

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee room 5 Tŷ Hywel and video conference via Zoom	For further information contact: Owain Roberts Committee Clerk 0300 200 6388 SeneddFinance@senedd.wales
Meeting date: 18 September 2025	
Meeting time: 10.00	

Registration

(09.30 – 09.45)

Private pre-meeting

(09.45 – 10.00)

1 Introductions, apologies, substitutions and declarations of interest

(10.00)

2 Paper(s) to note

(10.00)

(Pages 1 – 11)

Minutes of the meetings held on 26 June, 2 July and 9 July.

2.1 PTN 1 – Letter from the Cabinet Secretary for Finance and Welsh Language: Finance: Interministerial Standing Committee (F:ISC) – 8 July 2025

(Pages 12 – 13)

2.2 PTN 2– Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs: Inter-Ministerial Standing Committee (IMSC) – 14 July 2025

(Page 14)

2.3 PTN 3 – Letter from the First Minister of Wales: Inter-Institutional Relations Agreement: 43rd British-Irish Council Summit – 22 July 2025

(Page 15)

2.4 PTN 4 – Women’s Equality Network (WEN) Wales: Briefing – New research on the childcare needs of families in Wales – July 2025

(Pages 16 – 18)



- 2.5 PTN 5 – Letter from the Cabinet Secretary for Finance and Welsh Language: Consultation on reviewing the Public Audit (Wales) Act 2013 – 11 July 2025**
(Pages 19 – 21)
- 2.6 PTN 6 – Letter from the Cabinet Secretary for Finance and Welsh Language: Financial information for Directly Funded Bodies to consider in their budget planning – 11 July 2025**
(Pages 22 – 23)
- 2.7 PTN 7 – Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs: Disused Mine and Quarry Tips (Wales) Bill – Stage 4 – 11 July 2025**
(Page 24)
- 2.8 PTN 8 – Letter from the Welsh Local Government Association (WLGA): Homelessness and Social Housing Allocation (Wales) Bill – 15 July 2025**
(Pages 25 – 26)
- 2.9 PTN 9 – Letter from the Chair of the Local Government and Housing Committee to the Welsh Local Government Association (WLGA): Homelessness and Social Housing Allocation (Wales) Bill – 18 July 2025**
(Page 27)
- 2.10 PTN 10 – Letter from the Welsh Local Government Association (WLGA): Homelessness and Social Housing Allocation (Wales) Bill – 1 August 2025**
(Pages 28 – 30)
- 2.11 PTN 11 – Letter from the Cabinet Secretary for Housing and Local Government: Additional information on the Homelessness and Social Housing Allocation (Wales) Bill – 27 August 2025**
(Pages 31 – 40)
- 2.12 PTN 12 – Letter from the Senedd Commission: Update to recommendations made in the Committee's report on the Scrutiny of the Senedd Commission Draft Budget 2025–26 – 15 July 2025**
(Pages 41 – 53)
- 2.13 PTN 13 – Letter from Audit Wales: Notification of audit deadline position – Powys Teaching Health Board – 21 July 2025**
(Pages 54 – 55)

- 2.14 PTN 14 – Letter from the Cabinet Secretary for Finance and Welsh Language:
Office for National Statistics and the Census 2031 – 4 August 2025**
(Page 56)
- 2.15 PTN 15 – Letter from the Cabinet Secretary for Finance and Welsh Language:
Barnett formula consequential from the UK Spending Review (11 June) – 5
August 2025**
(Pages 57 – 59)
- 2.16 PTN 16 – Welsh Government response to the Committee's report on the First
Supplementary Budget 2025–26 – 18 August 2025**
(Pages 60 – 68)
- 2.17 PTN 17 – Letter from the Cabinet Secretary for Finance and Welsh Language:
Welsh Rates of Income Tax – Outturn Statistics 2023–24 – 21 August 2025**
(Pages 69 – 70)
- 2.18 PTN 18 – Additional information from National Energy Action relating to fuel
poverty in Wales – 7 August 2025**
(Pages 71 – 72)
- 2.19 PTN 19 – Letter from the Chair of the Northern Ireland Assembly Committee
for Finance: Northern Ireland Fiscal Council Bill – 22 July 2025**
(Pages 73 – 74)
- 2.20 PTN 20 – Letter to the Chair of the Northern Ireland Assembly Committee for
Finance: Northern Ireland Fiscal Council Bill – 8 September 2025**
(Pages 75 – 76)
- 2.21 PTN 21 – Letter from the Cabinet Secretary for Economy, Energy and
Planning: Inter-Ministerial Group for Business and Industry (IMG) – 2
September 2025**
(Page 77)
- 2.22 PTN 22 – Letter from the Cabinet Secretary for Economy, Energy and
Planning: Inter-Ministerial Group for Business and Industry – 10 September
2025**
(Page 78)

- 2.23 PTN 23 – Letter from Cabinet Secretary for Transport and North Wales:
Response to the Committee's report on the Bus Services (Wales) Bill – 8
September 2025**
- (Pages 79 – 81)
- 3 Audit Wales – Scrutiny of the Annual Report and Accounts 2024–
25 and the Annual Plan 2025–26: Evidence session**
- (10.00 – 11.00) (Pages 82 – 294)
- Adrian Crompton, Auditor General for Wales, Audit Wales
Ian Rees, Chair of the Wales Audit Office Board, Audit Wales
Kevin Thomas, Executive Director for Corporate Services, Audit Wales
Ann-Marie Harkin, Executive Director for Audit Services, Audit Wales
- 4 Motion under Standing Order 17.42 (ix) to resolve to exclude the
public from items 5 to 11 and 13; and the start of the meeting on
24 September 2025**
- (11.00)
- 5 Audit Wales – Scrutiny of the Annual Report and Accounts 2024–
25 and the Annual Plan 2025–26: Consideration of evidence**
- (11.00 – 11.15)
- 6 Appointment of the Auditor General for Wales: Update**
- (11.15 – 11.30) (Pages 295 – 314)
- 7 Chair's Forum – Consultation: Reviewing Committee Effectiveness
in the Sixth Senedd**
- (11.30 – 11.40) (Pages 315 – 317)
- 8 Changes to the Budget Process Protocol and related budgetary
procedures: Update**
- (11.40 – 11.50) (Pages 318 – 322)
- 9 Consideration of Forward Work Programme**
- (11.50 – 12.00) (Pages 323 – 340)

10 Scrutiny of the Welsh Government Draft Budget 2026–27:

Approach to scrutiny

(12.00 – 12.10)

(Pages 341 – 345)

11 Financial implications of the Planning (Wales) Bill and the Planning (Consequential Provisions) (Wales) Bill

(12.10 – 12.20)

(Pages 346 – 348)

[Planning \(Wales\) Bill, as introduced](#)

[Planning \(Consequential Provisions\) \(Wales\) Bill, as introduced](#)

[Planning \(Wales\) Bill and Planning \(Consequential Provisions\) \(Wales\) Bill – Explanatory Memorandum](#)

Break

(12.20 – 12.45)

Public

12 Financial implications of the British Sign Language (Wales) Bill:

Evidence session

(12.45 – 13.45)

(Pages 349 – 369)

Jane Hutt MS, Cabinet Secretary for Social Justice, Trefnydd and Chief Whip

Amira Evans, Head of Equalities, Welsh Government

Bethany Thomas, British Sign Language Policy Manager, Welsh Government

Supporting documents:

[British Sign Language \(Wales\) Bill, as introduced](#)

[British Sign Language \(Wales\) Bill, as introduced](#) (Introduction to the Bill in British Sign Language)

[British Sign Language \(Wales\) Bill – Bill summary](#)

[Explanatory Memorandum](#)

[Welsh Government: Evidence paper](#) (British Sign Language version)

Private

13 Financial implications of the British Sign Language (Wales) Bill:

Consideration of evidence

(13.45 – 14.00)

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 2, Senedd and video conference via Zoom**

Meeting date: Thursday, 26 June 2025

Meeting time: 09.00 – 10.22

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

<http://senedd.tv/en/15130>

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Mike Hedges MS Sam Rowlands MS Buffy Williams MS (In place of Rhianon Passmore MS)
Witnesses:	Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language Sharon Bounds, Welsh Government Andrew Jeffreys, Welsh Government
Committee Staff:	Owain Roberts (Clerk) Mike Lewis (Deputy Clerk) Martin Jennings (Researcher)



Registration

Private pre-meeting

1 Introduction, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

1.2 Apologies were received from Rhianon Passmore MS. Buffy Williams MS substituted for Rhianon Passmore MS.

2 Paper(s) to note

2.1 The papers were noted.

- 2.1 **PTN 1 – Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs: Inter–Institutional Relations Agreement: Intergovernmental Relations Annual Report – 5 June 2025**
- 2.2 **PTN 2 – Letter from the First Minister: Inter–Institutional Relations Agreement: Council of the Nations and Regions and other intergovernmental meetings– 9 June 2025**
- 2.3 **PTN 3 – Letter from the Legislation, Justice and Constitution Committee to the Cabinet Secretary for Finance and Welsh Language: Finance: Interministerial Standing Committee (F:ISC) – 13 June 2025**
- 2.4 **PTN 4 – Letter from third sector providers of supported living across Wales to the Cabinet Secretary for Finance and Welsh Language: National Insurance pressures on third sector supported living providers – 10 June 2025**
- 2.5 **PTN 5 – Letter from the Cabinet Secretary for Transport and North Wales: Additional information on the Bus Services (Wales) Bill – 12 June 2025**

3 First Supplementary Budget 2025–26: Evidence session

3.1 The Committee took evidence on the First Supplementary Budget 2025–26 from Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language, Welsh Government; Andrew Jeffreys, Director Treasury, Welsh Government; and Sharon Bounds, Deputy Director, Financial Controls, Welsh Government.

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting.

4.1 The motion was agreed.

5 First Supplementary Budget 2025–26: Consideration of evidence

5.1 The Committee considered the evidence received.

6 Changes to the Budget Process Protocol and related budgetary procedures

6.1 The Committee considered the correspondence and agreed the draft letters to the Cabinet Secretary for Finance and Welsh Language, and to the Electoral Commission.

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 3, Senedd and video conference via Zoom**

Meeting date: Wednesday, 2 July 2025

Meeting time: 09.30 – 10.47

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

<http://senedd.tv/en/15565>

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Mike Hedges MS Sam Rowlands MS Lesley Griffiths MS (In place of Rhianon Passmore MS)
Witnesses:	Huw Irranca–Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, Welsh Government Naomi Matthiessen, Deputy Director, Landscapes, Nature and Forestry Division, Welsh Government Alice Teague, Deputy Director, Marine and Biodiversity Division, Welsh Government
Committee Staff:	Owain Roberts (Clerk) Sian Giddins (Second Clerk) Mike Lewis (Deputy Clerk) Peter Davies (Researcher) Martin Jennings (Researcher)



	Christian Tipples (Researcher)
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Registration

Private pre-meeting

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

1.2 Apologies were received from Rhianon Passmore MS. Lesley Griffiths MS substituted for Rhianon Passmore MS.

1.3 Members declared the following relevant interests under Standing Order 17.24A:

- Lesley Griffiths MS declared that she was the Minister for Rural Affairs, Energy and Environment from December 2018 to April 2021.

2 Paper(s) to note

2.1 The papers were noted.

- 2.1 PTN 1 – Letter from the national homeless charity, Crisis: Financial implications of the Homelessness and Social Allocations Bill – 11 June 2025
- 2.2 PTN 2 – Letter from the Cabinet Secretary for Finance and Welsh Language: List of all Barnett consequentials resulting from the UK Spring Statement and Main Estimates for 2025–26 – 24 June 2025
- 2.3 PTN 3 – Letter from the Cabinet Secretary for Finance and Welsh Language: Revised Explanatory Memorandum and Regulatory Impact Assessment – 24 June 2025
- 2.4 PTN 4 – Letter from the Cabinet Secretary for Finance and Welsh Language: Changes to the transcript – 24 June 2025
- 2.5 PTN 5 – Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs: Inter-Ministerial Standing Committee (IMSC) – 24 June 2025
- 2.11 PTN 6 – Letter from the Cabinet Secretary for Economy, Energy and Planning: Tourism Inter-Ministerial Group (IMG) – 25 June 2025

3 Financial implications of the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill: Evidence session

3.1 The Committee took evidence on the financial implications of the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill from Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, Welsh Government; Naomi Matthiessen, Deputy Director, Landscapes, Nature and Forestry Division, Welsh Government; and Alice Teague, Deputy Director, Marine and Biodiversity Division, Welsh Government.

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting and the start of the meeting on 9 July 2025

4.1 The motion was agreed.

5 Financial implications of the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill: Consideration of evidence

5.1 The Committee considered the evidence received.

6 Bus Services (Wales) Bill: Consideration of draft report

6.1 The Committee considered the draft report and agreed it with minor changes.

7 First Supplementary Budget 2025–26: Consideration of draft report

7.1 The Committee considered the draft report and agreed it with minor changes.

Concise Minutes – Finance Committee

Meeting Venue: Hybrid – Committee room 4 Tŷ Hywel and video conference via Zoom

This meeting can be viewed on [Senedd TV](#) at: <http://senedd.tv/en/15169>

Meeting date: Wednesday, 9 July 2025

Meeting time: 09.30 – 12.10

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Mike Hedges MS Sam Rowlands MS
Witnesses:	Michelle Morris, Public Services Ombudsman for Wales Katrin Shaw, Public Services Ombudsman for Wales
Committee Staff:	Owain Roberts (Clerk) Sian Giddins (Second Clerk) Mike Lewis (Deputy Clerk) Martin Jennings (Researcher) Božo Lugonja (Researcher) Ben Harris (Legal Adviser) Masudah Ali (Legal Adviser)



At its meeting on 2 July, the Committee agreed a motion under Standing Order 17.42(ix) to exclude the public from the start of today's meeting.

Registration

Private pre-meeting

1 Appointment of the Auditor General for Wales: Approach to recruitment

1.1 The Committee considered the papers in relation to the appointment of the Auditor General for Wales and agreed the actions within the cover paper.

2 Scrutiny of the Welsh Government Draft Budget 2026–27: Approach to scrutiny

2.1 The committee considered the paper on the approach to Draft Budget scrutiny 2026–27 and agreed the actions within it.

