



Wales Office
Swyddfa Cymru

Wales Office

Annual Report and Accounts 2024-25



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Annual Report and Accounts 2024-25

(For the year ended 31 March 2025)

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1 The Performance Report

Ministerial Foreword

It is a year since the general election and my appointment as Secretary of State for Wales and with it, the responsibility for representing Wales at the Cabinet table as well as representing the UK Government's responsibilities in Wales.

As Welsh Secretary, I set out what we would achieve for Wales. Delivering economic stability; securing inward investment; protecting our steel communities and building a partnership with the Welsh Government so the people of Wales have the benefit of two governments, working together, to deliver their priorities. Whilst there is always more to do, I believe we have made an excellent start.

This Government's key priority is to drive economic growth, and the Wales Office is playing an important role in that mission. Since taking office, we have met with small, medium and large businesses the length and breadth of Wales and across different sectors, listening to their views about how this Government can support them to create secure, well-paid, high-skilled jobs that put money in people's pockets and improve living standards across Wales. Additionally, thanks to UK Government increases to the living wage and minimum wage, up to 160,000 workers across Wales are receiving a record pay-rise this year. Our Plan for Change will deliver a decade of national renewal for workers and businesses alike.

Wales is also playing a leading role in the UK Government's mission to make the UK a clean energy superpower. With our abundant natural resources, we in Wales are perfectly placed to be a world leader in renewable energy. Our growing sector is providing thousands of well-paid jobs to Welsh workers and set to create thousands more as we head towards 2030. This renewable energy revolution will not only secure our energy independence but create growth and good jobs and reduce energy bills, driving down the cost of living for every Welsh household.

I have established a Welsh Economic Growth Advisory Group which has brought together business, industry, university, and trades union leaders to plan how we unleash Wales's economic potential. Alongside regular Wales wide sector roundtables including renewable energy, advanced manufacturing, creative industries and life sciences, we have fed evidence and views into cross government work including the Modern Industrial Strategy and Infrastructure Strategy to ensure that the UK Government is doing all it can to support industries that are key to delivering growth in Wales.

Since taking office, we have seen billions of pounds of private investment into Wales; a £1 billion investment into North Wales from Eren Holdings; £75 million

at Kellanova, and a £600 million investment from CIP into renewable energy projects in Wales. These very significant investments will unlock thousands of new jobs and protect hundreds more that already exist.

I am also immensely proud of the work we have done to protect steel communities. We have guaranteed £80 million in support for steelworkers and businesses in the wider Port Talbot steel supply chain and delivered an improved deal with between the new Government and Tata steel ensuring the future of steelmaking at Port Talbot. The Transition Board, which I chair, has already announced over £50 million to invest in the development of new technologies, the creation of new jobs and businesses, as well as recently announcing over £3 million to support the mental health of those impacted by the impact of Tata's changes at the steelworks.

As part of our improved deal the UK Government has provided £500 million to support the company's transition to greener steelmaking through the construction of an Electric Arc Furnace. This Government promised that we would deliver for our steel communities, and through this investment and our steel strategy we are doing just that.

The UK Government has fundamentally reset our relationship with the Welsh Government. Wales now has two governments working together in a partnership based on trust, cooperation, and mutual respect, to deliver on our aligned priorities for households and businesses across Wales. Alongside Welsh local authorities and our regional growth deal partners, we are evidencing our manifesto commitment in action.

The Autumn budget saw the largest funding settlement for Wales in the history of devolution. The extra £1.6 billion has been invested by the Welsh Government into our vital public services. Over £600 million extra for the Welsh NHS, over £200 million more for education, over £200 million more for local authorities. We are already seeing the benefits of this partnership, with the extra money helping to reduce Welsh waiting lists month on month.

The Spending Review will unlock yet more investment for our growing sectors and help build the rail infrastructure so badly needed to enable people to access the jobs and opportunities we are delivering across Wales.

The UK and Welsh Governments have worked together to create those jobs. An £88 million investment in regional city and growth deals, investment in the Wrexham and Flintshire Investment Zone that will unlock £1 billion in private sector investment and create 6,000 jobs and we have co-funded two Welsh Freeports that will create 16,500 jobs and unlock £9.8 billion in investment.

This is what happens when governments work together.

I am proud of our work so far. So much has been delivered in just nine months. Teamwork has been key to what we have been able to achieve to date. I want to thank my excellent all-women ministerial team of Dame Nia Griffiths MP, Baroness Ruth Anderson, and Private Parliamentary Secretary, Becky Gittins

MP, as well as the excellent Wales Office civil service team whose knowledge, expertise and commitment is so valuable.

Rt. Hon Jo Stevens MP
Secretary of State for Wales

Director's Introduction

Over the years I have commented often on the remarkable dedication of the staff here in the Wales Office and the outstanding achievements they deliver time after time. This year has been no different as the department adapted itself to support the priorities of a new Government and worked tirelessly to make sure that the needs of Wales were heard and reflected in the audit of public spending, Autumn Budget and both phases of the Spending Review.

The Government's Missions and Plan for Change are now at the heart of everything the Wales Office does. Throughout this Annual Report you will find countless examples of the significant impact the department has had, from the largest funding settlement in the history of devolution through to billions of pounds of private investment and an Industrial Strategy that will ensure that Wales thrives and flourishes in the future. I am particularly proud of our efforts to support our steel communities, first by securing a continued commitment to the construction of an Electric Arc Furnace at Port Talbot and the £80m Transition Board funding and then moving at pace to disburse it.

As ever, we have worked in close collaboration with businesses, local authorities, universities, the third sector and other partners. This has been reinforced by our reset relationship with the Welsh Government. The new Welsh Economic Growth Advisory Group – chaired by the Secretary of State – is a good representation of this collective effort and it is essential that this inclusive approach continues if we are to realise our ambitions for Wales. Many challenges lie ahead but with the staff we have here in the Wales Office I have no doubt that they will be overcome and that we will succeed.

Glynne Jones CBE
Director

Departmental Overview

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

1. Kickstart economic growth in Wales
2. Unlock Wales' green energy potential
3. Support people and public services in Wales
4. Ensure that Welsh Devolution works effectively for the people of Wales

Priority Outcome 1 – Kickstart Economic Growth in Wales – Boosting economic growth in Wales through the Industrial Strategy and maximising its economic strengths to improve the economic outlook for Wales.

i. Industrial Strategy

The department has been working closely across Whitehall and with the Welsh Government on the development of the Industrial Strategy, to ensure both Wales and its strengths are reflected in the strategy. The department conducted in depth analysis of the Welsh Economy, identifying key sectors and key opportunities for economic growth.

As part of the department's work on the Industrial Strategy, the Wales Office conducted significant stakeholder engagement with Industry, Universities, and local government to fully understand the strengths, opportunities, and barriers of the Welsh economy. The Secretary of State launched and chaired three meetings of the Welsh Economic Growth Advisory Group, bringing together representatives from both UK and Welsh governments, business, education, industry groups and unions to shape economic policy. The Secretary of State also chaired a series of roundtables with key figures from across Wales. This included roundtables on: Innovation, Compound Semiconductors, Life Sciences, Advanced Manufacturing, Green Industries, Creative Industries and Digital and Technology. The views raised in these meetings were fed into the development of the Industrial Strategy, supporting the wider evidence base.

The Compound Semiconductor Cluster is a key industry for Wales with large growth potential. The Department has been working closely with DSIT, OFI, DBT and the Welsh Government to ensure the Compound Semiconductor Cluster is

supported. This included working to land the £250m Vishay Investment into the cluster, supporting over 500 high value jobs and hundreds more in the supply chain. The Secretary of State visited the cluster with the Secretary of State for Science, Innovation and Technology in March, and the department also continues to engage with the cluster frequently to provide support and fully understand any challenges.

The 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 Office has continued to champion the industry including staging visits to key aerospace manufacturing facilities for the Prime Minister.

At Autumn Budget 2024, the Government announced £975million in support for the sector, with at least £49million to date awarded to Welsh projects.

The Office has continued to work with the Department for Business and Trade (DBT) and Department for Transport (DfT) to respond to pressures faced by the automotive sector in transitioning to zero emission vehicle manufacturing and global trade disruption. At Autumn Budget 2024, £2billion in support for automotive manufacturers was announced over the next five years.

The creative industries sector is a key strength of the Welsh economy. The Secretary of State hosted a roundtable with stakeholders from the industry on the 28 November to hear firsthand the sector's views on the opportunities and challenges they face. The department continues to work with the Office for Life Sciences and the Welsh Government on supporting the Life Science sector. This has included engagement with the sector, including the Secretary of State speaking at BioWales in London, visiting several life Science companies, and regular engagement by officials. Officials also mapped the Life Science sector in Wales to further the department's understanding of the sector, which was also shared across UK Government and with the Welsh Government. This also supported the department's work on the Life Science sector plan, as part of the Industrial Strategy.

ii. Steel & the Port Talbot Transition Board

The Department for Business and Trade secured an agreement with Tata Steel UK in September 2024 to support the transition to electric arc furnace steelmaking at Port Talbot. This agreement, supported by £500million grant funding from UK Government, will secure at least 5,000 jobs and deliver improved redundancy terms for workers leaving Tata Steel UK. The Office continued to work with the Department for Business and Trade, and Welsh Government, following the announcement of the new agreement to pursue future investment into Port Talbot.

The Office worked with the Department for Business and Trade in engaging with the steel industry to develop the UK Government's Steel Strategy. The Parliamentary Under-Secretary of State, the Minister for Industry and Welsh Government Cabinet Secretary for Economy and Planning jointly hosted a steel

industry roundtable in Cardiff in March as part of engagement with industry about the Steel Strategy.

The Secretary of State for Wales, as Chair of the Tata Steel/Port Talbot Transition Board has announced over £50million of funding for Transition Board activities, designed to reduce the economic shock of Tata Steel UK's Decarbonisation Transition. This includes several funds, that businesses and individuals can bid into, namely a 'Supply Chain Transition Fund', an 'Employment and Skills Fund', 'Business Start-Up, Growth and Resilience Funds' and 'Mental Health and Wellbeing Support Fund'. These funds have a combined value of over £42million and aim to allow businesses dependant on Tata to pivot to new markets, individuals to retrain and to provide funding for the creation of new local businesses or the expansion of existing ones. The office has worked with partners in MHCLG, DWP, the Welsh Government, Business Wales, and Neath Port Talbot Council to operationalise these funds.

Furthermore, the first Growth and Regeneration project has also been announced, over £8m of the Transition Board funding will support the 'South Wales Industrial Transition from Carbon Hub' project. This will redevelop a four-acre site at Harbourside, Port Talbot which will include the construction of additional shared space, undertake flood mitigation and the provision of specialist equipment. This investment will help establish an Innovation District in Port Talbot. This will support more than 100 jobs.

The Office has taken an active role in coordinating partners in Port Talbot in delivering activity to deliver investment and regeneration opportunities. This included working with the Office for Investment, Welsh Government and Neath Port Talbot CBC to pursue investment across a range of sectors including steel and advanced manufacturing.

iii. Rural economy

The Office continued to engage with farming stakeholders over the course of the reporting period. In particular the Secretary of State and the Parliamentary Under Secretary visited the Royal Welsh Show on the 22 July. At the Show the Secretary of State hosted a roundtable with the farming unions to hear firsthand their views on the opportunities and challenges facing their sector.

In Phase 1 of the Spending Review it was announced that the farming budget of £337 million would be baselined into the Welsh Government's block grant for 25/26 and the ringfence removed.

iv. Trade and foreign investment

Securing investment into Wales was a key priority for the Office during 2024-25. The Office supported the expansion of the Office for Investment, bringing an increased focus on UK Government support for inward investment into Wales.

The Office has worked in collaboration with the Office for Investment, Department for Business and Trade and the Welsh Government to attract

investment. In September, Eren Holding announced a £1billion investment into Shotton Papermill with the support of the Wales Office, Welsh Government, Office for Investment and UK Export Finance. In addition, the Secretary of State welcomed significant investments from Kellogg's and the Port of Mostyn in North Wales, creating jobs and boosting economic growth. The office also supported the Welsh Government following the announcement of a Wales Investment Summit to be held in December 2025.

