamentary Under Secretary of State (from 19 March 2016)***	nil	nil	nil	nil	nil
Lord Bourne of Aberystwyth, Parliamentary Under Secretary of State from May 2015)****	nil	nil	nil	nil	nil
Baroness Randerson, Parliamentary Under Secretary of State (to May 2015)	n/a	n/a	n/a	nil	n/a

Notes to the table:

*1 To note that the “CETV at start date” figure this year does not match the “CETV at end date” figure from last year. This is due to the change in transfer factors used by the PCPF. The factors were changed in March 2016 following updated guidance from HM Treasury which sets the financial assumptions to use to calculate CETVs from PCPF. More information about this change can be found https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508105/Basis_for_setting_the_discount_rate_for_calculating_cash_equivalent_transfer_values_payable_from_the_public_service_pension_schemes.pdf

* Alun Cairns MP was appointed Secretary of State for Wales on the 19 March 2016. He previously held the role of Parliamentary Under-Secretary of State for Wales.

** Stephen Crabb MP held the post of Secretary of State for Wales until the 19 March 2016.

*** Guto Bebb MP was appointed Parliamentary Under-Secretary of State for Wales on the 19 March 2016.

**** Following the May 2015 general election Lord Bourne of Aberystwyth was appointed as Parliamentary Under-Secretary of State for the Wales Office and Department of Energy and Climate Change. On the 17 July 2017 following a Cabinet reshuffle Lord Bourne was appointed as Parliamentary under Secretary of State at the Department for Communities and Local Government. He continued in his Ministerial role at the Wales Office.

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

Ministerial Pensions

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

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

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both Wales Office Annual Report and Accounts

before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

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

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Senior Managers' salary and pension entitlements

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.

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 2016-17 relate to performance in 2015-16 and the comparative bonuses reported for 2015-16 relate to performance in 2014-15.

The Senior Managers were supported by the Head of Finance and Corporate Services who attends all meetings of the Wales Office Board and Audit and Risk Assurance Committee.

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

SINGLE TOTAL FIGURE OF REMUNERATION										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ³		Total (£'000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Glynne Jones, Director	85-90	85-90	nil	nil	nil	nil	35,000	41,000	120-125	125-130
Geth Williams, Deputy Director, Constitution and Corporate Services	65-70	65-70	nil	nil	nil	nil	14,000	16,000	80-85	85-90
Allan Ross, Deputy Director, Press and Communications	75-80	75-80	nil	0-5	nil	n/a	27,000	82,000	100-105	160-165
Robin Healey, Deputy Director Policy†	65-70	5-10	nil	n/a	nil	n/a	47,000	6,000	115-120	10-15
Kate Davies, Deputy Director, Private Office to 31 August 2016††	30-35	55-60	nil	n/a	nil	n/a	14,000	17,000	45-50	70-75
Michael Dynan-Oakley, Deputy Director, Private Office from 20 February 2017†††	5-10	n/a	nil	n/a	nil	n/a	n/a	n/a	5-10	n/a
Sarah Stoney, Deputy Director, Legal from 24 October 2016††††	45-50	n/a	nil	n/a	nil	n/a	21,000	n/a	65-70	n/a
Sian Osborne, Deputy Director, Private Office to 22 May 2015†††††	n/a	10-15	n/a	nil	n/a	1,900	n/a	19,000	n/a	30-35

Notes to the table:

3. 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.
- † Robin Healey is on loan from the Rural Payments Agency (an executive agency of the Department of the Environment and Rural Affairs). He was appointed Deputy Director Policy in February 2016. The full time equivalent salary for Robin in 2015-16 is in the range £65k to £70k. To note that due to a retrospective update to salary data the 2015-16 figures were recalculated.
- †† Kate Davies was appointed Deputy Director Private Office on 2 July 2015. and left the Wales Office on 31 August 2016. Her full time equivalent salary in 2016-17 was in the range of £75k to £80k (2015-16 in the range £75k to £80k).
- ††† Michael Dynan-Oakley is on loan from the Department of Work and Pensions. He was appointed Deputy Director Private Office on 20th February 2017. His salary costs from the 20 February to 31 March are still being paid by the Department of Work and Pensions and therefore details of his accrued pension over the same period will be included in next years Remuneration Report. His full time equivalent salary for 2016-17 was in the range of £75k to £80k.
- †††† Sarah Stoney is on loan from the Government Legal Department. She was appointed Deputy Director Legal on 24 October 2016. Her salary costs are paid for by the Government Legal Department and recharged to the Wales Office. Her full time equivalent salary for 2016-17 was in the range of £95k to £100k.
- ††††† Sian Osborne was on loan from the Welsh Government, until the 22 May 2015, the Wales Office met the cost of her accommodation whilst working in London.

Non – Executive Directors

Remuneration	Salary exc bonuses (including allowances)		Benefits in kind (to nearest £100)		Total	
	2016-17 £000	2015-16 £000	2016-17	2015-16	2016-17 £000	2015-16 £000
Isobel Garner, Audit Committee Chair from 1 April 2016	10-15	5-10	nil	nil	10-15	5-10
Tom Jones, Non Executive Director, from 1 April 2016	5-10	n/a	nil	n/a	5-10	n/a
Ian Summers, Audit Committee Chair to 31 March 2016	n/a	10-15	n/a	nil	n/a	10-15

Pension Benefits

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2017 £000	Real increase in pension and related lump sum at pension age at 31 March 2017 £000	CETV at 31 March 2017 £000	CETV at 31 March 2016 £000	Real increase/decrease in CETV £000
Glynne Jones, Director	30-35 plus a lump sum of 85-90	0-2.5 plus a lump sum of 0-2.5	563	522	17
Geth Williams, Deputy Director, Constitution and Corporate Services	20-25 plus a lump sum of 60-65	0-2.5 plus a lump sum of 0-2.5	408	379	10
Allan Ross Deputy Director, Press and Communications	15-20 plus a lump sum of 35-40	0-2.5 plus a lump sum of 0-2.5	211	191	8
Robin Healey, Deputy Director Policy from 15 February 2016†	15-20 plus a lump sum of 35-40	0-2.5 plus a lump sum of 2.5-5	202	169	22
Kate Davies, Deputy Director, Private Office to 31 August 2016††	10-15	0-2.5	123	117	3
Michael Dynan-Oakley, Deputy Director, Private Office from 20 February 2017†††	n/a	n/a	n/a	n/a	n/a
Sarah Stoney, Deputy Director, Legal from 24 October 2016††††	10-15 plus a lump sum of 30-35	0-2.5 plus a lump sum of 0-2.5	184	171	10
Sian Osborne, Deputy Director, Private Office to 22 May 2015†††††	n/a	n/a	n/a	216	n/a

Notes to the table:

† Robin Healey is on loan from the Rural Payments Agency (an executive agency of the Department of the Environment and Rural Affairs). He was appointed Deputy Director Policy in February 2016.

