



UK Government
Llywodraeth y DU

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

Annual Report and Accounts 2023-24



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(For the year ended 31 March 2024)

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1 The Performance Report

Director's Introduction

In my introduction to last year's Annual Report, I spoke about the breadth of this department's work and what we had achieved. That same breadth has been evident this year.

Wales has been in receipt of further levelling up funding, including five towns funds; City and Growth Deals and the Shared Prosperity Fund continue to support projects throughout Wales, and progress is being made with our two Freeports and our ambitions for Floating Offshore Wind in the Celtic Sea. To that we have added, among other things, two Investment Zones, two Innovation Launchpads and the purchase of the Wylfa site. We also set up the Tata Steel/Port Talbot Transition Board, with cross-party support and community membership, to support those affected by Tata Steel's plans to decarbonise its steelmaking.

The Department continues to play a pivotal role in advocating for Wales in Westminster and by making sure that reserved policy announcements are accessible to Welsh speakers. We have worked hard to strengthen our relationships with key stakeholders and partner departments this year, so that we can be as effective as possible in delivering for Wales.

I am, as ever, very grateful to the team here at the Wales Office for all they have accomplished over the past year. Their commitment and the quality of their work continues to be outstanding.



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 Outcome 1: Stimulate growth and the creation of sustainable jobs by supporting a strong Welsh economy within a flourishing global Britain and the UK internal market.

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

Priority Outcome 3: Increase the visibility of the UK Government's commitment to Wales.

Priority Outcome 1 – 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 2023-24 with the Welsh Government and our regional partners to ensure the Deals are on track.

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 worked with each of the Deals' Portfolio Management Offices, both formally and informally, on a regular basis. This positive engagement enabled the Office's Regional Growth Team to build a strong relationship with our regional partners during the year.

Reprofiling UK Government Funding for the Deals

The Office worked closely with all four Welsh deals to support them in preparing proposals to reprofile UK Government funding for the remaining terms of each deal. The purpose of the exercise was to better align the funding each Deal receives with its forecast expenditure. HM Treasury approved the reprofiles for three of the four deals in quarter two of 2023-24, enabling them to align better their forecasted delivery with planned spend. The North Wales Growth Deal submitted its risk adjusted spend reprofile in quarter four, and HM Treasury is currently considering the request.

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 2023-24.

The Deal has seen good progress on two major sites during the reporting year: 71/72 Kingsway in Swansea City Centre, a flexible office space for digital and tech businesses, and Pentre Awel, an innovative health, wellbeing and research development in Llanelli.

In June 2023, SBCD started construction work on the Innovation Matrix in Swansea, in partnership with University of Wales Trinity Saint David. The building will provide purpose-built facilities for start-up businesses and will foster entrepreneurship through close links with academia.

The Deal has procured Morgan Sindall for the design and build phase for SWITCH, a specialist facility which will support the steel and metals industry in Port Talbot and across the UK, while reducing its carbon footprint. In this reporting year, SBCD has also advanced its Skills and Talent programme. The aim is to fill the skills gap and develop a sustainable pipeline of regional talent. It is currently running 19 pilot projects in growing economic sectors, such as renewable energy and medtech.

North Wales Growth Deal (NWGD)

The Office worked with the Portfolio Management Office throughout 2023-24 to seek to accelerate the pace of delivery. We also worked closely with the Welsh Government to provide guidance and support to address slippages in the Deal's delivery pipeline and resulting financial underspend. This has resulted in the production of a risk adjusted pipeline aligned to a revised UK Government spending profile, which HM Treasury is currently considering.

In November 2023, the NWGD announced a second project to go into delivery following full business case approval. The Enterprise Engineering and Optics

Centre (EEOC) on Wrexham University's Plas Coch Campus will deliver a specialist centre for research, development and skills in optics, photonics and composites as lightweight alternatives for manufacturing. Construction work on this facility began in February 2024.

Cardiff Capital Region City Deal (CCR)

The Office has maintained its strong working relationship with CCR. The region continues to focus its attention on supporting innovative companies through its investment programme, especially in the fintech and medtech sectors. The funding of companies such as Creo Medical, Jellagen and Human Data Intelligence has already created new employment across the region.

Following the launch in 2022 of CCR's £50 million Innovation Investment Fund, an equity fund delivered in collaboration with PWC to support high-growth SME businesses, CCR made its first two investments in 2023-24: Mazuma, a company based in Bridgend which offers subscription-based accounting services for small and micro businesses and Amplyfi, a disruptive AI company based in Central Square Cardiff. Amplyfi uses AI to generate market insights and actionable data to improve decision making in risk management, sales, marketing and strategy.

CCR appointed a demolition contractor for the site of the former Aberthaw power station, which the Deal purchased last year. CCR continue to develop their plans for the site.

CCR also launched a new investment programme aimed at catalysing economic growth and social impact in the Northern Valleys. The Northern Valleys Initiative aims to play a long-term role in tackling some of the intra-regional disparities that exist within the region.

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 as it produced a shortlist of projects to assess for strategic fit and financial viability under HM Treasury's five-case model.

The MWGD 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. The Deal has continued to develop its portfolio pipeline with a number of projects expected to move into delivery in 2024-25 following full business case approval.

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

Throughout this reporting period, the Office has continued to work closely with colleagues across Government to promote and deliver investment in Wales through various local growth funds. The funds include the Levelling Up Fund

(LUF) and the Community Ownership Fund (COF), both of which were first announced at Budget 2021, as well as the UK Shared Prosperity Fund (UKSPF), which launched in April 2022. Prior to this, the UK Community Renewal Fund (UKCRF) laid the groundwork for the UKSPF.

This reporting period has seen the third and final round of LUF, and several further application windows for COF, in addition to the continued rollout of UKSPF. The Office has worked closely with DLUHC and other Government departments to support the successful delivery of these funds.

At Budget 2024, further funding was announced for culture in Wales, including £10 million for Venue Cymru in Llandudno and £5 million of capital funding to support cultural projects in Newport.

In October, the Government published its Long Term Plan for Towns. The Plan identified funding for four Welsh towns (Barry, Cwmbran, Merthyr Tydfil and Rhyl) and one Welsh city (Wrexham) over ten years. Across all local growth funds, Wales Office officials continue to work closely with the DLUHC Wales Area Team to engage with local partners on the delivery of projects.

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

Trade Policy

The Office worked collaboratively with the Department for Business and Trade (DBT) on stakeholder engagement in Wales, hosting roundtables on the India and Gulf Co-operation Council negotiations. In particular we worked with DBT on ratifying the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership CPTPP into domestic law through the CPTPP Bill.

The Office also worked closely with other Government departments (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 promotes both the Compound Semiconductor and Medtech HPOs.

In November, the UK Government announced eight Welsh Export Champions and early 2024 saw the beginning of rolling out new Department of Business and Trade International Trade Advisors into Wales.

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

During the year, the office has focussed on several key sectors for Wales, including steel, aerospace, compound semi-conductors and agriculture.

The Office has worked with both Industry and across Whitehall to tackle the challenges facing the steel sector in Wales. For example, we established the Tata Steel/Port Talbot Transition Board, which is backed by £100 million of funding; £80 million from UK Government and £20 million from Tata Steel. The Office provides the transition board secretariat.

The UK aerospace industry continues to be a major employer in Wales, providing careers for around 20,000 people in advanced manufacturing and defence related businesses. The Advanced Manufacturing Plan was launched at the Autumn Statement.

The Office worked closely with DBT and the Welsh Government to promote investment opportunities in Wales for the automotive sector. We also continued to work with the Welsh automotive industry, DBT and Department for Transport (DfT) to ensure the sector's voice is considered as we work towards Net Zero goals.

The South Wales Compound Semiconductor cluster is a key strength for Wales. The Cluster continues to grow and to date has directly and indirectly employed 2,660 FTE and supports an estimated £381 million of Welsh GVA. The Office has continued to work closely with the Department for Science, Innovation and Technology (DSIT) to ensure that the vital role of South Wales's cluster continues to be recognised, including in the UK Semiconductor Strategy. The strategy was published in May 2023. The South Wales cluster specialises in compound and advanced semiconductors and these strengths were a core part of the strategy.

The agriculture sector is important for Wales both economically and culturally. The Office has continued to engage constructively throughout the year with counterparts in the Department for Environment, Food and Rural Affairs (DEFRA) and with the sector including the farming unions. A £5 million Launchpad was announced to help grow the Agrifood sector and strengthen our vital rural economy.

The Office has identified MedTech as a key strength and priority area for R&D in Wales, as has the Department for Business and Trade which has identified the sector, particularly along the Cardiff, Newport and Swansea corridor, as a 'high potential opportunity'. In light of this, OSSW officials have worked to map the MedTech business sector and existing UK Government support. The Office has developed relationships with businesses across the sector, including regular engagement with representative and coordinating bodies. The Office has used this engagement to identify key opportunities and potential barriers to growth. It has also been 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 engaged with Fintech Wales throughout the year and has begun fruitful engagement with the Fintech Growth Fund which is supporting the industry in Wales to identify opportunities to scale.

We have worked closely with DLUHC to support two Freeports in Wales – one in Anglesey and one in Port Talbot and Milford Haven.

Having worked jointly with DLUHC on the design of Investment Zones in Wales, the Office is now working with DLUHC on their delivery. The Chancellor announced at Autumn Statement 2023 that there would be two Investment Zones in Wales delivered jointly with the Welsh Government. The programme in Wales was then extended from 5 to 10 years at Spring Budget 2024, providing Investment Zones in Wales – one across Cardiff and Newport and a second across Wrexham and Flintshire – with access to £160m of funding per Investment Zone over 10 years.

The British Business Bank’s Investment Fund for Wales was launched in November. By improving finance conditions for businesses in Wales, this £130 million fund is intended to help them to boost growth, the skills of their workforce, fund research and development, invest in technology to help achieve net-zero targets and introduce new, innovative products and services.

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

In 2023-24, the Office continued to support DLUHC and other government departments on the levelling up agenda.

In February, the Government published its Statement of Levelling Up Missions¹.

The Office’s work to support a strong Welsh economy, stimulate growth and create sustainable jobs in Wales directly supported the levelling up 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 areas and other areas closing.

Our work, summarised throughout this report, also contributed to the delivery of other levelling up missions. For example, the Office worked with BDUK to support the roll-out of the £5bn Project Gigabit and the Shared Rural Network. This, and other more tailored digital infrastructure programmes (including those delivered by city and regional growth deals) helped support the levelling up mission that by 2030 the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.

The Office also worked closely with DSIT, UKRI, Innovate UK and Welsh Universities to seize the opportunities from the R&D levelling up mission: by 2030, domestic public investment in R&D 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

¹ The Levelling Up and Regeneration Act 2023 requires the Government to lay a statement of the Levelling Up Missions before Parliament and to report annually against its missions and metrics. The Government’s first statement is at this link: <https://www.gov.uk/government/publications/statement-of-levelling-up-missions/statement-of-levelling-up-missions>

much private sector investment over the long-term to stimulate innovation and productivity growth.

