



UK Government
Llywodraeth y DU

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

Annual Report and Accounts 2022-23



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

Annual Report and Accounts 2022-23

(For the year ended 31 March 2023)

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1 The Performance Report

Ministerial Foreword

Six months ago, I had the tremendous honour and privilege of being appointed the Secretary of State for Wales by Prime Minister Rishi Sunak who has tasked me with strengthening Wales' place in the Union by improving lives and creating more opportunities.

Since my appointment, my department's actions speak for themselves.

We're investing more than £1.7 billion to level up Wales, which includes money through the City & Regional Growth Deals, the Levelling-Up Fund, and the UK Shared Prosperity Fund. For instance, for the round two Levelling Up Fund, £208 million was announced just four months ago for many Welsh projects. We're also ensuring EU funding has been replaced in full, and we're committed to proper devolution, working with Local Authorities across Wales to enable our record investment to benefit every community.

I am immensely proud of the role that both Prime Minister Sunak and I have played spearheading this achievement. Ultimately, only by levelling up fully can we generate more jobs and opportunities for the next generation in all parts of Wales.

Moreover, one of the biggest achievements this year has been signing off not one, but two Freeports (the Anglesey Freeport and Celtic Freeport covering Milford Haven and Port Talbot) which will usher in a new era by attracting, according to the Freeport bids, an estimated £1.4 billion of private and public investment and creating around 20,000 new, high-skilled jobs.

These two huge achievements will undoubtedly untap Wales' vast economic potential and demonstrate the key strategic aims of this UK Government.

And our great work does not stop there.

Our new trade deal, the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership), offers new opportunities to Welsh farmers to export to an increasingly important economic market: the Asia Pacific. Importantly, the securing of this lucrative trade deal is in addition to other steps we have undertaken already to strengthen Wales, including the exporting of Welsh lamb to the United States for the first time in almost two decades.

And to further strengthen our Union, every week I am out and about in Wales championing UK Government programmes, where I see at first-hand how they are making a real difference to people's lives.

As a proud Welshman, I will always put the interests of Wales first and continue to both ensure that Wales' voice is heard at the top table and secure more jobs and opportunities for our country.

Rt Hon David TC Davies MP
Secretary of State for Wales

Director's Introduction

This year's Annual Report marks another year of impressive achievements for the department. We saw the launch of the UK Shared Prosperity Fund and continued investment in all parts of Wales through City and Regional Growth Deals and funds such as Levelling Up. We announced two Freeports and work continues to ensure we secure at least one Investment Zone. We also made good progress towards realising our ambitions on floating offshore wind and the publication of the Government's National Semiconductor Strategy was an important step forward for our South Wales Cluster. Other developments such as the appointment of Wales's first Veterans Commissioner and the investment we have seen in grassroots sport in Wales serve to illustrate the incredible breadth of work undertaken across the department.

As I reflect over the past ten years as Wales Office Director, one of the things I am most struck by is the extent to which stakeholder engagement is now at the heart of our operational model. Our Ministers lead from the front as they travel the length and breadth of Wales to hear about peoples' issues, priorities and needs and carry those messages back to Westminster. Our teams work alongside local authorities, businesses, universities and other partners to promote Welsh interests and use the networks they have built across Whitehall to ensure that it is a whole of Government endeavour. None of the achievements set out in this Annual Report would have been possible with that teamwork.

I am similarly proud of the way the department has evolved into a great place to work. This year we maintained our record score in the People Survey despite the various pressures and challenges and moved from being an 'established' smarter working organisation into a 'mature' one. It is a testament to the commitment and quality of our staff that we go from strength to strength not just in terms of what we deliver but also how we deliver.

Glynne Jones CBE
Director

Departmental Overview

The Department's Strategic Overview sets out our work under three strategic priorities

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

The Office has three strategic priorities:

Priority 1 – Supporting Economic Growth in Wales

A - Stimulate growth and the creation of sustainable jobs by supporting a strong Welsh economy within a flourishing global Britain and the UK internal market.

i. Working with other United Kingdom Government (UKG) departments, Welsh Government, and partners to ensure City and Growth Deals deliver on their plans.

The Office leads for the UK Government on the four City and Regional Growth Deals ("the Deals") in Wales and worked very closely during 2022-23 with the Welsh Government and our regional partners to ensure the Deals are on track to deliver successfully.

The Wales City and Growth Deal Implementation Board, co-chaired by senior officials in the Wales Office and the Welsh Government, provides the foundation from which officials in both governments advise Ministers on matters relating to the Deals. The Board met quarterly during the year to review the progress of each deal against performance milestones and identify the key risks to delivery. At each meeting, regional partners from one of the Deals presented on progress, enabling discussion on key issues. Wales Office officials also represented the UK Government at regular meetings of the programme boards of each of the Deals.

The Wales Office officials also worked with each of the regions' Portfolio Management Offices, both formally and informally, on a regular basis. This positive engagement enabled the Office's Regional Growth Team to build an increasingly fruitful and positive relationship with our regional partners during the year.

Swansea Bay City Deal (SBCD)

The Office continued to work with Welsh Government officials and the SBCD Portfolio Office as the City Deal accelerated delivery over 2022-23. The Portfolio Office has been proactive in its measures to mitigate the prevailing

economic pressures to maintain momentum and achieve agreed targets. The region began construction work on three major sites during the reporting year: 71/72 Kingsway in Swansea City Centre (a flexible office space for digital and tech businesses); Pentre Awel, an innovative health, wellbeing and research development in Llanelli and Pembroke Dock Marine in Pembrokeshire, which will create large scale spaces to support industry fabricate, launch and maintain marine infrastructure (including floating offshore-wind infrastructure which will contribute to the UK Government's Net Zero ambition).

In the reporting year, five SBCD projects and programmes have received recognition through industry accredited awards, including the Baglan Bay Technology Centre (opened in October 2021) for its environmental credentials.

The Office supported the Secretary of State on numerous site visits across the Region. This included visits to the Campuses project, and the ground cutting ceremony of the Pentre Awel development in Llanelli in March.

North Wales Growth Deal (NWGD)

The NWGD launched its first project during the reporting year. The £3 million Growth Deal funding provided new, state of the art equipment at Bangor University's Digital Processing Centre. The equipment supports cutting-edge research in digital communications benefitting businesses and residents with better communication capabilities such as 5G and 6G. This milestone was recognised in July with a joint visit by Minister TC Davies and First Minister Drakeford.

The Office worked with NWGD as it moved further into delivery. This included close and collaborative working with the Welsh Government and the Region's Portfolio Management Office (PMO) to provide guidance and support to address slippages in the Deal's delivery pipeline. It also included deploying the Office's sectoral expertise to advise the region on specific topics, including renewable energy.

This support has helped the Deal to refocus its priorities, including a recent call for additional project bids for growth deal funding. This exercise will help the PMO rebalance its portfolio and contribute to achieving spend and benefit targets.

Cardiff Capital Region City Deal (CCR)

The Office has built up a strong working relationship with CCR as it accelerates delivery of its portfolio. The region continues to focus its attention on supporting innovative companies, especially in Media, and the FinTech and MedTech sectors, through its investment programme. The funding of companies such as Creo Medical, Jellagen and Human Data Intelligence has already created new high value employment across the region and will place CCR at the forefront of a range of emerging industrial sectors.

In November, the Secretary of State attended the launch of CCR's £50 million Innovation Investment Fund. The equity fund has been created in collaboration with PWC to provide investment to support high-growth SME businesses in the region. CCR has reported to the Office that it has received a significant number of applications which are currently being assessed.

The legal contract for the purchase of Aberthaw was signed by CCR in February. Procurement for the demolition of the former power station is well advanced and contractors are expected to start on site in late 2023.

Mid Wales Growth Deal (MWGD)

The Office has built a close working relationship with Mid Wales as it develops its portfolio business case. The Office has encouraged the region to learn from the best practice of the other Deals, and it produced a shortlist of projects to assess for strategic fit and financial viability under HM Treasury's five-case model.

The Deal has prioritised five strategic growth areas for development within its portfolio business case: Applied Research and Innovation, Agriculture, Food and Drink, Digital, A Strengthened Tourism Offer and Supporting Enterprise. Project delivery in these targeted areas is expected to begin from late 2023 onwards.

ii. Advocating funds for local growth that promote jobs and growth in Wales and support government plans to level up in Wales

Throughout the reporting period, the Office has continued to work with colleagues across Government to promote and deliver local investment programmes such as the Levelling Up Fund (LUF) and the Community Ownership Fund (COF). These funding streams were first announced at Budget 2021 and are designed to promote local economic growth and level up communities across the UK.

This period has seen the second round of LUF as well as two further application windows for COF. The Office has worked closely with DLUHC and other Government departments to support the successful delivery of these funds and ensure they achieve their objectives in Wales.

The second round of LUF continued to focus on cultural, regeneration and transport projects that benefit local communities across the UK. Following the launch of the second round, officials from the Wales Office joined colleagues from DLUHC for briefing sessions with relevant stakeholders in Wales to discuss how funding streams could be maximised in Wales and how interested parties should engage in the process.

Officials contributed to the assessment of 43 applications to the second round of LUF that were submitted by Welsh local authorities, reviewing all application materials and providing comments on the strategic fit of projects as part of a Whitehall-wide assessment process. The Office was also represented on Whitehall-wide delivery boards for the LUF and UK Community Renewal Fund. Officials were involved in the quality assurance and moderation of LUF

applications, which took place inter-departmentally. These assessments advised Wales Office Ministers in commenting on the projects at the final shortlisting stage. Wales secured £208 million in the second round of LUF for 11 projects, a 10% share of the total UK allocation for the second round.

Local Growth Funds - Wales		
Fund	No. Projects	Value
UKCRF	165	£46.8 million
LUF Round 1	10	£121 million
LUF Round 2	11	£208 million
COF Round 1	3	£460,000
COF Round 2 Window 1	5	£1.1 million
COF Round 2 Window 2	1	£175,000

Fig Local Growth Funding totals for Wales

Source

<https://www.gov.uk/government/collections/new-levelling-up-and-community-investments>

Officials also contributed to the assessment of 14 applications from Wales to the first and second bidding windows of the second round of COF. All applications were reviewed, and comments provided on relevant local knowledge and context to feed into the wider assessment of the applications. To date, Wales has received £1.7 million in COF funding, around 8% of the total UK allocation for COF.

This reporting period also saw the launch of the UK Shared Prosperity Fund (UKSPF). The prospectus was published on 13 April 2022 and Grant Determination letters were issued by the UK Government to lead local authorities on 5 December 2022. Wales will benefit from £585 million through UKSPF by the end of 2024/25 (£101 million of this is ringfenced for Multiply, the adult numeracy programme). Officials worked closely with colleagues across Government to ensure the most appropriate mix of interventions were available for Wales, that appropriate lessons were learned from the UKCRF and indeed that Wales's overall share of the UKSPF matched in real terms the level of funding received under the European Regional Investment Fund (ERDF) and European Social Fund (ESF).

Wales Office Ministers have continued to visit projects across Wales awarded local growth funding. In August, the former Secretary of State for Wales, the Rt Hon Sir Robert Buckland KBE KC MP visited the EVI centre in Ebbw Vale which secured £266k through UKCRF. The project delivered social enterprise development through delivery of a community cafe and provision of digital skills training.

In September, the Secretary of State¹ visited the Porth Transport Hub which secured £3.5 million in the first round of LUF. The Hub will serve as an anchor for comprehensive regeneration, development and investment across Porth town centre and the surrounding area and will serve as the focal point for bus travel in Porth. The Secretary of State visited the Hub again in April 2023 along with the Parliamentary Under-Secretary of State for Transport.

In January, the Secretary of State for Wales and the Parliamentary Under-Secretary of State visited the Llandyrnog Community Shop in Denbighshire which received £200k through COF. This funding allowed the community to secure this local asset and install a cafe along with the shop to serve as a hub, helping with issues like mental health, isolation and loneliness and restore a sense of community cohesion and pride.

Following the announcement of the successful projects for the second round of LUF, the Secretary of State and Parliamentary Under-Secretary of State visited a number of projects from across Wales which had secured funding, this included the Pontypool Cultural Hub and Café, Grand Pavilion Porthcawl, Cardiff Crossrail Phase 1, Conwy Coast to Valley Transport Connectivity, and Holyhead: A culture and heritage driven transformation project.

Officials continue to work closely with the Department for Levelling Up, Housing and Communities (DLUHC) Wales Area Team to engage with local authorities in Wales on delivery of successful projects and providing feedback on unsuccessful applications.

iii. Maximising opportunities for Wales from UK Government's (UKG's) priorities for trade and foreign investment

Trade Policy

Throughout the reporting period the Office worked closely with other Government departments (OGDs) to ensure Wales's interests were fully represented in Free Trade Agreements (FTAs) and other agreements signed by the UK and other countries, and in mandates for negotiations to agree future FTAs.

We worked collaboratively with the Department for Business and Trade (DBT) to ensure the mandates for the UK trade negotiations work for Wales. These include the mandates for negotiations with the Gulf Cooperation Council, South Korea, Canada, Mexico, Israel and Switzerland and the Investment Treaty with Singapore. In addition, we supported ongoing negotiations with India, USA-state level memorandums of understanding, and the UK's bid to join a free trade area with 11 Asia and Pacific nations called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The office also worked with DBT to ensure the benefits of new and existing FTAs are realised for Wales and Welsh businesses, including greater market access opportunities with Australia, New Zealand, and building on existing

¹ For the first visit in September 2022, the Secretary of State attended in his capacity as the then Parliamentary Under-Secretary of State for Wales.

trade opportunities with Singapore. These included a roundtable at the Royal Welsh Show with the Welsh farming unions and the International Trade Week Reception held in Cardiff.

Following the agreement between UKG and the USA to lift the Small Rudiment Rule, the first shipment of British Lamb to the USA left the UK from a Welsh processing site in October 2022.

Furthermore, the successful negotiations with the USA secured an expansive removal of US Section 232 tariffs on imports of UK steel, aluminium and derivative products that has been in place since 2018. This resolution means that UK producers can export (from 1 June 2022) 500,000 metric tonnes of steel and 21,600 metric tonnes of aluminium tariff-free to the USA.

The Office's Ministers met with other UK Government Ministers and senior stakeholders of various sectors in Wales to consider the impact of the UK Government's trade policy. This included meetings with the farming unions, business representative organisations and the automotive, steel and aerospace industries.

The Office's Ministers also attend the Ministerial Forum for Trade (MFT), at which UK Ministers and ministers from the devolved administrations discuss matters relating to international trade. The MFT is supported by a senior officials' group, attended by Office officials.

Trade Promotion

The Office has also worked closely with OGDs to promote Welsh investment opportunities. Officials have continued to work with DBT to upskill sector teams and trade promotion leads at Post on Welsh strengths and investment opportunities. There are strong inward investment opportunities in Wales in low carbon energy (particularly Floating Offshore Wind (FLOW) and Nuclear) and High Potential Opportunities (HPOs) in the Compound Semiconductor and MedTech sectors. We continued to work with DBT as it develops plans to promote both the Compound Semiconductor and Medtech HPOs. In March 2022 DBT launched the Medtech HPO, highlighting investment opportunities in Medtech in South Wales.

To support work to increase Wales' share of total inward investments, a Wales specific lead in the Office for Investment (OFI) has been appointed who works across DBT and OFI to link up strategic investments across key sectors.

The former Secretary of State, Simon Hart, and the current Secretary of State, both highlighted Welsh opportunities through international visits. Secretary of State Hart visited the United States in April 2022 to promote Welsh strengths in the energy sector, particularly opportunities around nuclear and floating offshore wind. The visit also included meetings with US-headquartered businesses to discuss their future plans for their Welsh sites. The current Secretary of State hosted a business roundtable to discuss investment opportunities and promote

Welsh produce. He also met with the Meat Importers Council of America to discuss the potential to export Welsh Lamb.

Recognising the opportunities presented by Wales being on the world stage through the Football World Cup, the current Secretary of State visited Qatar in November 2022 to promote Welsh strengths in energy, Compound Semiconductors and MedTech.

Following the launch of Made in the UK: Sold to the World, the new strategy to boost exports to £1 trillion, in November 2021, we have worked with DBT as the commitments in the strategy are implemented in Wales, ensuring the provision of export support to Welsh businesses. The Export Support Service has expanded its services to include Ukraine and Japan; the Export Academy is offering bespoke training programmes and digital tools to help businesses navigate the technicalities of exporting and find opportunities overseas and UK Export Finance has been granted an extra £10 billion of capacity to drive more UK exports.

In November, the UK Government announced eight Welsh Export Champions, who will provide advice to UK businesses on how to break into international markets. Each Champion has been selected because they have a successful international trade track record.

The Secretary of State for Wales is a member of the Board of Trade, which met in Cardiff in November, launching the Board's report on Life Sciences, which sets out the opportunities the sector offers for economic growth across all the UK's nations and regions, and recognising the strengths in this area in Wales. The Board heard from Welsh manufacturer and exporter Dulas Ltd, which has supported immunisation and health efforts across the world by providing the first mass-produced solar-powered vaccine refrigerator.

iv Assisting businesses and others to grow and sustain activities and secure investment from UK government industry initiatives

As set out in the Plan for Wales, the office has focussed on several key sectors for Wales, including steel, automotive, compound semi-conductors and agriculture.

