

## Agenda – Public Accounts Committee

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Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 8 October 2018

Meeting time: 13.00

For further information contact:

Fay Bowen

Committee Clerk

0300 200 6565

[SeneddPAC@assembly.wales](mailto:SeneddPAC@assembly.wales)

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### (Pre-meeting)

(13.00 – 13.15)

### 1 Introductions, apologies, substitutions and declarations of interest

(13.15)

### 2 Paper(s) to note

(13.15 – 13.25)

(Pages 1 – 4)

#### 2.1 The Welsh Government's Funding of Kancoat Ltd: Correspondence from the Welsh Government (6 September 2018)

(Pages 5 – 6)

#### 2.2 Scrutiny of Accounts 2016–17: Correspondence from the National Library of Wales (6 September 2018)

(Pages 7 – 8)

#### 2.3 Inquiry into Regulatory oversight of Housing Associations: Update from the Welsh Government (20 September 2018)

(Pages 9 – 16)

#### 2.4 The Welsh Government's relationship with Pinewood: Correspondence from Bethan Sayed AM, Chair of Culture, Welsh Language & Communications Committee (28 September 2018)

(Pages 17 – 22)

### 3 Housing Adaptations: Welsh Government response to the Committees Report

(13.25 – 13.35)

(Pages 23 – 27)



PAC(5)-26-18 Paper 1 – Welsh Government Response

**4 Public Procurement in Wales and the National Procurement Service**

(13.35 – 13.50)

(Pages 28 – 37)

Research Briefing

PAC(5)-26-18 Paper 2 – Letter from the Cabinet Secretary for Finance (5 September 2018)

**5 Scrutiny of Accounts 2017–18: Assembly Commission**

(13.50 – 14.50)

(Pages 38 – 234)

Research Briefing

PAC(5)-26-18 Paper 3 – Assembly Commission Annual Report and Accounts 2017–18

Manon Antoniazzi – Chief Executive and Clerk of the Assembly

Nia Morgan – Director of Finance, National Assembly for Wales

Suzy Davies AM – Commissioner with responsibility for Budget and Governance

**Break**

(14.50 – 15.00)

**6 Scrutiny of Accounts 2017–18: Public Services Ombudsman for Wales**

(15.00 – 16.15)

(Pages 235 – 397)

Research Briefing

PAC(5)-26-18 Paper 4 – Public Services Ombudsman for Wales – Annual Report and Accounts 2017–18

PAC(5)-26-18 Paper 5 – Public Services Ombudsman for Wales – Update on Committee recommendations regarding Annual Report and Accounts 2013–

Nick Bennett – Public Services Ombudsman for Wales

Katrin Shaw – Director of Policy Legal and Governance

David Meaden – Financial Accountant, Public Services Ombudsman for Wales

**7 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**

(16.15)

Item 8

**8 Scrutiny of Accounts 2017–18: Consideration of evidence received**

(16.15 – 16.30)

## Concise Minutes – Public Accounts Committee

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Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Monday, 1 October 2018

Meeting time: 13.01 – 16.08

This meeting can be viewed  
on [Senedd TV](#) at:

<http://senedd.tv/en/5033>

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### Attendance

Category	Names
Assembly Members:	Nick Ramsay AM (Chair) Mohammad Asghar (Oscar) AM Neil Hamilton AM Mike Hedges AM Jenny Rathbone AM
Witness:	David Sulman, UK Forest Products Association
Wales Audit Office:	Adrian Crompton – Auditor General for Wales Matthew Mortlock Derwyn Owen Dave Rees Dave Thomas
Committee Staff:	Fay Bowen (Clerk) Meriel Singleton (Second Clerk)

## 1 Care experienced children and young people: Consideration of draft report

1.1 Members considered and agreed the key issues and recommendations.



## **2 Implementation of the NHS Finance (Wales) Act 2014: Consideration of draft letter**

2.1 Members considered and agreed the draft letter.

## **3 Introductions, apologies, substitutions and declarations of interest**

3.1 The Chair welcomed Members to the meeting.

3.2 The Chair welcomed Jenny Rathbone AM and, in his absence, Jack Sargeant AM who were elected to the committee last week, and thanked Vikki Howells and Lee Waters for all their work and contributions to the committee.

3.3 Apologies were received from Jack Sargeant AM. Mike Hedges AM substituted.

## **4 Paper(s) to note**

4.1 The papers were noted.

- 4.1 **Implementation of the NHS Finance (Wales) Act 2014: Correspondence from Abertawe Bro Morgannwg University Health Board**
- 4.2 **NHS Wales Informatics Services: Correspondence from Cardiff & Vale University Health Board and Cwm Taf University Health Board**
- 4.3 **NHS Wales Informatics Services: Additional information from the Welsh Government (29 August 2018)**
- 4.4 **NHS Wales Informatics Services: Additional information from Andrew Griffiths, NWIS (29 August 2018)**
- 4.5 **The Welsh Government's initial funding of the Circuit of Wales Project: Letter from the Welsh Government (15 August 2018)**
- 4.6 **Medicines Management: Letter from the Welsh Government (15 August 2018)**
- 4.7 **Intra-Wales – Cardiff to Anglesey – Air Service: Letter from the Welsh Government (20 August 2018)**
- 4.8 **The 21st Century Schools and Education Programme: Letter from the Welsh Government (21 August 2018)**
- 4.9 **The Welsh Government's Supporting People Programme: Letter from the Welsh Government (24 August 2018)**
- 4.10 **Audit of Cardiff and Vale University Health Board's Contractual Relationships with RKC Associates Ltd and its Owner: Letter from Cardiff and Vale University Health Board (3 September 2018)**
- 5 **Natural Resources Wales: Scrutiny of Annual Report and Accounts 2017–18**
  - 5.1 **Members received evidence from David Sulman from the UK Forest Products Association as part of the Committee's scrutiny of Natural Resources Wales' annual report and accounts 2017–18.**

**6 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**

6.1 The motion was agreed.

**7 Natural Resources Wales: Scrutiny of Annual Report and Accounts 2017–18: Consideration of evidence received**

7.1 Members considered the evidence received.

**8 Primary care out-of-hours service: Auditor General for Wales Report**

8.1 The Auditor General briefed members on the Primary care out-of-hours service report.

8.2 The committee agreed to undertake a short inquiry into this issue.

**9 Managing the impact of Brexit on EU Structural funds: Auditor General for Wales Report**

9.1 The Auditor General briefed members on the Managing the Impact of Brexit on EU Structural funds report.

9.2 The Committee agreed to write to External Affairs and Additional Legislation Committee to draw its attention to the report.



Adran yr Economi, Sgiliau a Chyfoeth Naturiol  
Department for Economy, Skills and Natural Resources

Llywodraeth Cymru  
Welsh Government

Nick Ramsay AM  
Chair, Public Accounts Committee  
National Assembly for Wales  
c/o [committeebusiness@gov.wales](mailto:committeebusiness@gov.wales)

6 September 2018

## WELSH GOVERNMENT'S FUNDING OF KANCOAT Ltd

Dear Chair

Recommendation 11 from the above report asked that the Welsh Government inform the Committee about the outcome of any negotiations for the former Alcoa site in Swansea, and the impact this has on the final sum lost as a result of the Kancoat investment including the cost of any remediation works.

The WAO Report "The Welsh Government's funding of Kancoat Ltd" published on 14 July 2016 set out a factual account of the key matters relating to the Welsh Government's financial support package for Kancoat and presented these in the wider context of the Welsh Government's approach to supporting businesses in Wales. The report set out the financial expenditure incurred within the reporting period which included £1.3m for Commercial loans and £700k for Repayable Business Finance. A further £1.4m in Property support was also identified as a lease commitment. Thus the report identified a total potential commitment of £3.4m.

Officials have now reached agreement with the landowner to surrender the Welsh Government lease of Unit 1 at the Westfield Industrial Estate. This agreement recognised that Welsh Government would not be liable for the rent beyond 30<sup>th</sup> June 2018 (whereas the lease ran until February 2029 at a rent of £180,000 p.a.) nor for the capital works that were an obligation of the lease; these costs had been independently estimated at almost £3m.

The final amount for the surrender of the lease was £1.99m. This lease surrender has ensured that there will be no further costs incurred as a legacy of the Kancoat project and the liabilities under the lease have been minimised.

The final total sum in reference to recommendation 11 is £5,135,729.58. This expenditure includes the funding provided to Kancoat, surrender of the lease, income from loan repayment, sale of the coating line and associated property expenditure.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Mick McGuire". The signature is fluid and cursive, with a horizontal line underneath the name.

Mick McGuire



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6 September 2018

Dear Nick

Apologies for the late response to your letter. We have noted the content and welcome the positive comments you make in relation to our management of our Pension Scheme.

I will ensure that a copy of the final Workforce Development Strategy is forwarded to the Committee following its discussion at the Board of Trustees meeting on 23 November 2018.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rhodri'.

Rhodri Glyn Thomas  
President

 [llywydd@lgc.org.uk](mailto:llywydd@lgc.org.uk)



## Tracey Burke

Cyfarwyddwr Cyffredinol / Director General  
Y Grŵp Addysg a Gwasanaethau Cyhoeddus  
Education and Public Services Group



Llywodraeth Cymru  
Welsh Government

Nick Ramsay AM  
Public Accounts Committee Chair  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

20 September 2018

Dear Nick

### **Inquiry into the Regulatory Oversight of Housing Associations - Update**

I'm pleased to enclose a Welsh Government update on the Report of the Public Accounts Committee – Inquiry into the Regulatory Oversight of Housing Associations in Wales 2017.

Yours sincerely

Tracey Burke



**BUDDSODDWR** | **INVESTORS**  
**MEWN POBL** | **IN PEOPLE**

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding

## **Update by the Welsh Government on the Report of the Public Accounts Committee (PAC) – Inquiry into the Regulatory Oversight of Housing Associations in Wales 2017**

This document updates progress with the 15 recommendations contained in the PAC's report of 24<sup>th</sup> August 2018. The update has been added to the original recommendation and response for completeness.

The current status is in respect of the original recommendations only and not any further developments or initiatives which are referenced in some of the updates.

### **Recommendation 1**

Given the significant amount of public money invested in the sector, and the reliance placed on effective regulation by lenders, we recommend that the Welsh Government's regulation team is routinely permitted to recruit externally and that the Welsh Government give consideration to how it might achieve the most appropriate balance of skills on its regulatory team.

**Partially Accepted** – Where internal recruitment does not identify candidates with the appropriate balance of skills, we will seek approval for public external recruitment in accordance with the Welsh Government current recruitment policy. It should be noted recruitment to two of the last three vacant posts have been external appointments. An appropriate balance of skills in the team will be addressed by either capacity building within the team or at the point of recruitment if particular skills gaps have been identified including by the Regulatory Board for Wales (see Recommendation 2).

**Update** - Following correspondence between the Chair of PAC and the Cabinet Secretary/Minister, the status of this recommendation has been changed from

**Partially Accepted** to **Not Accepted**.

**Status** - Completed

### **Recommendation 2**

Furthermore, in the interests of transparency we recommend that in its Annual Report to the Cabinet Secretary for Communities and Children, the Regulatory Board for Wales, should reflect on the current skills and capacity of the regulatory team, which in the spirit of co-regulation will enable other stakeholders to then scrutinise the Welsh Government's ability to regulate

**Accepted** – The Regulatory Board for Wales has responded to the recommendations of the report separately. The Board has confirmed its annual reports, the next due in the summer 2018, will include a section on the skills and capacity of the Regulatory Team.

**Update** - The Regulatory Board is developing a new approach to its Annual Report with the result that the report will be delayed until autumn 2018.

**Status** – Target revised from summer 2018 to anticipated in autumn 2018.

### **Recommendation 3**

The Regulatory Board for Wales should provide effective challenge to the Welsh Government's regulation team. Given the sensitive nature of some matters discussed by the Board, it was difficult for the Committee to determine how effective

that challenge has been. The Committee recommends that the Welsh Government and the Regulatory Board for Wales consider how more openness and transparency can be brought into how they work together

**Accepted** - The Regulatory Board for Wales has responded to the recommendations of the report separately. The Board will consider the issue of further openness and transparency this year with the intention of providing a summary of specific areas of challenge in their annual report as well as continuing to publish summaries, where the discussions are not confidential in nature, of its Board meetings which reference how the Board engages and challenges the regulation team.

**Update** - The Regulatory Board is developing a new approach to its Annual Report with the result that the report will be delayed until autumn 2018.

**Status** – Target revised from summer 2018 to anticipated in autumn 2018.

#### **Recommendation 4**

We recommend that the Welsh Government make provision for the availability of clear and comparable data sets to assist tenants in determining and challenging the position and policies of their Housing Association. We were impressed by the approach taken in this regard by the Scottish Housing Regulator and would urge the Welsh Government to take a similar approach.

**Accepted** - The Welsh Government will work collaboratively with the sector and key stakeholders, in particular tenants, to ensure appropriate data available by October 2018. As the data set for Wales is developed, we will ensure relevant learning from Scotland is incorporated. Please also see Recommendation 9.

**Update** - The user interface for the proposed data set has recently been tested by a small panel of tenants. Their response was positive and work to finalise and publish the data is now proceeding. Published performance data will be available to tenants and other key stakeholders in October 2018.

**Status** – On target for anticipated publication in October 2018

#### **Recommendation 5**

Given the reliance on self-evaluation within the regulatory process and having heard feedback from tenants that the system is not always robust or accurate, we recommend the Welsh Government provide reassurances that it is satisfied that tenants' views will be adequately captured and reflected in the future and closely monitors the new tenant engagement arrangements being undertaken by TPAS Cymru.

**Accepted** - Effective and appropriate tenants involvement is a requirement of the performance standards (PS2) set out in the revised regulatory framework and will continue to form a key focus of the work of the regulation team. Any issues with the robustness of this work will be highlighted by the review of the regulatory framework programmed for early 2018. In addition, the new tenant engagement arrangements being undertaken by TPAS Cymru are subject to close monitoring by the Making It Work group set up and chaired by the Regulatory Board. The overall impact of the new tenant engagement arrangements will be formally reviewed by the Regulatory Board in March 2018.

**Update** - No substantive issues with the robustness of PS2 were highlighted by the review of the Regulatory Framework in early 2018. The Regulatory Board for Wales reviewed the work undertaken by TPAS Cymru on 29<sup>th</sup> March and concluded they

were satisfied with the current arrangements for capturing tenants views and the “Making it Work” contract should be extended for a further year. The effectiveness of arrangements to hear the tenants’ voice, in respect of both the Regulator and the housing association sector more widely, will be considered again by the Board on conclusion of its 2018 thematic review of tenants at the heart which is currently in the scoping phase.

**Status** – Completed

### **Recommendation 6**

We recognise the importance of making a clear distinction between transparency and scrutiny, with the former being necessary but not sufficient to achieve the latter) and we recommend that the Welsh Government should place a requirement on each Housing Association to be able to demonstrate to the Regulatory Team how they empower their tenants to scrutinise their performance. We believe this should go beyond simply publishing information and enable different Housing Associations to react to their local circumstances requiring them to be proactive in their approach. These steps should be integral to demonstrating effective and appropriate tenant involvement as part of the Performance Standard.

**Accepted** - Tenant scrutiny of housing association performance is intrinsic to Performance Standard (PS2). This will continue to be a key focus for the work of the regulation team. Any issues with the robustness of this work will be highlighted by the review of the regulatory framework proposed for early 2018.

**Update** - The Minister for Housing and Regeneration has agreed the Regulatory Board for Wales’ recommendations resulting from the independent review of the revised regulatory framework (including PS2). The review concluded, in broad terms, the framework and its various components are fit for purpose.

There were no consistent or significant themes calling for a revision of the performance standard which relates to tenants engagement. However the Regulation Management Team will be working to address issues regarding the knowledge and understanding of the framework and how it operates. This is because some responses were suggesting the framework and the purpose of the various components, including the performance standards, are not fully understood by all respondent groups, including tenants. Examples include the purpose and content of the judgement reports and the nature of the compliance statements. The actions to be taken will include working with TPAS to improve communication of the framework to tenants and also to reinforce communication with other stakeholder groups. It is proposed this includes a soft re launch of the framework in late 2018 once all of the recommendations have been actioned.

**Status** - Completed

### **Recommendation 7**

We note the Welsh Government’s consideration of the payment of board members as part of its wider view of regulation. We recommend that Welsh Government give considerations to enabling housing associations to determine whether they pay their board members or not, and housing associations are given responsibility for setting that pay in a manner that is open and transparent. Payment to Board Members should also be appropriately disclosed in the Annual Accounts of Housing Association.

**Accepted** - The Cabinet Secretary will give early consideration to enabling housing associations to determine whether they pay their board members or not. It is anticipated a position will be set out in December 2017.

Housing association responsibilities in respect of payment of board members and disclosure of such payments to named individuals are set out in the Community Housing Cymru's Code of Governance (*CHC Code B2.1*). Compliance with the code is a requirement of the new performance standards (PS 1) and is therefore a key focus of the work of the regulation team.

**Update** - A letter setting out the new policy was sent to RSLs in October 2017 confirming the decision whether or not to pay Board members was for each individual RSL to determine.

**Status** – Completed

### **Recommendation 8**

We welcome the forthcoming review of governance within the sector and would urge the Welsh Government to work closely with Community Housing Cymru as it updates its Code of Governance in light of the review's findings.

**Accepted** - The Welsh Government is already working closely with sector and tenant representatives through the steering group set up to guide the regulatory board's review of governance and will continue to do so. The findings of the review of governance will inform CHC's update of its code of governance. The review of governance will be completed by March 2018.

**Update** - Link to Governance report here:

<http://gov.wales/docs/desh/publications/180307-housing-association-governance-progress-review-en.pdf>

Close liaison with Community Housing Cymru continues. A group aiming to provide thought leadership to the sector on governance, jointly commissioned by the Regulatory Board and Community Housing Cymru, is currently being set up to drive forward the governance improvement agenda and the recommendations from the review of governance.

**Status** – Completed

### **Recommendation 9**

We recommend that Welsh Government consider putting in place mechanisms for regular reporting and benchmarking of performance information to provide assurances on how well the sector is performing. We further recommend that this information should be available from a central website, along with other datasets as noted in Recommendation 4.

**Accepted** – Benchmarking of sector performance will form part of the collaborative work set out in response to recommendation 4. It is our intention that data will be accessible from a single platform, potentially the Welsh Government website.

**Update** – See Recommendation 4. Additionally, a second phase of work will commence in autumn 2018. This will involve working with key stakeholders, including tenants to develop a more robust suite of performance data, a platform for publication and arrangements to support effective use of the data.

**Status** - On target for anticipated publication in October 2018.

### **Recommendation 10**

We recommend that any deregulation of the sector necessary to reverse the ONS decision is proportionate and ensures the Welsh Government, as Regulator, still has sufficient powers to protect the interests of stakeholders, in particular tenants.

**Accepted** - It has been explicit in the development of the legislation to reduce regulatory controls that the regulatory reform should be the minimum required to achieve classification of the sector back into the private sector. It is anticipated the Bill will be introduced in October 2017. The new regulatory framework provides tools which ensure the maintenance of robust regulation.

**Update** – The Office for National Statistics announced the reclassification of the RSL sector in Wales on 27<sup>th</sup> June 2018. The main provisions of the Regulation of Registered Social Landlords (Wales) Act 2018 came into force on 15<sup>th</sup> August 2018. The legislation makes the minimum changes required to achieve reclassification. The new regulatory framework continues to provide the tools necessary to maintain robust regulation.

**Status** – Completed

### **Recommendation 11**

We note the potential benefits of diversification. We believe that while diversification is needed to cross-subsidise affordable housing, there are serious risks to the sector if this is not managed effectively. While the ONS re-classification decision would warn against further Welsh Government control of how housing associations run their own affairs, we think there is a need for greater clarity on how the Welsh Government oversees diversification. This is particularly the case where it is undertaken by a non-registered social landlord subsidiary.

**Accepted** - The new regulatory framework aims to ensure that diversification risks are appropriately managed. This is a requirement of the new Performance Standards (PS 1, 3 and 8) and will continue to form a key focus for the work of the regulation team. Any issues regarding the robustness of this work will be highlighted by the review of the regulatory framework programmed for early 2018.

**Update** - The Minister for Housing and Regeneration has agreed the recommendations resulting from the independent review of the regulatory framework undertaken in early 2018. The review concluded, in broad terms, the framework and its various components are fit for purpose. There were no consistent or significant themes calling for a revision of the performance standard relating to new business and diversification. Please also see Recommendation 12.

**Status** – Completed

### **Recommendation 12**

We recommend that the Sector Risks and Regulatory Expectations document should provide further detail on the Welsh Government's legitimate interest in non-RSL subsidiaries and outline scenarios that would cause concern to the Regulator.

**Accepted** - An enhanced commentary on this issue will be incorporated in the next iteration of the sector risk paper due in March 2018.

**Update** - The Sector risk overview has been incorporated into the annual global accounts document (May 2018) which is a joint publication by the Welsh Government and Community Housing Cymru. It includes commentary on RSL subsidiaries.

The publication is here:

<https://gov.wales/docs/desh/publications/180719-financial-statements-of-housing-associations-2017-en.pdf>

**Status** - Completed

### **Recommendation 13**

We further recommend that the Welsh Government carry out a review of current levels of diversification within the sector - the findings of which should be published.

**Accepted** - The Welsh Government will include a sector level summary assessment of this risk in the next iteration of the sector risk paper which is due in March 2018.

**Update** - The Sector risk overview has been incorporated into the annual global accounts document (May 2018) which is a joint publication by the Welsh Government and Community Housing Cymru. It includes a review of current levels of diversification and sets out plans for monitoring in moving forward. See link above for the publication.

**Status** - Completed

### **Recommendation 14**

We have concerns regarding the impact the rise in interest rates would have on the housing sector in Wales. We recommend that the Regulator carries out an assessment of all housing associations capital and their level of exposures to risk and summarise their findings.

**Accepted** - The Welsh Government will include a sector level summary assessment of the risk of interest rate rises on RSLs capital funding in the next iteration of the sector risk paper which is due in March 2018. Individual discussions will be held with any RSL seen to be outside of the normal range of exposure to this risk.

**Update** - The Sector risk overview has been incorporated into the annual global accounts document (May 2018) which is a joint publication by the Welsh Government and Community Housing Cymru. It includes an assessment of RSL capital and commentary on the risks of potential interest rate rises. See link above for the publication.

**Status** - Completed

### **Recommendations 15**

Given the Welsh Government has no powers with regard the setting of senior management pay in the housing association, we recommend that Welsh Government re-emphasise and endorse importance of openness and transparency in relation to the setting of senior management pay across the public sector. We recommend the Welsh Government implements measures to ensure its Regulation Team has a key role in ensuring that the pay setting process is robust and that there is appropriate disclosure in the Annual Accounts of Housing Associations of senior management pay.

**Accepted** - Arrangements regarding the setting of senior management pay are covered in the CHC code of governance as is the requirement to disclose the Chief Executive's remuneration. Statutory accounts also require the publication of the emoluments of the highest paid executive and to publish the number of senior executives and officers in various pay bands as determined by the individual RSL.

Compliance with the code is a requirement of the new performance standards (PS 1) and is therefore a key focus of the work of the regulation team.

**Update** - There is regulatory oversight of pay setting arrangements as appropriate. Community Housing Cymru will shortly set out proposals for additional transparency around pay setting and reporting of senior management pay.

**Status** - Completed

Nick Ramsay AM

Chair, Public Accounts Committee

National Assembly for Wales

28 September 2018

Dear Nick

## **Auditor General's Report – The Welsh Government's relationship with Pinewood**

You will be aware that the Auditor General recently published a facts-only report looking at The Welsh Government's relationship with Pinewood. This followed interest in the matter from a number of Assembly Members over a period of years, who had asked the Welsh Government for information explaining the nature of the relationship.

### **Background**

In 2014, the Welsh Government purchased the former Energy Centre site at Wentloog to develop as a film and TV studio in collaboration with Pinewood Shepperton Plc. Shortly afterwards, Welsh Government Ministers entered into a 'Collaboration Agreement' with two newly established subsidiary companies of Pinewood. The agreement involved the Welsh Government:

- leasing the Wentloog studio to Pinewood;
- establishing a £30 million Media Investment Budget (for which Pinewood would source productions suitable for Welsh Government investment); and
- sponsoring Pinewood to market and promote both the studio and the investment budget.

The Welsh Government and Pinewood entered into a new 'Management Services Agreement' on 1 November 2017.



This new agreement contains two parts; the sales and marketing of the studio and the studio operation and management services. The Media Investment Budget is now being managed by Welsh Government officials. The annual net cost to the Welsh Government of the management services agreement is estimated to be £392,000 (plus an additional annual management fee to Pinewood, which has been redacted from the WAO report on the grounds of commercial sensitivity).

Welsh Government officials acknowledge that the current financial projections for this relationship do not represent good value for money. However, in their view it was more financially advantageous to enter into a new three-year agreement with Pinewood with the prospect of generating some commercial revenues, compared to the costs that the Welsh Government would have incurred by leaving the site empty whilst they searched for a new tenant.

When the report was published the Culture, Welsh Language and Communications Committee was nearing the end of its inquiry into film and major television production. The Welsh Government's relationship with Pinewood is a key part of its support for this industry. As such, when the WAO report was published, the Committee was keen to pursue the issues it raised with the Welsh Government, the chair of the Welsh Government's Creative Industries Sector Panel (Mr Ron Jones) and Pinewood themselves.

Accordingly, the Committee has taken oral evidence from Mr Jones, the Cabinet Secretary for Economy and Transport (Ken Skates AM), the Minister for Culture and Sport (Dafydd Elis-Thomas AM) and Welsh Government officials. These sessions took place on 20 June 2018 and 12 July 2018. As Pinewood were not able to attend a meeting before the summer recess, the Committee has written to them with a number of questions.

The Committee also received a private briefing from WAO officials at our meeting on 28 June, which was attended by Lee Waters AM as a Member of PAC. Adam Price AM was also able to attend our meeting on 12 July as a Member of PAC and was able to put some questions direct to Ministers and officials.

The Committee has looked at the Welsh Government's relationship with Pinewood as a key component of the Welsh Government's support for the screen industry. It will be reporting on the relationship in this light in the autumn. However, the WAO report, and



the subsequent evidence the Committee has received, raise a number of areas of concern that it thinks merit further scrutiny by the Public Accounts Committee. These concerns include:

- **Transparency:** the Welsh Government has refused on a number of occasions, following questions from individual Assembly Members, to disclose details of its relationship with Pinewood or to respond on the relationship and in particular its measurable benefits, citing commercial sensitivity. However, the WAO's report – which has been agreed by both the Welsh Government and Pinewood – only omits the value of the management fee that the Welsh Government is currently paying Pinewood. In the Committee's view, there was a strong public interest in disclosing as much detail of the relationship as possible. While we accept that commercial sensitivity is important, the fact that both the Welsh Government and Pinewood now accept that much of what was previously considered confidential can now be released, seems to demonstrate that greater efforts toward transparency should have been made earlier. The Committee has considerable concerns that, despite requests for information from various Assembly Members had it not been for the WAO report, this information would still not be in the public domain, and Assembly Members and the Welsh public would still be in the dark about the full nature of this relationship.
- **Nature of the property:** following the Welsh Government's acquisition of the old Energy Centre, it needed to undertake urgent repairs to the leaking roof, which cost £979,000. The Committee heard on 12 July that these were not identified before purchase, as the Welsh Government did not conduct a full building survey, just a valuation. This valuation report stated "No urgent or significant defects or items of repair were noted which would be likely to give rise to substantial expenditure in the foreseeable future". The Committee is surprised that the purchase of a property valued at over £6m was not subject to a more comprehensive building survey, which we would expect to be common practice on a purchase of this value. The Committee is not satisfied with the Government's response on this point.
- **Sponsorship arrangement:** as part of the original Collaboration Agreement, the Welsh Government also entered into a 'sponsorship agreement' with Pinewood



Studio (Wales) Ltd at an annual cost of £438,000 for the five years from March 2014 to March 2019. Shortly after the Collaboration Agreement was signed, Welsh Government officials recognised that VAT had been omitted from the original sponsorship agreement, so annual payments rose to £525,000. Both this error and the unforeseen roof repairs mentioned above give concerns about the degree of due diligence during this work. In particular, it is difficult to understand how the VAT implications could not have been understood if specialist advice was received.

- **Media Investment Budget:** Under the original collaboration agreement, Pinewood managed the Media Investment Budget (MIB) on behalf of the Welsh Government. This fund has underperformed against forecasts, both in terms of how much the Welsh Government has invested, and how much spend this has stimulated in the Welsh economy. The Welsh Government is still receiving returns on this investment, but initial receipts do not look promising. Pinewood has been involved in a similar fund on the Isle of Man: it is not currently clear the extent to which this fund's performance should have caused Welsh Government officials to have concerns about Pinewood's involvement in a similar fund in Wales.
- **Conflict of interest:** In August 2016 Welsh Government officials wrote to the Cabinet Secretary for Economy and Infrastructure setting out concerns with the MIB's performance, including that "Pinewood might be conflicted in its involvement with the budget as it also had an interest (not prohibited under the Collaboration Agreement) in providing its own London-based services to the industry". The Committee has received somewhat conflicting evidence on the extent to which this issue was covered under the original agreement. When asked on 20 June why the Welsh Government had not identified the possible conflict of interest at the outset of the relationship with Pinewood, a Welsh Government official said:

"...a conflict of interest was covered in the original agreement".

This assertion does not seem to be supported by the WAO report. This states that Pinewood's provision of London-based services to the industry was "not prohibited under the Collaboration Agreement". Your Committee may wish to seek further explanation of this apparently conflicting evidence.



- **Estimated revenues:** the Welsh Government has said that, despite annual estimated revenues of £714,000, the Pinewood studio will still run at an annual loss of more than £392,00 (this figure excludes a management fee, the value of which is redacted in the WAO report. The Cabinet Secretary told Members that Pinewood is currently “operating at capacity”. The Committee is unclear what exactly is meant by “at capacity”, and whether the annual estimated revenue has been revised in light of this fact. Recent correspondence from Pinewood indicated that the “occupancy rate for Stages 1–3 from November 2017 to end June 2018 was 44.12%”. The Committee would be interested in a further exploration of how this tallies with the Cabinet Secretary’s statement that the studio is “operating at capacity”.
- **Value of works carried out by Pinewood:** The Ministerial Advice prepared by Welsh Government officials that recommended termination of the original contracts with Pinewood (the Collaboration Agreement and Lease Agreement) stated that 'Pinewood had carried out works and investments in equipment at around £800,000'. However, it has become clear that the Welsh Government did not know the value of works carried out by Pinewood, and that this value of works was not specified in the Agreement to Lease the site. This issue was covered in the session with the Minister and officials on 12 July, though Members feel this issue merits further scrutiny, not least because we would expect to a schedule of required works to be attached to any lease agreement.
- **Listed Building:** A derelict Grade II listed farmhouse was included as part of the Energy Centre site. The Committee was disappointed that the Minister in his evidence told us that Welsh Government will only work on the farmhouse if required to do so by the local planning authority or Cadw.

These are the main issues that are of concern to the Committee. The Committee agrees that the relationship merits further scrutiny. However, this Committee’s focus has been on the broader policy issues, and we think that the relationship with Pinewood would benefit from the Public Accounts Committee’s focus on value-for-money and governance.

The WAO report is “facts only”, meaning that it does not contain recommendations to the Welsh Government. Although our work on the screen industry will no doubt



contain recommendations relating to Pinewood, we feel that the value for money and governance issues are ones that PAC is best placed to help the Welsh Government learn constructively from this episode. Given the concerns we have outlined, we hope that the Public Accounts Committee will ask the Welsh Government to respond to the WAO report on this occasion.

Consequently, I would be grateful if the Public Accounts Committee would now consider the Welsh Government's relationship with Pinewood and the issues of governance and value for money raised by the Auditor General's report.

I have asked the officials supporting the Committee to liaise with their counterparts supporting PAC to ensure that they have all the information they need to support PAC in taking this matter forward.

Yours sincerely

*Bethan Sayed.*

**Bethan Sayed AM**  
Chair



Y Pwyllgor Cyfrifon Cyhoeddus / Public Accounts Committee

## **Response to the Report of the National Assembly for Wales Public Accounts Committee Report on: Housing Adaptations**

**Provided by: Rebecca Evans, Minister for Housing and Regeneration.**

**Date: 12 September 2018**

The Welsh Government welcomes the findings of the report and offer the following response to the six recommendations contained within it.

***Recommendation 1.*** *We recommend that the Welsh Government publishes the performance data it has collated under the ENABLE review by November 2018. In publishing this information the Welsh Government should clearly set out any deficiencies in the first round of performance information it collected – for example, organisations not providing returns – and how it intends to address these gaps.*

**Accept** – The Welsh Government is committed to improving the provision of aids and adaptations and recognises the role of good quality data in helping to drive improvement. Data collected under the ENABLE review is currently being analysed by researchers and will be published in November 2018. Alongside the published data, we will identify shortfalls in the data in terms of quality and coverage. We will work directly with those organisations that have not provided data returns to ensure they have systems in place to meet our expectations. We have also amended terms and conditions of grant where applicable to make clear the requirements for data to be captured and submitted to Welsh Government.

A task and finish group has been established under the Aids and Adaptations steering Group. The group is tasked with identifying how we can ensure our data collection is robust and consistent across organisations. The group has already met once and made a number of recommendations which are reflected in our response to recommendation 6 below.

***Recommendation 2.*** *We recommend that the Welsh Government prioritise the establishment of national minimum standards for all adaptations to ensure disabled and older people receive the same standard of service irrespective of where they live, who their landlord is and whether they own their own home. In particular, they should ensure that the data underpinning this exercise is robust and comprehensive. In their response to the Auditor General's Report, Welsh Government stated a completion date of December 2019. Given slow progress in the past, the Committee believes this needs greater urgency from Welsh Government and should be completed by July 2019. The Committee will monitor delivery to ensure the minimum standards have been established and disseminated by July 2019.*

**Accept** – We accept the need to work with pace in this area and we have revisited our timeline for action. Work has already commenced to develop initial draft service

standards, with the assistance of members of the Aids and Adaptations Steering Group. The draft service standards will be published for consultation in October 2018 and the consultation will run for a 12 week period.

The Service Standards will set the expected levels of service for the installation of a Housing Adaptation and will help to ensure adaptations are delivered in a consistent manner, regardless of a Service Users location and tenure.

The consultation will be an important opportunity to engage with a wide range of organisations whose support will be essential to drive service improvement. Subject to the outcome of the consultation, our intention is to publish a set of standards for use in the sector from April 2019.

Monitoring of delivery against the service standards will be achieved via the revised ENABLE data monitoring arrangements. Any changes to data requirements necessitated by the standards will be considered as part of the consultation process. We will review the standards periodically and strengthen the standards if necessary to ensure further improvement in service quality and consistency.

***Recommendation 3.*** *We recommend that the Welsh Government sets clear standards for means testing DFGs. Welsh Government accepted that it is possible to undertake small and medium scale adaptations without creating complex and overly bureaucratic approval processes, but the variation in local authority approaches had resulted in a post-code lottery for applicants. We therefore recommend that Welsh Government reviews current approaches and produces guidance that clearly set out the minimum value and type of adaptations works where the means test should be applied and minimum approval standards required. The Committee will monitor progress that this work has been done, no later than July 2019.*

**Accept** – The 1996 Housing Grants, Construction and Regeneration Act set the legislative basis for the provision of DFGs. The Housing Renewal Grants Regulations 1996 sets out the criteria used to test financial resources and the maximum level of grant that local authorities can pay for an adaptation, which is currently £36,000 in Wales. The Housing Renewal Grants (Amendment) (Wales) Regulations 2005 amended the definition of a ‘relevant person’ to remove the means testing of those responsible for a disabled child or young person.

In addition, local authorities have discretionary powers to provide funding for adaptations, repairs and improvements under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. Local authorities can provide assistance under the Order in the form of a grant, but it is often a loan. Local authorities have their own policies on the level of and form of the discretionary assistance they offer and the conditions a person must meet to qualify.

We have begun the work of reviewing the means test for DFGs and officials are working with local authorities to establish what additional funding they provide for

smaller adaptations outside the DFG process. This work will serve to clarify which local authorities have adopted changes under the discretion afforded them under the Regulatory Reform Order 2002 to allow smaller and/or medium adaptations to be undertaken without the need for a means test. We will publish the outcome of this work by December 2018, followed by guidance on DFGs and the use of means tests aimed at improving consistency and streamlining processes within the allowable scope of the current legislative framework.

We are building a more fundamental review of means testing into the wider Systems Review of the adaptations process. The review will explore a wide range of complex issues and as such will not report in full until December 2019.

***Recommendation 4.*** *We recommend that the Welsh Government provide support and guidance for delivery organisations to improve integration of services, for example through integrated delivery teams. We note that there appears to be a strong relationship between the presence of integrated delivery teams, and good practice in delivering adaptations. We therefore recommend that, as part of its ENABLE work, the Welsh Government identifies the nature of this relationship and how this has supported better outcomes. We will require the Welsh Government to demonstrate to the Committee that this work has been done, no later than July 2019.*

**Accept** – To support and promote greater integrated working, we have already amended grant terms and conditions (details can be seen under recommendation 6) to promote greater join up between Care and Repair agencies and Regional Partnership Boards. We will support Care and Repair Cymru and work with the sector more widely to raise awareness of the contribution of Aids and Adaptations to supporting independence and keeping people out of hospital. Improved guidance for the ENABLE programme officials will be published by April 2019. It will promote and support integration of services, including integrated delivery teams. We will aim to provide this guidance by April 2019.

As part of the Systems Review of the adaptations process we will specifically examine the benefits of integrated service delivery, this work is due to report in December 2019. In considering the findings of the review and any more substantive changes to the aids and adaptations system that follow from it the Welsh Government will seek to develop a single, overarching suite of guidance covering all aids and adaptations.

***Recommendation 5.*** *We recommend that the Welsh Government, through the new “Enhanced Adaptations Development Group” seeks assurance that delivery organisations are taking the necessary steps to discharge the Auditor General’s recommendations. Given witnesses, including Welsh Government, accepted the findings of the Auditor General and the need for change, the Committee believe it is appropriate for the Welsh Government to take a lead in ensuring these long-standing*

*weakness are addressed. We will require the Welsh Government to demonstrate to the Committee that this work is progressing, no later than December 2019.*

**Accept** – We will work with the Aids and Adaptations Steering Group to build monitoring of the Auditor General’s recommendations in to their work plan, which can be monitored and updated at future meetings. We will report back to the Committee no later than December 2019, and sooner if appropriate.

**Recommendation 6.** *We recommend that the Welsh Government revises its national performance indicators for data collection in 2019-20. The indicators should be designed to allow delivery organisations to evaluate their performance, inform their strategy and improve service delivery. The Welsh Government should ensure the revised measures:*

- *Reflect the minimum standards developed for adaptations to allow an evaluation of the impact, wellbeing, and wider benefits of investment in adaptations;*
- *Address the deficiencies identified in the Auditor General’s report (paragraph 4.13); and*
- *Address any gaps identified from the first year monitoring and evaluation of ENABLE.*

*The Committee will monitor progress that this recommendation has been completed, no later than December 2019.*

**Accept** – We agree the sector would benefit from being able to better evaluate their performance and identify best practice to inform their strategy and service delivery. To clarify, the ENABLE data monitoring includes all provider organisations including Large Scale Voluntary Transfer (LSVT) organisations and local authority housing and has done from the outset.

As set out above, we are working with the Aids and Adaptations Steering Group to improve the quality, consistency and coverage of future data collected under the ENABLE data monitoring programme. This will include considering any changes required to ensure it reflects the new service standards on which we will shortly consult. The task and finish group meeting on 16 August 2018 looked at the ENABLE monitoring requirements and guidance. The group has proposed a number of changes to ensure data is collected in a more robust and consistent manner and captures data on service delivery. The revised ENABLE monitoring requirements will record the time involved in processing adaptation requests, allowing us to evidence and identify key pinch points and support action to tackle any delays. The revised monitoring guidance will be presented to the next Aids and Adaptations Steering Group Meeting in September for comment. Subject to the group’s agreement the monitoring guidance will be published shortly afterwards for immediate application.

We have made explicit in terms and conditions relating to Care and Repair, Rapid Response Adaptations Programme and Enable funding that all organisations are required to provide ENABLE data and to collect relevant equalities monitoring data. We will seek out opportunities to make these requirements explicit for all other grants and programmes as we work to improve data quality and consistency. We have also already addressed the issue of incomplete equalities data by amending terms and conditions to make explicit the requirements for individual organisations to meet their statutory duties in this regard.

We recognise consistent monitoring of all adaptations is needed as it will provide everyone with greater insight into the services. It will provide opportunities to investigate and make improvements where there are discrepancies from the service standards, for example, around delivery times as a result of delays by planning or utility companies.

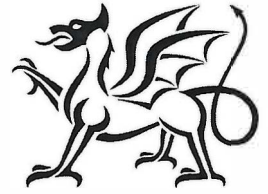
The deadline set by the Committee is noted and agreed.

# Agenda Item 4

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Mark Drakeford AC/AM  
Ysgrifennydd y Cabinet dros Gyllid  
Cabinet Secretary for Finance



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref

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*Don Hick*

5 September 2018

I have today issued a written statement about the outcome of the review of the National Procurement Service (NPS) and Value Wales and the next steps.

The review process has captured valuable insight from a wide range of stakeholders. I am grateful to public sector colleagues, the Future Generations Commissioner and business representatives for the time committed to support the review.

Through the review, Welsh Government has also worked with stakeholders to consider the recommendations of the two procurement reports published by the Auditor General for Wales; commitments emerging from the Public Accounts Committee inquiry into procurement and observations you made during your statement about public procurement on 2 May.

When I announced the review in September 2017, I was clear a new approach to procurement was needed to safeguard the long-term interests of Wales as the UK prepares to leave the European Union and as a result of the ongoing impacts of austerity.

The perspective gathered through the review has underlined the need for change and highlighted that refocusing the NPS and Value Wales will not deliver the necessary transformational change. The written statement announces important structural and delivery changes.

The review has found that the NPS model of delivering large, national frameworks and maximising price savings through aggregation of common and repetitive requirements is no longer the overriding priority for a significant number of customer organisations. In a large number of national frameworks, it has proven impossible to deliver agreements which

satisfy the priorities of all customer organisations. Consequently, customers have made alternative arrangements.

Stakeholders have advised that collaborative procurement support with a regional and local focus is required to enable them to deliver against the national wellbeing goals. This will complement the aims of the Economic Action Plan and seize opportunities for using procurement expenditure to deliver the aims of the Fair Work Commission.

We will work with the NPS team, its customers and other key stakeholders to transition the service into a new business model. I am not expecting this change will lead to any job losses. In the meantime, several actions have been initiated to achieve savings and address the funding issues associated with the NPS.

It has been clear from the review that stakeholders want a stronger national policy development unit, coupled with a new skills and capability programme. This approach will provide customers with the necessary support, resources and capability to innovatively deliver better outcomes through procurement, in line with the Wellbeing of Future Generations Act. Plans to develop this unit and its programme of work will be taken forward with stakeholders.

Procurement is a strategically-important lever which we will use as a central element of a wider, strategic approach to drive up economic and community wealth and wellbeing across all parts of Wales. I will provide updates to the committee and to Assembly Members as the plans to implement this transformation programme progress.

In the meantime, I have attached an update to reflect how the review has sought to respond to matters discussed on 5 March when the Welsh Government attended a session of the Public Accounts Committee and the recommendations of the two procurement reports published by the Auditor General for Wales at the end of 2017.

Thank you for your ongoing interest in procurement and I look forward to working with you in the autumn.

Best wishes,

Mark

**Mark Drakeford AC / AM**

Ysgrifennydd y Cabinet dros Gyllid  
Cabinet Secretary for Finance

## **Public Accounts Committee – Inquiry into Public Procurement**

### **1. Introduction**

- 1.1 The Welsh Government gave evidence to the Public Accounts Committee (PAC) on 5 March.
- 1.2 In addition to general procurement evidence, a range of areas were identified which could be explored through the Review of the National Procurement Service and Value Wales.
- 1.3 The Review has been coordinated by a dedicated team from within the Welsh Government. The process has been supported by the time and commitment of a wide range of stakeholders from across the Welsh public sector, the Future Generations Commissioner and business. This broad engagement has helped establish the scope for reaching consensus on future service priorities.
- 1.4 The Wellbeing of Future Generations Act has been embedded within the work of the Review and helped inform some of the future service model and delivery options which have been explored with stakeholders.
- 1.5 This paper provides a themed update, illustrating how engagement with stakeholders generally and through the Review has helped progress and inform development of several procurement work streams.

### **2. Capacity and Capability Building**

- 2.1 Building of the procurement profession across all parts of the Welsh public sector was a key theme in the evidence submitted to the PAC.
- 2.2 Through the Review, stakeholders have been encouraged to identify current and future needs to help shape a future capability building programme.
- 2.3 This engagement has identified the need for a multi-faceted future skills and capacity building programme to include a refreshed competency framework; a Wales-wide professional programme; updated short course training with particular focus on new commercial skills, decarbonisation and Wellbeing of Future Generations; and development of on-line capability development resource.
- 2.4 In addition, opportunities will be explored to strengthen relationships with schools, colleges and universities to promote procurement as a career of choice and to provide a future talent pipeline to help mitigate the impact of pay differentials across the Welsh public sector.

### **3. Communications and Engagement**

- 3.1 At the time of the Welsh Government's attendance at PAC, a commitment was made to improve communications and engagement with the Review.

- 3.2 A communications and engagement plan was developed and implemented for the Review. This has involved communicating through newsletters, social media and of course the formal groups and boards which were established to support the Review.
- 3.3 All major parts of the Welsh public sector were represented and engaged in the Review process, as well as business and the future Generations Commissioner.
- 3.4 Engagement has taken place with key user groups such as transport managers, food hygiene managers and the wider procurement community.
- 3.5 The communications and engagement plan has also supported dissemination of messages across the NPS and Value Wales teams.

#### **4. Policy Development – Community Benefits and the Supplier Qualification Information Database (SQulD)**

- 4.1 Discussion at PAC centred around developing the Community Benefits measurement tool to allow public bodies to capture and record wider value which could be delivered through procurement.
- 4.2 As part of its ongoing development, the measurement tool now incorporates a carbon measurement facility, enabling decarbonisation achievements to be recorded against specific contracts, as well as other environmental, social and economic benefits.
- 4.3 The SQulD has been redeveloped to incorporate the new European Single Procurement Database requirements. To support its consistent application, supplier selection guidance has been produced and issued across the Welsh public sector.

#### **5. NPS Engagement and Pipeline**

- 5.1 It was outlined that, notwithstanding the Review, efforts were being made to better understand customer requirements and to ensure that NPS offerings would be viewed as agreement of choice.
- 5.2 Through the Review process, customers have been invited to examine each contract area and to indicate their preferred model and approach for future contracting across all of the NPS agreements. This information will help shape the next steps.
- 5.3 In addition, NPS customers have been consulted to establish new approaches to communications, improved access to NPS agreements and development of case studies setting out the benefits of using NPS agreements. Advantages of using the NPS agreements are now articulated on the website and delivered through simpler messaging.
- 5.4 The opt-out process has been discussed with customer organisations as part of each framework. Through improved understanding of customer requirements, a more flexible, informal opt-out approach has been in operation. The NPS has now supported over 30 'committed' mini competitions. Consequently, actual expenditure against NPS frameworks in 2017-18 amounted to £299m, compared with an initial forecast of £248m.
- 5.5 Future approaches to funding of NPS have been discussed with customers through the Review process. Frameworks required to achieve a consensus view on the

funding model and this will be informed by the outcome of the in-depth examination of how public funding is used more strategically. In the meantime, several steps have been taken to reduce the gap between the NPS costs and its income.

- 5.6 Now that this stage of the Review has been concluded, further case studies and reporting will be developed to enhance awareness of NPS offerings across customer organisations and to increase the prospects of SMEs growing their share of expenditure.
- 5.7 Work is ongoing to examine the benefits of engaging with the UK Government's Crown Commercial Services and other public buying organisations.

## **6. Procurement Fitness Checks**

- 6.1 Through the Review process, customers have outlined that a new programme will be required to grow capability both at organisation and officer level. This will be developed in consultation with stakeholders and will reflect the opportunities for supporting delivery of value nationally, regionally and locally.
- 6.2 Dialogue is ongoing with the Welsh Local Government Association to explore the suitability and applicability of an approach developed by the English Local Government Association.

## **7. Strategic Alignment**

- 7.1 During discussion at PAC, procurement was acknowledged as a cross cutting policy which needed to be strategically aligned to support other policies and priorities.
- 7.2 As part of the Review, stakeholders were asked to evaluate a range of future service models to identify the best fit option which could complement priorities such as Brexit, the Economic Action Plan, budget constraints and Wellbeing of Future Generations goals.
- 7.3 It was noted that different parts of the Welsh public sector had different priorities and therefore consensus on a future NPS service was not achieved across all categories of expenditure.
- 7.4 Consequently, high level proposals were identified as preferred options for future NPS and Value Wales service model delivery. Implementation of these will be explored in more detail with public sector leaders and their senior managers.
- 7.5 The NPS Delivery Group was used as the core vehicle for undertaking work within the Review. Future governance and monitoring of procurement will flow from the in-depth examination of how we use public funding to support public service delivery and to build economic growth and wealth across Wales.

# Agenda Item 5

By virtue of paragraph(s) vi of Standing Order 17.42

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# Annual Report and Accounts 2017-18

July 2018



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# **Annual Report and Accounts 2017-18**

July 2018



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# OUR PERFORMANCE: OVERVIEW



## Foreword



**Elin Jones AM**

Llywydd, National Assembly for Wales

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I am pleased to present this annual report covering my second year as Llywydd of the National Assembly for Wales.

This last year has brought with it a number of challenges for the Assembly. Politically, the changing constitutional landscape, as a result of the UK's decision to leave the European Union, has required our Parliament to respond in an effective and agile manner in the interest of Welsh citizens. There have also been a number of personal challenges for Members, not least with the death of our colleague, Carl Sargeant.

Throughout it all, the National Assembly has shown great resilience and courage and has remained steadfast in its determination, not only to meet its priorities but also to continue to improve the way we work.

During the year, we have made real progress, for example, in the way we encourage young people to engage with the democratic process. This autumn we will see elections take place to the first Welsh Youth Parliament.