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

The Office continued to work closely with local partners, DESNZ and The Crown Estate to support the development of the floating offshore wind industry in Wales. Floating Offshore Wind projects in the Celtic Sea present huge job and supply chain opportunities along the South Wales coast. In March, the UK Government announced that ABP Port Talbot, and the Port of Cromarty Firth in Scotland, would be taken forward to undergo due diligence as part of the Floating Offshore Wind Manufacturing Investment Scheme (FLOWMIS). The Office has continued to work closely with DESNZ to ensure that Wales is well-placed to benefit from this funding.

The Crown Estate moved forward with their plans to launch Offshore Wind Leasing Round 5, making available areas of seabed capable of supporting up to 4.5 GW of floating wind capacity in the Celtic Sea.

Wales has significant strengths and opportunities in marine energy technologies. In September, it was announced that four tidal stream projects at Morlais on Anglesey were successful in Allocation Round 5 of the Contracts for Difference scheme. This follows the success of the first tidal stream project on Anglesey in Allocation Round 4.

Wales has prime sites for new nuclear projects and the Office has worked closely with DESNZ to progress nuclear energy opportunities. At Spring Budget, the Chancellor announced that Great British Nuclear (GBN) would buy the Wylfa site in Anglesey. The Chancellor also announced that GBN will be moving to the next stage of the SMR competitive process.

Alongside regular engagement with industry stakeholders throughout Wales, the Office worked across government to ensure that UK Government policies and funding aimed at delivering net zero provide a pathway for industry to decarbonise, particularly for South Wales which does not have access to carbon dioxide storage. The Office has continued to work closely with Net Zero

Industry Wales (formerly the South Wales Industrial Cluster) as they developed their strategy to decarbonise South Wales's 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 by 2040 through innovative decarbonisation technologies such as green hydrogen production, carbon capture usage and storage (CCUS) and CO₂ shipping.

In January, it was announced that the North East Wales Industrial Decarbonisation (NEW-ID) project had been awarded over £700,000 to increase collaboration, strengthen decarbonisation planning skills and enable development of organisational structures for place-based decarbonisation within 2 clean growth hubs in the region.

In March, the Hynet Carbon Dioxide Pipeline application was granted development consent by the Secretary of State for Energy Security and Net Zero. This is positive progress in developing the Hynet North West Cluster which will support the decarbonisation of hard to reach sectors in North East Wales.

The Office has worked with DESNZ to support progress on the development of Hydrogen production in Wales. For example, two innovative projects are being supported through Rounds 1 & 2 of the £240 million Net Zero Hydrogen Fund.

An Electricity Networks Package was announced at Autumn Statement with the aim of speeding up the delivery of energy infrastructure and reducing average connection times. Over the past year, the Office has continued to work with the National Grid to ensure that challenges Welsh stakeholders are facing are recognised.

The Office has also worked on other net-zero project opportunities over the past year to ensure that Wales is best placed for future investment and the Office has continued to develop positive working relationships with stakeholders across the energy industry in Wales.

Transport infrastructure

In October, the Prime Minister announced a £1 billion investment to fund the electrification of the North Wales Main Line. In addition, in February, funding was announced for the development of a business case to look at options for a new station in St Athan in the Vale of Glamorgan.

More broadly, the Office continued to work with DfT, Welsh Government and stakeholders through the Wales Rail Board, which seeks to agree priority rail projects requiring investment.

The UK Government published its response to Lord Hendy's Union Connectivity Review in December. In this response, the UK Government provided £2.7 million to Transport for Wales to develop options for upgrades to the South Wales Main Line, including new stations between Cardiff and the Severn Tunnel and increased services between Bristol and West Wales. It also announced that it was providing £700,000 to Transport for Wales to study options for

upgrading Shotton and Chester stations and increasing capacity on the North Wales Main Line.

Digital infrastructure

The Office continued to work with DSIT to further progress digital connectivity in Wales.

In March 2020, a £1 billion deal was announced with mobile network operators (MNOs) to deliver the Shared Rural Network (SRN). Under the programme, Wales's coverage from all four MNOs should increase from 60% to 80%, and areas with coverage from at least one provider should increase from 90% to 95%.

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 continued to chair 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 £5bn Project Gigabit programme, North West Wales, Mid Wales and South East Wales were included within the cross-regional procurement that launched in July 2023. As of the end of November 2023, 3,800 homes and businesses in more rural areas of Wales had gained gigabit connectivity through the Project Gigabit voucher scheme.

Innovation

Over the past year, the Office has continued to work closely with UK Research and Innovation (UKRI) to ensure that Wales's expertise is recognised, and funding is available to eligible projects. Officials are also engaging closely with the delivery teams for the £22 million Media Cymru programme and £25 million CS Connected programme, both funded through the Strength in Places Fund, to support the effective delivery of these programmes.

In October, a £60 million Regional Innovation Fund was announced to boost support for universities in areas with lower levels of R&D investment. Of this, £3.4 million was allocated to the Welsh Government to support local and regional economies.

The Office has regular engagement with Universities Wales and the Wales Innovation Network (WIN) and has built meaningful relationships with key partners in all eight Welsh universities. The Office has also continued to deepen official level engagement with all UKRI Research Councils, Innovate UK and UKRI's Place Strategy team. The Office continues to work closely with the Welsh Government on shared priorities for R&D in Wales.

At Spring Budget 2024, it was announced that the Agrifood sector in Mid and North Wales would be supported with a £5 million Launchpad to further grow

the sector. This is in addition to £7.5 million which was awarded in October 2023 to the Net Zero Industry Launchpad, which is located in the Neath Port Talbot area.

Priority Outcome 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 provide Wales with an influential voice across Whitehall. We have worked closely with colleagues in other UK Government departments to ensure that they consider the Welsh devolution settlement in their policy development and to support their engagement with the Welsh Government. The Office has also continued its collaboration with DLUHC on their internal polling to improve our understanding of attitudes to the Union in Wales.

The Office also continued to support formal intergovernmental engagement. Wales Office Ministers attended meetings of the Inter-Ministerial Standing Committee (IMSC) on 17 May, 19 October, and 12 March to discuss cross-cutting issues such as community cohesion, the UK Government’s legislative programme and common frameworks. Wales Office Ministers also attended departmental level Inter-Ministerial Groups (IMGs) as appropriate.

The UK Government’s quarterly and annual transparency reports on intergovernmental relations detail formal engagement that has taken place between governments across the UK.²

Ensure the Welsh devolution settlement works effectively

The Office supported the UK Government’s legislative programme in both the third and fourth sessions of this Parliament. The Office played a key role, working with departmental Bill teams on legislation which impacts Wales. This included supporting their engagement with the Welsh Government where the UK Government sought the Senedd’s consent to devolved provision in UK Bills. The Senedd approved legislative consent motions for six parliamentary Bills over the year, including the Levelling-Up and Regeneration Bill and the Online Safety Bill.

However, two Bills did not receive legislative consent from the Senedd in this reporting period – the Retained EU Law (Revocation and Reform) Bill and the Energy Bill. In respect of these Bills the Office worked closely with lead UK Government departments to support engagement with the Welsh Government and efforts to secure legislative consent. The UK Government will continue to work closely with the Welsh Government on implementing legislation. This includes seeking the agreement of Welsh Ministers via correspondence

² Links to the quarterly and annual reports are available at this link: <https://www.gov.uk/government/collections/intergovernmental-relations>

where UK Ministers intend to exercise powers in devolved areas under the Retained EU Law Act.

Supporting the operation of the UK Internal Market

The Office worked with other UK Government departments at both official and ministerial level throughout the reporting period to assess the implications of regulatory divergence across the UK on the internal market.

Senedd legislation

The Office worked with the Welsh Government and with other UK Government departments to ensure that Senedd legislation brought forward in this period respected the devolution settlement and was within devolved competence. For example, the Office supported DLUHC in responding to a request from the Welsh Government for Minister of the Crown consent to provisions in the Infrastructure (Wales) Bill which removed powers exercisable by UK Government Ministers. The Office worked with colleagues from DLUHC to secure ministerial agreement to the request. Following this, the Minister of State for Housing, Planning and Building Safety in DLUHC formally provided Minister of the Crown consent for the provisions.

Secondary legislation

The Tertiary Education and Research (Wales) Act 2022 provided for the establishment of the Commission for Tertiary Education and Research (the Commission) and the dissolution of the Higher Education Funding Council for Wales (HEFCW). The Commission will oversee higher education, further education and research in Wales.

As a consequence of this change, amendments were needed to UK legislation to provide the Commission with the same status as HEFCW. This included, for example, amendments to the House of Commons Disqualification Act 1975, the Freedom of Information Act 2000 and the Higher Education and Research Act 2017. These amendments were not within the Senedd's competence, and so the Welsh Government requested that the Secretary of State for Wales make the amendments using his power under section 150 of the Government of Wales Act 2006.

The Office worked closely with the Welsh Government to prepare the Tertiary Education and Research (Wales) Act 2022 (Consequential Amendments) Order 2024 which was laid before Parliament on 22 January. The Order was debated in the House of Commons on 13 March and the House of Lords on 19 March, before being made on 25 March. Most provisions in the Order will come into force when section 23 of the Tertiary Education and Research (Wales) Act 2022 (Dissolution of HEFCW) comes into force.

In addition, the Additional Learning Needs and Education Tribunal (Wales) Act 2018 renamed the Special Educational Needs Tribunal for Wales to the Education Tribunal for Wales. In consequence, an amendment was required to the name

of the Tribunal in Schedule 9A to the Government of Wales 2006. The Welsh Government asked the Secretary of State to make the amendment using the power he holds under section 157A of the Government of Wales Act 2006. The Office worked closely with the Welsh Government to prepare the Government of Wales Act 2006 (Schedule 9A – Devolved Welsh Authorities) (Amendment) Order 2023. The Order was made by His Majesty in Council on 11 October, laid before Parliament on 18 October, and came into force on 7 November.

Advocating the case for the Union

In the course of the Office's duties, Ministers and officials sought to strengthen and promote Wales's position within the United Kingdom. This included through helping to secure UK Government investment in Wales in the ways set out in this report, as well as engaging with stakeholders and carrying out Parliamentary business related to UK Government delivery in Wales.

The Independent Commission on the Constitutional Future of Wales was established by the Welsh Government in October 2021. The Secretary of State for Wales gave evidence to the Commission in June 2023 and the Secretary of State for Levelling Up and Minister for Intergovernmental Relations did so in September 2023. Both Ministers advocated the case for the Union and the intergovernmental working taking place between the UK Government and the Devolved Administrations. The Office also worked with DLUHC and other UK Government departments throughout the reporting period to respond to requests for information from the Commission.

The Office also worked with DLUHC to develop the UK Government's response to the publication of the Commission's final report in January.