The Office has worked with both Industry and across Whitehall, to ensure the steel sector in Wales is represented and has a sustainable future. This includes the Secretary of State having numerous conversations with Cabinet Colleagues to promote the Welsh Steel Sector. In January, the Secretary of State visited the Port Talbot steel works. Steel is vital to the Welsh economy and strategically important to the UK as a whole. The Government is committed to securing a sustainable and competitive future for the steel sector in Wales and so has taken broad steps to improve the operating environment for UK steel producers. This includes the Energy Business Discount Scheme; the solution on US tariffs; our intention to consult on carbon leakage mitigation options and the British Industry Supercharger, with new targeted measures to ensure the energy costs for energy intensive industries align to those of our comparable neighbours.

There are many opportunities in Wales for the automotive sector as part of the UK Government's drive for the electrification of vehicles and the transition to Net Zero. The Office continues to work closely with DBT and the Welsh Government to promote investment opportunities in Wales, so that Wales continues to be one of the most competitive locations in the world for the automotive sector. We also continue to work closely with the Welsh automotive industry, DBT and Department for Transport (DfT) to ensure their voices are considered during policy making as we work towards our Net Zero goals. In March, DfT published consultation proposals for a zero-emissions vehicle mandate on UK automotive manufacturers. We will continue to support auto manufacturers and their supply chain as they make the transition necessary to approach the ending of sale of petrol and diesel cars and vans in 2030.

The South Wales Compound Semiconductor cluster is an area of world-leading competitive advantage for Wales. The Office has worked closely with the Department for Science, Innovation and Technology (DSIT) to develop the UK's Compound Semiconductor Strategy, ensuring the vital role of the South Wales Cluster in the UK's future semiconductor sector is appropriately recognised. Furthermore, we have facilitated engagement between DSIT, Welsh Government and Cardiff Capital Region to ensure early engagement from UK Government with regional partners to enable the effective delivery of the strategy in Wales. The Secretary of State for Wales has also had discussions with Cabinet colleagues to ensure the world-leading expertise in South Wales is appropriately supported to enable the Compound Semiconductor Cluster to achieve its full potential.

The Office worked closely with the Treasury ahead of the Autumn Statement 2022 to secure £1.6 billion in funding, an increase of 35% compared to the 2021 Spending Review, for the UK's 9 Catapult innovation centres, including the South Wales Compound Semiconductor Cluster. Officials have built strong relationships and have frequent engagement with key stakeholders in the Cluster, including CSCConnected and the Compound Semiconductor Applications (CSA) Catapult, and have relayed feedback from the Cluster across Whitehall. The Secretary of State for Wales has also visited stakeholders in the South Wales Cluster, including Swansea University's Centre for Integrative Semiconductor Materials and the CSA Catapult.

The agriculture sector is a key one for Wales both economically and culturally. The Office has continued to engage constructively throughout the year with counterparts in the Department for Environment of Energy, Food and Rural Affairs (DEFRA) both through officials' liaison and Ministerial engagement most notably at the regular Environment Food and Rural Affairs (EFRA) Inter Ministerial Group meetings. Both at official and Ministerial level the Office has continued to grow its relationship with the sector including the farming unions. Most notably the then Secretary of State for Wales (Rt Hon Sir Robert Buckland KBE KC MP) held a roundtable with key agricultural stakeholders at the Royal Welsh Show in July. And Minister James Davies MP visited the Royal Welsh Winter Fair in November where he met representatives from the farming unions.

The Office has identified MedTech as a priority area for R&D for Wales. Officials have worked to map the MedTech sector in Wales to identify where MedTech clusters are located and where UK Government funding is currently allocated. The Office has developed relationships with stakeholders across the MedTech sector, including regular engagement with coordinating bodies such as TriTech and Life Sciences Hub Wales. The Secretary of State has also visited innovative MedTech companies who have received UK Government funding, for example Jellagen.

Further to our external stakeholder engagement, we have built relationships across the UK Research and Innovation (UKRI) Medical Research Council, Innovate UK KTN and Innovate Edge to develop the Office's understanding of Wales' MedTech strengths and UK Government support available to grow this key sector. The Office is also engaging with the National Institute for Health and Care Research (NIHR) and supporting its work to expand the NIHR's offering in the Devolved Nations. Finally, we are working with the Office of Life Sciences (OLS) to ensure strong engagement with Welsh stakeholders on the Life Sciences Vision and that Welsh strengths are reflected and supported in key missions where Wales has strong expertise.

The Office has also continued to work closely with the South Wales Industrial Cluster as they developed their strategy to decarbonise South Wales' heavy industries, supported by over £20m funding from UKRI's Industrial Decarbonisation Challenge. This funding has enabled the cluster to plan a roadmap to net zero through innovative decarbonisation technologies such as green hydrogen production, carbon capture usage and storage (CCUS) and CO₂ shipping. The Secretary of State spoke at the launch of the Cluster Plan in March 2023 and the Office continues to work with the cluster to support the work of the deployment project.

In March, the UK Government announced further funding for projects within the Hynet Northwest Cluster. This includes support for carbon capture at the Hanson Cement plant at Padeswood. The CCUS Cluster Sequencing Process is funded to £1 billion through the CCS Infrastructure Fund to support the deployment of CCUS. This investment continues to put North Wales among the regions which will be transformed over the next decade.

The Office has worked closely with DLUHC to deliver on the UK Government commitment to work collaboratively with the Welsh Government on Freeports for Wales. In March, the Prime Minister announced, following a competitive process, the UK Government would support two Freeports in Wales – one in Anglesey and one in Port Talbot and Milford Haven. Freeports will be hubs for international trade, innovation, and commerce, bringing new businesses, jobs, and investment to regenerate communities across the UK.

We have and continue to work closely with DLUHC to design and deliver at least one Investment Zone in Wales. Similar to the Freeport process we have worked with the Welsh Government and continue to discuss Investment Zones in Wales. We will ensure an Investment Zone will be delivered as soon as

possible, reflecting the needs of Wales to make certain Wales can fully utilise the opportunity.

B - Level up in Wales as part of levelling up the UK, with missions delivered in Wales by 2030

Levelling up the UK is a strategic priority for the UK Government. During 2022-23, levelling up Wales has been at the heart of the Office's work, supporting DLUHC and other government departments to ensure levelling up is fully embedded in UK Government policies and programme delivery relating to Wales.

Our work under priority 1A to stimulate growth and the creation of sustainable jobs by supporting a strong Welsh economy within a flourishing global Britain and the UK internal market, directly supports the Levelling Up White Paper Mission that by 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.

This includes eleven Welsh projects being awarded £208 million in the second round of the Levelling Up Fund. The funding enables capital investment in many areas of Wales in need of levelling up, including £9 million in funding for a new engineering campus for 600 young people in Blaenau Gwent and £17 million to renovate cultural and heritage buildings in Holyhead town centre.

The Community Renewal Fund (CRF) closed in December 2022. The UK-wide Fund was launched in 2021 to help local areas prepare for the UK Shared Prosperity Fund (UKSPF). Wales received £46 million in funding for more than 160 projects to support levelling up by investing in local communities and boosting skills.

The reporting year also saw £585 million unlocked for Wales from UKSPF, replacing the funding Wales received from the European Regional Development Fund and European Social Fund. The primary goal of UKSPF is to build pride in place and increase life chances, in Wales and right across the UK, supporting delivery of the Levelling Up White Paper mission that by 2030, pride in place such as people's satisfaction with their town centre and engagement in local culture and community will have risen in every area of the UK, with the gap between the top performing and other areas closing.

Levelling up in Wales is also supported by the Multiply programme, part of the UKSPF. Wales is receiving £101 million in Multiply funding to improve the numeracy skills of adults, boosting their ability to use maths in daily life (at home or at work) and improving employability by increasing the proportion of adults in sustained employment or education and reducing the numeracy skills gaps reported by employers. This supports the Levelling Up mission: by 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK.

These programmes, with Wales's four city and regional growth deals and two freeports, mean that the UK Government has announced investment of over £1.75bn to date on specific area-based programmes to help level up Wales.

Additionally, our work to support Welsh cultural interests in Wales, across the UK and globally, helps support the pride in place Mission. This includes support for the Welsh Language and the Men's Football World Cup in Qatar, as well as investment in the UK-wide Multi-Sport Grassroots Facilities Programme (see page 25) and Lawn Tennis Association public tennis courts upgrade programme.

The Office's work to maximise the opportunities for Wales from UK Government's priorities for trade and foreign investment and assist businesses and others to grow and sustain activities and secure investment, also supports levelling up across Wales by driving the economy in key sectors. For example, the support for Compound Semi-conductors will drive growth between Newport and Swansea, and the focus on supporting decarbonisation of industry will support businesses in Southwest and Northeast Wales.

Our work to secure UK Government investment in infrastructure, technology and innovation in Wales is also supporting the development of key industries, creating jobs and growth. UK Government support for floating offshore wind is supporting the development of key industries in Southwest Wales. Wales also has prime sites for new nuclear projects, and the Office has worked closely with the Department for Energy Security and Net Zero (DESNZ) to progress nuclear energy opportunities.

The Office has continued to highlight the importance of digital infrastructure for levelling up in Wales and has worked with DSIT to further progress digital connectivity in Wales. This includes support for the Shared Rural Network, the delivery of UK Government's £5bn Project Gigabit and the launch of Alpha Trials in a number of locations that have been determined as Very Hard to Reach. Together, these support the Levelling Up Mission: by 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.

The levelling up mission for Research and Development (R&D) presents an opportunity for Wales: by 2030, domestic public investment in Research & Development outside the Greater Southeast will increase by at least 40%, and at least one third over the Spending Review period, with that additional government funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth. In support of this commitment, the Office undertook a comprehensive analysis of R&D funding in Wales to inform the DSIT's strategy. The Office has worked closely with UKRI to ensure that Wales's expertise is recognised, and funding is available to eligible projects. The Office engages regularly with Universities Wales and the Welsh Innovation Network and has built relationships with all eight Welsh universities. We also continue to work closely with the Welsh Government on shared priorities for R&D in Wales.

C – Maximise opportunities for Wales from a green and sustainable future, securing jobs and investment as the UK transitions to a net zero economy and ensuring that Wales is well-connected both internally and with the rest of the UK

Secure UK Government investment in infrastructure, technology, and innovation

The Office's role in infrastructure investment is to help Whitehall departments understand Welsh needs and ensure they are appropriately prioritised. The majority of our engagement on infrastructure has been with the DfT, DESNZ, and DSIT.

Energy Infrastructure

In March, DESNZ delivered *Powering Up Britain*, a package of announcements including the Energy Security Plan and Net Zero Growth Plan.

In support of floating offshore wind (FLOW) in Wales, the Energy Security Plan announced the launch of the floating offshore wind manufacturing investment scheme (FLOWMIS), £160m in new funding to support seaports to develop the infrastructure needed to service this new industry. The Office continues to work with DESNZ as this funding is awarded to ensure that Welsh interests are considered, and that Wales is well-placed to benefit from this funding.

The Office continues to work closely with local partners, DESNZ and The Crown Estate to support the development of floating offshore wind production in Wales. This technology has strong deployment potential in Welsh waters, particularly in the Celtic Sea off the coast of Southwest Wales and England where wind speeds are high and deep seas are accessible from major strategic ports. Investment in port infrastructure will be key to ensuring that Wales capitalises on the jobs and supply chain opportunities that floating offshore wind presents.

Wales has significant strengths and opportunities in marine energy technologies. The Office worked closely with local partners to ensure that tidal stream projects in North Wales had the opportunity to bid into Allocation Round 4 of the Contracts for Difference (CfD) Scheme. In July, Morlais Magallanes secured a CfD for a tidal stream project off the coast of Anglesey.

In March, the UK Government announced that it will retain a ring fence for tidal stream technology within the CfD scheme. This investment will continue to unlock the potential for a thriving tidal energy sector which could support hundreds of green jobs across North Wales.

Wales has prime sites for new nuclear projects and the Office has worked closely with DESNZ to progress nuclear energy opportunities. The UK Government's Energy Security Plan and Net Zero Growth Plan in March included the establishment of Great British Nuclear, an agency of DESNZ tasked with

facilitating the development of nuclear power. The Office will continue to play a key role engaging with Great British Nuclear and OGDs to promote nuclear opportunities in Wales.

The Office has worked with DESNZ to support progress on the development of Hydrogen production in Wales. In March, three prospective Hydrogen developments across Wales were shortlisted for support through the Net Zero Hydrogen Fund, with a fourth project in Pembrokeshire receiving funding to progress.

The Office has also worked on other net-zero project opportunities over the past years to ensure that Wales is best placed for future investment.

Transport infrastructure

Following on from the publication in November 2021 of Sir Peter Hendy's Union Connectivity Review, £2.7m was awarded through the Union Connectivity Development Fund to further develop proposals to upgrade and develop stations along the South Wales Main Line to reduce congestion along the M4 corridor. The Office is engaging closely with DfT on the UK Government response, which is expected to be published in 2023.

The March Budget included an award of £20m for the restoration of the Breakwater at the Port of Holyhead. This investment, alongside the conferral of Freeport status, will support the sustainability and development of the Port.

There has been progress on rail upgrades this financial year. In January, £50million was awarded to Cardiff Council through the Levelling Up Fund to develop Cardiff Crossrail, a new route between Cardiff Central Station and the Bay. DfT-funded progress towards reopening St Clears Station in Carmarthenshire continues along with capacity upgrades to Cardiff Central Station.

The Office has continued to engage with the DBT to support the Global Centre for Rail Excellence, which will create a world class train testing facility in Wales. The majority of £20 million grant funding committed to the Centre has been delivered and £8 million of innovation funding is in the process of being delivered through UKRI.

On road infrastructure, the Office continues to work with DfT for options relating to the manifesto commitment to upgrade the A55, and other cross-border road upgrades. The Office is working with DfT ahead of the UK Government response to the Union Connectivity Review, particularly in relation to improving transport infrastructure across North and South Wales.

Digital infrastructure

The Levelling Up White Paper commits to the UK having nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population, by 2030. Wales is expected to have 70-80% gigabit capable broadband coverage by 2025, and 80% 4G coverage from all Mobile Network

Operators by 2027. The Office continues to highlight the importance of Digital Infrastructure for levelling up in Wales and has worked with DSIT to further progress digital connectivity in Wales.

In March 2020, UKG announced a £1 billion deal with mobile network operators (MNOs) to deliver the Shared Rural Network (SRN). Under the programme, Wales' coverage from all four MNOs will increase from 60% to 80%, and areas with coverage from at least one provider will increase from 90% to 95%. The SRN programme is already delivering 4G coverage uplifts in Wales. The MNOs have now deployed more than 150 new sites across the UK directly towards SRN requirements and have upgraded over 1,300 sites – including 138 in Wales – since SRN began in 2020.

The Office has regular engagement with all mobile network operators involved in the programme to understand their progress particularly in relation to planning consents.

The Office has also engaged with DSIT/Building Digital UK (BDUK) regarding the Extended Area Service (EAS) element of the SRN which will improve 4G coverage in the hard-to-reach areas of Wales where there is currently no signal from any operator. In Wales there are 86 EAS sites which are being considered in Dyfed Powys, Gwent, and North Wales regions. 44 out of the possible 86 EAS sites in Wales have now started to move through internal BDUK processes and should be handed over to the MNOs in 2023. The MNOs then have up to 12 months to activate these sites for commercial connectivity. The Office also chairs a working group which brings together officials from BDUK, the Home Office, the Welsh Government and Growth Deal Digital leads to discuss the delivery of EAS sites in Wales.

Regarding the UK Government's £5bn Project Gigabit programme, the Public Review was completed in May 2022, which identified 231,482 premises in Wales that are within the scope of Project Gigabit. Analysis of the Public Review was completed in November 2022 and this analysis was used to define potential Intervention Areas. Since November 2022, BDUK have been assessing supplier interest in these Intervention Areas through the formal process of Pre-Procurement Market Engagement (PPME).

As of November 2022, 2,473 vouchers have been issued to help communities in more rural areas of Wales through Project Gigabit's UK Gigabit Voucher Scheme. This is in addition to the 2,732 vouchers that have already connected homes and business in Wales since 2018. In early 2023, BDUK increased the maximum voucher value, from £1,500 for homes and £3,500 for businesses to £4,500 for both homes and businesses. When the voucher scheme re-opens in Wales in Summer 2023, this increase will help broadband providers reach further into rural areas of Wales where build costs are higher.²

² The voucher scheme in Wales has been paused since August 2022 whilst the mapping work for Project Gigabit intervention areas has been ongoing. It is expected that the voucher scheme in Wales will re-start in May/June 2023, after the procurements for Project Gigabit have launched.

In December 2022, DSIT announced the launch of Alpha Trials in a number of locations to test the viability of satellite connectivity with multiple stakeholders to a limited number of remote premises across the UK that fall outside the scope of Project Gigabit and have been determined as Very Hard to Reach (VHTR). Two Alpha Trials in the Ogwen Valley and the Crafnant Valley – both in the Snowdonia National Park – were announced and are expected to run for up to 2 years.

Innovation

Over the past year, the Office has worked closely with UK Research and Innovation (UKRI) to ensure that Wales' expertise is recognised, and funding is available to eligible projects. Welsh R&D has received numerous investments, including £118m over 148 unique Welsh projects through the Industrial Strategy Challenge Fund. Recent projects funded through this programme include £4.1m for the 'UP' project, led by Fibretec in Swansea, to establish a commercial-scale demonstration facility for the recovery, sorting and recycling of post-consumer plastic packaged from mixed waste streams, and £740k to support physical activity using AI and wearable technology led by Tendertec in Cardiff. This funding will help bring research to life and develop real-world applications. Officials are also engaging closely with the delivery teams for the £22m Media Cymru programme and £25m CSCConnected programme, both funded through the Strength in Places Fund, to support the effective delivery of these programmes.