†† Kate Davies was appointed Deputy Director Private Office on 2 July 2015. and left the Wales Office on 31 August 2016.

††† Michael Dynan-Oakley is on loan from the Department of Work and Pensions. He was appointed Deputy Director Private Office on 20 February 2017. His salary costs from the 20 February to 31 March are still being paid by the Department of Work and Pensions and therefore details of his accrued pension over the same period will be included in next years Remuneration Report.

†††† Sarah Stoney is on loan from the Government Legal Department. She was appointed Deputy Director Legal on 24 October 2016. Her salary costs are paid for by the Government Legal Department and recharged to the Wales Office.

††††† Sian was on loan from the Welsh Government, until the 22 May 2015. To note that due to a retrospective update to salary data the 2014-15 figures were recalculated.

Civil Service Pensions

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

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

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

The Cash Equivalent Transfer Value (CETV)

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

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

The real increase in the value of the CETV

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

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

Pay Multiples

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

The banded remuneration of the highest-paid director in the Wales Office in the financial year 2016-17 was £85-90k (2015-16, £85-90k). This was 2.8 times (2015-16, 2.8 times) the median remuneration of the workforce, which was £31,610 (2015-16, £30,337).

In 2016-17, no employees (2015-16, nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £8,300 to £87,000 (2015-16, £8,300 to £86,000).

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

Compensation for loss of office

No Wales Office staff left under Voluntary Exit terms in 2016-17 or 2015-16.

Ministers

No Wales Office Ministers left under severance terms in 2016-17 or 2015-16.

Staff Report

Staff Costs

The Wales Office expenditure on staff during 2016-17 is shown in the table below:-

					31 March 2017	31 March 2016
	Permanently Employed Staff	Others	Ministers	Special Advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	1,989	193	68	111	2,361	2,221
Social security costs	153	-	8	10	171	142
Other pension costs	302	-	-	15	317	308
Total Costs	2,444	193	76	136	2,849	2,671

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” are 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 2013 and details can be found at <http://www.civilservicepensionscheme.org.uk/media/94676/pcspss-2012-valuation-final-report-final-22072014.pdf>

For 2016-17 employer’s pension contributions of £317k (2015-16: £308k) were payable to the PCSPS at one of four rates in the range 20% to 24.5% (2015-16: 20% to 24.5%) of pensionable pay, based on salary bands. The scheme’s actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflected past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ pension contributions of £0 (2015-16: £0) were paid to one or more the panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 8.0% to 14.75% (2015-16: 8.0% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3.0% of pensionable pay.

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

Contributions due to the partnership pension providers at the reporting period were Nil. (2015-16: £515.81).

There were no retirements during 2016-17 (2015-16: Nil) on the grounds of ill health.

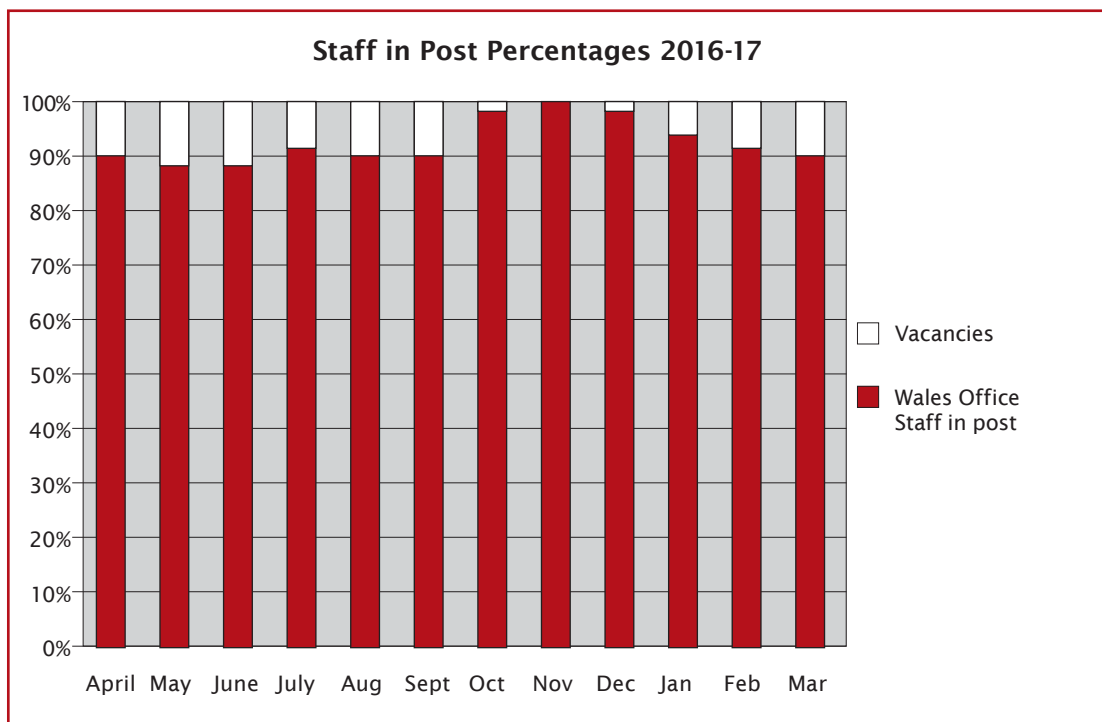
Staff Numbers

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

	<u>31 March 2017</u>	<u>31 March 2016</u>
Wales Office		
Permanent staff	43.0	43.0
Others	4.0	6.0
Ministers	2.0	2.0
Special Advisers	2.0	1.0
Total	<u>51.0</u>	<u>52.0</u>