Policing and Justice

The Office continued to support policing partners throughout the year, most notably by Ministerial attendance at the quarterly Policing Partnership Board for Wales.

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 continued to host the Whitehall Welsh Language Forum designed to improve the consistency of Welsh language delivery across UK Government. The Office was represented at key Welsh language events.

The Office supported DCMS and the Football Association of Wales (FAW) in submitting in April the Wales part of the joint UK and Ireland full bid to UEFA for the hosting of European Football Championships in 2028. It was confirmed in October that the bid was successful. This will mean games being played in Cardiff in the 2028 tournament.

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 Veterans' Commissioner for Wales – Colonel James Phillips – who assumed the post in June 2022 - had his terms of appointment extended until the end of 2024 and he continues to engage veterans across Wales.

Priority Outcome 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 has seen departments increasing their presence in Wales in line with their commitments over the SR period, principally within the UK Government Hub in Cardiff – Ty William Morgan.

The Office worked with the Cabinet Office over the reporting year on the UK Government's ambition to increase the number of civil service posts in North Wales. It was announced in December that 300 additional Department of Work and Pensions and Ministry of Justice roles would move to the area as part of the Places for Growth programme.

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

As the UK Government department with a specific focus on Wales, the Office also works to maximise the visibility of this spending to people in Wales and to explain how it supports economic growth and helps to level up in Wales. The value to Wales of being part of the United Kingdom is an important part of this message.

Ministerial visits also serve to promote UK Government investments, where Ministers see first-hand the benefits to local communities of capital and revenue investments and can articulate to local media the strategic policy outcomes the investments support.

The Office uses social media to provide further information on projects visited and employs the Wales Office pages on gov.uk to highlight the quantum and benefits of UK Government investment in Wales.

Wales Office Ministers and officials also met regularly with a wide range of local and regional partners during the year to discuss UK Government spending and, where relevant, partners' co-funding of specific programmes and projects. This included discussions with local authority chief executives and directors of regeneration, representatives of business organisations and leaders in the community and voluntary sectors in Wales.

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 including the Prime Minister.

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.

The department continued to develop its social media presence throughout the year, adding hundreds of new followers and posting content across four social media platforms (X, Facebook, Instagram and LinkedIn, while also keeping our gov.uk web page up to date bilingually with statements and press releases.

The Welsh language continues to be a priority for the communications team. Graphic digital content is produced bilingually and all departmental press releases are translated. Video content is also produced bilingually for the department's social channels.

Covid-19 Related work

UK Covid-19 Public Inquiry

The UK Covid-19 Inquiry (“the Inquiry”) was officially launched in July 2022. Module 2B of the Inquiry is examining decision-making within the Welsh Government during the pandemic. Wales Office Ministers – current and former – provided written evidence to the Inquiry in relation to this module in this reporting period. Former Secretary Hart also gave oral evidence to the Inquiry in relation to module 2B at a public hearing in Cardiff in March 2024. Working with the Government Legal Department, the Office supported Ministers with their statements to the Inquiry and preparation for the hearing.

UK Commission on Covid Commemoration

The UK Commission on Covid Commemoration was established by the UK Government in July 2022. The Commission considered 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 for Wales, approved by the then Secretary of State for Wales.

The Commission’s Final Report was published in September 2023, making ten recommendations for how Covid-19 should be commemorated. The Office has worked with the Department for Culture, Media and Sport on the Government response to the Final Report.

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 2023-24 budget was set in the 2021 Spending Round.

Of the £22.114 billion Welsh settlement, the Office's allocation for 2023-24 was around £5 million, which was spent largely on staff and accommodation, and other Departmental responsibilities such as the reimbursements of Lord Lieutenants of Wales. The remainder of the settlement (£22.109 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-2023-24>

** <https://www.gov.uk/government/publications/oss-w-ministerial-gifts-hospitality-travel-and-meetings-october-to-december-2023>

** <https://www.gov.uk/government/publications/oss-w-special-advisers-gifts-hospitality-and-meetings-october-to-december-2023>

During 2023-24 we dealt with 154 Freedom of Information (FOI) requests as set out below.

Description	Number 2023-24	Number 2022-23
FOI requests received, Of which:	154	100
Responses replied to within 20 working days or within permitted extension	149 (97%)	95 (95%)
Internal Review of our responses requested	4	3
Response referred by requestor to the Information Commissioner	0	1

Our Parliamentary performance over 2023-24 is summarised below:

Description	Number 2023-24	Number 2022-23
Named Day	82	29
Named Day responses replied to on time (target 100%)*	45 (56%)	29 (100%)
Ordinary	54	75
Ordinary responses replied to on time (target 100%)	52 (96%)	75 (100%)

* The drop in response rate in 2023-24 was due to 40 Named Day Responses requiring a reply between 17th – 25th July and the significant amount of information needed to be gathered in a very short space of time. This batch of requests contributed to a 283% increase overall in Named Day responses received in 2023-24 compared to 2022-23.

Our performance in handling correspondence during 2023-24 was:

Target	2023-24 %	2022-23 %
100% Correspondence dealt with within 15 days	95%	93%

Political and Charitable Donations

The Office did not make any political or charitable donations in 2023-24. (2022-23 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. (2022-23 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). 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 2023-24, there were no accidents reported to the relevant authorities (nil in 2022-23).

Sustainable Development

This sustainable development report has been prepared in accordance with 2023–24 guidelines laid down by HM Treasury in ‘Public Sector Annual Reports: Sustainability Reporting’ published at:

<https://www.gov.uk/government/publications/sustainability-reporting-guidance-2023-24>

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					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Air Travel	31.42	49.65	0.00	0.00	28.12	58.16
Air Miles	165,038	137,193	0	0	58,665	44,726
Rail Travel	16.29	11.98	1.33	3.42	8.94	7.89
Rail Miles	254,360	187,351	22,656	62,421	158,049	136,619
Car Mileage	2.34	1.92	2.06	1.46	2.25	4.11
Gas Heating	19.7	13.4	11.14	14.08	22.87	1.32
Electricity*	23.42	11.1	10.20	2.89	9.53	10.91
Waste	0.04	0.01	0.10	0.08	0.06	0.08
Total CO ₂ Tonnes	93.21	88.06	24.83	21.93	71.77	82.47
Water Consumption Cubic Metres**	212	427	505	252	642	513

* 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 2023-24 the Office spent £21.7 billion (2022-23 £19.7 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* towards the end of the financial year.

The estimates are published by His Majesty's Stationery Office (HMSO) and contain details of voted monies for all Government departments. The 2023-24 Supplementary Estimates are available at:

<https://www.gov.uk/government/publications/supplementary-estimates-2023-24>.

Movements in Estimate provision during 2023-24

At the start of the year the Department was voted £21.5 billion in its Main Estimate. By the final Single Supplementary Estimate, this had increased to £22.2 billion largely due to a £684 million 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	5,585	5,896	311	5.3%

The underspend of £0.311 million against the Supply Estimate is mainly attributable to lower depreciation as a result of the modification of the lease at the London Office, lower spend on Lord Lieutenants than expected 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	-1,050	-1,016	34	-3.346

The Wales Office did not spend any capital in year. The Outturn reflects the budgeting treatment of a lease modification under IFRS 16 in line with the HM Treasury Consolidated Budgeting guidance. The IFRS 16 element of the £-1,016m Estimate is £-1,046m with non IFRS 16 capital of £0.030m.

There was no income received or expenditure incurred in the lease modification exercise, it is a technical budgeting adjustment only.

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)	18,899,931	19,343,358	443,427	2.29%
D	*Pay over of Welsh Rates of Income Tax to the WCF	2,765,500	2,765,500	0	0
Total to WCF		21,665,431	22,108,858	443,427	2.29%

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 £443.4 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 2023-24. 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 Senedd Cymru 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://assets.publishing.service.gov.uk/media/640b61918fa8f556107caa2/CBG_2023-24_final.pdf

Statement of Financial Position

The net liabilities as at 31st March 2024 are -£1.355m, (2022-23 net assets £-0.535m). The significant balances on the Statement of Financial Position are

- Property, plant, and equipment £0.076m - This principally comprises plant and equipment and furniture and fittings at the London Office.
- Right of Use Assets net book value of £3.4m – The department adopted IFRS 16 'Leases' from 1 April 2022. The lease contracts comprise leased buildings. The assets are being depreciated and the lease with GPA for the London Office was modified (reducing the floor space occupied) on the 1st April 2023 leaving a net book value of £3.86m at the 31 March 2024. (2022-23 £4.7m).

- Financial Assets and Liabilities are £330.1m (2022-23 £213.1m). These are loans issued from the National Loans Fund (NLF) to the Welsh Government. In 2023-24, a new loan totalling £125m was 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

	2023-24 £000	2022-23 £000
Net Resource Outturn (Estimates)	21,671,016	19,692,443
Adjustments to remove non- budget items*	(21,665,431)	(19,687,123)
Total Resource Budget Outturn	5,585	5,320
Of which		
Departmental Expenditure Limit (DEL)	5,585	5,320
Annually Managed Expenditure Limit (AME)	0	0
Adjustments include		
Non- Budget items*	21,665,431	19,687,123
Net Operating Cost (Accounts)	21,671,016	19,692,443

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



Glynne Jones CBE

Accounting Officer

23 July 2024

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
Fay Jones MP – Parliamentary Under Secretary of State for Wales from 13th November 2023
Dr James Davis MP – Parliamentary Under Secretary of State for Wales to 13th November 2023
Kathryn Chamberlain OBE – Lead Non-Executive Director (NED) from 1st January 2024
Alison White – Lead Non-Executive Director (NED) to 31st December 2023
Alun Evans CBE – Non-Executive Director (NED)
Glynne Jones CBE – Director
Geth Williams – Deputy Director, Union, Growth and Corporate Services
Sarah Jennings – Deputy Director, Private Office
Louise Parry – Deputy Director, Policy (job share with Kate Starkey to 30th September 2023)
Kate Starkey – Deputy Director, Secretariat to the Tata Steel/ Port Talbot Steel Transition Board (Deputy Director Policy job share with Louise Parry to 30th September 2023)
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 three non-executive directors (NEDs) during the year Kathryn Chamberlain (Lead NED) from 1st January 2024, Alison White (Lead NED) to 31st December 2023 and Alun Evans (NED). Details of all the Office's committees and membership are outlined in the "Governance Statement" (pages 32-34).

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 2023-24. (2022-23 one). This involved the loss of a laptop. 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.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Wales Office auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

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 2023-24 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 Government Spokesperson 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 2023-24 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 annual review of the effectiveness of the Board was undertaken by the Non-Executive Director due to a change in the Lead Non-Executive Director during the year. The results of his 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 with no issues to report.

The Code of Good Practice for corporate governance in central government departments (2017) stipulates that departmental board effectiveness evaluations should have independent input at least once every three years. An independent review of the Board was undertaken in 2021-22 with the results disclosed in the 2021-22 Wales Office Annual Report and Accounts.