3 Consideration of Forward Work Programme

3.1 The Committee considered its Forward Work Programme.

4 Scrutiny of the Welsh Government Draft Budget 2026–27: Engagement summary report

4.1 The Committee considered its Summary Engagement report and the two written submissions.

Public

5 Introductions, apologies, substitutions and declarations of interest

5.1 The Chair welcomed Members to the meeting of the Finance Committee.

5.2 Apologies were received from Rhianon Passmore MS. There was no substitute for Rhianon Passmore MS.

6 Paper(s) to note

6.1 The papers were noted.

6.1 PTN 1 – Letter from the Cabinet Secretary for Finance and Welsh Language: Draft Budget 2026–27 timetable – 1 July 2025

6.2 PTN 2 – Letter from the Cabinet Secretary for Finance and Welsh Language: Administration of devolved taxes in Wales – 1 July 2025

6.3 PTN 3 – Letter from the Cabinet Secretary for Economy, Energy and Planning: Inter-Ministerial Group for Business and Industry meeting – 1 July 2025

7 Post-legislative review of the Public Services Ombudsman (Wales) Act 2019: Evidence session 6

7.1 The Committee took evidence on the Post-legislative review of the Public Services Ombudsman (Wales) Act 2019 from Michelle Morris, Public Services Ombudsman for Wales; and Katrin Shaw, Chief Legal Adviser and Director of Investigations.

8 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting.

8.1 The motion was agreed.

9 Post-legislative review of the Public Services Ombudsman (Wales) Act 2019: Consideration of evidence

9.1 The Committee considered the evidence received.

10 Post-legislative review of the Public Services Ombudsman (Wales) Act 2019: Consideration of key issues

10.1 The Committee considered the key issues.

Agenda Item 2.1

Mark Drakeford MS / MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1NA

8 July 2025

Dear Peredur,

I can confirm that the Finance: Interministerial Standing Committee (F:ISC) meeting was held in London on 26 June. A communique has been published following the meeting: [Finance: Interministerial Standing Committee – 26 June 2025 - GOV.UK](#)

The Rt Hon Darren Jones MP, Chief Secretary to the Treasury (UK Government) chaired the meeting. I joined alongside Shona Robison MSP, Cabinet Secretary for Finance and Local Government (Scottish Government). John O'Dowd MLA, Minister of Finance (Northern Ireland Executive) joined virtually.

The focus was on collaboration following the UK Spending Review, published in June. The Industrial and Infrastructure strategies published by the UK Government in June provide an opportunity to bring further economic growth to Wales. We explored how we can continue to engage to ensure new projects align with Wales' priorities.

We agreed to continue engagement on spending decisions, including through the UK's new National Infrastructure and Service Transformation Authority (NISTA), which will be hardwired into spending decisions.

I raised the use of powers under the UK Internal Market Act (UKIMA) during the meeting. I explained that the use of UKIMA powers has the potential to overreach into spending in devolved areas, which is neither a practical nor sensible way of doing things. The Chief Secretary is aware of the concerns of all three devolved nations on this issue.

We also discussed fiscal flexibilities, which is a matter of shared interest between the devolved governments. I asked for the limits in our Fiscal Framework to be restored to the real value of the figures, as this is no longer an adequate tool.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

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Correspondence.Mark.Drakeford@gov.wales
Gohebiaeth.Mark.Drakeford@llyw.cymru

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.

We agreed that officials would put forward modelling scenarios, led by Scottish officials, to demonstrate options for changes to fiscal flexibilities for all three devolved nations before the next F:ISC. The next F:ISC provides an opportunity to discuss fiscal flexibilities further to put forward for the UK Autumn Budget.

I also had the opportunity to raise Wales specific issues, including the recent Written Statement on Border Control Posts¹ and concerns with the application of the Barnett formula – I will follow up my concerns in writing to the CST.

The next F:ISC meeting will be held in Edinburgh in the Autumn, ahead of the UK Autumn Budget.

Yours sincerely,



Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

¹ [Written Statement: Border Controls on imports into Wales from Ireland \(24 June 2025\) | GOV.WALES](#)

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros
Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate
Change and Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref – PO/HIDCC/0347/25

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Senedd Cymru

14 July 2025

Dear Mike,

I am writing in accordance with the inter-institutional relations agreement, and further to my letter of 24 June, to draw to your attention a **Written Ministerial Statement** summarising discussions at the most recent meeting of the Inter-Ministerial Standing Committee ('IMSC').

I have copied this letter to the Chairs of the Finance Committee, the Economy, Trade and Rural Affairs Committee, and the Culture, Communications, Welsh Language, Sport, and International Relations Committee.

Yours sincerely,

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd
a Materion Gwledig

Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Correspondence.Huw.Irranca-Davies@gov.wales

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.

Ein cyf/Our ref: PO/FM/0337/25

Llywodraeth Cymru
Welsh Government

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

22 July 2025

Dear Mike,

I am writing in accordance with the inter-institutional relations agreement, to notify you that I attended the 43rd British-Irish Council Summit, hosted by the Northern Ireland Executive in County Down, which took place on 12 and 13 of June.

I would like to draw your attention to my [Written Statement](#) and to the BIC [communiqué](#) summarising the outcomes of the Summit.

The Summit theme was '*The Role of AI in Reform and Transformation*'. I shared the Welsh Government's experience and commitment to harnessing AI technologies for public sector reform and transformation in Wales, including highlighting guidance developed by Wales' Workforce Partnership Council.

Whilst at the Summit, I also had the opportunity to hold bilateral meetings with a number of leaders from the Council's other member administrations.

I have copied this letter to the Climate Change, Environment, and Infrastructure Committee, the Economy, Trade and Rural Affairs Committee, the Finance Committee, and the Culture, Communications, Welsh Language, Sport, and International Relations Committee.

Yours sincerely,



Eluned Morgan

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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.

Background

With major childcare expansion underway in England, there has been mounting pressure on the Welsh Government to improve the support available to families on this side of the border. We asked parents and carers of children under five about their experience of using childcare, the impact this has on their families and what would help them.

The headline findings presented in this briefing are based on an online survey of **780 parents and carers of children under five years old**.¹ The survey was conducted by [Arad](#) on behalf of [Women's Equality Network \(WEN\) Wales](#) and ran from mid-March to mid-May 2025.

Key findings

1. Lack of childcare causes stress at home by negatively affecting parents and home life

- **84%** of respondents said their childcare arrangements have a somewhat or very **positive impact on their child**
- But almost **3 in 10 (28%)** of parents or carers said their **childcare** arrangements have a somewhat or very **negative impact on themselves**
- **41%** said their childcare arrangements have a somewhat or very **negative impact on their home life**.

2. Adjustments and sacrifices to manage childcare make a dent in family finances that is felt by adults and children

- **60%** of respondents had to **reduce their work hours**
- **42%** had to **reduce spending on essentials** like food, rent or heating
- **35%** had to **reduce spending** on non-essentials for their children, like **clothing, toys or activities**.

¹In total, 883 parents and carers responded to the survey. Of these, 103 did not have children aged 0–4. They were given the opportunity to share comments on childcare before exiting the survey.

3. Lack of childcare is hindering parents' work and education

- **89%** of respondents who **do not use any formal childcare (119 responses)** are **unable to work or study** as much as they would like
- Among those respondents who are using formal childcare, the figure of those **unable to work or study** as much as they would like is still as high as **60% (345 responses)**
- Figures are **worse for families with below average income**, with **two-thirds** of respondents unable to work or study as much as they would like (66%), compared to **a little over half (55%)** for families with **above average income**.

4. Childcare costs are hindering work and education, but so are issues with transport and inflexible hours

- **Cost of childcare is the main reason** preventing work or study (**83%**), followed by issues with **drop-offs, pick-ups or transport between settings (35%)** and childcare **not being available at the times needed (32%)**
- Among parents and carers of **three- to four-year-olds**, **almost half (45%)** said **difficulties with drop-offs, pick-ups or transport between settings** are a reason why they cannot work or study as much as they would like
- When asked what would enable them to work or study as much as they wanted, the vast majority said **more affordable childcare (83%)**, with **almost half (46%)** responding **more flexible childcare**, such as irregular hours or part-time care.

5. Families struggle to find clear information on childcare

- Nearly **70%** of all respondents struggle to find **information on financial support** for childcare (**69%**)
- **Almost half (45%)** struggle to find **information on childcare options** in their area.

6. The childcare needs of families who are already using childcare are not met

- **72%** of respondents (478 responses) would use more childcare if it was **affordable and available**
- This figure rose to **81%** among respondents with **children under the age of two** (179 responses).

These initial findings point to the following key areas for action and policy development for the Welsh Government:

- Reduce the costs of childcare for families – especially for children under three years
- Improve information on financial support with childcare costs and on local childcare options
- Simplify the delivery and application process so that families can take up the support they are entitled to
- Work with the childcare sector on offering more flexible hours and improving cost transparency.

Further analysis will take place over the next months, with a final report and detailed recommendations being published in the autumn.

For an initial discussion of these findings, please contact [REDACTED]

About Women's Equality Network (WEN) Wales

Our vision is of a Wales free from gender discrimination where all have equal authority and opportunity to shape society and their own lives. We work with our vibrant coalition of organisational and individual members to transform society. Our work sits under three pillars: we will connect, campaign and champion women so our vision is realised.

This research is funded by the [abrdn Financial Fairness Trust](#).

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg

Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref – your letter of 6 March 2025

Ein cyf/Our ref -

Mr Peredur Owen Griffiths MS,
Chair of the Finance Committee
Welsh Parliament
Cardiff Bay,
Cardiff, CF99 1SN

11 July 2025

Dear Peredur,

I would like to thank the Finance Committee for seeking the views of Ministers regarding the changes which the Auditor General has identified as being 'essential' and 'desirable' to simplify various provisions in the 2013 Public Audit (Wales) Act.

The notion of changing the Act has been discussed for some time now. Over that time, the position of the Welsh Government has remained unchanged from that communicated in April 2022 to the Finance Committee by the then Cabinet Secretary for Finance. While there are some matters that may warrant attention, these are considered to be minor and not legislative priorities. The subsequent disqualification of the former Chair of the WAO Board does not change this view. Consequently, the case for looking again at the operation of the 2013 Act is not strong.

The Auditor General's letter to you of 20 September 2024 identifies three changes which are ranked as 'essential' which I wish to address specifically:

1. The Auditor General believes the requirements on the Senedd to **consult the First Minister on appointment matters** should be removed. This is characterised in his letter as a measure being 'conducive to good scrutiny and improving value for money'. In my view, I cannot see how taking away the consultation with the First Minister somehow enhances scrutiny. Rather, this would seem to diminish the level of scrutiny of appointments. The 2013 Act was designed to achieve an appropriate and reasonable system of 'checks and balances'.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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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.

So, while the Auditor General's professional and operational independence is not fettered, there must also be appropriate scrutiny of the role, given the Auditor General holds a public office and deploys public resources for which they are accountable (including their own remuneration). It provides for a multi-layered system of oversight of the Auditor General and consultation with the First Minister (which is not a veto) is an important element of this system. Therefore, I am of the same view as the former Cabinet Secretary for Finance when they wrote to you in April 2022; there is insufficient justification for amending the current arrangements.

2. The Auditor General believes there are essential changes required to address the **rationalisation of fee provisions**. It is still the firm view of the Welsh Government the fee charging scheme provided for in the legislation, operating on a cost recovery basis, remains sufficient and appropriate. Given Audit Wales operates to the same standards as the rest of the public sector in Wales, driving efficiencies should be a goal for the Auditor General just as it is for all public bodies in Wales, as should correct record-keeping to ensure those paying for services are charged correctly in accordance with the current provisions. While the case study provided is helpful, there is limited information available to demonstrate the extent and real significance of the charging issue, nor is there significant evidence of any public body challenging the Auditor General's charging across the different statutory duties.

Similarly, in the case of efficiency incentives, whilst it is understood achieving efficiencies on one audit interacts with the cost recovery provisions for that audited body, overall staffing and the efficiency of Audit Wales operate across the portfolio of audits undertaken annually. As with the wider Welsh public sector, achieving efficiencies engages the need for strategic workforce planning to support the alignment of resources and cost, which should mitigate against the risks noted. The view that cost recovery limitations disincentivise audit efficiency is not persuasive. The Auditor General is invited to share with Officials any comparative analysis evidence he has about the different approaches other UK Auditors General use for resource and cost allocation.

I should also stress, once again, the functions of the Auditor General and Audit Wales can only relate to Wales. In consequence, the so-called "non-statutory functions" from which the Auditor General wishes to generate a profit are not (as that expression suggests) functions that have been conferred on the Auditor General - nor can they be as they would not relate to Wales. Therefore, the Auditor General does not have, nor should have, the power to undertake this work.

3. The Auditor General believes the **clarification of disqualification provisions** is essential to reduce the risk of administrative and legal work and to remove the disincentive to potential candidates for office, given recent experience regarding the WAO Chair. However, I am not persuaded of the lack of clarity in the 2013 Act's provisions or of the relevance of the Ethical Standard referenced, given this applies to Auditors (General) and not to non-executive office holders of a public body. In this case, the risk of administrative and legal work is a potential cost which could, and should, be avoidable and not a certainty. There is also little evidence provided to support the contention the current qualification provisions are a disincentive. Certainly, they do not appear to have been a barrier to sufficient applications being received in the case of the most recent appointment to the post of Auditor General.

Regarding the other non-essential changes to legislation which the Auditor General has identified, my officials advise these could represent a substantial piece of work to evaluate fully and there would need to be more work and engagement between officials and the Auditor General to understand the detail of what is being proposed. This applies particularly

in the case of any 'proper arrangements' duty in central government where questions of value for money are not as easily defined as they can be in the (relatively) homogenous delivery-focused operations found in local government and the NHS. Given what the Auditor General has argued in the case of fees and charging, it is difficult to see how a new 'proper arrangements' duty in central government can offset the level of work required for sustainable development examinations.

Practically, officials would require more information to understand and respond constructively to the various amendments the Auditor General proposes but, as I have explained, this is not considered a priority. In this case, for all the reasons outlined above, the Government is not able to support this proposal.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair of Finance Committee
Welsh Parliament
Cardiff Bay
CF99 1NA

11 July 2025

Dear Peredur

This letter provides information to support the forward financial planning for directly funded bodies, in line with the Government's commitments on this issue. It sets out the available information and also refers to the plans for the budget process this year.

Firstly, it is worth noting recent information on the UK's public finances. The public sector borrowed £149 billion in 2024-25 and is forecast to borrow £118 billion in 2025-26, based on the Office for Budget Responsibility's (OBR's) latest Economic and Fiscal Outlook from March this year. The UK Government's fiscal rules require the current budget to be in surplus by 2029-30 and public sector net financial liabilities to be falling as a share of GDP in the same year. The OBR's March forecast shows borrowing declining over the rest of this decade and these rules being met, but only by a very narrow margin.