Over the course of the year, the Expert Panel on Assembly Electoral Reform, chaired by Professor Laura McAllister, has carried out a significant piece of work and published recommendations

that would, if adopted, ensure we have a Parliament that is fit for the future

Since last autumn, we have also taken a forensic look at how we tackle inappropriate behaviour in the workplace. In addition to improving accessibility to our complaint processes and delivering a number of improvements, we have taken a cross-party approach and are committed to providing an inclusive culture that is free from harassment. Assembly Commissioners and Party Leaders have stated clearly that there is no place for inappropriate behaviour of any kind at the National Assembly for Wales and it will not be tolerated. I will continue to push for a change in the culture of the Assembly to ensure that it is a safe

place for all those who work hard to represent the people of Wales.

All of this is in addition to the significant work that has taken place within the course of scheduled Assembly business, and I would like to take this opportunity to thank the staff of the Assembly Commission and Members' Support Staff for going the extra mile in their support for Members during the extraordinary, and sometimes difficult, past twelve months.

## Introduction



**Manon Antoniazzi**

Chief Executive and Clerk, National Assembly for Wales

In last year's annual report, I said how glad I was to have been appointed to lead an excellent staff team committed to delivering an ambitious programme of work.

It has now been over 12 months since I was appointed Chief Executive and Clerk of the Assembly and I am proud of the progress we have made in delivering those ambitions. The report sets out the strides we have made in a number of areas at a time when we've faced increasing pressures and a growing workload.

In environmental terms, we have made a number of improvements on the estate, generating a significant reduction in our carbon footprint. Our energy use has decreased, as has our use of water, gas and electricity. We've introduced a range of measures to improve the efficiency of our existing

technology and none of our waste is sent to landfill. We will be continuing to encourage low carbon travel to and from the estate, and minimising the use of single-use plastics.

We remain committed to working bilingually and enabling people to use either of our official languages with ease and efficiency. We have seen tangible changes, including in the way we recruit and support our staff to acquire courtesy level Welsh. I look forward to seeing further progress over the next year, so that we continue to be an exemplar across Wales and beyond in the way we design and deliver bilingual services.

Our internal governance structures have been reviewed to improve decision-making arrangements and allow for greater transparency in the way we budget, whilst maintaining tight financial control. We have engaged positively with both the Assembly's Finance Committee and the Public Accounts Committee. As a

result of their detailed scrutiny of the Commission's budget and processes for approving major projects, we now include greater detail on proposed areas of investment. Alongside this, we have undertaken a capacity review and engaged every member of staff in fresh thinking about how we prioritise and allocate resources flexibly.

Despite our successes, as the Llywydd states in her foreword, we have also had difficult times this year as an institution. We have been challenged to look again at our policies and procedures relating to dignity and respect at work and have addressed those issues as a high priority. We have introduced a number of improvements to help people come forward to discuss any concerns, confident that they will be heard and supported. However, there is more to be done and a programme of work is underway. As Chief Executive and Clerk, it is incumbent on me to make sure that those who work at the Assembly or visit our estate consider it a safe space

and this will remain a priority. I am reassured that we will be building on a strong foundation as an organisation that has consistently set out to establish an inclusive and diverse working culture.

Considerable challenges face us. As Commission staff, we are supporting our national parliament at a time when significant decisions are being made about future constitutional arrangements. Imaginative and effective engagement with the people of Wales is vital. A programme of reform, alongside the consequences of the decision to leave the European Union means that we have an increasing workload at a time when, in common with many other organisations, we must restrain budgets and get the most from each penny entrusted to us. At such a time, is it good to know that all our staff surveys point to a workforce that is engaged, committed and values-driven. I look forward to working with the team through another busy year.



## Statement of Purpose

The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

The Assembly Commission serves the National Assembly to help facilitate its long-term success as a strong, accessible, inclusive and forward looking democratic institution and legislature that delivers effectively for the people of Wales.

## The Assembly Commission

The *Government of Wales Act 2006* prescribes that the Assembly Commission consists of the Presiding Officer and four other Assembly Members. The Assembly's Standing Orders set out how the Members are appointed. Each of the four largest political parties represented in the Assembly nominated a Commissioner, whose appointment was approved by the Assembly.

The Commission's duty under the Act is to provide the National Assembly with the staff, property and the services required to fulfil its role.

## Commissioners

The Assembly Commission serves the National Assembly for Wales to help make it a strong, accessible and forward-looking democratic institution and legislature that delivers effectively for the people of Wales. Its role is to provide the National Assembly with the staff, property and the services required to fulfil this role.



**Elin Jones AM**  
(Plaid Cymru)

The Llywydd is Chair of the Assembly Commission and also has responsibility as a Commissioner for communications and engagement.



**Suzy Davies AM**  
(Welsh Conservatives)

Commissioner with responsibility for budget and governance, including Audit and Risk Assurance Committee membership.



**Joyce Watson AM**  
(Welsh Labour)

Commissioner with responsibility for equalities, and the Commission as the employer of Assembly staff.



**Caroline Jones AM**  
(UKIP)

Commissioner with responsibility for security and Assembly resources.



**Adam Price AM**  
(Plaid Cymru)

Commissioner with responsibility for official languages, and delivery and transformation of services to Members.

## OUR STRATEGIC GOALS

.....

**TO PROVIDE  
OUTSTANDING  
PARLIAMENTARY  
SUPPORT**

.....

**TO ENGAGE WITH ALL  
THE PEOPLE OF WALES  
AND CHAMPION THE  
ASSEMBLY**

.....

**TO USE RESOURCES  
WISELY**

## Our priorities to achieve the Commission's strategy

Our strategy for the Fifth Assembly, published in July 2016, defined a number of priorities for each of our strategic goals.

This report sets out the Assembly Commission's achievements against our strategic goals and progress against our priorities between April 2017 and March 2018.

### Context

Wales receives around £16 billion per year to provide essential public services, such as schools and hospitals, for the people of Wales. This is known as the 'Welsh Block'.

The Commission is allocated a small proportion of the Welsh Block (approximately 0.3 per cent) to cover the costs of the National Assembly for Wales. This money enables the 60 Assembly Members to represent the people of Wales, make laws and scrutinise the policies and spending decisions of the Welsh Government.

### Our budget

During 2017-18, the Commission had responsibility for a budget of £53.7 million, which comprised:

- £16.7 million for the remuneration of our 60 Assembly Members, that of their support staff, pension finance costs and the costs of running their constituency and regional offices all over Wales;
- £37.0 million for the Commission to provide the property, staff and services for the Assembly to function.

The budget for the second year of the Fifth Assembly was set to provide stability and develop our services based on the priority work identified by the Commissioners, including our arrangements to ensure our readiness for the impact of our departure from the European Union, constitutional change and tax raising powers. The Commission's Key Performance report demonstrating corporate performance across all areas of activity is published as part of this annual report. We obtain external assurance on our expenditure from the Auditor General for Wales as well as scrutiny by the Assembly's Public Accounts and Finance Committees.

## How the Assembly Commission staffing resource is organised

The Commission employs around 450 permanent, politically impartial members of staff, led by the Chief Executive and Clerk.

Manon Antoniazzi – Chief Executive and Clerk

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The Chief Executive is the Principal Accounting Officer for the Commission, and has a number of other statutory functions. The Commission delegates its functions, subject to some exceptions and conditions, to the Chief Executive. The senior management team consists of the Chief Executive and her team of Directors.

Adrian Crompton – Assembly Business Directorate

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Provision of specialist parliamentary, legal and research support to Members to ensure the efficient and effective conduct of business as well as responsibility for communications and constitutional change.

David Tosh – Assembly Resources Directorate

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Provision of ICT, Human Resources, estates and facilities, security services, as well as managing procurement and governance arrangements. The Director of Finance, Nia Morgan, responsible for corporate financial planning, budget management, payments and pensions reports into this Directorate.

Craig Stephenson – Commission Services Directorate

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Provision of services and support to the Llywydd, Assembly Commission, Management Board, translation and reporting, business support and professional development for Members and our visitor and public information services.

Elisabeth Jones – Chief Legal Adviser

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Provision of high level legal advice across a range of the Commission's functions, focusing on constitutional change, external affairs and the impact of the United Kingdom's departure from the European Union.

## During the year

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During the year, the Directors met as a forum and as the Investment and Resourcing Board. They were joined by senior officials from across their Directorates to make up a Management Board. Following consideration by the Chief Executive and Principal Accounting Officer during the year, these arrangements were reviewed and a consultation took place to replace these boards with an Executive Board and Leadership Team from April 2018. More detail is provided in the Chief Executive's Governance Statement, published as part of this report.

A number of other groupings have been established, led by these senior officials, to consider key areas of work, such as constitutional change, dignity and respect, official languages, legislation and the transformation of Assembly business services.

The Commission has independent advisers to help ensure that Commissioners and the senior management team are supported and constructively challenged in their roles.

The advisers considered our performance management and reporting arrangements, advised on the Commission's responsibilities for staff appraisal and remuneration policies and systems and maintained a critical overview of the Commission's financial controls and risk management procedure. More information about our independent advisers can be found in the Remuneration and staff report section of this report.

## Summary of key activity

### Dignity and Respect

In October we reviewed our arrangements for the handling of complaints about inappropriate behaviour following concerns expressed in the media about the culture in UK political life. The Llywydd, Chair of our Standards of Conduct Committee and party leaders made a public statement in November 2017 that inappropriate behaviour has no place within this institution and the intention to provide a safe place to work. We made some immediate improvements to meet this aim while the Standards of Conduct Committee established its inquiry “Creating the Right Culture: Inquiry into the Review of the Code of Conduct for Assembly Members.”

A further statement was made in February 2018 on the progress made together with a summary of the next stages. In response to the review and the evidence we were hearing, our focus has been on:

- clarifying and improving accessibility to our existing complaints processes and procedures;
- provision of enhanced emotional support for those making complaints and those against whom allegations have been made;

- the development and formal adoption of a Dignity and Respect Policy covering everyone who works at the Assembly whether they are elected, employed, contracted or undertaking paid or unpaid work for us;
- awareness training for Members and staff now and as part of future induction and professional development arrangements;
- a review of arrangements within political parties to establish whether they can be aligned with our arrangements; and
- obtaining more information through a confidential and anonymous survey of Members, the staff they employ and Assembly Commission staff to establish whether our arrangements are addressing the experiences of individuals.

By working in partnership with trade unions, staff and with the assurance of external benchmarking expertise, our Dignity and Respect policy was recently approved by a vote in the Assembly after which we immediately launched our new web pages. Work will continue in 2018-19 to help ensure that the Assembly delivers its commitment to providing an inclusive culture that is free from harassment.

## Constitutional change

The Assembly has been preparing for the transition to the new powers devolved to the Assembly under the Wales Act 2014 and Wales Act 2017. Under the 2014 Act, new Welsh taxes, legislated for by the Assembly (land transaction (formerly stamp duty) and landfill disposal), came into effect on 1 April 2018. The Assembly has also been responding to the Wales Act 2017 as we moved from a 'Conferred Powers Settlement' to a 'Reserved Powers Settlement', which came into effect on 1 April 2018. Members, their Support Staff and Commission staff have received awareness raising and training to help them understand the implications of the change and prepare for working within the new settlement.

## Brexit

There was considerable focus during the year on the work required to ensure Wales' interests are considered in issues relating to the United Kingdom's departure from the European Union. This included multiple committee inquiries, consideration of an Emergency Bill, engagement with EU institutions and emphasis on the need for the UK Government to ensure that there is engagement with legislatures and not just devolved governments. Greater detail is provided in the Performance Analysis section of this report where we describe our approach to fulfilling our goal of providing Outstanding Parliamentary Support.



## Assembly Reform

The Wales Act 2017 gave the Assembly powers to address some important constitutional issues, including autonomy over its internal and electoral arrangements. Acting on behalf of the institution and of the people of Wales, the Commission has been leading a programme of Assembly reform to consider how best to make use of these powers to help make it a stronger, more accessible, inclusive and forward-looking legislature that delivers effectively for the people of Wales. As part of this

work and following public consultation, the Commission announced in June 2017 that it would introduce legislation to change the name of the Assembly to Welsh Parliament.

As part of its reform programme, the Assembly Commission has also been leading work to address the capacity issues facing the Assembly as a result of its small size and to determine the appropriate electoral arrangements for the Assembly, including the minimum voting age.



The design of electoral systems is highly technical, requiring significant specialist expertise. To ensure that any legislative proposals brought forward by the Commission are based on robust, politically impartial, independent advice, the Llywydd established an Expert Panel on Assembly Electoral Reform to review the evidence and make recommendations to her and the Commission. The Panel, chaired by Professor Laura McAllister CBE, included members with a wealth of expertise in the fields of electoral systems, parliamentary work and

capacity, the constitutional position of the National Assembly and wider issues of governance, including equalities, diversity and engagement. The Panel reported in December 2017. Mandated by the Assembly, the Commission consulted the public on the Panel's recommendations and other potential reforms between February and April 2018. Public engagement events and workshops for young people were held across Wales as part of the consultation process. Any changes progressed will require primary legislation.



## Capacity review

Since 2007, the Assembly has seen a significant increase in its powers and responsibilities, whilst the number of Assembly Members has remained unchanged. The Commission's response to supporting Members' greatly increased workload has been to design and deliver services that are closely tailored to individual Members' needs and choices, as well as implementing increasingly sophisticated support services for the work of Assembly Committees and Plenary. Sustaining this support has required a steady increase in Commission staff numbers.

The Commission continues to face new and increasing demands, including supporting the Assembly to address the impact on Wales of Brexit, as well as progressing work on Assembly reform and constitutional change so that we have a Parliament fit for the future. However, we are acutely aware of the continuing pressure on public finances and, whilst we have benefitted from a period of growth, we cannot expect to meet these new challenges by further increasing the size of the organisation.

Therefore, in September, we instigated a capacity review to analyse how resources are currently allocated within



the organisation and to evaluate whether we can be more effective and efficient in our deployment of resources, to deliver the Commission's goals and priorities for the Fifth Assembly and beyond. An initial findings report was presented to the Assembly Commission and the Assembly's Finance Committee in January 2018, and we have conducted a series of staff engagement sessions. We have now commenced a second phase of work to consider the findings in more detail and to develop approaches to delivering our services more efficiently and effectively.

## Risk

Our risk management processes, identified a number of areas that present risks to our success in achieving our ambitions. These include increased financial, corporate capacity and accommodation pressures to deliver our priorities; our arrangements for reporting and investigating inappropriate behaviour; negative reactions to our proposals for Assembly reform; the impact on the Assembly of leaving the European Union and heightened risks in relation to online and physical security.





# OUR PERFORMANCE: ANALYSIS



## Provide outstanding parliamentary support

In this section of the annual report we describe how we have progressed work on the Assembly Commission's priorities under our strategic goal of providing outstanding parliamentary support.

### Innovate and tailor our services to best support Members, exploiting technology

Throughout the year, the Assembly has been developing the Record of Proceedings in order to make it much easier to use and quicker for people to search for, share and re-use the information they need – making their experience of engaging with the Assembly far more effective and efficient. The information includes transcripts of Plenary and Committee meetings and other tabled business, such as oral, topical and written questions, motions and statements of opinion. The improvements mean it is easier to search, discover and share information from the Assembly, including through Twitter, Facebook and LinkedIn. This development of the Record is only one outcome of the programme to transform Assembly Business services over the coming years.

A new self-service portal, developed in-house and with our development partner, enables Assembly Members and support staff to table Written, Oral, and Topical questions, Statements of Opinion, Motions and Amendments quickly and from any location. The system provides a number of improvements, including better tracking and searching of tabled items, automatic and personalised notifications, and easier and faster processes for co-tabling and subscribing. Feedback from the users involved in all of these improvements has been very positive and they have also identified opportunities for continuous improvement that will be implemented in 2018-19.

These achievements have also been recognised by the Assembly being short-listed in the Wales Digital Awards that took place in May 2018.



## Our partnership with Cardiff University's Wales Governance Centre

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A varied programme of events and activities has been delivered for public and civil society organisations through the Assembly's strategic partnership with Cardiff University's Wales Governance Centre, including sessions on:

- the Welsh Government's 2018-19 Budget;
- Brexit: Where are we now; and
- the 2017 UK General Election.

Six fellowships were established during 2017 on the following topics: dementia; development of the north Wales economy; Bovine TB; suicide and self-harm; the implications of Brexit for trade in Wales; and Brexit & Environmental Law. Most of these have fed into Committee inquiry work and there are plans to establish the fellowship scheme on a permanent basis during 2018.



### Making our work accessible to our audiences

Paul Davies AM conducted a consultation on the general concept of an Autism (Wales) Bill and a consultation on the text of a draft Bill. An Easy Read version of both consultations was produced (including an Easy Read version of the draft Bill).

He has until 13 July 2018 to develop an Autism (Wales) Bill, and introduce it to the Assembly.

## Enabling a strong institutional response to constitutional change and the outcome of the EU referendum

The Wales Act 2017 changed the competence of the National Assembly for Wales from a ‘conferred powers model’ to a ‘reserved powers model’ and came into effect on 1 April 2018. Previously, the Assembly had competence to legislate on any matter that related to a subject listed in Schedule 7 to the Government of Wales Act 2006. Under the reserved powers model, the Assembly has competence to legislate on any matter that is not reserved to the UK Parliament by Schedules 7a and 7b of the Government of Wales Act 2006.

Scrutiny of Brexit will be one of our biggest challenges over the next two years with an increasing focus on this area across all of the Assembly’s work.

Engagement with the EU institutions continues to be important. Our EU office has promoted the work of the Assembly’s committees within EU institutions and with EU stakeholders, including:

- an EU-funded 2-day training programme for Commission officials in Brussels to increase their knowledge of the EU institutions and the implications of Brexit for Wales;
- three visits by the External Affairs and Additional Legislation Committee as part of its work on assessing the implications for Wales of the UK’s exit, including a meeting with the EU’s Chief Negotiator Michel Barnier; a visit by the Economy Infrastructure and Skills (EIS) Committee as part of its Selling Wales to the World inquiry;
- regular engagement with the Welsh MEPs; and
- visits by party groups and Members in relation to trade and the EU negotiations.

The range of support in place to provide up to date information on Brexit includes:

- Brexit briefing sessions for Members, their staff and Commission staff, including joint sessions with the Wales Governance Centre; and
- a fortnightly **Brexit Update, monthly Negotiation Monitoring report**, blogs on latest developments, timeline, infographics and guides.

## Brexit

Over the year there has been a significant amount of activity relating to Brexit across the Assembly. Some of the main elements are highlighted in the timeline.

### Key:



Committee Inquiries



Plenary debates/Welsh legislation



Activity relating to UK legislation



Engagement



The External Affairs and Additional Legislation Committee and the Constitutional and Legislative Affairs Committee issue joint consultation on the EU (Withdrawal) Bill.

Plenary debate on EU (Withdrawal) Bill.



The External Affairs and Additional Legislation Committee visit Brussels to meet MEPs and EU institutions.

April 2017

Chair of the Constitutional and Legislative Affairs Committee responds to Commons Procedure Committee inquiry on the Great Repeal Bill (which becomes EU (Withdrawal) Bill).



May 2017

The Constitutional and Legislative Affairs Committee issue declaratory Statement on the Great Repeal Bill.

Llywydd writes to Secretary of State for Wales about the Great Repeal Bill.

The External Affairs and Additional Legislation Committee publish report on the Great Repeal Bill White Paper: Implications for Wales.



June 2017

The First Minister makes Plenary statement on Brexit and Devolution: Securing Wales' Future.



July 2017

The External Affairs and Additional Legislation Committee visit Dublin as part of inquiry into Implications of Brexit for Welsh Ports.

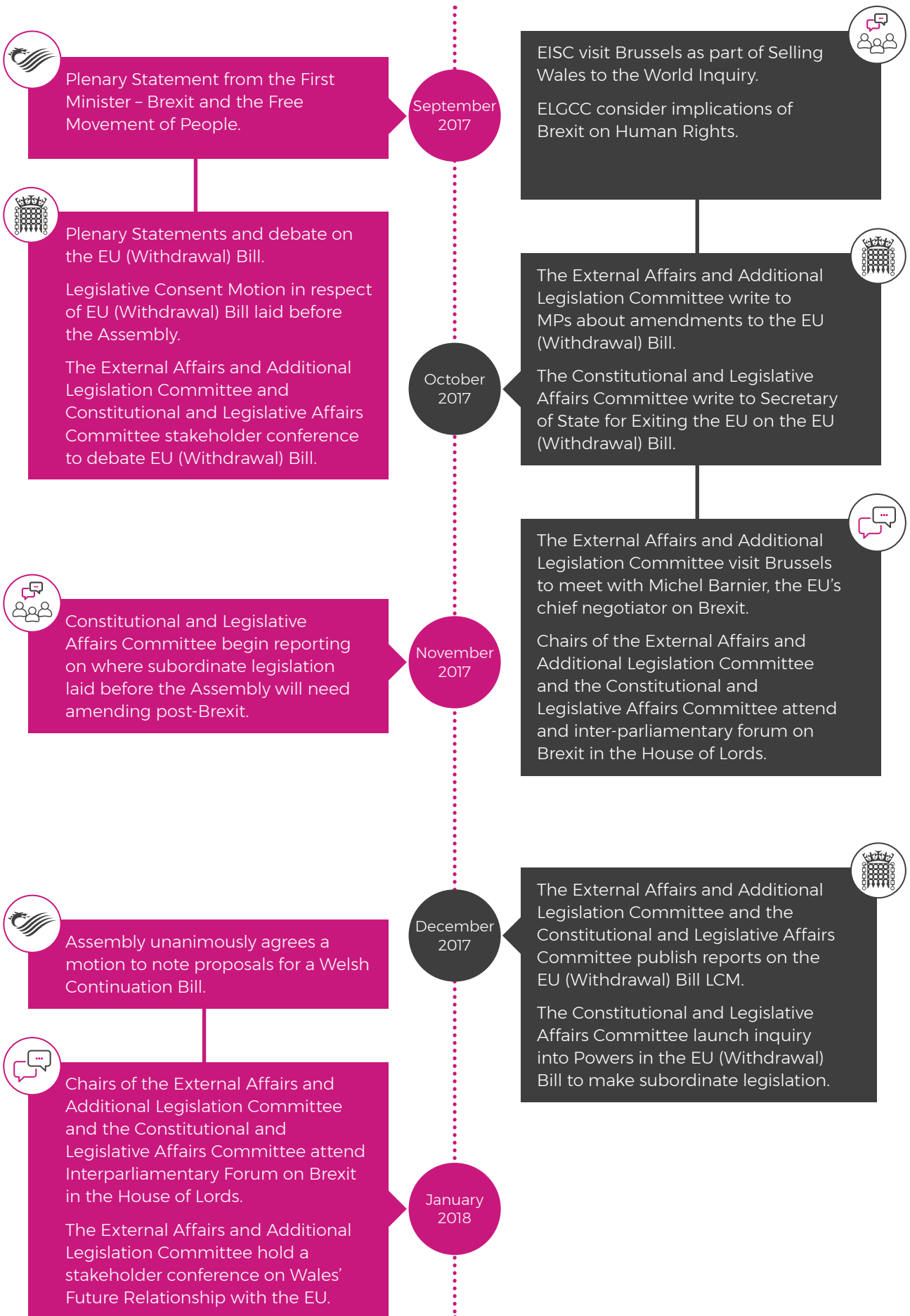
The External Affairs and Additional Legislation Committee publish report on future of regional policy.

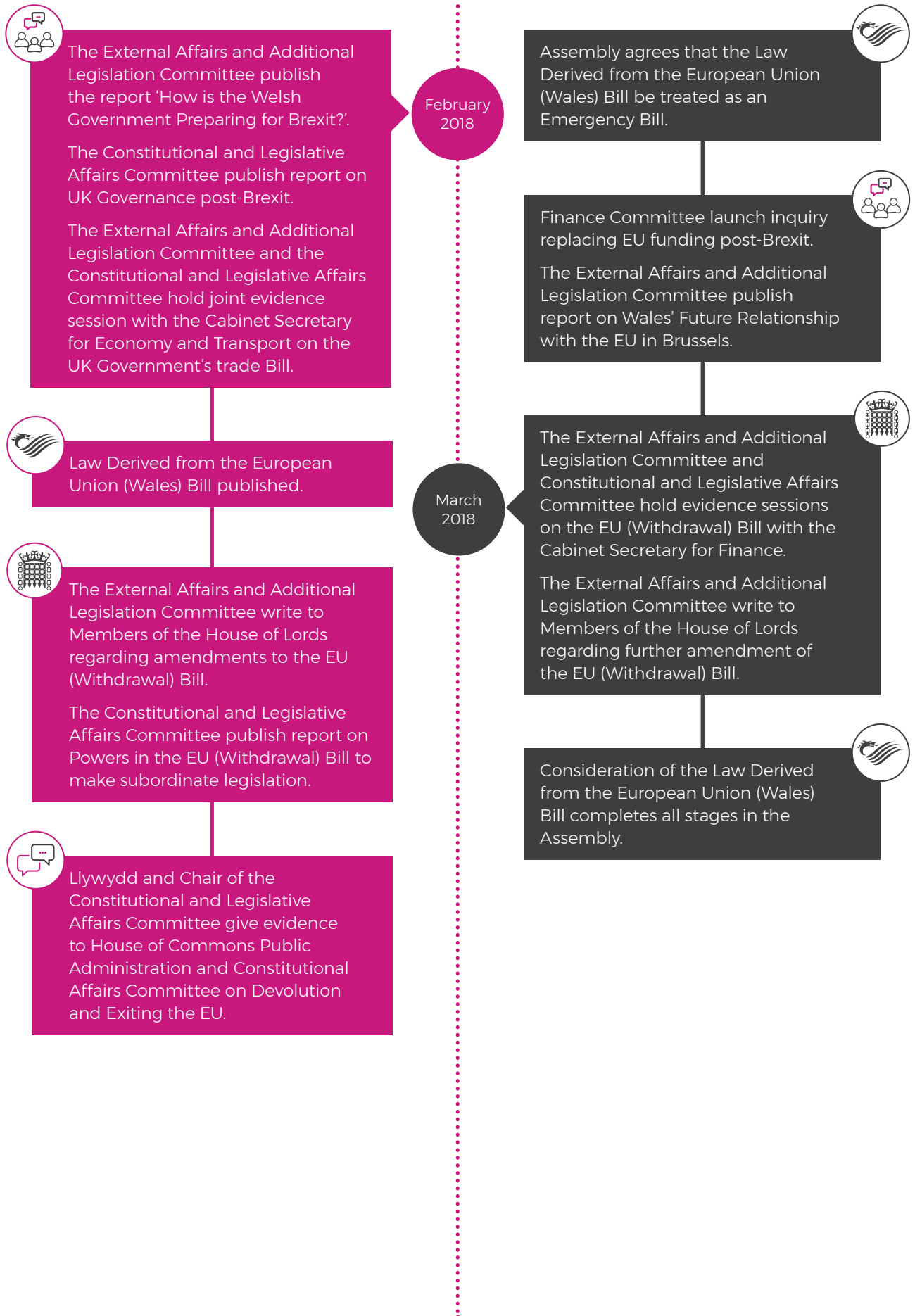


August 2017

The External Affairs and Additional Legislation Committee publish report on implications of Brexit for Welsh Ports.









## Ensuring Brexit is a priority

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In March the Assembly considered the Law Derived from the European Union (Wales) Bill as an Emergency Bill, the second Emergency Bill in its history.

Emergency Bills allow for the quick enactment of urgent legal provisions. The procedure followed the usual four stage legislative process but with a much shorter timetable. Unusually, the Presiding Officer laid her statement on Legislative Competence before the Assembly on 27 February, ahead of formal introduction of the Bill, to assist with the Assembly's consideration.

### **Timetable:**

- Tuesday 6 March 2018: the Assembly agreed to treat the Law Derived from the European Union (Wales) Bill as an Emergency Bill
- Tuesday 13 March: Stage 1 (General Principles debate)
- Tuesday 20 March: Stage 2 (Committee of the Whole Assembly)
- Wednesday 21 March: Stages 3 and 4 (in Plenary)

The Bill was passed by the Assembly on 21 March.

## Assembly business

During 2017-18 Assembly Members represented their constituents and scrutinised government policy, legislation and expenditure in weekly Plenary and committee meetings..



**7**

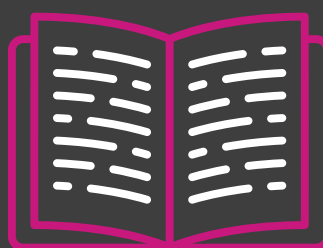
## Individual Member Debates



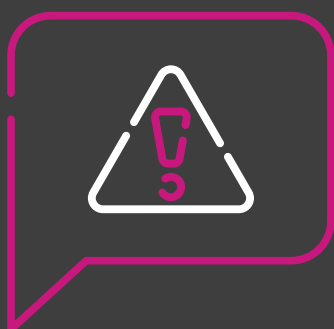
**68** Plenary Sessions



**358** Committee Meetings



**194** Committee Reports



**2**  
Emergency Questions



**59**  
Topical Questions

## Deliver exemplary bilingual services

The Official Languages Scheme for the Fifth Assembly was passed on 12 July 2017. The scheme outlines the bilingual services provided to Assembly Members and their support staff, to the people of Wales and to employees of the Commission. Building on the Assembly Commission's existing bilingual ethos, one of the improvement themes in the scheme is to increase the level of basic Welsh language skills across the organisation over time. This has included the development of an approach to recruitment where all new and vacant posts require at least a basic/courtesy level of Welsh language skills. A working group was established to agree and implement the actions required, including:

- agreeing definitions of courtesy Welsh and the language skills levels;
- formulating guidance for recruiting managers to ensure consistency across the organisation;
- developing text for inclusion in job adverts to guarantee a standardised approach; and
- awareness raising across the organisation and the development of resources and FAQs for applicants.

Liaison with the Trade Unions, Service Heads and staff networks has provided assurance that the approach does not inadvertently discriminate against applicants. The new approach will be in place by summer 2018.

Work was also started to provide training and carry out optional assessments of those employees learning Courtesy Welsh. The Language Skills Team provides support to individuals and teams and has prepared a Courtesy Welsh module. Staff are offered regular opportunities to be assessed and those who attain the required level receive a certificate. In February, the Chief Executive and Clerk held an event to celebrate the success of the first group learners to attain the required level of Welsh.

## Carl Sargeant AM

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On 7 November, we sadly lost one of our Assembly Members. Assembly Business was immediately suspended.

The Llywydd said “He served the people of Alyn and Deeside with pride and determination and he made an enormous contribution to the development of this democratic institution.”

“On behalf of all the Members and those who work at the National Assembly for Wales, I would like to express my deepest sympathy to his family and colleagues.”

Assembly business resumed on 14 November with a minute’s silence followed by Assembly Members’ tributes in Plenary. Among the many tributes, Carl’s colleague and friend, Lesley Griffiths AM, said “...he took his role as an elected representative very seriously, and he was proud to be an advocate for his constituents, particularly those who did not have a voice.”



## Rhodri Morgan

We were honoured to host the funeral service for former Assembly Member and First Minister, the Right Honourable Rhodri Morgan on 31 May 2017. Hundreds of people attended the Senedd, both inside and out, to pay their respects. The celebration of his life was broadcast on Senedd.tv.



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## Engage with all the people of Wales and champion the Assembly

In this section of the annual report, we describe how we have progressed work on our priorities under the Assembly Commission's strategic goal of engaging with all the people of Wales and championing the Assembly.

### Engage strategically to make an impact on Assembly Business through people visiting our estate, across Wales and online

We have been supporting Assembly Members and Assembly committees to engage with new and different audiences. Examples include:

- an event in Cardiff in March with women who have had both positive and negative experiences of pregnancy and maternity while at work. This includes the use of an online platform, Dialogue, to gather responses to inform the Equality, Local Government and Community's inquiry into pregnancy, maternity and work in Wales;
- visits for the Health and Social Care Committee with organisations that specialise in supporting and educating people about suicide, for the inquiry into Suicide Prevention;
- focus groups to gather the views of head teachers and governors as part of the Children, Young People and Education Committee inquiry into Targeted Funding to Improve Educational Outcomes; and
- a survey aimed at identifying people's perceptions and attitudes towards low carbon homes, which will inform the Climate Change, Environment and Rural Affairs Committee's inquiry. The survey is supplemented by video interviews, which include first time buyers, letting agents and those who have previously lived in low carbon homes.

Following a wholesale review of how activities on the estate are managed, the Assembly Commission agreed to move to a more purposefully managed use of the Assembly estate. We are now delivering:

- more policy-focused activity;
- more events directly linked with parliament's democratic work;
- more opportunities for Assembly Members to attend events, improving the event experience for all concerned; and
- fewer events of a similar nature scheduled at the same time and competing for audiences.

## Commit strongly to the young people of Wales

Good progress has been made on plans to establish a Youth Parliament for Wales, which was approved by the Commission in September 2017 following an extensive consultation, including a survey to which over 5,000 young people responded and over 150 workshops across Wales. The Commission considered the results of the consultation and, in September 2017 agreed to establish a Youth Parliament for Wales, with elections taking place in November 2018. Plans are being developed by a cross-service project board and registration is now open.

We continue to work proactively with schools, colleges, youth groups, community groups and organisations across Wales to deliver workshops and presentations on the Assembly's work, through which we were able to interact with over 20,600 young people in 2017-18.

## Make trusted information easy to find in a digital world

The *Digital News and Information Taskforce* launched its report on 21 June 2017 and the findings were presented to the Assembly Commission in July.

The Commission considered its response to the recommendations in November and December 2017 and noted work already underway to deliver several of the key findings e.g. the development of a new video

clipping tool, a revised tone for our online presence and new investment in the Assembly's website. Work continues in all these areas to ensure that our information is presented appropriately for all those who access our services.

Through a partnership with the National Library of Wales, from November 2017 the Assembly's archive can be viewed in the National Library's Reading Rooms and an Archiving Strategy for Assembly Business has been established.



The way people engage with the political environment is changing and this work will provide greater transparency and accessibility to information about the Assembly and its work. Plans have also been drawn up to convert footage of some of the most historic Assembly business meetings into digital format in 2018 and to make the footage more accessible online.

An Open Data Strategy has been developed to help promote transparency, engagement and

efficiency, and is making more of the Assembly's business data available for anyone to access, use or share through the Assembly's website more easily. We have been developing a new website landing page that will contain open data for the Record of Proceedings and Legislation with further developments for open data from the Table Office datasets to follow. All Bills considered by the Assembly are now available in an open data format (Crown XML).



## Remembrance at the National Assembly

From 8 August to 24 September 2017, as part of our commemorations for the centenary of World War 1, we were proud to work in partnership with 14-18 NOW to bring the Weeping Window sculpture to the Senedd.

This provided an opportunity to raise awareness of our work and position the Senedd as a place of national and

international significance and as a cultural hub for Wales.

During the eight-week period:

- We welcomed just under 85,000 visitors to the estate
- A 440.51% increase in visitor figures compared to the same period in 2016/17
- Over 6.6 million Twitter impressions
- A Facebook reach of 92,855



## Marking the centenary of the Battle of Passchendaele

The Llywydd and Assembly Party Leaders attended a remembrance service in Langermark (Ypres), Flanders to mark the centenary of the Battle of Passchendaele.

In November 2017, a delegation from Flanders visited the Assembly for a joint commemorative event between the Flemish and Welsh Parliaments

and Governments. Both events marked the shared history between Wales and Flanders during the First World War and celebrated the friendship between our people.



## Share our learning in Wales and beyond

The Official Languages Team advised several external organisations on issues ranging from language technology to recruitment. Among these institutions were the University of South Wales, Gwent Police, the Independent Office for Police Conduct, Rhondda Cynon Taf Council and Cardiff Council.

Once again this year, a member of staff from the Official Languages Team introduced a number of training sessions in conjunction with the Association of Welsh Translators and Interpreters with the aim of encouraging translators to use machine translation technology to facilitate their work. The Manager of the Official Languages Scheme is a member of Welsh Government Technology Board, which advises the Minister for Welsh Language and Lifelong Learning on issues relating to technology and the Welsh language.

The Assembly has continued to play an active role in promoting Welsh democracy to international audiences both here in Wales and abroad and, in so doing, has positioned the Assembly as a distinct, innovative and progressive international legislature.

The Assembly has participated in the work of extensive networks, including participation in the Commonwealth Parliamentary Association (CPA) conferences



and meetings in London, Gibraltar, Canada, Australia and Bangladesh; the British Irish Parliamentary Assembly (BIPA) plenaries and meetings in the UK, Jersey, Ireland and Brussels; and the Conference of European Regional Legislative Assemblies (CALRE) in Valencia, Spain. The Llywydd joined the CALRE meeting to discuss the future of minority languages across Europe and introduced a session and shared our experiences of working as a completely bilingual legislature.

During this reporting period, the Assembly has welcomed international delegations from a range of countries. These have included:

- New Brunswick, Canada;
- Sudanese Parliament, as part of a programme in partnership with Global Partners Governance (GPG);
- the Gambian National Assembly; and
- hosting international diplomats representing Israel, Sweden, the USA, Latvia, Poland, Georgia, India, Belgium and Quebec.

Areas of interest and focus included bilingual parliaments, Members' continuous professional development and support for newly elected Members, developing quality research services, effective committee scrutiny and engaging with citizens as part of open, transparent and participative democracies.





## Use resources wisely

This section of the annual report describes progress made against the Assembly Commission's priorities under our strategic goal of using resources wisely.

### Build our people capability

We know that we face significant challenges. Our people must have the right skills to enable them to perform well in their roles and future leaders must have the skills needed to make sure we meet these challenges.

The Learning and Development team has designed and is delivering the Commission Manager Programme: a leadership programme specifically focused around current business needs, known future changes, our values, competences and strategic goals. It aims to develop line manager capability and improve employee engagement and organisational performance through a range of initiatives:

- online videos and e-learning training to meet a range of learning preferences and support remote working;
- CPD accreditation for the entire programme to gain employee buy-in;
- pre-course learning;
- engagement with the Trade Unions and the recruitment team to make the course mandatory for all new managers and any managers who have not received training in the past two years;
- a series of internal workshops to increase the understanding of Assembly Business across the organisation, including workshops on Brexit;
- promoting ICT's digital toolkit to develop the skills of staff in relevant areas; and
- working with Academi Wales to deliver an in-house senior leadership programme.

## Integrate diversity and inclusion into decision-making, service design and delivery

Our **Diversity and Inclusion Annual Report 2017-2018** includes detailed information of our work in this area, as well as staff monitoring data, recruitment monitoring data and our equal pay data. It is published alongside this report.

Some of the highlights of the year include:

- being named by Stonewall as the top employer in Britain for LGBT people, identified as a “trailblazer” by Stonewall, named the Top Trans-inclusive employer, and our workplace network was highly commended for their activity;
- establishing MINDFUL, our mental health and wellbeing workplace equality network, following the launch of our Mental Health policy. Throughout the year, the network has promoted mental health and wellbeing and raised money for charity;



**LOUDER  
THAN  
WORDS**

*we're supporting*

**AGE POSITIVE**

- reaching out to communities across Wales to encourage democratic participation and to promote the Assembly as an employer of choice, including at Pride Cymru, at a suite of events for Black History Month and celebrating women in politics by marking the centenary of some women getting the right to vote. We have also promoted diversity and inclusion outside Wales at the Fijian Parliament, at the Commonwealth Parliamentary Association's Inaugural Conference for Parliamentarians with Disabilities and at the British Island and Mediterranean Region of the Commonwealth Women Parliamentarians;
- reshaping our apprentice scheme to increase external outreach and make the application process more inclusive;
- our committees carrying out a range of inquiries relating to a number of diversity and inclusion topics including equalities and Brexit, refugees, children's rights and perinatal mental health; and
- undertaking a review of our recruitment practices to ensure that they are inclusive.



## Be completely transparent and accountable in the financial management of our budget

The Commission must provide the National Assembly with the staff, property and the services required to fulfil its role as a strong, accessible and forward-looking democratic institution and legislature that delivers effectively for the people of Wales. The Commission's budget is used to meet the running costs of the National Assembly for Wales and the costs of Assembly Members' salaries and allowances, as determined by the independent Remuneration Board.

Throughout the year, Management Board was responsible for ensuring that the alignment with strategy and priorities is consistent. The Investment and Resourcing Board (IRB) was responsible for decisions on investment and staffing resources, and for oversight of the Commission's budget.

At a corporate level, IRB had the strategic responsibility for ensuring the Commission's Investment Fund is used effectively and efficiently. More detail on these boards and how the financial management is scrutinised monthly is contained in the Chief Executive's Governance Statement published as part of this report.

This year we took steps to make our decisions about major areas of investment more transparent. This was in response to scrutiny of the 2016-17 Annual Report and Accounts by the Assembly's Finance Committee and the Public Accounts Committee and, in particular, questions concerning the approval process for major projects and the use of the underspend against the Remuneration Board's Determination. As a result, the Budget Strategy document for 2018-19 includes details of the major proposed areas of investment in-year and the potential sources of funding.



...In the past, during in-year scrutiny of the Commission's budget, we made a number of recommendations with a view to improving transparency and aiding scrutiny...

...The Commission has already taken some steps to provide further information on its budget and we encourage it to continue to provide such level of detail in future...

...The Committee notes that additional information has been included in the Commission's most recent budget proposal for 2018-19, relating to investment priorities and use of any underspend. The Committee welcomes the steps taken by the Commission and believes that this added transparency will aid budget scrutiny....

*Extracts from the **Finance Committee Report***



## Reduce our environmental impact

Sustainability Report for the year ended 31 March 2018

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The National Assembly for Wales has a legal duty to pursue sustainable development in all of its work under Section 212 of the Government of Wales Act 2006. We are fully committed to the key role we play in promoting sustainable development, minimising the environmental impacts of our operations and using resources wisely.

For the past three years we have been working to our new targets which will take us through to 2020-21, including our primary target of reducing our energy footprint by 30% (on our baseline year). We are also targeting the efficiency of business travel, and reducing water use, whilst aiming to send zero waste to landfill by 2021.

The Assembly is committed to being an open and transparent organisation and we have been publicly reporting sustainability performance data since 2007-08. We report in-line with the Government's Sustainability Reporting Guidance (2017-18), and also publish a more comprehensive Annual Environmental Report which is available on the Sustainability page of the Assembly website, along with further environmental information.

### Summary of Performance

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We have again reduced our energy use, despite an increase in the number of users of our estate. Water, gas and electricity are all lower than last year's figures, which when combined with further greening of the UK's electricity grid has resulted in a significant reduction in our carbon footprint.

Our work this year has included a range of measures aimed at improving the efficiency of our existing technology, as well as looking at more efficient options for refurbishments. Coupled with this we have now eliminated waste sent to landfill and are moving to target total waste and disposable plastics in particular.

We have conducted further work on encouraging low-carbon travel to and from the estate, in particular capacity for more cyclists and for the first time electric vehicles.

Our environmental work operates to a formally-audited environmental management system, using UKAS-accredited auditors to verify our sustainability improvements.

## Energy

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Compared to 2016-17 we have seen an increase in use of biomass for the Senedd, largely due to a longer and colder winter. This was combined with an increase in the cost of woodchip of 13%, which resulted in a higher cost of heating for the building.

Similarly with gas use, our consumption has dropped slightly, but cost per unit increased over 20% since the previous year, in line with wholesale market prices. Through utilising NPS/CCS frameworks we have brought our utilities supply under two main providers this year which will help realise savings over some of the previous contracts.

Electricity costs have also increased over the past year; whilst our usage has reduced very slightly, our expenditure in this area has increased due largely to an increase in unit cost of more than 10%.

Our overall emissions are down however, both in individual scope areas and our primary target of energy emissions specifically. This energy emissions figure, thanks in part to more renewable energy in the UK grid, is now tracking at 27% below our baseline year; well on the way to our 30% target by 2020-21.

## Travel

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Our business travel figures fluctuate across the cycle of assemblies, and at the time of publication, our figures are currently down slightly on last year. However, with two months of Members' and support staff claims outstanding, we estimate our final totals will be similar to last year.

Travel modes too have fluctuated according to business needs, but we are encouraging the use of sustainable options where possible. We have increased the provision for bike storage on-site again this year, to further encourage cyclists, and have recently installed electric vehicle charging points for use by staff working at the estate. These will operate at a cost-neutral level; users being charged for any electricity they consume. For the forthcoming year we will be looking at even more bike storage space, as well as encouraging drivers to switch to ultra-low emission vehicles where possible. We will be changing the Assembly's pool car over to a primarily electric vehicle, which will reduce both our carbon footprint and running costs.

## Waste

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We are able to report our operation as zero waste-to-landfill, ahead of our target year of 2020-21. All of the Assembly's waste is now sent to recycling or recovery outlets.

Whilst the total tonnage of waste produced has increased slightly over time, in line with an increase in the number of building users, we will be targeting this for the next financial year. We have already begun to work with our suppliers to phase-out single-use plastics, which we've committed to doing wherever possible by the end of September 2018 and will also be looking at reusable packaging options.

Fewer ad-hoc waste collections, particularly those related to infrastructure and project work, has meant that despite a slight increase in the amount of waste handled our costs have actually reduced slightly this year. Other cost-saving improvements have included amalgamating the waste electrical & electronic equipment (WEEE) collections to one supplier for all our operations. We have been able to source a local SME for this work who are able to satisfy both our governance and environmental requirements.

Paper use falls into the waste category, and we have noticed an increase in this area over the past year. As a service led by customer demand we have seen an increase in printing requests from a variety of areas, including the printing of reports supporting business and other engagement activities. All the paper we use is FSC-certified and/or 100% recycled-content. Further work over the forthcoming year will include continued roll-out of the 'follow-me' printing service which is helping reduce the volume of printing done in the offices.

## Water

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Following a slight rise in water use last year, our consumption this year has reduced significantly. Usage is down 32% on our baseline year, with costs also down 31% over the same period, and down 20% since last financial year.

These reductions are a result of several variables, including staff and visitor numbers. Although visitor numbers increased, this did not result in significant increases to water use in the Senedd and Pierhead. We have continued to roll out water-saving devices wherever an area has been refurbished. One further factor was some lower-than-usual billing by Dwr Cymru, something which we brought to their attention and was attributed to a faulty meter for Tŷ Hywel.

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## Continual improvement

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A summary of improvements made to the estate and the way we operate includes the following:

- We have brought our energy contracts under the same two suppliers for all sites, via NPS frameworks. This is already improving the clarity around billing and we hope it will help realise some small financial savings.
- We switched our environmental management system (EMS) over to the international standard ISO14001. We use this as the basis for continual environmental improvement and see the auditing process as a valuable extra set of eyes over our work.
- We have trained a new team of internal environmental auditors this year, something which supports the requirements of our EMS but is also highlighting opportunities for improvement.
- We continue to work on the monitoring data we produce to seek energy efficiency savings, for example in managing heating demand where we have identified areas of the building holding heat longer than others. We are also continuing the rolling programme of verifying all our temperature sensors around the estate, to ensure the system controlling heating and cooling receives accurate real-time data.
- We installed electric vehicle charging points for staff working on our estate, and increased the capacity of our bike shed, all to encourage low-emission transport use.
- We have procured further IR (infra-red) heaters, after their successful use in hard-to-heat transitional spaces. We hope to realise savings from their use next winter.
- Some of the pumps associated with hot water for the heating system have been replaced for more efficient units, which we hope to continue to roll out subject to availability of funding.

The 2018-19 financial year will see us continue to install energy-saving measures in areas being refurbished, as well as continuing to identify efficiency savings using existing equipment. We will continue to provide specific measures to target the reduction of travel emissions and encourage people to take lower-carbon options

such as cycling. Waste will be one real focus area, with the Assembly committed to the phase-out of disposable plastics where possible by the end of September.

### About our data

The emissions figures contained in this report are calculated based on the Department for Environment, Food and Rural Affairs (DEFRA) 2017 Conversion Factors which are specific to the UK. In accordance with Defra guidance, reported GHG emissions are not weather corrected. Although not obligated to, we report largely in line with the HM Treasury Sustainability Reporting Guidance 2017-18. Our monitoring and reporting techniques for related sustainability data are assessed as part of our annual external environmental audit.

<b>Greenhouse Gas Emissions</b> <sup>1,2,3</sup>		<b>2012-13</b> <i>(baseline)</i>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<i>Non-financial indicators (tCO2e)</i>	<i>Total gross emissions scope 1</i>	329	561	248	308	297
	<i>Total gross emissions scope 2</i>	1,470	1,480	1,367	1,133	955
	<i>Total gross emissions scope 3</i>	432	465	423	396	344
	<i>Total outside of scope emissions</i>	298	130	7	4.1	5.3
	<i>Total gross emissions</i>	2,588	2,636	2047	1846	1601
	<i>Total net emissions</i>	2,290	2,506	2040	1841	1596
	<i>Expenditure on accredited offsets (e.g. Government Offsetting Fund)</i>	£0	£0	£0	£0	£0
<i>Financial Indicators (£)</i>	<i>CRC Gross Expenditure</i>	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> All energy data now contains current and retrospective transmission and distribution emissions and well-to-tank emissions where applicable.

<sup>2</sup> All travel data now contains current and retrospective well-to-tank emissions for fuel use.

<sup>3</sup> Excludes Assembly Member and AMSS travel February and March 2018 due to delayed reporting requirements. Previous years have been adjusted as final claims for those years have been processed.

<b>Energy Consumption</b> <sup>4,5</sup>		<b>2012-13</b> <i>(baseline)</i>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<i>Non-financial indicators (kwh)</i>	<i>Electricity (non-renewable)</i>	3,194,890	2,995,138	2,791,282	2,623,244	2,602,054
	<i>Gas</i>	1,741,299	1,295,506	1,214,901	1,481,681	1,452,075
	<i>Biomass (renewable)</i>	840,438	372,225	535,050	308,850	409,770
<i>Non-financial indicators (tCO2e)</i>	<i>Total energy emissions</i>	1,880	1,881	1,663	1,563	1363
<i>Financial Indicators (£)</i>	<i>Total energy expenditure</i>	458,168	448,586	407,442	377,993	431,187

<b>Official Travel</b> <sup>6,7</sup>		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<i>Non-financial indicators (miles)</i>	<i>Business travel</i>	884,176	1,061,374	875,999	820,851	724,400
	<i>Owned and leased vehicles</i>	31,949	26,440	27,638	15,803	16,512
<i>Financial Indicators (£)</i>	<i>Expenditure on official business travel</i>	349,775	393,509	358,666	328,532	281,196

<sup>4</sup> Includes costs for electricity and air conditioning in offsite server farm from 2010 onwards.