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	3 of 3
Fay Jones MP Parliamentary Under-Secretary of State for Wales from 13th November 2023	1 of 2
Dr James Davies MP Parliamentary Under-Secretary of State for Wales to 13th November 2023	2 of 2
Kathryn Chamberlain OBE - Lead Non-Executive Director (NED) from 1st January 2024	1 of 1
Alison White - Lead Non-Executive Director (NED) to 31st December 2023	4 of 4
Alun Evans CBE - Non- Executive Director (NED)	5 of 5
Glynne Jones CBE - Director	5 of 5
Geth Williams - Deputy Director Union, Growth and Corporate Services	5 of 5
Sarah Jennings - Deputy Director, Private Office	5 of 5
Louise Parry - Deputy Director, Policy (job share with Kate Starkey to 30th September 2023)	3 of 5
Kate Starkey - Deputy Director, Secretariat to the Tata Steel/ Port Talbot Steel Transition Board (Deputy Director Policy job share with Louise Parry to 30th September 2023)	3 of 5
Dafydd Jones - Deputy Director, Press and Communications	3 of 5

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 Audit and Risk Assurance Committee (ARAC) supports the Board and Accounting Officer by providing an independent view of the risk, internal control and governance arrangements within the Office. The ARAC is chaired by the Lead Non-Executive Director (NED) and comprises one other NED 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 2024 seeking views from its members. The Committee concluded it was operating effectively.

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
Kathryn Chamberlain OBE – Lead Non-Executive Director (NED) Chair from 1 January 2024	1 of 1
Alison White – Lead Non-Executive Director (NED) Chair to 31 December 2023	4 of 4
Alun Evans CBE – NED	5 of 5
Rachel Irvine¹ – Independent Member	4 of 5

Notes

1: Rachel Irvine is currently the Deputy Director, Constitutional Policy in the Scotland Office and Office of the Advocate General.

Other Board/Committees

Outcome Delivery Plan Implementation Committee

The Outcome Delivery Plan Implementation Committee (called the Outcome Delivery Board (ODB) until February 2024) oversees the delivery of the Department’s Outcome Delivery Plan (ODP). The ODB 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 2023-24, the Committee, considered a range of issues including reporting of accidents at work and H&S training.

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
Kathryn Chamberlain OBE (From 1st January 2024)	Chair of the Wales Audit Office Board Commissioner Jersey Care Commission
Alison White (To 31st December 2023)	NED & Audit Committee Chair - The Oil and Pipelines Agency Non-Executive member of Audit Committee - The Ministry of Defence NED - Veterinary Medicines Directorate Member of the Audit Committee - The National Archives UK
Alun Evans CBE	Sole Director - Atbeconsulting Ltd Chair - Atlee Foundation (non-remunerated)
Sarah Jennings	Director and Chair - London Region Arts Club (non-remunerated)

Former 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:

Name	Interest
Corrie Driscoll (Until 24th July 2023)	Ms Driscoll's father is a Vale of Glamorgan Councillor.

Business Appointments

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

<https://www.gov.uk/government/publications/business-appointment-rules-for-crown-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 2023-24 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:

- Undertaking quality research and analysis to build credibility.
- Effective and direct stakeholder engagement.
- regular and effective engagement with Other Government Department's (OGDs) and utilisation of cross-government mechanisms.
- Providing targeted advice and support for city and growth deal projects and other priority programmes.

- Prioritisation of problem areas / areas of high potential.
- Effective communications strategy and visit programme, promoting UKG investment in Wales.
- Engagement at ministerial level including intergovernmental level.
- 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.

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

Internal audit services are provided to the Wales Office by the Government's Internal Audit Agency, who work 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's 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. Their internal audit opinion is informed by the internal audit work carried out throughout the reporting period. Their 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 2023-24 internal audit plan included reviews of: effective governance and risks to delivery, emergency planning and wellbeing.

On the basis of the work completed and the knowledge of the governance, internal control, and risk management frameworks within the Wales Office, the Head of Internal Audit provided a Moderate annual opinion for financial year 2023-24.

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 NEDs. 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 NEDs. It is felt the current membership is proportionate to the size of the Department (around 50 staff). The two NEDs brought extremely valuable skills and experience which are particularly relevant to the Office. The current lead NED is a statistician and spent most of their career in Wales working across public services. They have experience of being an independent member of audit and risks committees and being a non-executive and executive board member of public sector organisations. The former lead NED was a qualified accountant and an experienced chair and independent member of audit and risk committees, including during the past year, the Ministry of Defence, National Archives and Oil and Pipelines Agency. The second NED 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 28.

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 (AMs) and Peers. Other information held by the Department includes corporate and policy papers, and Cabinet Committee papers.

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

Management Information

The Board and Audit and Risk Assurance Committee 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 2023-24

There were no data losses during 2023-24. (2022-23 Nil)

Ministerial Directions

There were no Ministerial directions during the year.

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 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**

23 July 2024

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 £86,584 (from 1 April 2023) 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 2023-24 or 2022-23.

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)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	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 2022†	67,505	*32,270	nil	nil	18,000	7,000	86,000	39,000
The Rt Hon Sir Robert Buckland KBE, KC MP, from 7th July 2022 to 25th October 2022††	n/a	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†††	n/a	34,841	n/a	nil	n/a	4,000	n/a	39,000
Fay Jones MP, Parliamentary Under Secretary of State from 13th November 2023	7,669	n/a	nil	n/a	2,000	n/a	10,000	n/a
Dr James Davies MP, Parliamentary Under Secretary of State from 27th October 2022 to 13th November 2023††††	19,392	9,624	nil	nil	3,000	2,000	22,000	12,000

Notes to the table:

1. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
- † On the 25th 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 in 2022-23 includes £3,294 which he received in his role as Parliamentary Under Secretary of State from 8th September 2022. The full-time equivalent salary in the role as Secretary of State in 2022-23 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-time equivalent salary in this role in 2022-23 was £67,505.
- ††† On the 6th 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-time equivalent salary in this role in 2022-23 was £67,505.
- †††† On the 13th November 2023, Fay Jones MP was appointed as Parliamentary Under Secretary of State for Wales replacing Dr James Davies MP. The full-time equivalent salary in this role in 2023-24 was £22,375.
- †††† On the 13th November 2023, Dr James Davies left the role of Parliamentary Under Secretary of State for Wales. His total salary in 2023-24 includes a compensation payment of £5,593. The full-time equivalent salary in this in 2022-23 and 2023-24 role was £22,375.
- * The remuneration costs for the Parliamentary

Pension Benefits					
	Accrued Pension at age 65 as at 31 March 2024	Real increase in pension at age 65	CETV at 31 March 2024	CETV at 31 March 2023	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	67	93	13
The Rt Hon Sir Robert Buckland KBE, KC MP, from 7th July 2022 to 25th October 2022	n/a	n/a	n/a	139	n/a
The Rt. Hon Simon Hart MP, Secretary of State to 6th July 2022	n/a	n/a	n/a	51	n/a
Fay Jones MP, Parliamentary Under Secretary of State from 19th November 2023	0-5	0-2.5	6	4	1
Dr James Davies MP, Parliamentary Under Secretary of State from 27th October 2022 to 19th November 2023	0-5	0-2.5	6	2	2

Notes to the table:

The 'CETV at the Start Date' is different to the figure disclosed in last year's accounts due to a change in the factors used in part of the calculation since the previous figures were run.

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 <https://mypcpfpension.co.uk/wp-content/uploads/2019/09/ministerial-pension-scheme-rules.pdf>.

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).

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

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

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Board Members' salary and pension entitlements

(This section 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 2023-24 relate to performance in 2022-23 and the comparative bonuses reported for 2022-23 relate to performance in 2021-22.

The Board Members were supported by the Chief Finance Officer and Head of 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)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-24
Glynne Jones CBE, Director	100-105	95-100	nil	nil	nil	nil	29,000	-13,000	130-135	85-90
Geth Williams Deputy Director, Union, Regional Growth and Corporate Services	80-85	75-80	nil	nil	nil	nil	24,000	-7,000	105-110	70-75
Sarah Jennings Deputy Director, Private Office	100-105	95-100	0-5	5-10	nil	nil	40,000	15,000	140-145	120-125
Louise Parry, Deputy Director, Policy (job share with Kate Starkey to 30th September 2023) [†]	65-70	45-50	0-5	nil	nil	nil	21,000	1,000	85 to 90	45-50
Kate Starkey, Deputy Director, Secretariat to the Tata Steel/ Port Talbot Steel Transition Board from 1st October 2024 (Deputy Director Policy job share with Louise Parry to 30th September 2023) [†]	60-65	45-50	0-5	nil	nil	nil	40,000	1,000	105-110	45-50
Dafydd Jones, Deputy Director, Press and Comms	90-95	85-90	nil	nil	nil	nil	36,000	34,000	125-130	120-125

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 2023-24 are in the range of £80k to £85k (2022-23 £75k to £80k).

Non – Executive Directors

Remuneration	Salary exc bonuses (including allowances (£'000))		Benefits in kind (to nearest £100)		Total (£'000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Kathryn Chamberlain OBE, Audit Committee Chair and Lead Non-Executive Director from 1st January 2024	0-5	n/a	nil	n/a	0-5	n/a
Alison White, Audit Committee Chair and Lead Non-Executive Director to 31st December 2023	5-10	10-15	nil	nil	5-10	10-15
Alun Evans CBE, Non-Executive Director	5-10	5-10	nil	nil	5-10	5-10

Pension Benefits

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2024	Real increase in pension and related lump sum at pension age at 31 March 2024	CETV at 31 March 2024	CETV at 31 March 2023	Real increase/decrease in CETV
	£000	£000	£000	£000	£000
Glynne Jones CBE, Director	45 - 50 plus a lump sum of 125 - 130	0 - 2.5 plus a lump sum of 0	1143	1,028	18
Geth Williams Deputy Director, Union, Regional Growth and Corporate Services	30 - 35 plus a lump sum of 90 - 95	0 - 2.5 plus a lump sum of 0	845	758	16
Sarah Jennings Deputy Director, Private Office	20-25	0-2.5	293	234	25
Louise Parry, Deputy Director, Policy (job share with Kate Starkey to 30th September 2023)	15 - 20 plus a lump sum of 50 - 55	0 - 2.5 plus a lump sum of 0	402	355	12
Kate Starkey, Deputy Director, Secretariat to the Tata Steel/ Port Talbot Steel Transition Board from 1st October 2024 (Deputy Director Policy job share with Louise Parry to 30th September 2023)	25-30	0-2.5	466	400	27
Dafydd Jones, Deputy Director, Press and Communications	5-10	0-2.5	78	49	17

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.

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 and the related tables below have 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 2023-24 was £100k-£105k (2022-23, £95k-£100k) (See Single total figure of remuneration table). This was 2.3 times (2022-23, 2.1 times) the median remuneration of the workforce, which was £44,498 (2022-23, £45,647). The salary component of the median was £44,498.