The Office supported the Secretary of State for Wales in attending the UK Government International Investment Summit in 2024, which secured £63bn of investment across the UK. This included a range of meetings with investors to promote Welsh strengths including in the clean energy and advanced manufacturing sectors. The Summit was attended by the First Minister of Wales and joint activity was undertaken.

In March 2025, the Secretary of State for Wales and the First Minister of Wales travelled to Paris to undertake a series of engagements with investors. This included a roundtable with companies across the energy, defence, construction, aerospace and technology sectors.

In March 2025, the Parliamentary Under-Secretary of State for Wales visited Copenhagen to undertake a series of engagements with clean energy stakeholders as part of St David's Day celebrations. The Minister attended a roundtable and reception at the British Embassy to celebrate collaboration between both nations – attendees included Copenhagen Infrastructure Partners' who are investing £600m into Bute Energy to develop onshore wind projects in Wales. The Minister also undertook visits with companies specialising in renewable energy and industrial decarbonisation, and a visit to a port which is transitioning its business to support new industries.

The Office also supported the establishment of the National Wealth Fund (NWF) and worked with the NWF following its formation in Autumn 2024 to identify investment opportunities in Wales. In January 2025, the NWF announced £92million in support for flood defences in Wales. The Office continues to work with the NWF as its mandate expands beyond infrastructure into wider economic investments.

We continue to work with the Department for Business and Trade to ensure Wales's interests are represented in Free Trade Agreements. On the 15 December the UK officially joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as a fully-fledged member, potentially boosting the Welsh economy by £110 million in the long run.

v. Place based investment

Supporting City and Regional Growth Deals in Wales

The Wales Office continued to lead for the UK Government on the four City and Regional Growth Deals in Wales during 2024–25. This involved working closely with other UK Government departments, the Welsh Government, and

local authority partners working together across the four regional footprints of the deals i.e. North Wales, Mid Wales, Swansea Bay and Cardiff City Region.

The Wales City and Growth Deal Implementation Board (co-chaired by senior officials from the Wales Office and the Welsh Government) remained central to joint oversight of the four deals. The Board met quarterly to review delivery against performance milestones, identify key risks and to share insights across the regions. At each meeting, representatives from one of the deals provided an update on progress, supporting focused discussion on opportunities, risks and challenges.

Wales Office officials also represented the UK Government at individual programme board meetings across all four deals, helping ensure strong links between regional delivery teams and central government. The Regional Growth Team maintained regular engagement (formal and informal) with the Portfolio Management Offices (PoMOs) of each Deal, sustaining strong working relationships and effective delivery support throughout the year.

Swansea Bay City Deal (SBCD)

The Wales Office continued to work with the Welsh Government and the SBCD Portfolio Office as the deal maintained its delivery momentum throughout 2024–25.

Key developments included:

- The completion and opening of the Innovation Matrix in Swansea in March 2025, providing purpose-built facilities for start-ups and fostering links between business and academia.
- Continued construction of SWITCH, the specialist research facility in Port Talbot, with work progressing through the design and build phase.
- Further development of Pentre Awel, an innovative medical research, business development facilities, community healthcare, assisted living and a state-of-the-art leisure and aquatics centre in Llanelli.
- Expansion of the pan regional Skills and Talent programme, which now supports 25 pilot projects across priority growth sectors focussing on the digital, construction, energy, smart manufacturing and health and wellbeing sectors.

North Wales Growth Deal (NWGD)

The Office worked closely with the PoMO and the Welsh Government throughout 2024–25 to support the North Wales Growth Deal to implement a series of key improvement recommendations following a Portfolio Assurance Review (PAR). The improvement recommendations made in the October 2025 PAR included a refresh of the Business Advisory Board and the appointment of a Senior Responsible Owner (SRO).

Highlights during the year included:

- Ongoing construction of the Enterprise Engineering and Optics Centre (EEOC) at Wrexham University, on track for completion in late 2025. The centre will support advanced manufacturing, photonics, and composite technologies.
- Approval of the Cydnerth, Parc Bryn Cegin, Clean Energy Fund and the 4G+ Full Business Cases which now all proceed into delivery. During the year, the North Wales Growth Deal was transitioned into the North Wales Corporate Joint Committee (NWCJC).

Cardiff Capital Region City Deal (CCR)

CCR continued to demonstrate strong delivery in 2024–25, with a focus on driving innovation, regeneration, and inclusive growth.

Key achievements included:

- A second year of investments through the £50 million Innovation Investment Fund, supporting scale-up of high-growth SMEs across the region in the fintech, AI, and health tech sectors.
- Investment in innovative companies through the Innovation Investment Capital in Space Forge the pioneering Cardiff based semiconductor manufacturing business and Transcend Packaging , based in Ystrad Mynach that manufactures packaging for global businesses.
- Additional investment in companies such as Whisper Cymru providing employment opportunities and strengthening the region's creative economy.
- The CCR City Deal transitioned into the Corporate Joint Committee structure on the 1st of April 2024.

Mid Wales Growth Deal (MWGD)

The Wales Office continued to proactively support the Mid Wales Growth Deal as it moved from planning to delivery. The Deal's Portfolio Business Case was finalised early in the reporting year, with HM Treasury and UK Government endorsement enabling key projects to progress.

Key Achievements include:

- Full Business Case approval of the Elan Valley and the Mid Wales Commercial Property Fund which have now both entered the delivery phase.
- Restructuring of the MWGD Portfolio Management Office to capture the collective experience, good practice and lessons learned from the other Deals in Wales.

- Work continued to further develop the pipeline of programmes and projects across the portfolios five strategic themes: Applied Research and Innovation; Agriculture, Food and Drink; Digital; Strengthened Tourism; and Supporting Enterprise.

Supporting Local Growth in Wales

Throughout this reporting period, the Office has continued to collaborate closely with colleagues across Government to promote and deliver investment in Wales through a range of local growth funds. These include the Levelling Up Fund (LUF) and the Community Ownership Fund (COF), both announced at Budget 2021, as well as the UK Shared Prosperity Fund (UKSPF), which launched in April 2022.

During this period, the final bidding round for COF took place. Officials from the Wales Office worked closely with colleagues in the Ministry of Housing, Communities and Local Government (MHCLG) to assess applications, resulting in the approval of seven additional projects in Wales, worth a total of £2 million. With this final round, COF has delivered approximately £8.7 million in funding across 30 projects in Wales.

At Autumn Budget 2024, the UK Government confirmed funding to continue delivery of Levelling Up Fund projects in Wales. The Wales Office is maintaining close collaboration with MHCLG to ensure these projects are effectively implemented and deliver tangible benefits to communities across the country.

In February, additional funding was announced for two cultural projects in Wales, with £10 million to upgrade Venue Cymru in Llandudno and £5 million to refurbish the Transporter Bridge in Newport.

In March, the Government launched the Plan for Neighbourhoods, allocating £1.5 billion to 75 communities across the UK. Under this initiative, five locations in Wales (Barry, Cwmbran, Merthyr Tydfil, Rhyl, and Wrexham) will each receive £20 million over the next ten years to support long-term local development.

Across all local growth funds, Wales Office officials continue to work in partnership with MHCLG and local stakeholders to support the effective delivery of projects that drive investment and regeneration throughout Wales.

The Office worked closely with MHCLG and the Welsh Government to deliver the Anglesey Freeport and Celtic Freeport. The two Freeports will deliver capital investment and tax reliefs on Anglesey, Port Talbot and Milford Haven with the objective of attracting additional investment and jobs.

In November 2024, two tax sites at the Celtic Freeport became active, with investors able to benefit. The Celtic Freeport was officially launched in March 2025. In January 2025, two tax sites at Anglesey Freeport were activated. The Office continued work with MHCLG and the Welsh Government to progress both Freeports towards full operation.

The Department also worked closely with MHCLG and the Welsh Government to confirm the Welsh Investment Zones, with funding confirmed at Autumn Statement. In January, the government confirmed that the Wrexham and Flintshire Investment Zone will focus on advanced manufacturing. The Office continues to work closely on the establishment of the Investment Zones in Wales, which are progressing at pace.

vi. Innovation

The Department has continued to work with DSIT and UKRI on delivering R&D funding into Wales, which has increased from previous levels. As part of the department's work on the Industrial Strategy, the Secretary of State hosted an innovation roundtable to hear views from stakeholders across Wales, in addition to wider engagement. The department then worked closely with the Industrial Strategy Unit and DSIT on the innovation 'offer', and how it could address the barriers to growth identified. This included areas like regional innovation funding, AI Growth Zones and Centres for Doctoral Training.

The department also helped secure the two Launchpads in Wales, now established, which have received significant interest from Industry and will help grow the Economy across Wales.

vii. Infrastructure

The Office has worked collaboratively with the Department for Transport, the Welsh Government, and key stakeholders through the Wales Rail Board to progress rail infrastructure investment proposals across Wales. The Wales Rail Board is a senior director-level meeting comprising members from the Wales Office, Department for Transport, Welsh Government, Network Rail and Transport for Wales. In January, the UK Government and Welsh Government exchanged letters setting out an agreed prioritisation of rail improvement projects developed by the Wales Rail Board. This has informed the Department's work ahead of the Spring Spending Review.

In August, the Secretary of State visited North Wales alongside Welsh Government's Cabinet Secretary for Economy, Transport and North Wales to confirm plans to increase rail capacity by 40%, with 50% more timetabled services on the North Wales Main Line.

The Department has continued to work with the Department for Transport and the Welsh Government to support coordination on rail reform as plans for Great British Railways progress, particularly as the Passenger Railway Services (Public Ownership) Act was introduced.

The Office continued to work with colleagues in the Department for Science, Innovation and Technology and BDUK to improve digital connectivity in Wales. Most notably Project Gigabit moved into contract award phase in Wales with around £170m being allocated to deliver top-of-the-range 'gigabit-capable' broadband to hard-to-reach premises in Wales. On mobile connectivity the Shared Rural Network continued to deliver in Wales with more Government-

funded (Home Office Extended Area Service) masts coming on stream during the reporting period.

Priority Outcome 2 – Unlock Wales’ green energy potential, securing jobs and investment as the UK transitions to a net zero economy.

The Secretary of State for Wales regularly meets key stakeholders within the energy sector to support the decarbonisation of industries across Wales and accelerate renewable and low carbon energy production, enabling Wales to play a key role in the UK achieving clean power by 2030.

In November, the Department’s Deputy Director for Policy represented the UK Government in Wales by attending a panel session focused on accelerating floating offshore wind in the Celtic Sea at the annual Future Energy Wales Conference. Other panellists included senior members of Welsh Government, The Crown Estate and RenewableUK Cymru.

In January, the Secretary of State hosted a roundtable at RWE’s Pembroke Net Zero Centre to engage with key stakeholders in the energy sector as UK Government developed its Industrial Strategy. The Wales Office has continued to engage with key stakeholders, including RWE, ABP, RenewableUK Cymru, Net Zero Industry Wales and Marine Energy Wales as this work has progressed to ensure the Industrial Strategy delivers for Wales’ energy sectors.

In February, SoS Wales announced Project Solstice, a £600m increase in Copenhagen Infrastructure Partner’s investment into Bute Energy and Green GEN Cymru. This investment will enable both companies to progress with their planned renewable energy projects in Wales and has the potential to unlock c.£3bn of capital investment over the next 5 years and could create up to 2,000 jobs.

i. Actively support collaborative working between Great British (GB) Energy, the Welsh Government and wider energy stakeholders in Wales.

The UK Government has launched Great British Energy – a new, publicly owned clean energy company. Great British Energy has established a partnership with The Crown Estate which could leverage up to £60bn of private investment into the UK’s drive for energy independence. This will boost investment into ports and clean energy supply chains. Both organisations will collaborate by speeding up the process of development (by coordinating planning and grid) and directly co-investing in renewable energy projects. The Wales Office continues to engage with The Crown Estate and Department for Energy, Security and Net Zero (DESNZ) to ensure progress in the Celtic Sea.

In December, the Office coordinated and hosted a roundtable between Great British Energy and industry leaders in Wales. This roundtable explored opportunities for collaboration, innovation, and investment in clean energy technologies in Wales as well as addressing local and national energy challenges.