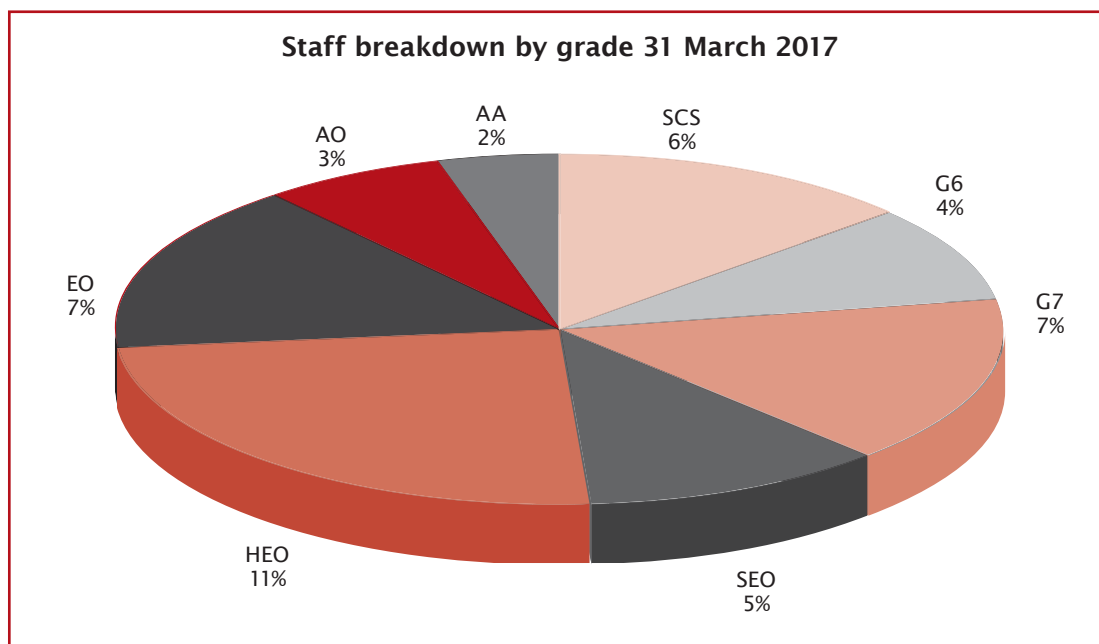
The Wales Office is not an employer in its own right and we therefore continue to receive employment services from the Ministry of Justice. Our current People Plan focuses primarily on Succession Planning, Talent Management, Inclusivity, Performance, Learning and Culture.

The Wales Office had a staff complement of 50 staff for the 2016-17 period but the chart below shows that the full complement was only achieved fully in one month:



The total number of staff in post as at 31 March 2017 was 45 (43.39 fte), which included one (temporary) agency personnel, one interim manager; four apprentices; thirteen staff on loan from other Government Departments (One funded trainee); plus one secondee from outside the Civil Service. 42% of staff were based in our Cardiff office and 58% in Gwydyr House, London.

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



There were no Civil Service or other compensation schemes in 2015-16 or 2016-17.

Recruitment

The Wales Office had to fill 20 posts that became vacant during 2016-17. These were undertaken through a variety of routes as follows: Three posts were filled through managed moves within the Wales Office; Civil service wide campaigns resulted in ten loans with other government departments; four permanent transfers (two of which were filled by reserve candidates. Two of these campaigns (for specialist communications staff) resulted in no applications and so progressed to external appointments. One other post was filled by an apprentice recruited externally.

Departures, Resignations and Retirements

Over the past year, three staff left the Civil Service; one staff member was loaned and five staff transferred to other government departments; and of staff on loan, five returned to their home departments and one transferred on promotion to another government department. One of our apprentices secured a place on the Civil Service wide Fast track apprenticeship and has gone to undertake a second qualification in another government department.

There were no retirements; and no voluntary exit scheme was offered in-year.

Senior Civil Service

At the 31 March 2017 there were 6 substantive senior civil servant posts within the Wales Office.

Equal Opportunities

Staff in Senior Civil Service positions	March 2017	March 2016
Proportion of women	1 of 6	1 of 5
Proportion of women at Pay band 2 & above	0 of 1	0 of 1
Proportion of Black and Minority Ethnic (BME)	0 of 6	0 of 5
Proportion of Disabled staff	0 of 6	0 of 5

Staff Below Senior Civil Service Level	March 2017	March 2016
Women	44%	44%
BME	9.1%*	5%
Disabled	9.5%*	5%

* Due to the implementation of a new e-HR system data is only available as at December 2016

Performance Management

The Wales Office is committed to effective performance management. In line with previous years all staff reviews were completed on time. Consistency checks and validation meetings were overseen by the Ministry of Justice HR Business Partner to confirm effective compliance with the process and provide an independent view.

Staff Engagement Survey

The Wales Office participates in the annual civil service-wide survey. In Autumn 2016 our overall staff engagement index was 62%, the Wales Office's highest ever score for the third year in a row. The survey questions are brigaded under nine themes. The top three themes with the highest positive scores were: Organisational Objectives and Purpose (85%); My Team (83%) as they were in 2014; and Inclusion and Fair Treatment (78%). The third area was different to the 2015 results which had "My Work" as being amongst the top three.

Our five top positive scores related to the following questions:

When I talk about the Office I say “we” rather than “they”	93% positive
The people in my team can be relied upon to help when things get difficult in my job	91% positive
I am trusted to carry out my job effectively	89% positive
The people in my team work together to find ways to improve the service we provide	89% positive
I am interested in my work	89% positive

Areas where we achieved scores above those of the High Performing Units (HPUs), i.e. the upper quartile for the UK Civil Service, related to the following questions:

Question	Difference from HPU
When I talk about the Office I say “we” rather than “they”	+14
Senior Managers in the Office are sufficiently visible	+14
Poor performance is dealt with effectively in my team	+8
Overall I have confidence in the decisions made by the Office’s Senior Managers.	+8
The office motivates me to achieve its objectives	+7

An action plan agreed by all staff is in place to help increase our Engagement Index further.

Learning and Development (L&D)

An L&D fortnight was established in June 2016 to give staff the opportunity to assess their learning needs and identify opportunities at the beginning of the performance year.

The Wales Office was also able to pilot several courses on behalf of Civil Service Learning which were offered to Wales Office and wider United Kingdom Governance Group (UKGG) staff in 2016. The Wales Office also took responsibility for establishing a UKGG-wide mentorship scheme.

Work Experience Commitments

The Wales Office Apprentices once again hosted pupils on work experience from Raynes Park High in June 2016 and we also supported a Career Awareness session about working in the civil service on behalf of the Inspiring the Future organisation.

The Wales Office also forged new opportunities with the University of South Wales and Cardiff University offering a work placement to a student from each in 2016-17.

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.