The implementation of the Department's pay award in 2023-24 increased average staff remuneration, with the ratio between the highest paid directors' remuneration and the median pay ratio increasing slightly by .2 in comparison to 2022-23.

In 2023-24 no (2022-23, 1) staff member received remuneration (salary, allowances and bonuses) more than the highest-paid director. Remuneration ranged from £22,940 to £104,000 (2022-23 £25,475 to £106,000).

There was a 5.5% change in the highest paid director's salary and allowance. This was due to the Senior Civil Service pay award. The highest paid director did not receive a bonus in 2023-24 (2022-23 Nil).

For staff of the entity taken as a whole, the estimated average percentage change from the previous financial year of salary and allowances was 9.9% and the percentage change in performance pay and bonuses payable was -16%.

The ratio between the highest paid director's remuneration and the pay and benefits of the employee on the 25th percentile and 75 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 £32,930 (the salary component of this was £32,930) and the upper quartile remuneration (representing the 75th percentile of the linear distribution) was £61,171 (the salary component of this was £61,171). 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	2023-24	2022-23
Band of highest paid Director total remuneration (£000)	£100 to £105k	£95 to £100k
Median remuneration (£)	44,498	45,647
Ratio	2.3	2.1
25th percentile remuneration (£)	32,930	33,090
Ratio	3.1	2.9
75th percentile remuneration (£)	61,171	55,863
Ratio	1.7	1.7

Compensation for loss of office

(This section has been subject to audit)

No staff left the Wales Office under Voluntary Exit terms in 2023-24 or 2022-23.

Ministers

(This section has been subject to audit)

Minister Dr James Davies MP left office on the 13 November 2023. He received a severance payment of £5,593 in accordance with section 4 of the Ministerial and other Pensions and Salaries Act 1991.

In 2022-23 The Rt. Hon. Simon Hart MP and the Rt. Hon Sir Robert Buckland KBE KC MP left Office on the 6 July 2022 and 25 October 2022. They both received a severance payment of £16,876 in accordance with section 4 of the Ministerial and other Pensions and Salaries Act 1991.

Staff Report

Staff Costs

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

The Wales Office expenditure on staff during 2023-24 is shown in the table below: -

				31 March 2024	31 March 2023
	Permanently employed staff	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	2,777	29	94	2,900	2,723
Social security costs	265	-	10	275	274
Other pension costs	625	-	-	625	595
Total costs	3,667	29	104	3,800	3,592

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 the Wales Office 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 2023-24 employer’s pension contributions of £625k (2022-23: £595k) were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% (2022-23: 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 2023-24 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 (2022-23 £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%. (2022-23: 8.0% to 14.75%)

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £Nil (2022-23 £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 (2022-23 £Nil). Contributions prepaid at that date were £Nil There were no retirements during 2023-24 on the grounds of ill health. (2023-23: Nil)

Staff Numbers

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

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

	31 March 2024	31 March 2023
Permanent staff	47	49
Others	0	0
Ministers	2	2
Special advisers*	2	2.2
Total	51	53.2

* The special adviser numbers are taken on a snapshot date of 31 March 2024.

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.

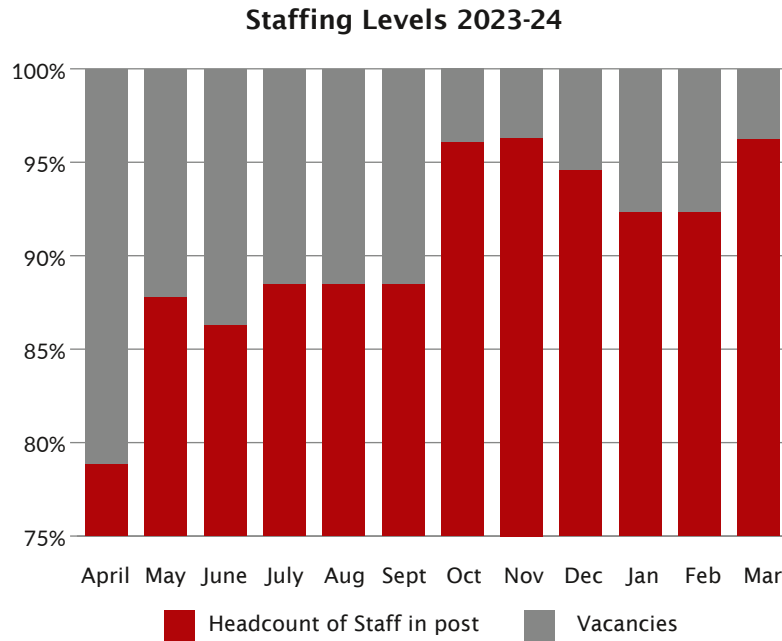
Termination benefits are based on length of service and capped at six months' salary. If a special adviser returns to work for HM Government following the receipt of a severance payment, the payment is required to be repaid, less a deduction in lieu of wages for the period until their return. Termination 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

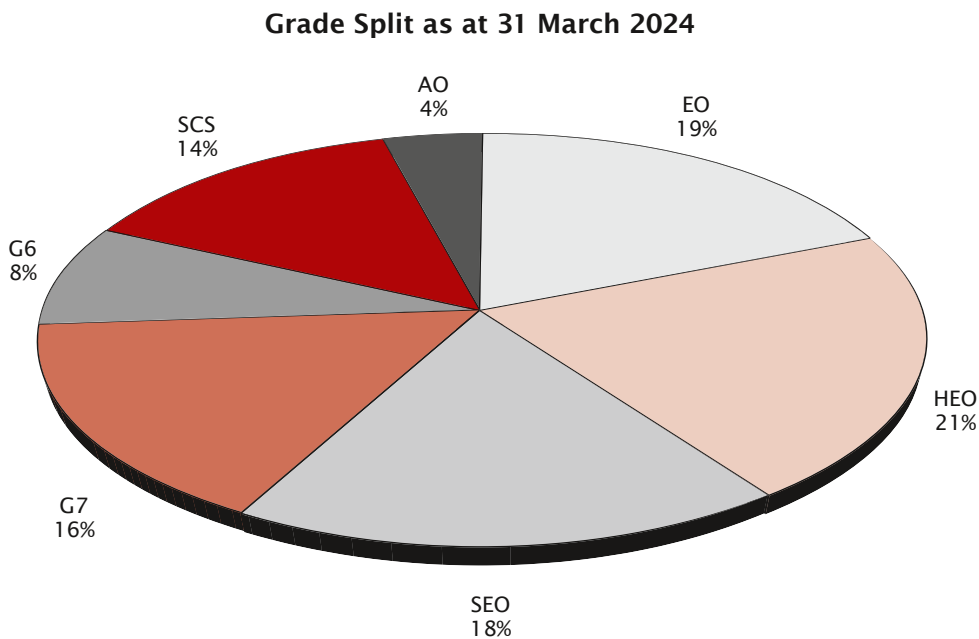
we have been far more reliant on loans from other Government departments but now this arrangement applies to less than five staff.

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



The Wales Office had 51 staff at the end of the 2023-24 financial year reporting period. The staff attrition rate during the year was 25%.

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 2023-24 or 2022-23.

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 2024, there were six people holding five substantive senior civil servant posts in the Wales Office and one person holding a temporary senior civil service post.

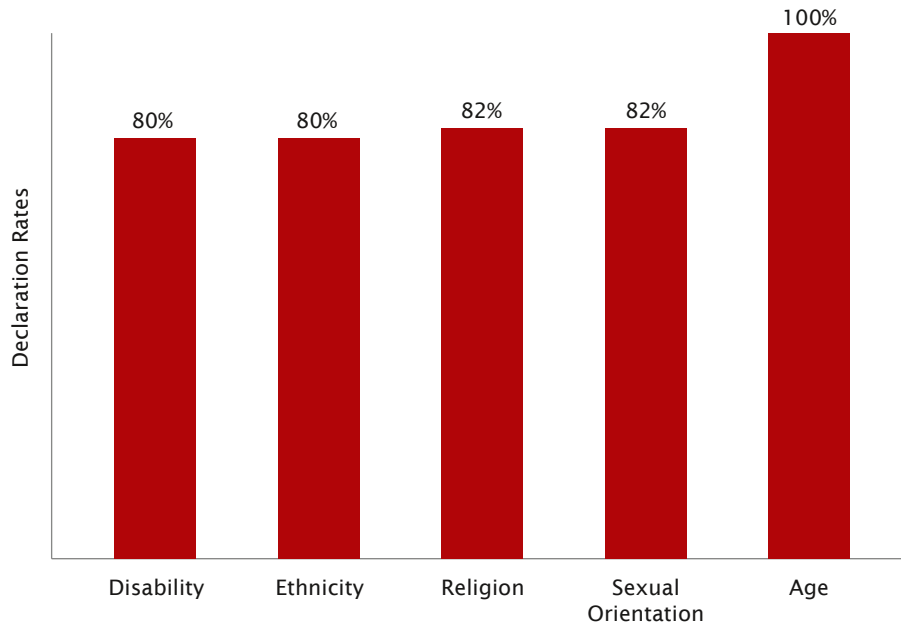
Staff in Senior Civil Service positions	March 2024	March 2023
Proportion of women	50%	50%
Proportion of women at Pay band 2 & above	0%	0%
Proportion of Black and Minority Ethnic (BAME) disclosed	0%	0%
Proportion of Disabled staff disclosed	0%	0%

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.

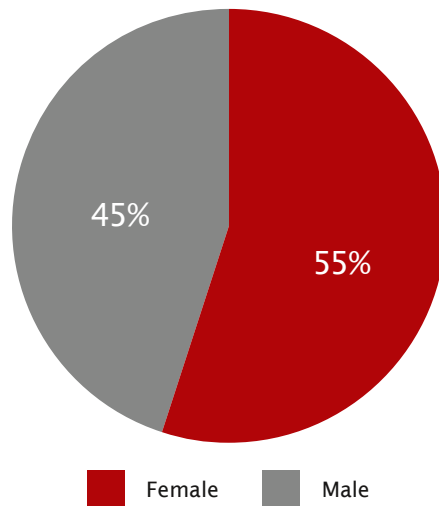
Response rates showing the percentages of staff who have voluntarily updated their HR record for each characteristic, at 31 March 2024, is shown in the chart below:

Percentage of Staff who have declared as 31 March 2024

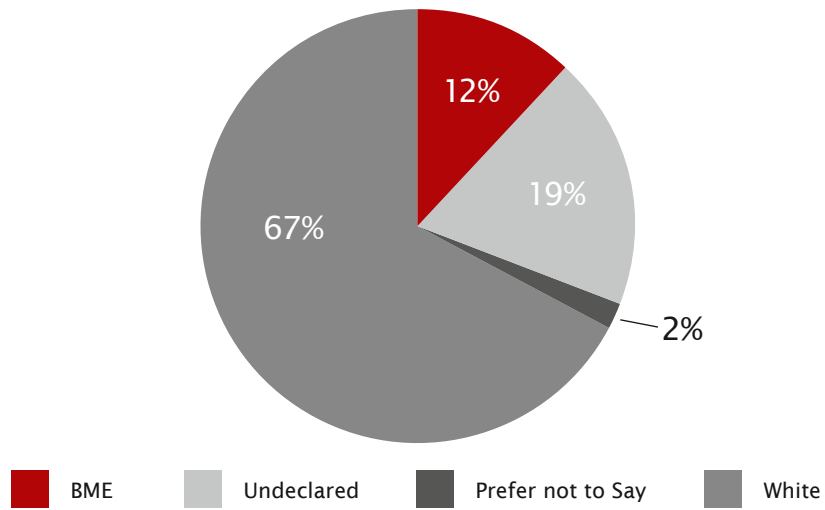


The charts below show the gender, ethnicity, and age profile, based on HR data at 31 March 2024.