In March, the Wales Office supported engagement between Great British Energy, DESNZ and Welsh Government to support the delivery of Great British Energy's nearly £3m investment into new community renewable energy projects in Wales.

ii. Work to maximise jobs and economic growth in Wales from the floating offshore wind (FLOW) industry.

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. The Crown Estate has progressed Leasing Round 5 which will deliver up to 4.5GW of floating offshore wind projects in the Celtic Sea. The Crown Estate's Celtic Sea Blueprint identifies that Leasing Round 5 has the potential to unlock up to 5,300 jobs and provide a £1.4bn boost to the economy.

In August, the Secretary of State visited Pembrokeshire alongside the First Minister and the Deputy Prime Minister to launch the Pembroke Dock Marine project. Pembroke Dock Marine is a £60m development funded through the Swansea Bay City Deal by the UK Government and Welsh Government, and through private investment by the Port of Milford Haven. This development has delivered a multi-purpose energy hub, including new port infrastructure and a Marine Energy Engineering Centre of Excellence.

In December, The Crown Estate announced nearly £5m funding for the first round of the Supply Chain Accelerator for a range of projects which will catalyse UK supply chain capacity and capability for offshore wind, including 3 projects based in Wales.

The Wales Office has continued to work closely with Welsh ports to support investment to deliver floating offshore wind projects in the Celtic Sea, and with DESNZ to ensure UK Government's Contracts for Difference scheme supports early Welsh projects.

iii. Actively support the decarbonisation of industry, including promoting the South Wales Industrial Cluster through Net Zero Industry Wales and HyNet North West.

At Autumn Budget, UKG announced up to £21.7bn of available funding over 25 years to launch the HyNet North West Cluster (covering North West England and North East Wales) and the East Coast Cluster – becoming the first of a kind CCUS clusters in the UK. The Office continues to work with DESNZ and industry to ensure the HyNet Cluster is a successful cross border initiative, with projects in Wales benefiting from the process.

In April, the Secretary of State for Wales visited Heidelberg Material's cement works in Padeswood and Enfinium's Parc Adfer in Deeside to understand their plans for decarbonisation through carbon capture and storage.

The Secretary of State for Wales continues to support the North East Wales Industrial Decarbonisation (NEW-ID) Cluster which launched its first Cluster Plan in January. The Secretary of State sent a positive pre-recorded message of support which was presented at the industry event.

The Department works closely with Net Zero Industry Wales to support progress on Non-Pipeline Transport policy required to enable carbon shipping which will decarbonise South Wales' heavy industries. In January, the Secretary of State for Wales visited RWE's Pembroke Power Station and Dragon LNG's natural gas regasification terminal in Milford Haven to receive an overview of the Milford Haven CO₂ Project.

In April, DESNZ published the shortlisted projects for the Hydrogen Allocation Round 2 (HAR2) process – the second allocation round of UKG's funding mechanism to support low carbon hydrogen production across the UK. Three projects in Wales have progressed to the shortlist – Green Hydrogen 5 in Port Talbot, Pembroke Green Hydrogen 1 and Magor Net Zero.

iv. Seek to inform decisions on the development of new nuclear projects at sites in Wales, including the recently purchased Wylfa site, supporting the case for Wales to be at the forefront of nuclear development.

The Wales Office continues to engage with key stakeholders to support new nuclear development in Wales (particularly at the Wylfa site on Anglesey) including DESNZ, Welsh Government, Cwmni Eginio and Great British Nuclear. The Wales Office has successfully coordinated regular engagement on nuclear development in Wales between DESNZ and the Welsh Government to progress and strengthen the relationship between the UK and Welsh governments.

Great British Nuclear continues to progress the Small Modular Reactor (SMR) technology selection process. In November, four out of an initial six companies, GE-Hitachi, Holtec, Rolls Royce SMR and Westinghouse Electric Company UK Limited, were short listed following two rounds of previous assessments by GBN. GBN are currently negotiating with the four companies before final tenders are submitted and final decisions are taken in the Spring. The Department continues to work closely with DESNZ and GBN to support new nuclear development, and associated manufacturing and supply chain facilities, in Wales.

v. Work with OGDs to ensure that the electricity grid in Wales supports Net Zero, industrial decarbonisation and nuclear ambitions.

Connection times to, and capacity on, the electricity grid in Wales has regularly been identified as a barrier to growth and decarbonisation. The Secretary of State has regularly engaged with stakeholders across Wales and with National Grid to support progress to address these concerns, including on proposals for a North-South Wales transmission project. The Department has continued to monitor grid applications for renewable energy and decarbonisation projects and supported to unlock issues as required.

In September, the Electricity Systems Operator (ESO) published proposals on how to connect floating offshore windfarms in the Celtic Sea to the national grid, with up to 3GW connected in South Wales, and up to 1.5GW connected into the South West of England.

In December, UK Government published the Clean Power Action Plan which recognises the need to transform electricity networks to connect clean, home-grown electricity generation to homes and businesses across the country. The Clean Power Action Plan sets out measures to upgrade Britain's energy infrastructure, including cleaning up the queue and fixing the planning system.

vi. Tidal – Continue to support the development of the tidal stream industry in North Wales and explore the opportunities for tidal range development in Wales.

Wales has significant strengths and opportunities in marine energy technologies. In September, it was announced that a 10MW tidal stream project at Morlais on Anglesey had been successful in Allocation Round 6 of UK Government's Contracts for Difference scheme. This follows the success of Allocation Rounds 4 & 5 which have secured contracts for five tidal stream projects on Anglesey, bolstering this nascent industry in the region.

Priority Outcome 3 – Support people and public services in Wales

i. Sharing best practice and supporting the Welsh Government to improve public services in Wales.

The Office has engaged with Department of Health and Social Care (DHSC) colleagues on how to increase collaboration with the Welsh Government to improve health outcomes.

The Department has worked with the Department for Education (DfE), Skills England and the Welsh Government to encourage collaborative working on skills and other policy areas, including the Industrial Strategy and working with HMT on the Apprenticeship Levy.

ii. Delivery of efficient reserved public services in Wales

The Office has engaged with colleagues in the Home Office as well as Welsh Government to ensure that the Safer Streets Mission is delivered effectively in Wales. On the 21 November the Secretary of State for Wales hosted a roundtable with the chief constables of the four Welsh police forces and the four Police and Crime Commissioners. On the 23 November she joined South Wales Police officers on patrol in Cardiff following the Wales v South Africa Autumn Nations Series rugby international in the city.

The Office continues to engage Ministry of Defence (MoD) colleagues on defence matters in Wales. On the 19 September the Parliamentary Under Secretary visited HMS Cambria in Cardiff Bay which is the home of the

Royal Navy Reserves in Wales. Over the weekend of the 24-25 October the Parliamentary Under Secretary attended the commemorations of the liberation of 's-Hertogenbosch in 1944 by the 53rd Welsh Infantry Division. She laid a wreath, attended a parade walk and the remembrance service to honour the soldiers.

The Office has continued engagement with the Ministry of Justice (MoJ) and HM Prison and Probation Service (HMPPS) on the operation of the offender management system and its interaction with devolved services. On the 13 March the Secretary of State visited HMP Parc to understand how the operators of the prison are protecting prisoners in the light of the recent deaths at the establishment.

The department has worked closely with the Department of Work and Pensions (DWP) and others on key policy areas such as Welfare, Inactivity and poverty. In particular, the department has worked with both the Welsh Government and DWP on the selection and design of the Inactivity Trailblazer in Wales and will continue to do so as it is established. The Government also announced an increase to both the National Minimum Wages and the National Living Wage, boosting the wages of thousands of people in Wales by up to £1,400 per year. In addition, The Parliamentary Under Secretary of State sits on the Child Poverty Taskforce, through this forum, and official level engagement, the department has worked to ensure close working with the Welsh Government and that any proposed interventions will benefit Wales.

iii. Support Welsh cultural interests.

The Office continues to work with Whitehall departments to continue to develop and expand Welsh language use and delivery by the UK Government. The Parliamentary Under Secretary visited the National Eisteddfod in Pontypridd in August where she met a range of stakeholders including those from broadcasting as well as the Welsh Language Commissioner.

The Office has continued to engage with colleagues from the Department of Culture, Media and Sport on broadcasting matters and in particular preparations for the BBC Charter Review. Officials also worked closely with Department of Culture, Media and Sport (DCMS) colleagues to begin the process of appointing a new Chair and Board Members for Sianel Pedwar Cymru, S4C.

The Multi Sports Grassroots Facilities Fund continued to be delivered in Wales over the reporting period. In February the Secretary of State visited Trefelin BGC's Ynys Park in Port Talbot to see firsthand a project that had benefited from the UK Government's fund.

Priority Outcome 4 – Ensure that Welsh Devolution works effectively for the people of Wales

Promote intergovernmental working

Throughout the year, the Office continued to promote and support engagement and collaboration between the UK and Welsh Governments.

Since the General Election on 4 July 2024, a strong focus for the government has been on resetting the relationship with the Devolved Governments. To aid in the delivery of this, the Office has supported regular bilateral meetings between the Secretary of State and the First Minister of Wales, as well as ad-hoc meetings on specific issues between Wales Office ministers and Welsh Ministers.

The Office also continued to support formal intergovernmental engagement throughout the reporting period. Wales Office Ministers attended a meeting of the Inter-Ministerial Standing Committee (IMSC) on 3 December to discuss cross cutting issues such as the UK Government's legislative programme and common frameworks. Wales Office Ministers also attended departmental level Inter-Ministerial Groups (IMGs) as appropriate.

Devolution in Wales

The government's manifesto made several commitments in regard to devolution in Wales. This includes commitments on the devolution of employment support funding to the Welsh Government, working with Welsh Government to consider the devolution of youth justice, exploring the devolution of probation services as part of a wider strategic review, and agreeing a new memorandum of understanding on the Sewel convention. The Office has been in discussion with policy owning departments to support work on these commitments.

Ensure the Welsh devolution settlement works effectively

The Office supported the UK Government's legislative programme in both the fourth session of the 2019-24 Parliament, and the first session of the current 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 four parliamentary Bills over the year, namely the Automated Vehicles Bill, Great British Energy Bill, the Water (Special Measures) Bill and the Passenger Railway Services (Public Ownership) Bill.

The Senedd also provided consent for specific provisions in the Victims and Prisoners Bill, including provisions related to the Infected Blood Compensation Scheme. It did however also withhold consent for a number of other provisions in this Bill.

A number of Bills completed their parliamentary stages and became law during the wash-up period before the dissolution of parliament on 30 May ahead of

the General Election. This included the Leasehold and Freehold Reform Bill and the Victims and Prisoners Bill. Although the Office had been working with lead departments to support engagement with the Welsh Government on these Bills, consent could not be obtained before Parliament was dissolved. The UK Government will continue to work closely with the Welsh Government in implementing this legislation where appropriate.

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. This included supporting discussions between DEFRA and the Welsh Government regarding proposals to establish deposit return schemes for drinks containers.

The Office also worked closely with DBT on UK Government's review of the UK Internal Market Act, which was launched in January. This includes supporting DBT's engagement with the Welsh Government and business stakeholders in Wales as part of the review.

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 worked with officials in the Home Office and DHSC in responding to a request from the Welsh Government for Minister of the Crown consent to provisions in the Health and Social Care (Wales) Bill which modified the functions of reserved bodies – specifically the Disclosure and Barring Service (DBS) and the Secretary of State. The Secretary of State provided consent on 17 January. On 14 February, the Secretary of State also provided consent for provisions in the Disused Mine and Quarry Tips (Wales) Bill which placed certain functions and duties on the Coal Authority and the Director of Public Prosecutions. In addition, the Office supported the Department for Culture, Media and Sport in considering a request for Minister of the Crown consents for the Legislation (Procedure, Publication and Repeals) (Wales) Bill. DCMS granted consent on 27 January 2025.

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, consequential amendments were needed to UK legislation. The Welsh Government asked the Wales Office to make these amendments using powers held by the Secretary of State in 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) (No.2) Order 2024. The Order made amendments to reserved charities legislation,

ensuring that the Commission was given the same status as HEFCW. The Secretary of State made the Order on 20 May, under the power in Section 150 of the Government of Wales Act 2006. The Order was laid before Parliament on 21 May and came into force on 1 August, the date on which the Welsh Government dissolved HEFCW and made the Commission operational.