At the Autumn Spending Review 2021 the UK Government announced that there will be an increase in public investment in R&D to £20bn by 2024-25 to build towards the target of increasing public R&D investment to £22bn by 2026-27 and economy-wide R&D to 2.4% of Gross Domestic Product (GDP) by 2027. Following on from this, commitments from the levelling up white paper further laid out the Government plans, with a drive to increase domestic public investment in R&D outside the Greater Southeast by at least 40%, and over the Spending Review period by at least one third. In support of these commitments, the Office undertook a comprehensive analysis of R&D funding in Wales to inform DSIT's strategy. The Office has also established Ministerial and official engagement across UKRI, including frequent discussions with officials in the UKRI Research Councils, Innovate UK, and the UKRI Place team to understand how UKRI is working to achieve the UK Government's R&D levelling up commitments.

The Office works closely with the UKRI Communications team to ensure we effectively promote UKRI announcements in Wales and highlight UK Government investment in Welsh R&D. We actively promoted Innovate UK's place-based Launchpad competition to Welsh stakeholders, ensuring Wales was well placed to submit high quality applications for this competition.

Regarding association to European Union (EU) programmes for R&D, we have provided feedback on proposed alternative programmes to Horizon to ensure Wales' key R&D sectors and emerging clusters were well supported in these initiatives. Working with DSIT, we assisted in securing an additional

£11.5m funding to the Welsh Government as part of an immediate package of R&D support in November 2022 given ongoing uncertainty regarding Horizon association.

The Office has regular engagement with Universities Wales and the Welsh Innovation Network and has built relationships across all eight Welsh universities. The Secretary of State has visited the majority of Welsh universities in recent months to experience first-hand the leading research being undertaken and is committed to visiting the remaining universities in the near future. We also continue to work closely with the Welsh Government on shared priorities for R&D in Wales.

Skills

The Office has also worked closely with key stakeholders to ensure the effective delivery of the Turing Scheme in Wales. The Turing Scheme is the UK Government's scheme to provide funding for opportunities in education and training across the world as part of the Government's Global Britain agenda. Higher Education in Wales had strong success in Turing Round 2, where all Welsh universities were successful in their applications and received funding from the Turing Scheme. In preparation for the third round, we have engaged regularly with stakeholders across Wales, in particular those in Further Education, to ensure they were well positioned to submit high quality applications. The Office also assisted the Department for Education (DfE) in developing its stakeholder engagement plan to promote the third round of the Turing Scheme, as well as DfE's establishment of a working group with Higher Education (HE) and Further Education (FE) stakeholders across all four nations of the UK, including in Wales, Scotland and Northern Ireland to shape future rounds of Turing and ensure it delivers for Wales.

Priority 2 - Strengthen and protect the Union and Wales' role within it.

Promote Wales's position within the UK by ensuring Wales maximises the benefits from its place within the Union

The Office has worked to ensure that Wales remains at the heart of the UK Government's Union strategy and has provided a strong voice for Wales within Whitehall. Ministers and officials have worked closely with their counterparts to ensure UK Government departments are cognisant of the Welsh devolution settlement when formulating policy and supporting their engagement with the Welsh Government. This work supports the effective functioning of the Union. The Office has also worked with DLUHC on its internal polling to better understand attitudes towards the Union in Wales.

Wales Office Ministers engaged directly with the Welsh Government throughout the reporting period on a number of important issues. During his tenure as Secretary of State for Wales, Rt Hon Sir Robert Buckland KBE KC MP, met with the First Minister of Wales and the Welsh Minister for Economy on various occasions to discuss areas of joint interest.

The Rt Hon David TC Davies MP also regularly met with Welsh Ministers in both ministerial roles he held during the year. Following his appointment in October as Secretary of State, he met with the First Minister of Wales to discuss joint work between the UK and Welsh Governments in areas such as the freeports programme and secondary legislation. Secretary of State Davies and the Welsh Minister for Economy also met jointly the Qatar Investment Authority during their visit to mark the participation of the Wales men's football team at the FIFA World Cup, highlighting the joint efforts of the UK and Welsh Governments to attract investment to Wales.

The Office also continued to support UK Government engagement with the Devolved Administrations through the processes and structures agreed through the Review of Inter-Governmental Relations. The Rt Hon David TC Davies MP attended meetings of the Interministerial Standing Committee (IMSC) on 29th June and 1st February. The IMSC considered cross-cutting issues such as cost of living challenges, the UK Government's legislative programme and Common Frameworks. Wales Office Ministers also attend departmental level Interministerial Groups (IMGs) where appropriate. For example, Minister James Davies MP attended two meetings of the IMG for Environment, Food and Rural Affairs and one meeting of the IMG for Trade during the reporting period.

This structured approach to engagement between the administrations is detailed in the UK Government's quarterly and annual transparency reports on intergovernmental relations.³

Ensure the Welsh devolution settlement works effectively

The Office played a key role in supporting the UK Government's legislative programme in the third session of this Parliament, working closely with departmental Bill teams on legislation which impacts Wales. This included supporting engagement between Bill teams and the Welsh Government, as the UK Government sought the Senedd's consent to provisions in various parliamentary Bills. Over the year, legislative consent motions were approved for provisions in four Bills for which the UK Government sought the consent of the Senedd, including the Energy Prices Bill and the UK Infrastructure Bank Bill.

There was however one Bill during this period that did not receive legislative consent from the Senedd – the Trade (Australia and New Zealand) Bill, which gives the UK Government and the Devolved Administrations powers to implement procurement obligations which the UK has agreed as part of trade deals with Australia and New Zealand. On this Bill, the Office worked closely with the Department for International Trade to support its engagement with the Welsh Government. Through this official and Ministerial engagement, the UK Government sought to agree compromises where issues were raised. Despite this it was not possible to reach agreement and the Senedd refused legislative consent for the Bill on 31 January. The UK Government will continue to work closely with the Welsh Government and the other devolved administrations on the implementation of these obligations.

³ Links to the quarterly and annual reports are available at this link: Intergovernmental relations – GOV.UK (www.gov.uk)

The Office also worked with the Welsh Government and other UK Government departments to ensure that Senedd legislation taken forward during the reporting period respected the devolution boundary and was within devolved competence. For example, the Office facilitated a request from the Welsh Government for Minister of the Crown consent for provisions of the Historic Environment (Wales) Bill which removed powers exercisable by UK Government ministers. The Office worked with colleagues from Department for Culture, Media and Sport (DCMS) and DLUHC, the lead policy departments for the powers in question, to secure ministerial agreement to the request. Following this, the Secretary of State for Wales formally provided Minister of the Crown consent for the provisions.

The Local Government and Elections (Wales) Act 2021 (Corporate Joint Committees) (Consequential Amendments) Order 2023

The Local Government and Elections (Wales) Act 2021 gave Welsh Ministers the power to establish Corporate Joint Committees (CJCs), which are regional bodies in Wales made up of the local authority leaders of the region⁴. Four CJCs covering the whole of Wales were subsequently established. They have responsibility for strategic development planning, regional transport planning and promoting the economic well-being of their area.

As a consequence of these changes, amendments were required to UK legislation to provide CJCs with the same tax and employer status as their constituent local authorities. This included amendments to the National Loans Act 1968, the Local Government Act 1972 and the Income Tax Act 2007. As these amendments would not be within the Senedd's competence, the Welsh Government made a request for the Secretary of State for Wales to make the amendments using the power he holds under section 150 of the Government of Wales Act 2006.

The Office worked closely with the Welsh Government to prepare the Order which was laid before Parliament on 23 February. The Order was subsequently debated in the House of Commons on 22 March and in the House of Lords on 28 March, before being made on 30 March. The Order came into force on 1 April 2023, ensuring the necessary changes to tax legislation were in force from the start of the 2023/24 financial year.

Policing and Justice

The Office worked with the Ministry of Justice in supporting the Justice Minister Lord Bellamy in his evidence to the Senedd's Legal Justice and Constitution Committee in December making the case for the single legal jurisdiction. In that session the Minister indicated the MoJ's intention to implement some of the recommendations from the Thomas Commission thus demonstrating UKG's commitment to improving the delivery of justice in Wales.

⁴ This includes eligible office holders from the National Park Authorities in the region. National Park Authorities are only permitted to vote on matters relating to the preparation of strategic development plans unless there is unanimous agreement among council leaders that they may contribute on other matters.

The Office continued to support policing partners throughout the year, most notably by Ministerial attendance at the quarterly Policing Partnership Board for Wales. The Secretary of State celebrated the success of the Police Uplift Programme when he attended the Gwent Police new recruits passing out parade in December.

Support Welsh cultural interests in Wales, across the UK and globally

The Office supports the ambition of achieving one million Welsh speakers by 2050 by championing the use of the Welsh language across UK Government. The Office launched its cross Whitehall Welsh Language Forum designed to improve the consistency of Welsh language delivery across UK Government. The inaugural meeting was held in July with a second meeting in January which proved popular with Whitehall colleagues and is driving forward the UK Government's (UKG's) Welsh language provision. In the first post-pandemic summer, the Office was able to engage face to face at key Welsh language events. The then Minister (now Secretary of State) attended the Urdd Eisteddfod celebrating its centenary year in June. The Office also facilitated the presence of the first UKG stand at the National Eisteddfod to which the then Secretary of State and the then Minister attended.

As the only Welsh language broadcaster, the Office recognises the importance of S4C to the people and culture of Wales. After the announcement of the licence fee settlement in the previous reporting period, the Office has continued to engage with DCMS colleagues on the longer-term review of the BBC licence fee funding model. The Office has also worked with DCMS on the plans for the Media Bill which was published in draft format on 29 March. The Bill is important for S4C as it will implement statutory changes identified as part of the S4C review in 2018.

Wrexham put forward a strong bid to be the UK City of Culture 2025. Whilst it was unsuccessful in its application, we worked with DCMS to secure funding to reflect its runner up position enabling some of the benefits of the bid to be realised.

The Men's Football World Cup in Qatar saw Wales qualify for the first time in 64 years. The Office worked with officials from across Whitehall and the Welsh Government to not only celebrate this magnificent achievement but also to maximise opportunities for the Welsh economy and culture from the wide exposure this gave.

The Office supported DCMS and the Football Association of Wales (FAW) in submitting in November, the Wales part of the joint UK and Ireland initial bid to UEFA for the hosting of European Football Championships in 2028. Subsequent engagement has continued to ensure that full bid will be able to be lodged in April 2023.

The Office's fruitful engagement with DCMS officials resulted in a further £12.6 million being announced in January for Wales under the UK-wide Multi-Sport Grassroots Facilities Programme. This investment will greatly improve

playing facilities in communities the length and breadth of Wales to ensure underrepresented groups are able to access quality sports facilities. The Office has continued to engage with DCMS on the UK Government backed Lawn Tennis Association public tennis courts upgrade programme. Wales will benefit from this fund to upgrade run down and dilapidated public tennis facilities.

Champion the contribution of the Armed Forces in Wales

The Office has continued to work with the Ministry of Defence (MoD) on its commitment to maintain a strong footprint for the Armed Forces in Wales. The MoD remains committed to the development of Caerwent Barracks in Monmouthshire, which will be home to two Regular units: the Queen's Dragoon Guards and 1st Battalion the Rifles Regiment. A Reserve unit will also be based in Wrexham.

The Office successfully worked with HM Treasury (HMT) and MoD to secure up to £10 million at the Autumn Statement to support the creation of the Advanced Technology Research Centre (ATRC). The ATRC will be a defence-focused centre of excellence, bringing together government, industry and academic partners aligned to emerging technologies and defence capability requirements. The ATRC will enable Wales to capitalise on increased investment in defence R&D and position itself as a global leader in this area with a bespoke, state of the art facility.

The Veterans' Commissioner for Wales – Colonel James Phillips – successfully took up his post in June 2022. He has engaged with the veteran community in Wales and has held a trilateral meeting with the Secretary of State and the Minister for Veterans' Affairs; to discuss his impressions of the support currently available to veterans in Wales. In addition, an administrative support officer was appointed in January 2023 to assist the Commissioner with his work and to enable him to be more effective in his role.

The Office continues to participate in a veterans' coordination group, to ensure Territorial Offices, the Devolved Administrations and the Office of Veterans' Affairs collaborate effectively to celebrate the contribution of veterans to society, wherever they choose to settle in the UK.

Priority 3 - Increase the visibility of the UK Government's commitment to Wales

Strengthen the UK Government's presence in Wales and enhance its visibility

The Places for Growth programme is delivering the Government's commitment to relocate 22,000 civil service roles from Greater London to the UK nations and regions by 2030. The programme has seen departments increasing their presence in Wales, principally within the UK Government Hub in Cardiff – Ty William Morgan – in line with their commitments over the Spending Review (SR) period.

Over the reporting year, the Office has worked with the Cabinet Office to support ambitions to increase the number of civil service posts in north Wales. In July the Secretary of State for Wales, Rt Hon Sir Robert Buckland KBE KC MP, joined the then Minister for Brexit Opportunities and Government Efficiency, Rt Hon Jacob Rees-Mogg MP, on a visit to Wrexham which included a roundtable with local stakeholders on the opportunities from the Places for Growth Programme for the local area.

Maximise the visibility of UK Government spending in Wales and the benefits and outcomes of this expenditure

Supporting the UK Government departments' investment in Wales has been a key part of the Office's work during the reporting year. The Office leads on UK Government investment in the four city and regional growth deals in Wales, with investment of £47.5 million in 2022-23.

We worked closely with DLUHC on UK Government investment in local growth funds in Wales. This included unlocking £585 million for Wales from the UK Shared Prosperity Fund (UKSPF, including the Multiply programme), replacing in full the funding Wales received from the ERDF and ESF EU Structural Funds programmes. It also included £208 million invested in 11 Levelling Up Fund (LUF) projects in Round 2 of the LUF programme and a further £1.2 million in 6 Community Ownership Fund (COF) projects across Wales.

UK Government funding for these local growth programmes was provided directly to local authorities (UKSPF and LUF) and local communities (COF) in Wales using the financial assistance power under the UK Internal Market Act 2020. Visibility and public awareness of these investments are promoted through the bilingual Levelling Up / FFyniant Bro and UK Government / Llywodraeth y DU brands. For UKSPF projects, lead local authorities are asked to make clear that the project is funded or part-funded by the UK Government through the UK Shared Prosperity Fund.

The investments are also promoted through a programme of Ministerial visits to projects on the ground focusing on the long-term benefits of the investments and the value to Wales of being part of the United Kingdom.

Wales Office officials met regularly with a wide range of local and regional partners during the year to discuss the UK Government's strategic priorities and investments. These includes local authority chief executives and directors of regeneration, representatives of business organisations and leaders in the community and voluntary sectors in Wales.

The Office also worked closely with DCMS and representatives of sporting organisations in Wales to ensure Wales receives an appropriate share of UK-wide funding for grassroots football and multi-sport facilities and to refurbish public tennis courts. In January, the Minister for Sport announced £12.6 million for 2022-25 for multi-sport grassroots facilities in Wales as part of UK-wide funding. £1.2 million of this was allocated in 2022-23. This investment will

help support the UK and Ireland bid to host the Men's football European championship in 2028.

Around £1.8 million in UK Government funding is being invested between 2022 and 2024 in improving tennis courts in Wales. To date, this has included funding to improve tennis courts in Newport and Wrexham.

Increase the visibility and impact of UK Government Ministers and policies in Wales

The Office worked with departments across Whitehall to co-ordinate visits to Wales by UK Government Ministers. As part of this co-ordination, we worked with No.10 and the Cabinet Office to ensure regular visits throughout the year by a range of Ministers with varied portfolios.

The visits highlighted UK Government investment in Wales and sought to make the benefits of the Union to Wales clear, visible, and more widely understood. Ministerial visits to Wales during the year included:

- The Prime Minister visited Holyhead to announce two new Freeports for Wales – including in the Celtic Sea – which received widespread media coverage and positive stakeholder reaction.
- The Secretary of State for Science, Innovation and Technology visited Newport to announce a £1 billion investment in the Semi-Conductor sector.
- The Secretary of State for Transport visited Wales for the announcement of levelling up round two and funding for Cardiff CrossRail project.
- The Chancellor of the Duchy of Lancaster visited Airbus to see their work on cybersecurity for the UK Government.

Ministers of State from various departments including the Home Office, Department for Work and Pensions (DWP), Defence and HMT also visited demonstrating their commitment to Wales.

The Office worked to ensure that these visits received positive media coverage across a range of outlets.

Media coverage of the Secretary of State also increased across UK outlets. He has appeared on Question Time several times and conducted interviews with various national newspapers. He also regularly appears on Welsh media, in both the English and Welsh language.

We continued to develop our social media presence throughout the year and introduced an Instagram account for the first time.

The Welsh language continues to be a priority for the communications team and the Secretary of State conducts interviews with the media in Welsh on a regular basis, meets stakeholders and speaks to them in Welsh and will take

part in a Welsh language roundtable to discuss what can be done to preserve the language later this year.

Covid-19 Related work

UK Covid-19 Public Inquiry

The UK Covid-19 Inquiry (“the Inquiry”), established under the Inquiries Act 2005, was officially launched in July 2022. As set out in its Terms of Reference⁵, the Inquiry will examine, consider and report on preparations and the response to the pandemic in England, Wales, Scotland and Northern Ireland.

During the reporting period, the Inquiry requested information and documents from the Office as part of Module 2B of its work, which is examining decision-making within the Welsh Government during the pandemic. The Office worked with the Government Legal Department to respond to the Inquiry’s request.