Sickness absence data

The average number of working days lost (AWDL) in the calendar year at the end of 2016 due to staff sickness was 4.2 days at the end of 2016. This remains well below the Civil Service average in days.

Spend on consultancy and temporary staff

There was no spend on consultancy in 2016-17.

The total spend on temporary staff in 2016-17 was £127,972. The Department used temporary staff to cover for staff on maternity leave and for vacant posts.

Off Payroll Appointments

In 2016-17 the Wales Office had no off payroll appointments for more than £220 per day and for duration of six months or longer.

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 Wales Office ensures that a reasonable proportion of staff are recruited who possess bilingual ability. These staff are able to respond to telephone queries and written correspondence in Welsh, when required.

We recognise the importance of the Welsh language in our day to day work, and provide training and guidance for staff accordingly. A skills audit of Wales Office staff is conducted annually and the results of this provide the foundation for our workforce and succession planning. As at 31 March 2017, 9% of staff in post were fully bilingual.

Parliamentary accountability and audit report

This information has been subject to audit.

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. The SoPs and related notes are subject to audit.

Summary of Resource and Capital Outturn 2016-17

		2016-17 Estimate			2016-17 Outturn			2016-17 Voted	2015-16 Outturn
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Outturn compared with Estimate: saving/ (excess)	Total
SoPS Note		£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit									
-Resource	1.1	4,722	-	4,722	4,513	-	4,513	209	3,946
-Capital	1.2	30	-	30	-	-	-	30	45
Annually Managed Expenditure									
-Resource	1.1	(24)	-	(24)	(24)	-	(24)	-	(22)
-Capital	1.2	-	-	-	-	-	-	-	-
Total Budget		4,728	-	4,728	4,489	-	4,489	239	3,969
Non-Budget									
-Resource	1.1	14,030,920	-	14,030,920	13,525,626	-	13,525,626	505,294	13,392,591
Total		14,035,648	-	14,035,648	13,530,115	-	13,530,115	505,533	13,396,560
Total Resource		14,035,618	-	14,035,618	13,530,115	-	13,530,115	505,503	13,396,515
Total Capital		30	-	30	-	-	-	30	45
Total		14,035,648	-	14,035,648	13,530,115	-	13,530,115	505,533	13,396,560

Net cash requirement 2016-17

		2016-17			2015-16
		Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
Note		£000	£000	£000	£000
Net cash requirement	SOPS3	14,035,521	13,530,144	505,377	13,396,489

Administration costs 2016-17

		2016-17 Estimate	2016-17 Outturn	2015-16 Outturn
		£000	£000	£000
SOPS3		4,542	4,350	3,892

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.(Analysis of net outturn by section) and in the Financial Review Commentary on page 16.

SOPSI. Net Outturn

SOPSI.1 Analysis of net resource outturn by section

	Administration			Programme			2016-17 Outturn	2016-17 Estimate	2015-16 Outturn
	Gross	Income	Net Total	Gross	Income	Net Total			
	£000	£000	£000	£000	£000	£000			
Spending in Departmental Expenditure Limits (DEL)									
Voted									
A Wales Office	4,401	(51)	4,350	163	-	163	4,513	4,722	3,946
Total Voted expenditure in DEL	4,401	(51)	4,350	163	-	163	4,513	4,722	3,946
Annually Managed Expenditure (AME)									
Voted expenditure	(24)	-	(24)	-	-	-	(24)	(24)	(22)
Total; Voted expenditure in AME	(24)	-	(24)	-	-	-	(24)	(24)	(22)
Non-Budget Spending									
C Grant payable to the Welsh Consolidated Fund	-	-	-	13,525,626	-	13,525,626	13,525,626	14,030,920	13,392,591
Total for Estimate:	-	-	-	13,525,626	-	13,525,626	13,525,626	14,030,920	13,392,591
Total voted in Estimate	4,377	(51)	4,326	13,525,789	-	13,525,789	13,530,115	14,035,618	13,396,515

SOPS1.2. Analysis of net capital outturn by section

			2016-17 Outturn	2016-17 Estimate		2015-16 Outturn
	Gross	Income	Net	Net Total	Net Total Outturn compared with Estimate	Net
	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limits (DEL)						
Voted expenditure						
A Wales Office	-	-	-	30	-	45
Total Voted Expenditure in DEL	-	-	-	30	-	45
Total for Estimate:	-	-	-	30	-	45

SOPS2. Reconciliation of outturn to net operating cost expenditure

SOPS2.1 Reconciliation of net resource outturn to net operating expenditure

		<u>2016-17</u>	<u>2015-16</u>
		<u>Outturn</u>	<u>Outturn</u>
	SoPS Note	<u>£000</u>	<u>£000</u>
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	4,489	3,924
Non-Budget	1.1	13,525,626	13,392,591
		<u>13,530,115</u>	<u>13,396,515</u>
Add:			
Capital grants (net of EU contributions)		-	-
Other		-	-
		<u>-</u>	<u>-</u>
Less:			
Income payable to the Consolidated Fund		-	-
Other		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Net Operating Costs in Statement of Comprehensive Net Expenditure			
		<u>13,530,115</u>	<u>13,396,515</u>

SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	SoPS Note	Estimate	Outturn	Net total outturn compared with Estimate saving/ (excess)
		<u>£000</u>	<u>£000</u>	<u>£000</u>
Resource Outturn	1.1	14,035,618	13,530,115	505,503
Capital Outturn	1.2	30	-	30
Accruals to cash adjustment				
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(120)	(109)	(11)
New provisions and adjustments to previous provisions		11	11	-
Departmental Unallocated Provision		-	-	-
Supported capital expenditure (revenue)		-	-	-
Prior Period Adjustments		-	-	-
Other non-cash items		(31)	(29)	(2)
<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				
Increase/(decrease) in stock		-	-	-
Increase/(decrease) in receivables		-	39	(39)
(Increase)/decrease in payables		-	104	(104)
Use of provisions		13	13	-
Removal of non-voted budget items:				
Consolidated Fund Standing Services				
Other adjustments				
Net cash requirement		<u>14,035,521</u>	<u>13,530,144</u>	<u>505,377</u>

SOPS4. Income payable to the Consolidated Fund

SOPS4.1 Analysis Income payable to the Consolidated Fund

The following income relates to the Wales Office and is payable to the Consolidated Fund.(cash receipts being shown in italics).