An amendment was also required to replace the reference to HEFCW in Schedule 9A of the Government of Wales Act 2006. The Office worked closely with the Welsh Government to prepare the Government of Wales Act 2006 (Devolved Welsh Authorities) (Amendment) Order 2024. The Order was taken forward under the power held by the Secretary of State under section 157A of the Government of Wales Act 2006. It was debated in committee in the House of Commons on 8 October, and in the House of Lords on 22 October. The Order was made by His Majesty in Council on 6 November and came into force on 7 November.

Finance and Governance

The delivery of our four 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 2024-25 budget was set in the 2021 Spending Round.

Of the £23.264 billion Welsh settlement, the Office's allocation for 2024-25 was around £6 million, which was spent largely on staff and accommodation, and other Departmental responsibilities such as the reimbursements of Lord Lieutenants of Wales. The remainder of the settlement (£23.258 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.

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-2024-25>

** <https://www.gov.uk/government/collections/wales-office-ministerial-gifts-hospitality-overseas-travel-and-meetings>

*** <https://www.gov.uk/government/publications/wo-special-advisers-gifts-hospitality-and-meetings-july-to-september-2024>

During 2024-25 we dealt with 139 Freedom of Information (FOI) requests as set out below:

Description	Number 2024-25	Number 2023-24
FOI requests received, Of which:	139	154
Responses replied to within 20 working days or within permitted extension	137 (99%)	149 (97%)
Internal Review of our responses requested	1	4
Response referred by requestor to the Information Commissioner	1	0

Our Parliamentary performance over 2024-25 is summarised below:

Type of Question	Number 2024-25	Number 2023-24
Named Day	78	82
Named Day responses replied to on time (target 100%)	78 (100%)	45 (56%)
Ordinary	7	54
Ordinary responses replied to on time (target 100%)	7 (100%)	52 (96%)

Our performance in handling correspondence during 2024-25 was:

Target	2024-25 %	2023-24 %
100% Correspondence dealt with within 15 days	97%	95%

Political and Charitable Donations

The Office did not make any political or charitable donations in 2024-25. (2023-24 Nil).

Counter-Fraud and 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. (2023-24 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 2024-25, there were no accidents reported to the relevant authorities (nil in 2023-24).

Sustainable Development

This sustainable development report has been prepared in accordance with 2024-25 guidelines laid down by HM Treasury in 'Public Sector Annual Reports: Sustainability Reporting' published at:

<https://www.gov.uk/government/publications/sustainability-reporting-guidance-2024-25>

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					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Air Travel	49.65	0	0	28.12	58.16	1.08
Air Miles	137,193	0	0	58,665	44,726	3,652
Rail Travel	11.98	1.33	3.42	8.94	7.89	7.57
Rail Miles	187,351	22,656	62,421	158,049	139,691	123,221
Car Mileage	1.92	2.06	1.46	2.25	4.11	3.84
Gas Heating	13.4	11.14	14.08	22.87	1.32	0.00
Electricity*	11.1	10.2	2.89	9.53	10.91	7.69
Waste	0.01	0.1	0.08	0.06	0.08	0.08
Total CO ₂ Tonnes	88.06	24.83	21.93	71.77	82.47	20.26
Water Consumption Cubic Metres**	427	505	252	642	513	282

* 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.

Task Force on Climate-related Financial Disclosures (TCFD)

His Majesty's Treasury (HMT) has issued Task Force on Climate-related Financial Disclosures (TCFD) guidance

https://www.gov.uk/government/publications/tcfd-aligned-disclosure-application-guidance/task-force-on-climate-related-financial-disclosure-tcfd-aligned-disclosure-application-guidance#_ftn2

which interprets and adapts the framework for the UK public sector. Central Government departments are required to provide disclosures covering: -

- Governance
- Risk Management
- Metrics and Targets

The Wales Office Board has not identified climate change as a significant risk to the operation of the department and considers climate related issues as part of its general governance.

The TCFD framework covers activities deemed to be not applicable to the department's operations. We do not hold information required to comply with the requirements.

Where information relevant to climate change reporting is available, it is included in the sustainability report. The department will continue to work with HMT in assessing the scope of the TCFD framework and will review future reporting disclosures as required.

Financial Review

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 financial year followed by a *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 2024-25 Supplementary Estimates are available at:

<https://www.gov.uk/government/publications/supplementary-estimates-2024-25>

Movements in Estimate provision during 2024-25

At the start of the year the Department was voted £22.8 billion in its Main Estimate. By the final Single Supplementary Estimate, this had increased to £23.3 billion largely due to a £445 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	5,773	6,172	399	6%

The underspend of £0.399 million against the Supply Estimates is mainly attributable to lower than expected spend on IT, legal and travel costs.

Spending in Annually Managed Expenditure Limits		Outturn £000	Estimate £000	(Overspend)/ Under spend £000	Percentage of estimate %
A	Wales Office	0	20	20	100%

The Wales Office did not spend any annually managed expenditure in 2024-25.

Wales Office – Capital

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

The Wales Office did not spend any capital in year.

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)	18,853,505	19,766,676	913,171	5%
D	*Pay over of Welsh Rates of Income Tax to the WCF	3,491,131	3,491,131	0	0
	Total to WCF	22,344,636	23,257,807	913,171	5%

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 £913 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 2024-25.

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 Capital DEL and AME budget.

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

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

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

More information on the budgeting framework can be found at

<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2024-to-2025>

Statement of Financial Position

The net liabilities as of 31st March 2025 are £1.561m (2023-24 net liabilities £1.355m). The Department has assessed itself as a going concern see accounting policy 1.2. The significant balances on the Statement of Financial Position are:

- Property, plant, and equipment £0.039m – This principally comprises plant and equipment at the London Office.

- Right of Use Assets net book value of £3.1m – The department adopted IFRS 16 ‘Leases’ from 1 April 2022. The lease contracts comprise leased buildings. The assets are being depreciated over the term of the lease.
- Financial Assets and Liabilities are £399.5m (2023-24 £330.2m). These are loans issued from the National Loans Fund (NLF) to the Welsh Government. In 2024-25 a new loan totalling £80m 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

	2024-25 £000	2023-24 £000
Net Resource Outturn (Estimates)	22,350,409	21,671,016
Adjustments to remove non – budget items*	(22,344,636)	(21,665,431)
Total Resource Budget Outturn	5,773	5,585
Of which		
Departmental Expenditure Limit (DEL)	5,773	5,584
Annually Managed Expenditure Limit (AME)	0	0
Adjustments include		
Non – Budget items*	(22,344,636)	(21,665,431)
Net Operating Cost (Accounts)	22,350,409	21,671,016

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
17th July 2025

2 The Accountability Report

Corporate Governance Report

Directors' Report

Ministers, Directors and Senior officials

Ministers/Directors/Senior officials
Rt. Hon Jo Stevens MP – Secretary of State for Wales from 5th July 2024
Rt. Hon David TC Davies MP – Secretary of State for Wales to 5th July 2024
Dame Nia Griffith MP – Parliamentary Under Secretary of State for Wales from 9th July 2024
Fay Jones MP – Parliamentary Under Secretary of State for Wales to 5th July 2024
Dr Kathryn Chamberlain OBE – Lead Non-Executive Director (NED)
Dr Rhian Hayward MBE – Non-Executive Director (NED) from 1st February 2025
Alun Evans CBE – Non- Executive Director (NED) to 30th June 2024
Glynne Jones CBE – Director
Huw Bryer – Deputy Director, Constitution, Domestic Affairs and Regional Growth from 4th January 2025
Geth Williams – Deputy Director Union, Growth and Corporate Services to 30th September 2024
Sarah Jennings – Deputy Director, Private Office
Louise Parry – Deputy Director, Policy
Kate Starkey – Deputy Director, Secretariat to the Tata Steel/Port Talbot Steel Transition Board
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 Dr Kathryn Chamberlain (Lead NED), Alun Evans (NED) to 30th June 2024 and Dr Rhian Hayward (NED) from 1st February 2025. Details of all the Office's committees and membership are outlined in the "Governance Statement" (pages 35-46).

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 data security incident reported during 2024-25. (2023-24 one). The incident was fully investigated, and appropriate action was taken. The incident was not required to be reported to the Information Commissioner.

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 2024-25 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. She 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 her responsibilities to Parliament. Details of the membership of the Board is shown below.

In 2024-25 the Board monitored progress of the Office's performance against its strategic priorities, and objectives.

At each meeting the Board receives quality management information to enable it to assess the Departments performance against its 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 Director and should have independent input at least once every three years.

An annual review of the effectiveness of the Board was undertaken by the Lead Non-Executive Director during the year. The results of her review were detailed in a separate report which was shared with all Board Members.

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. Jo Stevens MP – Chair Secretary of State for Wales from the 5th July 2024	2 of 2
Rt Hon. David TC Davies MP – Chair Secretary of State for Wales to the 5th of July 2024)	1 of 1
Dame Nia Griffith MP Parliamentary Under-Secretary of State for Wales from the 9th of July 2024	2 of 2
Fay Jones MP Parliamentary Under-Secretary of State for Wales to the 5th of July 2024	1 of 1
Dr Kathryn Chamberlain OBE Lead Non-Executive Director (NED)	4 of 4
Dr Rhian Hayward MBE Non-Executive Director (NED) from the 1st February 2025	1 of 1
Alun Evans CBE Non-Executive Director (NED) to the 30th of June 2024	2 of 2
Glynne Jones CBE Director	4 of 4
Huw Bryer Deputy Director, Constitution, Domestic Affairs and Regional Growth from 4th January 2025	1 of 1
Geth Williams Deputy Director Union, Growth and Corporate Services to 30th September 2024	2 of 3
Sarah Jennings Deputy Director, Private Office	4 of 4
Louise Parry Deputy Director Policy	3 of 4
Kate Starkey Deputy Director, Secretariat to the Tata Steel/ Port Talbot Steel Transition Board	4 of 4
Dafydd Jones Deputy Director, Press and Communications	1 of 4

Notes

* Ministers are scheduled to attend a minimum of 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 2025 seeking views from its members. The Committee concluded it was operating effectively but there were some areas that could be strengthened.

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 plans 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
Dr Kathryn Chamberlain OBE – Lead Non-Executive Director (NED) Chair from 1 January 2024	5 of 5
Dr Rhian Hayward MBE – NED from 1st February 2025	1 of 1
Alun Evans CBE – NED to the 30th of June 2024	0 of 1
Rachel Irvine¹ – Independent Member to the 30th of June 2024	1 of 1
Phil Eskdale-Lord² – Independent Member from 1st of July 2024	4 of 4

Note

- 1: Rachel Irvine was Deputy Director, Constitutional Policy at the Scotland Office and Office of the Advocate General during her period as independent member.
- 2: Phil Eskdale-Lord was Deputy Director, Finance at the Ministry of Defence during his time as independent member of the Wales Office ARAC.

Other Board/Committees

Outcome Delivery Plan Implementation Committee

The Outcome Delivery Plan Implementation Committee oversees the delivery of the Department's Outcome Delivery Plan (ODP). The ODP Implementation Committee 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 2024-25, 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
Jo Stevens MP Secretary of State for Wales	Member of GMB union Member of USDAW
Dame Nia Griffith MP Parliamentary Under Secretary of State for Wales	Member of National Education Union Member of USDAW
Dr Kathryn Chamberlain OBE	Chair of the Wales Audit Office Board Commissioner Jersey Care Commission Member of Glas Cymru Holdings Cyfyngedig
Dr Rhian Hayward MBE (From 1st February 2024)	Director, Aberystwyth Innovation and Enterprise Campus Ltd Board Member, Food Standards Agency
Alun Evans CBE (to 30th of June)	Sole Director – Atbeconsulting Ltd Chair – Atlee Foundation (non-remunerated)
Sarah Jennings	Director and Chair – London Region Arts Club (non-remunerated)

Special Advisers

In line with the current Declaration of Interests policy for special advisers, all special advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. The Accounting Officer has considered these returns and there are no relevant interests to be published.