<sup>5</sup> All energy data now contains current and retrospective transmission and distribution emissions and well-to-tank emissions where applicable.

<sup>6</sup> All travel data now contains current and retrospective well-to-tank emissions for fuel use.

<sup>7</sup> Excludes Assembly Member and AMSS travel February and March 2018 due to delayed reporting requirements. Previous years have been adjusted as final claims for those years have been processed.

<b>Waste</b>		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<i>Non-financial indicators (tonnes)</i>	<i>Total waste arising</i>	118	125	123	140	142
	<i>Recycled/Reused</i>	111	119	118	136	142
	<i>Landfill</i>	6.4	4.7	3.7	5	0 (4t recovery)
	<i>Waste composted</i>	5.5	5.5	12.5	15.9	17
	<i>Hazardous waste</i>	0.5	1	0.4	0.15	0.4
	<i>Paper purchased (A4 and A5) (per million sheets)</i>	2.7	2.6	2.48	1.99	2.92
<i>Financial indicators (£)</i>	<i>Expenditure on all waste disposal</i>	26,561	26,930	33,266	36,455	33,008

<b>Water consumption</b>		<b>2013-14</b>	<b>2014-15 (baseline)</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<i>Non-financial indicators (m3)</i>	<i>Water consumption:</i>					
	<i>Supplied (direct)</i>	7,315	6,117	5,174	5,347	4,158
	<i>Collected (indirect)</i>	1,301	1,554	502	853	578
	<i>Abstracted (indirect)</i>	0	0	0	0	0
<i>Financial indicators (£)</i>	<i>Expenditure on supply and sewerage</i>	23,681	22,245	18,954	19,376	15,424

The information contained above has been developed for our Annual Report and Accounts in accordance with HM Treasury's Sustainability Reporting Guidance for the 2017-18 financial year. We also use the DEFRA conversion factors for 2017 for carbon dioxide equivalent (CO<sub>2</sub>e) figures. CO<sub>2</sub>e is a universal unit of measurement that allows the global warming potential of different GHGs to be compared.

Emissions are reported based on a financial control approach for the core administrative estate only.

A full summary of our environmental performance can be found in the Assembly's Annual Environmental Report, available on our website.

## Continuously increase efficiency and effectiveness and measure and report on improvements

Our Corporate Key Performance Indicator Report looks at how the Assembly Commission performed against its strategic goals for the period April 2017 to March 2018.

The Assembly Commission Strategy 2016-2021 sets out our goals for the Fifth Assembly. Our strategic goals are to:

- provide outstanding parliamentary support;
- engage with all the people of Wales and champion the Assembly; and
- use resources wisely.

Our Corporate Key Performance Indicator Report looks at how the Assembly Commission performed against its strategic goals for the period April 2017 to March 2018. It consists of a number of headline indicators, allocated under the strategic goals, which are then broken down into more detailed indicators.

A 'traffic light' system is used to show performance against the indicator targets. Tolerance levels against the target have been set for each indicator, therefore performance for each indicator is determined depending on where the results fall within the tolerance levels.



Red: There are significant issues impacting the achievement of business objectives. To achieve delivery, changes must be made to timing, costs and/or scope.



Amber: There are issues or risks which must be addressed. However, successful delivery is achievable without major impacts to budget, service standards or target dates.









Green: Work is meeting agreed standards or is proceeding to plan. All known risks are being managed.



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Achievement against Strategic Goals





Summary overview of the more detailed key performance indicator (KPI) information that follows:

<b>Provide outstanding parliamentary support</b>	<b>April 2016 - March 2017</b>	<b>April 2017 - March 2018</b>
<p><b>KPI 1: All parliamentary business has taken place as planned</b></p> <p>A consistently high performance on timeliness of issuing committee papers, briefings and the publication of the Record of Proceedings.</p>	 Green	 Green
<p><b>KPI 2: Providing effective Professional Development</b></p> <p>As expected, the take up of continuous professional development activities has decreased when compared to the previous year which included the May 2016 Election and the training of new Assembly Members. A high rating has been received for the positive impact it will have on delegates work. There has been an increase in the number of Welsh learners and the number of learners progressing to a higher level.</p>	 Green	 Green

<b>Engage with all the people of Wales and champion the Assembly</b>	<b>April 2016 - March 2017</b>	<b>April 2017 - March 2018</b>
<p><b>KPI 3: Help build an understanding about the role and work of the Assembly</b></p> <p>There has been an increase in the number of visitors to the estate. The increase to Senedd numbers is mostly due to the Weeping Window exhibition which took place over the summer recess. The exhibition was promoted in partnership with the artist and content for the building was developed to help increase people's understanding of the Assembly. During the summer months the hosting of Snow Pups, a trail which encouraged people to explore Cardiff, also brought an increase of visitors to the Pierhead. Although there was a dip in the number of visitors taking an organised tour, most visitors read the information which was available around the building. There was an increase in the number of events organised on the estate. Commission priorities have seen resources from the awareness raising sessions with young people being utilised to help with the establishment of the Welsh Youth Parliament.</p>	 Green	 Green




<b>Engage with all the people of Wales and champion the Assembly</b>	<b>April 2016 - March 2017</b>	<b>April 2017 - March 2018</b>
<p><b>KPI 4: Champion the work of the Assembly</b></p> <p>The May 2016 Election social media campaign in April and May 2016 caused a huge surge in numbers for YouTube views and, as expected, figures for this period have decreased when compared to the same period last year. If the months of April and May are discounted from both periods, YouTube views have increased slightly this year. The streaming of Plenary to YouTube has also resulted in an increase in minutes watched. There has been a significant increase in Twitter impressions for this period. This is a result of a very successful social media campaign for the Weeping Window exhibition.</p>	 Green	 Green

<b>Use resources wisely</b>	<b>April 2016 - March 2017</b>	<b>April 2017 - March 2018</b>
<p><b>KPI 5: Expenditure to target</b></p> <p>A contract saving of circa £138K is reported. The timeliness of payments to suppliers and Assembly Members continue to be well within target.</p>	 Green	 Green
<p><b>KPI 6: Staff resource requirements and expectations are being met</b></p> <p>Absence rates for the rolling 12 month average have shown a marginal increase due to seasonal factors and an increase in cases of long term sickness. Mental health issues remain one of the highest causes of absence. Average absence rates are below the Chartered Institute of Personnel and Development (CIPD) benchmark figure of 3.7% but above the Commission's target of 3%. The completion of staff performance reviews by the deadline decreased slightly and, while there was a decrease in the number of staff completing the annual staff survey, the response rate still remains higher than the Civil Service Median.</p>	 Amber	 Amber
<p><b>KPI 7: ICT services are being delivered as planned</b></p> <p>Some incidents, such as hardware faults, are taking longer to fix and has resulted in a slight dip in achievement against the SLA agreement targets. However, a replacement programme is now underway to update Commission hardware which will make it more reliable for the next five years.</p>	 Green	 Green

Use resources wisely	April 2016 - March 2017	April 2017 - March 2018
<p>KPI 8: Freedom of Information (FOI) requests are being processed as required</p> <p>A high number of FOI requests were received during this period with four FOI requests exceeding the statutory deadline. This was mainly due to the consultation process falling within a recess period causing a delay in gaining the required responses.</p>	 Amber	 Amber
<p>KPI 9: Environmental targets are being delivered as planned</p> <p>Good progress continues to be made against the reduction in total energy emissions. The Commission has achieved a 27% reduction in total energy emissions compared to the 2012-13 baseline and is on course to achieve the target of a 30% reduction by 2021. The target of 100% diversion of waste from landfill has now been achieved, ahead of the 2021 target date.</p>	 Green	 Green

## Strategic Goal: Provide outstanding parliamentary support

KPI 1: All parliamentary business has taken place as planned <sup>8</sup>	Target	April 2016 - March 2017	April 2017 - March 2018	
Percentage of committee papers issued by deadline agreed with each committee	100%	95.8%	95.4%	
Plenary Record of Proceedings published within deadline	100%	100%	100%	
Committee Record of Proceedings published within 5 working days	100%	96.3%	98.5%	
Percentage of Assembly proceedings (committee/Plenary meetings) affected by failure to deliver Commission services	0%	0.3% (1 out of 350)	0% (0 out of 415)	
Research Service enquiries answered within agreed deadline	100%	98.4%	99.5%	

KPI 2: Providing effective Professional Development	Target	April 2016 - March 2017	April 2017 - March 2018	
Number of delegate spaces filled by AMs on a Continuous Professional Development (CPD) programme <sup>9</sup>	180	334	143	
Number of delegate spaces filled by Assembly Member Support Staff (AMSS) on a CPD programme <sup>10</sup>	350	660	586	
The extent to which AMs and AMSS anticipate the provided training will have a positive impact on their work <sup>11</sup>	70% positive impact	97.7%	98.2%	
Number of Welsh learners (Commission staff, AMs and AMSS) receiving tuition through the Language Skills Team <sup>12</sup>	-	95	131	-
Number of Welsh learners progressing to a higher level	-	-	34	-

<sup>8</sup> Data is shown as an average for the reporting period.








<sup>9</sup> Data is shown as a total for the reporting period.






<sup>10</sup> Data is shown as a total for the reporting period.

<sup>11</sup> Data is shown as an average for the reporting period.

<sup>12</sup> Data is shown as at the end of March.

## Strategic Goal: Engage with all the people of Wales and champion the Assembly

KPI 3: Help build an understanding about the role and work of the Assembly	Target	April 2016 – March 2017	April 2017 – March 2018
Number of visitors to the: <sup>13</sup>	<b>Maintain each period</b>		
<ul style="list-style-type: none"> <li>▪ Senedd</li> <li>▪ Pierhead</li> </ul>		83,680	108,778 
		82,962	99,523 
Number of visitors on tour <sup>4</sup>	<b>Maintain each period</b>	26,305	23,238 
Customer rated good/very good overall experience of taking a tour on the estate <sup>14</sup>	<b>80%</b>	100%	100% 
Number of events organised on the estate <sup>4</sup>	<b>Increase on previous period</b>	263	308 
Customer rated good/very good overall experience of organising an event on the estate <sup>5</sup>	<b>80%</b>	98.7%	98.0% 
Number of face to face general awareness raising sessions held with young people <sup>4</sup>	<b>Maintain each period</b>	873	643 

KPI 4: Champion the work of the Assembly	Target	April 2016 – March 2017	April 2017 – March 2018
Web Traffic: <sup>15</sup>	<b>Maintain each period</b>		
<ul style="list-style-type: none"> <li>▪ Visitors</li> <li>▪ Visits</li> <li>▪ Page views</li> </ul>		45,940	50,162 
		87,553	91,046 
		281,797	265,990 
Facebook:	<b>Maintain each period</b>		
<ul style="list-style-type: none"> <li>▪ Average Reach <sup>16</sup></li> <li>▪ Likes <sup>17</sup></li> </ul>		9,847	13,039 
		9,067	10,345 









<sup>13</sup> Data is shown as a total for the reporting period.

<sup>14</sup> Data is shown as an average for the reporting period.

<sup>15</sup> Data is shown as an average for the reporting period.

<sup>16</sup> Data is shown as an average for the reporting period.

<sup>17</sup> Data is shown as at the end of March.

KPI 4: Champion the work of the Assembly	Target	April 2016 – March 2017	April 2017 – March 2018
<b>Twitter:</b> <ul style="list-style-type: none"> <li>▪ Impressions (the number of people who saw the content) <sup>18</sup></li> <li>▪ Followers (main corporate account) <sup>19</sup></li> <li>▪ Followers (other accounts)<sup>20</sup></li> </ul>	<b>Maintain each period</b>	847,175	5,099,358 
		44,215	48,723 
		28,270	30,225 
<b>YouTube:</b> <sup>21</sup> <ul style="list-style-type: none"> <li>▪ Views</li> <li>▪ Minutes watched</li> </ul>	<b>Maintain each period</b>	102,478	29,072 <sup>22</sup> 
		93,233	182,318 
<b>Use of Senedd.tv:</b> <sup>23</sup> <ul style="list-style-type: none"> <li>▪ Views</li> <li>▪ Users</li> </ul>	<b>Maintain each period</b>	386,576	344,470 
		58,650	52,247 
<b>Research Service Blog</b> <sup>24</sup> <ul style="list-style-type: none"> <li>▪ Views (English and Welsh)</li> </ul>	<b>Maintain each period</b>	138,426	185,256 

<sup>18</sup> Data is shown as an average for the reporting period.

<sup>19</sup> Data is shown as at the end of March.

<sup>20</sup> Data is shown as at the end of March.





<sup>21</sup> Data is shown as a total for the reporting period.






<sup>22</sup> 2016/17 figures include abnormally high results for April and May 2016 due to the 2016 Election campaign, which drove high numbers of viewers to our YouTube channel. By excluding April and May from both reporting periods, YouTube views have increased slightly in 2017/18.

<sup>23</sup> Data is shown as a total for the reporting period.

<sup>24</sup> Data is shown as a total for the reporting period.

## Strategic Goal: Use resources wisely

KPI 5: Expenditure to target	Target	April 2016 - March 2017	April 2017 - March 2018
Per cent underspend forecast at year end <sup>25</sup>	<0.5%	0.4%	0.8% 
Achieving value for money target <sup>26</sup>	£100,000	-	£138,116 
Average days taken to pay suppliers <sup>27</sup>	<10 days	5.9	4.2 
Average days taken to pay AMs <sup>28</sup>	<5 days	2.0	1.9 

KPI 6: Staff resource requirements and expectations are being met	Target	April 2016 - March 2017	April 2017 - March 2018
Sickness absence - % rolling 12 month average <sup>29</sup>	<3%	3.5%	3.8% 
Sickness absence - % monthly average <sup>30</sup>	<3%	3.8%	3.2% 
Completion of staff performance reviews (twice annually - April and October)	100%	95.9%	89.5% 
Employee response rate to the annual staff survey <sup>31</sup>	Civil Service Median - currently 65%	85.0%	82.0% 
Employee engagement level against the 5 core questions in the annual staff survey	Civil Service Median - currently 58%	72.0%	74.0% 
Number of staff: <sup>32</sup>			
▪ Headcount	-	466	468 -
▪ Full Time Equivalentents (FTEs)	-	448.0	444.6 -

<sup>25</sup> Data is shown as at the end of March.

<sup>26</sup> Data is shown as at the end of March.

<sup>27</sup> Data is shown as an average for the reporting period.



<sup>28</sup> Data is shown as an average for the reporting period.


<sup>29</sup> Data is shown as at the end of March.



<sup>30</sup> Data is shown as at the end of March.

<sup>31</sup> The annual staff survey is completed in May/June each year.

<sup>32</sup> Data is shown as at the end of March.

<b>KPI 7: ICT services are being delivered as planned</b> <sup>33</sup>	<b>Target</b>	<b>April 2016 - March 2017</b>	<b>April 2017 - March 2018</b>	
Achievements against Service Level Agreement (SLA) targets for all incidents	<b>90%</b>	91.3%	89.2%	
Customer satisfaction score for incident handling (out of 9)	<b>8</b>	8.8	8.7	

<b>KPI 8: Freedom of Information (FOI) requests being processed as required</b> <sup>34</sup>	<b>Target</b>	<b>April 2016 - March 2017</b>	<b>April 2017 - March 2018</b>	
Number of FOI requests answered	-	75	78	-
Per cent of FOI requests answered to statutory deadline	<b>100%</b>	90.7%	94.9%	

<b>KPI 9: Environmental targets are being delivered as planned</b> <sup>35</sup>	<b>Target</b>	<b>April 2016 - March 2017</b>	<b>April 2017 - March 2018</b>	
Combined energy footprint (Cardiff Bay Estate)	<b>30% reduction in total energy emissions by 2021</b>	17.1%	27.0%	
Diversion of waste from landfill	<b>100% by 2021</b>	96.6%	100%	




<sup>33</sup> Data is shown as an average for the reporting period.



<sup>34</sup> Data is shown as a total for the reporting period.







<sup>35</sup> Data is shown as at the end of March.

## Assembly Member and Support Staff satisfaction survey

Assembly Members and Assembly Member Support Staff are asked to complete an annual satisfaction survey to help gauge how well the services provided by Commission staff have performed over the past year. Questions use a 10 point scale, where 1 = poor and 10 = excellent. A summary of results are presented here.

Strategic Goal - Provide outstanding parliamentary support	Target	2017	2018	
Overall support for Assembly Committees	8	8.5	8.4	
Overall support for Plenary	8	8.4	8.4	
Overall support for constituency work	8	8.2	8.4	
Overall support to conduct your work in the language of your choice	8	8.9	8.4	
Overall support provided by Members' Business Support	8	8.9	8.9	
Overall support provided through the Professional Development function	8	8.3	8.2	

Strategic Goal - Engage with all the people of Wales and champion the Assembly	Target	2017	2018	
Overall effectiveness of the Assembly Commission in engaging with the people of Wales	8	6.9	6.9	
Overall effectiveness of the Assembly Commission in championing the work of the Assembly	8	7.0	6.8	

Strategic Goal - Use resources wisely <sup>36</sup>	Target	2017	2018	
Overall support provided by ICT in Tŷ Hywel	8	8.3	8.4	
Overall support provided by ICT in the Senedd	8	8.4	8.3	
Overall support provided by ICT in the constituency or regional offices	8	7.9	8.3	
Overall choice of ICT equipment available	8	7.9	8.0	
Overall support provided for Tŷ Hywel, Pierhead and the Senedd	8	8.7	8.1	
Overall support provided for constituency or regional offices	8	8.0	7.7	

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**Manon Antoniazzi**

Chief Executive and Clerk of the Assembly

Date: 16 July 2018

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<sup>36</sup> Data is shown as an average score provided by Assembly Members and Assembly Member Support Staff.



# OUR ACCOUNTABILITY: CORPORATE GOVERNANCE



## Directors' report

This report, which has been signed by the Chief Executive and Clerk as Principal Accounting Officer in line with Treasury rules, provides information about senior remuneration and audit.

### Commissioners and other office holders

Information on the Presiding Officer, Deputy Presiding Officer, and Commissioners is included on pages 102 – 104.

### Independent advisers

Information on the Independent Advisers and Independent Committee members is included on pages 106 – 108.

### Remuneration Committee

Information on the Remuneration Committee is included on page 108.

### Senior management

Information on the Chief Executive and Clerk, and senior management having responsibility for directing the major activities of the Commission during the year is included on page 109 – 110.

### Significant interests held by Members

A Register of Financial and Other Interests of Assembly Members is available at [www.assembly.wales](http://www.assembly.wales) and [www.cynulliad.cymru](http://www.cynulliad.cymru).

### Personal data related incidents

There was one incident of personal data loss requiring reporting to the Information Commissioner's Office between 1 April 2017 and 31 March 2018. There were 3 incidents of personal data breach reported internally, which were investigated and managed internally. Given that the likelihood of damage or distress to the data subject in each case was considered to be low, no further escalation was required.

## Auditor

The Accounts of the National Assembly for Wales Commission are audited by the Auditor General for Wales. The Audit Report can be found at page 127.

The estimated external audit cost for the audit of these financial statements is £57,958 (£62,958 2016-17). No additional non-statutory audit work was incurred during 2017-18 (£0 2016-17).

## Disclosure of information to the Auditor General for Wales

So far as I am aware:

- there is no relevant audit information of which our auditor is unaware; and
- I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information, and to establish that our auditor is aware of that information.

## Accounts direction

The accounts set out in pages 122 to 137 have been prepared in accordance with the Treasury Direction issued under Section 137 of the Government of Wales Act 2006. The financial statements comply with the requirements specified in HM Treasury's Financial Reporting Manual and are supported by explanatory notes. These accounts set out the financial impact of decisions made by the Commission both within the financial year and arising from previous financial years.

Information about the Assembly and Commission is also available on the Assembly website at [www.assembly.wales](http://www.assembly.wales) and [www.cynulliad.cymru](http://www.cynulliad.cymru).

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### **Manon Antoniazzi**

Chief Executive and Clerk of the Assembly

Date: 16 July 2018

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## Statement of Commission and Principal Accounting Officer responsibilities

The Chief Executive and Clerk of the Assembly is, by virtue of Section 138 of the Government of Wales Act 2006, the Principal Accounting Officer for the Commission.

The Chief Executive and Clerk of the Assembly has prepared the statement of accounts in accordance with the Direction issued by HM Treasury and with the accounting principles and disclosure requirements set out in the Government Financial Reporting Manual. The Resource Accounts are prepared on an accruals accounting basis and give a true and fair view of the Commission's state of affairs at the year-end and of its net resource outturn; resources applied to objectives; statement of comprehensive net expenditure; statement of financial position; cash flows, and statement of changes in taxpayers' equity for the financial year.

In preparing the accounts the Chief Executive and Clerk of the Assembly has:

- complied with the accounts direction issued by HM Treasury;
- complied with the relevant accounting and disclosure requirements and applied suitable accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepared the accounts on a going concern basis.

The relevant responsibilities of the Principal Accounting Officer, including the responsibility for the propriety and regularity of the finances of the Commission and for the keeping of proper records, are set out in a memorandum issued by HM Treasury.

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**Manon Antoniazzi**

Chief Executive and Clerk of the Assembly

Date: 16 July 2018

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## Governance Statement

This Statement, which is signed by the Chief Executive and Clerk as Principal Accounting Officer, sets out the way in which the National Assembly for Wales Commission is governed and managed and how it is accountable for what it does.

### Governance framework

Under the terms of the *Government of Wales Act 2006*, the National Assembly for Wales Commission (the Commission) is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and the management of risk.

The governance framework comprises the structures, systems and processes, and culture and values, by which the organisation is directed and controlled and the activity through which it accounts to and engages with the Assembly and the people of Wales. It includes frameworks for: strategic and operational planning; management of risks and performance; information governance; procurement; and financial management. Corporate policies and codes of conduct ensure everyone working at, or with, the Commission is aware of the need to operate to the highest governance standards. There are also clear policies on fraud, corruption and bribery and whistleblowing. The governance framework enables the Commission to plan for, and monitor, the achievement of its strategic goals and objectives and to consider whether those have led to the delivery of appropriate, cost-effective services.

### Governance structure

The Commission comprises the Llywydd (Presiding Officer) who is its Chair, together with four other Assembly Members appointed by the Assembly and representing the main party groups. The Commissioners are charged with the governance of the organisation and are accountable to the Assembly. They set the organisation's strategic goals and objectives, provide the leadership to put them into effect and oversee and report on their delivery. Each Commissioner is assigned a portfolio of areas for which they have responsibility.

The Commission's Principal Accounting Officer is the Chief Executive and Clerk of the Assembly. She is accountable to the Commissioners for the delivery of their strategic goals. As Principal Accounting Officer, she is personally accountable to the Assembly for the organisation and quality of management in the Commission, including its use of public money and the stewardship of its assets. Assembly staff are employees of the Commission.

As part of the organisation's governance framework, the Commission has an **Audit and Risk Assurance Committee**<sup>37</sup> and a Remuneration Committee, further details of which can be found on page 108 of the Annual Report and Accounts. An independent **Remuneration Board**<sup>38</sup> determines the salaries and other financial support available for Assembly Members. The Audit and Risk Assurance Committee and Remuneration Board also produce and publish their own Annual Reports.

## Compliance with governance principles

The Commission has adopted a set of **governance principles and supporting provisions**<sup>39</sup>, which were updated following the 2016 Assembly elections. The principles are consistent with the UK Corporate Governance Code and the International Framework: Good Governance in the Public Sector and are used to guide the work of the Commission and its staff. The Commission has complied with these principles.

The Assurance section of this statement describes how evidence of this has been gathered through assurance statements and use of the Assurance Framework.

## Decision taking and business management

The Commission meets on a regular basis to provide direction and to oversee delivery of the Commission's strategic goals and objectives. The Commission delegates its day-to-day management functions to the Chief Executive and Clerk. The **formal delegation**<sup>40</sup> outlines exceptions and areas on which the Chief

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<sup>37</sup> <http://www.assembly.wales/en/bus-home/committees/Pages/Committee-Profile.aspx?cid=373>

<sup>38</sup> <http://www.assembly.wales/en/bus-home/committees/Pages/Committee-Profile.aspx?cid=375>

<sup>39</sup> [http://www.assembly.wales/en/abthome/about\\_us-commission\\_assembly\\_administration/comm-corporate-framework/Pages/governance\\_principles\\_supporting\\_provisions.aspx](http://www.assembly.wales/en/abthome/about_us-commission_assembly_administration/comm-corporate-framework/Pages/governance_principles_supporting_provisions.aspx)

<sup>40</sup> [http://www.assembly.wales/en/abthome/about\\_us-commission\\_assembly\\_administration/comm-corporate-framework/Pages/delegation\\_of\\_assembly\\_commission\\_functions.aspx](http://www.assembly.wales/en/abthome/about_us-commission_assembly_administration/comm-corporate-framework/Pages/delegation_of_assembly_commission_functions.aspx)

Executive and Clerk must consult with the Commission. There is also an established system of delegated authorities to control resource management which covers finance, staffing and other resource responsibilities, such as procurement. The Commission administration is divided into three Directorates: Assembly Business, Assembly Resources and Commission Services, reporting to the Chief Executive. The Director of Finance is a member of the Assembly Resources Directorate. Further details on this can be found on page 18 of the Annual Report and Accounts.

In July 2018, the Director of Assembly Business will be leaving the Assembly Commission. Temporary management arrangements have been put in place for the Assembly Business Directorate, prior to establishing new permanent arrangements towards the end of 2018.

Assembly Commission Directorates are further sub-divided into service areas, led by Heads of Service. Throughout 2017-18, the Chief Executive, Directors and Heads of Service have regularly met formally and informally as a Management Board, to review, coordinate, and make decisions and share information on policy and operational matters. The Board has also monitored corporate performance and corporate risks in relation to the delivery of the Commission's strategic goals and priorities. Management Board members have been required to act corporately in the interests of the Assembly.

An Investment and Resourcing Board, consisting of the Chief Executive and Directors, has had responsibility for making decisions on priorities for funding from an Investment Fund and for the allocation of resources during 2017-18. This Board has also had oversight of the Commission's budget and agreed investment and resourcing priorities.

Directors have provided regular updates to the Board on delivery of programmes and projects within their Directorates in order to provide ongoing assurance on progress against plans.

The Head of Governance and Assurance finalised an effectiveness review of the Investment and Resourcing Board in March 2017 and concluded that "the Board is discharging its functions in a positive way and there is a clear appetite from all those who participated in this review for the Board to move forward and continue to add value to the Assembly Commission's governance arrangements". A number of strengths were identified, including the robustness of scrutiny and commitment to transparency. Alongside this, however, areas of improvement

were identified, particularly around clarification of the Board's role in the overall governance arrangements and its inter-relationship with the Management Board.

Following on from the review of the Investment and Resourcing Board, the Chief Executive and Clerk has taken the opportunity to review the current governance structure to ensure it remains fit-for-purpose. After consultation with the membership of the Investment and Resourcing Board and Management Board, a new governance structure has been put into place, from April 2018, to help clarify decision-making responsibilities. This consists of an Executive Board and Leadership Team, which replaces the Investment and Resourcing Board and Management Board from financial year 2018-19 onwards.

Under the new arrangements, the Executive Board will be the sole strategic decision-making body for all matters delegated by the Assembly Commission. The Board also acts as an advisory body to the Assembly Commission, to ensure that it receives the best possible advice in setting the Commission's strategy, goals and priorities, the budget, and in taking decisions. The Executive Board monitors the budget, agrees investment and resourcing priorities, oversees corporate risk and has an oversight of change management. All members of the Board set aside their line management responsibilities and participate with a remit to act in the interests of the organisation as a whole.

The Leadership Team is an advisory body to the Executive Board and an enabler for effective delivery of operational plans, priorities, and our governance arrangements. Under the new arrangements, it is clear that it is the Executive Board that sets operational priorities based on the Commission's strategy, goals, and priorities. The Leadership Team is free to develop its role at generating ideas and constructive challenge as well as having its role reinforced as a forum for sharing and disseminating information. The Leadership Team is being used to facilitate scenario planning exercises, options analysis and supporting the Executive Board by undertaking a first stage prioritisation exercise for proposed investments. Leadership Team membership has been extended from the previous Management Board to include all Heads of Service. The Chief Executive and Directors still attend, but the group is chaired in rotation by its membership.

The intention is to empower Heads of Service and encourage them to manage their teams with more authority, by delegating more financial and resource responsibility to them within an appropriate and agreed governance and assurance framework.

## Planning and performance measurement

The Commission's **strategy for the Fifth Assembly, 2016-21**<sup>41</sup>, which was agreed in June 2016 provides direction and informs planning at a corporate and service level. This strategy is kept under review to take account of drivers and external influences that shape the Commission's services, including constitutional change and the changing digital world.

The Management Board has undertaken twice yearly scrutiny of service plans and capacity plans which helps ensure effective planning for current and future demands across the Commission.

The Commission's Corporate Performance Report includes Key Performance Indicators which demonstrate sustained high performance across many services and improvement where efforts have been targeted. A review of performance measures for the remainder of the Fifth Assembly is underway with the aim of identifying more relevant, challenging and outcome-focused measures. We recognise that these will take time to develop.

In line with our strategic goal of using resources wisely we have always challenged whether we are doing things in the most efficient and effective ways. This year, in response to increased scrutiny by the Assembly's Finance and Public Accounts Committees, the Commission asked the Chief Executive to carry out a formal review of the organisation's capacity. Phase 1 of this Capacity Review was a significant piece of work with a report successfully delivered in a short timescale.

The initial report of the review outlines four action themes:

- Agreement of priorities
- Improved planning and delivery
- Greater agility in capacity and capability
- Development of a shared understanding

This report has been accepted by the Commission and a Steering Group, consisting of senior managers from across the Commission and led by the Director of Assembly Resources, has been established to develop and deliver solutions under these four action areas.

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<sup>41</sup> [http://www.assembly.wales/NAFW%20Documents/About%20the%20Assembly%20section%20documents/Commissionstrategy-Englishbranded1\(final\).pdf](http://www.assembly.wales/NAFW%20Documents/About%20the%20Assembly%20section%20documents/Commissionstrategy-Englishbranded1(final).pdf)

Good progress has already been made on a number of developments. We have:

- engaged with the Commission, the Committee Chairs' Forum and the Business Committee around resource planning for Brexit;
- introduced better alignment of our service and capacity planning with the budget planning cycle, enabling more informed decision-making and more effective long-term planning;
- re-structured our senior management arrangements; and
- developed prioritisation criteria to support consistent, clearly evidenced and effective prioritisation of investment opportunities.

The Steering Group will conclude and report on its work in July 2018.

## Progress and performance

### Progress on areas identified for focus and development

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In last year's Governance Statement, we identified a number of areas for focus and development; progress is outlined below:

#### **Proposals to address the capacity of the Assembly, electoral reform, further constitutional change and preparations for Brexit**

We have made significant progress in supporting the Llywydd and Commission's ambition to explore how the new powers under the Wales Act 2017 might be exercised to reform the Assembly to ensure it remains an accessible, forward-looking institution which serves the people of Wales effectively. The Expert Panel on Assembly Electoral Reform, which published its report in December 2017, provided a number of options for change, supported by robust consideration of evidence and guidance. This has formed the basis for a Commission consultation paper which was published in February 2018. The consultation closed at the start of April 2018.

The work has involved close working with a Political Reference Group to ensure cross-party engagement throughout. We have engaged key stakeholders and the public through a series of consultation events.

At the same time, Welsh Government are developing proposals for Local Government electoral reform. We have therefore given high priority to working closely with Welsh Government to ensure that any changes to the electoral system

in Wales are coherent and as joined up as possible. Given the potentially tight timescales within which any reform would need to be delivered, effective resource planning has also been a priority.

In June 2017, following a period of consultation which closed in February 2017, the Commission agreed to introduce legislation before the end of 2018 to change the name of the Assembly before the end of the Assembly term in 2021 to Senedd Cymru/Welsh Parliament.

The Assembly has also been preparing for the transition to the new powers devolved to the Assembly under the Wales Act 2014 and Wales Act 2017. Under the Act new Welsh taxes, legislated for by the Assembly (land transaction (formerly stamp duty) and landfill disposal) came into effect on 1 April 2018.

The Assembly has also been responding to the Wales Act 2017 by updating Standing Orders and procedures. The move from a Conferred Powers Settlement to a Reserved Powers settlement came into effect on 1 April 2018. Awareness raising and training has been undertaken for Members, their Support Staff and Commission staff to help understanding of the implications of the change and prepare for working within the new settlement.

Assembly Committees, the Llywydd and Commission staff have been heavily involved in the Assembly response to, and preparation for, Brexit. There has been a step up in the level of interparliamentary working to enable a more effective response and support around the implications of Brexit.

Staff supporting committees have helped Members to keep pace with the complex and rapidly evolving constitutional, legislative and political situation and to publish rapid and timely outputs to maximise the Assembly's influence. One of the most significant challenges was facilitating the scrutiny of the Law Derived from the European Union (Wales) Bill, which was only the second Bill in the Assembly's history to be introduced under the Emergency Procedure and completed all its legislative stages in only three weeks.

These fundamental constitutional pressures will continue to dominate the work of many Commission staff in the coming year and influence decisions on resource allocation in the light of the capacity review.

The risks around corporate capacity to deliver on all of the Commission's goals and emerging priorities have been monitored by the Director of Assembly Resources and the Management Board. Regular updates have been provided to the Commission's Audit and Risk Assurance Committee, which has helped ensure

that effective risk mitigations are in place. Further details can be found on this under the Risk identification and management section of this statement.

**Forming budget proposals for the remainder of this Assembly that enable the Commission's priorities to be delivered and gaining the support of the Assembly for the proposals**

Spend against the budget has been closely monitored fortnightly by the former Investment and Resourcing Board throughout 2017-18 and this will continue with the newly established Executive Board going forward. It is evident that the likely available Investment Fund will be insufficient to allow all the project proposals for 2018-19 to be taken forward. The financial position will be constantly monitored so that Executive Board has clear visibility of committed spend when considering new project proposals.

The second phase of the Capacity Review has commenced with the formation of a Capacity Planning Steering Group. Initial findings were reported to the Leadership Team and Executive Board in April 2018.

A new Planning Cycle timetable has been circulated which required all Heads of Service to complete their service planning for 2019-20 by March 2018. This will inform the Budget Strategy for that year.

The Finance Committee has completed an inquiry into treatment of the Determination in other Parliaments. We are corresponding with the Committee to address recommendations which they have raised as a result of this inquiry. The Executive Board is conscious of the need to prioritise its budget spend in response to emerging pressures and the decreased flexibility brought about by budgetary constraints. Going forward, the Commission is proposing a change to its budget to reduce or remove reliance on the Remuneration Board's determination budget underspend. The Commission is giving consideration to alternative options around the presentation of the budget.

**Managing the risks associated with a range of significant security concerns**

We have continued to invest in a wide range of physical security controls which are in place across the Assembly estate. We have also continued to raise awareness around prevention and carried out regular reviews of the controls.

## **Reviewing the use and effectiveness of the new NAV financial system**

The new finance system was successfully launched on 3 April 2017. This has created efficiencies in the finance team, provides real time information to budget holders thereby improving financial management reporting and has contributed to stronger controls around procurement.

An internal audit report on key financial controls identified a number of areas which needed addressing but these were largely down to the pressures associated with introducing a new system rather than issues of functionality of the new system. As the system has bedded down staff have been able to pay an appropriate level of attention to the core financial controls and all audit recommendations were quickly implemented and addressed to the satisfaction of both internal audit and the Audit and Risk Assurance Committee.

The Finance Team continue to liaise closely with the system developers to address any system issues that arise and ensure that the Assembly Commission continues to realise all the functionality and benefits which the NAV system brings to the organisation.

One of the Commission's Independent Advisers provided advice to the Senior Responsible Owner, Project Manager and Project Board throughout the lifetime of the project and the Commission's Audit and Risk Assurance Committee have been provided with updates.

A project closure report was completed which highlighted lessons learned and outlined the effective ways in which the project had been successfully managed and delivered. This was presented to the Assembly Commission's Community of Project Management Practitioners and commended by the Audit and Risk Assurance Committee as a good example of how to close a project.

## **The project to secure future accommodation for the Assembly will require formal governance, management and assurance arrangements to be developed and implemented**

We continue to work with the Welsh Government in preparing a business case in relation to a potential future accommodation project. The risk around future accommodation is included in our corporate risk register and is regularly monitored by the Commission's internal governance boards and the Audit and Risk Assurance Committee. We have a number of controls in place to mitigate against the risk of having insufficient capacity within our Cardiff Bay estate to meet any additional pressures associated with future growth of the Assembly.

## **Improvements to internal communications, with greater engagement during a period of change**

The engagement of staff and having effective communication channels is crucial to our ability to deliver high standards of service. A number of developments over this period have included:

- the Chief Executive, Directors and Heads of Service holding formal and informal meetings with staff on a regular basis;
- an all staff meeting during December 2017, to communicate initial findings from the Capacity Review. We followed this up in March 2018, with three sessions with a smaller number of staff. These sessions were more interactive, workshop style exercises focusing on canvassing staff views on the development and renewing of our organisational values to make sure they remain fit for purpose and are in line with these principles and the staff Code of Conduct – all staff have been given the opportunity to contribute to this. We have received some initial positive feedback from this approach and will continue to learn lessons and take on board the feedback from staff as we plan future events; and
- work underway to explore our future approaches to internal communication, including the recognition that we need to improve our Intranet.

## Performance

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The annual staff survey, which was based on selected questions from the Civil Service People Survey was carried out in May 2017. A total of 382 (82 per cent) responses were recorded, which supports how our employee engagement score has increased to 74 per cent this year (72 per cent last year) - only one civil service organisation in the UK had a higher engagement index score. All our themes in the survey remained largely positive – which compares favourably with external organisations across Wales. Given the impact of a challenging year in terms of the significant amount of change, it was reassuring to see that employees felt they had better work-life balance, and a greater number of employees felt that the organisation as a whole is well managed.

In October 2017, 99 per cent of the Commission's staff performance reports were completed and there was evidence from the comments of on-going positive staff engagement and effective performance discussions. A series of workshops and drop-in sessions have been held to help staff get the best out of the performance

management process. An internal audit of performance management will be conducted in 2018, from which any recommendations for further improvements will be implemented.

## Delivery of strategic goals

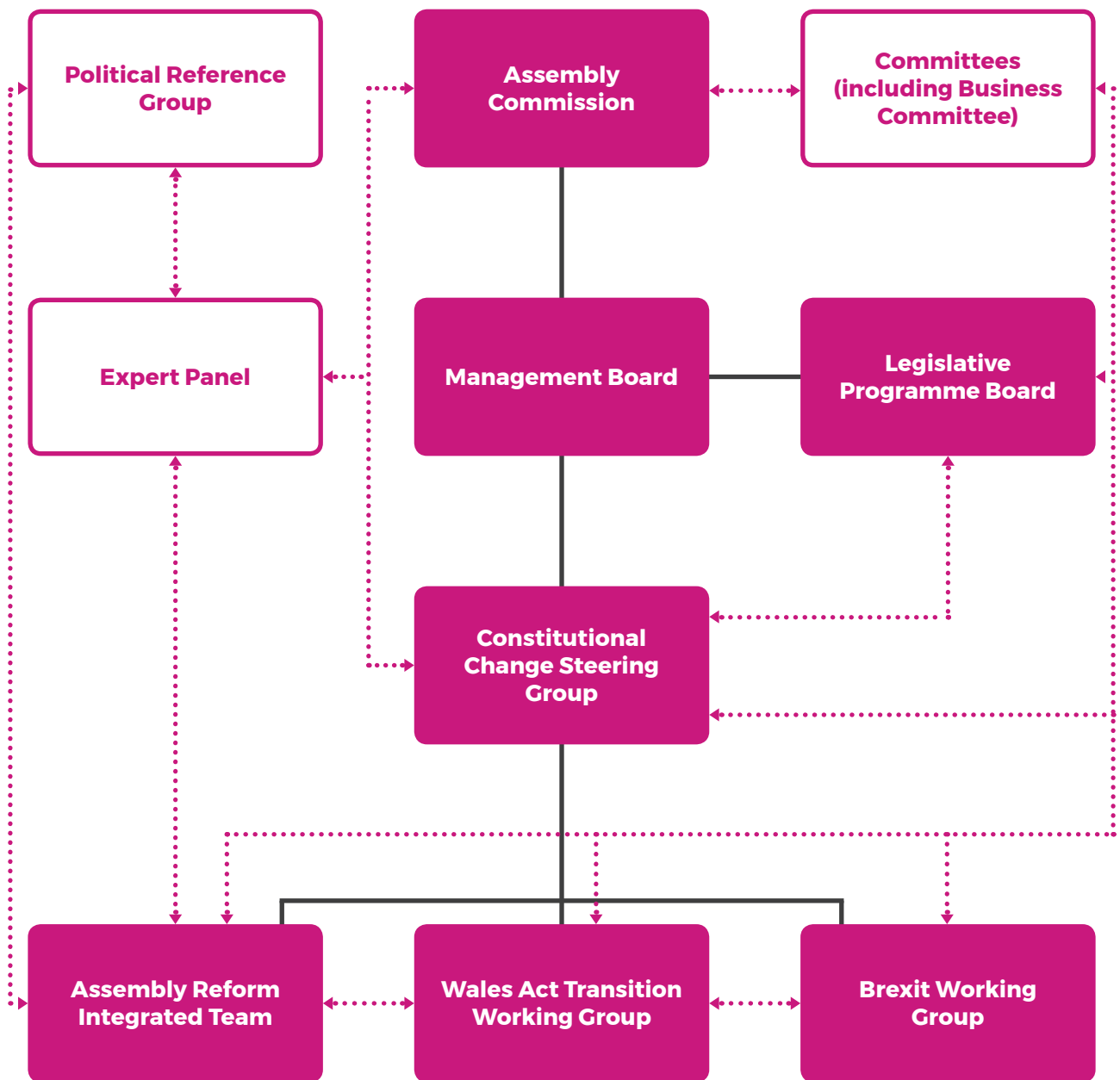
Our strong governance arrangements have contributed directly to a number of the achievements against our strategic goals. Full details of our achievement against these goals are set out in the performance analysis section at pages 28 to 70 of the Annual Report and Accounts. Examples are as outlined below.

We continue to innovate and tailor our services to best support Members, exploiting technology. Our successful delivery in these areas are underpinned by effective and robust governance arrangements. Two projects have been delivered as part of the MySenedd programme which aims to make the Assembly a truly world class, open digital parliament. The programme delivered fundamental improvements in people's online experience of the Record of Proceedings and the Table Office. These improvements have been made by applying robust project governance and working closely with Members, support staff, key stakeholders and the wider public to understand and meet their needs and to have a clear focus on benefits realisation.

Both projects have been delivered by an agile approach whereby the people who will use and benefit from the improvements being made are involved throughout. This gives people frequent and early opportunities to see the solution being developed and to ensure that it meets their needs within the time and budget available. This new approach to user research, and to change, communications and engagement is helping build the capability and capacity required for digital ways of working to thrive and embedding agile project working.

In relation to constitutional change, the Constitutional Change Steering Group has continued to have effective oversight of the Assembly Reform work and the Assembly's response and support for constitutional matters. This includes the establishment of the staff Brexit working group, to help facilitate an effective joined up response and the Wales Act Transition Group to co-ordinate efforts to prepare staff, Members and the public for a significant milestone in our devolution journey. Preparations for Brexit have been enhanced by the strategic partnership arrangements with the Wales Governance Centre. In addition, the Llywydd delivered the Wales Governance Centre's annual lecture, entitled "Towards a parliament that Works for Wales."

The diagram below outlines the governance structure around the Constitutional Change Programme which was in place during 2017-18. An Assembly reform project Board was established in April 2018 to oversee, direct and agree resources for the Assembly reform work. Its work is supported by the Assembly reform integrated team, as well as other working groups which are established as needed to focus on specific elements of the work.



Key

- Lines of accountability
  - ⋯ Other potential engagement or interaction
- Internal  
Commission  
groups

Non-  
Commission  
groups

## Financial management and performance

Our financial management and performance reflects the Commission's continuous improvement ethos. We have made further improvements in financial control, reporting and forecasting to ensure we make best use of our available budget.

The information provided to the Investment and Resourcing Board has been developed further. This has enhanced the robust decision-making of the Board and its prioritisation of investment decisions.

Focused training has been provided to the majority of users through the year on using the new system; effective budgeting; and forecasting and budgetary control.

The effectiveness of financial management was reflected in:

- a clean audit of the 2016-17 accounts: positive feedback from the Audit and Risk Assurance Committee Chair and no areas for improvement raised by the Wales Audit Office;
- a reduction in the Audit Fee for 2016-17 for the second year running reflecting the improvement in working practices and papers allied to a refreshed audit approach resulting in an efficient, smooth audit process;
- interim financial statements were produced in November and January promptly after the period end, which is good practice and was welcomed by the Wales Audit Office; and
- the Commission's focus on delivering Value for Money continues although the scale of potential areas for achieving savings is gradually reducing. For the seventh consecutive year we exceeded our target savings of £100k (actual saving of £138k in 2017-18).

## Risk identification and management

The system of internal control is based on a continuous process designed to identify, prioritise and effectively manage the risks to the achievement of the Assembly's strategic goals and priorities, and compliance with policies and procedures.

The Commission's Management Board carried out reviews of its corporate risks throughout the year. The Board also carried out regular horizon scanning of emerging risks and closely monitored and reported on the risks identified to

ensure the controls were adequate and that progress was made on further actions to improve the controls.

At the start of the 2017-18 year, the corporate risk register contained some significant risks which have remained on the register because of their ongoing severity, particularly due to their potential impact, despite a sharp focus on mitigation actions. These risks included the following:

- failure to align our corporate capacity/capability to deliver the Commission's strategic goals and priorities;
- increased financial pressure due to uncertainty around sufficient future resources to fund delivery of Assembly strategic goals and priorities;
- negative reactions to proposals to change the name of the Assembly, increase the size of the Assembly, or to change electoral arrangements;
- failure on the part of the Assembly to engage effectively in the process of leaving the EU through influence and scrutiny, and inadequate preparations for the impact on Assembly business;
- security risks such as cyber threats and terrorist attacks; and
- our readiness for the new General Data Protection Regulation (GDPR) which came into force in May 2018.

Throughout the year we have added risks around our dignity and respect procedures, the need for additional accommodation, and delivering on the objectives of the capacity review. We also separated the corporate risk around GDPR to reflect the different controls and mitigating actions relating to Commission staff and Assembly Members. This had previously been captured as one corporate risk.

Cyber security is a corporate risk which has been reviewed regularly, including by the Audit and Risk Assurance Committee. This threat has increased through the year, and the Commission has responded by introducing a range of protective measures and awareness raising campaigns. Cyber security arrangements were subject to an internal audit review during 2017-18 and will continue to be kept in sharp focus going forward as the area will remain on the annual internal audit plan in the coming years.

We have also continued to monitor the cumulative impact on the organisation of managing these risks in parallel, reporting on this to the Commission's Audit and

Risk Assurance Committee. Our risk management approach has enabled us to effectively plan our response to significant challenges as far as possible and to ensure our capacity to respond to and deliver change alongside maintaining high standards of service.

As well as considering individual corporate risks and their cumulative impact, the Audit and Risk Assurance Committee has also maintained an overview of the effectiveness of risk management arrangements. The Committee welcomed the continual assessment and visibility of risks and the focus on change and uncertainty.

## Assurance

### Assurance Framework

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The Commission's Assurance Framework has been used to help gather evidence on levels of assurance to inform service-level assurance statements, which in turn informed Directorate-level assurance statements. Scrutiny and challenge of the process for gathering evidence of assurance and the assurance statements by one of our Independent Advisers added a further layer of assurance. The framework illustrates the overall strength of the Commission's sources of assurance. The approach to gathering evidence on, and reporting on assurance will continue be evaluated and updated to reflect new governance arrangements and to ensure it remains fit for purpose.

### Commission Sub-Committees

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The **Audit and Risk Assurance Committee**<sup>42</sup> consists of two Independent Advisers, one of whom is the Chair, a further Independent Committee Member and the Assembly Commissioner with responsibility for finance and governance. The Committee, which acts in an advisory capacity and has no executive powers, met four times during the year. Its activity during the year focused on internal and external audit reports, including updates on the implementation of recommendations, the Commission's Annual Report and Accounts, reports on risk management, and the governance and internal control arrangements.

The Remuneration Committee consists of three independent advisers, one of whom is the Chair. The Remuneration Committee is an advisory body with no executive powers and makes recommendations on matters regarding the

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<sup>42</sup> <http://www.assembly.wales/en/bus-home/committees/Pages/Committee-Profile.aspx?cid=373>

remuneration and terms of service of the Chief Executive and other senior posts. The Committee assists the Commission in ensuring that remuneration arrangements meet the highest standards of probity and accountability for the use of public funds by advising, on request, the Commission and Chief Executive on their responsibilities for appraisal and remuneration policies and systems.

## Internal Audit

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The Commission's Head of Governance and Assurance fulfils the role of Head of Internal Audit for the organisation. He provides assurance across a range of service areas and attends each meeting of the Audit and Risk Assurance Committee.

In May 2017, an External Quality Assessment of Internal Audit was completed by the Head of Internal Audit and Risk from the Scottish Parliament. The report concluded that the Assembly Commission's internal audit service generally conforms to internal auditing standards as set out by, and in accordance with, HM Treasury's Internal Audit Quality Assessment Framework.

During 2017-18, the timing of internal audit work has been impacted due to the Head of Governance and Assurance leading on the Commission's Capacity Review Phase 1 Report. This in itself is a highly significant piece of assurance work and during the period the Audit and Risk Assurance Committee have been regularly updated on the Capacity Review's progress, together with the impact on the internal audit plan.

Internal audit work has maintained the balance of audits of systems including financial controls and pension administration together with other assurance reviews including the approach to the support of Integrated Committees and the impact of the Security Service Review.

The internal audit reports have identified a number of areas where the Commission demonstrates good practice in terms of the systems and controls it has established. However, where weaknesses or issues are identified, management continues to take positive action to address audit recommendations. For example, the review of key financial controls identified a number of areas which required strengthening and these were immediately addressed by the time that the report was reported to the Audit and Risk Assurance Committee.

Internal Audit and the Wales Audit Office (as the Commission's external auditors) continue to have an effective working relationship and have a joint working protocol in place. The Wales Audit Office are placing reliance on the internal audit

work completed on key financial controls, pension administration and Members' expenses as part of their approach to the audit of the 2017-18 financial statements.