Note	Outturn 2016-17		Outturn 2015-16	
	Income	Receipts	Income	Receipts
	£000	£000	£000	£000
Operating income outside the ambit of the Estimate				
Forfeited Assembly Election Deposits	34	34	-	-
Total Income payable to the Consolidated Fund	34	34	-	-

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

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

	2016-17	2015-16
	£000	£000
Student Loans	26,797	25,791
Cleddau Bridge loan	200	100
Tai Cymru	8	8
Bank Interest	22	55
Buyout of Housing Revenue Account Subsidy System (HRA)		919,000
Amount payable to the Consolidated Fund	27,027	944,954
Balance held at the start of the year	-	-
Payments into the Consolidated Fund	27,027	944,954
Balances held on trust at the end of the year	-	-

The total income paid into the Consolidated Fund as at 31st March 2017 and 31st March 2016:

	2016-17	2015-16
	£000	£000
Income from 2015-16		944,954
Income from 2016-17	27,061	
	27,061	944,954

3. Parliamentary Accountability Disclosures

3.1 Losses and Special Payments

The Wales Office has made no losses and special payments in 2016-17 (2015-16 Nil).

3.2 Contingent Liabilities

The Wales Office does not have any contingent liabilities.

Glynne Jones
Accounting Officer

6 July 2017

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 2017 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2017 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2017 and of the Department's 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

7 July 2017

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

3 Financial Statements

Statement of Comprehensive Net Expenditure For the year ended 31 March 2017

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

		2016-17	2015-16
	Note	Core Department	Core Department
		<u>£000</u>	<u>£000</u>
Income	4	(51)	(51)
Total Operating Income		(51)	(51)
Staff Costs	2	2,849	2,671
Accommodation, maintenance and utilities	3	400	407
Depreciation	3	109	100
Other operating expenditure	3	1,128	743
Grant to the Welsh Consolidated Fund	3	13,525,626	13,392,591
Lord Lieutenants' expenses	3	54	54
NLF interest payable		1,655	1,677
NLF interest receivable		(1,655)	(1,677)
Total Operating Expenditure for the year ended 31 March 2017		<u>13,530,166</u>	<u>13,396,566</u>
Net Operating Expenditure for the year ended 31 March 2017		<u>13,530,115</u>	<u>13,396,515</u>
Other Comprehensive Net Expenditure			
Net Operating Expenditure		13,530,115	13,396,515
Items that will not be reclassified to net operating costs:			
Net (gain) / loss on revaluation of Property, Property, Plant and Equipment		(783)	(120)
Items that may be reclassified subsequently to net operating costs:			
Net (gain) / loss on revaluation of Property, Property, Plant and Equipment		-	-
Total Comprehensive Expenditure for the year ended 31 March 2017		<u>13,529,332</u>	<u>13,396,395</u>

Statement of Financial Position As at 31 March 2017

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 2017 <u>£000</u>	31 March 2016 <u>£000</u>
Non-current assets:			
Property, plant and equipment	5	5,488	4,814
Financial assets	8	11,212	11,330
Receivables falling due after more than one year	9	4	4
Total non-current assets		<u>16,704</u>	<u>16,148</u>
Current assets:			
Trade and other receivables	9	431	367
Cash and cash equivalents	7	78	201
Total current assets		<u>509</u>	<u>568</u>
Total Assets		<u>17,213</u>	<u>16,716</u>
Current liabilities			
Trade and other payables	10	(1,058)	(1,260)
Total current liabilities		<u>(1,058)</u>	<u>(1,260)</u>
Assets less net current liabilities		<u>16,155</u>	<u>15,456</u>
Non-current liabilities			
Provisions	11	(40)	(64)
Financial liabilities	10	(11,212)	(11,330)
Total non-current liabilities		<u>(11,252)</u>	<u>(11,394)</u>
Assets less liabilities		<u>4,903</u>	<u>4,062</u>
Taxpayers' equity:			
General fund		1,204	1,138
Revaluation reserve		3,699	2,924
Total taxpayers' equity		<u>4,903</u>	<u>4,062</u>

Glynne Jones
Accounting Officer

6 July 2017

Statement of Cash Flows For the year ended 31 March 2017

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

	Note	2016-17 £000	2015-16 £000
Cash flows from operating activities			
Net operating cost	SOCNE	(13,530,115)	(13,396,515)
Adjustments for non-cash transactions	3	127	129
(Increase)/Decrease in trade and other receivables	9	(64)	(54)
<i>Less: Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure¹</i>		25	10
Increase/(Decrease) in trade and other payables	10	(320)	83
<i>Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure¹</i>		216	(75)
Use of provisions	11	(13)	(22)
Net cash outflow from operating activities		(13,530,144)	(13,396,444)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-	(45)
(Loan repayments) from other bodies		91	79
Net cash inflow from investing activities		91	34
Cash flows from financing activities			
From the Consolidated Fund (Supply) – Current Year ²		13,530,021	13,396,641
Repayment of loans from the NLF ³		(91)	(79)
Net financing		13,529,930	13,396,562
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
	7	(123)	152
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		27,061	944,954
Payments of amounts due to the Consolidated Fund ⁴		(27,061)	(944,954)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	7	(123)	152
Cash and cash equivalents at the beginning of the period	7	201	49
Cash and cash equivalents at the end of the period	7	78	201

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

Statement of Changes in Taxpayers Equity For the year ended 31 March 2017

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

	General Fund	Revaluation Reserve	Total Taxpayers' Equity
Note	£000	£000	£000
Balance at 31 March 2015	1,124	2,807	3,931
Changes in accounting policy	-	-	-
Balance at 1 April 2015	1,124	2,807	3,931
Net Parliamentary Funding			
- Drawn down	13,396,641	-	13,396,641
- Deemed	49	-	49
Unspent Supply drawn down repayable to the Consolidated Fund	10 (201)	-	(201)
Comprehensive Net Expenditure for the year	SOCNE (13,396,515)	-	(13,396,515)
Non-cash charges			
Auditor's remuneration	3 29	-	29
Other Reserve Movements			
- Property, Plant & Equipment	-	120	120
- Other	5	3	8
Movements in Reserves			
- Transfers between reserves	6	(6)	-
Balance at 31 March 2016	1,138	2,924	4,062
Balance at 1 April 2016	1,138	2,924	4,062
Net Parliamentary Funding			
- Drawn down	SCF 13,530,021	-	13,530,021
- Deemed	10 201	-	201
Unspent Supply drawn down repayable to the Consolidated Fund	10 (78)	-	(78)
Comprehensive Net Expenditure for the year	SOCNE (13,530,115)	-	(13,530,115)
Non-cash charges			
- Auditor's remuneration	3 29	-	29
Other Reserve Movements			
- Property, Plant and Equipment	-	783	783
- Other	-	-	-
Movements in Reserves			
- Transfers between reserves	8	(8)	-
Balance at 31 March 2017	1,204	3,699	4,903

Notes to the Accounts for the Year Ended 31 March 2017

1a) Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2016-17 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Wales Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Wales Office are described below. They have been applied consistently in dealing with items considered material in relation to these accounts.