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 monitors 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 2024-25 these have included the risks of: –

- Failure to kickstart the economy in Wales and seize the opportunities offered by the Industrial Strategy and Green Energy
- Failure to support people and public services in Wales
- Failure to re-set the relationship with Welsh Government

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 UK Government Department's (OGDs) and utilisation of cross-government mechanisms to ensure delivery of priorities.
- Regular and effective engagement with UK and Welsh Government Ministers, including regular SoS and FM bilateral meetings.
- 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 and joint working with Welsh Government.
- Engagement at ministerial level including intergovernmental.
- Building credibility and trust between officials in UK and Welsh Governments.

Capacity to handle risk

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

The Departmental Board and Audit and Risk Assurance Committee (ARAC) also regularly reviewed its approach to risk management to ensure that key risks had been identified and appropriate and proportionate measures were in place to manage the level of risk to an acceptable level. The Board took assurance from the Senior Leadership Team (SLT) 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 minimum 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 2024-25 internal audit plan included reviews of: workforce planning, key financial controls – travel and subsistence and corporate credit cards, and conflicts of interests and gifts and hospitality – follow up. The audit opinion on all the reviews were substantial.

On the basis of the work completed and the knowledge of the governance, internal control, and risk management frameworks within the Wales Office observations during attendance at Audit and Risk Assurance Committee (ARAC) meeting; ad-hoc engagement and meetings with senior leaders; prior year's work and confidence in the extent to which agreed actions to remedy weaknesses are implemented, the Head of Internal Audit provided a Substantial opinion (the framework of governance, risk management and control is adequate and effective) on the framework of governance, risk management and control within the Wales Office for the year ended 31st March 2025.

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 the 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 NEDs brought extremely valuable skills and experience which are particularly relevant to the Office. The 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 second NED has extensive experience in the public, private and higher education sectors in Wales and has held various public appointments for the Welsh and UK Governments.
- 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 independent member formerly an official at the Ministry of Defence who now works in the Private Sector, serves on the committee.
- 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 31.

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 receives quality management information about the performance of the Office to enable them to assess, challenge and drive improvements as required.

Risks and their Management

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

Outcomes during 2024-25

There were no data losses during 2024-25. (2023-24 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
17th July 2025

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 2024-25 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; 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 £91,436 (from 1 April 2024) 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 2024-25 or 2023-24.

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)	
		2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
The Rt. Hon Jo Stevens MP, Secretary of State from 5th July 2024 [†]	49,721	n/a	nil	13,000	n/a	62,000	n/a
The Rt. Hon David TC Davies MP, Secretary of State to 5th July 2024 [†]	34,659	67,505	nil	4,000	18,000	39,000	86,000
Dame Nia Griffith MP, Parliamentary Under Secretary of State from 9th July 2024 ^{††}	16,300	n/a	nil	4,000	n/a	20,000	n/a
Fay Jones MP, Parliamentary Under Secretary of State from 13th November 2023 to 5th July 2024 ^{††}	11,487	7,669	nil	1,000	2,000	12,000	10,000
Dr James Davies MP, Parliamentary Under Secretary of State from 27th October 2022 to 13th November 2023 ^{†††}	n/a	19,392	n/a	n/a	3,000	n/a	22,000

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.
- † Following the UK General Election held on the 4th of July 2024 the Rt Hon Jo Stevens MP was appointed Secretary of State for Wales on the 5th of July 2024. The full-time equivalent salary in this role in 2024-25 was £67,505.
- The Rt. Hon David TC Davies MP served as Secretary of State for Wales to the 5th of July 2024. His total salary for 2024-25 includes a severance payment of £16,876. The full-time equivalent salary in this role in 2024-25 was £67,505.
- †† Following the UK General Election on the 4th of July 2024 Dame Nia Griffith MP was appointed Parliamentary Under Secretary of State for Wales on the 9th July. The full-time equivalent salary in this role in 2024-25 was £22,375. Fay Jones MP served as Parliamentary Under Secretary of State for Wales to the 5th of July 2024. Her total salary for 2024-25 includes a severance payment of £5,593. The full-time equivalent salary in this role in 2024-25 and 2023-24 was £22,375.
- ††† On the 13th of 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 role in 2023-24 role was £22,375.

Pension Benefits					
	Accrued Pension at age 65 as at 31 March 2025 £'000	Real increase in pension at age 65 £'000	CETV at 31 March 2025 £'000	CETV at 31 March 2024 £'000	Real increase/decrease in CETV £000
Ministers		£'000	£'000	£'000	£'000
The Rt. Hon Jo Stevens MP, Secretary of State from 5th July 2024	0-5	0-2.5	16	n/a	10
The Rt. Hon David TC Davies MP, Secretary of State to 5th July 2024	5-10	0-2.5	98	93	3
Dame Nia Griffith MP, Parliamentary Under Secretary of State from 9th July 2024	0-5	0-2.5	6	n/a	4
Fay Jones MP, Parliamentary Under Secretary of State from 13th November 2023 to 5th July 2024	0-5	0-2.5	6	8	1
Dr James Davies MP, Parliamentary Under Secretary of State from 27th October 2022 to 19th November 2023	n/a	n/a	n/a	6	n/a

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). A new MP's pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's final salary pension scheme.

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

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

The Cash Equivalent Transfer Value (CETV)

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023.

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 2024-25 relate to performance in 2023-24 and the comparative bonuses reported for 2023-24 relate to performance in 2022-23.

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)
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
Glynne Jones CBE, Director	105-110	100-105	10-15	nil	nil	nil	75,000	29,000	195-200
Geth Williams, Deputy Director, Union, Regional Growth and Corporate Service to 30th September 2024†	40-45	80-85	0-5	nil	nil	nil	25,000	24,000	70-75
Huw Bryer, Deputy Director, Constitution, Domestic Affairs and Regional Growth from 4th January 2025††	20-25	n/a	nil	n/a	nil	n/a	23,000	n/a	45-50
Sarah Jennings Deputy Director, Private Office	105-110	100-105	0-5	0-5	nil	nil	44,000	40,000	155-160
Louise Parry, Deputy Director, Policy (Job share with Kate Starkey to 30th September 2023)†††	80-85	65-70	0-5	0-5	nil	nil	44,000	21,000	125-130
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)†††	80-85	60-65	0-5	nil	nil	nil	44,000	40,000	125-130
Dafydd Jones, Deputy Director, Press and Communications	95-100	90-95	nil	nil	nil	nil	38,000	36,000	130-135
									125-30

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.

* Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

† The full time equivalent salary for Geth Williams for 2024-25 was in the range of £85k to £90k.

†† The full time equivalent salary for Huw Bryer for 2024-25 was in the range of £90k to £95k.

††† The full-time equivalent salaries for Louise Parry and Kate Starkey for 2023-24 are in the range of £80k to £85k.

Non – Executive Directors

Remuneration	Salary exc bonuses (including allowances (£'000))		Benefits in kind (to nearest £100)		Total (£'000)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Dr Kathryn Chamberlain OBE , Audit Committee Chair and Lead Non-Executive Director from 1st January 2024	10-15	0-5	nil	n/a	10-15	0-5
Alison White, Audit Committee Chair and Lead Non-Executive Director to 31st December 2023	n/a	5-10	n/a	nil	n/a	5-10
Dr Rhian Hayward MBE, Non-Executive Director from 1st February 2025*	0-5	n/a	nil	n/a	0-5	n/a
Alun Evans CBE, Non-Executive Director to 30th June 2024**	0-5	5-10	nil	nil	0-5	5-10

Notes

* Dr Rhian Hayward MBE was appointed as Non-Executive Director on the 1st February 2025. The FTE in this post was in the range of £5k to £10k

** Alun Evans CBE term as Non-Executive Director ended on the 30th June 2024. The FTE in this role was in the range £5k to £10k.

Pension Benefits

Senior Managers	Accrued pension and related lump sum at pension age at 31 March 2025	Real increase in pension and related lump sum at 31 March 2024	CETV at 31 March 2025	CETV at 31 March 2024	Real increase/decrease in CETV
	£000	£000	£000	£000	£000
Glynne Jones CBE, Director	50 – 55 plus a lump sum of 135 – 140	2.5 – 5 plus a lump sum of 2.5 – 5	1262	1143	68
Geth Williams, Deputy Director, Union, Regional Growth and Corporate Services to 30th September 2024	35 – 40 plus a lump sum of 90 – 95	0 – 2.5 plus a lump sum of 0 – 2.5	881	845	24
Huw Bryer, Deputy Director, Constitution, Domestic Affairs and Regional Growth from 4th January 2025	15-20	0-2.5	243	225	15
Sarah Jennings Deputy Director, Private Office	25-30	2.5-5	353	293	28
Louise Parry, Deputy Director, Policy (job share with Kate Starkey to 30th September 2023)	20 – 25 plus a lump sum of 50 – 55	0 – 2.5 plus a lump sum of 0 – 2.5	455	402	32
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	518	466	29
Dafydd Jones, Deputy Director, Press and Communications	5-10	0-2.5	110	78	18

Notes to the table:

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

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

Increase legislation. Benefits in alpha build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

The Cash Equivalent Transfer Value (CETV)

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

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was at extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023.

The real increase in the value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay Multiples

(This section has been subject to audit)

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

The banded remuneration of the highest-paid director in the Office in the financial year 2024-25 was £120k to £125k (2023-24, £100k-£105k) (See Single total figure of remuneration table). This was 2.5 times (2023-24, 2.3 times) the median remuneration of the workforce, which was £49,410 (2023-24, £44,498). The salary component of the median was £49,410.

The implementation of the Department's pay award in 2024-25 increased average staff remuneration, with the ratio between the highest paid directors' remuneration and the median pay ratio in comparison to 2023-24.

In 2024-25 no (2023-24, Nil) staff member received remuneration (salary, allowances and bonuses) more than the highest-paid director. Remuneration ranged from £22,400 to £120,000 (2023-24 £22,940 to £104,000).

There was a 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 received a bonus in 2024-25 of £11k (2023-24 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 4.7% and the percentage change in performance pay and bonuses payable was 160%

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 £35,668 (the salary component of this was £35,668) and the upper quartile remuneration (representing the 75th percentile of the linear distribution) was £67,918 (the salary component of this was £67,918). 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	2024-25	2023-24
Band of highest paid Director total remuneration (£000)	£120k to £125k	£100k to £105k
Median remuneration (£)	£49,410	£44,498
Ratio	2.5	2.3
25th percentile remuneration (£)	£35,668	£32,884
Ratio	3.4	3.2
75th percentile remuneration (£)	£67,918	£61,420
Ratio	1.8	1.7

Compensation for loss of office

This section has been subject to audit.

Staff

No staff left the Wales Office under Compulsory or Voluntary Exit terms in 2024-25 or 2023-24.

Ministers

This section has been subject to audit.

Following the 2024 UK General Election severance payments totalling £22,469 were paid to former Ministers in accordance with section 4 of the Ministerial and other Pensions and Salaries Act 1991. (2023-24 £5,593).

Staff Report

Staff Costs

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

The Wales Office expenditure on staff during 2024-25 is shown in the table below: –

				31 March 2025	31 March 2024
	Permanently employed staff and inward seconded	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	3,078	-	112	3,190	2,900
Social security costs	293	-	10	303	275
Other pension costs	719	-	-	719	625
Total costs	4,090	-	122	4,212	3,800

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

For 2024-25 employer’s pension contributions of £719k (2024-25 : £625k) were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% (2023-24: 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 2024-25 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 (2023-24 £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%. (2023-24: 8.0% to 14.75%).

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £Nil (2023-24 £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 (2023-24 £Nil). Contributions prepaid at that date were £Nil There were no retirements during 2024-25 on the grounds of ill health. (2023-24: Nil)

Staff Numbers

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

	31 March 2025	31 March 2024
Permanent staff	48	47
Others	0	0
Ministers	2	2
Special advisers*	2	2.2
Total	52	51

* The special adviser numbers are taken on a snapshot date of 31 March 2025.

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.