The 2017-18 Head of Internal Audit Report concludes that, "... the framework of governance, risk management and control is adequate and effective." The Audit and Risk Assurance Committee considered the report to be a good assessment of work undertaken during the year.

### Other Governance Areas

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We continue to improve our arrangements for business continuity planning. In October 2017 we completed a full mock Plenary test and undertook a lessons learned exercise. During the year we have been able demonstrate the effectiveness of our business continuity arrangements in responding to the suspension of business in November 2017 and ensuring that Members were still able to table business despite the closure of the Assembly estate, due to adverse weather during March 2018.

The Head of Governance and Assurance has undertaken a review of the Commission's policies on fraud and whistleblowing. In April 2018, he reported to the Audit and Risk Assurance Committee that there had been no changes to either policy during 2017-18. However, through membership of networks and extensive review of the latest material from organisations such as HM Treasury, National Audit Office, Wales Audit Office and Public Concern at Work, Internal Audit keeps up to date with latest developments and ensures the policies are kept under review to ensure they remain relevant, up to date and reflect the latest best practice.

No incidents of fraud have been noted during 2017-18. The Head of Governance and Assurance produced an Annual Report on Fraud and presented this to the Audit and Risk Assurance Committee, alongside his Annual Report and Opinion. There have also been no incidents of whistleblowing reported during 2017-18.

The Senior Information Risk Owner reported that there was one incident of personal data loss that required reporting to the Information Commissioners Office between 1 April 2017 and 31 March 2018. The ICO decided that no further action was necessary. We have used external frameworks and internationally recognised frameworks and standards to guide our governance and assurances around cyber-security. These help us to continue to develop and strengthen our cyber-security controls and to ensure that risks associated with information and data security are dealt with appropriately.

In terms of sustainability, a 30% reduction in total energy emissions by 2021 is on target to be achieved. The target of 100% diversion of waste from landfill has now been achieved, ahead of the 2021 target date. In March 2018, we received the international standard for environmental management (ISO14001) accreditation.

The Commission carries out formal compliance monitoring against legal and regulatory obligations, reports on which are published on the Commission's website. Examples of this are the Annual Equalities Report, the Official Languages Scheme Annual Compliance Report, the Annual Environmental Report, and the Annual Report of the Senior Information Risk Owner.

Within service areas, there continues to be numerous practical mechanisms used to ensure good governance – regular all-service and all-staff meetings, staff with specific governance responsibilities, development days, regular management meetings, guidance from central services and subject specific audits.

#### Independent External Assurance

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The Commission's non-executive, **Independent Advisers**<sup>43</sup> provide support and constructive challenge to the Assembly Commission and its work. Their responsibilities include considering our performance management and reporting arrangements, advising on the Commission's responsibilities for staff appraisal and remuneration policies and systems, and maintaining a critical overview of the Commission's financial controls and risk management procedures. During 2018-19, the terms of three of the independent advisers will expire and the Assembly Commission has begun a recruitment process to replace these advisers over the next year.

The existence of the **Remuneration Board**<sup>44</sup>, as a statutorily independent body, with responsibility for setting the pay, pensions and financial support available to Members and their staff, greatly strengthens the governance arrangements of the Commission. The application of the Remuneration Board's Determination is regularly audited and continues to be effective, so safeguarding the reputation of Members and the Assembly.

Similar assurance arises from the independent **Standards Commissioner**<sup>45</sup>. The existence of the office, and the exceptional expertise, experience and track record

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<sup>43</sup> <http://www.assembly.wales/en/bus-home/committees/Pages/Committee-Profile.aspx?cid=386>

<sup>44</sup> <http://www.assembly.wales/en/bus-home/committees/Pages/Committee-Profile.aspx?cid=375>

<sup>45</sup> <http://standardscommissionerwales.org/>

of both the former and current Standards Commissioner, provided a high level of assurance with regard to Member conduct and the standards regime.

The results of independent external recognition are also important to the Commission and reflect the culture and environment in which Commission staff work. During the year we have retained our Investors in People Gold accreditation; been ranked first in the UK in Stonewall's 2018 Workplace Equality Index; and named by Stonewall as a Star Performer organisation due to our consistency at the top of the Index as Top Public Sector Employer in Wales. Our Diversity and Inclusion Manager was also named at the Stonewall Cymru Ally of the Year. We have also achieved recognition through: the Action on Hearing Loss Louder Than Words charter mark and an Excellent Wales awards by Action for Hearing Loss Cymru for service excellence; Disability Confident employer status by the Department for Work and Pensions; accreditation as top employer for working families by the Top Employers for Working Families organisation; and the National Autism Society Access Award.

## Review of effectiveness of internal control and governance arrangements

Core to the review of the effectiveness of the governance arrangements was a self-review and challenge process completed by the Executive Board on 5 March 2018. This review considered the assurance statements from Directors which had been produced taking account of detailed assurance statements from each Head of Service. The Commission's Independent Advisor, who is also the Chair of the Audit and Risk Assurance Committee attended the meeting to provide independent challenge. The review covered assurances on:

- progress against key achievements;
- awareness of and compliance with governance principles, rules and procedures and the effectiveness of the governance arrangements;
- management of risks;
- progress against areas identified for improvement; and
- areas for focus or strengthening.

The outcome of the review was used to inform this statement and was considered by the Audit and Risk Assurance Committee after the end of the financial year, before the financial statements were signed.

## Areas of focus and development for 2018-19

The scale of future change facing the organisation remains significant. The Commission's ambitious plans for public engagement, digital change, a Youth Parliament and electoral reform, the implications of Brexit and other aspects of constitutional change and the operation of a small Assembly with the high and growing workload, mean that the Assembly Commission will face significant resource pressures next year.

During 2017-18 the first phase of the Capacity Review was completed and reported in a timely manner and the next phases will take place throughout 2018-19 with a clear focus on developing approaches and solutions to the issues which the Review has identified.

The main strategic concern for the coming year remains our ability to continue to deliver excellence on all fronts at the same time as facing a number of unprecedented challenges.

Specific areas of focus and development for 2018-19 will include:

- implementing the changes recommended within the Capacity Review;
- keeping pace with Assembly reform and constitutional change;
- effectively resourcing the Assembly Commission to address the implication of Brexit;
- delivering the Assembly's Public Engagement Strategy in a way that offers the best value for money. Taking forward recommendations from the Digital and Information Task Force, promoting transparency, engagement and efficiency, and making access to Assembly business data easier;
- reviewing and assessing the impact of new governance arrangements brought about by the new board structure;
- evaluating and determining future senior staff arrangements;
- continuing to monitor and review the implementation and compliance with GDPR across the organisation; and
- the development and launch of updated Dignity & Respect policies and procedures for Assembly Members, Support Staff and Commission staff.

We will prepare a plan setting out the actions needed to address these areas, and we will report on progress to the Audit and Risk Assurance Committee.

### Concluding statement

In summary, I am confident that the organisation has a very high standard of governance. The strength of this position is particularly important as we face significant challenges. I am satisfied that the weaknesses identified through our assurance processes have been addressed or are in the process of being addressed. I am also satisfied that, over the course of the year, the systems and processes within our governance framework were operated and developed effectively.

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**Manon Antoniazzi**

Chief Executive and Clerk of the Assembly

Date: 16 July 2018

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# OUR ACCOUNTABILITY: REMUNERATION AND STAFF



## Remuneration and staff report

This section of the report sets out financial information and commentary about Commission office-holders, staff and others paid by the Commission.

### Remuneration Policy

The independent Remuneration Board (the Board) established by the National Assembly for Wales Remuneration Measure 2010 has responsibility for setting Members' Pay and Allowances. The Board became operational in September 2010. The second Board, chaired by Dame Dawn Primarolo, commenced its 5 year term in September 2015.

The Chair receives a day rate of £333. The four other members of the Board (Ronnie Alexander, Dame Jane Roberts, Trevor Reaney and Michael Redhouse) receive a day rate of £267. Following Roger Williams' resignation in May 2016 Ronnie Alexander was appointed as the fifth Board member in July 2017. As an independent Board, it publishes its own Annual Report.

The Determination on Members' Pay and Allowances, published in May 2017, set Members' base salary for the 2017-18 financial year at £65,344 (£64,000 2016-17). The following positions were entitled to additional salaries as follows:

Position	From 1 April 2017	From 1 April 2016
Presiding Officer	£41,861	£41,000
Deputy Presiding Officer	£21,441	£21,000
Assembly Commissioners	£13,273	£13,000
Committee Chairs (higher) <sup>46</sup>	£13,273	£13,000
Committee Chairs (lower) <sup>47</sup>	£8,842	£8,660
Business Committee Member	£8,842	£8,660

This table is subject to audit

<sup>46</sup> Committees were Children, Young People and Education; Climate Change; Environment and Rural Affairs; Constitutional and Legislative Affairs; Culture, Welsh Language and Communities; External Affairs and Additional Legislation; Finance; Health, Social Care and Sport and Public Accounts.

<sup>47</sup> Committees were Petitions and Standards of Conduct.

From 1 April 2017 a leader of a political group without an executive role received an additional office holder's allowance calculated using a base level of £13,273 (£13,000 2016-17) plus an additional £1,021 (£1,000 2016-17) for every member of the group to a maximum salary of £36,756 (£36,000 2016-17).

From 1 April 2017 the political group appointed Business Committee Members received an additional office holder's salary of £8,842 (£8,660 2016-17).

From 1 April 2017 the political group appointed Assembly Commissioners received an additional office holder's salary of £13,273 (£13,000 2016-17).

From 1 April 2017 Assembly Committee chairs received an additional office holder's salary of either £13,273 (£13,000 2016-17) or £8,842 (£8,660 2016-17) depending on which committee they chaired.

Members who are entitled to additional salaries are not able to decline all or part of their salary (none 2016-17).

The Commission does not provide any benefits-in-kind. Assembly Members are members of the National Assembly for Wales Members' Pension Scheme for which separate annual accounts are published via the Assembly website [www.assembly.wales](http://www.assembly.wales).

The Commission pays the salaries and related costs of Welsh Ministers and the Counsel General and they are charged to the Commission's resource accounts for administrative efficiency. The Welsh Government Consolidated Resource Accounts contain the disclosure information.

## Commission office holders

The Commission was established in May 2007 under Section 27 of the *Government of Wales Act 2006* (the 2006 Act). The Commission is made up of five Commissioners: the Llywydd (Presiding Officer), who chairs the Commission, and four other Assembly Members appointed by the Assembly.

The Commissioners during 2017-18 were:

Elin Jones AM

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**Elected 11 May 2016.** Elin Jones attended ten out of ten Commission meetings.

Suzy Davies AM

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**Appointed 8 June 2016.** Suzy Davies attended ten out of ten Commission meetings.

Joyce Watson AM

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**Appointed 8 June 2016.** Joyce Watson attended ten out of ten Commission meetings.

Adam Price AM

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**Appointed 21 September 2016.** Adam Price attended nine out of ten Commission meetings.

Caroline Jones AM

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**Appointed 8 June 2016.** Caroline Jones attended nine out of ten Commission meetings.

Dai Lloyd AM

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**Appointed 8 June 2016. Resigned 21 September 2016.**

Commissioners have other Assembly responsibilities, which prevent them from attending Commission meetings from time to time. A Register of Financial and Other Interests of Assembly Members is available at [www.assembly.wales](http://www.assembly.wales) and [www.cynulliad.cymru](http://www.cynulliad.cymru).

The Commission had portfolio arrangements with Commissioners taking a lead interest in specific issues (see pages 14 – 15).

The Assembly Commissioners, other than the Presiding Officer, were entitled to an annual salary of £13,273 (£13,000 2016-17) in addition to their Assembly Member pay. Their pension details are not included in the details below because only part of their remuneration related to their roles as Commissioners. Their accrued pension and Cash Equivalent Transfer Values (CETV) as Commissioners cannot be disaggregated from the total amounts accrued.

The salary costs for the Presiding Officer and Deputy Presiding Officer are a direct charge on the Welsh Consolidated Fund.

**Table 1: Single total figure of remuneration**

<b>Name and title</b>	<b>Salary 2017-18 £'000</b>	<b>Salary 2016-17 £'000</b>	<b>Pension Benefits 2017- 18<sup>48</sup> £'000</b>	<b>Pension Benefits 2016-17 £'000</b>	<b>Total 2017-18 £'000</b>	<b>Total 2016-17 £'000</b>
Elin Jones AM – Presiding Officer (elected 11 May 2016)	105-110	90-95	36	102	140-145	195-200
Ann Jones AM - Deputy Presiding Officer (elected 11 May 2016)	85-90	75-80	38	94	120-125	165-170
Rosemary Butler AM – Presiding Officer (service ended 11 May 2016)	-	05-10	-	2	05-10	05-10
David Melding AM – Deputy Presiding Officer (service ended 5 April 2016)	-	0-2.5	-	0	0-2.5	0-2.5

This table is subject to audit.

<sup>48</sup> 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. (Pension benefits are shown to the nearest 1000).

Table 2: Presiding Officer and Deputy Presiding Officer – pension benefits

Name and title	Real increase in pension £'000	Total accrued pension £'000	CETV at 31 March 2018 £'000	CETV at 31 March 2017 <sup>49</sup> £'000	Real increase in CETV £'000
Elin Jones AM – Presiding Officer	0-2.5	35-40	532	476	14
Ann Jones AM – Deputy Presiding Officer	0-2.5	30-35	610	562	34

This table is subject to audit.

The Clerk of the Assembly (appointed under Section 26 of the 2006 Act) is the Chief Executive of the Commission and its Principal Accounting Officer. In practice the Commission has delegated its operational responsibilities to the Chief Executive and Clerk, with some exceptions. Its staff are appointed under paragraph 3 of Schedule 2 to the 2006 Act. The Commission is independent of Ministers of the Welsh Government.

The Commission has a duty to ensure that the Assembly is provided with the property, staff and services it requires to undertake its statutory obligations. This ensures the Assembly and its committees can convene, encourages public awareness of and engagement with the democratic process and supports the aspiration to make the Assembly an accessible and effective parliamentary body that inspires the confidence of the people of Wales.

<sup>49</sup> CETV at the start of the year has been re-stated for these members to reflect the fact that they can take their final salary pension unreduced before age 65.



## Independent Advisers and Committee members

The Assembly Commission has appointed Independent Advisers to ensure that Commissioners and the Assembly's senior management team are supported and constructively challenged in their roles.

The advisers are involved in a number of the activities and service areas of the Assembly. They participate in the meetings of the Commission; consider our performance management and reporting arrangements; advise on the Commission's responsibilities for staff appraisal and remuneration policies and systems, and maintain a critical overview of the Commission's financial controls and risk management procedures.

### Keith Baldwin

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Keith spent 20 years as a Partner at PricewaterhouseCoopers (PWC). Apart from his client responsibilities during this period, he also held a number of management roles including Deputy Partner-in-Charge of Government Consulting and Partner responsible for the Risk and Quality Management functions within PWC's Advisory Business.

Since leaving PWC he has filled a number of non-executive and advisory roles, including Non-Executive Board Member and Member of the Audit Committee at CVQO Ltd. (which helps young people obtain vocational qualifications). He was a Member of Council and the Audit and Risk Assurance Committee at the National Army Museum, between 2010 and December 2017. He was a Non-Executive Director of the Judicial Studies Board (now the Judicial College) from 2007 to 2011 and has filled several positions as a committee member and Special Adviser to the Board at the Bar Standards Board (the regulator for barristers) since January 2013.

### Helena Feltham

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Helena has experienced a long career in Retail and Human Resource Leadership. She is currently the Director of Human Resources for B&Q and has previously held appointments as the Global HR Director for TOPSHOP TOPMAN and as HR Director at Marks & Spencer, Jack Wills Ltd. and Woolworths South Africa. She has also spent time in executive search with Odgers Berndtson, covering senior appointments across both public and private sectors. Helena has served as a non-executive director of an NHS Trust, is currently a Justice of the Peace, and Board Member and Trustee of Action for Children and The Retail Trust.

Eric Gregory

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Eric is Chair of the Assembly Commission Audit and Risk Assurance Committee. He was a Panel member for the Parliamentary Review of Health and Social Care in Wales, which published its final report in January 2018. He is an Independent Adviser and Chair of the Risk and Assurance Committees for Her Majesty's Passport Office and UK Visas and Immigration, a non-executive director for the Ministry of Justice Legal Aid Agency, where he is a member of the Audit and Risk Assurance Committee, and a Governor of the Health Foundation.

He worked for the John Lewis Partnership for 25 years until 2009, where he was a Board Director for seven years, holding all three principal IT Director roles before becoming Personnel Director, John Lewis. He was previously non-executive director for the Cabinet Office Electoral Registration programmes, and for the Crown Prosecution Service London where he was also a member of their ICT Board. He has also held the position of Chair of the Consumer Goods Forum IT Board, and was a member of the e-skills Businesses Board for six years.

Hugh Widdis

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Hugh was appointed as the Permanent Secretary to the Northern Ireland Executive Department of Finance in July 2017 and served in this role until May 2018. As Permanent Secretary he was responsible for ensuring the effective implementation of policy and providing strategic leadership to the Department in a regional, national and international context.

In May 2018, he returned to his permanent post as the Head of the Government Legal Service for Northern Ireland, known as the Departmental Solicitor. He leads the Departmental Solicitor's Office in advancing and protecting the interests of the Northern Ireland Executive Departments by the provision of high quality, cost effective legal services.

Prior to joining the Northern Ireland Executive, Hugh was Director of Legal and Governance Services for the Northern Ireland Assembly.

Hugh is a barrister and member of the Bar of Ireland and the Bar of Northern Ireland.

There are three independent advisers and one independent committee member. They receive non-pensionable emoluments of £5,000 per annum with £7,000 per annum for the Chair of the Audit and Risk Assurance Committee, and £6,250 per annum for the Chair of the Remuneration Committee.

### Independent Advisers during the period from 1 April 2017 to 31 March 2018

- **Eric Gregory** (November 2012 – March 2019 ) Eric Gregory attended four out of four Audit and Risk Assurance Committee meetings and one out of one Remuneration Committee meetings
- **Helena Feltham** (November 2012 – October 2018) Helena Feltham attended one out of one Remuneration Committee meetings
- **Keith Baldwin** (November 2012 – October 2018) Keith Baldwin attended four out of four Audit and Risk Assurance Committee meetings and one out of one Remuneration Committee meetings

The independent advisers do not attend all Commission meetings. They attend relevant meetings that correspond to their individual responsibilities.

### Committee member during the period from 1 April 2017 to 31 March 2018

- **Hugh Widdis** (November 2013 – October 2019) Hugh Widdis attended four out of four Audit and Risk Assurance Committee meetings during the period.

## Remuneration Committee

The Commission has a Remuneration Committee consisting of at least three members who are independent of the Assembly Commission and its staff and do not have personal or business interests in the functions of the Committee. One or two members must be drawn from the Assembly Commission's Audit and Risk Assurance Committee. The Remuneration Committee ensures that the Commission meets the highest standards of probity and accountability for the use of public funds and, specifically, for appraisal and remuneration policies and systems.

The Committee's members during the period ended 31 March 2018 were:

- **Helena Feltham**, Chair of the Remuneration Committee (from April 2014) and Independent Adviser
- **Keith Baldwin**, Independent Adviser
- **Eric Gregory**, Independent Adviser

During the period the Committee met once, on 16 November 2017.

## Commission senior staff

Appointments of Commission staff, on terms and conditions set by the Commission, are made on merit on the basis of fair and open competition. These principles are in line with civil service arrangements. Staff are not members of the Civil Service but are entitled to membership of the Principal Civil Service Pension Scheme (PCSPS).

The Commission's senior staff are shown in the table below. These director-level posts were agreed in accordance with the Commission's Instrument of Delegation. Directors have declared that they hold no significant third party interests that may conflict with their duties.

The senior managers covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct or resignation, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Name	Title
Manon Antoniazzi - from 24 April 2017	Chief Executive and Clerk of the Assembly Manon Antoniazzi attended four out of four Audit and Risk Assurance Committee meetings, nine out of ten Commission meetings and one out of one Remuneration Committee meetings. Manon attended one Commission meeting as an observer prior to taking office.
Claire Clancy - to 23 April 2017	Chief Executive and Clerk of the Assembly Claire Clancy attended one out of ten Commission meetings
Adrian Crompton	Director of Assembly Business
Dave Tosh	Director of Resources Dave Tosh attended four out of four Audit and Risk Assurance Committee meetings
Craig Stephenson	Director of Commission Services
Elisabeth Jones	Chief Legal Adviser

Aside from the Chief Executive and Clerk of the Assembly, the directors do not attend all Commission and Committee meetings. The directors attend relevant meetings that correspond to their individual responsibilities. Unless otherwise stated the directors hold appointments which are open-ended.

Table 3: Single total figure of remuneration

Name	Salary (£'000)		Pension benefits (to the nearest £1,000) <sup>50</sup>		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Manon Antoniazzi – from 24 April 2017	115-120	-	46	-	160-165	-
Claire Clancy – to 23 April 2017	5-10	150-155	1	31	10-15	180-185
Adrian Crompton	120-125	120-125	37	48	160-165	170-175
Dave Tosh	105-110	105-110	37	42	144-150	145-150
Craig Stephenson	90-95	85-90	47	50	135-140	135-140
Elisabeth Jones	75-80	80-85	16	25	95-100	105-110
Nicola Callow	-	0-5	-	2	-	5-10

This table is subject to audit.

Salary includes gross salary, overtime, recruitment and retention allowances. The Chief Executive and Clerk of the Assembly and the directors do not receive any bonus payments or benefits-in-kind.

Adrian Crompton will leave the Commission on 20 July 2018 to take up a new position as Auditor General for Wales.

Elisabeth Jones reduced her hours to 26 per week with effect from 1 September 2016.

Nicola Callow left the Assembly Commission on 21 April 2016 under agreed terms and the cost of £70,000 was provided within the 2015-16 accounts and was paid during 2016-17.

<sup>50</sup> 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.

## Commission staff salaries

The relationship between the mid-point of the banded remuneration of the highest-paid director during the year ended 31 March 2018 and the median remuneration of the Commission staff is disclosed in the following table. Salaries are the annualised, full time equivalent remuneration of all staff (including agency and temporary staff) as at 31 March 2018. They do not include Employer's National Insurance or Superannuation contributions. There were no benefits-in-kind or performance related bonuses payable in 2017-18 or in 2016-17.

Measure	2017-18 Salary £	2016-17 Salary £
Band of highest paid director	125,000-130,000	150,000-155,000
Median total remuneration	33,304	31,341
Ratio	3.83	4.87

This table is subject to audit.

The banded remuneration of the highest-paid director in the National Assembly for Wales Commission at 31 March 2018 was £125,000 - £130,000 (£150,000 - £155,000 2016-17). This was 3.83 times (4.87 2016-17) the median remuneration of the workforce, which was £33,304 (£31,341 2016-17).

The new Chief Executive was appointed at the lowest point of the salary scale and this has reduced the ratio.

In 2017-18, and 2016-17 there was no remuneration paid in excess of the highest-paid director. Remuneration ranged from £16,258, which ensured that employees received a Living Wage, to £125,000 (£16,000 to £152,000 2016-17).

Total remuneration includes salary. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Pensions

Table 4: Senior management – pension benefits

Name and title	Real increase in pension <sup>51</sup>	Total accrued pension <sup>52</sup>	CETV at 31 March 2018	CETV at 31 March 2017	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<i>Chief Executive and Clerk of the Assembly</i>					
Manon Antoniazzi – from 24 April 2017	2.5-5.0	10-15	150	118	24
Claire Clancy – ended 23 April 2017	0-2.5 plus lump sum of 0-2.5	70-75 plus lump sum of 215-220	1,672	1,667	1
<i>Director of Assembly Business</i>					
Adrian Crompton	0-2.5 plus lump sum of 0	45-50 plus lump sum of 120-125	880	811	15
<i>Director of Resources</i>					
Dave Tosh	0-2.5	35-40	541	488	20
<i>Director of Commission Services</i>					
Craig Stephenson	0-2.5 plus lump sum of 5-7.5	40-45 plus lump sum of 125-130	856	764	41
<i>Chief Legal Adviser</i>					
Elisabeth Jones	0-2.5	35-40	756	685	15

This table is subject to audit.

<sup>51</sup> Real increase in pension and related lump sum at pension age.

<sup>52</sup> Total accrued pension at pension age and related lump sum at 31 March 2018 for current post holders and at date they ceased to hold office for previous post holders.

## Civil Service pensions

Pension benefits for Assembly staff 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: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a “money purchase” stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6 per cent and 8.05 per cent of pensionable earnings for members of classic, premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years’ initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in

premium. In nuvos a member builds up a pension based on his or her pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of his or her 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 per cent. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent 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 senior staff 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 his or her 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](http://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.

## Real increase in 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.

## Pension liabilities

The treatment of pension liabilities and details of the relevant pension schemes are set out in the Statement of Accounting Policies within these accounts.

## Voluntary Exit Scheme

Details of obligations arising as a result of the VES can be found in Note 2 D (on page 157).

## Staff numbers

### Staff numbers by category

All senior managers and staff are employees of the Commission. The **average** number of full time equivalent persons employed by the Commission across the year (including senior management) was as follows:

**Table 5: Average full time equivalent staff**

Category	2017-18	2016-17
Employed staff	433.11	415.49
Seconded staff	3.55	3.48
Temporary/casual staff	14.53	22.16
<b>Total</b>	<b>451.19</b>	<b>441.13</b>

At the **end** of the financial year, the Commission employed the following numbers of full time equivalent staff:

**Table 6: Year-end full time equivalent staff**

Category	31 March 2018	31 March 2017
Employed staff	442.31	417.69
Seconded staff	2.30	4.95
Agency	-	25.34
<b>Total</b>	<b>444.61</b>	<b>447.98</b>

**Table 7: Staff composition by gender and band\***

Category	31 March 2018			31 March 2017		
	Female	Male	Total	Female	Male	Total
Directors	2	3	5	2	3	5
Staff	232	231	463	231	230	461
<b>Total</b>	<b>234</b>	<b>234</b>	<b>468</b>	<b>233</b>	<b>233</b>	<b>466</b>

\*In the tables above staff employed are reported as full time equivalent numbers. However, the gender breakdown is reported as actual numbers.

Independent advisers are not included in the FTE figures or gender breakdown above.

This table is subject to audit.

## Sickness absence data

The overall sickness absence rate for the year was 3.77 per cent (3.54 per cent in 2016-17), or 8.29 (7.78 in 2016-17) average working days per person. We maintain a strategic focus on absence management and actively support absences through line management, Human Resources and Occupational Health support. During the year we have focused on mental well-being, information can be found in the Using resources wisely on page 50

## Disability

We have measures in place to support employees who identify as having a disability. Our Vacancy Filling Policy references our guaranteed interview position for applicants who meet the minimum role requirements, which also applies internally for employees seeking promotion.

Reasonable adjustments are made, wherever possible, following discussions between employees and managers for employees in post or returning to work following injury or development of an illness that may have an impact on their ability to do their work.

## Human capital management

We have policies and systems in place to support all Assembly Commission staff to continually develop their skills, identify new opportunities, support work life balance and inform them of key developments on how the Assembly operates. We believe that all staff should have access to the development they need to do their job, and we are fully committed to developing a learning culture where the skills, knowledge and behaviours of our staff are continuously developed. Further information regarding building our people capability can be found in the Using resources wisely section on pages 49 – 49.

Expectations on Assembly Commission staff are high. The People strategy seeks to ensure that our employment arrangements allow us to attract and retain people with the skills and behaviours required to deliver the best possible services. Within that, our arrangements need to offer sufficient flexibility to recognise the contribution of specialist and experienced employees, linking pay progression to performance.

## Trade union relationships

The National Assembly for Wales Partnership Forum is a body consisting of management and TUS representatives that meets once a quarter. Subjects for discussion may be raised by either side and are generally those that have an impact across the Assembly Commission. Each of the three official Unions (PCS, FDA and Prospect) have their own representatives but all three regularly work together to represent all Union members.

## Equality and diversity

Information on equality and diversity can be found in the Using resources wisely section on pages 50 – 51.

## Travel and subsistence

Details of claims made by and on behalf of the Chief Executive and directors for travel and subsistence and other business expenses over the last two years can be found in Note 15 on pages 166-167.

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### **Manon Antoniazzi**

Chief Executive and Clerk of the Assembly

Date: 16 July 2018

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# OUR ACCOUNTABILITY: ACCOUNTABILITY AND AUDIT



# Statement of National Assembly for Wales supply and supporting notes

## a) Summary of Resource Outturn 2017-18

	Note	Budget £'000			Outturn £'000			2017-18 £'000	Outturn 2016-17 £'000
		Expend	Income	Total	Expend	Income	Total	Net total outturn compared with budget: under spend/(excess)	
Resources for use by the National Assembly for Wales Commission	SOS 01	37,313	(300)	37,013	37,941	(193)	37,748	(735)	40,451
Resources in respect of Remuneration Board decisions	SOS 01	15,532	-	15,532	14,408	-	14,408	1,124	13,763
Annually Managed Expenditure	SOS 01	1,900	-	1,900	1,696	-	1,696	204	1,078
		54,745	(300)	54,445	54,045	(193)	53,852	593	55,292

This table is subject to audit.

The notes on pages 140 to 168 form part of these accounts

## b) Net cash requirement 2017-18

				<b>2017-18</b>	<b>2016-17</b>
	<b>Note</b>	<b>Budget</b>	<b>Outturn</b>	<b>Net total outturn compared with budget: under spend /(excess)</b>	<b>Outturn</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net cash requirement	SOS 03	50,245	50,172	73	51,962

This table is subject to audit.

Explanations of variances between the approved budget and outturn are given in SOS 01 and in the Performance Report.

*The notes on pages 140 to 168 form part of these accounts*

## Notes to the Resource Accounts

### (Statement of National Assembly for Wales' supply)

#### SOS 01. Analysis of net resource outturn 2017-18

	<b>Outturn</b>	<b>Analysis of approved budget</b>	<b>Outturn compared with approved budget</b>	<b>Analysis of revised budget</b>	<b>Outturn compared with revised budget</b>	<b>Outturn 2016-17</b>
<i>Revenue expenditure</i>	£'000	£'000	£'000	£'000	£'000	£'000
Staff salaries and related costs	22,279	22,453	174	22,453	174	20,706
Non staff costs	15,595	14,360	(1,235)	14,360	(1,235)	16,781
Election costs	-	-	-	-	-	2,491
<b>Gross revenue expenditure</b>	<b>37,874</b>	<b>36,813</b>	<b>(1,061)</b>	<b>36,813</b>	<b>(1,061)</b>	<b>39,978</b>
Gross revenue income applied	(193)	(300)	(107)	(300)	(107)	(163)
<b>NET REVENUE EXPENDITURE</b>	<b>37,681</b>	<b>36,513</b>	<b>(1,168)</b>	<b>36,513</b>	<b>(1,168)</b>	<b>39,815</b>
CAPITAL EXPENDITURE (Creation of fixed assets)	67	500	433	500	433	636
<b>NET RESOURCE OUTTURN (Commission expenditure)</b>	<b>37,748</b>	<b>37,013</b>	<b>(735)</b>	<b>37,013</b>	<b>(735)</b>	<b>40,451</b>
Members' salaries allowances and related costs	14,408	15,532	1,124	15,532	1,124	13,763
<b>RESOURCE OUTTURN</b>	<b>52,156</b>	<b>52,545</b>	<b>389</b>	<b>52,545</b>	<b>389</b>	<b>54,214</b>
Members' Pension finance costs	1,696	1,200	(496)	1,900	204	1,078
<b>TOTAL NET RESOURCE OUTTURN</b>	<b>53,852</b>	<b>53,745</b>	<b>(107)</b>	<b>54,445</b>	<b>593</b>	<b>55,292</b>

This table is subject to audit

The notes on pages 140 to 168 form part of these accounts

## Analysis of net resource outturn – notes

The resource outturn, before pension finance costs, for 2017-18 was £52.2 million against a budget of £52.5 million resulting in an underspend of £0.3 million (0.6 per cent).

During 2017-18 a number of significant areas of investment were taken forward. These included the completion of refurbishment works to the ground floor in Tŷ Hywel, works that were started in the prior year, replacement of the CCTV equipment in Tŷ Hywel, technology solutions to support Plenary, Committees and research and Assembly Reform. We were able to fund these priority requirements by a redeployment of un-used resources from the Member's Salaries and Allowances budget, rather than having to request a Supplementary Budget. The variance on this budget line was £1.1 million.

Capital expenditure is hard to predict. The majority of the Assembly Commission's investment priorities are revenue in nature. In 2017-18 expenditure incurred was almost entirely revenue. A number of investments in technology were made to support a number of key processes and services but these did not match the required criteria for being treated as intangible assets.

The Commission's AME budget is for the non-cash accounting adjustment in respect of the future financial liability of the Assembly Members' Pension Scheme. The budget for 2017-18 was laid in November 2016 and the estimate required for AME spend of £1.2 million was made based on data available at the time.

In June 2017 the Commission received updated estimates from professional advisors. The new calculations reflected known changes to the discount rate and other variables which impact on the estimated liabilities of the scheme and resulted in a revised estimate for 2018-19 of just under £1.8 million. The single biggest change is a decrease in the discount rate from 1.3 per cent at 31 March 2016 to 0.3 per cent at 31 March 2017. A decrease in the net discount rate leads to an increase in the current service cost, a main component of the pension finance cost.

The Commission submitted a supplementary AME budget of £1.9 million in order to ensure there would be sufficient contingency to manage any variation from the estimate in the final year-end figures. The confirmed end of year figure was £1.7 million which meant there was an underspend of £0.2 million.

*The notes on pages 140 to 168 form part of these accounts*

SOS 02. Reconciliation of outturn to net operating expenditure

	Note	2017-18 £'000	2016-17 £'000
Net resource outturn	SOS 01	53,852	55,292
Capital expenditure	4	(67)	(636)
Direct charges on the Welsh Consolidated Fund		701	707
Income payable to the Welsh Consolidated Fund	SOS 05	-	-
<b>Net operating expenditure</b>		<b>54,486</b>	<b>55,363</b>

This table is subject to audit

The direct charges on the Welsh Consolidated Fund £701,480 (£706,670 2016-17) are in respect of the salary costs of the Presiding Officer, Deputy Presiding Officer, Auditor General for Wales, Standards Commissioner, Public Services Ombudsman for Wales and the Wales Audit Office Chair. These salaries are paid by the Commission but, as a direct charge on the Fund, are excluded from the net resource outturn. The sum of £688,042 was drawn down and paid in the year and £13,438 was accrued and paid after the year end.

The notes on pages 140 to 168 form part of these accounts

# The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales

## Report on the audit of the financial statements

### Opinion

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I certify that I have audited the financial statements of the National Assembly for Wales Commission for the year ended 31 March 2018 under the Government of Wales Act 2006. These comprise the Statement of National Assembly for Wales' Supply, Statement of Comprehensive Net Expenditure, Statement of the Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In my opinion the financial statements:

- give a true and fair view of the state of the National Assembly for Wales Commission's affairs as at 31 March 2018 and of its net cash requirement, net resource outturn and net operating cost for the year then ended; and
- have been properly prepared in accordance with HM Treasury directions issued under the Government of Wales Act 2006.

### Basis for opinion

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I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my 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

---

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Principal Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Principal Accounting Officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Report on other requirements

### Opinion on other matters

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In my opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government of Wales Act 2006.

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

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with HM Treasury guidance;
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Report has been prepared in accordance with HM Treasury directions.

### Matters on which I report by exception

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In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report or the Governance Statement.

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

- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

### Report

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I have no observations to make on these financial statements.

## Responsibilities

### Responsibilities of the Principal Accounting Officer for the financial statements

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As explained more fully in the Statement of Principal Accounting Officer's Responsibilities, the Principal Accounting Officer is responsible for preparing the Annual Report, including the Remuneration Report and the financial statements, in accordance with the Government of Wales Act 2006 and HM Treasury directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Principal Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Principal Accounting Officer is responsible for assessing the body'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 deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

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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 an auditor's report 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Responsibilities for regularity

The Principal Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

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**Huw Vaughan Thomas**  
Auditor General for Wales  
17 July 2018

24 Cathedral Road  
Cardiff  
CF11 9LJ

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*The maintenance and integrity of the National Assembly for Wales's website is the responsibility of the Principal Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*



# OUR FINANCIAL STATEMENTS



## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Income from operations			
Income from sale of goods and services	SOS 05	193	163
<b>Total operating income</b>		<b>193</b>	<b>163</b>
Members, office holders and staff salary costs	2a	27,956	27,069
Members' other costs	2b	8,629	8,696
Members' Pension finance cost	2a and 9	1,696	1,078
Depreciation and impairment charges	3	2,582	2,614
Other administration costs	3	13,816	16,069
<b>Total operating expenditure</b>		<b>54,679</b>	<b>55,526</b>
Net operating expenditure		<b>54,486</b>	<b>55,363</b>
Net expenditure for the year ended 31 March		<b>54,486</b>	<b>55,363</b>
<b>Other comprehensive net expenditure</b>			
Items which will not be reclassified to net operating costs:			
▪ Net loss on revaluation of property, plant and equipment	4	-	(3,147)
▪ Actuarial (gain)/loss on pension scheme liabilities	2a and 9	(2,460)	5,982
<b>Comprehensive net expenditure for the year</b>		<b>52,026</b>	<b>58,198</b>

All activities are continuing.

There are no significant gains or losses other than those included within the Statement of Comprehensive Net Expenditure.

The notes on pages 140 to 168 form part of these accounts

## Statement of Financial Position

As at 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	4	62,114	64,536
Intangible assets	5	13	106
<b>Total non-current assets</b>		<b>62,127</b>	<b>64,642</b>
<b>Current assets</b>			
Inventories		19	23
Trade and other receivables	6	1,745	1,765
Cash and cash equivalents	7	73	74
<b>Total current assets</b>		<b>1,837</b>	<b>1,862</b>
<b>Total assets</b>		<b>63,964</b>	<b>66,504</b>
<b>Current liabilities</b>			
Trade and other payables	8	(4,265)	(4,888)
Provisions	9	-	-
<b>Total current liabilities</b>		<b>(4,265)</b>	<b>(4,888)</b>
<b>Total assets less current liabilities</b>		<b>59,699</b>	<b>61,616</b>
<b>Non-current liabilities</b>			
Provisions	9	(15,099)	(15,863)
<b>Total non-current liabilities</b>		<b>(15,099)</b>	<b>(15,863)</b>
<b>Total assets less total liabilities</b>		<b>44,600</b>	<b>45,753</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund		43,957	45,874
Pension Fund Reserve		(14,979)	(15,743)
Revaluation Reserve		15,622	15,622
<b>Total equity</b>		<b>44,600</b>	<b>45,753</b>

### Manon Antoniazzi

Chief Executive and Clerk of the Assembly

Date: 16 July 2018

The notes on pages 140 to 168 form part of these accounts

## Statement of Cash Flows

For the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
<b>Cash flows from operating activities</b>			
Net operating expenditure	SOS 02	(54,486)	(55,363)
<b>Adjustments for non-cash transactions:</b>			
Depreciation, amortisation and impairment	4 and 5	2,582	2,614
Disposal	4	-	-
Decrease in inventories		4	4
Decrease / (increase) in trade and other receivables	6	20	(175)
Increase in provisions	9	-	120
Decrease in trade and other payables	8	(623)	(450)
Increase in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		1	162
Utilisation of provisions	9	-	(23)
Pension finance costs	9	1,696	1,078
<b>Net cash outflow from operating activities</b>		<b>(50,806)</b>	<b>(52,033)</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	4	(67)	(636)
<b>Net cash outflow from investing activities</b>		<b>(67)</b>	<b>(636)</b>
<b>Cash flows from financing activities</b>			
From the Welsh Consolidated Fund (supply)		50,245	52,036
From the Welsh Consolidated Fund (direct charges)		701	707
Payments to the Welsh Consolidated Fund		(74)	(236)
<b>Net cash inflow from financing activities</b>		<b>50,872</b>	<b>52,507</b>
Net decrease in cash and cash equivalents	SOS 03	(1)	(162)
Cash and cash equivalents at beginning of year	7	74	236
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>73</b>	<b>74</b>

The notes on pages 140 to 168 form part of these accounts

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2018

	Note	General Fund £'000	Revaluation Reserve £'000	Pension Reserve £'000	Taxpayers' equity £'000
Balance at 31 March 2016		47,490	12,475	(8,683)	51,282
Comprehensive net expenditure for the year		(55,363)	3,147	(5,982)	(58,198)
Transfer between reserves		1,078	-	(1,078)	-
<b>Welsh Consolidated fund</b>					
▪ Supply (authorised)		52,038	-	-	52,038
▪ Supply (not drawn)		(2)	-	-	(2)
▪ Direct charges		707	-	-	707
<b>Amount payable to the Welsh Consolidated Fund</b>					
▪ Supply		(74)	-	-	(74)
Balance at 31 March 2017		45,874	15,622	(15,743)	45,753
Comprehensive net expenditure for the year		(54,486)	-	2,460	(52,026)
Transfer between reserves	9	1,696	-	(1,696)	-
<b>Welsh Consolidated Fund</b>					
▪ Supply (authorised)	SOS 3	50,245	-	-	50,245
▪ Supply (not drawn)	SOS 3	-	-	-	-
▪ Direct charges		701	-	-	701
<b>Amount payable to the Welsh Consolidated Fund</b>					
▪ Supply		(73)	-	-	(73)
Balance at 31 March 2018		43,957	15,622	(14,979)	44,600

The notes on pages 140 to 168 form part of these accounts



# NOTES TO THE ACCOUNTS



## 01. Statement of accounting policies

These financial statements have been prepared on an accruals basis in accordance with the 2017-18 Financial Reporting Manual (FReM) suitably adapted for the constitution of the National Assembly for Wales and the Commission as specified by the *Government of Wales Act 2006*. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The Commission's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. In addition to the primary statements prepared under IFRS, the FReM also requires the National Assembly to prepare two additional statements of supply.

A review of all new standards and interpretations issued and effective in 2017-18 by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) during the year has been completed and proven to not have an impact on the National Assembly for Wales Commission Financial Statements.

### Accounting convention

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These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets in accordance with International Financial Reporting Standards (IFRS).

### Property, plant and equipment

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The minimum level for capitalisation of a tangible asset is £5,000 inclusive of irrecoverable VAT.

Professional valuations are obtained for land and buildings every three years as a minimum. Other tangible assets are not revalued but held at fair value as, in the opinion of the Commission, the amounts involved would not be material.

### Asset impairment

---

Property, plant and equipment are reviewed annually to ensure that assets are not carried above their recoverable amounts. Where these values are less than the carrying amount of the assets, an impairment loss is charged to the Statement of Net Expenditure.

### Assets under construction

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Assets under construction are carried at historic cost as this is considered to be a satisfactory proxy for fair value. Once brought into use, the asset is transferred to the appropriate asset category and included in subsequent revaluations and impairment reviews.

### Intangible assets

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Software licences are capitalised as intangible fixed assets and amortised on a straight line basis over the expected life of the asset.

### Donated assets

---

Donated assets are capitalised at current value on receipt and are normally revalued in the same way as purchased assets. The value of donated assets is credited with the value of the original donation and subsequent revaluations. The value of Donated Assets is included within the General Reserve in accordance with HM Treasury's guidance under the Clear Line of Sight Programme.

## Depreciation

---

Assets under construction are not depreciated. Depreciation is provided at a rate calculated to write off the valuation of buildings and other tangible assets by equal instalments over their estimated useful lives. Assets are analysed into relevant component parts to reflect the differing economic lives. Assets are not depreciated in the year of acquisition. Asset lives are normally as follows:

Asset	Asset life
Land and Buildings:	50 years or an alternative period provided by a qualified (RICS) valuer
Fixed plant:	10 years, or an alternative period provided by the supplier at the time of purchase or valuation
ICT, audio visual and broadcasting equipment:	Four to six years
ICT infrastructure:	10 years
Intangible assets (software):	Five years
Motor vehicles:	Four years
Donated assets:	Assessed on receipt of asset

## Realised element of depreciation from revaluation reserve

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Depreciation is charged on the revalued amount of assets. An element of the depreciation, therefore, may arise due to an increase in valuation and would be in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to such an excess would be a realised gain on valuation and is to be transferred from the Revaluation Reserve to the General Fund, on disposal of the asset.

## Asset components

---

Property assets are reviewed through the triennial professional valuations to confirm whether any part of the asset has a significantly different useful life. Where this is the case the asset will be split into components and the different parts will be depreciated over their respective useful lives.

Assets purchased in the interim period are reviewed by the Finance team and Asset Managers. ICT assets are “grouped” into ICT; audio visual and broadcasting equipment; ICT infrastructure, and intangible assets. The different parts will be depreciated over their respective useful lives.

## Statement of comprehensive expenditure

---

Operating income and costs relate directly to the operating activities of the Commission. Income includes charges for goods and services provided on a full cost basis to external customers. Income and costs are shown net of Value Added Tax where it is recoverable.

The Commission reimburses Members in respect of expenses or costs incurred in each financial year in accordance with the Determination on Members' Pay and Allowances, subject to the various limits on expenses or costs set out in the Determination.

## Inventories

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Inventories, including goods held for resale in the Commission's shop, are stated at the lower of cost and net realisable value.

## Foreign exchange

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Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Foreign currency imprests are translated into sterling at the exchange rate ruling at the time of funding.

## Pensions

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### **The Civil Service Pension Scheme**

Staff employed directly by the Commission and staff seconded to the Commission are eligible for membership of the Scheme. It is an unfunded multi-employer defined benefit scheme and the Commission is unable to identify its share of the underlying assets and liabilities. The valuation of the Scheme was completed as at March 2012 on 17 July 2014. Amounts payable to the Scheme are charged to the Statement of Comprehensive Net Expenditure when due.

Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation Accounts (<http://www.civilservice.org.uk/about-us/resource-accounts/>).

### **The Assembly Members' Pension Scheme (AMPS)**

A pension scheme for the Members of the Assembly was originally established under the *Government of Wales Act 1998* and continues in force under the

*Government of Wales Act 2006*. The scheme is a defined benefit scheme, and applies to the salary of Members and to any office holder salary. The cost of pensions provided for the Members is by payment of charges calculated on an accruing basis, with liability for payment of future benefits charged to the accounts of the AMPS. Any liabilities of the fund arising from a deficit on assets would currently be met through increased funding by the Commission. In reporting on the assets and liabilities of the Scheme, the Commission has followed International Accounting Standard 19. In accordance with IAS 19, the Scheme Trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption at that date.

The AMPS prepares its own annual accounts, separate from the Commission's accounts, and **these are available on the Assembly website**<sup>53</sup>.

#### Operating lease charge

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Rentals payable under operating leases are charged to the statement of comprehensive expenditure in the period to which they relate.

#### Value Added Tax

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The Commission is treated as a Crown Body for the purposes of the *Value Added Tax Act 1994* and accordingly for the purposes of Section 41 of that Act (application to the Crown) it is treated as a government department, and VAT on goods and services supplied to the Assembly may be recoverable. The Commission is standard rated for VAT on its trading activities, such as the Assembly shop.

#### Cash and cash equivalents

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Cash and cash equivalents comprise cash in hand and current balances with Barclays Bank and RBS, which are readily convertible to a known amount of cash and which are subject to insignificant risk to changes in value.

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<sup>53</sup> <http://www.assembly.wales/en/memhome/pay-expenses-financial-interests-standards/Pages/mem-pay.aspx>

## Employee benefits

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Salaries, wages and the cost of all employment related benefits, including the liability associated with untaken annual leave, are recognised in the period in which the service is received from employees.

## Segmental reporting

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Management is satisfied that under the requirements of IFRS 8 the organisation has no additional disclosure to make.

## Provisions

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The preparation of the financial statements requires various estimates and assumptions to be made that affect the application of accounting policies and reported amounts. The Commission recognises a provision in full in the year that the obligating event occurred. All such estimates and judgments are reviewed on an ongoing basis and any revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The most significant areas of estimation and critical judgments are:

- Assembly Member Pension Scheme. Details of the actuarial assumptions can be found in Note 02.A and the annual report and accounts for the Pension Scheme.
- Provisions for compensatory payments to staff are based on projections of expected future pension payments. The relevant discount rate as set by HM Treasury is used in these calculations.
- Dilapidation provision is the assessment of the likely cost of rectifying dilapidations under the lease terms of Tŷ Hywel. The Commission considers that the its leased building is kept to such a standard, with the minimal backlog of maintenance and the annual review and agreement to the 10-year forward work programme, that there is no current need to make a provision for general dilapidations.
- In 2016-17 a provision was created in the sum of £120,000 to provide specifically for the cost of removing the foot bridges between Tŷ Hywel and the Senedd and the subsequent repair of the wall of Tŷ Hywel after their removal.

## 02. A – Member and staff related costs

Information on Members and staff numbers (and other relevant disclosures) can be found in the Accountability Section – Remuneration and Staff Report.

### Member and staff related costs

**Table 8: Staff costs comprise**

Category	Staff £'000	Members and office holders £'000	Total 2017-18 £'000	Total 2016-17 £'000
Salaries				
Permanent Staff, Members and office holders	16,113	5,065	21,178	20,281
Temporary and Agency Staff	28	-	28	672
Seconded staff	222	-	222	126
Social security costs				
Permanent Staff, Members and office holders	1,746	636	2,382	2,121
Temporary and Agency Staff	3	-	3	39
Seconded staff	24	-	24	17
Other pension costs				
Permanent Staff, Members and office holders	3,393	779	4,172	3,861
Temporary and Agency Staff	6	-	6	93
Seconded staff	38	-	38	15
Subtotal Members, office holders and staff salary costs	21,573	6,480	28,053	27,225
Less recoveries in respect of outward secondments	(97)	-	(97)	(156)
<b>Total Members, office holders and staff salary costs</b>	<b>21,476</b>	<b>6,480</b>	<b>27,956</b>	<b>27,069</b>

The Commission pays the salary and related costs of the Welsh Ministers, as explained in the Remuneration Report within these accounts. Amounts paid to the Welsh Ministers are disclosed within the Welsh Government's consolidated resource accounts. As at 31 March 2018 there were 60 serving Assembly Members. At the year-end there were 27 office holder posts (other than Ministers), one First

Minister, one Leader of the House and Chief Whip, six Cabinet Secretaries, five Ministers and one Counsel General.