Turning to the outlook for the Welsh Government's budget, the recent UK Government Spending Review provides a resource settlement for the Welsh Government for the next three years and a capital settlement for the next four years. There was substantial additional funding in October last year for 2024-25 and 2025-26 which provides a welcome upward shift in the resources available to the Welsh Government, compared to what was implied by the previous UK Government's plans. However, given the challenges for the public finances noted above, growth in the Welsh Government's settlement in future years remains modest. The resource settlement sees an increase of just over 3% a year between 2026-27 and 2028-29 in nominal terms, or an average 1.2% real terms increase each year. The capital settlement increases by £180m above the 2025-26 baseline in 2026-27 and then drops slightly in subsequent years. On average the capital settlement for 2025-26 to 2029-30 remains 0.8% higher in real terms than in 2023-24.

There are substantial and growing pressures on the costs of delivering key public services, which mean that difficult decisions and careful management of resources across the Welsh Government's budget will be required to deliver within the settlement outlined above. I expect directly funded bodies to be mindful of these pressures when setting their budgets.

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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.

The Spending Review outcome provides much needed certainty on the Welsh Government's block grant for 2026-27 to 2028-29. It is however worth noting that the overall envelope for the Welsh Government's budget also relies on forecast revenues from the devolved taxes. As set out in my statement to the Senedd on 1 July, the Welsh Government is planning a single year budget for 2026-27. The outline and detailed Draft Budget will be published on 14 October and 3 November respectively. The Final Budget will be published on 20 January 2026. The Draft Budget is likely to be published before the OBR's Autumn economic and fiscal forecasts, so will mainly draw on the tax revenue forecasts from March this year. These will be updated for the Final Budget in January, which will also take account of any other changes to our settlement resulting from the UK Autumn Budget.

Turning to prices and pay, the OBR's March 2025 forecast showed the GDP deflator increasing by 2.6% in 2025-26, 1.7% in 2026-27, and then around 2% a year beyond that. The same March forecast shows the Consumer Prices Index (CPI) increasing by 3.2% in 2025-26, 1.9% in 2026-27, and then 2.0% in subsequent years. UK average earnings are expected to increase by 3.7% in the current financial year and 2.2% next year.

The [Wales Economic and Fiscal Report](#) published alongside the Draft Budget in December 2024 provides longer term projections for the Welsh Government's budget. Since then we have had the UK Spending Review outcome and a more recent set of tax revenue forecasts from the OBR. In aggregate terms, taking account of these changes would have little impact on the starting point for these projections. The scenarios presented therefore remain relevant to the long-term outlook for the Welsh Government's budgetary prospects.

In summary, we have greater certainty over the prospects for the Welsh Government's funding than in recent years, providing a firmer basis for budget planning for the next Senedd. The UK Government's commitment to a Spending Review every two years also provides a more stable and predictable framework for planning, avoiding the situation experienced under the previous UK Government where there was no settlement for any forward year. As stated on 1 July, we are planning a business-as-usual budget for 2026-27 this autumn—a budget that restates into the next financial year the budget in place for the current financial year, with this year's spending plans taken forward and increased only in line with inflation. This will provide the next Senedd with additional resource to allocate to its priorities next year and a sound foundation for budget planning for the years beyond.

Yours sincerely,



Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros
Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate
Change and Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: PO/HIDCC/0091/25

Elin Jones MS
Llywydd
Senedd Cymru
Cardiff Bay
CF99 1SN

10 July 2025

Dear Elin,

In advance of Stage 4 proceedings on 15 July, I am pleased to inform you that following engagement with the UK Government, Minister of the Crown consent has been received in respect of the relevant provisions in the Disused Mine and Quarry Tips (Wales) Bill.

This letter has been copied to the Chairs of the Legislation, Justice and Constitution Committee, the Finance Committee and the Climate Change, Environment and Infrastructure Committee.

Yours sincerely,

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd
a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

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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.



Agenda Item 2.8

Dr Chris Llewelyn

Prif Weithredwr / Chief Executive

Cymdeithas Llywodraeth Leol Cymru
Welsh Local Government Association

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Ein Cyf / Our Ref:

Dyddiad / Date: 15th July 2025

Ebost / Email: [REDACTED]

Mr John Griffiths MS
Chair of Local Government and Housing Committee
Welsh Parliament
Cardiff Bay

Via email

Dear John,

Request to provide additional evidence to the Local Government and Housing Committee as part of Stage 1 scrutiny of the Homelessness and Social Housing Allocation (Wales) Bill

I recently met with Housing Cabinet Members across Wales to discuss the Homelessness and Social Housing Allocation (Wales) Bill and members shared a number of significant concerns about aspects and some specific proposals in the Bill.

Given local authorities hold the statutory duty on homelessness, and the biggest impact of the Bill in terms of implications for public sector bodies will be councils, members felt the need to seek another opportunity for local authority elected members to share their views with the Committee. We are aware that council officers provided evidence on 26th June, and we are supportive of the views and feedback they provided. However, the Committee has also received evidence from a number of other stakeholders and interested parties on the Bill, and we feel another evidence session for local government to share views at a political level, also reflecting on some of the views that have been expressed, would be helpful and reflect the critical role councils play and will play should the Bill be enacted. We would be happy to provide some additional written evidence, supported by case studies to exemplify our concerns, in advance of another session for consideration by members of the Committee.

You will be aware this is not a request that we have made before which hopefully reflects the seriousness with which members attach to this issue, and we would very much appreciate if you could consider this request positively. We appreciate it may not be possible to arrange a session prior to the summer recess but we hope that this could be arranged sometime in the Autumn, prior to the Committee finalising its scrutiny of the Bill.

I look forward to hearing from you.

Yours sincerely



Cllr Andrea Lewis

WLGA Spokesperson for Housing and Deputy Leader of Swansea Council

Cc: Jayne Bryant, Cabinet Secretary for Housing and Local Government
Chairs of Finance Committee and Legislation, Justice and Constitution Committee

**Local Government
and Housing Committee**

Cllr Andrea Lewis
WLGA Spokesperson for Housing

Welsh Parliament

Cardiff Bay, Cardiff, CF99 1SN
SeneddHousing@senedd.wales
senedd.wales/SeneddHousing
0300 200 6565

18 July 2025

Homelessness and Social Housing Allocation (Wales) Bill

Dear Cllr Lewis,

Thank you for your letter of 15 July, which we discussed at our meeting yesterday. Members considered your request for local authority elected members to present oral evidence on the Homelessness and Social Housing Allocation (Wales) Bill, however I'm afraid we are unable to facilitate this due to time constraints.

We have a tight timetable for undertaking our scrutiny of the Bill in order to meet the reporting deadline set by the Business Committee. As such, our final oral evidence session with the Cabinet Secretary for Housing and Local Government has been confirmed for our next meeting on 18 September. This session cannot be deferred due to the time constraints mentioned and other legislative commitments.

Members noted that you are supportive of the views expressed by the local authority representatives on 26 June but we appreciate the implications of the Bill on local authorities and, as such, we would be happy to receive written information from you. The Committee's public consultation closed on 20 June, however we will be able to accept a written response from you. Should you wish to submit written evidence, we would be grateful if this be sent to the Committee Clerk by Friday 1 August.

Yours sincerely



John Griffiths MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.



Dr Chris Llewelyn

Prif Weithredwr / Chief Executive

**Cymdeithas Llywodraeth Leol Cymru
Welsh Local Government Association**

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Ein Cyf / Our Ref:

Dyddiad / Date: 1st August 2025

Gofynnwch am / Please ask for: Jim McKirdle

Llinell uniongyrchol / Direct line: [REDACTED]

Ebost / Email: [REDACTED]

Mr John Griffiths MS
Chair for Local Government & Housing Committee

Dear John

Thank you for your letter of 18th July, in response to my request for an additional evidence session for elected members to provide their views on the Homelessness and Social Housing Allocation (Wales) Bill. The Committee's inability to accommodate this was disappointing however we have taken advantage of the offer to receive further evidence from local government to feed into the Committee's deliberations.

Please find attached a paper which sets out the main concerns councils have shared with the WLGA and asked they be shared with the Committee. This paper builds on our initial response to the consultation exercise on the draft Bill and is supported by additional information, shared by councils, that aims to set out how aspects of the Bill will impact on local authorities, the additional capacity and resources required for successful implementation, as well as some real life case studies that reflect the type of individualised approach councils need to take to support homeless people and those at threat of homelessness, but this also relies on the person working with the council to be successful. We hope this additional information will exemplify the issues and concerns raised in the paper.

I would wish to stress again that local government is supportive of the aims of the Bill of increased prevention, providing good quality temporary accommodation where needed for as short a time as possible through supporting and enabling people to find, move on and sustain permanent accommodation. This is an ambition that is shared with Welsh Government, as is the need to significantly increase the supply of housing, particularly social housing to meet the increased demand for homelessness services over recent years. Councils have been undertaking tremendous work to tackle homelessness, developing

innovative approaches and transforming their services and will continue to do so, and I hope the Committee will agree our commitment in this area is clear.

If you require any further information, please do not hesitate to contact me.

Yours sincerely



Cllr Andrea Lewis
WLGA Spokesperson for Housing and Deputy Leader of Swansea Council

Cc: Jayne Bryant, Cabinet Secretary for Housing and Local Government
Chairs of Finance Committee and Legislation, Justice and Constitution Committee

[Additional information provided by WLGA as referred to in its letter](#)

Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair
Finance Committee
Senedd Cymru
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27 August 2025

Dear Peredur,

Thank you for your letter of 18 June following my oral evidence to the Finance Committee's scrutiny session of the Homelessness and Social Housing Allocation (Wales) Bill. I am writing to provide you with the further information requested by the Committee.

I offered to provide the Committee with a technical note on the model and assumptions used by Alma Economics and the Welsh Government to develop the cost-benefit analysis for the Bill. This is attached at annex A and I set out responses to your follow up questions below.

The impact of the Bill on health services

In your letter you query how we have factored a potentially negative impact of the Bill on health services into our Regulatory Impact Assessment (RIA). It is my strong expectation that the Bill will result in positive impacts for the health service in Wales, including significant cost savings and avoided costs. It is, important, however, to acknowledge the implications of implementation and the necessary cultural and practical transition needed to deliver our aims. Several provisions within the Bill, particularly 'ask and act' and case coordination will require changes in practice to identify individuals who are either homeless or at risk of homelessness and who are also in need of health services. The RIA accounts for the opportunity costs associated with this change (page 128 and 135).

However, in identifying these individuals at an earlier stage, enabling them to receive efficient and early access to the care and support they need, we aim to prevent health conditions from developing or deteriorating further. Moreover, better coordination of services will bring about multiple benefits, such as better outcomes for individuals; the eventual reduction of pressures on wider public services; and the eventual longer-term reduction of costs for public services.

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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.

The affordability assessment

As you note, the RIA outlines £475 million of financial benefits and does not include the estimated benefits of £167 million for the wider public sector and £3.7 million for Registered Social Landlords (RSL). In your letter you ask in what form these benefits will be realised. The Bill is expected to have a positive financial impact on the wider public sector in Wales. RSLs are outside of the scope of the affordability assessment as it applies to Welsh public sector bodies only. However, the benefits to the wider public sector and RSLs are expected to be financial benefits. In the case of the wider public sector, they include avoided costs to health services and the criminal justice system. For RSLs, the benefits relate to the provision of settled accommodation.

“Ask and act”

As you note the implementation of “ask and act” for homelessness is estimated to result in approximately £12.4 million of opportunity costs across the specified public bodies, subject to the duty.

My officials have been engaged with all relevant departments, both devolved and non-devolved in relation to the proposed duties for several months and this engagement will continue throughout the scrutiny, pre-implementation and implementation processes. The delivery of “ask and act” forms part of our mid-term implementation planning, to allow time for this ongoing engagement and planning. During this time, we will develop training, referral materials and methodology and data requirements, in partnership with stakeholders.

We will also learn from implementation of the English duty to refer, particularly in relation to data collection, and from the delivery of “ask and act” in relation to violence against women, domestic abuse and sexual violence, in Wales.

Reasonable steps

As you note in your letter, we have estimated an additional £5 million per annum will be required to ensure local authorities are able to “offer help to secure that suitable accommodation does not cease to be available for occupation by the applicant by taking reasonable steps likely to achieve that purpose”.

The aim of the strengthened language in the Bill is to ensure the steps taken by local authorities to prevent individualised homelessness are tailored to an individual’s experience - that way they stand the best chance possible of preventing homelessness.

We envisage that additional preventative spend will be necessary to achieve this and to estimate this cost we have looked at current funding for discretionary homelessness prevention activities. Since the pandemic, we have provided £5m for this purpose. This funding has been transferred to the Revenue Support Grant this year in recognition of its statutory nature. The estimate in the RIA therefore represents an assumed doubling of that current preventative funding.

Rights to request a review

You ask how we have formed the assumption, set out in the RIA, that 25% of applicants subject to a homelessness duty may request a review.

The Welsh Government do not currently collect data on requests for reviews, nor do the courts publish statistics on appeals to the county or higher courts relating to homelessness.

As the Bill provides increased opportunities to request a review and it will be possible for applicants to request more than one review during their service experience, we have chosen to use a relatively high estimate of 25% as a basis for potential cost. The reason for this potential over-estimate is to minimise risk of under costing the reforms. We understand that local authorities may aim to resolve concerns outside of the formal process, however we did not think it appropriate to assume this level of informal practice going forward. The aim of the increased rights to request reviews is to create access to justice in the simplest way possible.

Funding for the new duty to retain accommodation

Future budgets will be a matter for future Governments, however, I recognise, as the RIA sets out, initial investment is necessary to support implementation of this Bill, including the new duty to help retain suitable accommodation. Helping a person to retain their accommodation is an important form of homelessness prevention, particularly in relation to repeat homelessness. The new duty is important for both local authorities as they prepare applicants for long term housing and for providers of social housing as they prepare to support occupation contract holders. The RIA sets out that the costs of the duty to retain are recurring and form part of the long term aim to redistribute investment into prevention and away from temporary accommodation.

I hope this additional information aids your ongoing scrutiny of the Bill and I thank the Committee for your work on this Bill.

Yours sincerely,



Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

A technical note on estimating the costs and benefits of the Homelessness and Social Housing Allocation (Wales) Bill

This technical note is provided to the Senedd Finance Committee to aid their scrutiny of the Homelessness and Social Housing Allocation (Wales) Bill. It focusses on the stock and flow model developed by ALMA Economics which has been used to estimate the current demand and costs of the homelessness system in Wales and how this is projected to change over time, assuming no change to policy or legislation. The aim of the note is to set out, in more detail, the core understanding upon which the Regulatory Impact Assessment for the Bill is based.