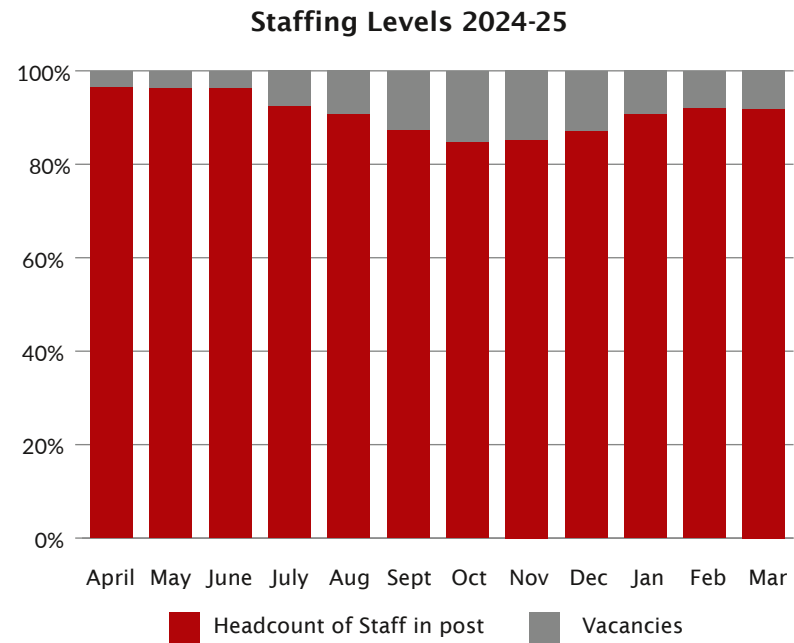
In line with the Constitutional Reform and Governance Act 2010 and the Model Contract for Special Advisers, a special adviser's appointment automatically ends when their appointing Minister leaves office. Special advisers are not entitled to a notice period but receive contractual termination benefits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

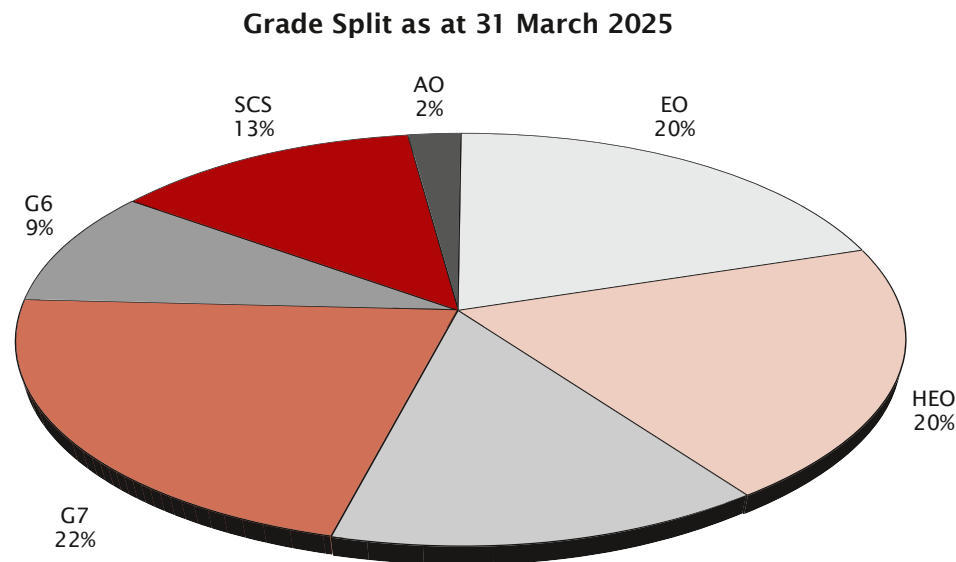
MoJ are subject to the Civil Service Commissioners' Recruitment Principles and staff are recruited on our behalf through fair and open competition.

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



The Wales Office had 45 staff in post at the end of the 2024-25 financial year reporting period. The staff attrition rate for 2024-25 was 31%.

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



Reporting of Civil Service and other compensation schemes – exit packages

(This section has been subject to audit)

There were no Civil Service exit packages in 2023-24 or 2024-25.

Staff Policies and Other Disclosures

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 2025, there were six people holding five substantive senior civil servant posts at the Wales Office.

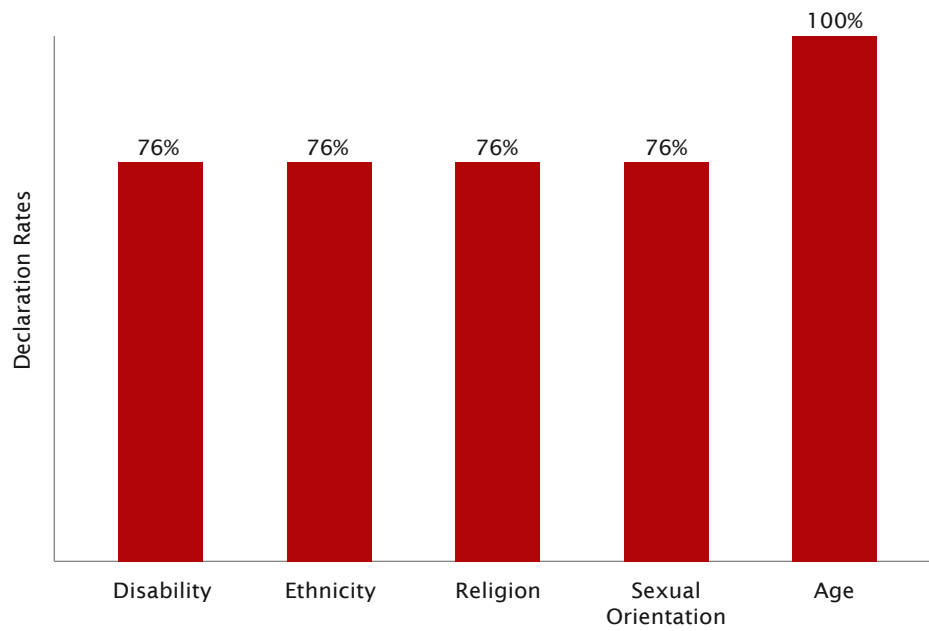
Substantive Staff in Senior Civil Service positions	March 2025	March 2024
Proportion of women	50%	50%
Proportion of women at Pay band 2 & above	0%	0%
Proportion of Black and Minority Ethnic (BAME) disclosed	0%	0%
Proportion of Disabled staff disclosed	0%	0%

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.

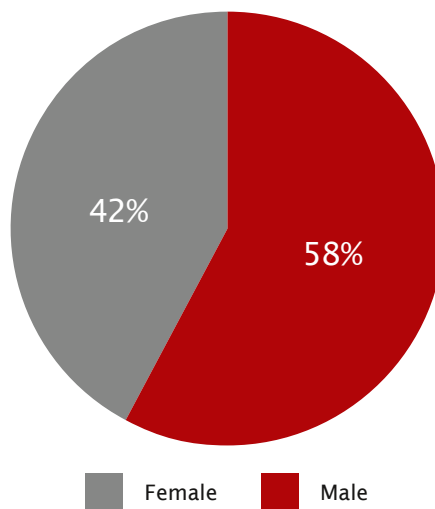
Response rates showing the percentages of staff who have voluntarily updated their HR record for each characteristic, at 31 March 2025, is shown in the chart below:

Percentage of Staff who have declared as 31 March 2025

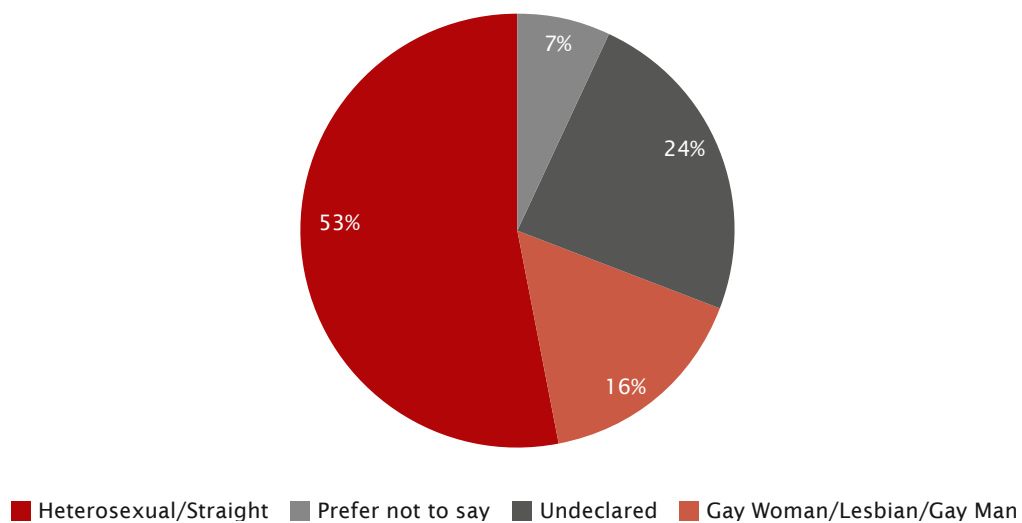


The charts below show the gender, sexual orientation, and age profile, based on HR data at 31 March 2025.

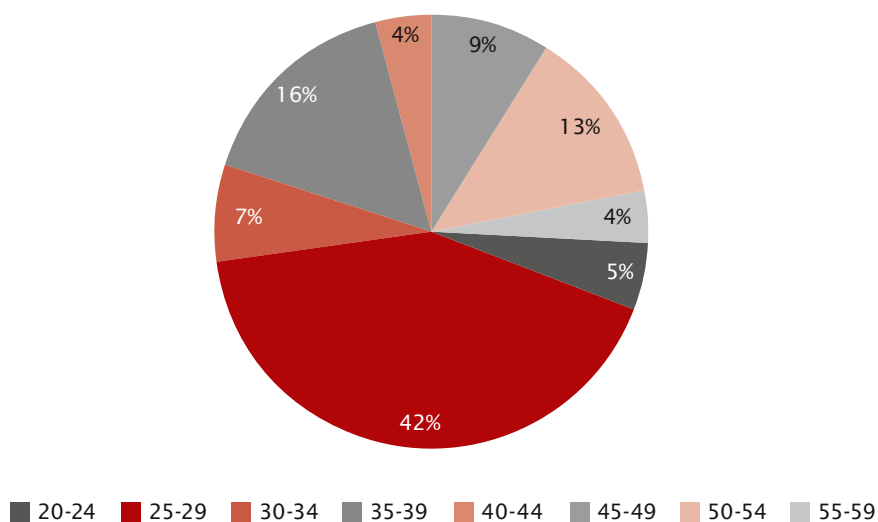
Gender Profile as at 31 March 2025



Sexual Orientation Profile as at 31 March 2025



Age Profile as at 31 March 2025



In terms of Ethnicity, 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.

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 bias.

Other Health Wellbeing Issues

The average number of working days lost (AWDL) due to staff sickness for the calendar year 2024 was 1. This is well below the CS average of 7.8.

The Wales Office participates in Wellbeing events 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 2024-25 was nil (2023-24 £nil).

The total spend on temporary agency staff in 2024-25 was nil (2023-24 £29,046).

Off Payroll Appointments

In 2024-25 the Wales Office had no off-payroll appointments for more than £245 per day and for duration of six months or longer. (2023-24 nil).

Staff Engagement Survey

Our overall engagement index was 61% in 2024, compared to the Civil Service average of 64%.

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 2025: Seven members of staff had declared that they were fluent in listening, reading, and speaking Welsh (2023-24, six). Six of these seven members of staff were additionally fluent in writing (2023-24, five).

A handwritten signature in dark ink, appearing to read 'Glynne Jones', with a stylized flourish at the end.