UK Commission on Covid Commemoration

The UK Government established the UK Commission on Covid Commemoration in July 2022. The Commission’s role was to consider the most appropriate way to commemorate those who lost their lives during the pandemic and to recognise those involved in the response.

The Commission included a specific representative each for Wales, Scotland and Northern Ireland. The then Secretary of State for Wales, Rt Hon Sir Robert Buckland KBE KC MP, approved the appointment of the Welsh representative on the Commission.

The Commission launched a public consultation in October. In order to help ensure that the Commission received as many responses from people in Wales as possible, we shared details of the consultation with our key stakeholders and encouraged them to contribute their views.

Cost of living response

The Office played a key role throughout the year in supporting households and businesses in Wales as rising prices resulted in increases to the cost of living and doing business.

The Office worked with other UK Government departments, the Welsh Government, and partners right across Wales on a wide range of issues relating to the rising cost of living in Wales. These included:

- Ensuring households and businesses in Wales were aware of available UK Government support by promoting announcements via social media

⁵ <https://covid19.public-inquiry.uk/terms-of-reference/>

and direct correspondence with elected representatives, businesses and the public.

- Engaging with UK Government departments at Ministerial and official level responsible for delivering support to ensure Wales-specific issues were considered and addressed where possible.
- The Secretary of State contributed to a Welsh Government Cabinet sub-committee on Cost-of-Living meeting to outline UK Government support for people and businesses in Wales and discussed further steps which could be taken between UK and Welsh Governments to support the people of Wales, with committee members including the First Minister.

Finance and Governance

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

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

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

Finance

The Department's 2022-23 budget was set in the 2021 Spending Round.

Of the £19.948 billion Welsh settlement, the Office's allocation for 2022-23 was around £5.6 million, which was spent largely on staff and accommodation, and other Departmental responsibilities such as the reimbursements of Lord Lieutenants of Wales. The remainder of the settlement (£19.943 billion) was allocated to the grant to the Welsh Consolidated Fund.

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

Efficiency

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

The Office is fully committed to sharing services and expertise with the other Territorial Offices and UK Government departments wherever possible with a view to exploiting all available opportunities to secure where possible efficiencies and strengthen resilience.

We continue to fully utilise our existing shared services with the Territorial Offices. We currently share a parliamentary team and security adviser with the other Territorial Offices and a freedom of information (FOI) requests service with the Northern Ireland Office and are further consolidating the finance teams shared between the Wales and Scotland Offices.

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

Pension Liabilities

Details of how pension liabilities are treated in the Office's accounts are disclosed in the Remuneration and Staff Report and Accounting policy note 1.10.

Transparency

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

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

* <https://www.gov.uk/government/publications/transparency-spend-over-500-for-financial-year-2022-23>

** <https://www.gov.uk/government/publications/oss-w-ministerial-gifts-hospitality-travel-and-meetings-october-to-december-2022>

** <https://www.gov.uk/government/publications/oss-w-special-advisers-gifts-hospitality-and-meetings-october-to-december-2022>

During 2022-23 we dealt with 100 Freedom of Information (FOI) requests as set out below.

Description	Number 2022-23	Number 2021-22
FOI requests received, Of which:	100	100
Responses replied to within 20 working days or within permitted extension	95 (95%)	98 (98%)
Internal Review of our responses requested	3	5
Response referred by requestor to the Information Commissioner	1	1

Our Parliamentary performance over 2022-23 is summarised below:

Description	Number 2022-23	Number 2021-22
Named Day	29	18
Named Day responses replied to on time (target 100%)	29 (100%)	16 (89%)
Ordinary	75	102
Ordinary responses replied to on time (target 100%)	75 (100%)	101 (99%)

Our performance in handling correspondence during 2022-23 was:

Target	2022-23 %	2021-22 %
100% Correspondence dealt with within 15 days	93%	97%

Political and Charitable Donations

The Office did not make any political or charitable donations in 2022-23. (2021-22 Nil).

Counter-Fraud and Raising a Concern (Whistleblowing)

The Wales Office has robust arrangements in place for the prevention, detection and reporting of fraud, and is committed to the highest possible standards of openness, honesty, and accountability. Our arrangements follow the principles outlined in the HM Treasury's publication *Managing Public Money*, and Civil Service policies on whistleblowing or raising a concern about any suspicions on matters that staff think are wrong, illegal or endangers others, including fraud, bribery or corruption.

There were no reported cases of fraud or whistleblowing during the reporting period. (2021-22 Nil).

Estates

The Department has two offices, Gwydyr House in London and the UK Government Hub in Cardiff.

Gwydyr House is a Grade II* listed building and is owned by the Government Property Agency (GPA). On 1st April 2021, the Office transferred the ownership of Gwydyr House to the Government Property Agency (GPA). This transfer was part of a Government-wide programme.

The Office rents space alongside other UK Government Departments in the Cardiff Hub

Both offices meet the requirements of the Disabilities Act.

Health and Safety

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

All staff are required to complete annual mandatory Health & Safety training, and the department keeps its health and safety guidance under review,

During 2022-23, there were no accidents reported to the relevant authorities (nil in 2021-22).

Smarter Working

Smarter Working is a Civil Service-wide programme to develop modern ways of working. In December 2022, the Office gained accreditation as a Mature Smarter Working organisation.

Sustainable Development

This sustainable development report has been prepared in accordance with 2022–23 guidelines laid down by HM Treasury in ‘Public Sector Annual Reports: Sustainability Reporting’ published at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1125091/2022-23_Sustainability_Reporting_Guidance.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 Office does not own and is not the sole occupants of either of its buildings in London or Cardiff. Both buildings are shared with other UK public sector bodies. It is not possible to identify the individual responsibility of each organisation to the overall sustainability of each building. Shared occupations are not accounted for, due to the difficulties of extrapolating reliable sustainability data from service charges. supplied by the landlords.

The Office does not report on environmental protection and social responsibility as the work and remit of the Offices does not cover this area of policy.

Governance, responsibilities, and internal assurance

The environmental performance of the Office is reviewed periodically.

Commitments on Environmental Impacts

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

<https://www.gov.uk/government/publications/greening-government-commitments-2021-to-2025/greening-government-commitments-2021-to-2025>

The Office is committed to reducing our energy usage to help achieve the UK’s net zero emissions target.

The Department’s Carbon Reduction Commitment is managed by the Government Property Agency and Ministry of Justice. The Office is committed to reducing its environmental impact by:

- a. increasing the range of items that can be collected for recycling in both of our buildings.
- b. replacing printers with more energy efficient models; and

- c. using public transport where possible rather than cars when travelling to meetings.

	CO ₂ Emissions Tonnes					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Air Travel	36.01	31.42	49.65	0.00	0.00	28.12
Air Miles	151,515	165,038	137,193	0	0	58,665
Rail Travel	15.56	16.29	11.98	1.33	3.42	8.94
Rail Miles	138,728	254,360	187,351	22,656	62,421	158,049
Car Mileage	1.92	2.34	1.92	2.06	1.46	2.25
Gas Heating	23.59	19.7	13.4	11.14	14.08	22.87
Electricity*	26.68	23.42	11.1	10.20	2.89	9.53
Waste	0.11	0.04	0.01	0.10	0.08	0.06
Total CO ₂ Tonnes	103.87	93.21	88.06	24.83	21.93	71.77
Water Consumption Cubic Metres**	385	212	427	505	252	642

* The CO₂ conversion factor for electricity has decreased in 2019 due to a decrease in coal generation and an increase in renewable generation.

** The consumption of water increased in 2022-23 due to major refurbishment works being undertaken in the London Office.

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

Financial Review

In 2022-23 the Office spent £19.7 billion (2021-22 £19.9 billion) within Parliamentary Supply Estimates (Supplementary Estimate), primarily as a grant to the Welsh Consolidated Fund.

Financial Performance

Parliament votes funds to Departments on two occasions during the year by means of a *Main Estimate* at the start of the year and a *Single Supplementary Estimate* in February 2023.

The estimates are published by Her Majesty's Stationery Office (HMSO) and contain details of voted monies for all Government departments. The 2022-23 Supplementary Estimates are available at:

<https://www.gov.uk/government/publications/supplementary-estimates-2022-23#:~:text=The%20Supplementary%20Estimates%2C%20presented%20to,for%20any%20necessary%20new%20services.>

Movements in Estimate provision during 2022-23

At the start of the year the Department was voted £18.9 billion in its Main Estimate. By the final Single Supplementary Estimate, this had increased to £19.9 billion largely due to a £1bn 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	5,320	5,564	244	4%

The underspend of £0.244 million against the Supply Estimate is mainly attributable to lower spend than anticipated on office services and Lord Lieutenants and unused contingency funds.

Wales Office - Capital

Spending in Department Expenditure Limits		Outturn £000	Estimate £000	(Overspend)/ Under spend £000	Percentage of estimate %
A	Wales Office	39	72	33	46%

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

Non-Budget Costs

Spending in Non-Budget Limits		Outturn £000	Estimate £000	(Overspend)/ Under spend £000	Percentage of estimate %
C	Grant Payable to the Welsh Consolidated Fund (WCF)	17,209,376	17,465,076	255,700	1.46%
D	*Pay over of Welsh Rates of Income Tax to the WCF	2,477,747	2,477,747	0	0
Total to WCF		19,687,123	19,942,823	255,700	1.46%

On the 6th of April 2019, the Welsh Rate of Income Tax (WRIT) was introduced in Wales. Receipts from WRIT are added to the Welsh Block Grant.

Grant payable to the Welsh Consolidated Fund

The sum of £255.7 million described as an underspend in the grant payable to the Welsh Consolidated Fund indicates the amount of actual cash that the Welsh Government (WG) did not draw down in 2022-23. It is the responsibility of the Wales Office to transfer funding from the Consolidated Fund to the Welsh Consolidated Fund monthly ensuring that the Welsh Government does not draw down funding in advance of need. The Office paid across all amounts to the Welsh Consolidated Fund as requested by the Welsh Government. Information on the Welsh Government's actual expenditure in resource terms can be found in the Welsh Government's consolidated accounts and the accounts of its arm's length bodies. The Office is responsible for ensuring that funds are transferred appropriately and that transfers are recorded correctly in our accounts. It is for the Welsh Parliament to determine how the funds are spent and for the Welsh Government to account for the expenditure.

Summary of Key Terms in Government Budgeting

Departmental Resource budget covers the costs of the consumption of resources e.g. pay costs.

Capital budgets cover expenditure on new fixed assets e.g. Plant and machinery and equipment.

Departmental Resource and Capital budgets are divided into:-

Departmental Expenditure Limit (DEL) budgets are for expenditure which is within the department's control. Limits are set in the Spending Review and Departments may not exceed the limits set.

Annually Managed Expenditure (AME) budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Expenditure in AME is generally less predictable and controllable than expenditure in DEL.

The total Departmental Resource budget is the total of the resource DEL and resource AME budget. The total of the Departmental Capital budget is the total of the Capital DEL and AME budget.

Within the Resource budget there are separate administration controls set in the Spending Review:-

Administration Budgets cover the costs of all central government administrations e.g. staff salaries and travel and subsistence costs.

Programme Budgets cover the costs of support activities that are directly associated with front line activities.

More information on the budgeting framework can be found at <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2022-to-2023>

Statement of Financial Position

The net liabilities as at 31st March 2023 are £-0.535m, (2021-22 net assets £-0.466m). The significant balances on the Statement of Financial Position are

- Property, plant, and equipment £0.100m - This principally comprises plant and equipment and furniture and fittings at the London Office
- Right of Use Assets net book value of of £4.7m - The department adopted IFRS 16 'Leases' from 1 April 2022. Under IFRS 16 the majority of leases, treated as operating leases until 31 March 2022 have now been recognised on-the balance sheet as right-of use assets and lease liabilities. As a result, we recognised £5m at the 1st of April 2022. The assets has been depreciated leaving a net book value of £4.7m at the 31st of March 2023. The lease contracts comprise leased buildings.
- Financial Assets and Liabilities are £213.1m (2021-22 £67.6m). These are loans issued from the National Loans Fund (NLF) to the Welsh Government. In 2022-23, two new loans totalling £150m were issued to the Welsh Government from the NLF under the Wales Act. The NLF interest and capital payments are balanced by corresponding amounts in receivables and payables.

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

	2022-23 £000	2021-22 £000
Net Resource Outturn (Estimates)	19,692,443	19,947,995
Adjustments to remove non- budget items*	(19,687,123)	(19,942,334)
Total Resource Budget Outturn	5,320	5,661
Of which		
Departmental Expenditure Limit (DEL)	5,320	5,964
Annually Managed Expenditure Limit (AME)	0	(303)
Adjustments include		
Non- Budget items*	19,687,123	19,942,334
Capital grant in Kind**		5,000
Net Operating Cost (Accounts)	19,692,443	19,952,995

Notes

- * Non- Budget items are the Grant Payable to the Welsh Consolidated Fund and Payover of Welsh Rates of Income Tax to the Consolidated Fund. See Statement of Parliamentary Supply SOPS1
- ** Capital grants are budgeted for as CDEL but accounted for as spend on the face of the Statement of Comprehensive Net Expenditure, and therefore function as a reconciling item between Resource and net operating expenditure. A £5 million capital grant in kind was made to the Government Property Agency (GPA) in the form of a transfer of freehold land and buildings. On the 1st of April 2021, the ownership of the London Office Gwydyr House was transferred to the GPA for nil consideration.



**Glynne Jones CBE
Accounting Officer**

12th July 2023

2 The Accountability Report

Corporate Governance Report

Directors' Report

Ministers, Directors and Senior officials

Ministers/Directors/Senior officials
Rt Hon. David TC Davies MP Secretary of State for Wales from 25th October 2022 Parliamentary Under-Secretary of State for Wales to 25th October 2022
Rt. Hon Sir Robert Buckland KBE KC MP Secretary of State for Wales from 7th July 2022 to 25th October 2022
Rt. Hon Simon Hart MP Secretary of State for Wales to 6th July 2022
Dr James Davies MP Parliamentary Under-Secretary of State for Wales from 27th October 2022
Alison White – Lead Non-Executive Board Member (NEBM)
Alun Evans CBE – Non- Executive Board Member (NEBM)
Glynne Jones CBE – Director
Geth Williams – Deputy Director, Union, Growth and Corporate Services
Sarah Jennings – Deputy Director, Private Office
Louise Parry and Kate Starkey – Joint Deputy Director, Policy
Dafydd Jones – Deputy Director, Press and Communications
Matt Rigg* – Deputy Director Legal

Notes

- * Matt Rigg is employed by the Government Legal Department (GLD). He is a member of the Office's Senior Leadership Team but is not a member of the Departmental Board.

The Office had two non-executive board members (NEBM) – Alison White (Lead NEBM) and Alun Evans (NEBM). Details of all the Office's committees and membership are outlined in the "Governance Statement" (pages 41-45)

Security and information security

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

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

There was one security incident reported during 2022-23. (2021-22, one). This involved the loss of a mobile phone. The item was fully encrypted and did not contain confidential or sensitive information. 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 Office and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

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

Statement on the disclosure of relevant audit information

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

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination. Auditors' remuneration and expenses are disclosed at Note 2 to the accounts. During the reporting year no payment was made to the auditors for non-audit work (2021-22 £nil).

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

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

Governance Statement

Introduction

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

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

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

The Office's Governance Statement sets out the governance structures, the internal controls and risk management procedures that have operated within the Office during the financial year 2022-23 and up to the date of when the Annual Report and Accounts are laid in Parliament.

Ministerial responsibilities

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

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

Corporate Governance Structures

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

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

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

In 2022-23 the Board monitored progress of the Office's performance against its strategic priorities, and objectives.

The Code of Good Practice for corporate governance in central government departments (2017) stipulates that departmental board effectiveness evaluations should be carried out annually, led by the Lead Non-Executive Board Member and should have independent input at least once every three years. An independent review of Board effectiveness was undertaken in March 2022 with the results disclosed in the 2021-22 Wales Office Annual Report and Accounts.

A review of the governance arrangements of the Department was undertaken by the Lead Non-Executive Board Member in March 2023. The results of her review were detailed in a separate report which was shared with all Board Members. The findings were that the Board has continued to improve its effectiveness since last year's review, and that the revised governance arrangements agreed as a result of the independent review last year, are working well.

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

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

Departmental Board

Members	No. of Eligible Meetings Attended
Rt Hon. David TC Davies MP - Chair Secretary of State for Wales from 25th October 2022 Parliamentary Under-Secretary of State for Wales to 25th October 2022	3 of 3
Rt. Hon Sir Robert Buckland KBE KC MP Secretary of State for Wales from 7th July 2022 to 25th October 2022	1 of 1
Rt. Hon Simon Hart MP Secretary of State for Wales to 6th July 2022	0 of 0
Dr James Davies MP Parliamentary Under-Secretary of State for Wales from 27th October 2022	2 of 2
Alison White – Lead Non-Executive Board Member (NEBM)	4 of 4
Alun Evans CBE – Non- Executive Board Member (NEBM)	4 of 4
Glynne Jones CBE – Director	4 of 4
Geth Williams – Deputy Director, Union, Growth and Corporate Services	4 of 4
Sarah Jennings – Deputy Director, Private Office	4 of 4
Louise Parry and Kate Starkey – Joint Deputy Director, Policy	4 of 4
Dafydd Jones – Deputy Director, Press and Communications	4 of 4

Notes

* Ministers are scheduled to attend two Board meetings a year.

The Office's Senior Leadership Team supports the Board by undertaking regular reviews on risk and governance processes.