The stock and flow model

The stock and flow model breaks down the statutory homelessness system in Wales into six stages (see below), using national datasets to estimate the volume of applicants seeking assistance at each stage. It also uses a range of well-known existing literature and the results of primary research with stakeholders in Wales to estimate average costs, per homeless household, at each of these stages (unit costs). The model combines the evidence on the volume of cases with the estimated unit costs, to approximate the public sector cost of homelessness and how this may change in the future.

The stages of the stock and flow model

The model considers how individuals may access assistance and “flow” through the homelessness system. This applicant experience is broken down to six potential experiences or stages. Applicants may experience one or multiple of these stages, depending on their application and situation. The stages are:

Stage 1: Receipt of statutory assistance for those who are threatened with homelessness under section 66 of the Housing (Wales) Act (2014).

Stage 2: Receipt of initial statutory assistance for those who are experiencing homelessness (relief duty).

Stage 3: Outcomes for those in receipt of initial statutory assistance, who are experiencing homelessness (relief duty).

Stage 4: Those in receipt of the main housing duty (section 75 of the Housing (Wales) Act (2014))

Stage 5: Temporary accommodation

Stage 6: Settled accommodation

Modelling these flows enables us to understand where costs associated with the homelessness system tend to fall and in what proportion. It also creates a baseline upon which we can estimate the impact of the proposed reforms, particularly in demonstrating where and how improvements in homelessness prevention and relief can generate savings.

The stock and flow model is not a perfect tool, it offers a simplified view of how homeless people transition from one state to another, using data that reflects the current state of the system. This simplification is necessary to provide meaningful analysis. Further information on caveats and data quality is included within the RIA.

Approximating the volume of recipient groups at the stock and flow stages

Stage of stock and flow model

Estimated volume

Stage 1: Receipt of statutory assistance for those who are threatened with homelessness under section 66 of the Housing (Wales) Act (2014)

StatsWales data tells us that 8,772 Households were provided with assistance at this stage in 2023-2024. Based on a two year average of local authority data, 58% of applicants have their homelessness prevented at this stage. Those whose homelessness cannot be prevented will flow into stage 2 of the model.

Stage 2: Receipt of initial statutory assistance for those who are experiencing homelessness (relief duty)

StatsWales data tells us 13,539 applicants received assistance under section 73 of the Housing (Wales) Act (2014) (Duty to help secure accommodation) in 2023-24. Some of these applicants will be people who have flowed from stage 1, but many applicants also enter the system at this stage. Given the StatsWales data on the number of people owed Section 73 duties are recorded in terms of outcomes, the data refers to the number of people flowing out of homelessness rather than the total stock of people currently experiencing homelessness. Note that this specifically does not include those with a section 75 duty (duty to secure accommodation for priority need) given that Section 73 lasts for a maximum of 56 days, and so it is likely there will be significant double counting if Section 75 was included in the definition of homelessness.

We do not hold data to assist us in understanding the specific reason people enter the system at this stage so the stock and flow model assumes that applicants receiving assistance under section 73 have received assistance because they were threatened with homelessness or they have sought assistance at the point they have become homeless (rather than earlier).

We have also assumed the share of people experiencing homelessness, who were also threatened with homelessness (as defined by section 66 of the Housing (Wales) Act (2014)), is constant over time – roughly 26% over the past five years. An alternative approach would have been to project flow based on average growth rate over the previous five years, however, data over the last five years is very erratic and this would not have been a robust approach.

Stage 3: Outcomes for those in receipt of initial statutory assistance, who are experiencing homelessness (relief duty)

The model assumes the following outcomes for an applicant receiving assistance under section 73 in a given year, based on average StatsWales data over the past two years: 59% of applicants have homelessness relieved¹, 34% are discharged for “other” reasons and the remainder do not have their

¹ Where “Total Relief” is defined as the sum of the outcomes: “successful relief under section 73” and “positively discharged section 75”. The relief rate is: “Total Relief” divided by total S73 discharge outcomes.

homelessness relieved.

Stage 4: Those in receipt of the main housing duty (section 75 of the Housing (Wales) Act (2014))

Under the current legislation, only those who fall into a priority need group, who are un-intentionally homeless are entitled to assistance under section 75 of the Housing (Wales) Act (2014). Using StatsWales data over a four year average, the model assumes 6% of applicants are found not to be priority need and/or intentionality homeless and the remainder of applicants flowing from stage 3 to stage 4 receive an outcome at this stage.² The legislative process upon which part of the stock and flow model is based ends here – there are no further discharge options for an applicant. Stages 5 and 6 of the model relate to the accommodation needs of the applicant as they navigate the homelessness system.

Stage 5: Temporary accommodation – Section 68

Individuals who are homeless, in, or believed to be in, a priority need group are entitled to temporary accommodation under section 68 of the Housing (Wales) Act (2014) (Interim duty to secure accommodation for homeless applicants in priority need).

Data on temporary accommodation placements is provided on StatsWales, however, this data does not record which duty or duties an applicant is subject to as they take up a placement in temporary accommodation. It is therefore assumed that temporary accommodation could be provided to anyone who is not successfully relieved of the section 73 duty. Other applicants can and will make use of temporary accommodation. It is also assumed that the ratio of temporary accommodation placements to those with S73 duties with unsuccessful discharge remains constant over time.

Stage 6: Settled accommodation – homelessness relief

Applicants receiving assistance under section 73 and/or section 75 will enter into settled accommodation if their duty is positively discharged. The model uses StatsWales data to estimate this figure.³

Having established the estimated volume at each stage of the homelessness system, the model also uses estimated unit costs of homelessness assistance provided to these applicants.

These costs were estimated based on Welsh local authority survey data collected in 2024. The costing survey and templates gathered data on annual costs relating to vulnerable groups, temporary accommodation, short-term supported accommodation, rough sleeping, social housing, administration and delivery, social housing demand and associated costs, providing estimates for the following financial cost groups:

² Four year average rather than five year average, as use of exceptionally high figures in 2019/20 would skew the % and not reflect current trends.

³ [All cases where positive action succeeded in preventing/relieving homelessness](#)

Cost	Cost per household
Gross temporary accommodation: the cost of providing temporary accommodation to those who are experiencing homelessness. These costs are gross costs and are inclusive of any amounts that would be deducted through housing allowance.	£12,540
Supported accommodation: the cost of providing supported accommodation.	£15,075
Social housing (incremental): the incremental cost of providing social housing to a homeless person versus to that for someone not homeless, rather than the total cost of social housing provision. This is because the stock of social housing is considered as broadly fixed in the short term and so any increase in demand for social housing for people experiencing homelessness would require a reallocation of existing social housing stock.	£3,126
LA administration – prevention activity	£1,320
LA administration – experiencing homelessness activity	£1,555
LA administration – relief activity	£889

Average unit costs associated with the increased interaction of people experiencing homelessness with wider public services, when compared with someone who is not homeless have also been estimated. These services include the health service, criminal justice system, mental health services and substance misuse services. These costs were approximated using a range of published research, including from the National Housing Federation (2024)⁴, Crisis (2018)⁵, Centrepoin (2024)⁶, and University College London (2023)⁷.

The table below summarises the additional cost, per homelessness household, used in the analysis.

⁴ National Housing Federation (2024), The economic impact of building social housing, <https://www.housing.org.uk/resources/the-economic-impact-of-building-social-housing/>

⁵ Crisis (2018), Assessing the costs and benefits of Crisis' plan to end homelessness, https://www.crisis.org.uk/media/238957/assessing_the_costs_and_benefits_of_crisis-plan_to_end_homelessness_2018.pdf

⁶ Centrepoin (2023), Human Costs and Lost Potential: The Real Cost of Youth Homelessness, <https://centrepoin.org.uk/research-reports/human-costs-and-lost-potential-real-cost-youth-homelessness>

⁷ University College London (2023), Design for All – A Place to Call Home UCL Report, <https://www.arc-nt.nihr.ac.uk/media/2yxzfzell/ucl-report-a-place-to-call-home.pdf>

	Unit cost, per homelessness household
Wider public service	
Criminal Justice	£2,252
NHS Health	£1,369
Mental Health	£667
Substance misuse	£419

Wider economic costs of homelessness

Our analysis also considered wider economic impacts associated with homelessness; specifically the health impacts and impacts on worker earnings.

Health impacts (QALYs) – Lewer et al. (2018)⁸ estimate that homelessness is associated with 0.161 loss of quality adjusted life years (QALYs), a measure of changed health outcomes resulting from an intervention. This implies that preventing someone from experiencing homelessness will result in an increase of 0.161 years of healthy life. While other estimates of QALYs are available, those provided by Lewer et al (2018) were deemed the most relevant given they actively compare QALYs of a homeless person in relation to those that are not homeless – which is the correct comparison for the Cost Benefit Analysis in which the objective of the intervention is to avoid or remove people from homelessness. QALYs have a monetary value of £70,000 per QALY, according to HMT Green Book guidance.**Error! Bookmark not defined.**

Worker earnings – people experiencing homelessness are likely to experience disruption to their employment and earnings due to the lack of stability. The National Housing Federation (2024) estimates that there are £3,290 annual labour market benefits from increased housing stability, such as from moving someone from temporary accommodation to social housing.⁹

It is not possible to quantify other benefits associated with homelessness, particularly the individual impacts, although it is very likely that increased homelessness prevention will bring about wider benefits. Practice based feedback suggests that prolonged periods of time spent living in temporary accommodation, particularly accommodation of a lower standard, has detrimental impacts on individuals. However, evidence is not available to quantify the impact of spending less time being homeless and residing in temporary accommodation in relation to individual outcomes or wider public service impacts. The analysis currently assumes that a person experiencing homelessness would still experience the same

⁸ Lewer D, Aldridge RW, Menezes D, et al. Health-related quality of life and prevalence of six chronic diseases in homeless and housed people: a cross-sectional study in London and Birmingham, England *BMJ Open* 2019;9:e025192. doi: 10.1136/bmjopen-2018-025192

⁹ National Housing Federation (2024), The economic impact of building social housing, <https://www.housing.org.uk/resources/the-economic-impact-of-building-social-housing/>

detriment in terms of health and earnings outcomes, and interaction with the wider public sector, regardless of time spent in homelessness. Therefore, the results are likely to underestimate the impact of faster relief of homelessness, particularly in relation to the well understood negative impacts of long stays in temporary accommodation.

Cost of the reforms

As set out in the RIA, there is a cost of implementing the reforms before any of the benefits from the reforms can be realised and the RIA sets out one off and recurring costs associated with the Bill. These estimated costs were developed with engagement from local authorities, RSLs and relevant wider public sector bodies, recognising limitations in data and evidence. For some implementation costs it has been necessary to develop assumptions in the absence of evidence. Further detail is available within the RIA.

Modelling the benefits of the Bill

As outlined in the RIA, a key challenge with modelling the benefits of the proposed reforms is that there is little evidence or examples of similar interventions which a benefits analysis would typically be based on. As a result, it is not possible to model the benefits resulting from each individual reform. Instead, the benefits are based on the overall package of reforms, focussing on high-level changes to key parameters that lead to beneficial outcomes: increased prevention, more efficient homelessness relief and reducing discharge for other reason.

Prevention of homelessness – the reforms are expected to increase the success rate of preventing homelessness among people who are threatened with homelessness and are owed a duty under Section 66. Currently 58% of applicants are successfully prevented from becoming homeless (based on last two years of data). The ability of the reforms to increase this rate will reduce the number of people entering into homelessness and therefore all associated costs, including temporary accommodation costs and longer term local authority administration, as well as wellbeing and employment impacts on the individual.

Successful relief of homelessness – the reforms are expected to improve the efficiency by which people experiencing homelessness (as defined by Section 73 duty) are rehoused and are relieved from homelessness. Currently, 59% of people owed a Section 73 duty have their homelessness relieved (where relief is defined as the sum of “successful relief under section 73” and “positively discharged under section 75”. The relief rate is total relief divided by S73 discharge outcomes) from homelessness in that year. Improving this rate will reduce the length of time people spend in temporary accommodation, alongside longer term administration and case management.

Discharged for “other reasons” – currently, about 34% of people with a Section 73 duty are discharged from homelessness without relief due to reasons including non-cooperation, loss of contact and withdrawal of application. The reforms seek to reduce this number, recognising that some people discharged for these reasons may continue to be homeless and re-enter the system at a later date. While this will result in greater costs in the short term, given more people will now be eligible for support, it is expected to result in longer term benefits as remediating people early will avoid further risk of escalation which can be more costly to resolve at a later date.

Given little evidence exists to inform the scale of improvements of the above parameters, switching analysis has been undertaken in which the parameters are changed by the smallest amount to yield break-even of the implementation costs. Should only a small and “reasonable” combination of changes be required to generate net benefits, then this would imply the reforms are likely to achieve net benefits. Modelling around these parameters is set out below. Our analysis suggests that the reforms can achieve financial break-even and value for money based on a 6.1% improvement in the prevention rate and a 0% improvement in relief. When we include the societal benefits, the necessary increase in the prevention rate drops to 3.2%. It is important to note that prior to the onset of the Covid 19 pandemic, the prevention rate sat at an average of 67% (average taken between 2017/2018 and 2019/2020). This indicates that the required improvement necessary for the costs of these reforms to break even, is low and extremely achievable. Not even requiring a return to pre-pandemic prevention levels to achieve value for money.

Scenario - % improvement in parameters compared to BAU due to reforms	Benefit cost ratio	Benefit cost ratio
	(financial)	(societal)
Business as Usual Prevention rate = +0% Relief rate = +0%	0.0	0.0
Core Prevention rate = +10% Relief rate = +10%	2.0	3.9
Prevention rate = +1% Relief rate = +0%	-0.1	0.1
Prevention rate = +5% Relief rate = +0%	0.8	1.7
Prevention rate = +6.1% Relief rate = +0%	1.0 (break even)	2.2
Prevention rate = +3.2% Relief rate = +0%	0.4	1.0 (break even)
Prevention rate = +0% Relief rate = +5%	-0.2	-0.2
Prevention rate = +0% Relief rate = +15%	-0.1	-0.1

Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

15 July 2025

Dear Peredur

In our letter dated **24 March 2025**, providing an update to the Commission's response to the Finance Committee's recommendations made in the **Report on the Scrutiny of the Senedd Commission Draft Budget 2025-2026**, we committed to provide further information on the recommendations according to our initial response letter dated **5 November 2024**.