During 2017-18, the National Assembly for Wales Commission (the Assembly Commission) received £50.245 million resource from the Welsh Consolidated Fund to fund the administration and operation of Assembly Services to support the National Assembly for Wales and other items, as noted in the Assembly Commission's 2017-18 Budget Ambit. In addition, and as noted in page 126 of the financial statements, the Commission drew down £688,042 of resource from the Welsh Consolidated Fund for the payment of direct charges, including £153,000 in respect of the salary of the Auditor General for Wales. The salary for the Auditor General for Wales is set by reference to a particular Civil Service pay scale. Subsequent to the year-end it was noted that certain changes in that scale prior to 31 March 2018 had not been applied. The new salary is £161,744. The accounts for 2017-18 reflect an accrual for the amount underpaid. The direct charges to be drawn down in 2018-19 will include the sum of £11,443 relating to that accrual.

#### Civil Service Pension Scheme

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For 2017-18, employer's contributions of £3.387 million (£3.161 million 2016-17) were payable at one of four rates in the range 20 per cent to 24.5 per cent of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

New employees since 1 April 2015 are eligible to join either alpha or partnership. Alpha is a career average defined benefit pension scheme; partnership is a defined contribution pension scheme.

The partnership pension account is a stakeholder pension arrangement. Contributions due to the partnership pension providers at the Statement of Financial Position date were £11,838 (£1,215 2016-17). There were no contributions prepaid at that date.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

## Assembly Members' Pension Scheme

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The National Assembly for Wales (the "Assembly") provides a defined benefit scheme, governed by section 18 of the Government of Wales Act 1998. Section 20 (4) of and Schedule 11 to the Government of Wales Act 2006 provides continuity for the Scheme. The Government of Wales Act 2006 has not affected the legal status of the Scheme.

The Scheme provides benefits for Assembly Members and Office Holders. All Assembly Members are members of the Scheme from the date they enter the Assembly unless they opt specifically not to be.

The Remuneration Board as part of its Determination for the Fifth Assembly introduced a new career average pension scheme for Members. The Scheme was approved by HM Treasury in accordance with the Public Service Pensions Act 2013 and introduced with effect from 6 May 2016. Members aged 55 or over on 1 April 2012 are subject to 'Transitional Protection' and continue to have their benefits calculated on a final salary basis for an additional five years until 5 May 2021.

The Scheme has an accrual rate of 1/50th and pension age linked to State Pension Age. The member contribution rate is 10.5 per cent for new members and for those moving to the CARE scheme on 6 May 2016. Members aged 55 or over on 1 April 2012 will be subject to 'Transitional Protection' and continue to have their benefits calculated on a final salary basis for an additional five years until 5 May 2021. These members will continue to contribute at their current rate of either 10 per cent or 6 per cent for 40th or 50th accrual respectively. The employer contribution rate will be 15.6 per cent and will be subject to a cap.

Members not subject to 'Transitional Protection' pay contributions at the rate of 10.5 per cent. Those members who are subject to 'Transitional Protection' continue to pay contributions at their existing rate of either 6 per cent or 10 per cent depending on whether they are accruing benefits on a 50<sup>th</sup> or 40<sup>th</sup> basis respectively.

Normal Retirement Age is linked to State Pension Age (or 65, whichever is higher). Any Final Salary pension accrued before 6 May 2021 will continue to be payable at a Normal Retirement Age of 65.

The assets of the Scheme are held, separately from those of the Assembly Commission, by Mobius Life Limited, and are managed by four investment managers. The Trustees invest in a Diversified Growth fund ("DGF"), an Absolute

Return fund, a Private Markets fund, an Equity fund, a Property fund and an Index Linked Gilts fund.

The Remuneration Board of the National Assembly for Wales is the independent body responsible for setting the pay, allowances and pensions for Assembly Members and their staff. Details of pay and allowances are contained in the Board's Determination published in June 2017.

The principal funding objective is to maintain a fund of assets which is expected to be sufficient to provide the benefits promised to members and their beneficiaries. This objective is as advised by the Trustees of the Scheme, taking into account advice from the Actuary. The aim is to ensure that accruing benefits are paid for during members' participation in the NAFW AMPS and that the charges borne by the Assembly for accruing benefits are reasonably stable over time. These objectives are addressed by determining a contribution rate expressed as a level percentage of pensionable salary called the Standard Contribution Rate. This standard rate is such that it would be just sufficient to finance the benefits under the Scheme, provided that experience is in accordance with the actuarial assumptions made. Depending on the size of the accumulated fund and the actual experience of the Scheme as disclosed at each three-yearly actuarial valuation, larger or smaller contributions may have to be paid for a period to allow, in particular, for amortising surpluses and deficits.

The Pension Scheme was set up in 1999 and is immature, with contribution income still exceeding regular benefit outgo. The weighted average duration of the scheme's liabilities is around 20 years.

**Table 9: The amounts recognised in the Statement of Financial Position are as follows**

	Note	31 March 2018 £'000	31 March 2017 £'000
Present value of scheme liabilities		(50,385)	(49,456)
Fair value of scheme assets		35,406	33,713
Net liability		(14,979)	(15,743)
Amount in the Statement of Financial Position			
Liabilities		(14,979)	(15,743)
Assets		-	-
<b>Net liability</b>	<b>9</b>	<b>(14,979)</b>	<b>(15,743)</b>

**Table 10: Analysis of amounts charged to the Statement of Comprehensive Net Expenditure**

	<b>2017-18 £'000</b>	<b>2016-17 £'000</b>
Current service cost	2,016	1,472
Interest on pension liability	1,329	1,364
Interest on scheme assets	(924)	(1,043)
	<b>2,421</b>	<b>1,793</b>
Allocated in the account as:		
Other pension costs	725	715
Pension finance costs	1,696	1,078
	<b>2,421</b>	<b>1,793</b>

**Table 11: Analysis of amounts recognised in the Statement of Change in Taxpayer's Equity (SCITE)**

	<b>2017-18 £'000</b>	<b>2016-17 £'000</b>
Actual return less interest on scheme assets	669	3,615
Experience gains and losses arising on pension liabilities	297	160
Changes in assumptions	1,494	(9,757)
<b>Net actuarial gains /(losses) recognised in SCITE</b>	<b>2,460</b>	<b>(5,982)</b>

**Table 12: Movement in liabilities during the year**

	<b>31 March 2018 £'000</b>	<b>31 March 2017 £'000</b>
Liabilities at 1 April	49,456	38,352
Current service cost (net of member contributions)	2,016	1,472
Member contributions (including net transfers-in)	472	632
Benefits paid during the year	(1,097)	(1,961)
Interest on pension liability	1,329	1,364
Actuarial (gains)/losses	(1,791)	9,597
<b>Liabilities at 31 March</b>	<b>50,385</b>	<b>49,456</b>

**Table 13: Movement in assets during the year**

	<b>31 March 2018 £'000</b>	<b>31 March 2017 £'000</b>
Assets at 1 April	33,713	29,669
Interest on scheme assets	924	1,043
Actual return less interest on scheme assets	669	3,615
Contributions by NAFW	725	715
Contributions by Members (including net transfers-in)	472	632
Benefits paid and expenses	(1,097)	(1,961)
<b>Closing fair value of scheme assets at 31 March</b>	<b>35,406</b>	<b>33,713</b>

The Commission expects to contribute £970,810 to the Members' Pension Scheme in 2018-19.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

**Table 14: major categories of scheme assets as a percentage of total scheme assets**

	<b>2017-18</b>	<b>2016-17</b>
Equities	41%	41%
Alternative investments	12%	21%
Property	10%	-
Fixed interest and cash	37%	38%

The Pension Board has been working with their investment adviser (Quantum Advisory) to review the Scheme's investment strategy. As a result of the review, the Board has decided to move the assets of the Scheme from being held solely with Baillie Gifford to a more diverse spread of funds as follows:

- Baillie Gifford Diversified Growth
- Invesco Perpetual Global Targeted Returns
- Legal & General Investment Management ("LGIM") Managed Property
- Partners Group Generations
- LGIM Ethical Global Equity Index
- LGIM Over 5 Year Index-Linked Gilt

The change in strategy looks to lock in gains to date; reduce risk through diversification; keep fees at a reasonable level; reduce investment manager specific risk; reduce funding level volatility and offer wider investment opportunities.

The strategy was produced as part of the review exercise undertaken by the Scheme and is forecast to deliver a similar expected level of return to the Scheme's previous investment strategy, but with a lower expected level of risk.

The Trustees have decided to appoint four investment managers who manage six funds, which are a Diversified Growth fund ("DGF"), an Absolute Return fund, a Private Markets fund, an Equity fund, a Property fund and an Index Linked Gilts fund.

The actual return on scheme assets in 2017-18 was a gain of £1.721 million (£4.767 million gain in 2016-17).

Principal actuarial assumptions at the Statement of Financial Position date:

**Table 15: Principal actuarial assumptions at the Statement of Financial Position date**

<b>Assumption</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Discount rate	2.55%	2.65%
Future earnings increases – in excess of discount rate	-1.65%	-1.60%
Future pension increases (CPI) – in excess of discount rate	0.25%	0.30%
Expectation of life at age 65 (years)		
Men	24.4	25.3
Female members	25.8	26.9
Widows	24.5	26.9

### Sensitivity to main assumptions

If the real rate of return in excess of earnings changes by 0.5 per cent a year, the total actuarial liability would change by around 1 per cent and the change in total liabilities by circa £0.5 million.

If the real rate of return in excess of pension changes by 0.5 per cent the total actuarial liability would change by about 10 per cent and the change in total liabilities by circa £5.0 million.

If longevity at retirement were assumed to be 2 years greater, this would increase the total actuarial liability by about 7 per cent and would increase total liability by circa £3.5 million.

Amounts for the current and previous four periods are as follows:

*Table 16: Amounts for the current and previous four periods*

	<b>31 March 2018 £'000</b>	<b>31 March 2017 £'000</b>	<b>31 March 2016 £'000</b>	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Defined benefit obligation	50,385	49,456	38,352	38,175	30,258
Scheme assets	35,406	33,713	29,669	29,028	25,486
Net Liability	(14,979)	(15,743)	(8,683)	(9,147)	(4,772)
Experience gains and losses arising on pension liabilities	297	160	338	1,306	720
Actual return less interest on scheme assets	6,696	3,615	(1,041)	1,477	(282)

Further information on the **Assembly Members' Pension Scheme**<sup>54</sup> can be found in the annual report and accounts for the scheme for the year ending 31 March 2018.

<sup>54</sup> <http://www.assembly.wales/en/memhome/pay-expenses-financial-interests-standards/Pages/mem-pay.aspx>

## 02. B – Members’ other costs

Members’ other costs of £8.629 million (£8.696 million 2016-17) in the Statement of Comprehensive Net Expenditure consist of:

Category	2017-18 £'000	2016-17 £'000
Office Costs	1,035	1,027
Additional Costs	263	222
Members’ Staff Costs	7,094	7,213
Travel costs	237	234
<b>Total Members’ other costs</b>	<b>8,629</b>	<b>8,696</b>

Members’ staff costs include 2 severance payments, totalling £26,570 made in 2017-18, (£10,000 made in 2016-17).

The National Assembly for Wales has a group stakeholder (defined contribution) scheme with AVIVA and to which the Commission makes a monthly contribution of 10 per cent of gross salary for Assembly Member support staff. In addition, there is an option for the employee to make a regular monthly contribution. The Scheme was compliant with automatic enrolment legislation and the Scheme’s re-enrolment staging date was 1 January 2017. The employer pension contributions paid in 2017-18 were £635,213 (£622,060 in 2016-17).

## 02. C – Commissioner for Standards

Under the terms of the National Assembly for Wales (Commissioner for Standards) Measure 2009, the Commission pays the salary of and any related costs incurred by the Commissioner. The Commission is responsible for ensuring that the salary and allowances agreed in the terms and conditions of the appointment of the Commissioner and any reasonable liabilities incurred in the course of his duties, are charged to the Welsh Consolidated Fund.

The Commissioner for Standards is Sir Roderick Evans who took up the position on 1 December 2016. The post is a 6 year fixed term appointment. More information about Sir Roderick Evans and his work is available from <http://standardscommissionerwales.org/>

During 2017-18, a total of £25,471 (£21,959 2016-17) was incurred in relation to the Commissioner's work.

234 hours at a cost of £19,715 (212 hours at a cost of £17,889 2016-17) for the Commissioner's cost for 2017-18 was charged to the Welsh Consolidated Fund.

161.5 hours at a cost of £5,756 (129 hours at a cost of £4,070 2016-17) for staff costs was incurred in supporting the Commissioner during 2017-18 and was charged to the Welsh Consolidated Fund.

## 02. D – Voluntary Exit Scheme (VES)

The Assembly Commission launched a Voluntary Exit Scheme (VES) across all service areas on 19 November 2015. In total 20 people left, two prior to 31 March 2016 and the remainder during 2016-17. At 31 March 2017, there was an obligation on the Commission to make payments to 1 member of staff during 2017-18. The total cost of this obligation at 31 March 2017 was £18,000.

**Table 17: Voluntary Exit Scheme**

<b>Exit package cost band</b>	<b>Total number of exit packages by cost band 2017-18</b>	<b>Total number of exit packages by cost band 2016-17</b>
£0 - £20,000	-	1
£20,001 - £40,000	-	-
£40,001 - £60,000	-	-
£60,001 - £80,000	-	-
£80,001 - £100,000	-	-
£100,000 and above	-	-
Total number of exit packages	-	1
<b>Total resource cost (£000s)</b>	-	<b>18</b>

There was one severance payment made to a member of Commission staff in 2017-18 (nil 2016-17) as part of a negotiated settlement package totalling £95,000.

In 2015-16, special severance payments enhancing the standard VES terms, totalling £93,000, were made to two members of staff as part of negotiated settlement packages. The costs were accrued in 2015-16 and the payments made during 2016-17. One of these, for £70,000, related to a Director and is therefore disclosed within the Remuneration and staff report.

### 03. Other administration costs

Other administration costs of £16.4 million (£18.7 million 2016-17) in the Statement of Comprehensive Expenditure consist of:

Expenditure category	2017-18 £'000	2016-17 £'000
Leases - buildings	2,826	2,828
Leases - other	150	101
Accommodation and facilities costs	5,677	7,319
ICT costs	2,906	3,318
Administrative expenses	1,720	1,840
Staff related costs	537	663
<b>Other administration costs</b>	<b>13,816</b>	<b>16,069</b>
Depreciation, amortisation and impairment charges	2,582	2,614
<b>Total Other administration costs</b>	<b>16,398</b>	<b>18,683</b>

The estimated external audit cost for the audit of these financial statements is £57,958 (£62,958 2016-17). No additional non-statutory audit work was incurred in 2016-17 (£0 2016-17).

## 04. Property, plant and equipment

	Land and buildings	Information technology	Furniture and fittings <sup>55</sup>	Vehicles	Assets under construction	2017-18 Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	61,641	15,080	1,701	80	-	78,502
Additions	-	67	-	-	-	67
Reclassification and transfers	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
At 31 March 2018	61,641	15,147	1,701	80	-	78,569
Depreciation						
At 1 April 2017	-	(12,757)	(1,129)	(80)	-	(13,966)
Charged in year	(1,716)	(691)	(82)	-	-	(2,489)
Revaluation	-	-	-	-	-	-
At 31 March 2018	(1,716)	(13,448)	(1,211)	(80)	-	(16,455)
Carrying amount at 31 March 2018	59,925	1,699	490	-	-	62,114
Carrying amount at 1 April 2017	61,641	2,323	572	-	-	64,536

The latest revaluation of land and buildings was undertaken by DS Gibbon FRICS of GVA Grimley International Property Advisers, as at 31 March 2017, in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. The Senedd and the Pierhead were re-valued at depreciated replacement cost (DRC) as a proxy for current value. The valuer's approach included calculating the cost of constructing modern equivalent buildings and depreciating the cost to account for the age and future economic life of the buildings.

Impairment reviews did not identify any indications of impairment at 31 March 2018 and hence no impairments have been recognised.

<sup>55</sup> Furniture and fittings includes 'donated assets', consisting of the Mace donated by the Parliament of New South Wales for the opening of the Senedd.

	Land and buildings	Information technology	Furniture and fittings <sup>56</sup>	Vehicles	Assets under construction	2016-17 £'000 Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	63,464	14,078	1,701	80	366	79,689
Additions	-	636	-	-	-	636
Reclassification and transfers	-	366	-	-	(366)	-
Revaluation	(1,823)	-	-	-	-	(1,823)
<b>At 31 March 2017</b>	<b>61,641</b>	<b>15,080</b>	<b>1,701</b>	<b>80</b>	<b>-</b>	<b>78,502</b>
<b>Depreciation</b>						
At 1 April 2016	(3,314)	(12,046)	(1,039)	(80)	-	(16,479)
Charged in year	(1,656)	(711)	(90)	-	-	(2,457)
Revaluation	4,970	-	-	-	-	4,970
<b>At 31 March 2017</b>	<b>-</b>	<b>(12,757)</b>	<b>(1,129)</b>	<b>(80)</b>	<b>-</b>	<b>(13,966)</b>
<b>Carrying amount at 31 March 2017</b>	<b>61,641</b>	<b>2,323</b>	<b>572</b>	<b>-</b>	<b>-</b>	<b>64,536</b>
Carrying amount at 1 April 2016	60,150	2,032	662	-	366	63,210

<sup>56</sup> Furniture and fittings includes 'donated assets', consisting of the Mace donated by the Parliament of New South Wales for the opening of the Senedd.

## 05. Intangible assets

Intangible assets comprise software and software licences for major systems used by the Commission:

	Software £'000	2018 Total £'000
<b>Cost or valuation</b>		
At 1 April 2017	2,317	2,317
Additions	-	-
Disposals	-	-
<b>At 31 March 2018</b>	<b>2,317</b>	<b>2,317</b>
<b>Amortisation</b>		
At 1 April 2017	(2,211)	(2,211)
Charged in year	(93)	(93)
Disposals	-	-
<b>At 31 March 2018</b>	<b>(2,304)</b>	<b>(2,304)</b>
<b>Carrying amount at 31 March 2018</b>	<b>13</b>	<b>13</b>
Carrying amount at 1 April 2017	106	106

	Software £'000	2017 Total £'000
<b>Cost or valuation</b>		
At 1 April 2016	2,317	2,317
Additions	-	-
Disposals	-	-
<b>At 31 March 2017</b>	<b>2,317</b>	<b>2,317</b>
<b>Amortisation</b>		
At 1 April 2016	(2,054)	(2,054)
Charged in year	(157)	(157)
Disposals	-	-
<b>At 31 March 2017</b>	<b>(2,211)</b>	<b>(2,211)</b>
<b>Carrying amount at 31 March 2017</b>	<b>106</b>	<b>106</b>
Carrying amount at 1 April 2016	263	263

## 06. Trade and other receivables

Category	31 March 2018 £'000	31 March 2017 £'000
Amounts falling due within one year:		
Trade receivables	52	48
Other receivables	34	12
Prepayments	1,310	1,369
Recoverable VAT	349	336
	<b>1,745</b>	<b>1,765</b>

There were no receivable amounts falling due after more than one year.

## 07. Cash and cash equivalents

	31 March 2018 £'000	31 March 2017 £'000
Balance at 1 April	74	236
Net change in cash and cash equivalent balances	(1)	(162)
<b>Balance at 31 March</b>	<b>73</b>	<b>74</b>
The following balances at 31 March were held at:		
RBS	58	58
Commercial banks and cash in hand	15	16
<b>Balance at 31 March</b>	<b>73</b>	<b>74</b>

## 08. Trade payables and other current liabilities

Category	31 March 2018 £'000	31 March 2017 £'000
Amounts falling due within one year		
VAT payable	8	13
Other taxation and social security	758	733
Trade payables	1,111	1,156
Accruals	2,315	2,912
Amounts due to the Welsh Consolidated Fund	73	74
	<b>4,265</b>	<b>4,888</b>

There were no payable amounts falling due after more than one year.

## 09. Provisions for liabilities and charges

	AM Pension Scheme £'000	Dilapidation Provision £'000	2017-18 Total £'000	2016-17 Total £'000
Balance at 1 April	15,743	120	15,863	8,706
(Decrease)/increase in Provision	(2,460)	-	(2,460)	6,102
Pension Finance cost	1,696	-	1,696	1,078
Utilised in-year	-	-	-	(23)
<b>Balance at 31 March</b>	<b>14,979</b>	<b>120</b>	<b>15,099</b>	<b>15,863</b>

\* (£5.982 million loss – 2016-17).

Under IAS 19, a liability of £14.979 million is recognised for the Assembly Members' Pension Scheme. Further information is provided on this in Note 02.A. Additional information on the compensatory payment and dilapidation provisions can be found within the provisions section of Note 01 – Statement of accounting policies.

From the total £15.099 million (£15.863 million in 2016-17) provision, no amount is expected to crystallise within one year (£0 million – 2016-17).

## 10. Capital commitments

There were no contracted capital commitments at 31 March 2018 and 31 March 2017.

## 11. Commitments under leases

### (a) Operating leases

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

Category	31 March 2018 £'000	31 March 2017 £'000
Land and buildings:		
Not later than one year	2,777	2,795
Later than one year but not more than five years	11,040	11,057
Later than 5 years	24,908	27,668
	38,725	41,520
Other – car, printers and copiers:		
Not later than one year	41	88
Later than one year but not more than five years	41	-
	82	88

### (b) Finance leases

There are no current obligations under finance leases.

## 12. Other financial commitments

The Commission has contracts that make reference to early termination but do not quantify charges for such an event. Early termination would be a breach of contract and the contractor would be entitled to damages representing the loss of profit on the work which would have been done under the contract if it had run its full course. As this figure is variable for each contract, such contracts have not been included in this note.

## 13. Financial instruments

The Commission does not issue or trade in financial instruments such as loans and has no borrowings. It relies primarily on funding from the Welsh Consolidated Fund for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

## 14. Contingent liabilities

### a) Pension contributions

Assembly Member support staff have contractual rights to have the equivalent of 10 per cent of gross annual salary contributed towards a pension. Liability continues until six years after cessation of employment, and is estimated as follows:

<b>Pension contributions for AM support staff who:</b>	<b>Amount outstanding 31 March 2018 £'000</b>	<b>Amount outstanding 31 March 2017 £'000</b>	<b>Amount paid out 2017-18 £'000</b>	<b>Comments</b>
Are currently employed but not contributing to a pension scheme	3	3	-	Remote
Have left employment without ever joining a pension scheme	3	41	-	Remote

The Commission has not entered into any quantifiable or unquantifiable contingent liabilities through giving guarantees, indemnities or letters of comfort.

## 15. Travel and Subsistence by directors

Claims made by and on behalf of the Chief Executive and directors for travel and subsistence and other business expenses over the last two years were as follows:

Category	Manon Antoniazzi Chief Executive and Clerk of the Assembly from 24 April 2017		Claire Clancy Chief Executive and Clerk of the Assembly to 23 April 2017		Adrian Crompton Director of Assembly Business		Dave Tosh Director of Resources		Elisabeth Jones Chief Legal Adviser		Craig Stephenson Director of Commission Services	
	2017-18 <sup>57</sup>	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18 <sup>58</sup>	2016-17 <sup>59</sup>	2017-18	2016-17
	£	£	£	£	£	£	£	£	£	£	£	£
Car mileage	288	-	-	85	-	170	-	-	55	198	-	-
Taxi / car hire / associated costs	77	-	-	35	-	-	-	-	-	80	-	70

<sup>57</sup> The bulk of travel costs in 2017-18 were related to two journeys to support inter-parliamentary work in Edinburgh and Quebec, together with travel within Wales related to electoral reform initiatives.

<sup>58</sup> The travel costs in 2017-18 principally reflect the need for travel abroad to support the External Affairs and Additional Legislation Committee in the context of its work relating to the UK's decision to leave the European Union, and internal UK travel related to work on the Wales Act 17 and the implementation of the new Welsh devolution settlement introduced by that legislation.

<sup>59</sup> The travel costs in 2016-17 principally reflect the need for travel abroad to support the External Affairs and Additional Legislation Committee in the context of its work relating to the UK's decision to leave the European Union, and internal UK travel related to work on the Wales Bill 2016-17 and the implementation of the new Welsh devolution settlement introduced by that legislation.

Category	Manon Antoniazzi Chief Executive and Clerk of the Assembly from 24 April 2017		Claire Clancy Chief Executive and Clerk of the Assembly to 23 April 2017		Adrian Crompton Director of Assembly Business		Dave Tosh Director of Resources		Elisabeth Jones Chief Legal Adviser		Craig Stephenson Director of Commission Services	
	2017-18 <sup>57</sup>	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18 <sup>58</sup>	2016-17 <sup>59</sup>	2017-18	2016-17
	£	£	£	£	£	£	£	£	£	£	£	£
Air travel / associated costs	963	-	112	226	180	-	112	175	341	982	258	-
Public transport	79	-	-	276	245	364	50	-	162	451	106	4
Accommodation	906	-	-	148	179	-	-	119	524	551	452	-
Subsistence / expenses	28	-	33	66	160	-	95	-	387	334	64	28
Total	2,341	-	145	836	764	534	257	294	1,469	2,596	880	102

## 16. Related-party transactions

The Commission has a number of transactions with the Welsh Government and with other government departments and public bodies, including HM Revenue and Customs. Additionally, regular transactions take place with the Assembly Members' Pension Scheme (see **Remuneration and staff report**). Standing Orders of the National Assembly for Wales require the Assembly, on a motion proposed by the Commission, to elect Trustees to the Members' Pension Scheme.

The Assembly may give special or general directions to the Commission for the purpose of, or in connection with, the exercise of the Assembly Commission's functions.

The Commission has not undertaken any material transactions directly with Commissioners, senior managers or their close family members nor with any organisations where Commissioners, senior managers or members of their close family hold positions of control or influence.

The former Deputy Presiding Officer, David Melding, and Peter Black, one of the Commissioners for the Fourth Assembly, were trustees of the Assembly Members' Pension Scheme until 6 May 2016. Subsequently Suzy Davies, one of the Commissioners for the Fifth Assembly, was appointed as one of the Commission representatives to the new Pension Board on 16 June 2016. Joyce Watson, also a Commissioner, replaced Suzy Davies as the Commission representative on 22 February 2017. Caroline Jones, also a Commissioner replaced Joyce Watson as the Commission representative on 25 January 2018.

An independent Remuneration Board was established by the **National Assembly for Wales Remuneration Measure 2010**. The Remuneration Board determines the salaries and allowances of all Assembly Members and office holders. The Members may employ family members as their support staff. However, this is only permitted where the Assembly Member plays no part in the fair and open selection process, which is conducted by Commission staff on their behalf.

The Commission decides the policies on salary and conditions for Commission staff. There are no restrictions in place relating to the employment by the Commission of family members of Commissioners or senior management.

Directors have declared that they hold no significant third party interests that may conflict with their duties. A Register of Financial and Other Interests of Assembly Members is available at [www.assembly.wales](http://www.assembly.wales) and [www.cynulliad.cymru](http://www.cynulliad.cymru).





# ANNEX: REGULARITY REPORTING



## Regularity Reporting

The National Assembly for Wales Commission's budget is authorised by the Assembly via formal budget motions. These motions authorise the Commission's capital and revenue expenditure, as well as retainable income and the amount that may be drawn from the Welsh Consolidated Fund.

The Statement and supporting notes have been prepared in accordance with the 2017-2018 Government Financial Reporting Manual (FReM) suitably adapted for the constitution of the National Assembly for Wales and the Commission as specified by the *Government of Wales Act 2006*.

### SOS 3 Reconciliation of Net Cash Requirement to decrease in cash

	<b>31 March 2018</b> <b>£'000</b>	<b>31 March 2017</b> <b>£'000</b>
Net cash requirement	(50,172)	(51,962)
From the Consolidated Fund (supply) - current year	50,245	52,038
Amounts due from the Consolidated Fund not drawn	-	(2)
Amounts paid to the Consolidated Fund	(74)	(236)
<b>Decrease in cash</b>	<b>(1)</b>	<b>(162)</b>

This table is subject to audit.

## SOS 4 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Budget £'000	Outturn £'000	Net total outturn compared with budget: under spend/(excess) £'000	Outturn 2016-17 £'000
Net Resource Outturn	SOS 01	54,445	53,852	593	55,292
Accruals adjustments					
Non-cash items	See below	(4,500)	(4,278)	(222)	(3,692)
Changes in working capital other than cash		300	598	(298)	362
<b>Net cash requirement</b>		<b>50,245</b>	<b>50,172</b>	<b>73</b>	<b>51,962</b>

Non-cash items	Note	Budget £'000	Outturn £'000	Outturn compared with budget 2017-18 £'000	Outturn 2016-17 £'000
Depreciation and amortisation and de- recognition	4 and 5	(2,600)	(2,582)	(18)	(2,614)
IAS 19 Pension finance cost and other provision movements		(1,900)	(1,696)	(204)	(1,078)
		<b>(4,500)</b>	<b>(4,278)</b>	<b>(222)</b>	<b>(3,692)</b>

This table is subject to audit.

SOS 5 Analysis of income payable to the Welsh Consolidated Fund

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	<b>Budget 2017-18 £'000</b>	<b>Outturn 2017-18 £'000</b>	<b>Outturn 2016-17 £'000</b>
Retainable operating income	300	193	163
Subtotal	300	193	163
Amount retained	300	193	163
Amount payable to the WCF	-	-	-

There has been no other operating income in 2017–18 (nil 2016–17).

This table is subject to audit.



Document is Restricted



# Annual Report and Accounts 2017/18

INNOVATION  IMPROVEMENT  INFLUENCE



# Annual Report & Accounts

of

The Public Services Ombudsman for Wales  
for the year ended  
31 March 2018

Laid before the National Assembly for Wales  
under paragraphs 14,16 and 17 of Schedule 1  
of the Public Services Ombudsman (Wales) Act 2005



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**Performance  
Report**

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## Ombudsman's Review of the Year

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It is with great pleasure that I present this combined annual report and accounts for the Public Services Ombudsman for Wales (PSOW) for the year ended 31 March 2018, which was my third full year in office. In accordance with paragraph 18 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005 (the Act), I have personal responsibility for the overall organisation, management and staffing of the office and for its procedures in relation to financial and other matters.

### Progress in Innovation, Improvement and Influence: A Review of 2017/18

Despite a challenging complaints context, I am delighted to be able to report positive progress in the activities of the office over the past year, with specific reference to our three-year strategic themes of innovation, improvement and influence, in what will be the final year of this corporate plan.

In terms of *innovation* the office made further progress on data analysis, data security and cyber security and has invested substantial resources in renewing and future-proofing our casework management system and developing a new website and intranet.

Our recently established Sounding Boards bedded down this year, providing very valuable insight from both healthcare provider and service user perspectives, and we established a local government sounding board which met for the first time.

The volume of health complaints coming to the office continues to be a concern. This year, whilst we've seen a welcome 2% reduction in the total number of complaints, complaints about health boards increased by 11%. The number of local government complaints fell by 10% for a further year.

The performance of most *improvement* bodies gives me some reason to be cheerful. Of the five health boards and two local authorities my Improvement Officers have been working with, I was delighted to see reductions against the overall health trend for Betsi Cadwaladr, Hywel Dda and Cwm Taf. There were, however, substantial increases in complaint volumes for both Abertawe Bro Morgannwg and Aneurin Bevan.

Continued pressure on the office as a result of increased numbers of health complaints has been an issue of real strain, resulting in a 11% reduction in the number of cases closed during the past year. Health complaints are generally more complex and there is often a need for clinical advice and multiple advisers, which can inevitably result in a longer investigation process.

However, it was also pleasing to see the number of cases of maladministration and service failure reduce in the course of the year, with 56% of investigated complaints upheld, compared to 61% in 2016/17.

Furthermore, only one improvement body, Hywel Dda Health Board, saw an increase in upheld complaints.

Early resolution and voluntary settlement continues to play an important part in providing administrative justice, now accounting for 63% of positive outcomes for complainants.

The variance in Health Board performance in complaint handling continues to give concern and therefore my office organised a special seminar for health complaints and best practice in June 2017, and a further seminar for all public services in the spring of 2018. At the latter event, I was very pleased to see further progress on Out of Hours services with the Rapid Response for Acute Illness Learning Set (RRAILS) project improving out of hours services in Health Boards across Wales, partly in response to my office's thematic report on the subject.

I published four public interest reports in the course of the year, all health related and two of which were in relation to Betsi Cadwaladr University Health Board.

In order to meet the needs of the people of Wales, my office can only function effectively by getting the best out of the talented people in its employ. During 2017/18 further developments were made to a new staff performance review and development process, with further investment in training including increased HR support, management training and coaching.

I am particularly pleased with the work conducted on developing PSOW internal values:

- Achievement – doing the best we can
- Togetherness – showing respect and collaborating for success
- Positivity – enthusiasm and pride about who we are and what we do

- Supportiveness – being there for each other and appreciating diversity
- Ownership – taking responsibility for everything we do
- Willingness – a keen and flexible can-do approach

In terms of our *influence* and collaboration with other bodies inside and outside Wales, I was delighted to host visits to the office from the Basque Ombudsman, the Local Government and Social Care Ombudsman for England and the Legal Ombudsman. I attended a workshop on own initiative investigations, hosted by the Dutch Ombudsman, in the Hague, and I also spoke at a seminar to promote peace and understanding between Georgia and Abkhazia in the Basque Country, an event supported by the Council of Europe.

I met with NHS and local government Chief Executives, monitoring officers and corporate complaints officers. In October I visited and addressed Flintshire Standards Committee and Cymdeithas y Feddygon (Welsh Speaking Doctors Society). In terms of broader stakeholder engagement, I was delighted that PSOW had a stand at the Urdd Eisteddfod in Pencoed and also a presence at the National Eisteddfod in my native Anglesey.

During the course of the year I met with Assembly Members from across the political spectrum and also gave evidence to the Equality, Local Government and Communities Committee and the Finance Committee of the National Assembly for Wales.

Having been elected to both the European and World Boards of the International Ombudsman Institute (IOI) I was also honoured to be elected Chair of the Ombudsman Association (OA) in May 2017.

Finally, during 2017/18 we saw welcome progress on stage 1 of the proposed new legislation governing my work. I was delighted to see the Plenary meeting of the National Assembly vote 47/1 in favour of the principles of the Public Services Ombudsman (Wales) Bill and I hope that further progress can be made during the year ahead. The combination of the challenging complaints context, experience of improvement activities and the possibility of additional legislative power will inform our strategic focus for the year ahead. The next corporate plan is likely to result in:

1. A concentration of improvement resources on bodies facing the greatest complaints challenges
2. A thematic specialisation of investigations to ensure that the office can continue to deal with high health volumes whilst not losing know how and efficiency in other areas
3. A continued focus on good practice and compliance



Nick Bennett  
Ombudsman

# SNAPSHOT OF THE YEAR 2017/18

## April

The Ombudsman met with the Welsh Government's new Permanent Secretary Shan Morgan



Llywodraeth Cymru  
Welsh Government

## May

The Ombudsman is appointed Chair of the Ombudsman Association Executive Committee



## June

Hosted a complaint handling seminar for health bodies in jurisdiction

Took part in Urdd Eisteddfod in Pencoed



Urdd

## July

The first public interest report of the year was issued regarding Cwm Taf University Health Board



## August

Our annual report highlighted an 8% rise in NHS complaints

The second public interest report of the year was issued regarding Betsi Cadwaladr University Health Board



## September

Held the first PSOW Local Government Sounding Board



# SNAPSHOT OF THE YEAR 2017/18

## October

The Public Services Ombudsman (Wales) Bill is introduced by the National Assembly for Wales' Finance Committee

Two public interest reports are issued against two health boards



## November

The Ombudsman appears in front of the National Assembly for Wales' Equality, Local Government and Communities Committee for scrutiny of the 2016/17 Annual Report



## December

The Ombudsman appears in front of the National Assembly for Wales' Equality, Local Government and Communities Committee to give evidence on the Public Services Ombudsman (Wales) Bill



## January

Attended the International Ombudsman Institute workshop on Human Rights in the Digital Age



## February

The Ombudsman hosted a spring seminar on complaint handling culture in Llandrindod Wells



## March

The general principles of the Public Services Ombudsman (Wales) Bill are agreed by the National Assembly for Wales



## Who we are, what we do

---

### Role of the Public Services Ombudsman for Wales

As Ombudsman, I have two specific roles. The first is to consider complaints about public services providers in Wales; the second role is to consider complaints that members of local authorities have broken the Code of Conduct. I am independent of all government bodies and the service that I provide is free of charge.

### Complaints about public service providers

Under the PSOW Act 2005, I consider complaints about bodies which, generally, are those that provide public services where responsibility for their provision has been devolved to Wales. The types of bodies I can look into include:

- local government (both county and community councils)
- the National Health Service (including GPs and dentists)
- registered social landlords (housing associations) and
- the Welsh Government, together with its sponsored bodies.

I am also able to consider complaints about privately arranged or funded social care and palliative care services.

When considering complaints, I look to see whether people have been treated unfairly or inconsiderately, or have received a bad service through some fault on the part of the service provider. Attention will also be given to whether the service provider has acted in accordance with the law and its own policies. If a complaint is upheld I will recommend appropriate redress. The main approach taken when recommending redress is, where possible, to put the complainant (or the person who has suffered the injustice) back in the position they would have been in if the problem had not occurred. Furthermore, if from the investigation I see evidence of a systemic weakness, recommendations will be made with the aim of reducing the likelihood of others being similarly affected in future.

## Code of Conduct Complaints

Under the provisions of Part III of the Local Government Act 2000 together with relevant Orders made by the National Assembly for Wales under that Act, I consider complaints that members of local authorities have breached their authority's Code of Conduct. I am also a "prescribed person" under the Public Interest Disclosure Act for raising whistleblowing concerns about breaches of the Code of Conduct by members of local authorities. I can consider complaints about the behaviour of members of:

- county and county borough councils
- community councils
- fire authorities
- national park authorities and
- police and crime panels.

All these authorities have a code of conduct which sets out in detail how members must follow recognised principles for behaviour in public life.

If a county councillor wishes to make a complaint about another county councillor within their own authority, I expect them to first of all make their complaint to that authority's Monitoring Officer, as it may be possible to resolve the matter locally without my involvement.

## Management Team

The Management Team has continued to support and advise me in relation to strategic direction as well as the operational, day to day, running of the office.

## Shared Services and Collaboration

My Finance, ICT and HR staff, who enable the delivery of our objectives, work collaboratively when appropriate, sharing professional knowledge through a network comprising Welsh Government sponsored bodies and Commissioners and they will continue to do so.

## Improvement Officers

In 2016, I introduced into the roles of a number of investigation staff in my office, the additional role of 'improvement officer'. Whilst the main element of their role remains the investigation of complaints, their improvement role includes stakeholder engagement with certain bodies in jurisdiction as well as subject leads for areas which continue to affect the quality of public services.

During 2017/18 organisations assigned an Improvement Officer were:

- Abertawe Bro Morgannwg University Health Board
- Aneurin Bevan University Health Board
- Betsi Cadwaladr University Health Board
- Ceredigion County Council
- Cwm Taf University Health Board
- Hywel Dda University Health Board
- Powys County Council

Subject leads were specifically tasked with identifying trends from casework across the office, leading on thematic reports, and monitoring legislative and other developments affecting the subject areas.

Subject leads were put in place for:

- health
- housing
- local government planning services
- social services
- school appeals
- the code of conduct for local authority members
- our service provision in the Welsh language, and
- recommendations and compliance

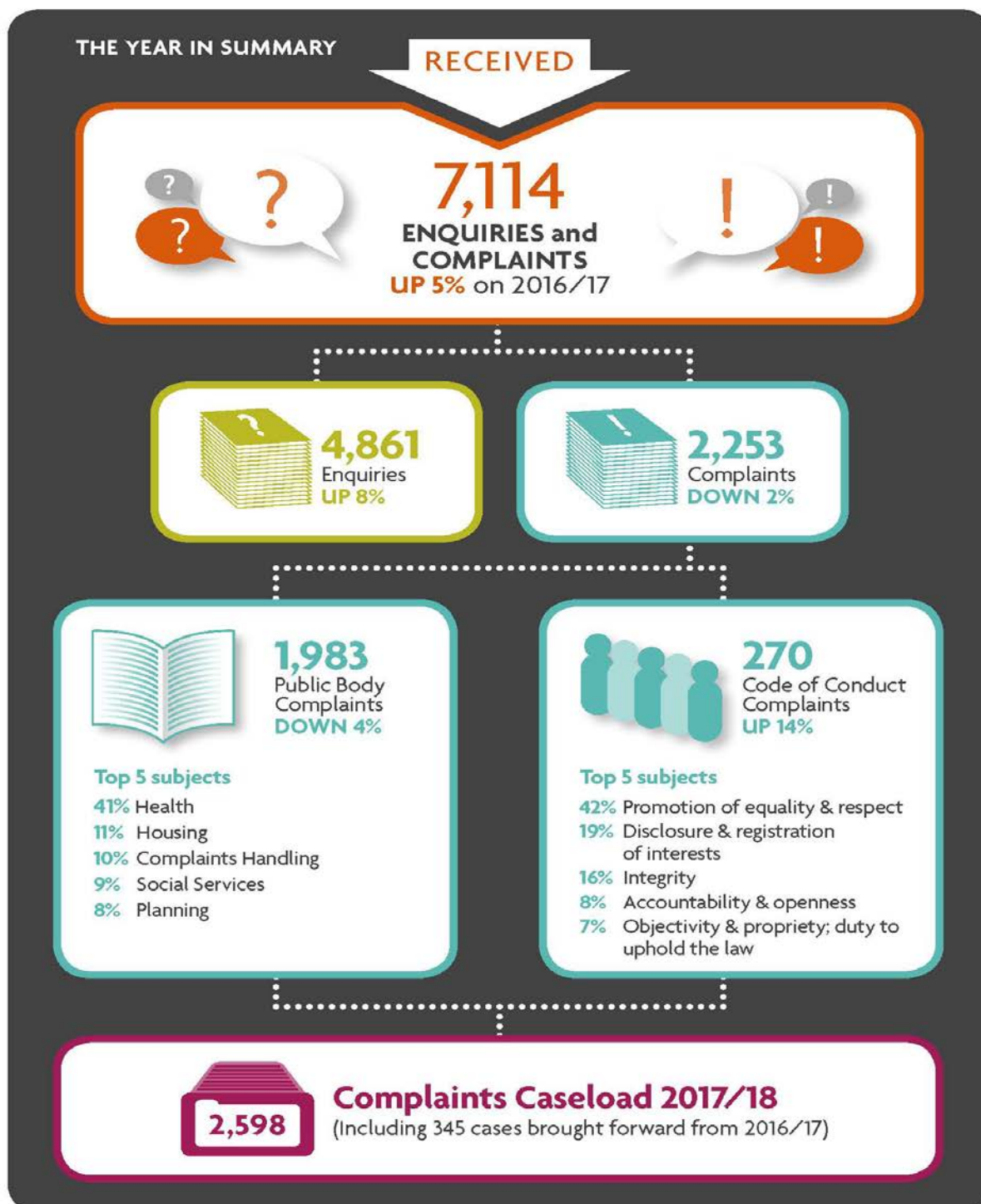
My improvement officers report a number of changes and improvements across health boards in the past year. A cultural change in the way in which Cwm Taf Health Board views complaints is emerging, with a keenness to engage with the Ombudsman and learn from complaints playing a role in this. The Health Board has embraced the closer involvement of the Ombudsman's Improvement Officer, with senior clinicians and nursing staff welcoming a presentation on the Board's performance and its relationship with the Ombudsman at its second annual "Listening and Learning from Concerns" seminar. In quantitative terms, the Health Board's performance in the timeliness of its responses to requests for information and in complying with the Ombudsman's recommendations has significantly improved.

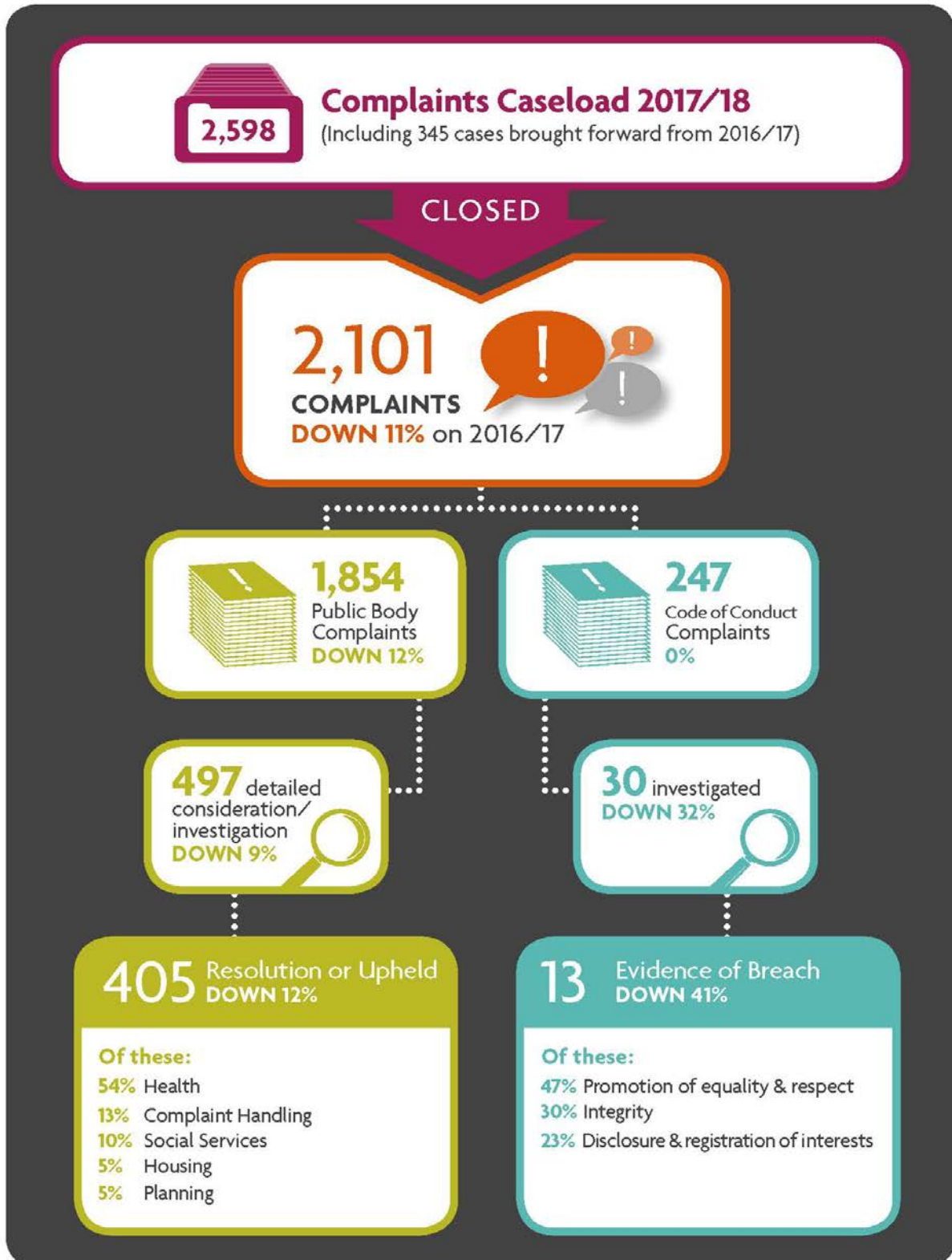
One of my Improvement Officers has worked collaboratively with Ceredigion County Council on a complaint handling toolkit for internal use within the Council. It aims to improve the way in which complaints generally, and those which are made to my office, are handled, by promoting accountability and a culture which is receptive to complaints. I hope that the toolkit will prove to be a useful resource for the Council and other local authorities who wish to adopt a similar approach.

In engaging with other bodies, we hope to see ongoing improvements in complaints handling, learning and putting things right, along with further development of the governance arrangements necessary for continuous improvement.

For 2018/19 I have decided to concentrate the work of the improvement officers on a smaller number of public bodies most needing support.

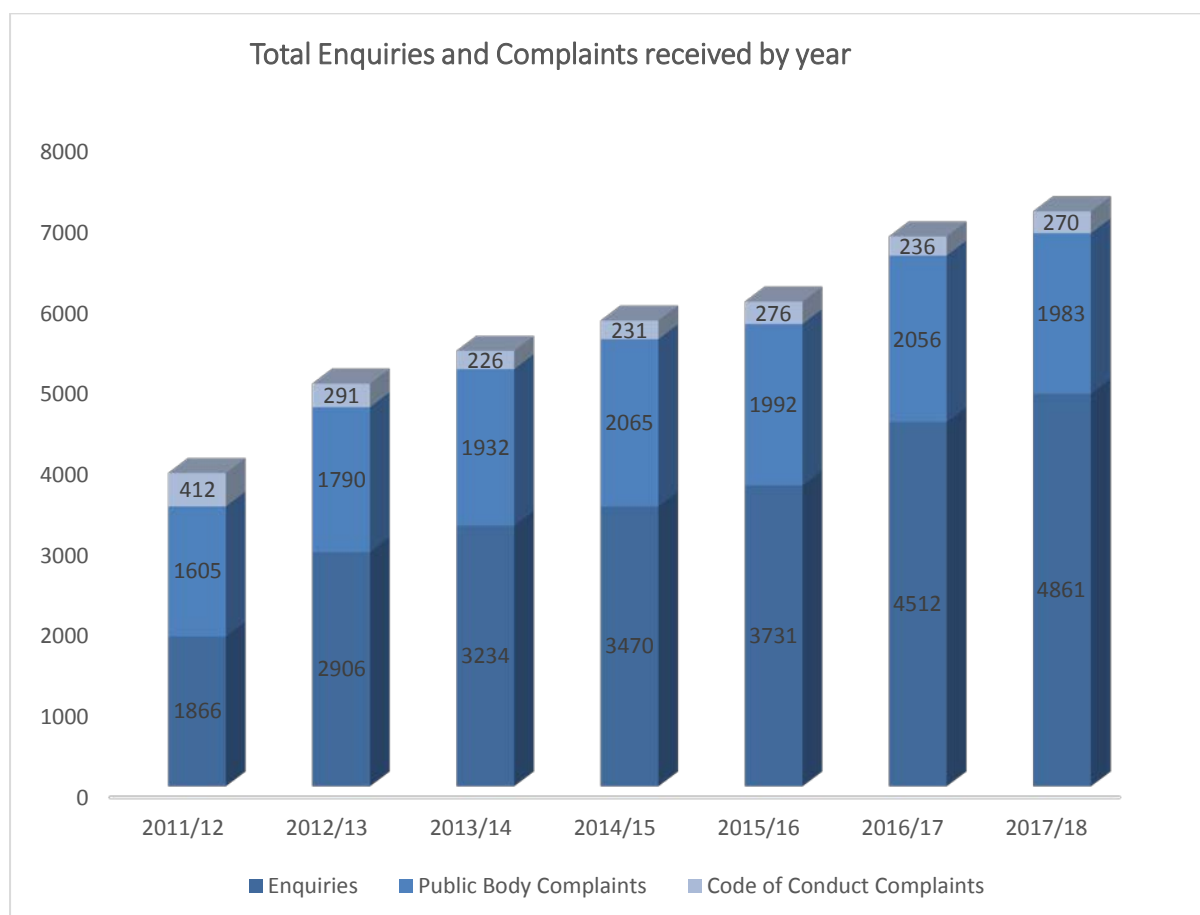
## The Complaints Service





## Overall Casework Statistics

The overall number of enquiries and complaints (public body complaints, and complaints about the conduct of members of local authorities) has increased by 83% since 2011/12. In 2017/18 enquiries and complaints totalled 7,114, a 5% increase on the previous year.