The Audit and Risk Assurance Committee (ARAC)

The ARAC is chaired by the Lead Non-Executive Board Member and comprises one other NEBM and another independent member. 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 April 2023 seeking views from its members. It concluded that the Committee continued to operate effectively, ensuring proper coverage of its terms of reference.

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

- the Department’s risk management processes including undertaking deep dives on divisional risk registers, and the risk appetite statement.
- Business plan and governance processes; and
- Internal and External Audit reports.

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

Audit and Risk Assurance Committee

Members	No. of Eligible Meetings Attended
Alison White – Lead Non-Executive Board Member (NEBM), Chair	3 of 3
Alun Evans CBE – NEBM	3 of 3
Rachel Irvine ¹ – Independent Member from 1 st January 2023	0 of 0
Sam Hartley ² – Independent Member to 31 st December 2022	2 of 3

Notes

- 1: Rachel Irvine is currently the Deputy Director, Constitutional Policy in the Scotland Office and Office of the Advocate General.
- 2: Sam Hartley’s terms an independent member ended on the 31st of December 2022. He is the Director of Policy, Research and Analysis and Deputy Secretary to the UK Covid-19 inquiry. To maintain his independence this official absented himself from any discussions on Covid 19.

Other Board/Committees

Outcome Delivery Board

The Outcome Delivery Board (ODB) oversees the delivery of the Department’s Outcome Delivery Plan (ODP) and is chaired by the Lead Non-Executive Board Member. The ODPB was established in July 2021 and reports to the Departmental Board on strategic issues and overall progress of the delivery of the Plan.

Health and Safety Committee

The Health and Safety (H&S) Committee supports the Board and Accounting Officer in their responsibilities for the health and safety of all staff and visitors to the Office’s premises.

During 2022-23, the Committee, considered a range of issues, including reporting of any accidents at work, and training for fire wardens, first aiders and Display Screen Equipment (DSE) assessors.

Register of Interests

The Wales Office processes for registering outside interests and employment apply to all executive and non-executive members of the Board and Committees and to all Senior Civil Servants working in the Department. For those staff below the Senior Civil Service grades the declaration and management of interests is in line with MoJ policies and the requirements of the Civil Service Management Code.

Board Members

The Office maintains a register of interests, which is reviewed and updated on a quarterly basis. The interests registered by members are set out below:

Members	Position/Interest
Alison White	NED & Audit Committee Chair - The Queen Elizabeth II Centre (DLUHC) to November 2022 NED & Audit Committee Chair - Animal and Plant Health Agency (DEFRA) to January 2023 NED & Audit Committee Chair - The Oil and Pipelines Agency Non-Executive member of Audit Committee - The Ministry of Defence
Alun Evans CBE	Sole Director - Atbeconsulting Ltd Chair - Atlee Foundation (non-remunerated)
Sarah Jennings	Director and Chair - London Region Arts Club (non-remunerated)

Special Advisers

In line with the current Declaration of Interests policy for special advisers, all special advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. The Accounting Officer has considered these returns and the following relevant interests are set out in public:

Current Special Advisers

Name	Interest
Corrie Driscoll	Ms Driscoll's father is a Vale of Glamorgan Councillor.

Former Special Advisers (left during 2022-23)

Name	Interest
Olivia Williams (until 6/09/2022)	Ms Williams holds an unpaid role as a Director of Nameco 1064.
Alex Williams (between 6/09/2022 and 25/10/2022)	Mr Williams is the Director of Transom Campaigns Limited.

Business Appointments

The Office follows the Business Appointment Rules (BAR) issued by the Cabinet Office for Civil Servants

<https://www.gov.uk/government/publications/governments-business-appointment-rules-for-civil-servants>

The Audit and Risk Assurance Committee reviews the Offices compliance with the rules.

In compliance with BAR, the Department is transparent in the advice given to individual applications for senior staff, including Special Advisers and this information is published at:

<https://www.gov.uk/search/transparency-and-freedom-of-information-releases?organisations%5B%5D=office-of-the-secretary-of-state-for-wales&parent=office-of-the-secretary-of-state-for-wales>

Risk identification and management

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

The robustness of this system continues to be illustrated by the Department's management of its key strategic risks. In 2022-23 these have included the risks of: -

- Failure to support Economic Growth in Wales with resultant impact on employment, business growth and social factors.
- Failure to strengthen and sustain the Union and Wales's role within it and increase the visibility of UKG's commitment to Wales.

The Office has good controls in place to mitigate these risks. These include:

- Regular and effective engagement with Other Government Department's (OGDs) and utilisation of cross-government mechanisms.
- Effective and direct stakeholder engagement.
- Providing advice and support for city and growth deal projects and other programmes.
- Undertaking quality research and analysis to build credibility.
- Engagement at ministerial level where required. and
- Building credibility and trust between inter-government officials.

Capacity to handle risk

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

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

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

Risk and control framework

The Office has in place a Risk Management Framework (RMF) Policy which is aligned with HM Treasury's Orange Book Management of Risk – Principles and Concept. The policy is approved by the Audit and Risk Assurance Committee and the Departmental Board.

The RMF Policy clearly outlines its procedures, and the promotion of a transparent and accountable culture to support consistent, timely and effective risk management across the Department.

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

Assurance Statements

Each Deputy Director is required to complete and sign a Certificate of Assurance statement supported by a completed Internal Control Checklist to provide assurance to the Accounting Officer on governance, risk management and the operation of internal controls within their divisions. All statements were reviewed by the Chair of the ARAC as part of the governance review.

No significant concerns were identified as part of the end of year assurance statement process.

Government Functional Standards

The Department has reviewed its compliance with applicable Government functional standards. This review has shown that it is compliant with the mandatory requirements.

Internal Audit

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

Internal audit services are provided to the Wales Office by the Government Internal Audit Agency, which works in accordance with Public Sector Internal Audit Standards. The work of internal auditors includes reviewing information and holding meetings with senior management, to look at the governance, risk, and internal control framework.

The Head of Internal Audit from the Government Internal Audit Agency provides an annual assurance to the Department's Accounting Officer, by way of an independent opinion on the adequacy and effectiveness of governance, risk, and internal control arrangements. The internal audit opinion is informed by the internal audit work carried out throughout the reporting period and the annual audit work plan is developed in agreement with senior management, the Accounting Officer and the Audit and Risk Assurance Committee and is informed by an analysis of the risks to which the Wales Office is exposed.

The 2022-23 internal audit plan included reviews of: Conflicts of Interests, Budget Management and Resource Resilience.

On the basis of the work completed and the knowledge of the governance, internal control, and risk management frameworks within the Wales Office, Internal Audit has provided a Moderate annual opinion.

Compliance with the Corporate Governance Code

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

- Numbers of NEBMs. After due consideration by the Director, Departmental Board and the Audit and Risk Assurance Committee, and following discussions with Internal Audit and National Audit Office, the Department decided not to increase the number of its NEBMs. It is felt the current membership is proportionate to the size of the Department (around 47 staff). The two NEBMs brought extremely valuable skills and experience which are particularly relevant to the Office. The Lead NEBM is a qualified accountant and an experienced chair and independent member of audit and risk committees, including during the past year, the Animal and Plant Health Agency, Queen Elizabeth Conference Centre and Oil and Pipelines Agency. The second NEBM appointed in January 2021 is a former senior civil servant and has experience of being an executive Board member of four Government departments, working with Ministers, and an understanding of the challenges faced by a small Government Department.
- Specific consideration has been given as to whether a conflict of interest could arise in the roles of Lead Non-Executive Director and ARAC Chair being occupied by the same person; the Lead NED does not chair the Departmental Board, so the risk of any conflict is low. Any benefit to be gained from engaging a third NED for this reason continues to be outweighed by the proportionality argument outlined above.
- To ensure that the Audit and Risk Assurance Committee comprises at least three members, an official from the Scotland Office and Office of the Advocate General (Deputy Director Constitutional Policy) currently serves as an independent member.
- Membership of the Board should include the Finance Director: - due to the size of the Office and ensuring the balance of membership between Ministers and Officials, the Head of Finance is not a member of the Board but attends all Board meetings in an advisory capacity.

Security and information security

This is covered in the Director's Report. Please see page 38.

Information Risk and Assurance

Information Assets

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

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

Management Information

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

Risks and their Management

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

Outcomes during 2022-23

There were no data losses during 2022-23. (2021-22 Nil)

Ministerial Directions

There were no Ministerial directions during the year. (2021-22 Nil)

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

Based on its work over this reporting period, the Committee is able to provide reasonable assurance on the adequacy of audit arrangements for the Department and on the assurances provided to the Accounting Officer in respect of the governance, risk management and control arrangements. It is also able to provide assurance that the processes in place to produce the financial accounts for the Department are sound.

Assessment of system of internal control

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



Glynne Jones CBE
Accounting Officer

12th July 2023

Remuneration and Staff Report

Remuneration Report

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

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

Remuneration Policy

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

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

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

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

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

Board members and senior civil servant's remuneration

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

Service Contracts

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

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

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

Ministers' salaries and pension entitlements

This section and the related tables below have been subject to audit.

The salaries, taxable benefits in kind and pension entitlements of Ministers are shown in the following tables.

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 £81,932 (from 1 April 2020) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department, and is therefore shown in full in the figures below.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. No Minister in the Office of the Secretary of State for Wales received benefits in kind in 2022-23 or 2021-22.

Remuneration (salary, benefits in kind and pensions)

Single total figure of remuneration							
Ministers	Salary (£)		Benefits in Kind (to nearest £100)		Pension benefits to nearest £1000 ¹		Total (to nearest £1000)
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
The Rt. Hon David TC Davies MP, Secretary of State from 25th October 2022 and Parliamentary Under Secretary of State to 25th October [†]	*32,270	n/a	nil	n/a	8,000	n/a	40,000
The Rt Hon Sir Robert Buckland KBE, KC MP Secretary of State from 7th July 2022 to 25th October 2022 ^{††}	37,019	n/a	nil	n/a	6,000	n/a	43,000
The Rt. Hon Simon Hart MP, Secretary of State to 6th July 2022 ^{†††}	34,841	67,505	nil	nil	4,000	17,000	39,000
Dr James Davies MP, Parliamentary Under Secretary of State from 27th October 2022 ^{††††}	9,624	n/a	nil	n/a	2,000	n/a	12,000

Notes to the table:

- 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.
- On the 25 October 2022, The Rt. Hon David TC Davies MP was appointed Secretary of State for Wales. He was the Parliamentary Under Secretary of State for Wales until this date. *His salary includes £3,294 which he received in his role as Parliamentary Under Secretary of State from 8th September 2022. The full year equivalent salary in the role as Secretary of State was £67,505 and £22,375 as Parliamentary Under Secretary of State.
- On the 7th July 2022, Sir Robert Buckland KBE, KC, MP was appointed Secretary of State for Wales replacing the Rt Hon Simon Hart MP. He left the role on the 27th of October 2022. His total salary for 2022-23 includes a compensation payment of £16,876. The full year equivalent salary in this role was £67,505.
- On the 6th of July 2022, the Rt Hon Simon Hart MP resigned from his post as Secretary of State for Wales. His total salary for 2022-23 includes a compensation payment of £16,876. The full year equivalent salary in this role was £67,505.
- On the 27th of October 2022, Dr James Davies was appointed as Parliamentary Under Secretary of State for Wales. The full year equivalent salary in this role was £22,375.
- The remuneration costs for the Parliamentary Under-Secretary of State was borne by the Consolidated Fund until 8th September 2022.

Pension Benefits						
	Accrued Pension at age 65 as at 31 March 2023	Real increase in pension at age 65	CETV at 31 March 2023	CETV at 31 March 2022	Real increase/decrease in CETV £000	
Ministers	£'000	£'000	£'000	£'000	£'000	
The Rt. Hon David TC Davies MP, Secretary of State from 25th October 2022 and Parliamentary Under Secretary of State to 25th October	0-5	0-2.5	58	47	4	
The Rt Hon Sir Robert Buckland KBE, KC MP, Secretary of State from 7th July 2022 to 25th October 2022	5-10	0-2.5	139	126	3	
The Rt. Hon Simon Hart MP, Secretary of State to 6th July 2022	0-5	0-2.5	51	46	3	
Dr James Davies MP, Parliamentary Under Secretary of State from 27th October 2022	0-5	0-2.5	2	0	1	

Ministerial Pensions

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

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

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

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

The Cash Equivalent Transfer Value (CETV)

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

The real increase in the value of the CETV

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

Board Members' salary and pension entitlements

This section and the related tables below have been subject to audit

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

Salary figures include all allowances payable by the Department, whereas full year equivalents are calculated net of allowances, bonuses and ex gratia payments. Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2022-23 relate to performance in 2021-22 and the comparative bonuses reported for 2021-22 relate to performance in 2020-21.

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

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

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits to nearest £1000) ²		Total (£,000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Glynn Jones CBE, Director	95-100	95-100	nil	10-15	nil	nil	-13,000	15,000	85-90	120-125
Geth Williams, Deputy Director, Union, Growth and Corporate Services	75-80	75-80	nil	5-10	nil	nil	-7,000	13,000	70-75	95-100
Sarah Jennings Deputy Director, Private Office	95-100	90-95	5-10	nil	nil	nil	5,000	37,000	120-125	130-35
Louise Parry, Deputy Director, Policy, job share with Kate Starkey [†]	45-50	45-50	nil	nil	nil	nil	1,000	11,000	45-50	55-60
Kate Starkey, Deputy Director, Policy, job share with Louise Parry [†]	45-50	45-50	nil	nil	nil	nil	-2,000	9,000	45-50	50-55
Dafydd Jones, Deputy Director, Press and Communications	85-90	85-90	nil	nil	nil	nil	34,000	33,000	120-125	115-120

Notes to the table:

² The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. Negative values - Final salary member (classic/classic plus/premium) who has transitioned to alpha. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values

[†] The full-time equivalent salaries for Louise Parry and Kate Starkey for 2022-23 are in the range of £75k to £80k (2021-22 £70k to £75k).

Non – Executive Directors

Remuneration	Salary exc bonuses (including allowances (£'000))		Benefits in kind (to nearest £100)		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-21
Alison White, Audit Committee Chair and Lead Non-Executive Director	10-15	10-15	nil	nil	10-15	10-15
Alun Evans, Non-Executive Director	5-10	5-10	nil	nil	5-10	5-10

Pension Benefits

Senior Managers	Accrued pension and related lump sum at age at 31 March 2023	Real increase in pension and related lump sum at pension age at 31 March 2023	CETV at 31 March 2023	CETV at 31 March 2022	Real increase/decrease in CETV
	£000	£000	£000	£000	£000
Glynne Jones CBE, Director*	50 - 55 plus a lump sum of 95 - 100	0 - 2.5 plus a lump sum of 0	966	888	-26
Geth Williams, Deputy Director, Union, Growth and Corporate Services	30 - 35 plus a lump sum of 70 - 75	0 - 2.5 plus a lump sum of 0	719	656	-18
Sarah Jennings Deputy Director, Private Office	15-20	0-2.5	184	162	6
Louise Parry, Deputy Director Policy job share with Kate Starkey	15 - 20 plus a lump sum of 30 - 35	0 - 2.5 plus a lump sum of 0	287	261	-5
Kate Starkey, Deputy Director Policy job share with Louise Parry	20 - 25	0 - 2.5	318	291	-7
Dafydd Jones, Deputy Director, Press and Communications	0 - 5	0-2.5	38	20	10

Notes to the table:

*Taking account of inflation, the CETV funded by the employer has decreased in real terms.

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 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

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

except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

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

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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March

2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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

(This section has been subject to audit)

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

The banded remuneration of the highest-paid director in the Office in the financial year 2022-23 was £95k-£100k (2021-22, £105k-£110k) (See Single total figure of remuneration table). This was 2.1 times (2021-22, 2.6 times) the median remuneration of the workforce, which was £45,647 (2021-22, £41,997). The salary component of the median was £45,647.

The implementation of the Department's pay award in 2022-23 increased average staff remuneration and reduced the ratio between the highest paid directors' remuneration and the median pay ratio.

In 2022-23 1 (2021-22, nil) staff member received remuneration (salary, allowances and bonuses) more than the highest-paid director. Remuneration ranged from £25,475 to £106,000 (2021-22 £8,300 to £106,000).

There was a 3% change in the highest paid director's salary and allowance. This was due to the Senior Civil Service pay award. There was a 100% change in bonuses paid to the highest paid director (they did not receive a bonus in 2022-23).

The banded remuneration of the highest paid director remained the same as in 2021-22.

For staff of the entity taken as a whole, the estimated average percentage change from the previous financial year of salary and allowances was 7.2% and the percentage change in performance pay and bonuses payable was -10.9%

The ratio between the highest paid director's remuneration and the pay and benefits of the employee on the 25th percentile and 75th percentile of pay and benefits of the entity's employees for the financial year are shown in the table below.

The lower quartile remuneration (representing the 25th percentile of the linear distribution) was £33,090 (the salary component of this was £33,090) and the upper quartile remuneration (representing the 75th percentile of the linear distribution) was £55,863 (the salary component of this was £55,863). The total pay and benefits for the median, lower and upper quartiles is the same as the salary component.

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.

Table to show the median, 25th percentile and 75th percentile remuneration and ratio against the band of the highest paid Director in the Wales Office.

Description	2022-23	2021-22
Band of highest paid Director total remuneration (£000)	£95 to £100k	£105k to £110k
Median remuneration (£)	45,647	41,997
Ratio	2.1	2.6
25th percentile remuneration (£)	33,090	30,769
Ratio	2.9	3.5
75th percentile remuneration (£)	55,863	55,296
Ratio	1.7	1.9

Compensation for loss of office

(Subject to audit)

No staff left the Wales Office under Voluntary Exit terms in 2022-23 or 2021-22.