As requested in your letter of 3 June 2025, we provide our responses to the remaining recommendations in the Annex 1, ahead of the Autumn scrutiny session on the Draft Budget 2026-2027, as below:

- Recommendation 2 – Commission budget preparations and engagement with Members
- Recommendation 3 – process improvements and efficiencies
- Recommendation 6 – Senedd Reform costs
- Recommendations 7 & 8 – Cardiff Bay 2032 project
- Recommendation 11 – Pierhead review project
- Recommendation 15 – staff wellbeing
- Recommendation 17 – update on long term project plans - **Annex 2**

The MTRF for the period 2025-26 to 2027-28 was agreed by the Commission at its meeting in June and is provided as **Annex 3 (Senedd Restricted)**.

Your Committee's recommendations relating to energy reduction initiatives in Members' constituency offices are also addressed in the attached Annex, and we provide a link to our recently published [Annual Sustainability Report 2024-25](#).



The Commission continues to seek to be fully transparent with the Committee. Should you have any questions on the information provided, we will be happy to respond.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hefin David', written in a cursive style.

Hefin David MS

cc Senedd Commissioners, Manon Antoniazzi, Ed Williams

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English



Annex 1 - Finance Committee Recommendations

Recommendation 2. The Committee recommends that the Senedd Commission undertakes regular scrutiny sessions with the Committee to discuss how the Commission's budget preparations are evolving for the 2026-27 financial year.

The Committee's letter dated 3 June 2025 further requested:

'an update on how the Commission's budgetary preparations are developing for next year, so we can understand what a 'steady state' budget will look like beyond the election in May 2026; and

outline plans for engagement with Members you will undertake before the Commission's draft budget is published.'

(This response also covers Recommendation 5 from the Committee report: The Committee recommends that the Senedd Commission considers formalising its engagement with Members of the Senedd and Party Groups prior to the publication of the Draft Budget for future budget rounds and that sufficient time is provided to ensure that the outcomes of this engagement is able to influence budgetary decision making).

The Commission agreed to take part in scrutiny sessions with the Committee to provide updates on both the preparation of the budget for 2026-27 and progress with the Bay32 procurement.

Commission officials and a representative from Avison Young attended a scrutiny session with the Committee in September 2024 and March 2025 to provide updates on Bay32.

The Commissioner for Budget and Governance and Commission officials attended Party Group meetings in June to explain the key issues arising in the Medium-Term Resourcing Framework and the assumptions that are intended to underpin the 2026-27 budget submission, due before Committee in October.

The detailed workings for the budget will be undertaken over the summer recess period. The intention and commitment of the Commission is to set a budget which is prudent whilst supporting delivery of the Commission's core objectives. However, as the 2026-27 budget will reflect the full cost of Senedd Reform and an additional 36 Members, it will inevitably show a significant increase in cost compared to 2025-26. This is not unexpected and the Commission has used the Regulatory Impact Assessment as a benchmark against which to control costs when undertaking these preliminary budget calculations.

The 2026-27 budget will also include funds to meet the costs arising as a result of the election itself, including: winding up payments, resettlement grants for Members, redundancy payments for Support Staff, provision of an ICT kit allocation for all returning Members,



engagement ahead of the election and the official opening. This budget will be ring-fenced and any surplus returned to the Welsh Block.

2026-27 will also be the final year in which the budget for Senedd Reform is ring-fenced. After this period it will become part of the operational budget and the usual budget setting process, referencing the GDP deflator as a measure of prudence.

The operational budget is under the direct control of the Commission and the intention is to return the steady state budget to one which reflects the wider public sector context. We will continue to challenge processes and seek to accrue efficiencies which will be reflected in the baseline. However, the overall budget may diverge from the deflator where decisions are taken with a different consequential; for example, the budget for the Independent Remuneration Board's Determination.

The Bay 32 project will also impact on future budget asks. It is likely that in 2026-27 the Commission will need to re-value the Right of Use asset for Ty Hywel and return a significant amount of capital to the Welsh Consolidated Fund. Welsh Government is aware of this and has advised the Commission not to reflect this in the initial budget that is put forward for 2026-27 but to adjust via supplementary as and when contracts are in place. Welsh Government is a key stakeholder in this project and attends a Joint Assurance Board to keep appraised of progress. There will be no costs associated with building works in the 2026-27 budget; the Bay 32 budget will be designed to support project costs only.

Recommendation 3 - The Committee recommends that the Senedd Commission, in accordance with the Statement of Principles, explains:

- **how it seeks to improve processes and accrue efficiencies;**
- **how processes to generate savings have changed in light of the changes to the Commission's budget caused by Senedd Reform; and**
- **how this approach will develop beyond the 2025-26 financial year;**

and that progress is reported to the Finance Committee on these matters before the draft budget for 2026-27 is laid.

The Commission is committed to prudent budgeting and securing value for money from its delegated budget.

The Commission has established a Medium-Term Resourcing Framework in order to set a clear strategic approach for developing Commission budget requests to the Senedd that balances the required resourcing to deliver Commission priorities with transparent budgetary restraint, which includes the use of tools such as the GDP deflator and a target workforce



establishment level (within which envelope the Commission endeavours, through detailed planning, to remain each year).

The Commission's Corporate Plan sets out corporate priorities which are used to inform the Medium-Term Financial Plan; those strategic plans then inform the detailed annual service plans, for each area of Commission activity, and the annual budget, which aligns resources to delivery each year.

The Commission's Chief Finance Officer has, in recent months, been leading an on-going corporate exercise to identify efficiency gains being accrued across the organisation; this will lead to specific annual reporting on efficiencies in future, within the Medium-Term Resourcing Framework, in accordance with the UK Government's Efficiency Framework requirements.

As we move to supporting a larger Parliament, we have started to consider delivery models and scrutinise the way in which we provide services to Members, to provide assurance that the services we provide are appropriate, efficient and effective and maintain consistency with our commitment to not extrapolate resource in line with the expanded Senedd. To that end we are working to develop a service catalogue and target operating model for the 7th Senedd. This work will, again, inform our resource planning through the MTRF and annual budget cycle.

Recommendation 6 – The Committee recommends that the Senedd Commission continues to show separation of ring-fenced budgets and sets out in budget documentation how Senedd Reform costs compare to the Regulatory Impact Assessment estimates in future budgets.

The approach of the Commission has been to use ring-fenced budgets where appropriate to aid transparency and particularly where there is financial uncertainty.

To date, the Senedd Reform budget has been ring-fenced and this has facilitated control of expenditure and transparency around the costs. The budget requirement for 2026-27 is still subject to decisions that will not be made until after the election. We, therefore, remain committed to ring-fencing the budget for one more year. Doing so means that the Commission can manage its budget dynamically as the structure of the Seventh Senedd emerges.

Once the Seventh Senedd is established, although we can report on the level of budget that has been allocated for the increase, it will become much harder to record the costs that are driven by Senedd Reform. For example, whilst the Determination will reflect the pay and allowances for 96 Members, it will no longer be possible, at that point, to accurately report the specific element of Member costs that is directly attributable only to having 36 additional Members.



With regards to Bay 32, this is a project for which costs will always be discrete and identifiable. Once the project ends, there will be no need for on-going budget provision. It is therefore sensible to keep this as a ring-fenced amount for the duration of the project.

Recommendation 7 – The Committee recommends that the Senedd Commission attends public evidence sessions in relation to the Cardiff Bay 2032 project, with the first taking place soon after the outline business case is agreed.

The Commission has undertaken two 'in person' sessions with the Committee to update on progress with the project, including one public session. The next update will be provided at an appropriate milestone in the procurement process noting that the Outline Business Case will undergo further iterations. The Commission remains keen to engage with the Committee and will respond positively and proactively to any requests for information and/or further engagement.

Recommendation 8 – The Committee recommends that the Senedd Commission provides information regarding how decisions relating to the Cardiff Bay 2032 project will be taken, including when Members of the Senedd will be involved in such decisions and related timescales.

Key decisions in the Bay 32 project will be made by Commission on the advice of officials. The next key decision will be to select the preferred solution. This will be made following:

- The conclusion of the current competitive dialogue process (expected to run until October 2025);
- The preparation of robust business cases, in line with the 5-case model using the appraisal methodologies set out in the Green Book; and
- Full, external OGC Gateway Reviews at key decision-points which will provide an assessment of the projects readiness to move to the next stage and provide assurance to the Commission when making its decisions.

Member needs are at the heart of the Bay 32 project. As such, Members have been consulted on the initial requirements, which have directly informed the Commission's decisions to date. These have been reflected in the proposals received so far from the market and will be reflected in the invitation to submit final bids.

The project is currently in its procurement phase which must be carefully managed in-line with procurement law to ensure a fair competition. Following the submission of final bids, Members will be further involved in the detailed design phase via suitable mechanisms, such as a Member Reference Group or other means as advised by design specialists. This engagement will complement the additional engagement with Members and Groups throughout the budget process, and will inform the Commission's detailed consideration of relevant matters throughout the Autumn, leading to a decision, it is currently expected, on a preferred outcome by this winter.



Recommendation 11 – The Committee recommends that the Senedd Commission provides further information about the Pierhead Review Project within three months of the review’s conclusion

Proposals for next steps on the Pierhead project, informed by external professional advice, are to be considered by the Commission’s Executive Board this month. We will, of course, update the Committee once any conclusion to this review activity has been reached.

Recommendation 15 – The Committee recommends that the Senedd Commission continues to monitor changes in staff wellbeing through staff surveys and provides the Committee with updates on the results of those surveys and the actions taken to mitigate pressures on staff ahead of the election in 2026.

The most recent Wellbeing survey was conducted in May 2025, with a response rate of 74%, representing 375 responses from Commission staff. This continues to be a high response rate and shows positive engagement from staff. The last Wellbeing survey was conducted in Spring 2024.

The findings are generally positive, with the metrics generally moving in the desired direction compared to the previous survey in Spring 2024:

Aims of the Wellbeing Strategy 2022-25:

- 79% agree the organisation does a good job of embedding wellbeing into the workplace culture. This has increased by 3% since Spring 2024.
- Just over 4 out of 5 of respondents (82%) agree that they are able to 'bring your whole self to work' -be authentic at work without judgement. This has decreased slightly since Spring 2024 (84%).

Physical health

- As with mental health, respondents’ rating of their physical health increased from 3.49 in the Spring 2024 survey to 3.56 in the Spring 2025 survey.
- The percentage of respondents who say they have worked whilst unwell has significantly reduced from 47% in Spring 2024 survey to 39%.

Mental health

- Since the Spring 2024, there has been a marked increase in staff rating of their mental health – increasing from 3.31 in the Spring 2024 survey to 3.35 in the Spring 2025 survey.
- There has been a reduction in the number of staff who say they have experienced work-related stress over the last 6 months; now at 47%, compared to 50% in the two previous years.



- Staff views on workload remain the same as the Spring 2025 survey, with 77% of staff saying their workload is about right for their hours. 19% of respondents said they have too much work and 4% of respondents said they do not have enough work for their contracted hours.
- The 3 main causes of work-related stress continue to be: workload, last minute demands/deadlines and providing cover for a role, however the percentage of respondents citing these are contributing factors have reduced.

Social connection

- The vast majority feel supported and connected to their team, and agree their line manager cares about their wellbeing (94% and 95% respectively). These are comparable to the previous survey.
- 94% feel their line manager communicates well.
- 89% feel valued by their management team (the highest result since the question was first asked in 2020).

Working arrangements and general support for staff

- 91% of respondents were satisfied or very satisfied with their working arrangements and the majority (86%) had no current concerns about their health, safety or wellbeing with regards to attending site to work.
- There is a substantial level of awareness regarding the available wellbeing support mechanisms, with seven out of the eight surveyed mechanisms achieving an awareness rate of 80% or higher.

Financial wellbeing

In addition, in Recommendation 12, the Commission committed to: 'evaluating the impact of pay award on Commission staff via the next Wellbeing Survey to be conducted in March - will provide an update to the Committee by the end of the summer term.'

The Wellbeing survey was conducted in May 2025 rather than March. This was due to the fact that, as the 2025-26 pay award was applied to staff pay from 1 April 2025 (actually paid in the 30 April pay run), it would not have been possible to ask questions about the impact of the pay award prior to May.

The questions asked in order to evaluate the impact of the pay award, were:

1. On a scale of 1 to 10, with 10 being fully agree and 1 being fully disagree, to what extent do you agree that you are fairly paid?

Across all responses, the average number was 7.5/10. This demonstrates that across the board most people broadly agree that they are fairly paid. Within the highest represented grades, HEO (92 responses) and SEO (54 responses), the average number was 7.7 and 7.9 respectively.



2. From April 2025, Commission staff were awarded a 5% increase in basic pay. How satisfied were you with this pay award? To what extent do you agree that the 5% pay increase has, or will, improve your financial well-being?

87% of respondents were satisfied or very satisfied with the 2025-26 pay deal. This suggests that the pay deal was very positively received by staff. 73% of respondents agreed or strongly agreed that the pay deal improved their financial wellbeing. Across both questions, the EO grade were most positive about the pay deal, with 90% of EOs satisfied or very satisfied, and 79% agreeing or strongly agreeing that it would improve their financial wellbeing. Staff at SEO grade were least satisfied, with 81% agreeing or strongly agreeing they were satisfied with the pay deal. Looking at free text responses to comments from staff about the pay deal, the reason for this could be that for staff on the top point of the SEO grade, the increase tipped them into the next level of pension contributions, so the actual increase to pay was perhaps not as much as what was expected by some (although free text responses also indicate that staff do appreciate that long term this is a benefit to their pension pot).

3. How satisfied were you with the backdated uplift in pay? To what extent do you agree that the backdated uplift in pay improved your financial well-being?*

* Only asked for staff at TS, EO grades, and pay points 1-3 of the HEO grade who received a backdated uplift in pay.

Across all responses, 95% were satisfied or very satisfied with the backdated uplift. This is overwhelmingly positive. 77% of all respondents agreed that the backdated uplift would improve their financial wellbeing.

Respondents were asked: 'In your own words, how has the pay award (5% increase / backdated uplift or both) impacted you? Is there anything else you would like to tell us, or ask, about pay and reward?'

95 responses were received. The most common themes were:

The pay deal was fair / had a positive impact	37
Pay increase will be absorbed by or is exceed by the increases to the cost of living	34
Backdated uplift in pay for TS, EO and some HEO roles could/should have been rolled out to all, or to those at point 4 of HEO / SEOs	8
Provides more peace of mind about the future.	6
The pay deal / uplift has meant I can now put money in savings	5
It has meant I have been able to buy something I wanted to	4
Tipped us over into the next level of pension contributions, so the increase was not as much as was expected	4



Enabled me to clear debt	3
Security pay should be reviewed due to different working arrangements	3
It has improved the balance between grades where lower grades felt left behind	3

Recommendation 17 – The Committee recommends that the Senedd Commission provides the Committee with details of its long-term project plans up to 2032, including estimated costs of individual projects, if known.