Graph 1.1

### Enquiries

An enquiry is a contact made by a potential complainant asking about the service provided, which does not result in a formal complaint being made to me at that time. At this point in our service we will advise people how to make a complaint to me or, where the matter is outside my jurisdiction, direct the enquirer to the appropriate organisation able to help them. Where appropriate, the Complaints Advice Team will also seek to resolve a problem at enquiry stage without taking the matter forward to the formal complaint stage.

2017/18 saw the office deal with the highest number of enquiries since it was established. In total, there were 4,861 enquiries in 2017/18 compared to 4,512 in 2016/17 – an 8% increase. This may be explained by the higher visibility the office has experienced over the

past few years, both in terms of press activity and outreach, with more members of the public being aware of our service.

We set ourselves the target of answering our main line telephone calls within 30 seconds in 95% of cases. The team has performed well, answering 97% of calls within this timescale.

### Public Body Complaints

During 2017/18 we received 1,983 complaints about public service providers – a 4% reduction on the previous financial year. This reduces such complaints to the 2015/16 level when my office received 1,992 complaints. Whilst it is not possible to demonstrate a direct causal link, I am confident that the considerable work my office has undertaken with key public bodies, on the improvement agenda and cultural change, is now beginning to bear fruit.

Detailed breakdowns of the numbers of complaints received by public body can be found at Annex C.

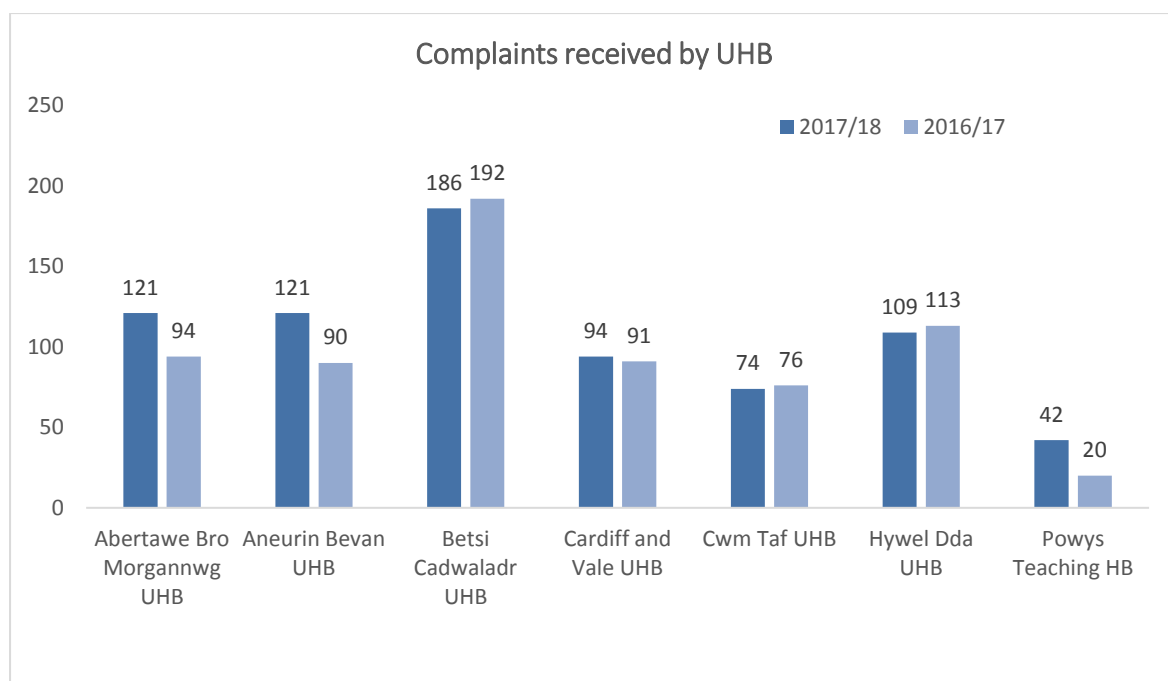
### Sectoral breakdown of complaints received

For the second year running, I am delighted to report a decrease in complaints against county councils. During 2017/18 my office received 791 complaints, compared with 881 in 2016/17 – a 10% drop. This year has also seen a considerable (28%) drop in social housing complaints compared to the previous year.

However, there has been an increase in the total number of complaints against NHS bodies, with 927 complaints made in 2017/18 compared with 863 in 2016/17. This represents a 7% increase. This is attributable to health board complaints which rose from 676 in 2016/17 to 747 in 2017/18 – an 11% increase.

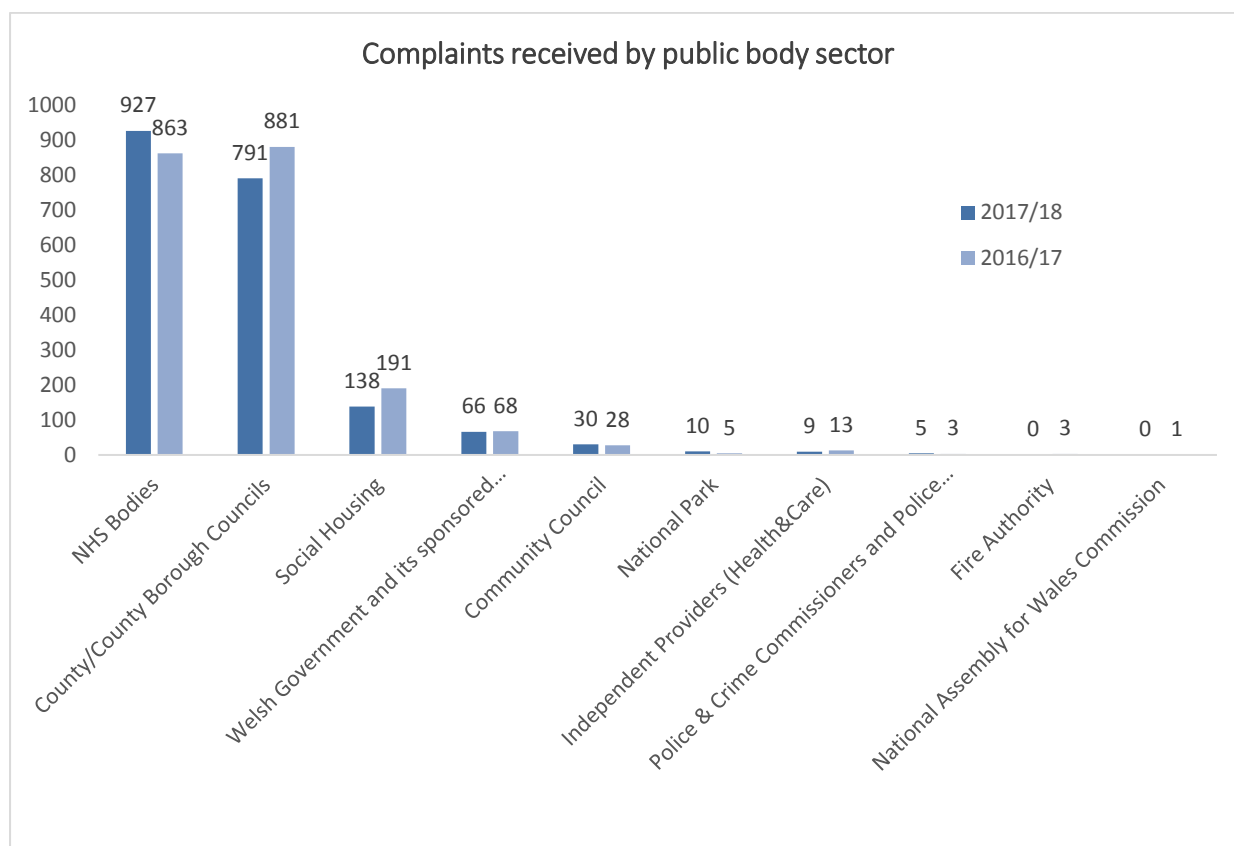
Graph 1.2 shows significant year-on-year increases in complaints received about Abertawe Bro Morgannwg (29%) and Aneurin Bevan University Health Boards (34%), as well as Powys Teaching Health Board (110%).

More encouragingly the graph shows that, despite the number of complaints received about Betsi Cadwaladr University Health Board remaining high, they have fallen moderately (3%) compared with the previous year. I am hopeful this trend will continue next year.



Graph 1.2

Graph 1.3 (below) shows the breakdown of complaints received by sector, together with comparisons with the previous year. NHS Bodies and County/County Borough Councils continue to dominate our caseload.



Graph 1.3

### Complaints received about public bodies by subject

Turning to consider complaints by subject, rather than sector, unsurprisingly complaints about healthcare made up the largest part of our caseload. This trend has continued for a number of years. Complaints about healthcare increased from 38% of our caseload in 2016/17 to 41% in 2017/18. This was followed by complaints about housing services and complaint handling. Complaints about Social Services and Planning and Building Control are the other complaints subjects in the top five. These top five complaint subjects, together with the percentage of complaints they account for, are shown below.



The subjects of complaints received are shown in more detail in Chart 1.1 below.

### Complaints received about public bodies by subject

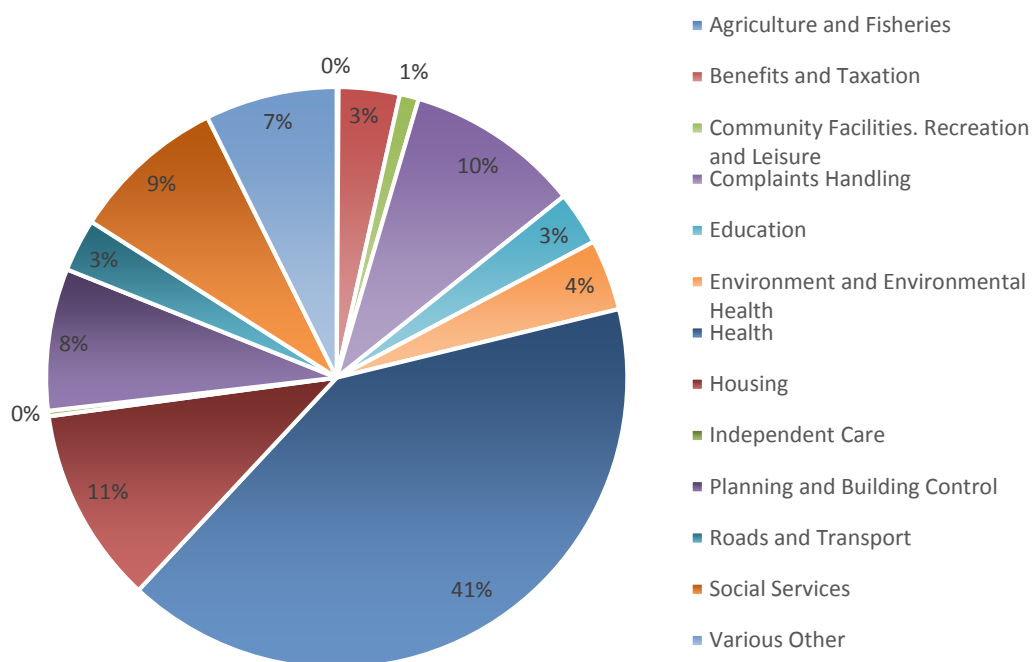


Chart 1.1

### Outcomes of complaints considered – cases closed during 2017/18

During 2017/18 we closed 1,854 complaints about public service providers, compared with 2,114 in 2016/17 (a reduction of 12%). This is a matter of some concern to me.

Complaints about healthcare are complex, time-consuming and, as indicated above, they are increasing in number. These significantly increase our workload for three reasons.

Firstly, we are less likely to be able to resolve a complaint or reach a decision about these complaints without securing additional information, including medical records, from the public body. To do this we must commence an investigation. Consequently, complaints about healthcare are five times more likely to require an investigation than complaints about other public services.

Secondly, these complaints are more complex and time-consuming to investigate. Since I am able to consider professional judgement in these cases, I will also generally need to seek professional clinical advice, often from more than one specialist. This extends the time needed to complete the investigation, as well as increasing the associated costs.

Thirdly, the subjects of many complaints about healthcare are sensitive and significant, often involving harm or the death of a family member. Health boards and clinical staff involved in the matters complained about will, quite rightly, want to ensure that their perspectives are fully and accurately reflected in our reports and decisions. The importance and significance of the matters considered in our healthcare investigations, and the fact that they involve professional judgement, are such that draft reports are more likely to be challenged by one or both of the parties. The important stage of inviting comments on our draft reports and proposed decisions is more time-consuming in complaints about healthcare than in other complaints. In some cases additional specialist advice may also be required.

The increase in the number of complaints about healthcare has, for these reasons, had a substantial impact on my investigation teams, reducing the number of cases closed whilst increasing the number of cases they are working on.

A summary of the outcomes is set out in table 1.1 below. The table shows that the number of straightforward complaints that could be closed after initial consideration was considerably lower than in the previous year. Whilst the number of investigations being progressed has increased, the number of investigations completed in the year was slightly lower than in 2016/17.

Detailed breakdowns of the outcomes by public service provider can be found at Annex A.

<b>Complaints about a Public Body – Outcomes of cases closed</b>	<b>2017/18</b>	<b>2016/17</b>
Closed after initial consideration	1357	1570
Complaint settled voluntarily	257	287
Investigation discontinued	8	16
Investigation: complaint not upheld	84	66
Investigation: complaint upheld in whole or in part	144	168
Investigation: complaint upheld in whole or in part - public interest report	4	6
Special report under Section 22 of the PSOW Act – public body failed to carry out actions it had previously agreed with the Ombudsman	0	1
<b>Total Outcomes - Complaints</b>	<b>1854</b>	<b>2114</b>

Table 1.1

Detailed breakdowns of the numbers of cases per local authority and health board where my office intervened (either by seeking an early resolution, settlement or by upholding a complaint following investigation) can be found at Annex D.

## Decision times

### Time taken to tell the complainant if I will take up their complaint

We have set ourselves target times within which we will decide and tell complainants whether or not we will take up their complaints. As explained in the 2016/17 annual report, we changed our approach to ensure that we measure our performance in a way that reflects the service user's experience.

We aim to achieve the following times:

- Decision on whether complaint is within jurisdiction/premature - within three weeks.
- Decision on whether or not to investigate, following detailed assessment - within six weeks.
- Resolution of complaint, where we seek early resolution without the need to investigate - within nine weeks.
- Investigation start, where investigation is required – within six weeks of the Date Sufficient Information is Received (DSIR).

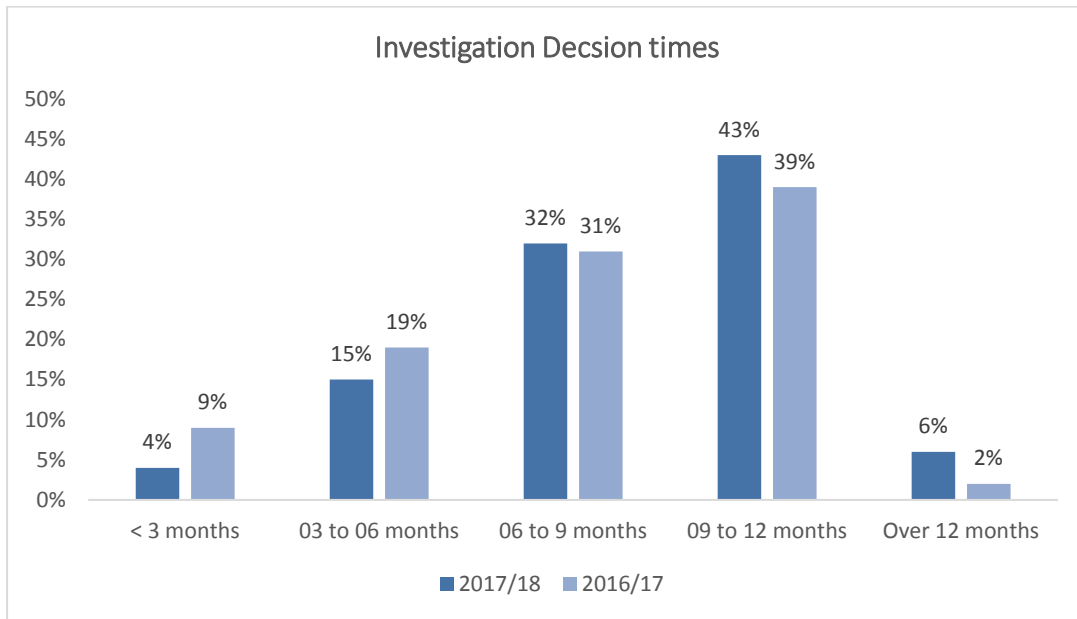
The following table shows the percentage of cases where we met these targets.

	Percentage 2017/18
Decision on whether complaint is within jurisdiction/premature – within three weeks	92%
Decision on whether or not to investigate, following detailed assessment - within six weeks.	89%
Resolution of complaint, where we seek early resolution without the need to investigate - within nine weeks	91%
Investigation start, where investigation is required – within six weeks of the Date Sufficient Information is Received (DSIR)	74%

Table 1.2

## Investigation Decision Times

In 2017/18 we completed 94% of investigations within 12 months. There were 17 investigations that took longer than 12 months. These cases were complex and required further investigatory work, or were cases where there were significant challenges, from the complainant or public body, to draft findings. Graph 1.4 gives further details of investigation timescales.



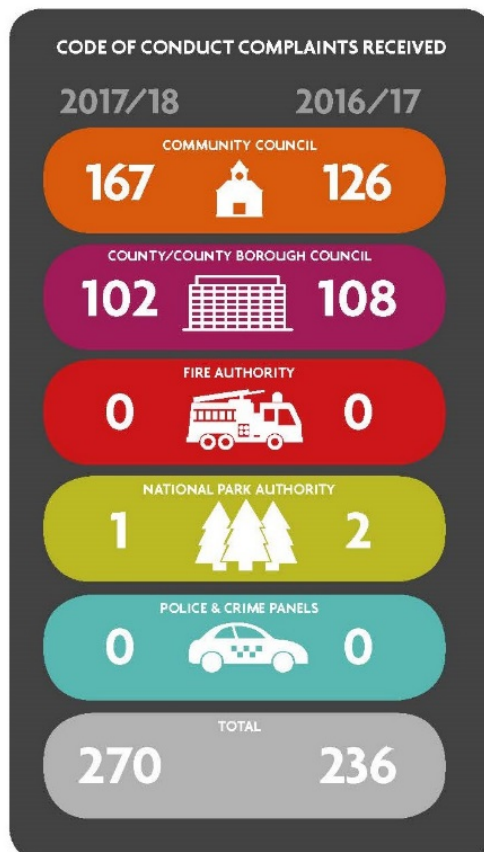
Graph 1.4

### Code of Conduct Complaints

The number of code of conduct complaints received increased to 270, an increase of 14% compared with 2016/17.

The increase relates entirely to Code of Conduct complaints involving Community Councils which have increased by 33%.

It is difficult at this stage to say exactly why there has been a significant rise in complaints about members of Town and Community Councils. Many of the complaints have arisen following changes in the membership of these council and difficulties have arisen between long established and new members. I am continuing to promote the concept of local resolution which has been adopted by a significant number of Town and Community councils, and I am encouraged by the efforts of One Voice Wales in this area which has, in collaboration with my office, created a model process for its members.



### Nature of Code of Conduct complaints received

As in previous years, the majority of Code of Conduct complaints received during 2017/18 related to matters of ‘promotion of equality and respect’. These accounted for 42% of complaints (37% in 2016/17). Disclosure and registration of interests (19%) and integrity (16%) were the second and third most common types of complaint, which is consistent with the previous year. Chart 1.2 below provides a full breakdown of the nature of Code of Conduct Complaints received.

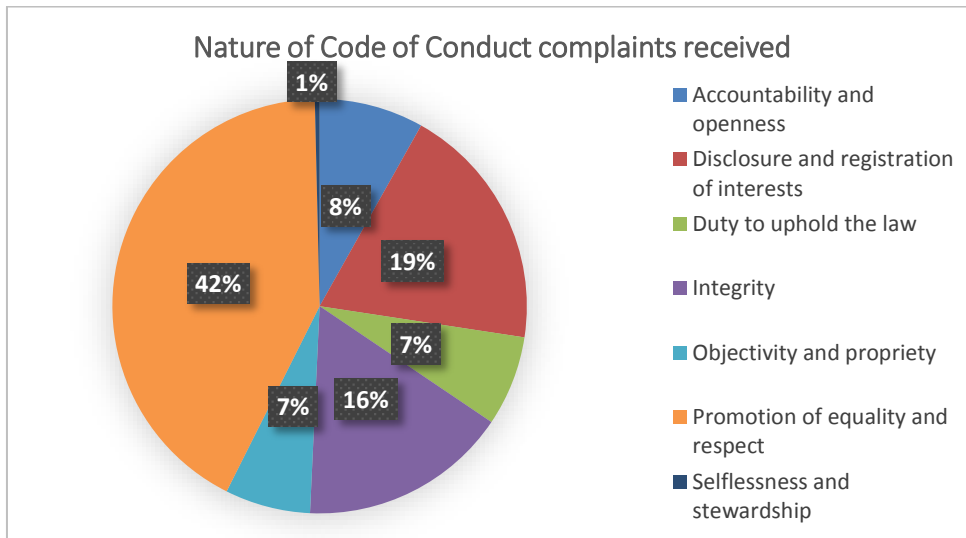


Chart 1.2

### Summary of Code of Conduct complaint outcomes

The most common outcome is ‘Closed after initial consideration.’ Of the 247 complaints in 2017/18, the majority were closed (213) under this outcome. These include decisions where:

- there is no ‘prima facie’ evidence of a breach of the Code, and
- it is not in the public interest to investigate.

Fewer complaints were closed after full investigation in 2017/18 (26) than in 2016/17 (34). This is because I have continued to apply a public interest test when deciding whether to investigate Code of Conduct complaints. This means that I investigate only the more serious complaints where an investigation is required in the public interest.

In 2017/18 I received nine complaints which raised potential whistleblowing concerns about alleged breaches of the Code of Conduct. These complainants either did not provide ‘prima

facie' evidence of a breach of the code or did not warrant investigation in the public interest.

However, of the cases I investigated and closed this year, three cases were referred to the Adjudication Panel for Wales. The Adjudication Panel for Wales considers the evidence I prepare, together with any defence put forward by the member concerned. The Panel then determines whether a breach has occurred and, if so, what penalty, if any, should be imposed. Two of these cases were considered by the Panel during the year and in both cases serious breaches of the Code were found on the basis of my investigations and reports. Both cases involved councillors making derogatory remarks and unfounded allegations against staff and engaging in bullying, harassment, intimidation and malicious behaviour. As a result, a former member of [Flintshire County Council](#) was disqualified from holding office for 14 months and a former member of [Conwy County Borough Council](#) was disqualified from holding office for 18 months.

A summary of outcomes is below, with a detailed breakdown showing the outcomes of Code of Conduct complaints, by authority, provided in Annex B:



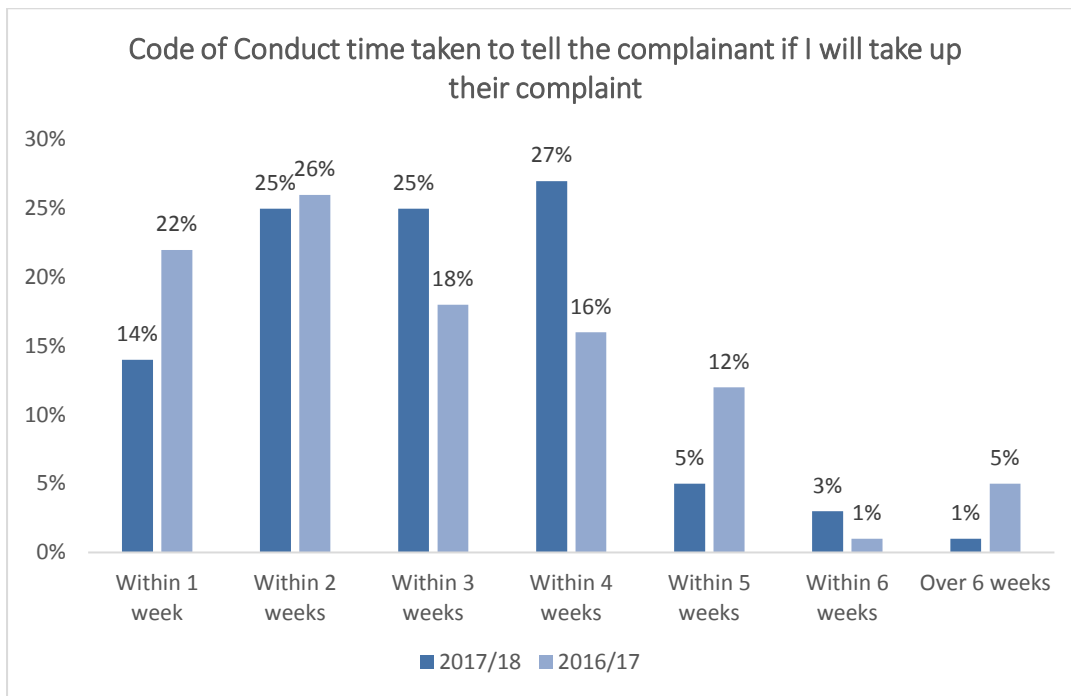
## Decision times

### Time taken to tell the complainant if I will take up their complaint

In respect of Code of Conduct complaints, 91% of complainants were informed within four weeks of the date I received sufficient information of whether I would take up their complaint. I am pleased to report that this is considerably higher than during 2016/17 where 82% were informed within four weeks.

Further details on these decision timescales are shown below.

### Code of Conduct time taken to tell the complainant if I will take up their complaint



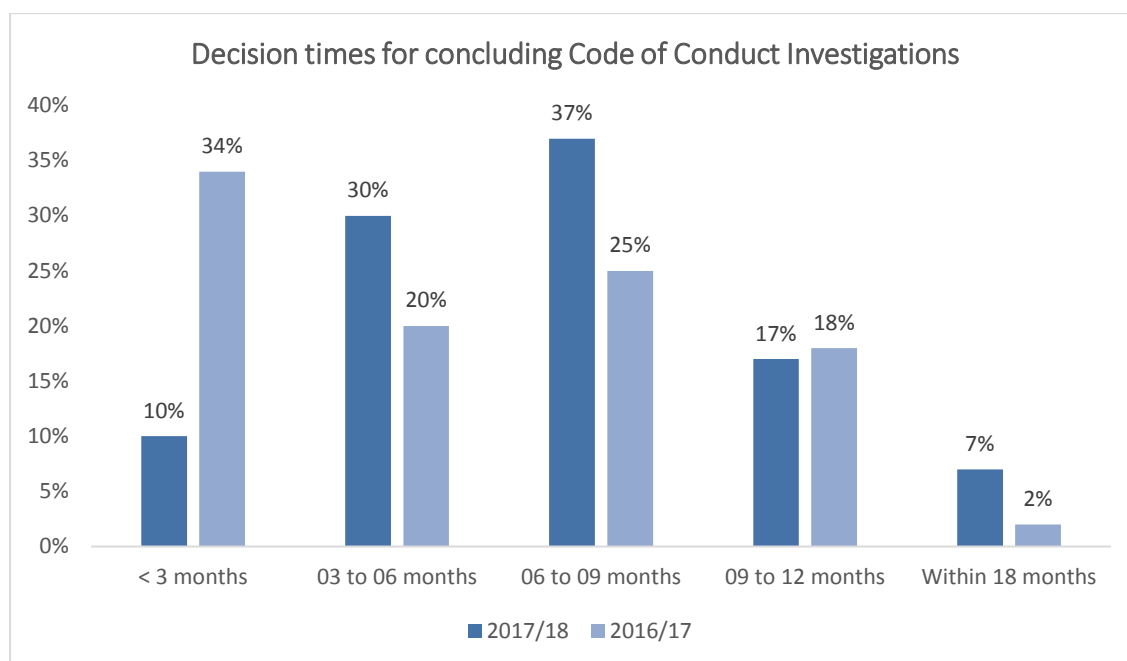
Graph 1.5

## Decision times for concluding Code of Conduct investigations

The overall number of decisions on Code of Conduct complaints in 2017/18 was similar to that in the previous year. However, due to the fact that the cases which require investigation are often complex, coupled with external factors beyond our control and the pressures of the “health heavy” investigation caseload, fewer cases were concluded within three months – 10% compared with 34% in 2016/17.

I recognise the implications of longer decision times in these cases, for the complainant, for the councillors complained about and for the wider public interest. I will continue to work to reach timely conclusions in these cases in the year ahead.

Graph 1.6 below shows decision times for Code of Conduct complaints for 2017/18 compared with 2016/17.



Graph 1.6

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## Cases of Note

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During 2017/18 I issued four public interest reports which generated considerable national interest. These can be found on my office's website [here](#).

Each of the public interest reports were health related - two concerned services at Betsi Cadwaladr University Health Board, one was about Cwm Taf University Health Board and one related to Hywel Dda University Health Board.

The cases included:

- A patient who died on a hospital trolley following shortfalls in the provision of end of life care and poor complaints handling. My investigator found that the patient's dignity had not been respected and she had not received sufficiently considerate end of life care. My office issued a number of recommendations, including that Betsi Cadwaladr UHB apologise and provide the complainant with financial redress of £1,500, refer the report to the Health Board's Equalities and Human Rights team, remind medical staff of their obligations for ethical and clinical management during end of life care, consider further staff training in end of life care and carry out a clinical audit of the wards involved in this case.
- A patient who suffered a cardiac arrest and died after staff failed to correctly diagnose and manage his heart failure. My office found that junior doctors had been inadequately supported, the patient's family had not been suitably advised and there were substantial delays in responding to the complaint. An apology and redress totalling £2,750 was secured for the complainant. A number of recommendations were also made, including that the Health Board produce a detailed escalation policy, remind medical staff of daily review recording procedures and their obligations to adequately support and supervise Junior Doctors, and review pre-operative assessment protocols.
- A Health Board that took more than three years to provide a final response to a complaint. I found evidence of maladministration, including misplaced records and communication failures, and a lack of transparency in investigating a complaint about a breach of duty of care. The Health Board agreed to make a total redress payment of £4,000, arrange free legal advice and independent clinical adviser for the complainant, and to remind all medical staff of their duty to be open and transparent with patients and families.

- Failure by medical staff to reach reasonable standards of care and treatment of a patient. Several opportunities to identify and prevent a patient's deterioration were missed leading to him suffering a fatal cardiac arrest. Furthermore, the complaint was poorly handled and an unreasonable length of time was taken to provide the complainant with a response. The Health Board agreed to a number of recommendations including an apology and a payment of £10,000 for the complainant, in recognition of the distress and uncertainty caused.

The last of these complaints was made by the patient's daughter, Ms C, who worked for Betsi Cadwaladr University Health Board handling complaints.

Commenting on this final report at the time, I said:

"I find it extremely concerning that the Health Board refuses to admit that, had they approached the patient's care differently, his death could have been prevented. Not only was the care substandard in this case, I find the Health Board comments disingenuous and indicate an unwillingness to accept the seriousness of the situation.

"The fact that a member of its own staff, accustomed to the concerns process, found the Health Board's approach to her complaint so frustrating that she was forced to seek assistance from an advocate, does not instil confidence for members of the public using the system."

Following our investigation, Ms C got in touch with my office.

She said:

*"Thank you once again for all you have done to bring my family and I some sense of closure but, most of all, the truth."*

# Annual Sustainability Report

The protection of the environment is a priority, with focus on this at local and national levels. The Public Services Ombudsman for Wales and his staff are encouraged to make changes where possible to reduce the impact of the office on the environment and operate in a sustainable and responsible manner.

## Our Building

We have one office in Pencoed, near Bridgend. We originally took up the lease for the ground floor in 2005 and have, since then, expanded to occupy part of the first and second floors to accommodate approximately 60 staff and visitors in a largely open plan office space.

Electricity is the only energy supply used and this provides lighting and heating/cooling as well as powering normal office equipment. The building is leased, which limits our ability to make changes to the energy efficiency of the building.

## Building Statistics

The table below provides key information about our offices in Pencoed, heating arrangements and energy usage for the year.

Building	Constructed	No. of Floors	Total Usable Floor Area (ft <sup>2</sup> )	Heating Type	Electricity usage (kWh)
1 Ffordd yr Hen Gae	2004	3	16,460	Air Handling Units	120,791

Table 1.3

## Accessibility

The offices have reasonable transport links. The railway station at Pencoed (less than one mile away) together with bus services to/from the site, provide public transport options for staff and visitors. Our offices are also easily accessed by car from the M4 motorway.

## Emissions

Staff are encouraged to use public transport where suitable, for business meetings and commuting. Showers and bicycle stands are provided at our offices.

Local suppliers are used where possible to help reduce carbon emissions.

### Lighting & Energy

A programme to replace existing lighting with LED light bulbs commenced in 2017/18 with 50% upgraded to bulbs that use 90% less energy than standard bulbs and have a longer life span, resulting in less maintenance and less waste.

A recent staff workshop on sustainability identified a number of other measures to improve management of energy usage. These ranged from ensuring that lights are switched off when rooms are not in use to replacing kettles and freestanding water coolers with plumbed water heaters/coolers.

### Waste management

We recycle all waste paper confidentially and recycle general waste such as plastic and tins, along with batteries and toner cartridges. General waste produced by PSOW has seen little change over the last year, though recyclable waste has increased. Delivery packaging, such as large cardboard boxes, is now being recycled, which should help to reduce general waste.

We are continuing to work with staff to minimise waste, particularly that sent to landfill. Following suggestions from staff, all individual waste bins will be removed, and shared recycling bins for mixed recycling will be placed in the main office. Any general waste will be placed in one of a small number of general waste bins.

Since the introduction of 'paper light' case files, there has been a dramatic reduction in the use of paper throughout the office. Savings have also been made with the introduction of the electronic letter head, allowing printing onto plain paper, which has helped reduce the amount of waste paper. Trials are currently taking place to produce electronic sub files, used to share documents and records with professional advisers, instead of producing and sending hard copy documents. If the trial is successful, the environmental impact of printing and delivering the files will decline, and in turn the paper usage within the office will be further reduced.

Office waste is currently collected by two different companies, one for general waste and one for confidential waste and mixed recycling. It is planned that in the future PSOW will be able to find one provider who will be able to cover all services needed, which will have a positive effect on the environment.

## Reduction to the use of plastic used in the office

The UK government aspires to eliminate all avoidable plastic within 25 years. We do not use disposal cups for hot drinks, with staff and visitors using ceramic cups and mugs. With the removal of bottled water coolers, disposal plastic cups are no longer purchased. We will ensure that all staff and visitors have access to a reusable cup/glass.

## Current Waste Figures

Table 1.4 below shows the amount of waste, of different types, we produce weekly and annually.

	Per week (average)	Per year (average)
Confidential Waste	600 litres	31,200 litres
Mixed Recycling	600 litres	31,200 litres
General Waste (including food waste)	1,100 litres	57,200 litres
<b>Total waste per year</b>	<b>2,300 litres</b>	<b>119,600 litres</b>

Table 1.4

We will continue to work to reduce waste in 2018/19.

# Annual Equality Report

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Under the Equality Act 2010 and the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 laid down by the National Assembly for Wales, the Ombudsman is required to produce an annual report in respect of equality matters. I do so here as part of my overall Annual Report and Accounts for 2017/18.

## Accessibility

As part of our complaint process, we do our very best to identify as early as possible any individual requirements that may need to be met so that a service user can fully access our services. In particular, we ask people to tell us their preferred method of communication. We continue to develop strong links with third sector organisations which support our service-users, using their expertise to advise on how we can make our services more accessible.

Where we can, we make reasonable adjustments to help people make and present their complaint to us. This year we have updated our forms and letters to make our arrangements for reasonable adjustments clearer.

We will consider and respond to any request for a reasonable adjustment and have a number of facilities readily available. These include:

- providing correspondence in Easy Read
- the use of Language Line for interpretation where a complainant is not comfortable with making their complaint in English or Welsh
- obtaining expert assistance to help us to understand the particular requirements of complainants with certain conditions, such as Asperger's syndrome; and
- visiting complainants at their homes.

We also work to provide information on our website in a number of accessible formats, and produce key documents in alternative formats, such as CD/tape and Braille, and translate these into the eight most-used ethnic minority languages used in Wales.

Our website has continually been upgraded, and now features an enhanced BrowseAloud service. Additionally, the Google Translate service has been embedded so that the PSOW website content pages can be automatically translated into any one of over 100 languages on selection. A British Sign Language video and SignVideo service are also available on the website.

The Complaints Advice Team continues to signpost service users, who may need assistance in making their complaints, to advocacy and advice organisations. This information is readily available on our website. We have also developed links with advocacy organisations this year to assist those complainants who need reasonable adjustments.

## Equality Data Gathering/Monitoring – Service Users

Throughout the past year we continued with our equality monitoring in respect of service users, which informs our annual outreach strategy. We invite service users to complete a questionnaire and analyse the responses we receive. The outcome of the monitoring during 2017/18 in respect of the protected characteristic groups (as defined in the Equality Act) is set out below.

In view of the nature of the work of this office, we expect the proportion of complainants with protected characteristics at least to mirror that in the overall population of Wales. However, since those with some protected characteristics may be more likely to access or rely on public services, the proportion of complainants from disadvantaged or vulnerable groups is likely to exceed the appropriate share of the population.

From the results below I am satisfied, after making comparisons with official data available (particularly the Census 2011), that the proportion of service users with protected characteristics meets or exceeds the population proportion in the way I would expect.

I am anxious to ensure that those who have concerns about public services are aware of my office and know how to contact me. It is good to see that, for the second year running, 5% of those who responded identified themselves as being from a minority ethnic background, which is slightly higher than the relevant proportion (4%) of the Welsh population.

I note that 60% of complaints are made by people aged between 35 and 64. Whilst some of these complaints will be made **on behalf of** children, young people or older people this figure does suggest that there is work to do to ensure that older and younger people, who rely most on health and social care and education support services, are aware of and able to access my services.

I will be undertaking further analysis in the coming year and will use that analysis to shape my future outreach activities.

Protected characteristic group	Percentage Outcome
<b>Age</b>	
Under 25	3%
25-34	14%
35-44	17%
45-54	23%
55-64	20%
65-74	13%
75 or over	3%
Prefer not to say / No response	7%

<b>Disability</b>	
Yes	25%
No	64%
Prefer not to say/No response	11%
<b>Health problem or disability limiting day-to-day activities?</b>	
Yes, limited a lot	23%
Yes, limited a little	15%
No	51%
Prefer not to say/No response	12%
<b>Gender reassignment</b>	
Yes	2%
No	86%
Prefer not to say/No response	12%
<b>Religion or belief</b>	
No religion	40%
Christian (all denominations)	48%
Other religions	6%
Prefer not to say/No response	6%
<b>Married or same-sex civil partnership</b>	
Yes	50%
No	38%
Prefer not to say/No response	12%
<b>Race/Ethnicity</b>	
White	89%
Other ethnic background	5%
Prefer not to say/No response	6%
<b>Sex</b>	
Male	48%
Female	45%
Prefer not to say/ No response	7%
<b>Sexual orientation</b>	
Heterosexual or straight	82%
Gay or Lesbian	2%
Bisexual	2%
Other	1%
Prefer not to say/No response	13%

Table 1.5

## Outreach

We continued to focus on children and young people in our outreach work during 2017/18. We maintained our links with the Children’s Commissioner for Wales and in June 2017, we hosted a stand at the Urdd Eisteddfod which allowed us to interact with children and young people, as well as raise awareness of our work to their parents and guardians.

We have continued to run our three Sounding Boards – Service User, Health and Local Government – to give us an opportunity to learn from our stakeholders and use their feedback to improve our services.

We have established a database of contacts, from our Service User Sounding Board, that staff can contact should they need advice on a particular issue or topic. This provides a valuable resource and expands our knowledge base.

We have also actively engaged with a range of third sector bodies including the RNIB Cymru, Diverse Cymru, Citizens Advice and various housing associations, and have hosted stands at both Learning Disability Wales’ and the Welsh Council for Voluntary Action’s annual conferences.

## Staff Equality Data Gathering/Monitoring

Our staff are asked annually to complete and return a monitoring form seeking information in respect of each of the protected characteristics. That disclosure is, of course, on a voluntary basis. 44 staff responded to the survey.

<b>Age</b>	The composition of staff ages is as follows: Under 25: 5% 25 to 34: 18% 35 to 44: 32% 45 to 54: 29% 55 to 64: 16%
<b>Gender</b>	68 % of staff stated they were female and 32% male. When asked if the gender staff identify with was the same as described at birth, 100% of the staff who answered the question said yes whilst 3 staff did not answer the question.
<b>Disability</b>	93% of staff said they were not disabled, 7% of staff said that they were a disabled person (2 staff did not answer the question). However, when asked if their day-to-day activities were limited because of a health problem or disability which had lasted, or was expected to last, at least 12 months, 7% said

	that they were limited a lot, 2% said they were limited a little, 89% said their day to day activities were not limited (2% preferred not to say)
<b>Nationality</b>	In describing their nationality, 60% said they were Welsh; 31% said British, 7% said they were English, 2% said Irish.
<b>Ethnic group</b>	The ethnicity of staff is: 96% White (Welsh, English, Scottish, Northern Irish, British); 2% White (Irish); 2% Black (African, Caribbean, or Black British/Caribbean).
<b>Language</b>	When asked about the main language of their household, 84% of staff said this was English; 16% said Welsh.
<b>Religion or Belief</b>	Responses to the question asking staff about their religion were as follows: No religion: 55%; Christian: 39%; Other: 2% (4% preferred not to say)
<b>Marriage/Civil Partnership</b>	60% of staff stated they were married; 2% were in a civil partnership; 20% were single; 11% replied other (7% preferred not to say)
<b>Sexual Orientation</b>	Responding on this, 89% said that they were heterosexual or straight, 2% said gay or lesbian (9% preferred not to say)

Table 1.6

### Staff Training

Staff training is provided to support staff in their specific job roles or for their ongoing development. All training requested by individual staff and supported by the line manager has been approved. There are therefore no equality-related differences between approved and non-approved training requests. A new Performance Review and Development Process has been introduced with a strong focus on training and development for all staff across the organisation. A new training and development policy and process has also been introduced.

## Pay and Gender – data as at 31 March 2018

Under the specific Equality Act duties, we are required to set an equality objective for gender and pay; if we do not do so, we must explain why. I currently do not have any specific objective in this regard because females are very well represented at the higher pay scales within my office. The position is kept under continual review and I will continue to maintain and promote equality in the workplace. Equality objectives will be developed if necessary. The table below shows the current position.

Pay (FTE)	Male*	Female*
Up to £20,000	1	7
£20,001 to £30,000	1	8
£30,001 to £40,000	2	13
£40,001 to £50,000	8	17
£50,001 to £60,000	3	1
£60,001 +	2	2
<b>Subtotal</b>	<b>17</b>	<b>48</b>
<b>Total</b>	<b>65</b>	

\*Headcount includes staff on maternity/adoption leave

Table 1.7

In relation to the working patterns of the above, all staff work on a full-time basis with permanent contracts, with the exception of the following:

12 members of staff work part time (10 female, 2 male).

## Recruitment

During the past year five members of staff have left. There has been recruitment to replace departing staff, for a new post and for fixed term cover for maternity/adoption leave and a secondment. Ten new employees were recruited, four on permanent contracts and six on fixed term contracts.

Equality data gathered from the past year's recruitment campaigns are shown below:

### Key

CWS/CO	Casework Support Officer/Casework Officer (joint recruitment campaign)
FO	Finance Officer
IO	Investigation Officer
P&RA	Policy & Research Analyst

		CWS/CO	FO	IO	P&RA
Age	Did not say	4%	-	2%	17%
	under 25	5%	25%	2%	6%
	25-34	24%	-	16%	33%
	35-44	19%	50%	35%	22%
	45-54	24%	25%	33%	22%
	55-64	24%	-	10%	-
	65-74	-	-	2%	-
	75 and over	-	-	-	-
		100%	100%	100%	100%
Gender	Did not say	14%	-	3%	16%
	Male	43%	100%	42%	17%
	Female	43%	-	55%	67%
		100%	100%	100%	100%
Nationality	Did not say	4%	-	5%	17%
	Welsh	62%	75%	47%	44%
	English	5%	-	3%	-
	Scottish	-	-	-	-
	Northern Irish	-	-	-	-
	British	19%	-	43%	33%
	Irish	-	-	1%	-
	Other	10%	25%	1%	6%
		100%	100%	100%	100%
Ethnic Group	Did not Say	14%	-	7%	16%
	White	76%	75%	89%	67%
	(Welsh/Scottish/English/NI/British)	-	-	1%	-
	White (Irish)	-	-	-	-
	White (Gypsy/Irish traveller)	-	-	1%	-
	White (Other)	-	-	-	6%
	Asian /Asian British	5%	25%	1%	-
	Black, African, Caribbean or Black British	-	-	1%	11%
	Mixed or multiple ethnic group	5%	-	-	-
	Other ethnic Group				
		100%	100%	100%	100%
Language	Did not say	5%	-	3%	16%
	English	90%	75%	93%	67%
	Welsh	5%	-	3%	6%
	Bilingual (Welsh / English)	-	-	1%	6%
	Other	-	25%	-	5%

		CWS/CO	FO	IO	P&RA
		100%	100%	100%	100%
Disability	Did not say	4%	-	4%	16%
	Yes	10%	-	6%	6%
	No	86%	100%	90%	78%
		100%	100%	100%	100%
Limited Activities	Did not say	5%	-	5%	22%
	Yes, limited a little	5%	-	5%	6%
	Yes, limited a lot	-	-	-	-
	No	90%	100%	90%	72%
		100%	100%	100%	100%
Religion	Did not say	19%	-	8%	16%
	None	38%	25%	42%	50%
	Christian	43%	75%	48%	28%
	Buddhist	-	-	-	-
	Hindu	-	-	-	6%
	Jewish	-	-	1%	-
	Muslim	-	-	-	-
	Sikh	-	-	-	-
	other	-	-	1%	-
		100%	100%	100%	100%
Married or civil partnership	Did not say	15%	-	6%	16%
	Yes	33%	50%	49%	28%
	No	52%	50%	45%	56%
		100%	100%	100%	100%
Sexuality	Did not say	10%	25%	11%	27%
	Heterosexual	90%	75%	84%	67%
	Gay or Lesbian	-	-	4%	6%
	Bisexual	-	-	1%	-
	Other	-	-	-	-
		100%	100%	100%	100%

Table 1.8

Due to the low number of staff recruited, the equality data for the individuals appointed has been reported as part of the all staff information.

### Disciplinary/Grievance

Due to the small numbers of staff working in the office, and the very small number of instances of disciplinary/grievance, it is not considered appropriate to report on equality

data for this category due to the risk of identification. I remain satisfied that there are no identifiable issues in this area that would cause concern.

### Procurement

Our procurement policy refers to the relevant equality requirements that we expect our suppliers to have in place.

## My services - satisfaction and complaints

### Customer Satisfaction

We have continued with our satisfaction survey practice in relation to customer satisfaction for our first contact service. The table below gives details for 2017/18. In 2018/19 we intend to change our approach to improve response rates, and the level of detail of feedback we gather, to help us improve our service.

	% of respondents answering either 'strongly agree' or 'agree' 2017-18
It was easy to find out how to contact the Public Services Ombudsman for Wales	90%
The service I have received has been helpful and sensitive	91%
Staff were able to understand my query / complaint	91%
I was given a clear explanation of what would happen to my query / complaint	92%

Table 1.9

### Complaints About PSOW service

We aim to provide a first-class Ombudsman service for Wales. As part of that commitment we aim to:

- provide an accessible, simple, effective and transparent process for looking into complaints about the service we give;
- respond quickly to complaints about the service we have provided; and,
- if we have got things wrong or given poor service, apologise and learn from our mistakes.

Our 'How to complain about us' policy can be used when complainants feel that we have:

- treated them unfairly or rudely; or
- failed to explain things clearly; or
- caused unreasonable delays; or
- failed to do what we have said we would; or

- failed to follow our processes correctly.

The table below reports on the number of complaints received during 2017/18 and their outcomes, together with a comparison of the position in 2016/17.

	2017/18	2016/17
Complaints brought forward from previous year*	2	0
Complaints about us received	33	62
<b>TOTAL COMPLAINTS</b>	<b>35</b>	<b>62</b>
<b>OUTCOMES</b>		
Upheld	3	11
Not Upheld	29	51
<b>TOTAL CLOSED DURING YEAR</b>	<b>32</b>	<b>62</b>
Ongoing and carried forward at 31 March 2017	3	2*

\*2016/17 Annual Report showed 1 in error

**Table 1.10**

The number of complaints about our service reduced by 48%. 9% of these complaints were upheld (in whole or part). This is a reduction of 8% compared with 2016/17 when 17% were upheld (in whole or part).

The nature of the complaints that were upheld were:

Lack of response or update	2
Dissatisfaction with process or policy	1
<b>TOTAL</b>	<b>3</b>

**Table 1.11**

The following action was taken in respect of the upheld complaints:

- an apology was issued to the complainant in each upheld case;
- we reviewed the case complained about to establish whether a decision on compliance with recommendations could have been reached earlier;
- we determined, within two months, whether compliance with outstanding recommendations in the case complained about had been achieved.

### Independent Complaint Resolution Services (ICRS)

Whilst the Ombudsman is independent of government and is not overseen by a regulator, to ensure that we are open to scrutiny and review in our handling of complaints about us,

the Ombudsman has appointed an Independent External Reviewer of Complaints about our service. The Independent External Reviewer will consider the service provided by the Ombudsman but will not review the outcome of complaints about a public body, public service or councillor.