Gender Profile as at 31 March 2024



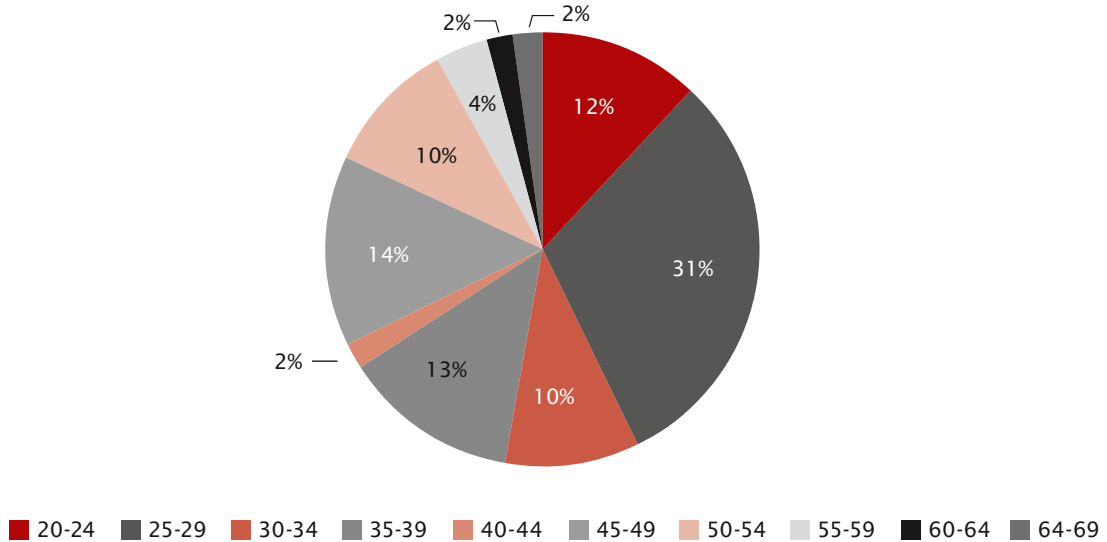
Ethnicity Profile as at 31 March 2024



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 Profile as at 31 March 2024



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 2023 was 1.8. This is well below the CS average of (8.1).

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 2023-24 was nil. (2022-23 £nil)

The total spend on temporary staff in 2023-24 was £29,046 (2022-23 £3,920). The Wales Office used temporary staff to cover for vacant posts.

Off Payroll Appointments

In 2023-24 the Wales Office had no off-payroll appointments for more than £245 per day and for duration of six months or longer. (2022-23 nil)

Staff Engagement Survey

Our overall engagement index was 71% in 2023, which is our highest ever score. 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 2024: Six members of staff had declared that they were fluent in listening, reading, and speaking Welsh (2022-23, five). Five of these six members of staff were additionally fluent in writing (2022-23 four).



Glynne Jones CBE
Accounting Officer

23 July 2024

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 (FReM) 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 page 25, 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 2023-24 (all figures provided in £000s)

Type of Spend	SOPS Note	2023-24			2023-24			2023-24	2022-23	
		Outturn			Estimate			Outturn v Estimate savings (excess)	Prior Year Outturn	
		Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000	Voted £000	Total £000	Total £000
Departmental Expenditure Limit										
Resource	1.1	5,585	-	5,585	5,896	-	5,896	311	311	5,320
Capital	1.2	(1,050)	-	(1,050)	(1,016)	-	(1,016)	34	34	39
Total		4,535	-	4,535	4,880	-	4,880	345	345	5,359
Annually Managed Expenditure										
Resource	1.1	-	-	-	20	-	20	20	20	-
Capital	1.2	-	-	-	-	-	-	-	-	-
Total		-	-	-	20	-	20	20	20	-
Total Budget										
Resource		5,585	-	5,585	5,916	-	5,916	331	331	5,320
Capital		(1,050)	-	(1,050)	(1,016)	-	(1,016)	34	34	39
Total Budget Expenditure		4,535	-	4,535	4,900	-	4,900	365	365	5,359
Non-Budget Expenditure		21,665,431	-	21,665,431	22,108,858	-	22,108,858	443,427	443,427	19,687,123
Total Budget and Non-Budget		21,669,966	-	21,669,966	22,113,758	-	22,113,758	443,792	443,792	19,692,482

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 2023-24 all figures presented in £000's

	Item	SOPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total 2022-23
Net cash requirement		3	21,670,131	22,114,647	444,516	19,948,361

Administration costs 2023-24

	Type of Spend	SOPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total 2022-23
Administration costs		1.1	5,555	5,835	280	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 2023-24 (£000's)

SOPS1 Outturn detail, by Estimate Line

SOPS1.1 Analysis of outturn by Estimate line

Type of Spend (Resource)	Resource Outturn						Estimate			Outturn vs Estimate savings (excess)	Prior Year Outturn Total 2022-23	
	Administration			Programme			Total	Total	Virement			Total Inc. virements
	Gross	Income	Net	Gross	Income	Net		Total				
Spending in Departmental Expenditure Limits (DEL)												
Voted Expenditure												
A - Wales Office	5,555	-	5,555	30	-	30	5,585	5,896	-	5,896	311	5,320
Total voted DEL	5,555	-	5,555	30	-	30	5,585	5,896	-	5,896	311	5,320
Total spending in DEL	5,555	-	5,555	30	-	30	5,585	5,896	-	5,896	311	5,320
Spending in Annually Managed Expenditure (AME)												
B - Provisions and Impairments								20	-	20	20	-
Total voted AME	-	-	-	-	-	-	-	20	-	20	20	-
Total spending in AME	-	-	-	-	-	-	-	20	-	20	20	-
Non Budget Expenditure												
C - Grant Payable to the Welsh Consolidated Fund	-	-	-	18,899,931	-	18,899,931	18,899,931	19,343,358	-	19,343,358	443,427	17,209,376
D - Payover of Welsh Rates of Income Tax to Welsh Consolidated Fund	-	-	-	2,765,500	-	2,765,500	2,765,500	2,765,500	-	2,765,500	-	2,477,747
Total Non Budget Expenditure	-	-	-	21,665,431	-	21,665,431	21,665,431	22,108,858	-	22,108,858	443,758	19,687,123
Total Resource	5,555	-	5,555	21,665,461	-	21,665,461	21,671,016	22,114,774	-	22,114,774	443,758	19,692,443

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 2022-23
	Gross	Income	Net	Total	Virements	Total inc virements		
Spending in Departmental Expenditure Limits (DEL)								
Voted Expenditure								
A - Capital	-	(1,050)	(1,050)	(1,016)	-	(1,016)	34	39
Total Voted DEL	-	(1,050)	(1,050)	(1,016)	-	(1,016)	34	39
Total spending in DEL	-	(1,050)	(1,050)	(1,016)	-	(1,016)	34	39
Total Capital	-	(1,050)	(1,050)	(1,016)	-	(1,016)	34	39

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	Prior Year Outturn Total 2022-23
		£000	£000
Total resource outturn	SOPS 1.1		
Budget		5,585	5,320
Non-Budget		21,665,431	19,687,123
Total		21,671,016	19,692,443
Net Operating Expenditure in Statement of Comprehensive Net Expenditure	SOCNE	21,671,016	19,692,443

As noted in the introduction to the Statement of 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.

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	21,671,016	22,114,774	443,758
Total Capital outturn	SOPS1.2	(1,050)	(1,016)	34
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(277)	(427)	(150)
IFRS 16 Lease Modification		1,050	1,046	(4)
Other non-cash items		(50)	(42)	8
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		(121)	-	121
(Increase)/decrease in payables		(537)	-	537
(Increase)/decrease in creditors		100	312	212
Total		165	889	724
Net cash requirement		21,670,131	22,114,647	444,516

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 2022-23	
	Accruals	Cash basis	Accruals	Cash basis
	£000	£000	£000	£000
Operating income outside the ambit of the Estimate				
Third Party Monies	1	1	-	-
Total Income payable to the Consolidated Fund	1	1	-	-

SOPS 4.2 Consolidated Fund Income

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 2022-23
	£000	£000
Student Loans	49,256	48,631
Cleddau Bridge Loan	0	0
Tai Cymru Interest	0	4
Bank Interest	2,397	8
Other	81	4
Amount payable to the Consolidated Fund	51,734	48,647
Balance held at the start of the year	-	-
Payments into the Consolidated Fund	51,734	48,647
Balances held on trust at the end of the year	-	-

The total income paid into the Consolidated Fund as at 31st March 2023 and 31 March 2024 were:

	Outturn Total	Prior Year Outturn 2022-23
	£000	£000
Income from 2022-23		48,647
Income from 2023-24	51,735	
	51,735	48,647

3. Parliamentary Accountability Disclosures

(The following sections are subject to audit)

3.1 Regularity of Expenditure

We are custodian of taxpayers' funds and have a duty to Parliament to ensure the regularity and propriety of our activities and expenditure. We manage public funds in line with HM Treasury's Managing Public Money. The disclosures made within the Parliamentary Accountability and Audit Report are indicative of this.

The importance of operating with regularity and the need for efficiency, economy, effectiveness and prudence in the administration of public resources to secure value for public money, is the responsibility of our Accounting Officer whose responsibilities are also set out in Managing Public Money.

The manner in which the Accounting Officer and the wider department discharges its responsibilities in the administration of public resources are detailed within the Statement of Accounting Officer Responsibilities and the Governance Statement.

3.2 Losses and Special Payments

The Wales Office has made no losses and special payments in 2023-24 (2022-23 Nil).

3.3 Other Payments

The Wales Office has made not made any significant payments in 2023-24 (2022-23 Nil).

3.4 Fees and Charges

The Wales Office does not have any fees and charges. (2022-23 nil).

3.5 Remote Contingent Liabilities

The Wales Office does not have any remote contingent liabilities.



Glynne Jones CBE

Accounting Officer

23 July 2024

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 2024 under the Government Resources and Accounts Act 2000. The financial statements comprise the Department's

- Statement of Financial Position as at 31 March 2024;
- 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 2024 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 2024 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 Bodies in the United Kingdom (2022). 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 is 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 and my auditor's certificate and report thereon. 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.