The Commission maintains a three-year project pipeline, alongside its portfolio of strategic priority change projects (Bay 32, Siambr 26, Ty Hywel 26 and Pierhead).

The project pipeline largely comprises estate and ICT infrastructure items derived from their respective 5-year ICT and 10-year EFM forward work programmes, and other items where it is known an asset will need renewal in-line with the Commission’s Contract Schedule. This pipeline is delivered via annual portfolio’s – the 2025-26 portfolio as currently planned is set out in **Annex 2**

The Estates forward work programme includes a mix of significant items such as plant replacement, items related to the Commission’s Carbon strategy, and other projects to ensure the effective management of the estate.

The ICT forward work programme includes rolling programmes of broadcasting infrastructure renewal as items such as cameras and other equipment reaching end-of-life, alongside rolling programmes to renew and make more efficient our ICT infrastructure and to ensure our cyber-security is robust and in-line with the Commission’s risk appetite.

The Commission’s current forecast shows the estimated aggregate cost of the 3-year pipeline to be £7.1m. This will in all likelihood exceed the available resourcing over the period by a considerable margin, requiring the Commission to conduct annual prioritisation exercises.

Regarding the remaining strategic priority change projects, both Siambr 26 and Ty Hywel 26 will be completed in the 2025-26 financial year. The Pierhead project is in its scoping phase and currently has no significant budget – this project is seeking to find a means of operating the Pierhead on a commercial basis and as such is looking to reduce costs to the public purse.

The Bay 32 project is a major, long-term initiative currently in the procurement phase. It will enter the detailed design phase next year after selecting a preferred accommodation solution for the Senedd. The 2025-26 budget allocates £2.055m for procurement and early design. Future annual costs prior to works commencing are expected to be broadly in-line with this budget, pending ongoing competitive dialogue progress and further progress in the Commission’s regular budget development. Final long-term costs will be determined after



bidder proposals and business case updates. The Commission is evaluating a range of commercial options to ensure maximum value for money, following Welsh Government and HMT Green Book guidelines.

Initiatives to reduce energy in relation to Members' constituency offices, with the aim of achieving better value for money

The Commission, through the Sustainability and Members' Business Support teams, is currently developing information to make available to Members to support them to reduce energy use at constituency and regional offices. It is anticipated that the guidance will be finalised before the start of Summer recess. The guidance will build on information provided to Members in relation to energy efficiency measures that can be taken at home.

Looking ahead to the Seventh Senedd, and recognising there is an opportunity for Members to consider energy efficiency when identifying constituency offices, the Commission will include appropriate guidance on energy efficiency considerations as part of its Welcome support offered following the 2026 Welsh General Election.

Finally, although not an energy reduction measure, the Commission has launched a pilot to explore the viability of Members using the Commission's energy contract, with the aim of assessing whether this could offer a value for money alternative for Members with their energy bills.



Portfolio Management Project List – June 2025

Tranche	Project Name	25-26 Cost	Cumulative Cost	Column1
1	Zscaler Platform Renewal (software that provides secure internet access)	£ 57,400	£ 57,400	
1	Customer Relationship Management/Online Engagement Tool (CRM/OET) Software	£ 158,157	£ 215,557	
1	Microsoft AI (Co-Pilot) Pilot	£ 48,000	£ 263,557	expect BC in time for Nov
1	Service development (including creche business case)	£ 47,000	£ 310,557	
1	Legislation Management System Replacement Project Phase I (Discovery)	£ 87,500	£ 398,057	
1	Broadcast Infrastructure Upgrade - Phase 5: Main Control System and IP 'Gateway' Equipment	£ 240,000	£ 638,057	
1	Senedd Business Management System	£ 125,000	£ 763,057	
1	ICT Infrastructure - Cisco Wireless LAN Controller Replacement	£ 27,000	£ 790,057	
1	CCTV Kit - Hardware Replacement	£ 50,000	£ 840,057	
1	Broadcasting and Audio Visual (AV) - Phase 6: Senedd Committee Room Microphone and Audio System	£ 190,000	£ 1,030,057	
1	People and Remuneration (PaR) - HR and Payroll software - Phase 2	£ 44,500	£ 1,074,557	
1	Broadcasting & Audio Visual - Senedd TV Replacement Project	£ 125,000	£ 1,199,557	
1	ICT Infrastructure - Cisco Core Switch Replacement	£ 65,000	£ 1,264,557	
1	Senedd Building Management System (BMS) Replacement Project	£ 750,000	£ 2,014,557	
1	Ty Hywel and Senedd Accessibility Improvements	£ 45,000	£ 2,059,557	
1	ICT Infrastructure - Hypervisor Software Replacement	£ 100,000	£ 2,159,557	
1	ICT Infrastructure - Internal Firewall Replacement Project	£ 20,000	£ 2,179,557	

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1	Legislation Management System Replacement Project Phase II (Implementation)	£ 130,000	£ 2,309,557	
	Invest to Save	£ 50,000	£ 2,359,557	
	AFFORDABILITY LINE			
2	IT Service Management Tool	£ 9,000	£ 2,368,557	
2	Pierhead Conservation Support and Repairs Programme	£ 50,000	£ 2,418,557	
2	ICT Infrastructure - Annual Cyber Security Assessment - Penetration Testing	£ 20,000	£ 2,438,557	
2	Commission ICT Kit Replacement Programme - 26/26 Refresh	£ 99,820	£ 2,538,377	
2	Broadcasting & Audio Visual (AV) - Phase 7: Ingest Servers	£ 90,000	£ 2,628,377	
2	Phased Replacement of Lights in the Pierhead Building to LED	£ 50,000	£ 2,678,377	
2	Phased Replacement of Lights in Senedd Building to LED	£ 150,000	£ 2,828,377	
2	Audio Visual (AV) & Translating and Reporting Service (TRS) - Replacement Mobile Interpretation System	£ 45,000	£ 2,873,377	
2	Broadcasting & Audio Visual (AV) - Siambr Public gallery Screens	£ 165,000	£ 3,038,377	
2	ICT Infrastructure - Network Segmentation Project	£ 50,000	£ 3,088,377	
2	Senedd Lighting Control System Feasibility Study	£ 60,000	£ 3,148,377	
2	Ty Hywel Air Handling Unit (AHU) & Chiller Replacement Specification Development	£ 30,000	£ 3,178,377	
2	ICT Infrastructure: Project Consultancy Days	£ 20,000	£ 3,198,377	
2	Pierhead External LED Lighting Replacement	£ 60,000	£ 3,258,377	
2	Ty Hywel Radiator Valve Replacement	£ 135,000	£ 3,393,377	
2	Senedd Lift 3 (Neuadd-Oriel public lift) Upgrades	£ 164,000	£ 3,557,377	

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2	Senedd Rumble Strip Replacement	£ 60,000	£ 3,617,377	
2	Ty Hywel External Door (4th floor, car park and substation) Replacement	£ 25,000	£ 3,642,377	
2	Welsh Parliament Building Voice Alarm and Ty Hywel Public Address System	£ 180,000	£ 3,822,377	
I2S	Improving analysis of consultation responses	£ 30,000	£ 3,852,377	
I2S	Digital access to newspapers	£ 20,000	£ 3,872,377	
I2S	dtSearch Replacement (advanced text and data search software)	£ -	£ 3,872,377	

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Mr Peredur Owen Griffiths MS
Chair, Finance Committee
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Reference: AC510/caf

Date issued: 21 July 2025

Dear Peredur

Notification of audit deadline position

I write further to your letter of 17 July 2023 regarding the Committee's recommendation that I notify you when I am unable to complete the audit of specified bodies within the agreed timeframe.

I now notify you of the following audit that has not met its deadline.

Name of body	Powys Teaching Health Board
Audit year	2024-25
Initial 'deadline'	30 June 2025 (being the Welsh Government administrative target).
Commentary on delay	The audit identified high levels of error in a continuing health care balance. The Health Board has agreed to carry out a detailed review of the balance to identify any further errors prior to finalisation of our audit.

**Date of expected
audit completion**

Initial estimate end-July, subject to Health Board
completing planned work.

I am copying this letter to Mark Isherwood MS, Chair of the Public Accounts and
Public Administration Committee.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1SN
SeneddFinance@senedd.wales

4 August 2025

Dear Peredur,

The UK Statistics Authority recently made recommendations to the UK government about future population and migration statistics for Wales and England.

The UK government has now officially responded to the Authority's recommendations and confirmed that they are [commissioning the Office for National Statistics \(ONS\) to conduct a mandatory, questionnaire-based, whole-population census of Wales and England in 2031](#).

I look forward to continuing to work closely with the ONS in planning for Census 2031, building on the lessons learned from Census 2021. The census needs to meet the needs of users in Wales for timely, inclusive, and high-quality population statistics that will inform policy, allocate resources, and support the delivery of public services across Wales in the future. We will also work closely with the devolved governments in Scotland and Northern Ireland as they carry out their own censuses in 2031.

As census preparations develop, the Committee may like to hear from the Office for National Statistics in future to scrutinise their plans.

I have also written to the Chair of the Culture, Communications, Welsh Language, Sport and International Relations Committee on this matter.

Yours sincerely,

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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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.

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1NA

5 August 2025

Dear Peredur,

I am writing to provide the Committee with details of the Welsh Government's Barnett formula consequentials from the UK Spending Review announced on 11 June 2025.

The information set out in Annex A shows resource allocations for the financial years 2026-27, 2027-28 and 2028-29; general capital and financial transactions capital allocations for the financial years 2026-27 to 2029-30. The information is available only in terms of consequentials relating to overall allocations at UK Government department-level.

I remain committed to continuing to present our budgetary information in an open and transparent manner to support the Committee's scrutiny.

Yours sincerely,

Mark Drakeford MS
Cabinet Secretary for Finance and Welsh Language
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg

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Pack Page 57

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corresponding in Welsh will not lead to a delay in responding.

Annex A

UK Government Spending Review – Barnett Formula consequentials

The three tables below summarise the Welsh Government's Barnett formula consequentials from the recent UK Spending Review.

The tables cover fiscal resource funding, general capital, and financial transactions capital. All figures are changes relative to the 2025-26 baseline.

Resource Barnett Formula Consequentials (£m)

	2026- 27	2027- 28	2028- 29
Health and Social Care	518	1,109	1,720
Education	242	347	425
Housing, Communities and Local Government	23	37	49
Culture Media and Sport	2	4	22
Science, Innovation and Technology	2	2	2
Transport	-3	-12	-15
Environment Food and Rural Affairs	-2	-3	-7
Other	4	4	2
Business rates ¹	-113	-121	-139
Total	673	1,367	2,059

1. Removes consequentials funded by increases in Non-Domestic Rates income in England

General Capital Barnett Formula Consequentials (£m)

FIN(6)-19-25 PTN 14

	2026- 27	2027- 28	2028- 29	2029- 30
Education	84	52	52	52
Transport	45	50	42	65
Health and Social Care	24	-4	67	59
Science, Innovation and Technology	4	9	10	13
Housing, Communities and Local Government	9	-9	-24	-32
Energy Security and Net Zero	-15	-10	-18	-24
Environment Food and Rural Affairs	-2	-2	-4	-5
Other	0	-2	-3	-5
Total	149	84	121	124

Financial Transactions Capital Barnett Formula Consequentials (£m)

	2026- 27	2027- 28	2028- 29	2029- 30
Housing, Communities and Local Government	36	30	45	65
Energy Security and Net Zero	2	12	31	43
Environment Food and Rural Affairs	4	5	6	5
Education	3	3	3	3
Science, Innovation and Technology	1	1	2	2
Other	0	1	1	1
Total	47	52	87	118



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/MDWL/1868/25

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1SN

18 August 2025

Dear Peredur,

Thank you for your committee's scrutiny of the First Supplementary Budget 2025-26 and the report that followed.

I attach a written response to the recommendations for the Welsh Government which I hope you find useful.

Yours sincerely,

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

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Scrutiny of the First Supplementary Budget 2025- 26

Response to the Finance Committee Report

18/08/2025

In July 2025, the Finance Committee submitted its report on the Welsh Government's First Supplementary Budget of 2025-26. The report includes seven recommendations for the Welsh Government. This is the Welsh Government's response to those recommendations.

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1. Introduction

Our First Supplementary Budget for 2025-26 was published in June 2025. The Supplementary Budget reflects the budgetary changes since the Final Budget 2025-26, which the Welsh Government published in February and which was approved by the Senedd on 4 March 2025. It regularises allocations to and from reserves, transfers within and between portfolios and includes adjustments to the Wales budget to reflect the impact of UK Government fiscal events.

I thank the members of the Finance Committee for their report on the Welsh Government's First Supplementary Budget which contained eight recommendations and one conclusion; of these, seven recommendations were directed towards the Welsh Government. I have set out my response to the Report's individual recommendations below.

2. Response to the 6 recommendations for Welsh Government

Recommendation 1

The Committee recommends that the Cabinet Secretary provides timely dissemination of information on in-year Barnett consequential to the Senedd, as soon as possible following each UK fiscal event.

Response: Accept

The Welsh Government will provide this information to the Senedd as soon as possible following each UK fiscal event. However, our ability to do so is dependent on timely information from the UK Government.

There have been three recent UK Government budget events, the Main Estimates, the UK Spring Statement and the UK Government Spending Review. I wrote to the Finance Committee on 23 June with information relating to consequential arising from the Main Estimates and Spring Statement for 2025-26.

The following table provides information on the consequential provided for 2025-26 in the UK Spending Review:

	£m	£m
	Revenue	Capital
Transformation Fund:		
Education	4.153	
MHCLG Local Government	1.037	
MHCLG Housing, Communities and Local Government	0.031	
Science, Innovation and Technology	0.529	
Energy Security and Net Zero	0.024	
Business and Trade	0.034	
Work and Pensions	0.008	
Office for Standards in Education, Children's Services and Skills	0.009	
Official Development Assistance:		
Health and Social Care	-0.109	-0.734
Culture, Media and Sport	-0.009	
Environment, Food and Rural Affairs	-0.474	-0.259
Science, Innovation and Technology		-0.035
Total*	5.231	-1.028

*Totals do not add due to rounding

Recommendation 2

The Committee recommends that the Cabinet Secretary incorporates information on Barnett formula consequential, similar to that contained in the annex to correspondence issued by the Cabinet Secretary on 24 June 2025, into the Explanatory Notes of future Supplementary Budgets.

Response: Accept

Where possible, the Welsh Government will provide this information to the Finance Committee following future major UK Government fiscal events. However, our ability to do so is dependent on the timing of UK Government events and the timing of our own supplementary budgets.