Glynne Jones CBE
Accounting Officer
17th July 2025

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 28, 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 2024-25 (all figures provided in £000's)

Type of Spend	SOPS Note	2024-25			2024-25			2024-25			2023-24		
		Outturn			Estimate			Outturn v Estimate savings (excess)			Prior Year Outturn		
		Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000	Voted £000	Voted £000	Total £000	Total £000	Total £000	Total £000	Total £000
Departmental Expenditure Limit													
Resource	1.1	-	5,773	6,172	-	6,172	399	399	399	5,585			
Capital	1.2	-	-	30	-	30	30	30	30	-1,050			
Total		-	5,773	6,202	-	6,202	429	429	429	4,535			
Annually Managed Expenditure													
Resource	1.1	-	-	20	-	20	20	20	20	-			
Capital	1.2	-	-	-	-	-	-	-	-	-			
Total		-	-	20	-	20	20	20	20	-			
Total Budget													
Resource		-	5,773	6,192	-	6,192	419	419	419	5,585			
Capital		-	-	30	-	30	30	30	30	-1,050			
Total Budget Expenditure		-	5,732	6,222	-	6,222	449	449	449	4,535			
Non-Budget Expenditure		-	22,344,636	23,257,807	-	23,257,807		913,171	913,171	21,665,431			
Total Budget and Non-Budget		-	22,350,409	23,264,029	-	23,264,029		913,620	913,620	21,669,966			

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 2024-25 all figures presented in £000's

	Item	SOPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total 2023-24
Net cash requirement		3	22,350,133	23,263,864	913,731	21,670,131

Administration costs 2024-25

	Type of Spend	SOPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total 2023-24
Administration costs		1.1	5,746	6,111	365	5,555

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 2024-25 (£000's)

SOPS1 Outturn detail, by Estimate Line

SOPS1.1 Analysis of outturn by Estimate line

	Resource Outturn			Estimate			Outturn vs Estimate savings (excess)	Prior Year Outturn Total 2023-24				
	Administration	Programme	Total									
Type of Spend (Resource)	Gross	Income	Net	Gross	Income	Net	Total	Virement	Total Inc. virements			
Spending in Departmental Expenditure Limits (DEL)												
Voted Expenditure												
A - Wales Office	5,746	-	5,746	27	-	27	5,773	6,172	-	6,172	399	5,585
Total voted DEL	5,746	-	5,746	27	-	27	5,733	6,172	-	6,172	399	5,585
Total spending in DEL	5,746	-	5,746	27	-	27	5,733	6,172	-	6,172	399	5,585
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	-	-	-	18,853,505	-	18,853,505	18,853,505	19,766,676	-	19,766,676	913,171	18,899,931
D - Payover of Welsh Rates of Income Tax to Welsh Consolidated Fund	-	-	-	3,491,131	-	3,491,131	3,491,131	3,491,131	-	3,491,131	-	2,765,500
Total Non Budget Expenditure	-	-	-	22,344,636	-	22,344,636	22,344,636	23,257,807	-	23,257,807	913,171	21,665,431
Total Resource	5,746	-	5,746	22,344,663	-	22,344,663	22,350,409	23,263,999	-	23,263,999	913,590	21,671,016

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 2023-24
	Gross	Net	Total	Total inc virements		
Spending in Departmental Expenditure Limits (DEL)						
Voted Expenditure						
A - Capital	-	-	30	-	30	(1,050)
Total Voted DEL	-	-	30	-	30	(1,050)
Total spending in DEL	-	-	30	-	30	(1,050)
Total Capital	-	-	30	-	30	(1,050)

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 2023-24
		£000	£000
Total resource outturn	SOPS 1.1		
Budget		5,773	5,585
Non-Budget		22,344,636	21,665,431
Total		22,350,409	21,671,016
Net Operating Expenditure in Statement of Comprehensive Net Expenditure	SOCNE	22,350,409	21,671,016

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	Outturn total	Estimate	Outturn vs Estimate savings/ (excess)
		£000	£000	£000
Total Resource outturn	SOPS1.1	22,350,409	23,263,999	913,590
Total Capital outturn	SOPS1.2	-	30	30
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(277)	(427)	(150)
IFRS 16 Lease Modification				-
Other non-cash items		(69)	(53)	16
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		41	-	(41)
(Increase)/decrease in payables		(9)	-	9
(Increase)/decrease in creditors*		38	315	277
Total		(276)	(165)	111
Net cash requirement		22,350,133	23,263,864	913,731

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.

*Payment of IFRS 16 Leases (Principal).

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 2023-24	
	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 2023-24
	£000	£000
Student Loans	31,980	49,256
Cleddau Bridge Loan	0	0
Tai Cymru Interest	0	0
Bank Interest	2,638	2,397
Other	18,815	81
Amount payable to the Consolidated Fund	53,433	51,734
Balance held at the start of the year	-	-
Payments into the Consolidated Fund	53,434	51,734
Balances held on trust at the end of the year	-	-

The total income paid into the Consolidated Fund as at 31st March 2024 and 31 March 2025 were:

	Outturn Total	Prior Year Outturn 2023-24
	£000	£000
Income from 2023-24		51,735
Income from 2024-25	53,433	
	53,433	51,735

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 2024-25 (2023-24 Nil).

3.3 Other Payments

The Wales Office has not made any significant payments in 2024-25 (2023-24 Nil).

3.4 Fees and Charges

The Wales Office does not have any fees and charges. (2023-24 nil).

3.5 Remote Contingent Liabilities

The Wales Office does not have any remote contingent liabilities.



Glynne Jones CBE
Accounting Officer
17th July 2025

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 2025 under the Government Resources and Accounts Act 2000. The financial statements comprise the Department's

- Statement of Financial Position as at 31 March 2025;
- 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 2025 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 2025 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 (2024)*. 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 noncompliance 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 2024;

- 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: revenue 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 2024, 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; and
- I addressed the risk of fraud through management and 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 including 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 18th July 2025

Comptroller and Auditor General
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 2025

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.

		2024-25	2023-24
		Core Department	Core Department
	Note	£000	£000
Income	3	-	-
Total operating income		-	-
Staff Costs	2	4,212	3,800
Accommodation, maintenance and utilities	2	739	688
Depreciation and Impairment charges	2	277	277
Other operating expenditure	2	437	702
Payover to the Welsh Consolidated Fund	2	22,344,636	21,665,431
Finance charge	2	81	88
Lord Lieutenants' expenses	2	27	30
NLF interest payable		12,255	7,008
NLF interest receivable		(12,255)	(7,008)
Total operating expenditure		22,350,409	21,671,016
Net operating expenditure		22,350,409	21,671,016
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		22,350,409	21,671,003

All income and expenditure relate to continuing activities.
The notes on pages 85 to 102 form part of these accounts

Statement of Financial Position As at 31 March 2025

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 2025 £000	31 March 2024 £000
Non-current assets:			
Property, plant and equipment	4	39	76
Right of use assets	5	3,148	3,388
Financial assets	8	399,555	330,157
Total non-current assets		402,742	333,621
Current assets:			
Trade and other receivables	9	12,721	9,265
Cash and cash equivalents	6	22	70
Total current assets		12,743	9,335
Total Assets		415,485	342,956
Current liabilities			
Trade and other payables	10	(14,463)	(10,914)
Total current liabilities		(14,463)	(10,914)
Assets less net current liabilities		401,022	(333,042)
Non-current liabilities			
Lease obligations	10	(3,028)	(3,240)
Financial liabilities	10	(399,555)	(330,157)
Total non-current liabilities		(402,583)	(333,397)
Assets less liabilities		(1,561)	(1,355)
Taxpayers' equity:			
General fund		(1,566)	(1,366)
Revaluation reserve		5	11
Total equity		(1,561)	(1,355)

The notes on pages 85 to 102 form part of these accounts



Glynne Jones CBE
Accounting Officer
17th July 2025

Statement of Cash Flows

For the year ended 31 March 2025

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	2024-25 £000	2023-24 £000
Cash flows from operating activities			
Net operating expenditure	SOCNE	(22,350,409)	(21,671,016)
Adjustments for non-cash transactions	2	346	327
(Increase)/Decrease in trade and other receivables	9	(3,456)	(4,296)
<i>Less: Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure¹</i>	9	3,415	4,417
Increase/(Decrease) in trade and other payables	10	72,735	120,815
<i>Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure¹</i>	10	(72,645)	(120,268)
Net cash outflow from operating activities		(22,350,014)	(21,670,021)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	-	(10)
Loan repayments from other bodies (capital)	9	7,998	4,454
Loan repayments from other bodies (interest)	SOCNE	12,255	7,008
Net cash inflow from investing activities		20,253	11,452
Cash flows from financing activities			
From the Consolidated Fund (Supply) – Current Year ²		22,350,086	21,670,131
From the Consolidated Fund (Supply) – Prior year		-	-
Payment of Lease liabilities (Principal)		(38)	(188)
Finance charge	2	(81)	88
Repayment of loans from the NLF (capital) ³	9	(7,998)	(4,454)
Repayment of loans from the NLF (interest) ³	SOCNE	(12,255)	(7,008)
Net financing		22,329,714	21,658,569
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	6	(47)	0
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		53,433	51,735
Payments of amounts due to the Consolidated Fund ⁴		(53,434)	(51,734)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	6	(48)	1
Cash and cash equivalents at the beginning of the period	6	70	69
Cash and cash equivalents at the end of the period	6	22	70

The notes on pages 85 to 102 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 2025

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 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 & Equipment		-	13	13
- Other		-	-	-
Movements in Reserves				
- Transfers between reserves		4	(4)	-
Balance at 31 March 2024		(1,366)	11	(1,355)
Balance at 1 April 2024		(1,366)	11	(1,355)
Net Parliamentary Funding				
- Drawn down	SCF	22,350,086	-	22,350,086
- Deemed	10	70	-	70
Unspent Supply drawn down repayable to the Consolidated Fund	10	(22)	-	(22)
Comprehensive Net Expenditure for the year	SOCNE	(22,350,409)	-	(22,350,409)
Non-cash charges				
Auditor's remuneration	2	69	-	69
Other Reserve Movements				
- Property, Plant and Equipment		-	-	-
Movements in Reserves				
- Transfers between reserves		6	(6)	-
Balance at 31 March 2025		(1,566)	5	(1,561)

The notes on pages 85 to 102 form part of these accounts

Notes to the Accounts for the year ended 31 March 2025

1a) Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2024-25 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 2024-25 have been prepared on a going concern basis, the period considered to be 12 months from the approval of these accounts to the end of July 2026. 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 2026 will be approved by Parliament in summer 2025.

The funding for the Department in 2026-27 was confirmed in the 2025 Spending Review.

Until Departmental 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 Changes in accounting policies

Accounting policies are unchanged compared to those in the 2023-24 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 cash flows (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.

Non-investment asset valuations

In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets). The following changes to the valuation and accounting of non-investment assets is to be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their 'service potential' and the terms 'specialised/ non-specialised' assets are being removed from the FReM. Non-investment assets are instead described as assets held for their 'operational capacity'. This change has no impact on the valuation basis of non-investment assets, which remains Existing Use Value (EUV).

An adaptation to IAS 16 will be introduced to withdraw the requirement to revalue an asset where its fair value materially differs from its carrying value. Assets are now valued using the one of the following processes:

- A quinquennial revaluation supplemented by annual indexation.
- A rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the 4 intervening years.
- For non-property assets only, appropriate indices.
- In rare circumstances where an index is not available, a quinquennial revaluation supplemented by a desktop revaluation in year 3.
- The option to measure intangible assets using the revaluation model is withdrawn. The carrying values of intangible assets at 31 March 2025 will be considered the historical cost at 1 April 2025.

Social benefits

The 2025-26 FReM will include new guidance on accounting for social benefits. The 2025-26 FReM will define social benefits as 'current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances.'

This will have no impact on future Wales Office accounts.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The Public Sector implementation date is not yet confirmed. The impact of IFRS 18 on the Public Sector is still being assessed.

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 revalued 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:

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 2024-25 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, 4.72% for those commencing or remeasured in 2024). Measurement of right-of-use assets.

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 SoCNE.

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.

Expenditure charged to the SoCNE for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right of use. Lease payments are debited against the liability.

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.

The Wales Office acts as an Agent of the Consolidated Fund. The CFERs received and paid over go through the SoFP. See Note SOPS 4.

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 2024-25.