Ministers

(Subject to audit)

The Rt. Hon. Simon Hart MP and the Rt. Hon Sir Robert Buckland KBE KC MP left Office on the 6th July 2022 and 25th October 2022. They both received a severance payment of £16,876 in accordance within section 4 of the Ministerial and other Pensions and Salaries Act 1991. There were no severance payments made in 2021-22.

Staff Report

Staff Costs

This section and the related tables below have been subject to audit

The Wales Office expenditure on staff during 2022-23 is shown in the table below: -

				31 March 2023	31 March 2022
	Permanently employed staff and inward secondees	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	2,605	4	114	2,723	2,654
Social security costs	265		9	274	235
Other pension costs	595			595	539
Total costs	3,465	4	123	3,592	3,428

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes but (insert employer’s name) is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2022-23 employer’s pension contributions of £595k (2021-22: £539k) were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% (2021-22: 26.6% to 30.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £Nil (2021-22 £Nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. (2021-22: 8.0% to 14.75%)

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £Nil (2021-22 £Nil) 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £0k (2021-22 £Nil). Contributions prepaid at that date were £Nil. There were no retirements during 2022-23 on the grounds of ill health. (2021-22: Nil)

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £Nil (2021-22 £Nil) 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £Nil (2021-22 £Nil). Contributions prepaid at that date were £Nil. There were no retirements during 2022-23 on the grounds of ill health. (2021-22: £Nil)

Staff Numbers

(Audited information)

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

	31 March 2023	31 March 2022
Permanent staff	49	43
Others	0	2
Ministers	2	2
Special advisers*	2.2	2
Total	53.2	49

* The special adviser numbers are taken on a snapshot date of 31 March 2023.

Special Advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all Special Advisers across government is managed by the Cabinet Office, with corresponding budget cover transfers. Therefore, all Special Adviser costs are reported in the Cabinet Office Annual Report and Accounts. Special Advisers remain employed by the respective department of their appointing Minister.

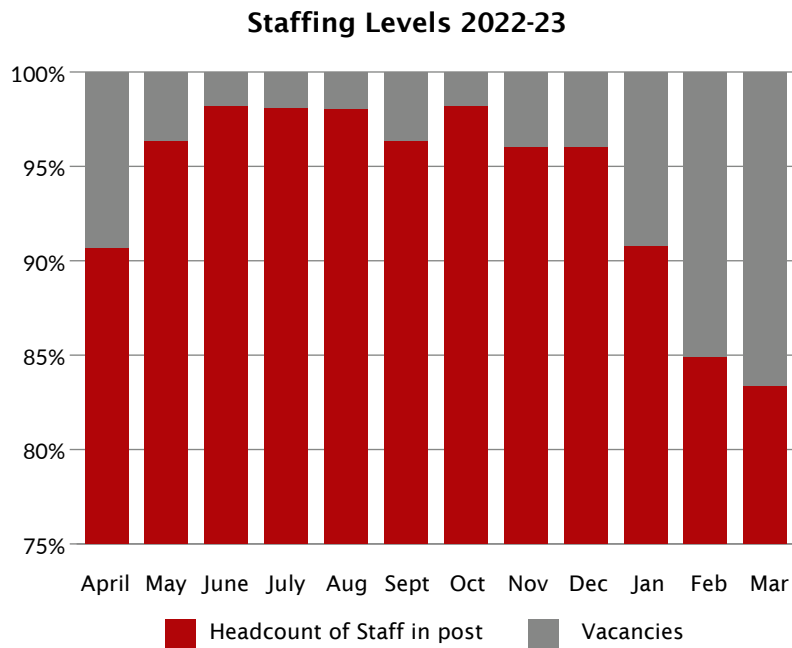
In line with the Constitutional Reform and Governance Act 2010 and the Model Contract for Special Advisers, a Special Adviser's appointment automatically ends when their appointing Minister leaves office. Special Advisers are not entitled to a notice period but receive contractual termination benefits to compensate for this.

Termination benefits are based on length of service and capped at six months' salary. If a Special Adviser returns to work for HM Government following the receipt of a severance payment, the payment is required to be repaid, less a deduction in lieu of wages for the period until their return. Termination costs for Special Advisers are reported in the Cabinet Office Annual Report and Accounts.

The Wales Office has never employed staff directly. It continues to receive employment services from the Ministry of Justice (MoJ) which assigns staff to the us.

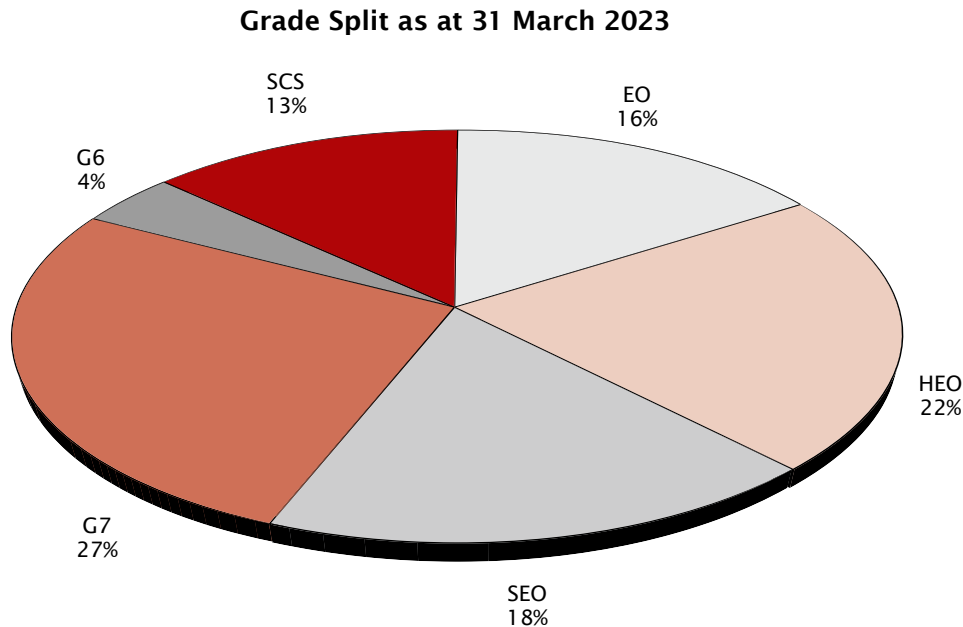
MoJ are subject to the Civil Service Commissioners' Recruitment Principles and staff are recruited on our behalf through fair and open competition. In the past we have been far more reliant on loans from other Government departments but now this arrangement applies to less than five staff.

A monthly breakdown of permanent staffing levels is shown (as a percentage of our allocated headcount) in the chart below:



The Wales Office had a staff complement of 45 staff by the end of the 2022-23 financial year reporting period. The staff turnover during the year was around 26%.

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



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

(Audited information)

There were no Civil Service exit packages in 2022-23 or 2021-22

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

The Trade Union Facility Time Regulations do not apply to the Wales Office as we are not an employer. The Ministry of Justice as the employer provides trade union representation for staff.

Senior Civil Service

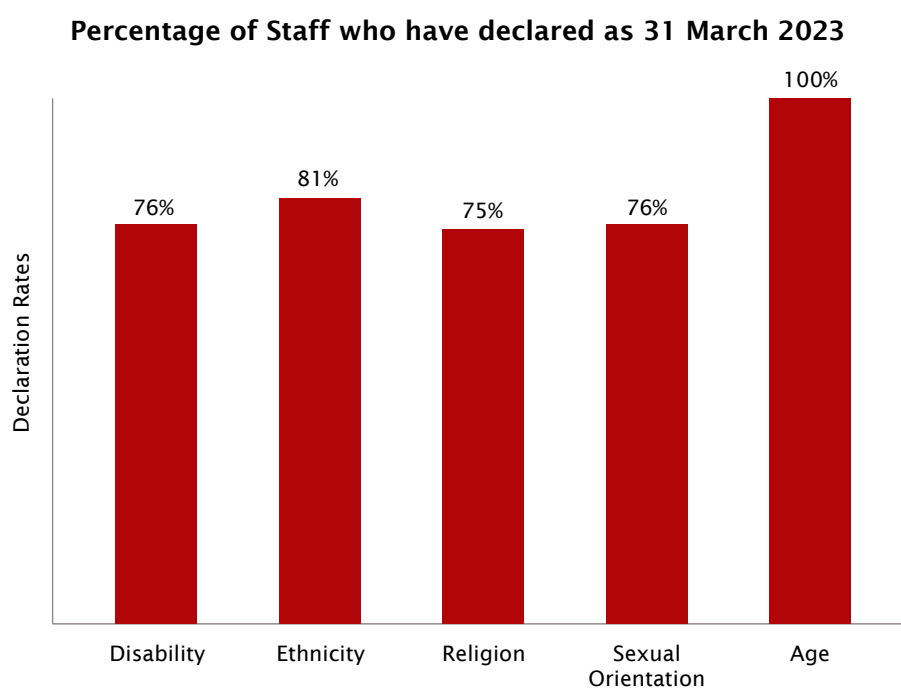
At the 31 March 2023, there were six people holding five substantive senior civil servant posts in the Wales Office.

Staff in Senior Civil Service positions	March 2023	March 2022
Proportion of women	50%	50%
Proportion of women at Pay band 2 & above	0%	0%
Proportion of Black and Minority Ethnic (BAME) disclosed	0%	0%
Proportion of Disabled staff disclosed	0%	0%

Equality & Diversity

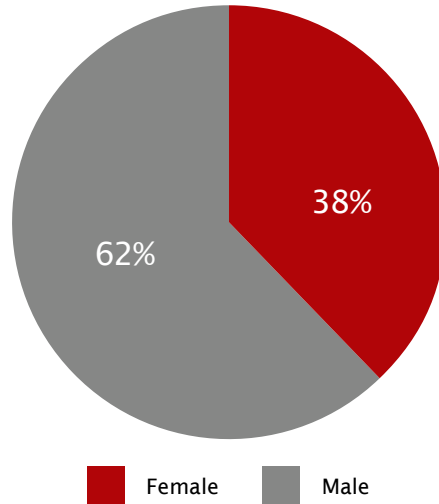
Personal characteristics are recorded through the Ministry of Justice Human Resources (HR) system where staff are encouraged to make personal declarations on a voluntary basis, at regular intervals throughout the year.

Response rates showing the percentages of staff who have voluntarily updated their HR record for each characteristic, at 31 March 2023, is shown in the chart below:

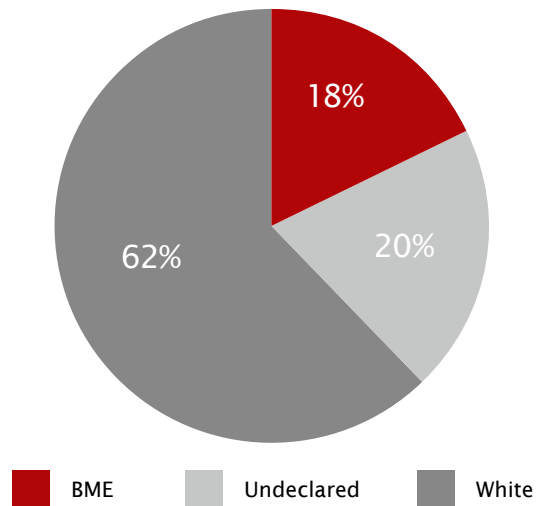


The chart below shows the gender profile, based on HR data at 31 March 2023.

Gender Profile as at 31 March 2023



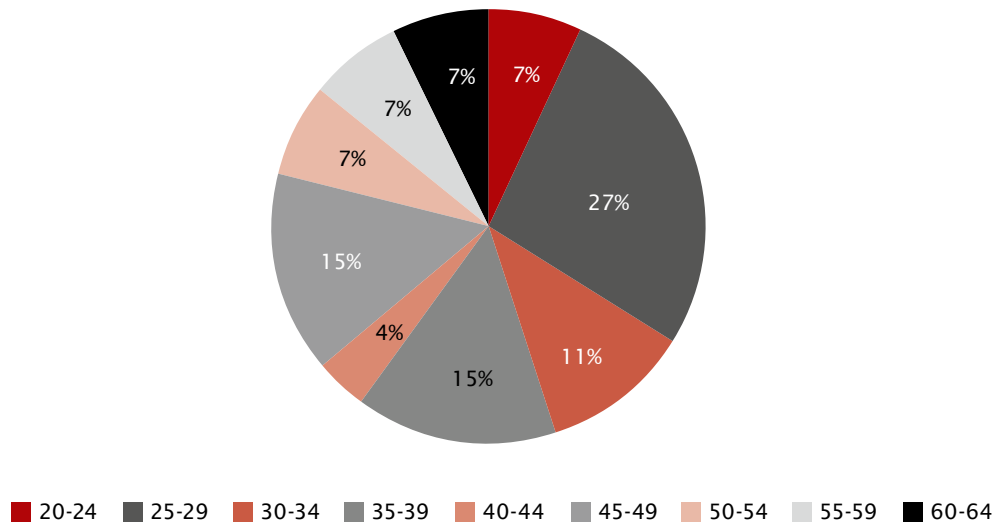
Ethnicity Profile as at 31 March 2023



In terms of Sexual Orientation, Disability and Religion & Belief, our data relates to fewer than five staff and to protect anonymity, a further breakdown of this data will not be published.

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

Age Split as at 31 March 2023



Employment of disabled persons

The Ministry of Justice participates in the Disability Confident Employer Scheme and offers the Guaranteed Interview Scheme (GIS) for candidates who consider themselves disabled.

The Ministry of Justice (MoJ) as the employer uses anonymised applications as part of its recruitment process to reduce unconscious bias.

Other Health Wellbeing Issues

The average number of working days lost (AWDL) due to staff sickness for the calendar year 2022 was 1.26. This is below the CS target of (7.4) and is also an improvement on our 2021 absence rate (5.88)

The Wales Office participates in Wellbeing events organised in collaboration with the wider UK Governance Group and we have offered Mental Health First Aid training to our staff.

Human Rights and Anti-Slavery

The Wales Office is committed to respecting human rights and is included in the Ministry of Justices Anti-Slavery Statement.

Spend on consultancy and temporary staff

The spend on consultancy in 2022-23 was £nil. (2021-22 £nil).

The total spend on temporary staff in 2022-23 was £3,920 (2021-22 £79,623). The Wales Office used temporary staff to cover for vacant posts.

Off Payroll Appointments

In 2022-23 the Wales Office had no off-payroll appointments for more than £245 per day and for duration of six months or longer. (2021-22 nil)

Staff Engagement Survey

Our overall engagement index was 68% in 2022 and 2021, our highest ever scores. We scored consistently higher than the Civil Service Benchmark.

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.

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

We recognise the importance of the Welsh language in our day-to-day work and provide training and guidance for staff accordingly.

As at 31 March 2023: Five members of staff had declared that they were fluent in listening, reading, and speaking Welsh (2021-22, five). Four of these five members of staff were additionally fluent in writing (2021-22 four).



Glynne Jones CBE
Accounting Officer

12th July 2023

Parliamentary accountability and audit report

This information has been subject to audit.

Statement of Outturn against Parliamentary Supply (SOPS)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Wales Office to prepare a Statement of Outturn against Parliamentary Supply and supporting notes.

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

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

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

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

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

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

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on pages 32-34, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the Performance Report, provides a summarised discussion of outturn against estimate as an introduction to the SOPS disclosures.