Recommendation 3

The Committee recommends the Cabinet Secretary works with the UK Government to reach a conclusion on issues with the Fiscal Framework, particularly regarding uprating borrowing and limits on the Wales Reserve in line with inflation, and removing the annual drawdown limit from the Wales Reserve, and request these are resolved before the end of the Senedd, with an update provided to the Committee on progress by the time the Draft Budget 2026-27 is published.

Response: Accept in principle

The long-stated aim of the Welsh Government remains a coherent needs-based funding system operating consistently across the UK. The First Minister and I have had collaborative discussions with UK Ministers, including the Chancellor of the Exchequer, where we continue to press for further fiscal flexibilities. We have requested agreement to update the Welsh Government borrowing and reserve limits from 2018-19 prices, in line with the latest Budget GDP deflators to restore them to their real value, and to index these to inflation thereafter. We have also asked for the Welsh Government annual reserve draw-down limit to be permanently abolished.

I most recently raised this issue with the Chief Secretary to the Treasury at our bilateral meeting on 26 June and I expect this to be considered as part of the UK Autumn Budget. In addition to these changes, there is also a strong case for bigger increases to the annual and aggregate limits on access to capital borrowing, so they are at least in line with inflation, with the aim of providing sufficient flexibility to allow prudent budgetary management from one

financial year to the next, in order to maximise the funding available to the Welsh Government.

I raised the wider issue of late UK Government allocations and end of year budget flexibilities alongside the Finance Ministers from Scotland and Northern Ireland at the Finance: Interministerial Standing Committee (F:ISC) on 26 June. This will be further considered as a substantive item at future meetings of the F:ISC.

The UK Government have responsibility for making decisions in this area and I will keep the Finance Committee informed of progress, ahead of publication of our Draft Budget in the autumn term.

Recommendation 4

The Committee recommends that the Cabinet Secretary presses HM Treasury for a more balanced system of dispute resolution, and reports back to the Committee on progress before the publication of the Draft Budget 2026-27.

Response: Accept

The Intergovernmental Relations (IGR) Review arrangements introduced in 2022 formalised the dispute resolution process and introduced an independent element for the first time. It forms part of a much wider system of active intergovernmental relations and dispute management and is a process of last resort.

The focus of the IGR Review is on dispute *avoidance* – as mature governments, we should be able to work together to collaborate in the best interests of our citizens, and in line with the devolution settlements and constitutional convention.

We stand ready, however, to use the dispute resolution process if we do not gain satisfactory outcomes in areas of concern and where we believe the dispute mechanism is likely to achieve the desired outcomes.

In respect of the UK funding arrangements, the Welsh Government has consistently pressed for the establishment of a coherent needs-based funding system operating consistently across the UK. Integral to this is the establishment of an independent body with oversight of the UK funding arrangements to ensure the rules within which Barnett operates are applied fairly and consistently and that there is a strengthened independent element for dispute resolution. We will continue to make this case and will update the Committee on progress ahead of the Draft Budget.

Recommendation 5

The Committee recommends that the Cabinet Secretary continues to press for full funding from the UK Government so that they align with the arrangements for other relevant public sector organisations in England, in order to close the shortfall in funding to cover the impact of the employer National Insurance Contribution increase on equivalent organisations in Wales.

Response: Accept

The UK Government has provided £185m in funding to Wales following its decision to increase employer National Insurance Contributions (NICs) in the UK Autumn Budget. This falls significantly short of the £257m devolved public sector employers in Wales need to meet the increased NICs costs they face.

This shortfall, of more than £70m, is a result of the UK Government decision that Wales should receive a Barnett consequential of the additional costs to devolved public sector employers in England, rather than the actual costs.

The Welsh Government has passed on in full the £185m to devolved public sector employers in Wales and has further made available an additional £36m from the Wales Reserve. This creates a total package of £220 million to support our public services, including further education, with increased NICs costs.

Setting the rate of employer NICs is a reserved matter and the responsibility of the UK Government. We will continue to press the UK Government for full funding of the costs associated with the NICs increase.

Recommendation 6

The Committee recommends that the Cabinet Secretary undertakes a detailed assessment to quantify the direct and indirect effects of the increase in National Insurance Contributions on the third sector and commissioned services, to understand the long-term impact of this shortfall.

Response: Reject

This was a decision made by the UK Government, therefore it is for them to undertake such a detailed assessment.

Given the diverse nature of the charity sector and the above variables it is not possible to provide a definitive impact on the sector. However, the National Council for Voluntary Organisations has estimated that the cost to the voluntary sector of the UK Government's changes to employer National Insurance contributions could be as much as £1.4bn.

Recommendation 7

The Committee recommends that the Cabinet Secretary explains how the Welsh Government maintains rigorous scrutiny and monitoring of health service funding to ensure it delivers the intended outcomes, including how the funding is reviewed and adjusted based on performance and outcomes.

Response: Accept

The Cabinet Secretary for Health and Social Care set out a detailed plan, with clear milestones and outcomes, of exactly how the money would be used this year to reduce waiting times for planned care.

The plan seeks to achieve the cabinet's key milestones for planned care in 2025-26 by:

- Reducing the overall size of the waiting list by 200,000 pathways,
- Maintain/Improving the 104 weeks wait position
- Delivering 350,000 or more treatments

The Cabinet Secretary for Health and Social Care and I have discussed how this additional funding will be monitored in year, and I am continuing to have regular tri-laterals with the Health Secretary and the Minister for Delivery where progress on reducing waiting times, utilising this funding, is discussed in detail. This is in addition to the regular financial and performance monitoring of NHS Wales, undertaken by the Cabinet Secretary for Health and Social Care and his officials.

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

21 August 2025

Dear Peredur,

WELSH RATES OF INCOME TAX OUTTURN STATISTICS 2023-24

HM Revenue and Customs published annual outturn statistics for the Welsh rates of income tax in 2023-24 on 10 July 2025. The Committee will wish to be aware that the impact of these outturns on the Welsh Government budget by way of reconciliation has now been jointly agreed with HM Treasury. This is detailed in a joint technical note which was published on 21 August 2025.

The outturn statistics show that the Welsh rates of income tax (WRIT) in 2023-24 generated £2,968 million, up £350 million or 13.4% on 2022-23. The equivalent 10 pence in the pound Income Tax revenue for England and Northern Ireland also increased in 2023-24 resulting in a Block Grant Adjustment (BGA) of £2,782m. This means the net budgetary impact of WRIT was +£187m in 2023-24.

WRIT outturn was £173 million (6%) higher than forecast by the Office for Budget Responsibility in Autumn 2022 and used in the Welsh Government's 2023-24 Budget. The outturn for England and Northern Ireland was also higher than used in the associated BGA in the 2023-24 Budget, as a result the BGA was £49 million higher.

The difference between the income tax revenues and block grant adjustments used in the Welsh Government's 2023-24 Budget and the final outturn is +£124 million. This will be applied to the 2026-27 budget as a reconciliation amount.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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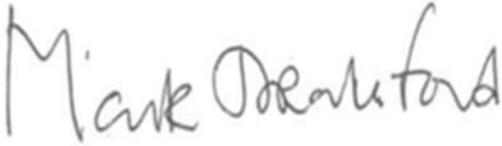
The outturn statistics can be found here:

[Welsh Income Tax Outturn Statistics — 2023 to 2024 - GOV.UK](#)

The joint technical note can be found here:

<https://www.gov.wales/welsh-rates-of-income-tax-reconciliation-2023-to-2024-joint-technical-note-by-wg-and-hmt>

Yours sincerely,

A handwritten signature in grey ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Additional information from National Energy Action relating to fuel poverty in Wales - 7 August 2025

Following on from the Bangor Stakeholder Event and our previous email to you outlining some details related to fuel poverty in Wales and the Warm Homes Plan consequential, please find some additional information below following new official fuel poverty estimates from Welsh government.

The new official estimates published today reveal **that one quarter of all households in Wales (340,000) were in fuel poverty in October 2024**. These are households unable to keep their home warm at any reasonable cost, needing to spend more than 10% of their income to adequately heat their home. In addition to this, 63,000 households were estimated to be living in severe fuel poverty, equivalent to 5% of households.

In 2024/25, the average household energy bill based on standard energy consumption was estimated to be £1,850. This is 37% higher than 2021/22, when the average household bill was £1,360. The Welsh government will publish detailed analysis in October (including comparisons with other UK nations, trends over time, fuel poverty by household and dwelling characteristics, and a more detailed discussion on the factors that drive fuel poverty).

In response, National Energy Action Head of Wales Ben Saltmarsh says, *'Fuel poverty has deepened dramatically in recent years. Too many are living in cold homes, rationing essentials, and mired in debt – with grave physical and mental health consequences. Children are growing up in conditions that can damage their life chances for decades.*

'Paying over £1,700 a year for a basic utility isn't normal – and in many parts of Wales it's even higher, since north Wales faces the highest energy costs in GB and south Wales is not far behind. With some of the oldest and least efficient housing in northern Europe, keeping warm at home is simply unaffordable for hundreds of thousands.

'Ahead of the 2026 Senedd election, today's figures lay bare the scale of the challenge – but also the opportunity. With significant expected consequential funding from the UK government's Warm Homes Plan, all political parties in Wales must commit to considerably increasing investment in energy efficiency should they form the next Welsh government. We can – and must – make the homes of those most in need warmer, greener, and healthier places to live.'

National Energy Action also recommends:

- The next Welsh government maintains the provision of emergency crisis support, including help to top up prepayment meters and purchase off-gas fuel such as oil and LPG.
- The UK government provides deeper energy bill support in future for people who cannot afford a warm and healthy home.
- The energy regulator, Ofgem, supports low-income and vulnerable households to help repay their energy debt. Much of this debt was accrued during the height of the energy crisis and has no realistic chance of being repaid without support.

The full press release can be found [here](#).

If you have any questions or would like to discuss this further, please do get in touch.

Cofion cynnes,

Maisie Chatfield

Policy & Campaigns Officer (Wales)
Swyddog Polisi & Ymgyrchoedd
National Energy Action (NEA)



**Northern Ireland
Assembly**

Committee for Finance

Peredur Owen Griffiths MS
Chair
Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

Issued via email to; SeneddFinance@senedd.wales

22 July 2025

Our Ref.: 2025/078

Dear Peredur,

The NI Assembly Committee for Finance would like to hear your views on the Northern Ireland Fiscal Council Bill.

The Bill was introduced by the Finance Minister; John O'Dowd MLA on 23 June 2025. The Northern Ireland Fiscal Council was established on a non-statutory basis in March 2021 following a commitment made in the New Decade New Approach. The Northern Ireland Fiscal Council Bill establishes the Council on a statutory basis and provides a legislative framework to underpin its work. The Bill sets out the functions of the Council, and deals with operational matters regarding annual reports, membership, finance and staffing.

Further information on the Bill can be found below:

- A copy of the [Bill](#) and Explanatory and [Financial Memorandum](#).
- The [Hansard report](#) of the Second Stage Assembly debate on the principles of the Bill that took place on 1 July 2025.
- A copy of the [New Decade New Approach agreement](#).
- A research paper prepared by the Assembly's Research and Information Service on the Bill. (available when published)

How to submit your views

Your submission should be structured to address specific clauses of the Bill. If appropriate, it should include any amendments you wish to propose to the text of the Bill.

FIN(6)-19-25 PTN 19

Written submissions should be sent electronically in Word format (not PDF) to: nifiscalcouncilbill@niassembly.gov.uk. If you cannot submit electronically you may send in a hard copy written submission to: The Finance Committee Clerk, Room 382, Parliament Buildings, Ballymiscaw, Stormont, Belfast, BT4 3XX.

Organisations or individuals responding to this call for views should note that their written submission (either in whole or part) may be published on the Committee webpage and may be quoted in the Committee's report or referred to in Committee meetings (which are public and are broadcast).

The Committee recognises that in some circumstances people may prefer for their evidence to be treated as confidential, or published anonymously. If you wish to do this, please make this clear when submitting your evidence.

Before sending us your views please read the [Northern Ireland Assembly Privacy Notice](#). This tells you how we process your personal data.

If you have any queries or require any further information about the call for evidence or the Committee Stage of the Northern Ireland Fiscal Council Bill the Committee Clerk, Peter Hall can be contacted via email:

nifiscalcouncilbill@niassembly.gov.uk or by phone: 028 9052 1799.

A response would be very much appreciated by **Friday 26th September 2025**.

Yours sincerely,

Matthew O'Toole MLA

Chairperson

Committee for Finance

Matthew O'Toole MLA
Chairperson, Committee for Finance
Northern Ireland Assembly
Via e-mail

8 September 2025

Dear Matthew,

The Northern Ireland Fiscal Council Bill

Many thanks for your letter seeking the Committee's views on the Northern Ireland Fiscal Council Bill (the Bill).

I note that the Fiscal Council has been operating on a non-statutory basis for a number of years and that this Bill effectively formalises those arrangements.

As a Committee, we consider the financial implications of each Bill introduced in the Senedd as a matter of course. While it would not be appropriate for us to consider the financial implications of this Bill in detail, it is encouraging that a Financial Memorandum has been produced and that its running costs for 2024-25 has been provided. It is also helpful that the Fiscal Council's functions and governance arrangements are made transparent through this legislation.

We are also generally supportive of the Fiscal Council's role and are grateful to be informed of this latest development. There are no current plans for a similar fiscal body in Wales, although we are naturally interested in the development of the Council in Northern Ireland, including how its functions and performance will be held to account by the Assembly.

I am very grateful for the opportunity to engage with you on this issue and would be interested in hearing more about your consideration of this Bill and the development of the Fiscal Council at the next meeting of the Interparliamentary Finance Committee Forum in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peredur Owen Griffiths', written in a cursive style.

Peredur Owen Griffiths MS
Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio



Llywodraeth Cymru
Welsh Government

Our ref: RE/PO/428/2025

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Senedd Cymru

02 September 2025

Dear Mike,

I am writing in accordance with the inter-institutional relations agreement to notify you of the Inter-Ministerial Group for Business and Industry (IMG) and the meeting which will take place on 9 September 2025.

The IMG will be chaired by Scottish Government's Minister for Business and Employment, Richard Lochhead MSP. Liz Lalley, Director of Economic Strategy and Green Growth, will represent the Welsh Government at the meeting as I will be attending another Ministerial event.

The discussion will focus on the implementation of the UKG Industrial Strategy and provide the opportunity for a discussion about skills and a presentation from Skills England.

I have copied this letter to the Chairs of the Finance Committee and the Economy, Trade and Rural Affairs Committee.