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

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

1.2 Accounting convention

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

1.3 Operating segments

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

1.4. Property, plant and equipment

Valuation basis

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

Valuation method

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

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

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

Non-property assets are included at cost upon purchase and are restated at each reporting date using the 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 is 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	Not depreciated
Freehold buildings (including dwellings)	Depreciation 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 or 3 to 20 years
Furniture and fittings	Shorter of remaining lease period or 5 to 20 years
Assets under construction	Not Depreciated

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

Disposal of non-current assets

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

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

1.5 Assets under construction

Assets under construction are valued at historical cost within property, plant and equipment and Intangible assets and are not depreciated or amortised. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset category. Depreciation or amortisation is then charged on the asset in accordance with the stated accounting policy.

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

1.6 Leases

Operating leases

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

Arrangements containing a lease

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

1.7 Investments

National Loans Fund (NLF)

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

1.8 Employee benefits

Employee leave accruals

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

Pensions

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

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

Early departure costs

The Wales Office is not a direct employer. All staff are either Ministry of Justice or Welsh Government staff and it is the responsibility of these Departments to pay the additional costs of benefits beyond the normal PCSPS of staff who retire early. In specific circumstances where the Wales Office has agreed to meet the costs, early departure costs are provided in full at the point that the agreement is binding. The estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 0.24% (2015-16:1.37%) in real terms if material.

1.9 Operating income

Operating income is income earned by the Department.

1.10 Consolidated Fund Extra Receipts (CFERs)

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

1.11 Administration and Programme expenditure

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

1.12 Provisions

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

Provisions reflect the best estimate of the expenditure required to settle the obligation. Where the effect of discounting is material, provisions are measured at their present value using the real rate set by HM Treasury, currently 2.7%; by comparison 2015-16 rates were 2.2%.

1.13 Value Added Tax (VAT)

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

1.14 Financial instruments

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.

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.

1.15 Cash and cash equivalents

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

1.16 Significant accounting estimates and assumptions

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

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

Provision for Liabilities and Charges

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

Lease accounting

Judgement is required in the initial classification of leases as either operating leases or finance leases.

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

1.17 Impending application of newly issued accounting standards not yet effective

New standards which are not yet effective are not expected to have a material impact on the future Wales Office accounts.

2. Staff costs

					31 March 2017	31 March 2016
	Permanently Employed Staff	Others	Ministers	Special Advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	1,989	193	68	111	2,361	2,221
Social security costs	153	-	8	10	171	142
Other pension costs	302	-	-	15	317	308
Total costs	2,444	193	76	136	2,849	2,671

Staff costs and Numbers are disclosed in the Remuneration and Staff Report within the Accountability Report.

3. Other Expenditure

	31 March 2017	31 March 2016
	<u>£000</u>	<u>£000</u>
Accommodation, maintenance and utilities	400	407
Communications, office supplies and services	54	48
Rentals under operating leases: land and buildings	140	140
Rentals under operating leases: other (plant, machinery, vehicles etc)	47	30
Service concession charges: IT	5	74
IT services & telecommunications (non-service concession arrangements)	152	34
Other contracted out services	14	14
Professional services	325	71
Travel and subsistence	149	115
Training and other staff related costs	18	16
Bank fees and charges	3	2
Other administration expenditure	37	24
Events and Conferences	4	-
Allocation of overheads	162	146
Non-cash items		
Auditors' remuneration and expenses	29	29
Provision write-back for in year	(11)	-
Total Administration Costs	<u>1,528</u>	<u>1,150</u>
 <i>Programme Costs - Wales Office</i>		
Lord Lieutenants' expenses	54	54
Funding of the National Assembly for Wales	13,525,626	13,392,591
 <i>Non-cash items</i>		
*Depreciation	109	100
Total Programme Costs	<u>13,525,789</u>	<u>13,392,745</u>
 Net Operating Expenditure for the year ended 31 March 2017	<u>13,527,317</u>	<u>13,393,895</u>

* From the 1st April 2017 HM Treasury changed the budgetary classification of depreciation from administration to programme.

4. Income

	<u>31 March 2017</u>	<u>31 March 2016</u>
	<u>£000</u>	<u>£000</u>
Income		
Rental income	51	51
Total Income	<u>51</u>	<u>51</u>

There is no income payable to the Consolidated Fund

5. Property, Plant and Equipment

	Freehold Land	Freehold Buildings	Plant & Equipment	Furniture & Fittings	Total
	£000	£000	£000	£000	£000
2016-17					
Cost or valuation					
At 1 April 2016	2,837	1,813	203	260	5,113
Additions	-	-	-	-	-
Revaluations	427	273	2	-	702
At 31 March 2016	3,264	2,086	205	260	5,815
Depreciation					
At 1 April 2016	-	-	(156)	(143)	(299)
Charged in year	-	(82)	(10)	(17)	(109)
Revaluations	-	82	-	(1)	81
At 31 March 2017	-	-	(166)	(161)	(327)
Net book value at 31 March 2017	3,264	2,086	39	99	5,488
Net book value at 1 April 2016	2,837	1,813	47	117	4,814
All assets are owned by the Wales Office	3,264	2,086	39	99	5,488

Professional valuations of land and buildings, which all relate to Gwydyr House, are undertaken by qualified chartered surveyors from the Valuation Office Agency (VOA) who are independent of the Wales Office in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual, known as the 'Red Book'. The last physical valuation was undertaken on the 31st March 2015 with professional desktop valuations being undertaken in intervening years.