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 the 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;
- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued 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, the Government of Wales Act 2006, Managing Public Money and the Supply and Appropriation (Main Estimates) Act 2023;
- 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 Wales Act 2006, Managing Public Money, the Supply and Appropriation (Main Estimates) Act 2023, 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;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I 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

24 July 2024

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 2024

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.

		2023-24	2022-23
		Core Department	Core Department
	Note	£000	£000
Income	3	-	(99)
Total operating income		-	(99)
Staff Costs	2	3,800	3,592
Accommodation, maintenance and utilities	2	688	564
Depreciation and impairment charges	2	277	366
Other operating expenditure	2	790	872
Payover to the Welsh Consolidated Fund	2	21,665,431	19,687,123
Lord Lieutenants' expenses	2	30	25
NLF interest payable		7,008	2,360
NLF interest receivable		(7,008)	(2,360)
Total operating expenditure		21,671,016	19,692,542
Net operating expenditure		21,671,016	19,692,443
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating costs:			
Net (gain) / loss on revaluation of Property, Plant and Equipment		(13)	-
Comprehensive Net Expenditure for the year		21,671,003	19,692,443

All income and expenditure relate to continuing activities.

The notes on pages 81 to 97 form part of these accounts

Statement of Financial Position As at 31 March 2024

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 2024 £000	31 March 2023 £000
Non-current assets:			
Property, plant and equipment	4	76	100
Right of use assets	5	3,388	4,678
Financial assets	8	330,157	213,155
Total non-current assets		333,621	217,933
Current assets:			
Trade and other receivables	9	9,265	4,969
Cash and cash equivalents	6	70	69
Total current assets		9,335	5,038
Total Assets		342,956	222,971
Current liabilities			
Trade and other payables	10	(10,914)	(5,953)
Total current liabilities		(10,914)	(5,953)
Assets less net current liabilities		(333,042)	217,018
Non-current liabilities			
Lease obligations	10	(3,240)	(4,398)
Financial liabilities	10	(330,157)	(213,155)
Total non-current liabilities		(333,397)	(217,553)
Assets less liabilities		(1,355)	(535)
Taxpayers' equity:			
General fund		(1,366)	(537)
Revaluation reserve		11	2
Total equity		(1,355)	(535)

The notes on pages 81 to 97 form part of these accounts



Glynne Jones CBE
Accounting Officer
23 July 2024

Statement of Cash Flows For the year ended 31 March 2024

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	2023-24 £000	2022-23 £000
Cash flows from operating activities			
Net operating expenditure	SOCNE	(21,671,016)	(19,692,443)
Adjustments for non-cash transactions	2	327	408
(Increase)/Decrease in trade and other receivables	9	(4,296)	(2,114)
<i>Less: Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure¹</i>	9	4,417	2,076
Increase/(Decrease) in trade and other payables	10	120,815	152,442
<i>Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure¹</i>	10	(120,268)	(152,372)
Net cash outflow from operating activities		(21,670,021)	(19,692,003)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(10)	(29)
Loan repayments from other bodies (capital)	9	4,454	2,476
Loan repayments from other bodies (interest)	SOCNE	7,008	2,360
Net cash inflow from investing activities		11,452	4,807
Cash flows from financing activities			
From the Consolidated Fund (Supply) – Current Year ²		21,670,131	19,692,373
From the Consolidated Fund (Supply) – Prior year		-	-
Advances from the Contingencies Fund		-	150
Repayments to the Contingencies Fund		-	(150)
Payment of Lease liabilities ⁵		(188)	(344)
Finance charge ⁵	2	88	44
Repayment of loans from the NLF (capital) ³	9	(4,454)	(2,476)
Repayment of loans from the NLF (interest) ³	SOCNE	(7,008)	(2,360)
Net financing		21,658,569	19,687,237
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
	6	0	41
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		51,735	48,647
Payments of amounts due to the Consolidated Fund ⁴		(51,734)	(48,647)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	6	1	41
Cash and cash equivalents at the beginning of the period	6	69	28
Cash and cash equivalents at the end of the period	6	70	69

The notes on pages 81 to 97 form part of these accounts

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

Statement of Changes in Taxpayers Equity For the year ended 31 March 2024

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 2022		(470)	4	(466)
Net Parliamentary Funding				
- Drawn down	SCF	19,692,373	-	19,692,373
- Deemed	9	28	-	28
Unspent Supply drawn down repayable to the Consolidated Fund	9	(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 & Equipment		-	0	0
- Other		-	-	0
Movements in Reserves				
- Transfers between reserves		2	(2)	-
Balance at 31 March 2023		(537)	2	(535)
Balance at 1 April 2023		(537)	2	(535)
Net Parliamentary Funding				
- Drawn down	SCF	21,670,131	-	21,670,131
- Deemed	10	69	-	69
Unspent Supply drawn down repayable to the Consolidated Fund	10	(70)	-	(70)
Comprehensive Net Expenditure for the year	SOCNE	(21,671,016)	-	(21,671,016)
Non-cash charges				
Auditor's remuneration	2	53	-	53
Other Reserve Movements				
- Property, Plant and Equipment		-	13	13
Movements in Reserves				
- Transfers between reserves		4	(4)	-
Balance at 31 March 2024		(1,366)	11	(1,355)

The notes on pages 81 to 97 form part of these accounts

Notes to the Accounts for the year ended 31 March 2024

1a) Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2023-24 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 2023-24 have been prepared on a going concern basis, the period considered to be 12 months from the approval of these accounts to July 2025. 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 2025 will be approved by Parliament before the 2024 Parliamentary summer recess. For financial year 2025-26 the funding for the Department will be confirmed in the 2024 Comprehensive Spending Review.

Until the 2025-26 funding is approved by Parliament, HM Treasury publishes a “Vote on Account” before Parliament which provides authority for spending on

continuing services by departments in the early part of the following financial year (until the legislation authorising the Main Estimates obtains Royal Assent). The amounts required in the Vote on Account are normally a standard 45 per cent of the amounts already voted the corresponding services in the current year, taking account of the Main Estimates and any Revised or Supplementary Estimates already approved by Parliament.

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

Accounting policies are unchanged compared to those in the 2022-23 financial statements.

1.5 New accounting standards adopted in the year and FREM changes

No new accounting standards have been adopted in these financial statements.

1.6 Applicable accounting standards issued but not yet adopted.

IFRS 17 'Insurance Contracts'

IFRS 17 'Insurance Contracts' replaces IFRS 4 'Insurance Contracts', which requires reporters to identify insurance contracts, and for those contracts recognise an insurance contract liability. The insurance contract liability is calculated as the present value of future insurance cashflows (the fulfilment cash flows) plus a subsequent risk adjustment. IFRS 17 is to be applied by entities for accounting periods beginning on or after 1 January 2023. The earliest implementation date in central government is 1 April 2025.

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

1.7 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.

1.8 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 is 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.

1.9 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 2023-24 the Office did not have any assets under construction.

1.10 Leases

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

Initial recognition

At the commencement of a lease, the Office recognises a right of use asset and a lease liability.

Under IFRS 16 the definition of a contract was 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.

Lease liability

The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease or, where this is not readily determinable, the department’s incremental rate of borrowing. This rate is advised annually by HM Treasury (0.95% for leases that commenced, transitioned, or were remeasured in the calendar year 2022, 3.5% for those commencing or remeasured in 2023).

Measurement of Right of use asset

The right of use asset is measured at the value of the lease liability, adjusted for:

- any lease payments made before the commencement date.
- any lease incentives received.
- any incremental costs of obtaining the lease, and
- any costs of removing the asset and restoring the site at the end of the lease.

However, in accordance with the FReM, where the lease requires nil or nominal consideration (usually referred to as a ‘peppercorn’ lease) the asset will instead be measured at its existing use value, using market prices or rentals for equivalent land and properties, with the difference between the carrying amount of the right of use asset and lease liability treated, upon transition, as notional income.

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.

The value of the asset is adjusted for subsequent depreciation and impairment, and for reassessments and modifications of the lease liability as described below. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised as expenditure in the CSoCNE.

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments are reappraisals of the probability of the options given by the existing lease contract, for example where we no longer expect to exercise an option; modifications are changes to the lease contract. Reassessments and modifications are accounted for by either by:

- recalculating the lease term under any new contract terms, taking account of the reasonable certainty or otherwise of exercising an option; or
- applying a new discount rate where applicable.

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

New leases are measured in the way set out above.

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.

1.11 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.

1.12 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.

1.13 Operating income

The Wales Office does not have any operating income.

1.14 Consolidated Fund Extra Receipts (CFERs)

CFERs balances are calculated on an accrual's 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.

1.15 Administration and Programme expenditure

The Statement of Comprehensive Net Expenditure comprises administration expenditure for the running costs of the Wales Office 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.

1.16 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 2023-24.

1.17 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.

1.18 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.

1.19 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.

2. Expenditure

	<u>31 March 2024</u>	<u>31 March 2023</u>
	<u>£000</u>	<u>£000</u>
*Staff Costs:		
Wages and Salaries	2,900	2,723
Social Security Costs	275	274
Other Pension Costs	625	595
Goods and Services:		
Accommodation, maintenance and utilities	688	564
Communications, office supplies and services	26	52
Official Cars Hire	31	126
IT services & telecommunications (non-service concession arrangements)	54	46
Other contracted out services	21	13
Professional services	92	42
Travel and subsistence	115	157
Training and other staff related costs	14	32
Bank fees and charges	2	3
Other administration expenditure	6	19
Events and Conferences	22	12
Allocation of overheads	269	284
Lord Lieutenants' expenses	30	25
Non-cash items		
Depreciation	277	366
Revaluation/Impairment	-	-
Gain on remeasurement of Right of Use Assets	(3)	-
** Auditors' remuneration and expenses	53	42
Finance charge on leases	88	44
Welsh Consolidated Fund		
Payover to the Welsh Consolidated Fund	21,665,431	19,687,123
Total Operating Expenditure	<u>21,671,016</u>	<u>19,692,542</u>

* Further analysis of staff costs is located in the Accountability Report (on page 53).

** The Wales Office did not purchase any non-audit services from the National Audit Office. (2022-23 nil)

3. Income

	<u>31 March 2024</u>	<u>31 March 2023</u>
	<u>£000</u>	<u>£000</u>
Income		
Rental income	-	99
Total Income	<u>-</u>	<u>99</u>

The Wales Office did not have any income in 2023-24.

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>
2023-24				
Cost or valuation				
At 1 April 2023	45	129	222	396
Revaluations	1	25	31	57
At 31 March 2024	<u>46</u>	<u>154</u>	<u>253</u>	<u>453</u>
Depreciation				
At 1 April 2023	(23)	(51)	(222)	(296)
Charged in year	(7)	(29)	(1)	(37)
Revaluations	(1)	(13)	(30)	(44)
At 31 March 2024	<u>(31)</u>	<u>(93)</u>	<u>(253)</u>	<u>(377)</u>
Net book value at 31 March 2024	<u>15</u>	<u>61</u>	<u>-</u>	<u>76</u>
Net book value at 1 April 2023	<u>22</u>	<u>78</u>	<u>-</u>	<u>100</u>
All assets are owned by the Wales Office	<u>15</u>	<u>61</u>	<u>-</u>	<u>76</u>

The Wales Office does not have any property assets.