Summary of Resource and Capital Outturn 2022-23 (all figures provided in £000s)

Type of Spend	SoPS Note	2022-23			2022-23			2022-23			2021-22		
		Voted £000	Non-Voted £000	Total £000	Outturn	Estimate	Estimate	Outturn v Estimate savings (excess)	Voted £000	Total £000	Total £000	Total £000	Prior Year Outturn
Departmental Expenditure Limit													
Resource	1.1	5,320	-	5,320	5,564	-	5,564	244	244	244	5,964	5,964	
Capital	1.2	39	-	39	72	-	72	33	33	33	-	-	
Total		5,359	-	5,359	5,636	-	5,636	277	277	277	5,964	5,964	
Annually Managed Expenditure													
Resource	1.1	-	-	-	10	-	10	10	10	10	(303)	(303)	
Capital	1.2	-	-	-	-	-	-	-	-	-	-	-	
Total		-	-	-	10	-	10	10	10	10	(303)	(303)	
Total Budget													
Resource		5,320	-	5,320	5,574	-	5,574	254	254	254	5,661	5,661	
Capital		39	-	39	72	-	72	33	33	33	-	-	
Total Budget Expenditure		5,359	-	5,359	5,646	-	5,646	287	287	287	5,661	5,661	
Non-Budget Expenditure													
		19,687,123	-	19,687,123	19,942,823	-	19,942,823	255,700	255,700	255,700	19,942,334	19,942,334	
Total Budget and Non-Budget		19,692,482	-	19,692,482	19,948,469	-	19,948,469	255,987	255,987	255,987	19,947,995	19,947,995	

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

Net cash requirement 2022-23 all figures presented in £000's

Item	SoPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total 2021-22
Net cash requirement	3	19,692,342	19,948,319	255,977	19,948,361

Administration costs 2022-23

Type of Spend	SoPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total 2021-22
Administration costs	1.1	5,295	5,503	208	5,887

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

Notes to the Statement of Outturn against Parliamentary Supply 2022-23 (£000's)

SOPSI Outturn detail, by Estimate Line

SOPSI.1 Analysis of outturn by Estimate line

Type of Spend (Resource)	Administration						Programme			Resource Outturn		Estimate		Outturn vs Estimate savings (excess)	Prior Year Outturn Total 2021-22
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	Total	Virement	Total Inc. virements	Total		
Spending in Departmental Expenditure Limits (DEL)															
Voted Expenditure															
A - Wales Office	5,394	(99)	5,295	25	-	25	5,320	-	5,320	-	5,564	244	5,964	5,964	
Total voted DEL	5,394	(99)	5,295	25	-	25	5,320	-	5,320	-	5,564	244	5,964	5,964	
Total spending in DEL	5,394	(99)	5,295	25	-	25	5,320	-	5,320	-	5,564	244	5,964	5,964	
Spending in Annually Managed Expenditure (AME)															
B - Provisions and Impairments															
Total voted AME	-	-	-	-	-	-	-	-	-	10	-	10	-	(303)	
Total spending in AME	-	-	-	-	-	-	-	-	-	10	-	10	-	(303)	
Non Budget Expenditure															
C - Grant Payable to the Welsh Consolidated Fund	-	-	-	17,209,376	-	17,209,376	17,209,376	-	17,465,076	-	17,465,076	255,700	17,878,273	17,878,273	
D - Payover of Welsh Rates of Income Tax to Welsh Consolidated Fund	-	-	-	2,477,747	-	2,477,747	2,477,747	-	2,477,747	-	2,477,747	-	2,064,061	2,064,061	
Total Non Budget Expenditure	-	-	-	19,687,123	-	19,687,123	19,687,123	-	19,942,823	-	19,942,823	255,700	19,942,334	19,942,334	
Total Resource	5,394	(99)	5,295	19,687,148	-	19,687,148	19,692,443	-	19,948,397	-	19,948,397	255,954	19,947,995	19,947,995	

SOPS1.2 Analysis of capital outturn by Estimate line (£000's)

Type of Spend (Capital)	Outturn			Estimate		Outturn vs Estimate savings (excess)	Prior Year Outturn 2021-22
	Gross	Income	Net	Total	Total inc virements		
Spending in Departmental Expenditure Limits (DEL)							
Voted Expenditure							
A - Capital	39	-	39	72	-	72	33
Total Voted DEL	39	-	39	72	-	72	33
Total spending in DEL	39	-	39	72	-	72	33
Total Capital	39	-	39	72	-	72	33

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements are provided on the Supply Estimates Manual, available on gov.uk

The outturn vs estimate column is based on the total including virements. The estimate total before virements have been included so that users can tie the estimate back to the Estimates laid before Parliament.

SOPS2 Reconciliation of outturn to net operating expenditure

Item	Reference	Outturn total £000	Prior Year Outturn Total 2021-22 £000
Total resource outturn	SOPS 1.1		
Budget		5,320	5,661
Non-Budget		19,687,123	19,942,334
Total		19,692,443	19,947,995
Add: Capital Grant in kind		-	5,000
Net Operating Expenditure in Statement of Comprehensive Net Expenditure	SOCNE	19,692,443	19,952,995

As noted in the introduction to the Statement of Outturn against Parliamentary Supply (SoPS), outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, International Financial Reporting Standards (IFRS). Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SoPS to the financial statements.

Capital grants are budgeted for as CDEL but accounted for as spend on the face of the Statement of Comprehensive Net Expenditure, and therefore function as a reconciling item between Resource and net operating expenditure. In 2021-22, £5 million of capital grant in kind was made to the Government Property Agency in the form of a transfer of freehold land and buildings.

SOPS3 Reconciliation of Net Resource Outturn to Net Cash Requirement

Item	Reference	Outurn total	Estimate	Outturn vs Estimate savings/ (excess)
		£000	£000	£000
Total Resource outturn	SOPS1.1	19,692,443	19,948,397	255,954
Total Capital outturn	SOPS1.2	39	72	33
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(366)	(407)	(41)
Other non-cash items		(42)	(52)	(10)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		38	-	(38)
(Increase)/decrease in payables		(70)	-	70
(ncrease)/decrease in creditors		300	309	9
Total		(141)	150	9
Net cash requirement		19,692,342	19,948,319	255,977

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

SOPS4 Amounts of income payable to the Consolidated Fund

SOPS4.1 Analysis Income payable to the Consolidated Fund

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

Item	Outturn		Prior Year 2021-22	
	Accruals	Cash basis	Accruals	Cash basis
	£000	£000	£000	£000
Income outside the ambit of the Estimate	-	-	-	-
Total Income payable to the Consolidated Fund	-	-	-	-

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

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

	Outturn Total	Prior Year Outturn 2021-22
	£000	£000
Student Loans	48,631	37,300
Cleddau Bridge Loan	0	0
Tai Cymru	4	8
Bank Interest	8	7
Other	4	103
Amount payable to the Consolidated Fund	48,647	37,418
Balance held at the start of the year	-	-
Payments into the Consolidated Fund	48,647	37,418
Balances held on trust at the end of the year	-	-

The total income paid into the Consolidated Fund as at 31st March 2022 and 31 March 2023 were:

	Outturn Total	Prior Year Outturn 2021-22
	£000	£000
Income from 2021-22		37,418
Income from 2022-23	48,647	
	48,647	37,418

3. Parliamentary Accountability Disclosures *(The following sections are subject to audit)*

3.1 Losses and Special Payments

The Wales Office has made no losses and special payments in 2022-23 (2021-22 Nil).

3.2 Other Payments

The Wales Office has made not made any significant payments in 2022-23 (2021-22 Nil).

3.3 Fees and Charges

The Wales Office does not have any fees and charges. (2021-22 nil).

3.4 Remote Contingent Liabilities

The Wales Office does not have any remote contingent liabilities.



Glynne Jones CBE
Accounting Officer

12th July 2023

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

Opinion on financial statements

I certify that I have audited the financial statements of the Wales Office ('the Department') for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000. The financial statements comprise the Department's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2023 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2023 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on *Auditing (UK) (ISAs UK)*, *applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom*. My responsibilities

under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Department in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Department or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department will not continue to be provided in the future

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department's accounting policies;
- inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Government of Wales Act 2006, Managing Public Money and Supply and Appropriation (Main Estimates) Act 2022.
- inquired of management, the Department's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department for fraud and identified the greatest potential for fraud in the following areas: expenditure recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department's framework of authority and other legal and regulatory frameworks in which the Department operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, the Government of Wales Act 2006, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against 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 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.

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

13th July 2023

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 2023

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.

		2022-23	2021-22
		Core Department	Core Department
	Note	£000	£000
Income	3	(99)	(99)
Total operating income		(99)	(99)
Staff Costs	2	3,592	3,428
Accommodation, maintenance and utilities	2	564	1,273
Depreciation and impairment charges	2	366	45
Capital grants in kind to other Government Departments	2	-	5,000
Other operating expenditure	2	872	986
Payover to the Welsh Consolidated Fund	2	19,687,123	19,942,334
Lord Lieutenants' expenses	2	25	28
NLF interest payable		2,360	2,419
NLF interest receivable		(2,360)	(2,419)
Total operating expenditure		19,692,542	19,953,094
Net operating expenditure		19,692,443	19,952,995
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating costs:			
Net (gain) / loss on revaluation of Property, Plant and Equipment		-	(2)
Comprehensive Net Expenditure for the year		19,692,443	19,952,995

All income and expenditure relate to continuing activities.
The notes on pages 93 to 110 form part of these accounts

Statement of Financial Position As at 31 March 2023

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 2023 £000	31 March 2022 £000
Non-current assets:			
Property, plant and equipment	4	100	106
Right of use assets	5	4,678	-
Financial assets	8	213,155	67,609
Total non-current assets		217,933	67,715
Current assets:			
Trade and other receivables	9	4,969	2,855
Cash and cash equivalents	6	69	28
Total current assets		5,038	2,883
Total Assets		222,971	70,598
Current liabilities			
Trade and other payables	10	(5,953)	(3,455)
Total current liabilities		(5,953)	(3,455)
Assets less net current liabilities		217,018	67,143
Non-current liabilities			
Lease obligations	10	(4,398)	-
Financial liabilities	10	(213,155)	(67,609)
Total non-current liabilities		(217,553)	(67,609)
Assets less liabilities		(535)	(466)
Taxpayers' equity:			
General fund		(537)	(470)
Revaluation reserve		2	4
Total equity		(535)	(466)

The notes on pages 93 to 110 form part of these accounts



Glynne Jones CBE
Accounting Officer

12th July 2023

Statement of Cash Flows For the year ended 31 March 2023

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	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Net operating expenditure	SOCNE	(19,692,443)	(19,952,995)
Adjustments for non-cash transactions	2	408	5,010
(Increase)/Decrease in trade and other receivables	9	(2,114)	13
<i>Less: Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure¹</i>	9	2,076	52
Increase/(Decrease) in trade and other payables	10	152,442	(2,686)
<i>Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure¹</i>	10	(152,372)	2,475
Use of provisions	11	-	(230)
Net cash outflow from operating activities		(19,692,003)	(19,948,361)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(29)	0
Loan repayments from other bodies (capital)	9	2,476	2,417
Loan repayments from other bodies (interest)	SOCNE	2,360	2,419
Net cash inflow from investing activities		4,807	4,836
Cash flows from financing activities			
From the Consolidated Fund (Supply) – Current Year ²		19,692,373	19,948,309
From the Consolidated Fund (Supply) – Prior year		-	-
Advances from the Contingencies Fund		150	-
Repayments to the Contingencies Fund		(150)	-
Payment of Lease liabilities ⁵		(344)	-
Finance charge ⁵	2	44	-
Repayment of loans from the NLF (capital) ³	9	(2,476)	(2,417)
Repayment of loans from the NLF (interest) ³	SOCNE	(2,360)	(2,419)
Net financing		19,687,237	19,943,473
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	6	41	(52)
Payments of amounts due to the Consolidated Fund ⁴		48,647	37,418
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	6	41	(52)
Cash and cash equivalents at the beginning of the period	6	28	80
Cash and cash equivalents at the end of the period	6	69	28

The notes on pages 93 to 110 form part of these accounts

1. Movements include: departmental balances with the Consolidated Fund: and payables linked to financing – NLF loans (principal and interest), capital debtors and leases.
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.
5. Movement due to the introduction of IFRS 16.

Statement of Changes in Taxpayers Equity For the year ended 31 March 2023

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 1 April 2021		527	3,605	4,132
Net Parliamentary Funding				
- Drawn down	SCF	19,948,309	-	19,948,309
- Deemed	9	80	-	80
Unspent Supply drawn down repayable to the Consolidated Fund	9	(28)	-	(28)
Comprehensive Net Expenditure for the year	SOCNE	(19,952,995)	-	(19,952,995)
Non-cash charges				
Auditor's remuneration	2	34	-	34
Other Reserve Movements				
- Property, Plant & Equipment		-	2	2
- Other		-	-	0
Movements in Reserves				
- Transfers between reserves		3,603	(3,603)	-
Balance at 31 March 2022		(470)	4	(466)
Balance at 1 April 2022		(470)	4	(466)
Net Parliamentary Funding				
- Drawn down	SCF	19,692,373	-	19,692,373
- Deemed	10	28	-	28
Unspent Supply drawn down repayable to the Consolidated Fund	10	(69)	-	(69)
Comprehensive Net Expenditure for the year	SOCNE	(19,692,443)	-	(19,692,443)
Non-cash charges				
Auditor's remuneration	2	42	-	42
Other Reserve Movements				
- Property, Plant and Equipment		-	-	-
- Other		-	-	-
Movements in Reserves				
- Transfers between reserves		2	(2)	-
Balance at 31 March 2023		(537)	2	(535)

The notes on pages 93 to 110 form part of these accounts

Notes to the Accounts for the year ended 31 March 2023

1a) Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2022-23 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 (“the 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 Office to prepare one additional primary statement. The Statement of Outturn against Parliamentary Supply and its supporting notes report the outturn against the Estimate in terms of the net resource requirement and the net cash requirement. These are included within the Parliamentary accountability section in this report.

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

1.2 Going concern

The accounts for 2022-23 have been prepared on a going concern basis, the period considered to be 12 months from the approval of these accounts to July 2024. The Department has a statutory basis for its function and related funding and there is no reason why this would not continue. In common with other Government Departments, the future financing of the Department’s liabilities is to be met by future grants of Supply and Income, both to be approved annually by Parliament. The most recent funding to 31 March 2024 was approved on the 18th of May 2023. For financial year 2024-25 the expected funding levels were those included in the Comprehensive Spending Review.

The going concern basis of accounting for the Department is adopted in consideration of the requirements set out in HM Treasury’s Government Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated

that the services which they provide will continue. For the above reasons it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.3 Accounting convention

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

1.4 New accounting standards adopted in the year

The Office has adopted IFRS 16 during the 2022-23 financial year. See note 1.8 for further details.

1.5 Operating segments

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

1.6 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.

The Office does not have any land and building assets.

Valuation method

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

Revaluation

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

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

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

Capitalisation threshold – individual assets

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

Capitalisation threshold – grouped assets

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

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

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to write-off the value of assets less estimated residual value evenly over their estimated useful lives 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:

Grouped assets	Various depending on individual asset types
Information technology	Shorter of remaining lease period or 3 to 15 years
Plant and equipment	Shorter of remaining lease period or 3 to 20 years
Furniture and fittings	Shorter of remaining lease period or 5 to 20 years
Assets under construction	Not depreciated

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

Disposal of non-current assets

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised within Administration 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.

1.7 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.

In 2022-23 the Office did not have any assets under construction.

1.8 Leases - prior to 1 April 2022

Finance leases

The Wales Office does not have any finance leases.

Operating leases

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

1.8a Leases - from 1 April 2022

The Office adopted IFRS 16 “leases” from 1st April 2022 in accordance with the FReM.

IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model.

IFRS 16 requires recognition of assets and liabilities for all leases in the Statement of Financial Position (SoFP), with exemption given to low value leases and short-term leases, The adoption of the standard results in the recognition

of a right-of-use asset, representing a right to use the underlying leased asset and a lease liability, representing an obligation to make lease payments.

Initial recognition

The Office has adopted IFRS 16 on the cumulative catch-up basis as mandated in the FReM, and therefore any cumulative impact on previous years' results will be recognised within equity at the beginning of the period. As such, the prior year comparative information will not be restated and Note 1.8 applies for the prior year. Under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16, a right of use asset and lease liability will be recognised for all relevant leases not previously recognised as finance leases for accounting purposes under IAS 17.

The definition of a contract is expanded to include intra-UK Government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Understanding (MOU) agreements.

Measurement of right-of-use assets

On transition

On initial application, the right of use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease relating to those recognised in the Statement of Financial Position immediately before the data of initial application.

Subsequent measurement

Right-of-use assets are subsequently measured in line with the class of PPE asset to which the lease relates. The cost model for IFRS 16 is used as a proxy for valuation except where:

- A longer-term contract that has no provisions to assess lease payments for market conditions.
- There is a significant period of time between these assessments
- The valuation of the underlying asset is likely to fluctuate significantly due to changes in market prices.

Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis from commencement date to the earlier of the end of:

- Useful life of the right-of-use asset, assessed as the same as the class of PPE asset to which the lease relates
- Lease term.

Measurement of lease liability

Lease liability on transition

On initial application, the lease liability is measured at the present value of the remaining lease payments using the incremental borrowing rate at the date of initial application. The incremental borrowing rate is either:

- The interest rate implicit in the lease.
- HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate,

Lease payments included in the measurement of the lease liability comprise the following: Fixed payments, including in-substance fixed payments.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is £nil

New leases are measured in the way set out above.

Impact of the new standard

The Office identified two intra Government agreements which meet the definition above of a lease. The agreements are Memorandum of Terms of Occupations (MOTOs) with the Government Property Agency (GPA) for Gwydyr House (London Office) and with HMRC for specified space in the UK Government Hub in Cardiff.

The impact of IFRS 16 on the Statement of Financial Position (SoFP) as at 1st April 2022 and on the Statement of Comprehensive Net Expenditure (SoCNE) for the financial year ending 31 March 2023 is shown in tables 1 and 2 below:

The Office applied the HM Treasury central internal rate of borrowing which on transition to IFRS 16 for the Office is 0.95%.

Impact on the SoFP arising from adoption of IFRS 16

Table 1

Impact on the SoFP arising from IFRS 16

Description	1 April 2022 £,000
Right of use assets commenced at 1 April 2022 (NBV)	4,999
Total	4,999
Lease liabilities commenced at 1 April 2022	4,999
Total	4,999

Table 2

Impact on the SoCNE arising from IFRS 16

Description	2022-23 £,000	2021-22 £,000	Increase/ (Decrease) expected £,000
Asset depreciation	321	0	321
Interest expense on discounted lease liability	44	0	44
IAS 17 basis rental payments	0	356	(356)
Total	365	356	9

Table 3

Reconciliation of the Operating Lease commitments under IAS 17 at 31st March 2022 to Lease Liability calculated under IFRS 16 on 1st April 2022.

Description	£,000
Operating Lease commitments as at 31st March 2022	5,657
Discounted using discount rates	(371)
Adjustment for irrecoverable VAT reported within IAS 17	(287)
Lease Liability as at 1st April 2022	4,999

Lessor

When the Office acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the Office makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

The Office recognises lease payments under operating leases as income on a straight-line basis over the length of the lease terms.

The accounting policies applicable to the lessor are largely unchanged by IFRS 16.

1.9 Investments

National Loans Fund (NLF)

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

Under Section 122a of the Government of Wales Act 2006 (GOWA) the Welsh Government can borrow up to £1bn for capital expenditure.