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

5.a Property, Plant and Equipment

	Freehold Land	Freehold Buildings	Plant & Equipment	Furniture & Fittings	Total
	£000	£000	£000	£000	£000
2015-16					
Cost or valuation					
At 1 April 2015	2,766	1,844	157	259	5,026
Additions	-	-	45	-	45
Revaluations	71	(31)	1	1	42
At 31 March 2016	2,837	1,813	203	260	5,113
Depreciation					
At 1 April 2015	-	-	(153)	(124)	(277)
Charged in year	-	(80)	(2)	(18)	(100)
Revaluations	-	80	(1)	(1)	78
At 31 March 2016	-	-	(156)	(143)	(299)
Net book value at 31 March 2016	2,837	1,813	47	117	4,814
Net book value at 1 April 2015	2,766	1,844	4	135	4,749
All assets are owned by the Wales Office	2,837	1,813	47	117	4,814

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

6. Capital and other Commitments

6.1 Commitments under Operating Leases

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

	<u>31 March 2017</u>	<u>31 March 2016</u>
	<u>£000</u>	<u>£000</u>
Obligations under operating leases comprise:		
Land & Buildings:		
Not later than one year	90	90
Later than one year but not later than five years	360	360
Later than five years	1	182
Total	<u>451</u>	<u>632</u>

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

7. Cash and cash equivalents

	31 March 2017	31 March 2016
	£000	£000
Balance at 1 April 2016	201	49
Net change in cash and cash equivalents	(123)	152
Balance at 31 March 2017	78	201

All balances were held with the Government Banking Service.

8. Investments

	Loans funded from National Loans Fund
	£000
Cost or valuation at 1 April 2015	11,409
Loans repayable within 12 months transferred to receivables	(79)
Balance at 31 March 2016	11,330
Capital payment adjustment in 2016-17	(14)
Loans repayable within 12 months transferred to receivables	(104)
Balance at 31 March 2017	11,212

9. Trade Receivables and other current assets

	31 March 2017	31 March 2016
	£000	£000
Amounts falling due within one year:		
Trade receivables	131	46
VAT receivables	6	14
Deposits and advances	6	9
Other receivables	15	44
Prepayments and accrued income	40	46
Current part of NLF loan – interest receivable	129	129
Current part of NLF loan – capital	104	79
Total receivables	431	367
	31 March 2017	31 March 2016
	£000	£000
Amounts falling due after more than one year:		
Deposits and advances	4	4
Total receivables	4	4

10. Trade Payables and other current liabilities

	<u>31 March 2017</u>	<u>31 March 2016</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:		
Other taxation and social security	50	46
Trade payables	115	50
Other payables	87	94
Accruals	495	661
Current part of NLF loan – capital	104	79
Current part of NLF loan – interest payable	129	129
Amounts issued from the Consolidated Fund for supply but not spent at year end	78	201
Total payables	<u>1,058</u>	<u>1,260</u>
	<u>31 March 2017</u>	<u>31 March 2016</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due after more than one year:		
NLF loans	11,212	11,330
Total payables	<u>11,212</u>	<u>11,330</u>

11. Provisions for Liabilities and Charges

	Early Retirement Costs	Leasehold Dilapidation Costs	Total
	£000	£000	£000
Balance as at 1 April 2015	46	40	86
Provided in year	-	-	-
Provisions not required written back	-	-	-
Provisions utilised in year	(22)	-	(22)
Balance as at 1 April 2016	24	40	64
Provided in year	-	-	-
Provisions not required written back	(11)	-	(11)
Provisions utilised in year	(13)	-	(13)
Balance as at 31 March 2017	-	40	40

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 (ACP payments) up until they reach 60 years of age, lump sums or a combination of the two. Our Pension Provider estimates the amounts that should be payable to these individuals and provision for these amounts is made in our accounts.

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

11.1 Analysis of expected timing of discounted flows

	Early Retirement 2016-17	Leasehold Dilapidation 2016-17
	£000	£000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	40
Balance as at 31 March 2017	-	40

	Early Retirement 2015-16	Leasehold Dilapidation 2015-16
	£000	£000
Not later than one year	24	-
Later than one year and not later than five years	-	-
Later than five years	-	40
Balance as at 31 March 2016	24	40

12. Related party transactions

Associated Departments and other central Government bodies

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

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

No minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year.

* All compensation for senior management has been disclosed in full in the Remuneration Report.

13. Events after the Reporting Period

In accordance with the requirements of IAS 10 'Events After the reporting Period', post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue by the Accounting Officer. This is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General.

Following the 2017 General Election, The RT. Hon Alun Cairns MP and Guto Bebb MP were reappointed as Secretary of State for Wales and Parliamentary Under-Secretary of Wales respectively.

Appendix 1: Public Expenditure Core Financial Tables

TABLE 1

Spending by Wales Office & Welsh Government 2012-13 to 2019-20										
	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Plans	Outturn (7)	Plans	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wales Office Expenditure										
Resource expenditure within Administration Costs	5,501	4,406	4,280	3,937	4,542	4,350	4,390	4,540	4,630	
Other resource expenditure	57	43	43	54	180	163	170	110	110	
Wales Office Resource⁽²⁾	5,558	4,449	4,323	3,991	4,722	4,513	4,560	4,650	4,740	
Wales Office Capital	319	564	117	45	30	0	30	30	30	
Wales Office Resource + Capital DEL⁽²⁾	5,877	5,013	4,440	4,036	4,752	4,513	4,590	4,680	4,770	
<i>less depreciation & impairments</i>	-72	-71	-131	-100	-120	-109	-110	-110	-110	
Wales Office DEL⁽³⁾	5,805	4,942	4,309	3,936	4,632	4,404	4,480	4,570	4,660	
Welsh Government Expenditure (The Welsh Block)⁽⁶⁾										
Resource	13,653,771	14,466,418	14,202,351	13,328,115	13,908,311	13,288,013	14,001,637	14,066,935	14,163,311	
Capital	1,361,724	1,324,687	1,500,097	1,542,599	1,633,632	1,485,142	1,603,796	1,687,573	1,798,230	
Total Resource + Capital	15,015,495	15,791,105	15,702,448	14,870,714	15,541,943	14,773,155	15,605,433	15,754,508	15,961,541	
<i>less depreciation & impairments</i>	-406,226	-757,100	-448,732	-513,641	-757,312	-253,244	-636,264	-662,945	-687,423	
Welsh Government DEL^{(3) (5)}	14,609,269	15,034,005	15,253,716	14,357,073	14,784,631	14,519,911	14,969,169	15,091,563	15,274,118	

(1) Totals may not sum due to roundings.

(2) Including depreciation & impairments.