Seven complainants asked ICRS to review their complaints about PSOW during the year. Four reviews were completed and one complaint was resolved by an apology from PSOW. Two complaints were considered by ICRS to be outside their remit / cases where they could not assist. These arise primarily where the complaint is about disagreement with PSOW's decision in respect of a complaint about a public body.

ICRS reported that this year the majority of complaint issues were not upheld as they were satisfied that PSOW had dealt with matters appropriately in line with its published procedures and service standards. ICRS upheld or partly upheld three complaint issues and made a number of recommendations to PSOW, either for a formal apology or for PSOW to consider process improvements. The recommendations included explaining more fully the Ombudsman's authority, and the extent of his discretion, to a particular complainant in order to manage expectations, improving the recording of reasonable adjustments and ensuring that communication was clear and did not create inaccurate expectations about what my office could or would do.

The recommendations have been addressed and shared with relevant staff.

### Welsh language services

I fully support the rights of individuals who use my service to do so in Welsh. I have a dedicated pool of staff who are Welsh language speakers. They deal with enquiries from the public in Welsh and investigate complaints about public services which have been made to me in Welsh.

Our public documents are available in both English and Welsh and I have a fully bilingual website.

## Key Financial Data

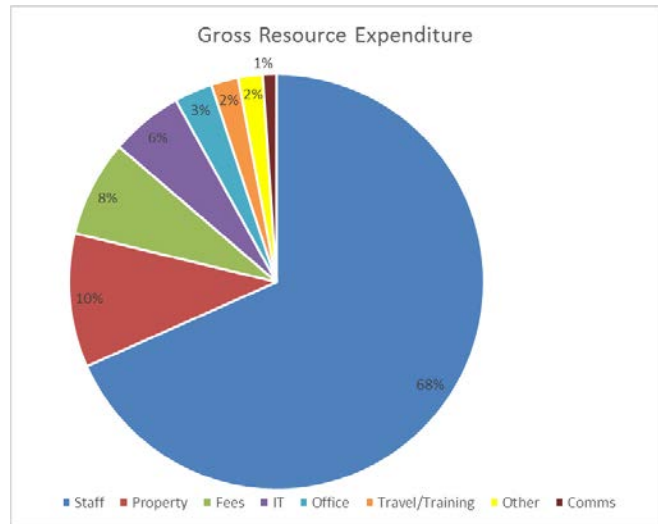
Net Resource Funding:	£4,248k	Total Assets:	£386k
Net Resource Expenditure:	£4,210k	Total Liabilities:	£742k
Cash to be Repaid:	£32k	Net Liabilities:	£356k

### Gross Resource Expenditure (pages 82/3)

PSOW’s funding comes from the Welsh Consolidated Fund (WCF). Each year the estimated costs of running the Office have to be submitted to the Finance Committee of the National Assembly for Wales for consideration. When agreed, funds are drawn down monthly with any surpluses returned to the WCF during the following Financial Year.

Gross resource expenditure was £4,241k compared to funding of £4,280k. The under-spend was mostly attributable to a reduction in capital charges.

A cash under spend of £32k will be returned to the WCF in 2017/18.



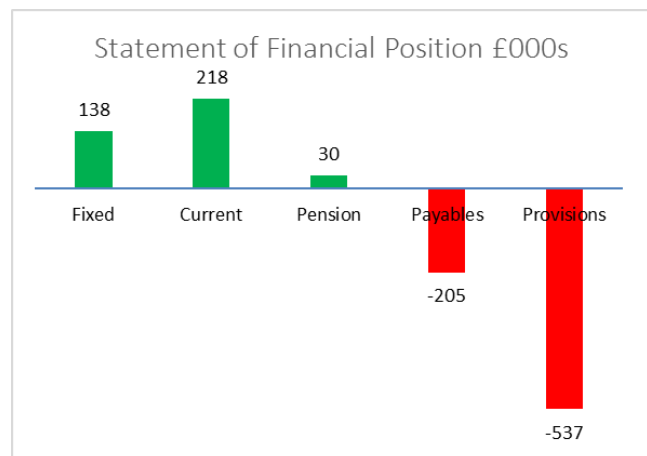
### Assets and Liabilities £000s (page 75)

Fixed assets include plant and equipment £128k, software £7k, receivables > 1 year of £3k.

Current assets consist of receivables £186k and cash £32k.

Liabilities are accounted for by payables (£205k) and provisions for pensions and dilapidations (£537k).

There is a net liability of (£356k).



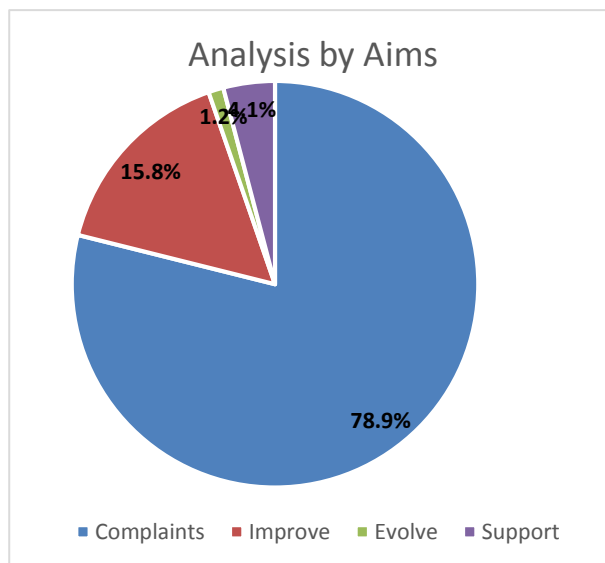
## Operating Costs by Strategic Aims (page 84)

Aim 1: To provide a complaints service that is of the highest quality, proportionate and effective.

Aim 2: To use the knowledge and insight obtained from the complaints we consider to improve complaint handling by public services providers and to have an impact on improving public service delivery and informing public policy.

Aim 3: To continue to evolve and grow as an office, specifically planning for implementation of the Ombudsman’s new powers should the National Assembly for Wales create a new Public Services Ombudsman (Wales) Act.

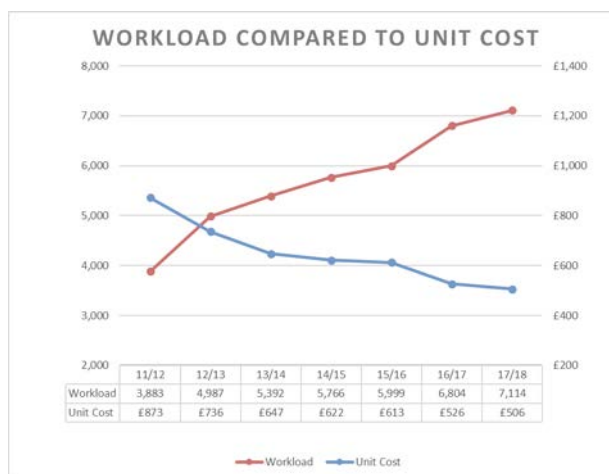
Aim 4: To be accountable for the service we provide and the public money we spend.



## Trend (page 48)

Over the period 2011/112 to 2017/18 workload increased by 83% whilst the unit cost reduced by 42%.

Enquiries +160%  
 Complaints:  
 Code of Conduct -35%  
 Public Body +24%



Nick Bennett  
 Accounting Officer  
 Public Services Ombudsman for Wales

27 June 2018



Accountability  
Report

# Corporate Governance Report

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## Ombudsman's Report

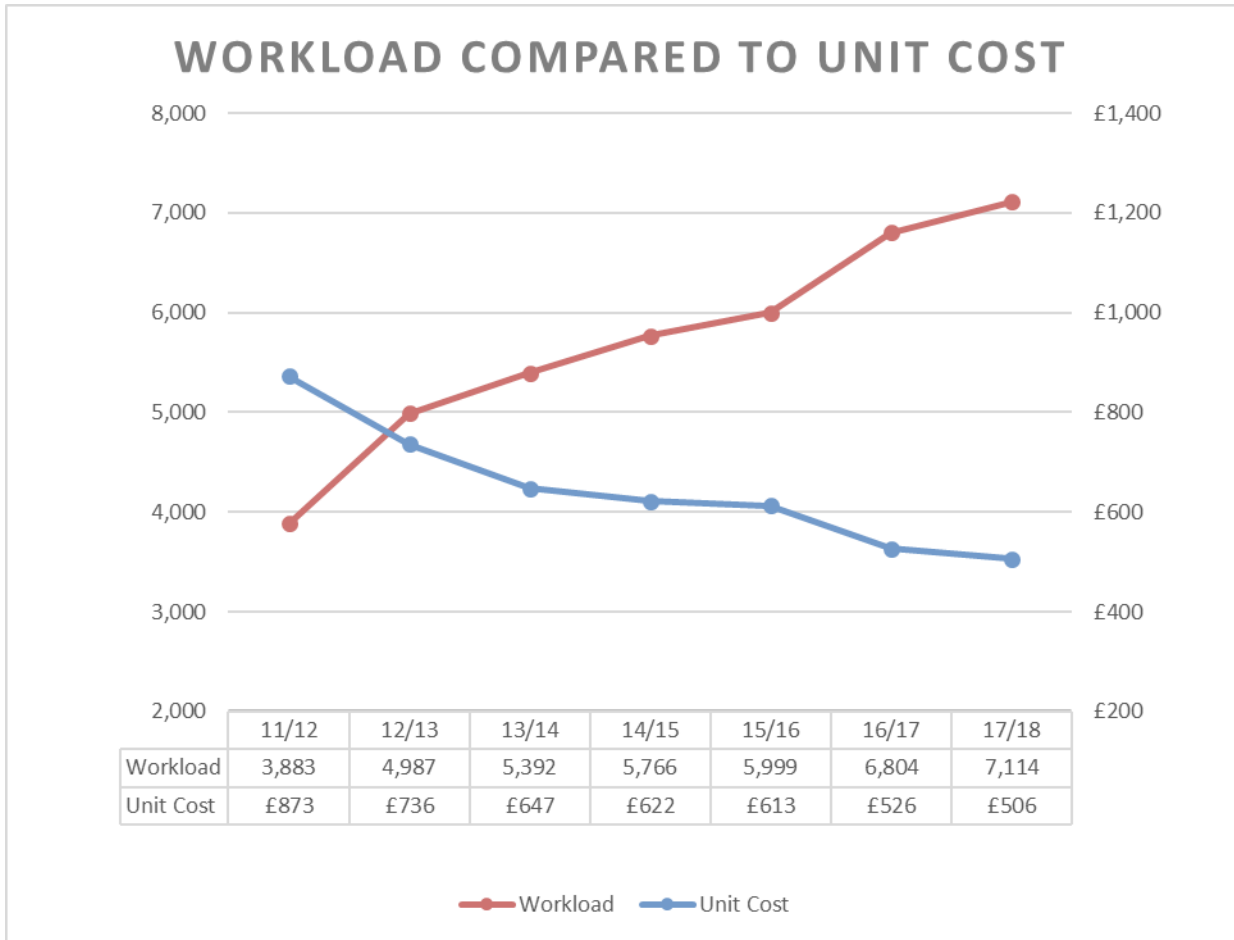
### Background

Under the Government of Wales Act 2006 the office is financed through the Welsh Consolidated Fund (WCF). Any unspent cash balances must be repaid into the WCF no later than four weeks after a certified copy of the accounts has been laid before the National Assembly for Wales. This creates a further control in that there is a need to effectively manage the budget on both a cash and a resource basis. The salary of the office holder of the Public Services Ombudsman for Wales, and the related costs, are a direct charge on the WCF and are administered through the National Assembly for Wales.

As at 31 March 2018, the Office comprised 60 staff based in Pencoed, Bridgend including the Ombudsman, Chief Operating Officer, Director of Policy, Legal and Governance as well as investigation and support staff.

The National Assembly for Wales provided cash of £4.2 million for the funding of the Office although £32k of this is due to be returned to the WCF being the unused cash balance at the year end. The sum of £32k is within the accepted year-end balance criteria of 3% funding. The Office has achieved a level of spending in line with changes in the overall level of the Welsh block which is especially noteworthy considering the upward demand for the services of the Office.

Great strides have been made over recent years in improving efficiency in the way we consider complaints. This has been essential in view of the ever-increasing caseload. The table below shows that over the past seven years, the Office has seen an increase of over 82% in all contacts (that is, in enquiries, public body complaints and complaints about the conduct of members of local authorities) whilst unit costs have reduced by 42% when adjusted for CPI inflation. The past year has seen yet another increase in enquiries and complaints of 4%. Despite this, we have still managed to exceed the majority of our performance targets. We continued with our information technology upgrade programme with a view to getting new technology to take some of the strain of the administrative tasks associated with complaint handling.



## Remuneration

Details of the pay and related costs of the Ombudsman and the Office are shown in the Remuneration Report.

## Pension Liabilities

The pension obligations to present and past employees are discharged through:

- (a) the Principal Civil Service Pension Scheme (PCSPS);
- (b) the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund); and
- (c) the pensions paid directly to former Commissioners or their dependants.

Further details are given in the Pensions Disclosures.

## Corporate Governance

The office holder of the Public Services Ombudsman for Wales is a Corporation Sole. In addition, upon taking up my role as Ombudsman, I was appointed by the Treasury as the Accounting Officer for the public funds with which the National Assembly entrusts me to undertake my functions. The Advisory Panel, established during 2011/12, has continued to meet on a regular basis over the past year. A review of its effectiveness conducted during 2015/16 concluded that the Panel added the additional scrutiny and support sought by the Ombudsman. Further details are set out in the Annual Governance Statement.

## Register of Interests

A register of interests is maintained for the Ombudsman, directors and members of the Advisory Panel and Audit and Risk Assurance Committee.

## Accounts Direction

Under the Accounts Direction issued by HM Treasury dated 21 December 2006, I was required to prepare accounts for the financial year ended 31 March 2018 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (the FReM) issued by HM Treasury which was in force for 2017/18.

The accounts have been prepared to:

- (a) give a true and fair view of the state of affairs at 31 March 2018 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended; and
- (b) provide disclosure of any material expenditure or income that has not been applied for the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities that govern them.

### Auditors

The Auditor General for Wales is the External Auditor of the accounts of the PSOW as laid down in paragraph 17 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005. The cost of the audit for 2017/18 was £18k, no change from 2016/17.

So far as I am aware I have taken all the steps necessary to make the auditors aware of any relevant audit information.

Nick Bennett  
Accounting Officer  
Public Services Ombudsman for Wales

27 June 2018

## Statement of Accounting Officer's Responsibilities

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Under the Public Services Ombudsman (Wales) Act 2005 as Public Services Ombudsman for Wales, I am required 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 Office during the year in the form of and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the PSOW and its net resource outturn, resources applied to objectives, changes in tax payer's equity and cash flows for the financial year.

In preparing the accounts, as the Accounting Officer I am 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 financial statements; and
- prepare the financial statements on a going concern basis.

My relevant responsibilities as Accounting Officer include responsibility for the propriety and regularity of the public finances for the PSOW, keeping proper records and safeguarding the Office's assets as set out in the Accounting Officer's memorandum issued by HM Treasury that is published in "Managing Welsh Public Money", and are in accordance with the Public Services Ombudsman (Wales) Act 2005.

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# Annual Governance Statement 2017/18

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## Status of the Public Services Ombudsman for Wales

As laid down in Schedule 1 paragraph 2 of the Public Services Ombudsman (Wales) Act 2005, the Ombudsman is a Corporation Sole holding office under Her Majesty and discharges his function on behalf of the Crown. Schedule 1 paragraph 18 states that the Ombudsman is the Accounting Officer for the Office of the Ombudsman.

## Scope of Responsibility

In undertaking the role of Accounting Officer, I ensure that the Office operates effectively and to a high standard of probity. In addition, I have responsibility for maintaining a sound system of internal control that supports the achievement of the PSOW's policies, aims and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Welsh Public Money".

I am independent of the National Assembly for Wales, but am accountable to its Public Accounts Committee for the use of resources made available to support my statutory functions. In determining the level of resources available to the Office, the PSOW's budget proposals are considered by the Finance Committee of the National Assembly for Wales in accordance with the process laid down in the Act. I produce a combined Annual Report and Accounts for consideration by the Equality, Local Government and Communities Committee and the Finance Committee.

I am required to include this statement with my annual report and accounts to explain how the governance of my Office works and to ensure it meets the requirements of the Corporate Governance Code. To enable me to satisfy these requirements, I have established appropriate structures, systems and procedures that are comprehensive and provide me with evidence that the governance arrangements are working as intended across the whole organisation and its activities. Such arrangements include my Governance Framework, a comprehensive internal control environment, effective internal and external audit scope and robust financial management, risk planning and monitoring procedures.

## Strategic Planning and Performance Monitoring

In considering the Strategic Plan for the three years 2016/17 to 2018/19, I have established the following:

**Vision:** A public service culture that values complaints and learns from them to improve public service delivery, and a

**Mission:** by considering complaints, to put things right for service users and contribute to improved public service delivery and standards in public life.

Whilst individual teams within the Office are charged with implementing the actions identified, the Management Team and the Advisory Panel monitor progress made against targets and the outcomes achieved via quarterly reports. I was very pleased that all key activities for 2017/18 had been delivered by the end of the financial year.

## System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of my policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system has been in place in the Office of the PSOW for the year ended 31 March 2018 and up to the date of approval of these accounts, and accords with HM Treasury guidance. No significant areas of internal control weaknesses have been identified from audit work and steps to improve controls further are implemented promptly and monitored by the Audit and Risk Assurance Committee.

## Corporate Governance arrangements

Governance arrangements include an Advisory Panel of external advisers supplemented by an Audit and Risk Assurance Committee which is a sub-committee of the Panel. The respective responsibilities are:

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## Advisory Panel

### (a) Role of the Panel

The Advisory Panel is a non-statutory forum whose main role is to provide support and advice to the Ombudsman in providing leadership and good governance of the office of the PSOW. The Advisory Panel also brings an external perspective to assist in the development of policy and practice.

The Advisory Panel provides specific advice and support to the Ombudsman on:

- vision, values and purposes
- strategic direction and planning
- accountability to citizens for the public funds it receives, and
- internal control and risk management arrangements

The Advisory Panel is an advisory only body to the Ombudsman, and does not make decisions in its own right.

The Panel also assists the Ombudsman in establishing:

- governance arrangements, including Terms of Reference of any sub-committees
- the PSOW's strategic direction, aims and objectives and targets
- key business policies
- key employment strategies and policies

and scrutinising and assuring:

- the Three Year Strategic Plan and the Annual Business Plan
- high level budget allocation
- the budget Estimates submission to the Finance Committee of the National Assembly for Wales
- resource accounts (delegated to the Audit and Risk Assurance Committee); and
- contracts over £25k (delegated to the Audit and Risk Assurance Committee).

It also monitors and reviews:

- risk and internal control (delegated to the Audit and Risk Assurance Committee)
- operational performance and delivery
- financial performance

- effectiveness of employment strategies and policies
- diversity and equal opportunities, particularly in relation to the Equality Act 2010
- external communications strategies and stakeholder relations, and
- health and safety and business continuity.

Four meetings were held in July, September and December 2017 and March 2018.

## (b) Membership

Membership comprises:

- the Ombudsman (Chair due to constitutional accountability considerations)
- up to six external members (who offer specific skills and experience sought by the Ombudsman and one of whom may be from another ombudsman office).

The Director of Policy, Legal & Governance acts as Secretary to the Panel; other Management Team members as decided by the Ombudsman may attend the Panel's meetings but are not formally members of the PSOW Advisory Panel.

Panel Members are recruited via open recruitment exercises, with the latest of these being conducted in the first quarter of 2017/18, due to the terms of office of a number of independent members of both the Advisory Panel and Audit & Risk Assurance Committee concluding in 2017/18 or early 2018/19.

Attendance during 2017/18 was as follows:

### Membership:

Nick Bennett – Ombudsman and Chair	4
Jonathan Morgan	4
Margaret Griffiths	3
Anne Jones (from September)	3
Tom Frawley (from December)	2
Jim Martin (from December)	2
Bill Richardson (July - September)	2
Sharon Warnes (July – September)	2
Beverley Peatling (December only)	1
Jan Williams (to July)	1
John Williams (to July)	1

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## Audit and Risk Assurance Committee

### (a) Terms of Reference

The Advisory Panel is responsible for agreeing the Terms of Reference of the Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee supports the Ombudsman by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

### (b) Membership

Due to a number of Independent Members' terms of office concluding in 2017/18, a recruitment exercise took place in June 2017. Three new Independent Members were recruited and attended their first meetings in December 2017. The new Members are Dr Tom Frawley CBE, former Assembly Ombudsman and Northern Ireland Commissioner for Complaints; Jim Martin, former Scottish Public Services Ombudsman; and Beverley Peatling, Project Manager/Business Analyst for the Metropolitan Police Service (Counter Terrorism Unit) (Beverley only attended the December meeting having resigned in early January due to a change in circumstances which led to a conflict of interest). William Richardson's term of office concluded in September 2017 and Jonathan Morgan was appointed Chair with effect from the December 2017 meeting. As mentioned previously, Mr Morgan's experience as an Assembly Member and as former chair of the National Assembly's Public Accounts Committee, has provided added value to the ARAC and to the role of Chair. Sharon Warnes stepped down from her role as Independent Member in September 2017

### (c) Training

Members of the Committee are invited to assess their training needs annually. An induction programme is provided for all members of the Advisory Panel, which includes Audit and Risk Assurance Committee induction as appropriate. An induction day took place in December 2017 and all new members attended. In October 2017, the Financial Accountant attended a Cyber Security workshop held for chairs of Audit and Risk Assurance Committees facilitated by Wales Audit Office on behalf of the Chair. This was useful for networking and sharing best practice and information.

### (d) Meetings

The Committee sets for itself an annual work programme. There were four meetings of the Committee during the year. At each meeting, the Committee received a number of standing agenda items. One of these covered Risk Management - a new approach to the

risk register was proposed in 2016/17 and, following consideration by both the PSOW's Management Team and the Committee, the revised format was approved and adopted in 2017. The main principle of the current risk management report format is that there are five key risk horizons, and that an assessment is made by each team and then PSOW Management Team, on a regular basis, for each of these risk horizons:

- Core Function
- Data Privacy / information security
- Financial
- Operational & Support
- Governance

This replaced the previous approach of identifying risks and then allocating the risks to a risk category. The Committee is presented with a risk summary table and assessment of the five risk horizons as a method of ensuring that they are kept aware of key risks. The overall level of risk facing the Office has remained relatively low and generally static. Attendance was as follows:

#### Membership:

Jonathan Morgan (Chair December – March)	4
William Richardson (Chair July - September)	2
John Williams	4
Tom Frawley (from December)	2
Jim Martin (from December)	2
Sharon Warnes (July – September)	2
Beverley Peatling (December only)	1

Other standing reports submitted to the Committee related to declarations of any fraud or losses, including any data losses, identified.

During the year the Committee also received reports on any appropriate matters that fell within its Terms of Reference. They included: the 9 and 12-month accounts, internal audit plans, updates on the business continuity plan, and relevant financial and corporate governance matters issued by HM Treasury.

At each meeting, the Committee received for information purposes a copy of the latest Budget Monitoring report considered by the Management Team. This is intended to provide the Committee with an assurance that there is a regular scrutiny of the financial position within the Office.

The Committee provided advice to the Ombudsman to ensure that the 2017/18 Annual Governance Statement included appropriate information and complied with best practice.

#### (e) Internal and External Audit

The Committee received regular reports from both the internal and external auditors. The work of Deloitte as Internal Auditors during the year was planned based on their overall needs assessment and carried out through their third annual programme. Their reports highlighted the satisfactory internal control framework within the organisation and made recommendations for improvement where necessary.

The rolling audit programme covering the other aspects of the Office's work and controls also noted the satisfactory internal control framework within the Office and made recommendations for improvement where necessary. The overall assessments were as follows:

IT General Controls	MODERATE assurance
Open Source Data	SUBSTANTIAL assurance
Professional Advisors	SUBSTANTIAL assurance
Financial Systems:	
Budgetary Control	SUBSTANTIAL assurance
Purchasing and Payments	MODERATE assurance
Banking and Cash Management	SUBSTANTIAL assurance
Risk Management	SUBSTANTIAL assurance

In most audits, the level of assurance was considered "Substantial". However, there were two areas where the assurance level was "Moderate". One related to IT General Controls and the formal recording and documentation of the IT penetration tests that had been completed. This has been addressed and a full report on the testing was provided and shared with IT support providers. The other area of "Moderate" assurance was Purchasing and Payments, where one purchase order for translation services was found not to have been countersigned. The audit also noted that purchase orders are not required for rent, business rates, utility bills etc. and was not covered in documented procedures. This will be addressed at the next review of documented processes in Quarter 3 of 2018/19 (i.e. by December 2018).

The internal auditors' Annual Report for 2017/18 stated: 'Based on the work we have undertaken during the year we are able to conclude that the Public Services Ombudsman for Wales (PSOW) has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of the PSOW's objectives'. These findings provide assurance that the arrangements in place are reducing the Office's exposure to risk.

The Committee noted the thoroughness of the audit work, practicality of recommendations and the open and positive response of management to the recommendations made.

The role of external audit is undertaken by the Wales Audit Office (WAO). The Committee considered the Annual Accounts that included the Governance Statement of the Office for 2016/17 together with the External Audit of Financial Statements Report and Management Letter. The audit conclusions for the 2016/17 financial year were reviewed at the September 2017 meeting of the Committee.

An unqualified opinion was given on the 2016/17 Accounts on 21 July 2017 with the two recommendations accepted in full by management. These have been implemented in the 2017/18 annual accounts review.

Both Internal and External Auditors have the right, if considered appropriate, to raise any matter through an open access policy to the Chair and through that right to bring any matter to the attention of the Committee. The Committee, by reviewing the programmes of both the External and the Internal Auditors, ensured that they were co-operating effectively with each other. The quality of the audit work and that of the Committee has been evaluated during the year through consideration of the audit reports and recommendations and dialogue at meetings between Committee Members and the Auditors.

To ensure that appropriate matters can be raised in confidence the Chair of the Committee holds an annual meeting with representatives of the External and Internal Auditors. Such a meeting was held on 28 March 2018.

#### **(f) Monitoring processes**

At each meeting during 2017/18 the Committee received a report on progress made on implementation of External and Internal Audit recommendations. The Committee members were satisfied that all the recommendations made had been implemented or will be implemented by the first quarter of 2018/19.

#### **(g) Annual Review and Assessment**

This annual review is undertaken to ensure that the work of the Audit and Risk Assurance Committee continues to comply with the Good Practice Principles set out in the HM Treasury Audit Committee Handbook. To assist the Committee in determining that it was complying with good practice, each member was invited to complete the National Audit Office's 'The Audit Committee self-assessment checklist.'

Comments received from Committee members were considered in preparing the Annual Report for 2017/18.

The report concluded that it had received comprehensive assurances and information that was reliable and sufficient to enable it to carry out its responsibilities. Those assurances demonstrated a satisfactory overall internal control environment, financial reporting, and the management of risk and of the quality of both the Internal and External Audit work undertaken.

The Committee was therefore able to provide assurances to effectively support me as the Public Services Ombudsman for Wales to comply with my Accounting Officer responsibilities in providing evidence to assist in the preparation of this Annual Governance Statement.

### Reporting of Personal Data Related Incidents

All incidents involving personal data are reported to the Audit and Risk Assurance Committee, regardless of whether the PSOW is at fault. Where PSOW is at fault, guidance issued by the Information Commissioner's Office is considered to establish whether it is necessary to report the incident to that office.

### The Risk and Control Framework

As required by "Managing Welsh Public Money" I am supported by a professionally qualified Financial Accountant who carries out the responsibilities of a finance director as set out in that document.

Risk management and the risk register are standing Agenda items for the Audit and Risk Assurance Committee.

I am continuing to enhance the robust internal control arrangements to ensure that the Office has the capacity to identify, assess and manage risk effectively. In undertaking this responsibility during the year ended 31 March 2018 I have been supported by a Chief Operating Officer to whom some of the Ombudsman's responsibilities have been delegated. In addition, the Management Team which I chair has responsibility for overseeing risk management. I am satisfied that the systems in place identify potential risks at an early stage and enable, through active management, the appropriate action to be taken to minimise any adverse impact on the office. As already stated the Audit and Risk Assurance Committee receives regular reports on the Risks relating to this Office.

Risks are considered across a number of key areas or risk horizons. These are:

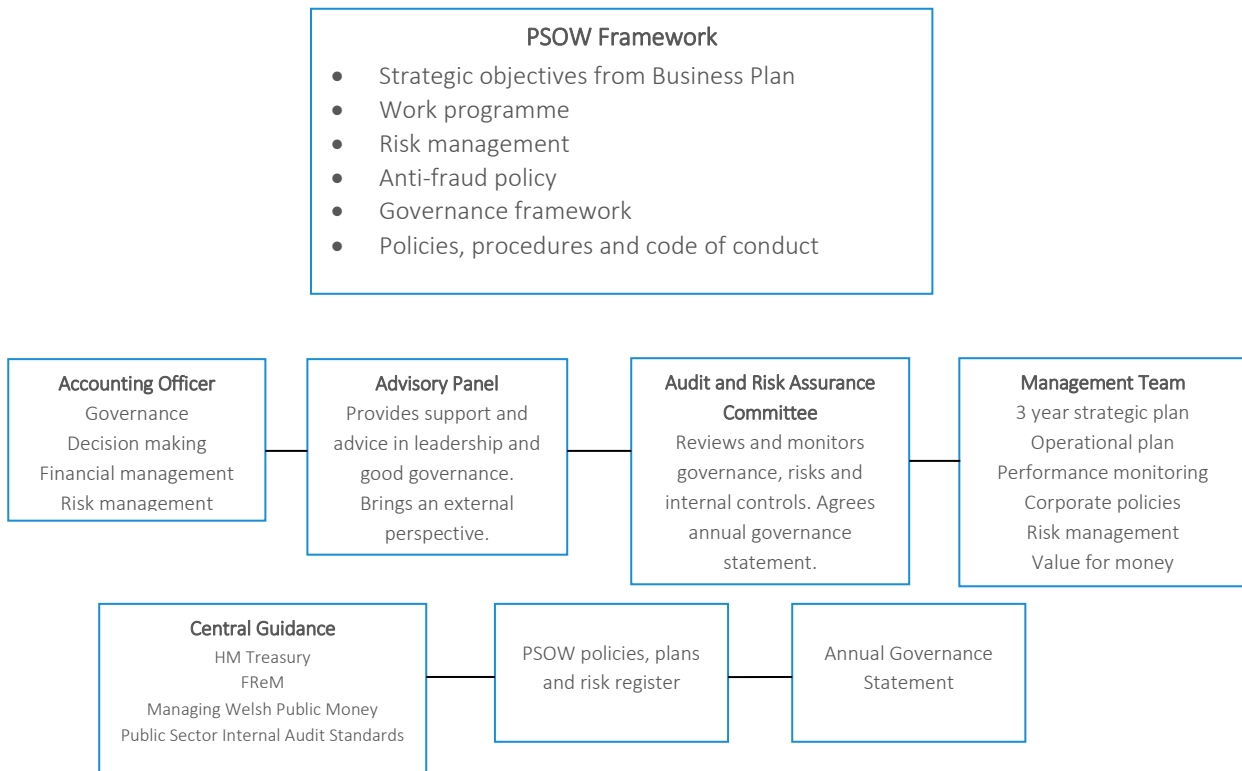
- risks that could affect my ability to fulfil my core functions;
- risks affecting data security;
- financial risks;
- governance risks; and
- risks affecting facilities and support arrangements (such as premises and IT services).

Key risks at the year-end were identified as follows:

Risk horizon	Risk affects:	Risk management and mitigation:	Residual risk:
Core function	Ability to manage large and complex caseload effectively	Recruiting staff to maintain full staff establishment. Review and improve internal processes Close management of performance and caseload. Training and support for staff.	In view of growth in health complaints, increased complexity of cases and increased challenge from bodies complained about the residual risk is considered <b>RED (serious)</b>
Data Security	Security of personal data	Information security policy and training for staff. Password restriction of documents and encryption of data. Regular reminders and sharing of lessons from any data loss.	The number of letters, emails and documents handled by my office makes this a significant risk. Human error can occur even with robust control measures in place. The residual risk is considered <b>RED (serious)</b>
Data Security	System security – physical and cyber security	Robust, documented and audited IT controls, password controls, back up arrangements, external IT support, penetration testing, regular software updates.	IT security is a high priority with controls in place, but the risk of cyber security attacks remains real for everyone and for all organisations. The residual risk is considered <b>RED (serious)</b>

I and my Management Team will continue to work to manage and minimise the risks in these key areas in the year ahead, and the risks will be considered at each meeting of the Audit & Risk Assurance Committee.

Risk Assurance Framework Arrangements



Assurance Map Components



## Budgeting Process

As Accounting Officer, I ensure that I have in place arrangements for tight control of the public money entrusted to me. The Management Team receives a monthly budget monitoring report setting out details of actual against budgeted expenditure. Any unexpected expenditure issues that may arise during the year are considered and actions required to ensure that the office remains within its budgeted expenditure are agreed. No major issues arose in respect of the PSOW's budget for 2017/18.

As far as the process of producing the PSOW's financial estimate for 2018/19 is concerned, a paper setting out initial budget criteria was considered by the Advisory Panel in July 2017. Following on from this a draft budget estimate paper was considered at the meeting in September 2017. That paper set out in full the financial resources that the PSOW had identified as being necessary to enable the PSOW to carry out his duties. The final Estimates paper was submitted to the Finance Committee of the National Assembly for Wales. The Finance Committee considered the paper in October 2017 and I was pleased to be able to attend the meeting to answer Assembly Members' specific questions on the submission.

The National Assembly for Wales subsequently approved the financial estimate in full for 2018/19.

## Conclusion

I can report that there were no significant weaknesses in the Office's system of internal controls in 2017/18 which would affect the achievement of the Office's policies, aims and objectives and that robust Corporate Governance is in operation with no breaches of the Corporate Governance Code.

Nick Bennett  
Accounting Officer  
Public Services Ombudsman for Wales

27 June 2018

# Remuneration Report

## Public Services Ombudsman for Wales

The Government of Wales Act 2006 provides for my remuneration and associated national insurance and pension costs to be met from the Welsh Consolidated Fund, rather than being paid directly. These costs are included, for transparency, in the remuneration report.

## Remuneration

The following sections provide details of the remuneration and pension interest of the most senior management of the Office: Nick Bennett - Ombudsman, Chris Vinestock - Chief Operating Officer and Director of Investigations and Katrin Shaw - Director of Policy, Legal and Governance.

Single Total Figure of Remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in Kind (to nearest £100)		Pension benefits (to nearest £1,000)		Total (£'000)	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Nick Bennett	145-150	140-145	-	-	-	-	56,000	57,000	200-205	200-205
Chris Vinestock	90-95	90-95	-	-	-	-	27,000	79,000	120-125	170-175
Katrin Shaw	75-80	70-75	-	-	-	-	30,000	74,000	105-110	145-150

## Salary

Salary includes gross salary, overtime and any other allowances to the extent that they are subject to UK taxation.

## Benefits in kind

The monetary value of benefits in kind covers any expenditure paid by the PSOW and treated by HM Revenue and Customs as a taxable emolument. There was no such expenditure.

## Bonuses

No bonus was paid during the year to me or to any staff within my office as no bonus scheme is in operation.

## Pay multiples

The banded remuneration of the highest-paid director in the financial year 2017/18 was £145-150,000 (2016/17, £140-£145,000). This was 3.6 times (2016/17, 3.5) the median remuneration of the workforce, which was £41,025 (2016/17, £40,623). In 2017/18, no employee received remuneration in excess of the highest-paid director (2016/17, none).

Remuneration ranged from £17,000 to £150,000 (2016/17, £14,000-£145,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Pay awards

Staff pay is linked to the pay awards made to employees within Local Government in England and Wales. In line with that procedure a 1% pay increase was awarded to staff that covered the year April 2017 to March 2018.

## Pensions

Pension entitlements for the persons shown above are detailed below:

Name	Accrued pension at pension age as at 31/03/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/18	CETV at 31/03/17	Real Increase in CETV	Employer contribution to partnership pension accounts
	£000	£000	£000	£000	£000	Nearest £100
Nick Bennett	35-40	2.5-5	395	347	25	-
Chris Vinestock	55-60	0-2.5	706	651	12	-
Katrin Shaw	25-30	0-2.5	403	364	13	-

## Pension Liabilities

The pension obligations to present and past employees are discharged through:

- (a) the Principal Civil Service Pension Scheme (PCSPS)
- (b) the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund) and
- (c) the pensions paid directly to former Commissioners or their dependants.

Fuller details are given in the Pensions Disclosures.

## Sickness

During the year, an average of 5.6 days per employee were lost through sickness compared with 4.0 days in 2016/17. This is the equivalent of 2.1% (1.5% in 2016/17) of total possible workdays.

The increase was attributable to three staff on long term sick that accounted for 61% or 3.4 days lost through sickness.

## Reporting of Civil Service and other compensation schemes

No exit packages were paid in 2017/18 (2016/17 Nil).

### Advisory Panel and Audit and Risk Assurance Committee

The following non-pensionable payments, based on a daily rate, were made to members of the Advisory Panel and Audit and Risk Assurance Committee:

	2017/18	2016/17
	£	£
Jonathan Morgan	1,565	1,244
William Richardson	1,263	2,737
John Williams	904	1,711
Jan Williams	-	-
Margaret Griffiths	564	1,269
Sharon Warnes	622	1,711
Jim Martin	622	-
Tom Frawley	622	-
Anne Jones	846	-
Beverley Peatling	622	-

Due to the late timing of the March 2018 meetings only 3 payments were made to committee members in 2017/18.

For staff reporting issues see the Annual Equality Report.

Nick Bennett  
Accounting Officer  
Public Services Ombudsman for Wales

27 June 2017

# National Assembly for Wales

## Accountability and Audit Report

In addition to the primary statements prepared under **International Financial Reporting Standards (IFRS)**, the Government Financial Reporting Manual (FReM) requires the Ombudsman to prepare a statement and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resource.

### Summary of Net Resource Outturn

For the year ended 31 March 2018

	Revised Estimate			Outturn				2016/17
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total	Net total outturn compared to estimate	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	4,255	(32)	4,223	4,221	(31)	4,190	33	4,025
Capital	25	-	25	20	-	20	5	27
<b>Net Resource</b>	<b>4,280</b>	<b>(32)</b>	<b>4,248</b>	<b>4,241</b>	<b>(31)</b>	<b>4,210</b>	<b>38</b>	<b>4,052</b>
<b>Net Cash Requirement</b>	<b>4,242</b>	<b>(32)</b>	<b>4,210</b>	<b>4,209</b>	<b>(31)</b>	<b>4,178</b>	<b>32</b>	<b>4,240</b>

The Ombudsman is paid directly from the Welsh Consolidated Fund and not by the Office and is not included in the PSOW accounts.

For transparency, the Ombudsman's remuneration continues to be disclosed in the Remuneration Report.

# Reconciliation of Net Resource to Net Cash Requirement

For the year ended 31 March 2018

	Note	2017/18 Revised estimate	2017/18 Net total Outturn	Net total outturn compared to revised estimate	2016/17 Outturn
		£000	£000	£000	£000
Net Revenue	2-4	4,223	4,190	33	4,025
Net Capital	6	25	20	5	27
<b>Net Resource</b>		<b>4,248</b>	<b>4,210</b>	<b>38</b>	<b>4,052</b>
Excess income to WCF	4	-	-	-	(5)
Movement in provisions	10	22	7	15	(21)
Capital charges	6	(80)	(43)	(37)	(82)
Movements in working capital	7-9	20	24	(4)	16
Pension charges (LGPS)	Pensions Disclosures	-	(20)	20	280
<b>Net cash requirement</b>		<b>4,210</b>	<b>4,178</b>	<b>32</b>	<b>4,240</b>

No pension deficit payments are payable from 2017/18 onwards due to the Local Government Pension Scheme (LGPS) being in surplus. A final deficit payment of £279k was made in 2016/17.

Nick Bennett  
Accounting Officer  
Public Services Ombudsman for Wales

27 June 2018

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# The Certificate and Independent Auditor's Report of the Auditor General for Wales to the National Assembly for Wales

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## Report on the audit of the financial statements

### Opinion

I certify that I have audited the financial statements of the Public Services Ombudsman for Wales for the year ended 31 March 2018 under paragraph 17 (2) of Schedule 1 of the Public Services Ombudsman (Wales) Act 2005. These comprise the Summary or Net Resource Outturn, Statement of Comprehensive Net Expenditure, Statement of Financial Position, Consolidated Statement of Cash Flows, Statement of Changes in Taxpayers Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited. In my opinion the financial statements:

- give a true and fair view of the state of Public Services Ombudsman for Wales affairs as at 31 March 2018 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- have been properly prepared in accordance with HM Treasury directions issued under the Public Services Ombudsman (Wales) Act (2005).

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the

going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Accounting Officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities, which govern them.

### Report on other requirements

#### Opinion on other matters

In my opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Public Services Ombudsman (Wales) Act (2005).

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

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with HM Treasury guidance;
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with the Public Services Ombudsman (Wales) Act (2005).

#### Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit. I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;

- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

## Report

I have no observations to make on these financial statements.

## Responsibilities

### 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 preparing the financial statements in accordance with the Public Services Ombudsman (Wales) Act 2005 and HM Treasury directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body'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 deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities, which govern them.

Huw Vaughan Thomas  
Auditor General for Wales  
17 July 2018

24 Cathedral Road  
Cardiff  
CF11 9LJ



**Financial  
Statements**

# Statement of Comprehensive Net Expenditure

for the year ended 31 March 2018

	Note	2017/18	2016/17
		£000	£000
<b>Administration costs</b>			
Staff costs	2	2,898	2,827
Other non-staff administration costs	3	1,323	1,198
<b>Gross Administration Costs</b>		<b>4,221</b>	<b>4,025</b>
Operating Income	4	(31)	(5)
<b>Net Administration Costs</b>		<b>4,190</b>	<b>4,020</b>
<b>Net Revenue Outturn</b>		<b>4,190</b>	<b>4,020</b>

All activities commenced in the period are continuing.

Notes 1 to 19 and the Pensions Disclosures form part of these statements.

# Statement of Financial Position

as at 31 March 2018

	Note	2017/18 £000	2016/17 £000
<b>Non-current assets</b>			
Property, Plant and Equipment	6a	128	140
Intangible assets	6b	7	18
Receivables due after more than one year	7	3	-
Pension fund surplus	Pensions Disclosures	30	40
		<b>168</b>	<b>198</b>
<b>Current Assets</b>			
Trade and other receivables	7	186	163
Cash and cash equivalents	8	32	34
		<b>218</b>	<b>197</b>
<b>Total assets</b>		<b>386</b>	<b>395</b>
<b>Current liabilities</b>			
Trade and other payables	9	(177)	(172)
Provisions less than one year	10	(43)	(83)
		<b>(220)</b>	<b>(255)</b>
<b>Total assets less current liabilities</b>		<b>166</b>	<b>140</b>
<b>Non-current liabilities</b>			
Trade and other payables due after one year	9	(28)	(33)
Provisions greater than one year	10	(494)	(461)
		<b>(522)</b>	<b>(494)</b>
<b>Total assets less liabilities</b>		<b>(356)</b>	<b>(354)</b>
<b>Taxpayers equity:</b>			
General Fund		<b>(356)</b>	<b>(354)</b>

Notes 1 to 19 and the Pensions Disclosures form part of these statements. The financial statements were approved by the Accounting Officer and authorised for issue on 27 June 2018 by:

Nick Bennett  
Accounting Officer

27 June 2018

# Statement of Cash Flows

for the year ended 31 March 2018

	Note	2017/18 £000	2016/17 £000
Net cash outflow from operating activities	11	(4,158)	(4,218)
Net cash flow from investing activities	12	(20)	(27)
Financing from National Assembly for Wales	13	4,210	4,279
Prior year cash balance repaid		(34)	(36)
<b>Net increase (decrease) in cash equivalents after adjustments for payments to Welsh Consolidated Fund</b>		<b>(2)</b>	<b>(2)</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>34</b>	<b>36</b>
<b>Cash and cash equivalents at the end of period</b>		<b>32</b>	<b>34</b>

Notes 1 to 19 and the Pensions Disclosures form part of these statements.

The 2016/17 figures have been restated to reflect a change in presentation.

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2018

	General Fund 2017/18 £000	General Fund 2016/17 £000
<b>Balance as at 1 April</b>	<b>(354)</b>	<b>(564)</b>
Net operating costs	(4,190)	(4,020)
Funding by National Assembly for Wales	4,210	4,279
Due back to Welsh Consolidated Fund		
- Cash	(32)	(34)
- Income in excess of approved budget	-	(5)
Actuarial (deficit) surplus	10	(10)
<b>Total recognised income and expense for year</b>	<b>(2)</b>	<b>210</b>
<b>Balance as at 31 March</b>	<b>(356)</b>	<b>(354)</b>

Notes 1 to 19 and the Pensions Disclosures form part of these statements.

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# Notes to the Financial Statements

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## 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (the FReM) issued by HM Treasury which is in force for 2017/18. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the PSOW for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the PSOW are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for any revaluation of fixed assets, where material to their value to the business, by reference to their current costs.

### 1.2 Property, Plant and Equipment

Expenditure on property, plant and equipment is capitalised where the purchases are expected to have a useful life extending over more than one year and the cost exceeds £1k. Assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is in total more than £1k. Assets are shown at cost less an allowance for depreciation. On initial recognition, fixed assets are measured at cost, including such costs as installation, which are directly attributable to bringing them into working condition for their intended use. In reviewing the costs of the fixed assets previously acquired and the prices paid for the new acquisitions during the year there is no material difference between the historic net book value of the assets and their replacement cost less depreciation.

### 1.3 Depreciation

Assets are depreciated at rates calculated to write them down to zero or if applicable, estimated residual value on a straight-line basis over their estimated useful life following an initial charge of a full year's depreciation in the year of purchase. Assets in the course of construction are depreciated from the year in which the asset is brought into use. Except where otherwise noted asset lives are assumed to be the following:

Plant	10 years or the lease term if shorter
Furniture and other fittings	10 years or in the case of fittings the lease term
Computers and other equipment	3 to 10 years

### 1.4 Intangible assets

Purchased computer software licences and developed software are capitalised where expenditure of £1k or more is incurred and the useful life is more than one year. Intangible assets costing less than £1k may be capitalised providing they are capital in nature and are part of a larger scheme that is in total more than £1k. Intangible assets are reviewed annually for impairment and are stated at amortised historic cost. Software licences are amortised over the shorter of the term of the licence and the useful economic life of the computer equipment on which they are installed. This would usually be from 3 to 5 years. Developed software is amortised over the estimated useful life. In the year of acquisition, a full year's amortisation charge is made with the balance amortised on a straight-line basis over the balance of the estimated life.

### 1.5 Value Added Tax

The PSOW is not registered for VAT. Expenditure is therefore disclosed gross of VAT.

### 1.6 Pensions

The pension obligations to present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the Local Government Pension Scheme administered through the Cardiff and Vale of Glamorgan Pension Scheme (the Fund) and by direct payment to previous Commissioners for Local Administration in Wales and any surviving beneficiaries. Full details are disclosed in the Pensions Disclosures at the end of the Financial Statements. The costs of providing these pensions are charged through the Statement of Comprehensive Net Expenditure with actuarial gains and losses relating to the Cardiff and Vale of Glamorgan Pension Scheme being recognised in the year in which they occur.

### 1.7 Early departure costs

Where the PSOW is required to meet the additional cost of benefits beyond the normal benefits payable by the appropriate pension scheme in respect of employees who retire early, these costs are charged to the Statement of Comprehensive Net Expenditure in full when the liability arises.

### 1.8 Operating Leases

Expenditure on leased property is charged in the period to which it relates. Operating lease charges for equipment are spread equally over the life of the lease.

### 1.9 Staff Costs

In line with IAS 19, short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, as well as non-monetary benefits for current employees, are recognised when an employee has rendered services in exchange for those benefits.

### 1.10 Provisions

These are sums which are of uncertain timing or amount at the balance sheet date and represent the best estimate of the expenditure required to settle the obligations. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the recommended HM Treasury discount rate.

### 1.11 Income

All income is recognised in the Statement of Comprehensive Net Expenditure in accordance with IAS 18.

## 1.12 Impact of Standards Not Yet Effective

Standard	Effective date	Further details
IFRS 9 Financial Instruments	2018/19	IFRS 9 Financial Instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from Contracts with Customers	2018/19	IFRS 15 Revenue from Contracts with Customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019/20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

## 2. Staff Costs and Numbers

The aggregate employment costs were as follows:

	2017/18	2016/17
	£000	£000
Permanent staff:		
Salaries	2,194	2,130
Social Security Costs	210	221
Pension costs	439	448
Pension fund charges	55	28
<b>Total</b>	<b>2,898</b>	<b>2,827</b>

There were no temporary staff employed by the PSOW during 2017-18 and 2016-17.