1.10 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 in real terms if material.

1.11 Operating income

Operating income includes both income appropriated in aid to offset related expenditure and income that is surrendered on receipt to the Consolidated Fund as Extra Receipts (CFER's).

The Department's revenue for 2022-23 is short term rental income received from other Government Departments for shared space in our London Office.

1.12 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.

1.13 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.

1.14 Provisions

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

Provisions reflect the best estimate of the expenditure required to settle the obligation. Where the effect of discounting is material, provisions are measured at their present value using the real rate set by HM Treasury.

The Wales Office did not have any provisions in 2022-23.

1.15 Value Added Tax (VAT)

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

1.16 Financial instruments

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

Financial Assets

Loans and receivables

Loans and receivables comprise trade receivables, other receivables and loans that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method net of any impairment. Interest is recognised by applying the effective interest rate. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue or expense over the relevant period using the estimated future cash flows.

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

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

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

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.

Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are recognised at fair value, which is usually the original invoiced amount.

Loans and other borrowings

Loans and other borrowings are initially recognised at fair value plus directly attributable transaction costs.

1.17 Significant accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The preparation of the financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. There are no reported estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.18 Impending application of newly issued accounting standards not yet effective

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

IFRS 17 Insurance Contracts

IFRS 17 Insurance contracts replaces IFRS 4 of the same name. The new standard will apply more standardised and rigorous requirements on accounting for insurance contracts. The new standard sets clearer expectations on the recognition, classification and measurement of assets and liabilities in relation to insurance contracts. The implementation of IFRS 17 is not planned until 2025, and HM Treasury are already considering its application to the public sector. IFRS 17 will have no impact on future Wales Office accounts.

2. Expenditure

	<u>31 March 2023</u>	<u>31 March 2022</u>
	<u>£000</u>	<u>£000</u>
*Staff Costs:		
Wages and Salaries	2,723	2,654
Social Security Costs	274	235
Other Pension Costs	595	539
Goods and Services:		
Accommodation, maintenance and utilities	564	1,273
Communications, office supplies and services	52	56
Rentals under operating leases: land and buildings	-	587
Official Cars Hire	126	53
IT services & telecommunications (non-service concession arrangements)	46	32
Other contracted out services	13	13
Professional services	42	28
Travel and subsistence	157	60
Training and other staff related costs	32	19
Bank fees and charges	3	3
Other administration expenditure	19	9
Events and Conferences	12	7
Allocation of overheads	284	154
Lord Lieutenants' expenses	25	28
Non-cash items		
Depreciation	366	49
Revaluation/Impairment	-	(4)
** Capital grants in kind to other Government Department's	-	5,000
*** Auditors' remuneration and expenses	42	34
Provisions written back	-	(69)
Finance charge on leases	44	-
Welsh Consolidated Fund		
Payover to the Welsh Consolidated Fund	19,687,123	19,942,334
Total Operating Expenditure	<u>19,692,542</u>	<u>19,953,094</u>

* Further analysis of staff costs is located in the Accountability Report (on page 65).

** The capital grant in kind in 2021-22 relates to the transfer of the London Office Gwydyr House to the Government Property Agency. The asset transfer has a nil impact on the Wales Office budget, with the opposite side of the transfer treated as a capital disposal (income). See SOPS Note 2.

*** The Wales Office did not purchase any non-audit services from the National Audit Office. (2021-22 nil)

3. Income

	<u>31 March 2023</u>	<u>31 March 2022</u>
	<u>£000</u>	<u>£000</u>
Income		
Rental income	99	99
Total Income	<u>99</u>	<u>99</u>

4. Property, Plant and Equipment

	<u>Information Technology</u>	<u>Plant & Equipment</u>	<u>Furniture & Fittings</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
2022-23				
Cost or valuation				
At 1 April 2022	35	100	222	357
Additions	10	29	-	39
At 31 March 2023	<u>45</u>	<u>100</u>	<u>222</u>	<u>396</u>
Depreciation				
At 1 April 2022	(18)	(35)	(198)	(251)
Charged in year	(5)	(16)	(24)	(45)
At 31 March 2023	<u>(23)</u>	<u>(51)</u>	<u>(222)</u>	<u>(296)</u>
Net book value at 31 March 2023	<u>22</u>	<u>78</u>	<u>-</u>	<u>100</u>
Net book value at 1 April 2022	<u>17</u>	<u>65</u>	<u>24</u>	<u>106</u>
All assets are owned by the Wales Office	<u>22</u>	<u>78</u>	<u>-</u>	<u>100</u>

The Wales Office does not have any property assets.

4.a Property, Plant and Equipment

	Freehold Land £000	Freehold Buildings £000	Information Technology £000	Plant & Equipment £000	Furniture & Fittings £000	Total £000
2021-22						
Cost or valuation						
At 1 April 2021	2,000	3,000	35	118	297	5,450
Additions	-	-	-	-	-	-
Disposals	(2,000)	(3,000)	-	(28)	(82)	(5,110)
Revaluations	-	-	-	10	7	17
At 31 March 2022	-	-	35	100	222	357
Depreciation						
At 1 April 2021	-	-	(13)	(39)	(250)	(302)
Charged in year	-	-	(5)	(20)	(24)	(49)
Disposals	-	-	-	28	82	110
Revaluations	-	-	-	(4)	(6)	(10)
At 31 March 2022	-	-	(18)	(35)	(198)	(251)
Net book value at 31 March 2022	-	-	17	65	24	106
Net book value at 1 April 2021	2,000	3,000	22	79	47	5,148
All assets are owned by the Wales Office	-	-	17	65	24	106

Transfer of Freehold Assets.

In 2020, HM Treasury announced all government freehold properties were to transfer ownership to the Government Property Agency (GPA). The transfer was completed on the 1st April 2021 when the Wales Office transferred its London Office (land and buildings) to the GPA.

The transfer was completed at nil consideration.

5. Right of Use Leased Assets

The Department adopted IFRS 16 'Leases' from 1 April 2022, in agreement with HM Treasury. Please see note 1 for information on the adoption of IFRS 16 'Leases'.

The Right of use lease assets comprise leased buildings.

	<u>Buildings</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>
2021-22 Cost or valuation		
At 1 April 2022	-	-
Initial recognition on implementation of IFRS 16	4,999	4,999
At 31 March 2023	4,999	4,999
Depreciation		
At 1 April 2022	-	-
Charged in year	(321)	(321)
At 31 March 2023	(321)	(321)
Net book value at 31 March 2023	4,678	4,678

6. Cash and cash equivalents

	<u>31 March 2023</u>	<u>31 March 2022</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 April 2022	28	80
Net change in cash and cash equivalents	41	(52)
Balance as at 31 March 2023	69	28

All balances were held with the Government Banking Service.

7. Financial Instruments

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

8. Investments and Loans in Other Public Sector Bodies

	<u>Loans funded from National Loans Fund</u> £000
Cost or valuation	
At 1 April 2021	70,085
Loans repayable within 12 months transferred to receivables	(2,476)
At 1 April 2022	67,609
Loans repayable within 12 months transferred to receivables	(4,454)
*Additions - New Capital Loan from the NLF for the Welsh Government	150,000
Balance at 31 March 2023	213,155

*Under Section 122a of the Government of Wales Act 2006 (GOWA) the Welsh Government can borrow up to £1bn for capital expenditure. In March 2023 the Welsh Government requested to borrow £150m for capital expenditure from the National Loans Fund.

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

9. Trade Receivables and other current assets

	<u>31 March 2023</u> £000	<u>31 March 2022</u> £000
Amounts falling due within one year:		
Trade receivables	65	-
VAT receivables	35	-
Deposits and advances	27	26
Other receivables	33	96
Current part of NLF loan – interest receivable	355	257
Current part of NLF loan – capital	4,454	2,476
Total receivables	4,969	2,855

There are no amounts falling due after more than one year.

10. Trade Payables and other current liabilities

	<u>31 March 2023</u>	<u>31 March 2022</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:		
Other taxation and social security	128	117
VAT payables	-	3
Trade payables	1	1
Other payables	145	99
Accruals	489	474
Capital accruals	10	-
Current part of lease liabilities	302	-
Current part of NLF loan – capital	4,454	2,476
Current part of NLF loan – interest payable	355	257
Amounts issued from the Consolidated Fund for supply but not spent at year end	69	28
Total payables	<u>5,953</u>	<u>3,455</u>
	<u>31 March 2023</u>	<u>31 March 2022</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due after more than one year:		
Lease Liabilities	4,398	-
NLF Loans	213,155	67,609
Total payables	<u>217,553</u>	<u>67,609</u>

11. Provisions for Liabilities and Charges

The Wales Office did not have any provisions in the financial year 2022-23 (2021-22 - Nil).

12. Contingent Liabilities under IAS 37

The Office has recently moved into the UK Government Hub in Cardiff for an indefinite period of time, and that at the current time it is not expected that there will be any future dilapidation costs around the lease should we choose to exit. However, there is a possibility that costs may be incurred in the future and this will be subject to annual review going forward.

13. Capital Commitments

The Wales Office does not have any capital commitments.

14. Related party transactions

Associated Departments and other central Government bodies

The Wales Office funds the Welsh Government. The Welsh Government, HMRC and the Government Property Agency are regarded as a related party with whom the Wales Office has had various material transactions during the year.

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

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

15. 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.

Appendix 1: Public Expenditure Core Financial Tables

TABLE 1

Spending by Wales Office & Welsh Government 2017-18 to 2023-24								
	2017-18 Outturn £000	2018-19 Outturn £000	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Plans £000	2022-23 Outturn (°) £000	2023-24 Plans £000
Wales Office Expenditure								
Resource expenditure within Administration Costs	4,503	4,450	4,486	4,406	5,887	5,503	5,295	5,642
Other resource expenditure	178	183	195	276	77	61	25	136
Wales Office Resource ⁽²⁾	4,681	4,633	4,681	4,682	5,964	5,564	5,320	5,778
Wales Office Capital	73	17	45	73	0	72	39	30
Wales Office Resource + Capital DEL ⁽²⁾	4,754	4,650	4,726	4,755	5,964	5,636	5,359	5,808
<i>less depreciation & impairments</i>	<i>-126</i>	<i>-141</i>	<i>-157</i>	<i>-163</i>	<i>-49</i>	<i>-407</i>	<i>-366</i>	<i>-407</i>
Wales Office DEL ⁽³⁾	4,628	4,509	4,569	4,592	5,915	5,229	4,993	5,401
Welsh Government Expenditure (The Welsh Block) ⁽⁶⁾								
Resource ⁽⁸⁾	14,001,757	14,010,896	12,858,683	18,623,377	16,252,301	16,808,254	16,297,422	17,791,539
Capital	1,821,285	2,036,807	2,131,160	3,297,143	2,938,766	2,889,237	2,746,662	3,146,661
Total Resource + Capital	15,823,042	16,047,703	14,989,843	21,920,520	19,191,067	19,697,491	19,044,084	20,938,200
<i>less depreciation & impairments</i>	<i>-708,262</i>	<i>-703,761</i>	<i>-768,478</i>	<i>-1,057,423</i>	<i>174,661</i>	<i>-1,232,033</i>	<i>-885,885</i>	<i>-1,803,254</i>
Welsh Government DEL ⁽³⁾⁽⁵⁾	15,114,780	15,343,942	14,221,365	20,863,097	19,365,728	18,465,458	18,158,199	19,134,946

(1) Totals may not sum due to roundings.

(2) Including depreciation & impairments.

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

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

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

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

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

(8) From 2018-19 onwards the Welsh Government Resource Budget is adjusted downwards in relation to tax devolution, with the Welsh Government instead retaining revenues from devolved taxes.

TABLE 2**Cash grant paid to the Welsh Consolidated Fund 2021-22:
Provision & Final Outturn**

	Original Provision £000	Final Provision £000	Final Outturn £000
Expenditure Classified as DEL⁽²⁾	20,367,193	21,252,395	19,191,067
Expenditure Classified as AME	1,146,810	1,429,806	987,649
Expenditure Financed by Welsh Taxes	2,325,370	2,474,236	2,509,224
Expenditure Financed by Capital Borrowing	150,000	113,000	0
Non Domestic Rates	1,101,000	721,500	770,193
Total Managed Expenditure	25,090,373	25,990,937	23,458,133
Less:			
<i>Non Voted expenditure:</i>			
LA Credit Approvals	88,800	88,800	88,800
Other Non-Voted	6,078	6,078	6,078
<i>Wales Act 2014 Transactions:</i>			
Income from Welsh taxes:			
Income Tax	2,064,061	2,064,061	2,064,062
Land Transaction Tax	230,998	367,246	402,245
Landfill Disposal Tax	32,728	45,346	45,334
Repayment of principle of loans	-2,417	-2,417	-2,417
Capital Borrowing	150,000	113,000	0
<i>Non-Cash:</i>			
Resource Ringfenced Non Cash	1,519,960	1,582,490	-174,661
AME Non-cash	366,605	583,519	-170,384
TOTAL NON VOTED TME	4,456,813	4,848,123	2,259,057
TOTAL VOTED TME	20,633,560	21,142,814	21,199,076
Voted receipts			
Contributions from the National Insurance Fund	1,313,819	1,412,088	1,412,088
NDR Receipts	1,069,958	1,040,053	1,040,053
Timing Adjustments			
Increase / Decrease in Debtors & Creditors	0	108,453	-716,191
Use of Provisions	0	0	-140,956
Movements in balance on consolidated fund	0	0	-11,516
Cash Grant payable to Welsh Consolidated Fund by Wales Office⁽³⁾	18,249,783	18,799,126	17,878,272
<i>Welsh Rate of Income Tax</i>	2,064,061	2,064,061	2,064,062
Total cash requirement including Welsh Rate of Income Tax	20,313,844	20,863,187	19,942,334

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 3**Cash grant paid to the Welsh Consolidated Fund 2022-23:
Provision & Provisional Outturn**

	Original Provision £000	Final Provision £000	Provisional Outturn £000
Expenditure Classified as DEL⁽²⁾	20,038,113	19,697,490	19,044,084
Expenditure Classified as AME	1,272,584	690,621	832,839
Expenditure Financed by Welsh Taxes	2,887,313	2,913,448	2,913,507
Expenditure Financed by Capital Borrowing	150,000	150,000	150,000
Non Domestic Rates	1,030,000	1,030,000	1,030,003
Total Managed Expenditure	25,378,010	24,481,559	23,970,433
Less:			
<i>Non Voted expenditure:</i>			
LA Credit Approvals	88,800	88,800	88,800
Other Non-Voted	6,078	6,078	6,078
<i>Wales Act 2014 Transactions:</i>			
Income from Welsh taxes:			
Income Tax	2,477,747	2,477,747	2,477,747
Land Transaction Tax	380,542	394,738	394,738
Landfill Disposal Tax	35,188	43,439	43,439
Repayment of principal of loans	-6,164	-2,476	-2,417
Capital Borrowing	150,000	150,000	150,000
<i>Non-Cash:</i>			
Resource Ringfenced Non Cash	1,782,731	1,232,032	885,885
AME Non-cash	599,441	-166,385	39,434
TOTAL NON VOTED TME	5,514,363	4,223,973	4,083,704
TOTAL VOTED TME	19,863,647	20,257,586	19,886,729
Voted receipts			
Contributions from the National Insurance Fund	2,338,106	2,031,781	2,031,781
NDR Receipts	1,065,765	1,091,319	1,091,319
Timing Adjustments			
Increase / Decrease in Debtors & Creditors	0	330,590	445,747
Use of Provisions	0	0	0
Cash Grant payable to Welsh Consolidated Fund by Wales Office	16,459,776	17,465,076	17,209,376
<i>Welsh Rate of Income Tax</i>	<i>2,477,747</i>	<i>2,477,747</i>	<i>2,477,747</i>
Total cash requirement including Welsh Rate of Income Tax	18,937,523	19,942,823	19,687,123

Notes

(1) Totals may not sum due to roundings.

(2) Resource and capital DEL including depreciation.

TABLE 4**Calculation of Cash Grant Payable to Welsh Consolidated Fund 2023-24**

	2023-24
	£000
Expenditure Classified as DEL (Block Grant) ⁽²⁾	20,938,200
Expenditure Classified as AME	1,155,499
Expenditure Financed by Welsh Taxes	3,112,009
Expenditure Financed by Capital Borrowing	150,000
Expenditure Financed by Non Domestic Rates	906,000
Total Managed Expenditure	26,261,708
<i>Less:</i>	
<i>Non Voted expenditure:</i>	
Supported Borrowing by Welsh Local Authorities	88,800
Collection costs for the NI Contributions and Non Domestic Rates	6,078
<i>Wales Act 2016 Transactions:</i>	
Income from Welsh taxes:	
Income Tax	2,765,500
Land Transaction Tax	312,344
Landfill Disposal Tax	40,802
Repayment of principal of loans	-6,637
Capital Borrowing	150,000
Resource Ringfenced Non Cash	1,803,254
AME Non-cash	269,382
Sub-Total	5,429,523
TOTAL SUPPLY EXPENDITURE	19,863,647
Less receipts	
Contributions from the National Insurance Fund	1,514,198
NDR Receipts	1,022,805
Timing Adjustments:	
Increase / Decrease in Debtors & Creditors	364,149
Cash Grant payable to Welsh Consolidated Fund by Wales Office	18,659,331
<i>Welsh Rate of Income Tax</i>	<i>2,765,500</i>
Total cash requirement including Welsh Rate of Income Tax	21,424,831

Notes

(1) Totals may not sum due to roundings

(2) Resource and capital DEL including depreciation

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