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 2025</u>	<u>31 March 2024</u>
	<u>£000</u>	<u>£000</u>
*Staff Costs:		
Wages and Salaries	3,190	2,900
Social Security Costs	303	275
Other Pension Costs	719	625
Goods and Services:		
Accommodation, maintenance and utilities	739	688
Communications, office supplies and services	40	26
Official Cars Hire	33	31
IT services & telecommunications (non-service concession arrangements)	53	54
Other contracted out services	22	21
Professional services	29	92
Travel and subsistence	91	115
Training and other staff related costs	11	14
Bank fees and charges	3	2
Other administration expenditure	4	6
Events and Conferences	16	22
Allocation of overheads	66	269
Lord Lieutenants' expenses	27	30
Non-cash items		
Depreciation	277	277
Gain on remeasurement of Right of Use Assets	–	(3)
**Auditors' remuneration and expenses	69	53
Finance charge on leases	81	88
Welsh Consolidated Fund		
Payover to the Welsh Consolidated Fund	22,344,636	21,665,431
Total Operating Expenditure	<u>22,350,409</u>	<u>21,671,016</u>

* Further analysis of staff costs is located in the Accountability Report (on page 57).

** The Wales Office did not purchase any non-audit services from the National Audit Office.
(2023-24 nil)

3. Income

The Wales Office did not have any income in 2024-25 (2023-24 Nil).

4. Property, Plant and Equipment

	Information Technology	Plant & Equipment	Furniture & Fittings	Total
	£000	£000	£000	£000
2024-25				
Cost or valuation				
At 1 April 2024	46	154	253	453
Disposals	-	(22)	(187)	(209)
Revaluations	-	1	5	6
At 31 March 2025	46	133	71	250
Depreciation				
At 1 April 2024	(31)	(93)	(253)	(377)
Charged in year	(7)	(30)	-	(37)
Disposals	-	22	187	209
Revaluations	-	(1)	(5)	(6)
At 31 March 2025	(38)	(102)	(71)	(211)
Net book value at 31 March 2025	8	31	-	39
Net book value at 1 April 2024	15	61	-	76
All assets are owned by the Wales Office	8	31	-	39

The Wales Office does not have any property assets.

4.a Property, Plant and Equipment

	Information Technology	Plant & Equipment	Furniture & Fittings	Total
	£000	£000	£000	£000
2023-24				
Cost or valuation				
At 1 April 2023	45	129	222	396
Revaluations	1	25	31	57
At 31 March 2024	46	154	253	453
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	(31)	(93)	(253)	(377)
Net book value at 31 March 2024	15	61	-	76
Net book value at 1 April 2023	22	78	-	100
All assets are owned by the Wales Office	15	61	-	76

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).

	Buildings	Total
	£000	£000
2024-25		
Cost or valuation		
At 1 April 2024	3,949	3,949
At 31 March 2025	3,949	3,949
Depreciation		
At 1 April 2024	(561)	(561)
Charged in year	(240)	(240)
At 31 March 2025	(801)	(801)
Net book value at 31 March 2025	3,148	3,148
Net book value at 1 April 2024	3,388	3,388
	Buildings	Total
	£000	£000
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 as at 31 March 2024	3,388	3,388
Net book value as at 1st April 2023	4,678	4,678

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

6. Cash and cash equivalents

	31 March 2025	31 March 2024
	£000	£000
Balance at 1 April 2024	70	69
Net change in cash and cash equivalents	(48)	1
Balance as at 31 March 2025	22	70

All balances were held with the Government Banking Service.

7. Financial Instruments

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

8. Investments and Loans in Other Public Sector Bodies National Loans Fund (NLF)

	Loans funded from National Loans Fund £000
Cost or valuation	
At 1 April 2023	213,155
Loans repayable within 12 months transferred to receivables	(7,998)
Addition - New Capital Loan from the NLF for the Welsh Government	125,000
Balance at 31 March 2024	330,157
At 1 April 2024	330,157
Loans repayable within 12 months transferred to receivables	(10,602)
*Additions - New Capital Loan from the NLF for the Welsh Government	80,000
Balance at 31 March 2025	399,555

*Under Section 122a of the Government of Wales Act 2006 (GOWA) the Welsh Government can borrow up to £1bn for capital expenditure. In March 2025 the Welsh Government requested to borrow £80m 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

	31 March 2025	31 March 2024
	£000	£000
Amounts falling due within one year:		
Trade receivables	3	3
VAT receivables	36	10
Deposits and advances	9	7
Other receivables	17	19
Prepayments and accrued income	15	-
Current part of NLF loan – interest receivable	2,039	1,228
Current part of NLF loan – capital	10,602	7,998
Total receivables	12,721	9,265

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

10. Trade Payables and other current liabilities

	31 March 2025	31 March 2024
	£000	£000
Amounts falling due within one year:		
Other taxation and social security	153	138
Trade payables	92	1
Other payables	17	261
Accruals	1,057	910
Current part of lease liabilities	481	307
Current part of NLF loan – capital	10,602	7,998
Current part of NLF loan – interest payable	2,039	1,228
Amounts issued from the Consolidated Fund for supply but not spent at year end	22	70
Consolidated Fund extra receipts due to be paid to the Consolidated Fund	-	1
Total payables	14,463	10,914

	31 March 2025	31 March 2024
Amounts falling due after more than one year:		
Lease Liabilities	3,028	3,240
NLF Loans	399,555	330,157
Total payables	402,583	333,397

11. IFRS 16 Leases

Total future lease liabilities under lease obligations are given in the table below for each of the following periods

		31 March 2025	31 March 2024
	Note	£000	£000
Buildings:			
No later than 1 year	10	481	307
Later than 1 year but not later than 5 years	10	912	886
Later than 5 years	10	2,116	2,354
Total payables		3,509	3,547

12. Provisions for Liabilities and Charges

The Wales Office did not have any provisions in the financial year 2024-25 (2023-24 - Nil).

13. 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.

14. Capital and Other Commitments

The Wales Office does not have any capital or other commitments.

15. 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.

16. Events after the Reporting Period

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

There are no material events to report.

Appendix 1: Public Expenditure Core Financial Tables

TABLE 1

Spending by Wales Office & Welsh Government 2019-20 to 2025-26

	2019-20 Outturn £'000	2020-21 Outturn £'000	2021-22 Outturn £'000	2022-23 Outturn £'000	2023-24 Outturn £'000	2024-25 Plans £'000	2024-25 Outturn (') £000	2025-26 Plans £'000
Wales Office Expenditure								
Resource expenditure within Administration Costs	4,486	4,406	5,887	5,295	5,555	6,111	5,746	6,429
Other resource expenditure	195	276	77	25	30	61	27	61
Wales Office Resource⁽²⁾	4,681	4,682	5,964	5,320	5,585	6,172	5,773	6,490
Wales Office Capital	45	73	0	39	-1,050	30	0	975
Wales Office Resource + Capital DEL⁽²⁾	4,726	4,755	5,964	5,359	4,535	6,202	5,773	7,465
<i>less depreciation & impairments</i>	<i>-157</i>	<i>-163</i>	<i>-49</i>	<i>-366</i>	<i>-277</i>	<i>-407</i>	<i>-277</i>	<i>-407</i>
Wales Office DEL⁽³⁾	4,569	4,592	5,915	4,993	4,258	5,795	5,496	7,058

Welsh Government Expenditure (The Welsh Block)⁽⁶⁾

Resource ⁽⁸⁾	12,858,683	18,623,377	16,252,301	15,962,245	16,874,661	18,391,940	18,225,842	19,266,530
Capital	2,131,160	3,297,143	2,938,766	2,644,881	3,047,012	3,443,504	3,245,080	3,376,514
Total Resource + Capital	14,989,843	21,920,520	19,191,067	18,607,126	19,921,673	21,835,444	21,470,922	22,643,044
<i>less depreciation & impairments</i>	<i>-768,478</i>	<i>-1,057,423</i>	<i>174,661</i>	<i>-523,806</i>	<i>-406,142</i>	<i>-1,237,929</i>	<i>-1,237,929</i>	<i>-1,237,929</i>
Welsh Government DEL⁽³⁾⁽⁵⁾	14,221,365	20,863,097	19,365,728	18,083,320	19,515,531	20,597,515	20,232,993	21,405,115

(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 2023-24:
Provision & Final Outturn**

	Original Provision £000	Final Provision £000	Final Outturn £000
Expenditure Classified as DEL⁽¹⁾	20,938,200	21,119,034	19,921,673
Expenditure Classified as AME	1,155,499	2,098,866	1,394,793
Expenditure Financed by Welsh Taxes	3,112,009	3,114,192	3,060,657
Expenditure Financed by Capital Borrowing	150,000	150,000	125,000
Non Domestic Rates	906,000	906,000	929,028
Total Managed Expenditure	26,261,708	27,388,092	25,431,151
<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	2,765,500	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 principle 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	406,142
AME Non-cash	269,382	1,302,633	434,623
TOTAL NON VOTED TME	5,429,523	5,858,534	4,121,300
TOTAL VOTED TME	20,832,185	21,529,558	21,309,851
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	605,175	12,889
Use of Provisions	0	0	145,865
Movements in balance on consolidated fund	0	0	62,701
Cash Grant payable to Welsh Consolidated Fund by Wales Office	18,659,331	19,503,358	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	22,268,858	21,665,431

Notes

(1) Resource and capital DEL including depreciation

TABLE 3**Cash grant paid to the Welsh Consolidated Fund 2024-25:
Provision & Provisional Outturn**

	Original Provision £000	Final Provision £000	Provisional Outturn £000
Expenditure Classified as DEL⁽¹⁾	20,585,731	21,669,425	21,470,922
Expenditure Classified as AME	1,786,611	2,248,344	1,220,604
Expenditure Financed by Welsh Taxes	3,753,292	3,833,324	3,843,598
Expenditure Financed by Capital Borrowing	150,000	150,000	80,000
Non Domestic Rates	1,139,000	1,079,000	1,138,996
Total Managed Expenditure	27,414,634	28,980,093	27,754,120
<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	3,491,131	3,491,131	3,491,131
Land Transaction Tax	243,731	319,459	326,224
Landfill Disposal Tax	28,340	30,732	34,241
Repayment of principal of loans	(9,910)	(7,998)	(7,998)
Capital Borrowing	150,000	150,000	80,000
<i>Non-Cash:</i>			
Resource Ringfenced Non Cash	1,049,686	1,237,929	1,237,929
AME Non-cash	916,766	1,328,692	169,806
TOTAL NON VOTED TME	5,964,622	6,644,823	5,426,211
TOTAL VOTED TME	21,450,012	22,335,270	22,327,909
Less Voted receipts:			
Contributions from the National Insurance Fund	1,613,366	1,655,670	1,655,670
NDR Receipts	1,122,627	1,089,554	1,089,554
Add Timing Adjustments:			
Increase / Decrease in Debtors & Creditors	608,010	176,630	(729,180)
Use of Provisions	0	0	0
Cash Grant payable to Welsh Consolidated Fund by Wales Office	19,322,029	19,766,676	18,853,505
<i>Welsh Rate of Income Tax</i>	<i>3,491,131</i>	<i>3,491,131</i>	<i>3,491,131</i>
Total cash requirement including Welsh Rate of Income Tax	22,813,160	23,257,807	22,344,636

Notes

(1) Resource and capital DEL including depreciation.

TABLE 4**Calculation of Cash Grant Payable to Welsh Consolidated Fund 2025-26**

	2025-26
	£000
Expenditure Classified as DEL (Block Grant) ⁽¹⁾	22,638,841
Expenditure Classified as AME	1,656,038
Expenditure Financed by Welsh Taxes	3,967,047
Expenditure Financed by Capital Borrowing	150,000
Expenditure Financed by Non Domestic Rates	1,078,000
Total Managed Expenditure	29,489,926
<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	3,602,716
Land Transaction Tax	342,912
Landfill Disposal Tax	32,833
Repayment of principal of loans	(11,414)
Capital Borrowing	150,000
Resource Ringfenced Non Cash	1,237,929
AME Non-cash	792,069
Sub-Total	6,241,923
TOTAL SUPPLY EXPENDITURE	23,248,003
Less receipts:	
Contributions from the National Insurance Fund	1,166,251
NDR Receipts	1,715,158
Add Timing Adjustments:	
Increase / Decrease in Debtors & Creditors	500,000
Cash Grant payable to Welsh Consolidated Fund by Wales Office	20,866,594
<i>Welsh Rate of Income Tax</i>	<i>3,602,716</i>
Total cash requirement including Welsh Rate of Income Tax	24,469,310

Notes

(1) Resource and capital DEL including depreciation