The average number of whole-time equivalent persons employed (including senior management and fixed term appointments) during the year was as follows:

	2017/18	2016/17
	No.	No.
Directors	2	2
Investigations	45	42
Corporate Services and ITC	7	7
Communications and PA	3	4
<b>Total</b>	<b>57</b>	<b>55</b>

### 3. Non-Staff Administration Costs

	2017/18	2016/17
	£000	£000
Rentals under operating leases	265	261
External Audit fee	18	18
Professional Advisers	319	230
Other property costs	205	174
Computer services	239	177
Office costs	98	115
Travel and subsistence	36	39
Training and Recruitment	55	45
Communications	45	57
<b>Sub-total</b>	<b>1,280</b>	<b>1,116</b>
Depreciation	32	33
Amortisation charge	11	49
Loss on disposal	-	-
<b>Sub-total</b>	<b>43</b>	<b>82</b>
<b>Total Other Administration Costs</b>	<b>1,323</b>	<b>1,198</b>

### 4. Operating Income

	2017/18	2016/17
	£000	£000
Seconded staff	(30)	(4)
Interest receivable	-	-
Other – Future Generations Commissioner	(1)	(1)
<b>Total</b>	<b>(31)</b>	<b>(5)</b>

## 5. Operating Costs by Strategic Aims

The costs of providing a first-class Ombudsman service to Wales are set out below. We have identified four new strategic aims for delivering our mission and the allocation to each of the aims has been based on the following:

- (a) An estimate of the staff time spent on the objective
- (b) Direct allocation of expenditure where applicable
- (c) Apportionment of other costs pro rata to the estimate of staff time

	2017/18		2016/17	
	£000	%	£000	%
<b>Strategic Aim 1:</b> To provide a complaints service that is of the highest quality, proportionate and effective.	3,307	78.9	3,097	77.0
<b>Strategic Aim 2:</b> To use the knowledge and insight obtained from the complaints we consider to improve complaint handling by public services providers and to have an impact in improving public service delivery and informing public policy.	661	15.8	677	16.8
<b>Strategic Aim 3:</b> To continue to evolve and grow as an office, specifically planning for implementation of the Ombudsman's new powers should the National Assembly for Wales create a new Public Services Ombudsman (Wales) Act.	52	1.2	59	1.5
<b>Strategic Aim 4:</b> To be accountable for the service we provide and the public money we spend.	170	4.1	187	4.7
<b>Net operating costs</b>	<b>4,190</b>	<b>100.0</b>	<b>4,020</b>	<b>100.0</b>



## 6b. Intangible Assets

	Information Technology	Software Licences	Total
<b>2017/18</b>	£000	£000	£000
Cost or valuation at 1 April 2017	328	71	399
Additions	-	-	-
Disposals	-	(19)	(19)
<b>At 31 March 2018</b>	<b>328</b>	<b>52</b>	<b>380</b>
<b>Amortisation as at 1 April 2017</b>	<b>(310)</b>	<b>(71)</b>	<b>(381)</b>
Amortisation charged in the year	(11)	-	(11)
Disposals	-	19	19
<b>At 31 March 2018</b>	<b>(321)</b>	<b>(52)</b>	<b>(373)</b>
<b>Carrying amount as at 31 March 2018</b>	<b>7</b>	<b>-</b>	<b>7</b>
Carrying amount as at 31 March 2017	18	-	18
	Information Technology	Software Licences	Total
<b>2016/17</b>	£000	£000	£000
Cost or valuation at 1 April 2016	502	71	573
Additions	-	-	-
Disposals	(174)	-	(174)
<b>At 31 March 2017</b>	<b>328</b>	<b>71</b>	<b>399</b>
<b>Amortisation as at 1 April 2016</b>	<b>(435)</b>	<b>(71)</b>	<b>(506)</b>
Amortisation charged in the year	(49)	-	(49)
Disposals	174	-	174
<b>At 31 March 2017</b>	<b>(310)</b>	<b>(71)</b>	<b>(381)</b>
<b>Carrying Value as at 31 March 2017</b>	<b>18</b>	<b>-</b>	<b>18</b>
Carrying Value as at 31 March 2016	67	-	67

In the opinion of the Public Services Ombudsman for Wales there is no material difference between the net book value of assets at current values and at their historic cost. A full verification of IT assets was completed during the year with numerous items no longer in use removed from the asset register.

**7. Trade and other Receivables**

	2017/18 £000	2016/17 £000
<b>Amounts falling due within one year</b>		
Prepayments	186	163
Trade debtors	-	-
<b>Amounts falling due after more than one year</b>		
Prepayments	3	-
<b>Total</b>	<b>189</b>	<b>163</b>

**8. Cash and Cash Equivalents**

Any bank balance held at the year-end must be returned to the Welsh Consolidated Fund. A figure of £32k (£34k in 2016/17) has been included within the accounts, being the net balance at the year end on all the bank accounts operated by the PSOW, irrespective of whether the individual account is in debit or credit. This balance will have to be repaid to the Welsh Consolidated Fund in 2018/19 under the Government of Wales Act 2006.

**9. Trade Payables and other Current Liabilities**

	2017/18 £000	2016/17 £000
<b>Amounts falling due in one year</b>		
Untaken annual leave	70	72
Deferred rent reduction	5	5
Welsh Consolidated Fund - unspent balances	32	34
Welsh Consolidated Fund - excess income	-	5
Trade payables	24	22
Accruals	46	34
	<b>177</b>	<b>172</b>
<b>Amounts falling due in more than one year</b>		
Deferred rent reduction	28	33
<b>Total</b>	<b>205</b>	<b>205</b>

## 10. Provisions for Liabilities and Charges

	Pensions for Former Commissioners £000	2017/18		2016/17	
		Dilapidation Costs £000	Legal Costs £000	Total £000	Total £000
Balance at 1 April	266	236	42	544	523
Additional provision required	34	41	-	75	59
Discount rate movement	1	-	-	1	11
Provisions utilised in the year	(41)	-	(42)	(83)	(49)
<b>Balance at 31 March</b>	<b>260</b>	<b>277</b>	<b>-</b>	<b>537</b>	<b>544</b>

Analysis of expected timings of payment of provisions:

	2017/18 £000	2016/17 £000
Payable within one year	43	83
Payable within 2 to 5 years	172	166
Payable in more than 5 years	322	295
<b>Balance at 31 March</b>	<b>537</b>	<b>544</b>

Pension provisions are calculated based on the National Life Tables for England and Wales issued by the Office of National Statistics. Later year pension increases are in line with GDP deflator information issued by HM Treasury. The discount factor has been amended to 0.10% for the financial year (0.24% in 2016/17) in line with the guidance issued by the Treasury. Two surviving spouses of former Commissioners remain as a pension liability.

Dilapidations have been increased in line with BCIS building indices for general building costs provided by PSOW's building consultants.

Legal fees were provided for to defend a legal case, the case was settled in year and the provision utilised.

**11. Reconciliation of Operating Cost to Operating Cash Flows**

	Notes	2017/18 £000	2016/17 £000
<b>Net operating cost</b>		<b>(4,190)</b>	<b>(4,020)</b>
Adjust for non-cash items	3	63	92
Decrease /(Increase) in trade and other receivables	7	(26)	(12)
Increase/(Decrease) in trade and other payables	9	-	(6)
Payment to meet pension fund deficit	Pensions Disclosures	-	(290)
Movement in provisions	10	(7)	21
Movement in cash repaid to Welsh Consolidated Fund	8	2	(3)
<b>Net cash outflow from operating activities</b>		<b>(4,158)</b>	<b>(4,218)</b>

No pension deficit payments are payable from 2017/18 onwards due to the Local Government Pension Scheme (LGPS) being in surplus.

**12. Non-Current Asset Expenditure and Financial Investment**

	2017/18 £000	2016/17 £000
Purchases of property, plant and equipment	(20)	(27)
Proceeds of disposals of property, plant and equipment	-	-
Purchases of intangible assets	-	-
<b>Net cash outflow from investing activities</b>	<b>(20)</b>	<b>(27)</b>

**13. Reconciliation of Net Cash Requirement to Increase/(Decrease) in Cash**

	2017/18 £000	2016/17 £000
Net Cash Requirement:		
Operating activities	(4,158)	(4,218)
Capital Expenditure	(20)	(27)
	<b>(4,178)</b>	<b>(4,245)</b>
Financing from National Assembly for Wales	4,210	4,279
Repayment to Welsh Consolidated Fund	(34)	(36)
<b>Increase /(Decrease) in cash and cash equivalents</b>	<b>(2)</b>	<b>(2)</b>

**14. Commitments under Operating Leases**

	2017/18	2016/17
	£000	£000
Total future minimum operating lease payments on Building:		
Payable within one year	183	183
Within two and five years	732	732
More than five years	473	656
	<b>1,388</b>	<b>1,571</b>
Other:		
Payable within one year	20	20
Within two and five years	12	32
More than five years	-	-
	<b>32</b>	<b>52</b>
<b>Total – all operating leases</b>	<b>1,420</b>	<b>1,623</b>

**15. Contingent Liabilities**

None.

**16. Capital Commitments**

There were no capital commitments at 31 March 2018 (2016/17 Nil).

**17. Related Party Transactions**

The PSOW is headed by the Public Services Ombudsman for Wales and was established under the Public Services Ombudsman (Wales) Act 2005. The Ombudsman is independent of Government and the funding arrangements of the Office are set up to ensure that the independence of the Office is secured. The PSOW has had a number of material transactions with the National Assembly for Wales, the Office of the Parliamentary Ombudsman, HM Revenue and Customs (Tax and National Insurance payments) and the Cabinet Office (payments in respect of the Principal Civil Service Pension Scheme).

During the year, no directors, key members of staff or their related parties have undertaken any material transactions.

**18. Events after the Reporting Period**

None.

**19. Special Payments**

Three payments totalling £94k were made to staff who left PSOW's employment during the year.

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## Pensions Disclosures

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Two pension schemes are operated on behalf of current staff – The Principal Civil Service Pension Scheme (PCSPS) and the Cardiff and Vale of Glamorgan Pension Fund (the Fund). There also remains an ongoing liability to meet the unfunded pensions of two dependant relatives of former Local Government Commissioners.

### Civil Service Pensions

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

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

Employee contributions are salary-related and range between 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 a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in 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](http://www.civilservicepensionscheme.org.uk)

### Cash Equivalent Transfer Values

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.

### **Real Increase in 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.

### **Compensation for loss of office**

No staff left under Voluntary Exit or Voluntary Redundancy terms during the financial year.

## Cardiff and Vale Pension Fund - Local Government Pension Scheme

The disclosures below relate to the funded liabilities of the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The funded nature of the LGPS requires the PSOW and its employees who are members of the scheme to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The PSOW recognises gains and losses in full, immediately through the Statement of Comprehensive Net Expenditure. In accordance with International Financial Reporting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

No further employer contributions are required to be paid to the Fund by the PSOW.

### Disclosure under IAS19 (LGPS funded benefits)

#### Introduction

The disclosures below relate to the funded liabilities within the Fund which are part of the LGPS.

#### Results under IAS 19 (LGPS funded benefits)

Date of the last full actuarial valuation	31 March 2016
Expected employer contributions next year (£M)	-
Duration of liabilities	12.8 years

#### Key assumptions (% per annum)

	31 March 2018	31 March 2017	31 March 2016
	%	%	%
Discount rate	2.60	2.50	3.30
RPI Inflation	3.20	3.10	2.80
CPI Inflation	2.10	2.00	1.70
Pension increases	2.10	2.00	1.70
Pension accounts revaluation rate	2.10	2.00	1.70
Salary increases	3.10	3.00	2.70

## Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below:

Assumed life expectancy at age 65	31 March 2018	31 March 2017
<b>Males</b>		
Member aged 65 at accounting date	23.1	23.0
Member aged 45 at accounting date	24.2	24.0
<b>Females</b>		
Member aged 65 at accounting date	25.8	25.7
Member aged 45 at accounting date	27.2	27.1

## Asset allocation

	Value at 31 March 2018		Value at 31 March 2017	
	Quoted %	Unquoted %	Total %	Total %
Equities	0.0	0.0	0.0	0.0
Property	0.0	0.0	0.0	0.0
Government bonds	100.0	0.0	100.0	100.0
Corporate bonds	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
<b>Total</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>

## Reconciliation of funded status to Statement of Financial Position

	Value at 31 March 2018 £M	Value at 31 March 2017 £M
Fair value of assets	6.84	7.00
Present value of funded defined benefit obligation	5.32	5.35
<b>Funded status</b>	<b>1.52</b>	<b>1.65</b>
Unrecognised asset	(1.49)	(1.61)
<b>Asset/(Liability) recognised on the balance sheet</b>	<b>0.03</b>	<b>0.04</b>

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active Members	6%
Deferred Pensioners	12%
Pensioners	82%

### Amounts recognised in Statement of Comprehensive Net Expenditure

	Period ending 31 March 2018 £M	Period ending 31 March 2017 £M
<b>Operating cost</b>		
Current service cost	0.02	0.01
Past service cost (incl. curtailments)	0.00	0.00
Settlement cost	0.00	0.00
<b>Financing Cost</b>		
Interest on net defined benefit liability (asset)	0.00	0.00
<b>Pension expense recognised in profit and loss</b>	<b>0.02</b>	<b>0.01</b>
<b>Remeasurements in Other Comprehensive Income</b>		
Return on plan assets (in excess)/below that recognised in net interest	0.12	(0.59)
Actuarial (gains)/losses due to change in financial assumptions	(0.01)	0.88
Actuarial (gains)/losses due to changes in demographic assumptions	0.00	(0.30)
Actuarial (gains)/losses due to liability experience	0.04	(0.19)
Adjustments due to the limit in paragraph 64	(0.16)	0.21
<b>Total amount recognised in other comprehensive income (OCI)</b>	<b>(0.01)</b>	<b>0.01</b>
<b>Total amount recognised in profit and loss OCI</b>	<b>0.01</b>	<b>0.02</b>
Allowance for administration expenses included in current service cost (£M)	0.00	0.00

## Changes to the present value of the defined benefit obligation during the accounting period

	Period ending 31 March 2018 £M	Period ending 31 March 2017 £M
<b>Opening defined benefit obligation</b>	<b>5.35</b>	<b>5.00</b>
Current service cost	0.02	0.01
Interest expense on defined benefit obligation	0.13	0.16
Contributions by participants	0.00	0.00
Actuarial (gains)/losses on liabilities – financial assumptions	(0.01)	0.88
Actuarial (gains)/losses on liabilities – demographic assumptions	0.00	(0.30)
Actuarial (gains)/losses on liabilities – experience	0.04	(0.19)
Net benefits paid out	(0.21)	(0.21)
Past service cost (incl. curtailments)	0.00	0.00
Net increase in liabilities from disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing defined benefit obligation</b>	<b>5.32</b>	<b>5.35</b>

## Changes to the fair value of assets during the accounting period

	Period ending 31 March 2018 £M	Period ending 31 March 2017 £M
Opening fair value of assets	<b>7.00</b>	<b>6.12</b>
Interest income on assets	0.17	0.21
Re measurement gains/(losses) on assets	(0.12)	0.59
Contributions by the employer	0.00	0.29
Contributions by participants	0.00	0.00
Net benefits paid out	(0.21)	(0.21)
Net increase in assets from the disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing fair value of assets	<b>6.84</b>	<b>7.00</b>

## Actual return on assets

	Period ending 31 March 2018 £M	Period ending 31 March 2017 £M
Interest income on assets	<b>0.17</b>	<b>0.21</b>
Remeasurement gain/(losses) on assets	(0.12)	0.59
<b>Actual return on assets</b>	<b>0.05</b>	<b>0.80</b>

## Funded Benefits

The following data was provided by the Fund Administering Authority and/or the Employer and has been used to produce the IAS 19 results in this report. Details of the split of assets between the various asset classes were also provided by the Fund Administering Authority and are shown in Section 1. We have also shown some of the intermediate calculations used in evaluating the figures in this report.

### Active Members as at 31 March 2016

	Number	Total Pay £(M)
Total	1	0.05

### Pensioner and deferred pensioner members as at 31 March 2016

Type	Number	Total Pension £(M)
Deferred members	5	0.02
Pensioners and dependants	11	0.23

### Funded cash-flow data provided

	Months Provided	Amount Provided (£M)	Amount Used (£M)
Employer – Normal contributions	12	0.00	
Employer – Additional capital contributions	12	0.00	
Employer – Early retirement strain on fund payments	12	0.00	
<b>Total contributions by the Employer</b>			<b>0.00</b>
Employee – Normal contributions	12	0.00	
Employee – Added years contributions	12	0.00	
<b>Total contributions by participants</b>			<b>0.00</b>
Transfers in	12	0.00	
Other income	12	0.00	
Transfers out	12	0.00	
Retirement lump sums	12	0.00	
Other outgoings	12	0.00	
Death in service lump sums *	12	0.00	
Benefits paid (i.e. pension paid)	12	0.21	
<b>Net benefits paid out **</b>			<b>0.21</b>

\* We have calculated the expected death in service lump sums over the year to be (£M)  
0.00

\*\* The 'Net benefits paid out' figure includes an allowance for expenses of (£M)  
0.00

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## Annualised pensionable payroll over the accounting period

Type	(£M) *
Period ending 31 March 2018	0.05
Period ending 31 March 2017	0.05

\* The annualised pensionable payroll has been derived from the contributions paid over the relevant accounting period

## Fund return

The overall Fund return over the accounting period has been calculated as 0.7%. This includes any adjustment to reflect the difference between Fund returns and estimated index returns used over the last accounting period, where appropriate.

The asset return over the accounting period for the employer has been taken as the index return on the published FTSE Index Linked UK Gilts over 5 years total return index, to reflect the notional low risk investment strategy which has been put in place with effect from 1<sup>st</sup> December 2016 in respect of the Employer.

## Pensions for former Ombudsmen

With the agreement of the Secretary of State for Wales in 1991 and subsequent confirmation by Statutory Instrument 1993 No. 1367, Local Government Commissioners became eligible to join the Local Government Pension Scheme. However, the pensions of the three previous Local Government Commissioners remained the responsibility of the Public Services Ombudsman for Wales and are met through the Statement of Comprehensive Net Expenditure. At 31 March 2018 two surviving spouses of former Commissioners continued to receive a pension.

Pensions are increased annually in line with other pension schemes within the Public Sector. The basis of calculations of the Annual Pensions Increase has been changed from using the annual movement based on the Retail Price Index (RPI) to the Consumer Price Index (CPI). The amount of the uplift applied is normally set out in the Statutory Instrument Pensions Increase (Review) Order. This uplift for 2017/18 was 1%.

The total payments during 2017/18 were £41k (£49k in 2016/17). The liabilities arising out of the obligation to finance these pensions together with any dependant pensions has been calculated to be £260k (£266k in 2016/17). The calculation to determine the overall liability has been carried out internally using life expectancy tables for males and females in Wales obtained from the website of the Government Actuary's Department. A discount rate, from PES (2017), of 0.10% (0.24% in 2016/17) has been applied in accordance with the Treasury guidance that all pension liabilities should be discounted



## Annex A: Public Body Complaints closed—Statistical Breakdown by outcomes by public body

### County/County Borough Councils

County/County Borough Councils	OJ	P	OC	R	D	NPINU	NPIU	PIU	Total Cases closed
Blaenau Gwent	2	3	3	1			2		11
Bridgend County	8	10	16	5					39
Caerphilly	6	7	22	2		1	1		39
Cardiff	22	21	41	36	1	1	1		123
Carmarthenshire	5	11	4	1	1	2			24
Ceredigion	11	11	8	2		1	2		35
Swansea	15	16	19	10		1	1		62
Conwy	5	13	10	3			1		32
Denbighshire	3	5	6	1					15
Flintshire	4	20	12	7			4		47
Gwynedd	7	4	13	1		1			26
Isle of Anglesey	4	9	11	1			1		26
Merthyr Tydfil		5	5	1			2		13
Monmouthshire	4	3	6	1					14
Neath Port Talbot	4	15	8	4					31
Newport City	6	11	9	6			2		34
Pembrokeshire	4	11	13	3		1			32
Powys County	5	12	13	6		2			38
Rhondda Cynon Taf	6	12	12	6					36
Torfaen County	1	5	9	1					16
Vale of Glamorgan	9	7	12	3		1			32
Wrexham	6	6	20	6	1		2		41
<b>TOTAL</b>	<b>137</b>	<b>217</b>	<b>272</b>	<b>107</b>	<b>3</b>	<b>11</b>	<b>19</b>	<b>0</b>	<b>766</b>

#### Key

OJ Out of Jurisdiction

P Premature

OC Other cases closed after initial consideration

R Early Resolutions/Voluntary Settlements

D Discontinued

NPINU Other Report – Not Upheld

NPIU Other Report Upheld - in whole or in part

PIU Public Interest Report Upheld – in whole or in part

Other Local Authority

School Appeal Panels	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Admissions Appeal Panel - Roath Park Primary School			1						1
Admissions Appeals Panel - St Joseph's Cathedral Primary School			1						1
Admissions Appeal Panel - Cardiff High School			1						1
Admissions Appeal Panel - Bishop of Llandaff	1								1
Admissions Appeal Panel - Mary Immaculate Catholic High School			1						1
Admissions Appeal Panel - Penllergaer Primary School			1						1
Admissions Appeal Panel - Rhydypenau Primary School			1						1
Admissions Appeal Panel - St Joseph's High School			1						1
Admissions Appeal Panel - Ysgol Treganna			1						1
Admissions Appeal Panel - Y Pant School			1						1
Admissions Appeal Panel - Bishopston Comprehensive School			2						2
Admissions Appeals Panel - Ysgol Rhostyllen			1						1
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>

Key	
<b>OJ</b> Out of Jurisdiction	<b>D</b> Discontinued
<b>P</b> Premature	<b>NPINU</b> Other Report – Not Upheld
<b>OC</b> Other cases closed after initial consideration	<b>NPIU</b> Other Report Upheld - in whole or in part
<b>R</b> Early Resolutions/Voluntary Settlements	<b>PIU</b> Public Interest Report Upheld – in whole or in part

## National Park Authorities

National Park Authority	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Brecon Beacons National Park Authority	2	1	2						5
Snowdonia National Park Authority	2		3						5
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>

## Police and Crime Commissioners and Police and Crime Panels

Police and Crime Commissioners/Police and Crime Panels	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Dyfed-Powys Police and Crime Commissioner		1		1					2
South Wales Police and Crime Commissioner		1							1
South Wales Police and Crime Panel	1		1						2
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

## Key

<b>OJ</b> Out of Jurisdiction	<b>D</b> Discontinued
<b>P</b> Premature	<b>NPINU</b> Other Report – Not Upheld
<b>OC</b> Other cases closed after initial consideration	<b>NPIU</b> Other Report Upheld - in whole or in part
<b>R</b> Early Resolutions/Voluntary Settlements	<b>PIU</b> Public Interest Report Upheld – in whole or in part

Community/Town Councils

Community Councils	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Abertillery & Llanhilleth Community Council			1						1
Ammanford Town Council	1								1
Barry Town Council		1							1
Bodelwyddan Town Council			1						1
Cilcain Community Council		1	1						2
Cosheston Community Council			1						1
Dolwyddelan Community Council			1						1
Guilfield Community Council	1	1	1						3
Johnston Community Council			1						1
Llanddowror and Llanmiloe Community Council	1								1
Llanfrynach Community Council	1	1	3						5
Llansannan Community Council	1	1							2
Llanwinio Community Council				1					1
Magor with Undy Community Council	2								2
Mawr Community Council		1							1
Nercwys Community Council		1							1
Penarth Town Council		2							2
Pentyrch Community Council			1						1
Raglan Community Council							1		1
Trefeglwys Community Council	1								1
<b>TOTAL</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>30</b>

Key	
<b>OJ</b>	Out of Jurisdiction
<b>P</b>	Premature
<b>OC</b>	Other cases closed after initial consideration
<b>R</b>	Early Resolutions/Voluntary Settlements
<b>D</b>	Discontinued
<b>NPINU</b>	Other Report – Not Upheld
<b>NPIU</b>	Other Report Upheld - in whole or in part
<b>PIU</b>	Public Interest Report Upheld – in whole or in part

## Registered Social Landlords

Housing Association	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Ateb Group Limited		1		1					2
Bro Myrddin Housing Association		1							1
Bron Afon Community Housing Ltd	3	1	5				1		10
Cadwyn Housing Association Ltd		3							3
Cardiff Community Housing Association Ltd		5	3	1					9
Cartrefi Conwy		1							1
Cartrefi Cymunedol Gwynedd	1	1	6	2					10
Charter Housing Association			2	1			1		4
Clwyd Alyn Housing Association Ltd	2	1	2	1					6
Coastal Housing Group Ltd	1		1						2
Cymdeithas Tai Cantref (now Wales & West Housing)		1							1
Cynon Taf Community Housing	1								1
Family Housing Association (Wales) Ltd				1					1
Grwp Cynefin		3	2	1					6
Gwalia Cyf		4							4
Hafod Housing Association			1						1
Linc-Cymru Housing Association	1	4	2						7
Melin Homes Ltd	3	2	1						6
Merthyr Tydfil Housing Association Ltd			1						1
Merthyr Valleys Homes	2	1	3						6
Mid Wales Housing Association Ltd				1					1
Monmouthshire Housing Association			4	1					5
Newport Care and Repair	1								1
Newport City Homes	1	1		1					3
Newydd Housing Association			2						2
North Wales Housing	1	1	3	1					6
Pobl		1							1
Taff Housing Association		1	1						2
Tai Calon		2							2

Housing Association	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Tai Ceredigion Cyf		1		1					2
Tai Tarian		3	3						6
Trivallis	1	4		3		1			9
United Welsh Housing Association		3	1						4
Valleys To Coast		1	4						5
Wales & West Housing Association		3	5						8
Wrexham Care and Repair		1							1
<b>TOTAL</b>	<b>18</b>	<b>51</b>	<b>52</b>	<b>16</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>140</b>

Key	
<b>OJ</b>	Out of Jurisdiction
<b>P</b>	Premature
<b>OC</b>	Other cases closed after initial consideration
<b>R</b>	Early Resolutions/Voluntary Settlements
<b>D</b>	Discontinued
<b>NPINU</b>	Other Report – Not Upheld
<b>NPIU</b>	Other Report Upheld - in whole or in part
<b>PIU</b>	Public Interest Report Upheld – in whole or in part

## Local Health Boards and NHS Trusts

Local Health Board/NHS Trust	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Abertawe Bro Morgannwg	20	14	33	12		7	15		101
Aneurin Bevan	19	10	26	14	2	6	17		94
Betsi Cadwaladr	27	18	44	34		16	34	2	175
Cardiff and Vale	13	12	17	19		7	13		81
Cwm Taf	11	5	16	10		9	13	1	65
Hywel Dda	24	10	22	23	2	6	16	1	104
Powys Teaching	1	7	19	4					31
Public Health Wales		1							1
Velindre			1			1			2
Welsh Ambulance Service	3	1	8	2		3	4		21
<b>TOTAL</b>	<b>118</b>	<b>78</b>	<b>186</b>	<b>119</b>	<b>4</b>	<b>55</b>	<b>112</b>	<b>4</b>	<b>675</b>

## Community Health Councils

Community Health Councils	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Abertawe Bro Morgannwg		1							1
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

Key	
OJ	Out of Jurisdiction
P	Premature
OC	Other cases closed after initial consideration
R	Early Resolutions/Voluntary Settlements
D	Discontinued
NPINU	Other Report – Not Upheld
NPIU	Other Report Upheld - in whole or in part
PIU	Public Interest Report Upheld – in whole or in part

Other Health Bodies

Other Health	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Dentist	4	5	6	1	1	2	3		22
GP	9	26	41	9		11	5		101
Optician	1	1							2
Pharmacist	1	1	1	1					4
<b>TOTAL</b>	<b>15</b>	<b>33</b>	<b>48</b>	<b>10</b>	<b>1</b>	<b>13</b>	<b>8</b>	<b>0</b>	<b>129</b>

Other

Special Health Authorities	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
NHS Business Services Authority		2		1					3
NHS Wales Shared Services Partnership			1						1
Welsh Health Specialised Services Committee		1	2						3
<b>TOTAL</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>

Key	
<b>OJ</b> Out of Jurisdiction	<b>D</b> Discontinued
<b>P</b> Premature	<b>NPINU</b> Other Report – Not Upheld
<b>OC</b> Other cases closed after initial consideration	<b>NPIU</b> Other Report Upheld - in whole or in part
<b>R</b> Early Resolutions/Voluntary Settlements	<b>PIU</b> Public Interest Report Upheld – in whole or in part

## Welsh Government and Welsh Government Sponsored Bodies

Welsh Government and its sponsored bodies	OJ	P	OC	R	D	NPIN U	NPIU	PIU	Grand Total
<b>Welsh Government</b>									
East Wales Valuation Tribunal			1						1
Welsh Government	4		6						10
CADW	1	1							2
CAFCASS Cymru		1	1	1					3
Care Inspectorate Wales	2		5						7
Healthcare Inspectorate Wales			1						1
Planning Inspectorate	2	1	3						6
<b>Welsh Government Total</b>	<b>9</b>	<b>3</b>	<b>17</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>

Welsh Government Sponsored Body	OJ	P	OC	R	D	NPIN U	NPIU	PIU	Grand Total
<b>Welsh Government Sponsored Body</b>									
ESTYN			1						1
Natural Resources Wales	5	8	5	1		1			20
Social Care Wales	1		1						2
Student Loans Company	1	10							11
Welsh Government - Rural Payments Wales			1						1
<b>Welsh Government Sponsored Public Body Total</b>	<b>7</b>	<b>18</b>	<b>8</b>	<b>1</b>		<b>1</b>			<b>35</b>

<b>TOTAL</b>	<b>16</b>	<b>21</b>	<b>25</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>65</b>
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## Key

OJ Out of Jurisdiction

P Premature

OC Other cases closed after initial consideration

R Early Resolutions/Voluntary Settlements

D Discontinued

NPINU Other Report – Not Upheld

NPIU Other Report Upheld - in whole or in part

PIU Public Interest Report Upheld – in whole or in part

Independent Care Providers

Self Funding Independent Care	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Allied Healthcare						1			1
HC One Ltd						1			1
Hengoed Court Care Home							1		1
Parkside Residential Homes	1								1
Plas y Bryn Nursing Home			1						1
Right At Home	1								1
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>6</b>

NHS Independent Care	OJ	P	OC	R	D	NPINU	NPIU	PIU	Grand Total
Active Assistance			1						1
Icare Dom Care Ltd			1						1
Integra Community Living Options Ltd		1							1
Partnerships In Care						1			1
St John's Cymru - Wales			2				1		3
<b>Grand Total</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>7</b>

Key	
OJ	Out of Jurisdiction
P	Premature
OC	Other cases closed after initial consideration
R	Early Resolutions/Voluntary Settlements
D	Discontinued
NPINU	Other Report – Not Upheld
NPIU	Other Report Upheld - in whole or in part
PIU	Public Interest Report Upheld – in whole or in part

## Annex B: Code of Conduct Complaints closed– Statistical Breakdown by outcomes by local authority

### County/County Borough Councils

County/County Borough Councils	C	D	NE	NA	SC	AP	W	Grand Total
Blaenau Gwent	3	1						4
Bridgend	3			1				4
Caerphilly	4							4
Cardiff	2		1					3
Carmarthenshire	6							6
Ceredigion	1							1
Swansea	6							6
Conwy	4			1		1		6
Denbighshire	2							2
Flintshire	3					1		4
Gwynedd	6		1					7
Isle of Anglesey	3							3
Merthyr Tydfil	6		1					7
Monmouthshire	3					1		4
Neath Port Talbot	1							1
Newport	3							3
Pembrokeshire	9							9
Powys	13		5	1				19
Rhondda Cynon Taf	1							1
Torfaen	4			2				6
Vale of Glamorgan	1		1					2
Wrexham	1							1
<b>Grand Total</b>	<b>85</b>	<b>1</b>	<b>9</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>103</b>

#### Key

C Closed after initial consideration  
D Discontinued  
NE No evidence of Breach  
NA No action necessary

SC Refer to Standards Committee  
AP Refer to Adjudication Panel  
W Withdrawn

Community/Town Councils

Community/Town Council	C	D	NE	NA	SC	AP	W	Grand Total
Abertillery & Llanhilleth Community Council				1				1
Barmouth Town Council	1							1
Barry Town Council	3							3
Beaumaris Town Council	1							1
Bedlinog Community Council	2							2
Bishton Community Council	1							1
Brackla Community Council	3							3
Brawdy Community Council	3							3
Bridgend Town Council	1							1
Caerphilly Town Council	1							1
Chepstow Town Council	5							5
Clyro Community Council	10							10
Conwy Town Council	1							1
Coshleston Community Council	2							2
Cwmbran Community Council	1							1
Dinas Powys Community Council	1							1
Garw Valley Community Council	2	1						3
Glynneath Town Council	6	1					1	8
Gorseinon Town Council	2							2
Guilfield Community Council	4							4
Hirwaun & Penderyn Community Council	1						3	4
Johnston Community Council	9							9
Knighton Town Council	3							3
Langstone Community Council	2							2
Llanbedrog Community Council	3			2				5
Llanddowror and Llanmiloe Community Council	2							2
Llanelli Rural Council			1					1
Llanfechain Community Council	1							1
Llanfrynach Community Council	2							2
Llangefni Town Council	1							1
Llangristiolus Community Council	1							1
Llangybi Community Council (Monmouthshire)	2							2
Llanover Community Council	1							1
Llansannan Community Council	1		1					2

Community/Town Council	C	D	NE	NA	SC	AP	W	Grand Total
Llay Community Council	4			1				5
Magor with Undy Community Council	1							1
Milford Haven Town Council	1							1
Mold Town Council	2							2
Mumbles Community Council	3	1						4
Nantyglo & Blaina Town Council	1							1
Neath Town Council	1							1
New Quay Community Council	1							1
Northop Hall Community Council	4							4
Ogmore Valley Community Council	1							1
Pembrey & Burry Port Town Council	14							14
Pembroke Dock Town Council	1							1
Pencoed Town Council	1							1
Penmaenmawr Town Council	1							1
Pentyrch Community Council	1							1
Porthmadog Town Council	1							1
Prestatyn Town Council	2							2
Saltney Town Council				1				1
Sully and Lavernock Community Council	1							1
Taffs Well Community Council	2							2
Trawsgoed Community Council	1							1
Tywyn Town Council	1		2					3
Welshpool Town Council	1							1
Ynysawdre Community Council	3							3
<b>Grand Total</b>	<b>128</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>144</b>

Key			
<b>C</b>	Closed after initial consideration	<b>SC</b>	Refer to Standards Committee
<b>D</b>	Discontinued	<b>AP</b>	Refer to Adjudication Panel
<b>NE</b>	No evidence of Breach	<b>W</b>	Withdrawn
<b>NA</b>	No action necessary		

## Annex C: Public Body Complaints received– by public body

Relevant Body Type	Relevant Body	Total
Community Council	Abertillery & Llanhilleth Community Council	1
	Ammanford Town Council	2
	Barry Town Council	1
	Betws Community Council	1
	Bodelwyddan Town Council	1
	Brackla Community Council	1
	Cilcain Community Council	1
	Cosheston Community Council	1
	Dolwyddelan Community Council	1
	Guilsfield Community Council	3
	Johnston Community Council	1
	Llanddowror and Llanmiloe Community Council	1
	Llanfrynach Community Council	5
	Llansannan Community Council	2
	Llanwinio Community Council	1
	Magor with Undy Community Council	2
	Mawr Community Council	1
	Nercwys Community Council	1
	Penarth Town Council	1
	Pentyrch Community Council	1
Trefeglwys Community Council	1	
<b>Community Council Total</b>		<b>30</b>
Community Health Council	Abertawe Bro Morgannwg Community Health Council	1
<b>Community Health Council Total</b>		<b>1</b>
Dentist	Dentist	1
<b>Dentist Total</b>		<b>23</b>
GP	GP	119
<b>GP Total</b>		<b>119</b>

Relevant Body Type	Relevant Body	Total
Housing Association	Ateb Group Limited	3
	Bro Myrddin Housing Association	1
	Bron Afon Community Housing Ltd	11
	Cadwyn Housing Association Ltd	3
	Cardiff Community Housing Association Ltd	8
	Cartrefi Conwy	2
	Cartrefi Cymunedol Gwynedd	8
	Charter Housing Association	3
	Clwyd Alyn Housing Association Ltd	7
	Coastal Housing Group Ltd	1
	Cymdeithas Tai Cantref (now Wales & West Housing)	1
	Cynon Taf Community Housing	1
	Grwp Cynefin	6
	Gwalia Cyf	4
	Hafod Housing Association	2
	Linc-Cymru Housing Association	7
	Melin Homes Ltd	6
	Merthyr Tydfil Housing Association Ltd	1
	Merthyr Valleys Homes	6
	Mid Wales Housing Association Ltd	1
	Monmouthshire Housing Association	4
	Newport Care and Repair	1
	Newport City Homes	4
	Newydd Housing Association	2
	North Wales Housing	6
	Pobl	1
	Taff Housing Association	2
	Tai Calon	2
	Tai Ceredigion Cyf	3
	Tai Tarian	8
	Trivallis	7
	United Welsh Housing Association	4
	Valleys To Coast	5
Wales & West Housing Association	7	
Wrexham Care and Repair	1	
<b>Housing Association Total</b>		<b>139</b>

Relevant Body Type	Relevant Body	Total	
Local Authority	Admissions Appeal Panel - Roath Park Primary School	1	
	Admissions Appeal Panel - St Joseph's Cathedral Primary School	1	
	Admissions Appeal Panel - Cardiff High School	1	
	Admissions Appeal Panel - Bishop of Llandaff	1	
	Admissions Appeal Panel - Mary Immaculate Catholic High School	1	
	Admissions Appeal Panel - Penllergaer Primary School	1	
	Admissions Appeal Panel - Rhydypenau Primary School	1	
	Admissions Appeal Panel - St Joseph's High School	1	
	Admissions Appeal Panel - Ysgol Treganna	1	
	Admissions Appeal Panel - Y Pant School	1	
	Admissions Appeal Panel - Bishopston Comprehensive School	2	
	Admissions Appeal Panel - Ysgol Rhostyllen	1	
	Blaenau Gwent County Borough Council	10	
	Bridgend County Borough Council	40	
	Caerphilly County Borough Council	40	
	Cardiff Council	109	
	Carmarthenshire County Council	25	
	Ceredigion County Council	35	
	City and County of Swansea	62	
	Conwy County Borough Council	36	
	Denbighshire County Council	20	
	Flintshire County Council	50	
	Gwynedd Council	29	
	Isle of Anglesey County Council	29	
	Merthyr Tydfil County Borough Council	13	
	Monmouthshire County Council	16	
	Neath Port Talbot County Borough Council	35	
	Newport City Council	37	
	Pembrokeshire County Council	34	
	Powys County Council	39	
	Rhondda Cynon Taf County Borough Council	36	
	Torfaen County Borough Council	15	
	Vale of Glamorgan Council	30	
	Wrexham County Borough Council	41	
	<b>Local Authority Total</b>		<b>794</b>

Relevant Body Type	Relevant Body	Total
Local Health Board/NHS Trust	Abertawe Bro Morgannwg University Health Board	121
	Aneurin Bevan University Health Board	121
	Betsi Cadwaladr University Health Board	186
	Cardiff and Vale University Health Board	95
	Cwm Taf University Health Board	74
	Hywel Dda University Health Board	109
	NHS Business Services Authority	4
	NHS Wales Shared Services Partnership	1
	Powys Teaching Health Board	42
	Public Health Wales	2
	Velindre NHS Trust	2
	Welsh Ambulance Services NHS Trust	21
	Welsh Health Specialised Services Committee	3
<b>Local Health Board/NHS Trust Total</b>		<b>781</b>

National Park	Brecon Beacons National Park Authority	4
	Snowdonia National Park Authority	6
<b>National Park Total</b>		<b>10</b>

NHS Independent Provider	Active Assistance	1
	Icare Dom Care Ltd	1
	Integra Community Living Options Ltd	1
	St John's Cymru - Wales	3
<b>NHS Independent Provider Total</b>		<b>6</b>

Optician	Optician	2
<b>Optician Total</b>		<b>2</b>

Pharmacist	Pharmacist	4
<b>Pharmacist Total</b>		<b>4</b>

Relevant Body Type	Relevant Body	Total
Police & Crime Commissioners and Police & Crime Panels	Dyfed-Powys Police and Crime Commissioner	2
	South Wales Police and Crime Commissioner	1
	South Wales Police and Crime Panel	2
<b>Police Authority Total</b>		<b>5</b>
Self Funding Care Provider	Parkside Residential Homes	1
	Plas y Bryn Nursing Home	1
	Right At Home	1
<b>Self Funding Care Provider Total</b>		<b>3</b>
Welsh Government	East Wales Valuation Tribunal	1
	Welsh Government	11
	Welsh Government - CADW	1
	Welsh Government - CAF/CASS Cymru	3
	Welsh Government - Care Inspectorate Wales	7
	Welsh Government - Healthcare Inspectorate Wales	1
	Welsh Government - Planning Inspectorate	6
<b>Welsh Government Total</b>		<b>30</b>
Welsh Government Sponsored Public Body	ESTYN	1
	Natural Resources Wales	21
	Social Care Wales	2
	Student Loans Company	11
	Welsh Government - Rural Payments Wales	1
<b>Welsh Government Sponsored Public Body Total</b>		<b>36</b>
<b>Grand Total</b>		<b>1983</b>

## Annex D: Intervention Data - Statistical Breakdown by local authority, health board and trust

The below tables provide numbers and percentages of cases received by the PSOW in which an intervention has occurred. This includes all upheld complaints, early resolutions and voluntary settlements.

Relevant Body	Number of cases with PSOW intervention	Total number of closed cases	% of cases with PSOW intervention
Abertawe Bro Morgannwg University Health Board	27	101	27
Aneurin Bevan University Health Board	31	94	33
Betsi Cadwaladr University Health Board	70	175	40
Cardiff and Vale University Health Board	32	81	40
Cwm Taf University Health Board	24	65	37
Hywel Dda University Health Board	40	104	38
Powys Teaching Health Board	4	31	13
Public Health Wales	0	1	0
Velindre NHS Trust	0	2	0
Welsh Ambulance Services NHS Trust	6	21	29

Relevant Body	Number of cases with PSOW intervention	Total number of closed cases	% of cases with PSOW intervention
Blaenau Gwent County Borough Council	3	11	27
Bridgend County Borough Council	5	39	13
Caerphilly County Borough Council	3	39	8
Cardiff Council	37	123	30
Carmarthenshire County Council	1	24	4
Ceredigion County Council	4	35	11
City and County of Swansea	11	62	18
Conwy County Borough Council	4	32	13
Denbighshire County Council	1	15	7
Flintshire County Council	11	47	23
Gwynedd Council	1	26	4
Isle of Anglesey County Council	2	26	8
Merthyr Tydfil County Borough Council	3	13	23
Monmouthshire County Council	1	14	7
Neath Port Talbot County Borough Council	4	31	13
Newport City Council	8	34	24
Pembrokeshire County Council	3	32	9
Powys County Council	6	38	16
Rhondda Cynon Taf County Borough Council	6	36	17
Torfaen County Borough Council	1	16	6
Vale of Glamorgan Council	3	32	9
Wrexham County Borough Council	8	41	20

**Public Services Ombudsman for Wales**

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## PSOW Update on Public Accounts Committee Recommendations 2013-14

### Background

In March 2015 the Public Accounts Committee published its [report](#) following its Scrutiny of Accounts 2013-14. The following recommendations related to the Public Services Ombudsman for Wales.

**Recommendation 3.** The Committee recommends that efforts to achieve efficiencies and greater productivity through collaboration, including integration of back-office functions, continue between the Commissioners and the Ombudsman, and that this be reported on in their 2014-15 annual reports and accounts. (Page 26 of the report)

**Recommendation 5.** The Commissioners and Ombudsman should publish clear information on the responsibilities they have delegated to their staff. (Page 34 of the report)

**Recommendation 6.** The Finance Committee should consider the relationship between the Public Services Ombudsman for Wales's Audit and Risk Committee, his advisory panel, and the National Assembly for Wales and whether arrangements should be formalised. (Page 38 of the report)

**Recommendation 9.** The Committee encourages organisations funded by public money to consider how they present information to ensure that it is readily understandable for the public, and that shows the organisation's priorities and the level of resource committed to those priorities. (Page 47 of the report)

An update is provided below on work done with regards to each recommendation.

***Recommendation 3. The Committee recommends that efforts to achieve efficiencies and greater productivity through collaboration, including integration of back-office functions, continue between the Commissioners and the Ombudsman, and that this be reported on in their 2014-15 annual reports and accounts.***

In response, the Ombudsman, Children's Commissioner and Older People's Commissioner wrote to the Chair of the Public Accounts Committee on 28 April 2015. A copy of that letter is attached as Appendix A. The letter identified a number of areas in which the Commissioners and Ombudsman would work together. An update on each area is included below:

### **Develop a single Memorandum of Understanding (MOU) between the organisations**

A single [MOU](#) was agreed and signed by the Ombudsman, Older People's Commissioner, Children's Commissioner, Welsh Language Commissioner and Future Generations Commissioner in 2016. This is in use and is to be reviewed later this year.

The MOU facilitates discussion of matters relevant to more than one of the signatories.

### **Share knowledge, skills and experience between Accounting Officers and meet regularly to discuss work programmes and identify opportunities for joint working**

There are periodic meetings of the Ombudsman and Commissioner office holders and Directors. This allows knowledge and skills to be shared and the scope for joint working to be discussed.

The MOU formalises the arrangements for sharing work programmes and considering the scope for joint working.

The Ombudsman's Financial Accountant and the Chair of the Audit & Risk Assurance Committee attend the regular update briefings for public bodies in Wales.

### **Consolidate staff learning and development programmes**

Appropriate staff from each organisation met to discuss training and development plans, and agreed to share information on externally provided training, helping each to find appropriate external training providers and offering to share internally hosted training where appropriate.

The Wales Audit Office has also offered to include the Ombudsman's trainee accountant in some of their training and development opportunities for graduate trainees.

A joint update workshop involving Deloitte LLP, the Ombudsman, Future Generations Commissioner, Older People's Commissioner and Children's Commissioner was held in 2017 to share knowledge and learning on topical issues of cyber security, GDPR and risk assurance. A further joint sector update workshop is being planned for autumn 2018.

### **Work together to review existing Strategic Equality Plans and develop the approach to new equality plans and associated actions**

Staff from the various organisations met to consider the best approach to ensuring continuing progress on equality objectives. It was agreed that equality objectives should be incorporated into normal business planning. The Ombudsman and Commissioners shared information on their respective equality objectives. It was also agreed in principle that sharing of anonymised data, relevant to equality issues, between the organisations would be helpful.

**Explore the potential for the procurement of a common internal audit service provider.**

The Older People’s Commissioner, Children’s Commissioner and Ombudsman completed a collaborative procurement process and a single internal audit provider has been identified as preferred supplier. The new supplier commenced provision of services under the new contract from April 2016. Details of this arrangement were subsequently shared with the new Future Generations Commissioner who appointed the same internal auditors.

**Other areas of collaboration**

To support the establishment of the office of the Future Generations Commissioner and benefit from economies of scale, the Ombudsman’s staff provide payroll services to the Future Generations Commissioner on a collaborative basis.

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***Recommendation 5. The Commissioners and Ombudsman should publish clear information on the responsibilities they have delegated to their staff.***

The Ombudsman remains Accounting Officer and has not delegated this responsibility (except to cover, where necessary, during his absence).

The Ombudsman’s staff have delegated authority to make casework decisions. Financial/administrative activities are covered by documented delegations to staff at levels appropriate to the activity. These are included within the Ombudsman’s Financial Policies which are reviewed by the Audit & Risk Assurance Committee and published (in edited form).

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***Recommendation 6. The Finance Committee should consider the relationship between the Public Services Ombudsman for Wales’s Audit and Risk Committee,***

***his advisory panel, and the National Assembly for Wales and whether arrangements should be formalised.***

The Terms of Reference for the Advisory Panel and the Audit & Risk Assurance Committee, and the relationship between them, have been reviewed. The Audit & Risk Assurance Committee Terms of Reference reflect the advice and examples provided in HM Treasury Audit & Risk Assurance Committee Handbook. The Committee undertakes an annual review using the National Audit Office checklist. Governance arrangements, including Audit & Risk Assurance arrangements, are included in the scope of the annual external audit.

Whilst the Ombudsman continues to attend meetings of the Advisory Panel and the Audit & Risk Assurance Committee, he no longer chairs the Panel and is no longer a member of the Committee. This makes clear the independence of both as sources of scrutiny, challenge and advice to the Ombudsman.

Membership of the Advisory Panel and the Audit & Risk Assurance Committee has also been strengthened and, although each retains its separate purpose and terms of reference, the membership of both is identical. Both are chaired by an (external) member of the Committee / Panel. The current Chair of both is Jonathan Morgan, former Chair of the National Assembly for Wales Public Accounts Committee.

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***Recommendation 9. The Committee encourages organisations funded by public money to consider how they present information to ensure that it is readily understandable for the public, and that shows the organisation's priorities and the level of resource committed to those priorities.***

The Ombudsman developed and published a single combined Annual Report & Accounts document for the first time for the 2016/17 year. The same approach has been adopted for 2017/18. The Report includes graphics to promote easy assimilation of the information. An Executive Summary document was also produced for 2016/17, again including graphics and informative high-level data. (The Executive Summary for 2017/18 is currently being finalised.)

The Annual Report and Accounts include analysis of operating costs by strategic aims, showing the amount of money, and the proportion of the budget, applied to each of the Ombudsman's four strategic aims.

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## Appendix A

Darren Millar AM  
Chair Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay

28 April 2015

Dear Chair

We are writing in response to the report of the National Assembly's Public Accounts Committee, published in March 2015.

We welcome the report and will be making reference to it within the Governance Statements that appear as part of our individual Annual Accounts for 2014-15, highlighting that we will take on board the relevant recommendations and that joint action is already in hand to work further towards meeting them during 2015-16.

We have already identified the following potential areas of potential collaboration for 2015-16:

- Review and update the existing Memorandum(s) of Understanding between the organisations and put in place one joint agreement.
- Accounting Officers will continue to meet regularly to share planned work programmes, identify opportunities for joint working and sharing of knowledge, skills and experience.
- To consolidate our staff learning and development programmes to achieve better value for money in securing externally delivered training and in sharing knowledge, skills and experience across the organisations for internally delivered training.
- To work together on the required review of our existing Strategic Equality plans as we all work towards revision and the requirement to have new plans ready for publication by April 2016.
- To explore the potential for the procurement of a common internal audit service provider to maximise potential for benchmarking across similar type organisations within Wales.

As the report acknowledged there is little to be saved financially from sharing 'back office' functions. Our finance, ICT and HR staff who enable the delivery of our objectives, do already work collaboratively, when appropriate, through a shared network with Welsh Government Sponsored Bodies and will continue to do so alongside Wales Audit Office, National Procurement Service and others. We will however look to identify opportunities to work towards any pooled arrangement for sharing knowledge, skills and experience, and there may be other smaller public bodies who would be interested in joining with us.

Independence is a defining feature of any rights based organisation and is viewed by others as a source of legitimacy and authority. It is therefore welcomed that the Committee noted the strong governance argument in favour of a more consistent approach to funding Commissioners that in our view could only strengthen existing accountability arrangements.

We are aware that Meri Huws has already provided you with a written response to the report but the Welsh Language Commissioner will be working with us on the joint action noted above. We trust that this initial response meets with your expectations and we will provide you with an update on progress during 2015-16.

Yours sincerely,

**Older People's Commissioner for Wales**

**Public Services Ombudsman for Wales**

**Children's Commissioner for Wales**

cc Welsh Language Commissioner for Wales