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

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

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

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

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

TABLE 2

Changes to Welsh Government Departmental Expenditure Limit for 2012-13 to 2019-20 since publication of 2015-16 Report & Accounts

	2012-13 Outturn £m	2013-14 Outturn £m	2014-15 Outturn £m	2015-16 Outturn £m	2016-17 Provisional Outturn £m	2017-18 Plans £m	2018-19 Plans £m	2019-20 Plans £m
Capital DEL plus Resource DEL: June 2016	15,015.495	15,791.105	15,702.448	14,871.511	15,232.941	15,437.378	15,586.042	15,789.592
Interdepartmental transfers from BEIS: Energy Efficiency	0.000	0.000	0.000	0.000	2.709	0.000	0.000	0.000
from HO: Immigration Health Surcharge	0.000	0.000	0.000	0.000	3.232	7.180	0.000	0.000
from DCMS: Lloyd George Museum	0.000	0.000	0.000	0.000	0.000	0.027	0.027	0.027
Spending Policy								
Budget Exchange	0.000	0.000	0.000	0.000	141.323	0.000	0.000	0.000
Coastal Communities Fund	0.000	0.000	0.000	0.000	2.640	0.000	0.000	0.000
Reserve Claim: CFER'd Immigration Health Surcharge	0.000	0.000	0.000	0.000	1.146	0.000	0.000	0.000
Cash management rebate	0.000	0.000	0.000	0.000	0.175	0.000	0.000	0.000
Air Ambulance Charities (LIBOR fines)	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000
Structural Funds – West Wales	0.000	0.000	0.000	0.000	3.807	0.000	0.000	0.000
Fire Pensions	0.000	0.000	0.000	0.000	0.350	0.000	0.000	0.000
Reserve Claim: Student Loan Impairments	0.000	0.000	0.000	0.000	150.000	0.000	0.000	0.000
Barnett Consequentials								
Autumn Statement 2016	0.000	0.000	0.000	0.000	1.521	77.655	107.122	129.061
Spring Budget 2017	0.000	0.000	0.000	0.000	0.000	83.193	61.317	42.861
Barnett Consequentials of DCMS Reserve Claim	0.000	0.000	0.000	0.000	1.099	0.000	0.000	0.000
Departmental outturn (underspend compared to final plans)								
Final Outturn 2015-16	0.000	0.000	0.000	-0.797	0.000	0.000	0.000	0.000
Provisional Outturn 2016-17	0.000	0.000	0.000	0.000	-768.788	0.000	0.000	0.000
Subtotal	0.000	0.000	0.000	-0.797	-459.786	168.055	168.466	171.949
Capital DEL plus Resource DEL: June 2016	15,015.495	15,791.105	15,702.448	14,870.714	14,773.155	15,605.433	15,754.508	15,961.541

(1) Totals may not sum due to roundings.

TABLE 3**Cash grant paid to the Welsh Consolidated Fund 2015-16:
Provision & Final Outturn**

	Original Provision £'000	Final Provision £'000	Final Outturn £'000
Expenditure Classified as DEL ⁽²⁾	15,040,606	15,120,419	14,870,714
Expenditure Classified as AME	647,476	301,424	77,159
Non Domestic Rates	956,000	956,000	956,000
Total Managed Expenditure	16,644,082	16,377,843	15,903,873
<i>Less:</i>			
<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	626,499	640,095	513,641
AME Non-cash	201,635	-137,432	-270,716
TOTAL NON VOTED TME	923,012	597,541	337,803
TOTAL VOTED TME	15,721,070	15,780,302	15,566,070
<i>Less:</i>			
Voted receipts			
Contributions from the National Insurance Fund	1,081,564	1,103,144	1,103,144
NDR Receipts	956,000	956,000	970,433
<i>Add:</i>			
Timing Adjustments			
Increase / Decrease in Debtors & Creditors	120	35,120	-176,015
Use of Provisions	266	0	75,446
Movements in balances on the Welsh Consolidated Fund			667
Cash Grant payable to Welsh Consolidated Fund by Wales Office⁽³⁾	13,683,892	13,756,278	13,392,591

Notes:

- (1) Totals may not sum due to roundings
(2) Resource and capital DEL including depreciation
(3) Government of Wales Act 2006, Section 118 (2)

TABLE 4**Cash grant paid to the Welsh Consolidated Fund 2016-17:
Provision & Provisional Outturn**

	Original Provision £'000	Final Provision £'000	Estimated Outturn £'000
Expenditure Classified as DEL ⁽²⁾	15,232,941	15,541,943	14,773,155
Expenditure Classified as AME	557,080	718,911	661,059
Non Domestic Rates	977,000	977,000	977,000
Total Managed Expenditure	16,767,021	17,237,854	16,411,214
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	589,240	757,312	253,244
AME Non-cash	110,403	240,260	270,478
TOTAL NON VOTED TME	794,521	1,092,450	618,600
TOTAL VOTED TME	15,972,500	16,145,404	15,792,614
Less:			
Voted receipts			
Contributions from the National Insurance Fund	1,140,187	1,140,652	1,140,652
NDR Receipts	977,000	1,034,452	1,034,452
Add:			
Timing Adjustments			
Increase / Decrease in Debtors & Creditors	620	60,620	-158,190
Use of Provisions	0	0	67,409
Movements in balances on the Welsh Consolidated Fund			-1,103
Cash Grant payable to Welsh Consolidated Fund by Wales Office⁽³⁾	13,855,933	14,030,920	13,525,626

Notes

(1) Totals may not sum due to roundings

(2) Resource and capital DEL including depreciation

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

TABLE 5**Cash grant paid to the Welsh Consolidated Fund 2017-18: Provision**

	Original Provision £'000
Expenditure Classified as DEL	15,605,433
Expenditure Classified as AME	754,198
Expenditure Financed by Capital Borrowing	20,000
Non Domestic Rates	1,059,000
Total Managed Expenditure	17,438,631
Less:	
<i>Non Voted expenditure:</i>	
LA Credit Approvals	88,800
Other Non-Voted	6,078
<i>Wales Act 2014 Transactions:</i>	
Capital Borrowing	20,000
Resource Ringfenced Non Cash	636,264
AME Non-cash	204,937
TOTAL NON VOTED TME	956,079
TOTAL VOTED TME	16,482,552
Less:	
Voted receipts	
Contributions from the National Insurance Fund	1,163,325
NDR Receipts	1,001,278
Add:	
Timing Adjustments	
Increase / Decrease in Debtors & Creditors	0
Use of Provisions	0
Cash Grant payable to Welsh Consolidated Fund by Wales Office	14,317,949

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