4.a 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 2021	35	100	222	357
Additions	10	29	-	39
At 31 March 2023	<u>45</u>	<u>129</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.

5. Right of Use Leased Assets

The Right of use lease assets comprise leased buildings from the Government Property Agency (GPA).

	<u>Buildings</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>
2023-24		
Cost or valuation		
At 1 April 2023	4,999	4,999
Lease modification	(1,050)	(1,050)
Revaluations	-	-
At 31 March 2024	3,949	3,949
Depreciation		
At 1 April 2023	(321)	(321)
Charged in year	(240)	(240)
At 31 March 2024	(561)	(561)
Net book value at 31 March 2024	3,388	3,388
Net book value at 1 April 2023	4,678	4,678

The Department adopted IFRS 16 "Leases" from the 1 April 2022 in agreement with HM Treasury.

	<u>Buildings</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>
2022-23		
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 2024</u>	<u>31 March 2023</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 April 2023	69	28
Net change in cash and cash equivalents	1	41
Balance as at 31 March 2024	70	69

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.

Advances from the National Loan Fund (NLF) are treated as investments and disclosed at historical cost. The balances within these accounts represent loans from the NLF lent onwards by the Secretary of State prior to devolution in 1999 and loans made to the Welsh Government post devolution. Outstanding balances are included within Trade and Other payables.

8. Investments and Loans in Other Public Sector Bodies

	<u>Loans funded from National Loans Fund</u>
	<u>£000</u>
Cost or valuation	
At 1 April 2022	67,609
Loans repayable within 12 months transferred to receivables	(4,454)
New Capital Loan from the NLF for the Welsh Government	150,000
Balance at 31 March 2023	213,155
At 1 April 2023	213,155
Loans repayable within 12 months transferred to receivables	(7,998)
*Additions - New Capital Loan from the NLF for the Welsh Government	125,000
Balance at 31 March 2024	330,157

*Under Section 122a of the Government of Wales Act 2006 (GOWA) the Welsh Government can borrow up to £1bn for capital expenditure. In March 2024 the Welsh Government requested to borrow £125m 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 2024</u>	<u>31 March 2023</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:		
Trade receivables	3	65
VAT receivables	10	35
Deposits and advances	7	27
Other receivables	19	33
Current part of NLF loan – interest receivable	1,228	355
Current part of NLF loan – capital	7,998	4,454
Total receivables	9,265	4,969

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

10. Trade Payables and other current liabilities

	<u>31 March 2024</u>	<u>31 March 2023</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:		
Other taxation and social security	138	128
Trade payables	1	1
Other payables	261	145
Accruals	910	489
Capital accruals	-	10
Current part of lease liabilities	307	302
Current part of NLF loan – capital	7,998	4,454
Current part of NLF loan – interest payable	1,228	355
Amounts issued from the Consolidated Fund for supply but not spent at year end	70	69
Consolidated Fund extra receipts due to be paid to the Consolidated Fund	1	-
Total payables	10,914	5,953

	<u>31 March 2024</u>	<u>31 March 2023</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due after more than one year:		
Lease Liabilities	3,240	4,398
NLF Loans	330,157	213,155
Total payables	333,397	217,553

11. Provisions for Liabilities and Charges

The Wales Office did not have any provisions in the financial year 2023-24 (2022-23 - 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 and Other Commitments

The Wales Office does not have any capital or other 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.

There are no material events to report.

Appendix 1: Public Expenditure Core Financial Tables

TABLE 1

Spending by Wales Office & Welsh Government 2018-19 to 2024-25

	2018-19 Outturn £000	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000	2023-24 Plans £000	2023-24 Outturn ⁽⁷⁾ £000	2024-25 Plans £000
Wales Office Expenditure								
Resource expenditure within Administration Costs	4,450	4,486	4,406	5,887	5,295	5,835	5,555	5,761
Other resource expenditure	183	195	276	77	25	61	30	61
Wales Office Resource ⁽²⁾	4,633	4,681	4,682	5,964	5,320	5,896	5,585	5,822
Wales Office Capital	17	45	73	0	39	-1,016	-1,050	30
Wales Office Resource + Capital DEL ⁽²⁾	4,650	4,726	4,755	5,964	5,359	4,880	4,535	5,852
<i>less depreciation & impairments</i>	<i>-141</i>	<i>-157</i>	<i>-163</i>	<i>-49</i>	<i>-366</i>	<i>-407</i>	<i>-277</i>	<i>-407</i>
Wales Office DEL ⁽³⁾	4,509	4,569	4,592	5,915	4,993	4,473	4,258	5,445

Welsh Government Expenditure (The Welsh Block)⁽⁶⁾

Resource ⁽⁸⁾	14,010,896	12,858,683	18,623,377	16,252,301	15,962,245	17,915,160	16,789,012	17,428,287
Capital	2,036,807	2,131,160	3,297,143	2,938,766	2,644,881	3,203,874	3,038,831	3,157,444
Total Resource + Capital	16,047,703	14,989,843	21,920,520	19,191,067	18,607,126	21,119,034	19,827,843	20,585,731
<i>less depreciation & impairments</i>	<i>-703,761</i>	<i>-768,478</i>	<i>-1,057,423</i>	<i>174,661</i>	<i>-523,806</i>	<i>-1,196,831</i>	<i>-343,524</i>	<i>-1,049,686</i>
Welsh Government DEL ⁽³⁾⁽⁵⁾	15,343,942	14,221,365	20,863,097	19,365,728	18,083,320	19,922,203	19,484,319	19,536,045

(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 2022-23:
Provision & Final Outturn**

	Original Provision £000	Final Provision £000	Final Outturn £000
Expenditure Classified as DEL⁽²⁾	20,038,113	19,697,490	18,607,126
Expenditure Classified as AME	1,272,584	690,621	514,954
Expenditure Financed by Welsh Taxes	2,887,313	2,913,448	2,889,391
Expenditure Financed by Capital Borrowing	150,000	150,000	150,000
Non Domestic Rates	1,030,000	1,030,000	1,057,259
Total Managed Expenditure	25,378,010	24,481,559	23,218,730
<i>Less:</i>			
<i>Non Voted expenditure:</i>			
LA Credit Approvals	88,800	88,800	88,800
Other Non-Voted	6,078	6,078	6,078
<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	372,106
Landfill Disposal Tax	35,188	43,439	42,014
Repayment of principle of loans	(6,164)	(2,476)	(2,476)
Capital Borrowing	150,000	150,000	150,000
<i>Non-Cash:</i>			
Resource Ringfenced Non Cash	1,782,731	1,232,032	523,806
AME Non-cash	599,441	(166,385)	(427,393)
TOTAL NON VOTED TME	5,514,363	4,223,973	3,230,682
TOTAL VOTED TME	19,863,647	20,257,586	19,988,048
Less 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
Add Timing Adjustments:			
Increase / Decrease in Debtors & Creditors	0	330,590	511,887
Use of Provisions	0	0	(171,653)
Movements in balance on consolidated fund	0	0	4,194
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 3**Cash grant paid to the Welsh Consolidated Fund 2023-24:
Provision & Provisional Outturn**

	Original Provision £000	Final Provision £000	Provisional Outturn £000
Expenditure Classified as DEL⁽¹⁾	20,938,200	20,769,328	19,827,843
Expenditure Classified as AME	1,155,499	2,098,866	1,393,372
Expenditure Financed by Welsh Taxes	3,112,009	3,114,192	3,060,657
Expenditure Financed by Capital Borrowing	150,000	150,000	150,000
Non Domestic Rates	906,000	906,000	929,028
Total Managed Expenditure	26,261,708	27,038,386	25,360,900
<i>Less:</i>			
<i>Non Voted expenditure:</i>			
LA Credit Approvals	88,800	88,800	88,800
Other Non-Voted	6,078	-343,628	6,078
<i>Wales Act 2014 Transactions:</i>			
Income from Welsh taxes:			
Income Tax	2,765,500	2,765,500	2,765,500
Land Transaction Tax	312,344	312,344	269,893
Landfill Disposal Tax	40,802	40,802	29,718
Repayment of principal of loans	(6,637)	(4,454)	(4,454)
Capital Borrowing	150,000	150,000	125,000
<i>Non-Cash:</i>			
Resource Ringfenced Non Cash	1,803,254	1,196,831	343,524
AME Non-cash	269,382	1,302,633	394,395
TOTAL NON VOTED TME	5,429,523	5,508,828	4,018,454
TOTAL VOTED TME	20,832,185	21,529,558	21,342,446
Less Voted receipts:			
Contributions from the National Insurance Fund	1,514,198	1,596,347	1,596,347
NDR Receipts	1,022,805	1,035,028	1,035,028
Add Timing Adjustments:			
Increase / Decrease in Debtors & Creditors	364,149	445,175	188,860
Use of Provisions	0	0	0
Cash Grant payable to Welsh Consolidated Fund by Wales Office	18,659,331	19,343,358	18,899,931
<i>Welsh Rate of Income Tax</i>	<i>2,765,500</i>	<i>2,765,500</i>	<i>2,765,500</i>
Total cash requirement including Welsh Rate of Income Tax	21,424,831	22,108,858	21,665,431

Notes

(1) Resource and capital DEL including depreciation.

TABLE 4
Calculation of Cash Grant Payable to Welsh Consolidated Fund 2024-25

	2024-25
	£000
Expenditure Classified as DEL (Block Grant) ⁽¹⁾	20,585,731
Expenditure Classified as AME	1,786,611
Expenditure Financed by Welsh Taxes	3,753,292
Expenditure Financed by Capital Borrowing	150,000
Expenditure Financed by Non Domestic Rates	1,139,000
Total Managed Expenditure	27,414,634
<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	3,491,131
Land Transaction Tax	243,731
Landfill Disposal Tax	28,340
Repayment of principal of loans	(9,910)
Capital Borrowing	150,000
Resource Ringfenced Non Cash	1,049,686
AME Non-cash	916,766
Sub-Total	5,964,622
TOTAL SUPPLY EXPENDITURE	21,450,012
Less Voted receipts:	
Contributions from the National Insurance Fund	1,613,366
NDR Receipts	1,122,627
Add Timing Adjustments:	
Increase / Decrease in Debtors & Creditors	608,010
Cash Grant payable to Welsh Consolidated Fund by Wales Office	19,322,029
<i>Welsh Rate of Income Tax</i>	<i>3,491,131</i>
Total cash requirement including Welsh Rate of Income Tax	22,813,160

Notes

Totals may not sum due to roundings

(1) Resource and capital DEL including depreciation

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