I will provide an update after the meeting.

Yours sincerely,

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

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Agenda Item 2.22

Rebecca Evans AS/MS

Cabinet Secretary for Economy, Energy and Planning

Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio



Llywodraeth Cymru
Welsh Government

Our ref: RE/PO/439/2025

Mike Hedges MS

Chair

Legislation, Justice and Constitution Committee

Senedd Cymru

10 September 2025

Dear Mike,

Further to my letter dated 2 September and in accordance with the inter-institutional relation agreement, I am writing to notify you the Inter-Ministerial Group for Business and Industry due to take place on 9 September was postponed.

I will notify you once a new date has been confirmed.

I have copied this letter to the Chairs of the Finance Committee and the Economy, Trade and Rural Affairs Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans".

Rebecca Evans AS/MS

Cabinet Secretary for Economy, Energy and Planning

Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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CF99 1SN

FIN(6)-19-25 PTN 19

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.

Ken Skates AS/MS
Ysgrifennydd y Cabinet dros Drafnidiaeth a Gogledd Cymru
Cabinet Secretary for Transport and North Wales



Llywodraeth Cymru
Welsh Government

Our ref - MA-KSNWT-2000-25

Peredur Owen Griffiths MS Chair,
Finance Committee
Senedd Cymru
Cardiff
CF99 1NA

8 September 2025

Dear Peredur

Thank you for your Report on the Bus Services (Wales) Bill. Please see below my responses to the recommendations and conclusions set out in your report.

Recommendation 1: The Committee recommends that the Cabinet Secretary outlines how the participation of small and medium-sized enterprises and the focus on social value will be incorporated, monitored and evaluated as part of the implementation of the bus franchising provisions in the Bill.

Response - Accept

I have been clear that we want to see bus services being delivered by a range of operators, and SMEs are a key part of this. We know that in some parts of Wales SMEs are the only providers, so securing their participation once franchising is rolled out is hugely important. Procurement of franchising will be undertaken in a way that the proportionality of operator size is robustly considered for packages of work, contract forms and tender processes to be undertaken, allowing SMEs to bid where packages are attractive to them.

Market engagement to explain the structure of tenders and signposting to support interested parties will be made available. Social value opportunity and risk will be mapped against the desired outcomes of the Wellbeing of Future Generations Act and the ability of bus franchising to influence social value through the procurement process to be undertaken. Measurement of effectiveness will be undertaken in line with the Social Partnership and Public Procurement Act guidelines and requirements.

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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.

Recommendation 2. The Committee recommends that the Cabinet Secretary provides clarity on the estimated additional costs to deliver Transport for Wales's aspirational network and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Response - Accept

I am happy to provide this information in a revised Regulatory Impact Assessment after Stage 2. Work is currently ongoing to establish these costs.

Recommendation 3. The Committee recommends that the Cabinet Secretary explains how the estimated cost of £187.2 million for the acquisition of bus depots has been determined, including details of the assumptions made, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Response - Accept

TfW are identifying the strategic depot locations in each region and the requirements for TfW depot ownership. Acquiring or building depots will then be planned and implemented according to the requirements for the region and the budget available to support this.

The Regulatory Impact Assessment includes the cost of acquiring bus depots at a total value of £178.3m. I am happy to provide details of this cost as part of a revised Regulatory Impact Assessment after Stage 2.

Recommendation 4. The Committee recommends that the Cabinet Secretary revises the cost estimates set out in the Regulatory Impact Assessment following the decision to proceed with four franchising zones, or otherwise confirms that there is no impact on costs, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Response - Accept

I acknowledge that, following the decision to move to four franchising zones rather than the original 9 zones envisaged and reflected in the Regulatory Impact Assessment, we must reconsider this element of staff costs. As I committed to during my appearance before the Committee in May, we are considering this as part of the revisions we are making to the RIA after Stage 2.

Recommendation 5. The Committee recommends that the Cabinet Secretary explains why the assumption has been made to lease the new zero emissions bus fleet, including how the costs have been estimated, and includes this information in a revised Regulatory Impact Assessment, after Stage 2

Response - Accept

As section 8.39 of the RIA indicates, it had been assumed when undertaking the RIA that bus purchase costs would be amortised across the vehicle life and therefore costs have been modelled as part of operational costs. Since the RIA was compiled, internal planning has focused on bus purchases being from capital budgets, being owned by TfW and leased to operators. However, as section 8.17 indicates, aside from the differential in transition period, the costs associated with phasing in zero emission buses would be broadly neutral and not attributable to bus reform or statutory partnerships as the decarbonisation targets

would equally apply with statutory partnerships or under business as usual. We will consider the implications of this change as part of the revisions we are making to the RIA after Stage 2.

Conclusion 1: The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.

I am happy to hear that you are broadly content with the financial implications of the Bill. As noted above, and as per standard procedure, the RIA will be updated at the end of Stage 2.

I want to thank the Committee for their time and if you have any further questions, please let me know.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a stylized flourish extending to the right.

Ken Skates AS/MS

Ysgrifennydd y Cabinet dros Drafnidiaeth a Gogledd Cymru
Cabinet Secretary for Transport and North Wales

Agenda Item 3



Annual Report and Accounts 2024-25

The Annual Report for the year ended 31 March 2025 has been jointly prepared by the Auditor General for Wales and the Chair of the Wales Audit Office. It is laid before the Senedd in accordance with Schedule 2 of the Public Audit (Wales) Act 2013 and contains matters as directed by HM Treasury.

The Accounts for the year ended 31 March 2025 have been prepared by the Auditor General for Wales, as the Accounting Officer for the Wales Audit Office, in accordance with Schedule 1 of the Public Audit (Wales) Act 2013 and in a form directed by HM Treasury.

Audit Wales is the collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions. Audit Wales is not a legal entity. Consequently, in this Report, we make specific reference to the Auditor General or Wales Audit Office in sections where legal precision is needed.

If you require this publication in an alternative format and/or language, or have any questions about its content, please contact us using the details below.

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

◀ Snapshot of the year



Issued over
800
audit opinions on the accounts of public bodies

Published
16
national report outputs of various types

Published over
150
local performance audit reports

Certified grant schemes worth approaching
£1.5 billion

Achieved or were close to achieving
10 of 18
KPI targets

April

Concluded our [review of governance arrangements across the three National Park Authorities in Wales](#).

Held a 'Setting the Stage for our Future' all-staff conference where we reflected on how our work and workplace has changed in the last few years and looked forward to some of the challenges and opportunities ahead.

May

Presented an [analysis of community pharmacy dispensing data](#) to provide insight to NHS Wales on areas of high cost and potential fraud.

June

Provided an [update on the status of the A465 Section 2 project](#) and summarised key developments over the previous four years.

As part of our suite of smarter working policies, launched a compressed hours pilot, intended to enhance flexibility and productivity and support equality, diversity and inclusion for staff.

July

Wrote to the Senedd Public Accounts and Public Administration Committee with a factual [update on the Welsh Government's support for TVR Automotive Ltd](#).

Published a review of whether the [information provided to senior leaders in local government helps them understand the perspective of service users](#) and the outcomes of councils' activities.

August

Concluded our review of governance arrangements across the three Fire and Rescue Authorities in Wales.

Following timely completion of our accounts audit work, reported that all seven Health Boards in Wales had failed to meet their statutory duty to break even over a three-year period, amid deepening financial pressures.

September

Reported that the target of building 20,000 new low carbon social homes will not be met without significant additional spending.

Outlined that, despite increased spending, the Welsh Government remains a long way from achieving the intended step change in active travel.

October

Reported that fraud and payment errors of £7.1 million had been identified by the latest National Fraud Initiative exercise in Wales, £0.6 million more than the previous exercise.

We were proud to achieve an overall engagement index score of 71% in our all-staff survey, seven percentage points higher than both the previous year and the Civil Service median benchmark.

November

Launched a consultation on proposed updates to our Code of Audit Practice which strengthens emphasis on proportionality, independence, and the need for professional scepticism.

Completed audits of all local government 2023-24 accounts by the target deadline of 30 November, where accounts were received on time.

December

Reflected on the financial challenges faced by councils and how their future financial sustainability could be strengthened.

January

Reported that stronger national leadership is urgently needed to drive improvement in the timeliness and sustainability of cancer diagnosis and treatment.

Provided a response to the consultation on a proposed strategy for overhauling the local audit system in England, published by the Ministry of Housing, Communities and Local Government.

February

Set out our findings from a study of NHS workforce planning arrangements, together with recommendations to support further improvement.

Issued a pocket guide for Audit Committees which summarises effective practices and how to make a positive impact.

March

Concluded that the nature emergency is not a high enough priority and many public authorities have failed to comply with key biodiversity requirements.

Identified ongoing governance and financial management issues within the Community and Town Council sector that have not been properly addressed.

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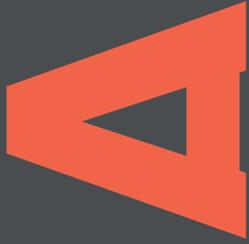
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Performance Report

A review of our work in 2024-25, including an analysis of our delivery and performance, and our position at the end of the year

Adrian Crompton

Auditor General for Wales and Accounting Officer

26 June 2025

01

Performance overview

Who we are and what we do

- 1 The Auditor General for Wales is the statutory external auditor of the Welsh public sector. The Auditor General is responsible for the audit of most of the public money spent in Wales.
- 2 The Wales Audit Office provides resources, such as staff, for the exercise of the Auditor General's functions, and monitors and advises the Auditor General. The Wales Audit Office currently employs around 300 staff.
- 3 Together, as Audit Wales, we audit approximately £28 billion of income and expenditure.

Our purpose is to:

 <p>Assure people that public money is being managed well</p>	 <p>Explain how that money is being spent</p>	 <p>Inspire the public sector to improve</p>
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We undertake local and national audit work across a broad range of public bodies

- 4 Our latest Annual Plan provides more detail on the range of bodies that we audit and how we follow the public pound in Wales. Our audit work plays a key role in supporting the work of the Senedd Public Accounts and Public Administration Committee, which scrutinises how resources are used in the discharge of public functions in Wales. Our work also informs the work of other Senedd committees, whose wider remits include scrutinising the policies of the Welsh Government, holding Ministers to account, and examining proposed legislation.
- 5 Throughout the year, we regularly attend meetings of the audit and scrutiny committees of public bodies in Wales to provide briefings and report on our audit work.

- 6 Our planned programmes of work retain a degree of flexibility to respond to changing circumstances and priorities, and new issues of public or parliamentary concern.
- 7 We identify good practice from across the full breadth of our audit work and disseminate this through a range of media, including reports, blogs, podcasts and shared learning seminars and webinars.
- 8 A focus of our good practice work is to facilitate conversations between service providers where the learning from our audit work and from their comparative experiences is shared. Increasingly we are bringing the views and experiences of service users and global experts to these conversations.

Our core work

 <p>Undertaking local audit work at over 800 public bodies, including:</p> <ul style="list-style-type: none">• Audits of accounts• Local performance audit work• Sustainable development principle examinations	 <p>Delivering a programme of national studies</p>			
 <p>Certifying grant schemes worth approaching £1.5 billion</p>	 <p>Supporting effective scrutiny including the work of the Senedd committees</p>	 <p>Sharing good practice and audit learning to support public service delivery</p>	 <p>Facilitating the detection of fraud and error through the National Fraud Initiative</p>	 <p>Approving around £2 billion of payments out of the WCF every month</p>

We operate independently from government

- 9 The Auditor General and our Board are responsible for setting and overseeing the strategic direction of the organisation.
- 10 The Board holds the Auditor General to account in his role as Chief Executive of the Wales Audit Office and supports him in the discharge of his role as Accounting Officer. As Accounting Officer, the Chief Executive answers personally to the Senedd Finance Committee on matters such as compliance with Managing Welsh Public Money.
- 11 Our Executive Leadership Team advises the Auditor General, including in his capacity as Chief Executive and Accounting Officer.
- 12 Our Publication Scheme includes a diagram showing our organisational structure. More detailed information on our governance arrangements can be found in the Corporate Governance Report section of this Report.

Our strategic vision and areas of focus

Our vision is to increase our impact by:

Fully exploiting our unique perspective, expertise and depth of insight

Strengthening our position as an authoritative, trusted and independent voice

Increasing our visibility, influence, and relevance

Being a model organisation for the public sector in Wales and beyond

- 13 In our [Strategy for 2022 to 2027](#), we have identified three areas of focus where we are prioritising actions to help Audit Wales achieve its overall vision.

Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

- 14 Our latest [Annual Plan](#) provides more detail on:
- a what we consider to be important elements of our current operating environment, including a range of factors which can influence the delivery of our work to varying degrees;
 - b the key areas within which risks can arise and threaten successful delivery of our work; and
 - c how we measure and report on our performance.
- 15 Further information on our risk profile during 2024-25 and how those risks changed and were mitigated can be accessed in the Corporate Governance Report section of this Report and via our published [Board minutes](#).

Statement from the Auditor General on our performance in 2024-25

Rydym yn falch o gyflwyno ein Adroddiad Blynyddol a Chyfrifon ar gyfer 2024-25.

We are pleased to present our Annual Report and Accounts for 2024-25.

Alongside our financial and accountability statements, this Annual Report and Accounts provides a summary of the progress we made on delivering the audit work programmes set out in our Annual Plan for 2024-25. I am pleased to present a selection of case studies in this report to provide a taste of our work this year and the impact it has made.

The biggest area of our work involves auditing the accounts of over 800 public bodies across Wales. This work is vital in providing the Senedd, audited bodies and the wider public with an ongoing independent assessment of financial management and resilience across the public sector. Working with our audited bodies, we are bringing that large programme of work back to the more optimal pre-pandemic timescales. I am delighted to report that in 2024-25 we made excellent progress on that front. By 2026, working with our audited body colleagues, we are aiming to consistently achieve deadlines of 30 June for the NHS sector and 30 September for local government.

With the public purse strings so tight, it is more important than ever to get value for money from every pound of public spending. Consequently, in our 2024-25 local and national performance audit programmes, we placed a sharp focus on examining the effectiveness of government leadership and on reporting on potential savings identified by our work. We also introduced a more systematic approach to following up on our audit recommendations and stepped up our levels of engagement with a broader range of Senedd committees to help maximise the reach and impact of our work.

During the reporting period, as part of the development of our refreshed website, we published a live online version of our forward programme of national studies, which provides summary information on individual studies once their plans are confirmed and an up-to-date position on the timetable for completion. We have also worked with external specialists to review our written audit reports, with the aim of making them more impactful and better suited to the needs of our audiences and new quality requirements.

A further important development in the past 12 months has been a re-energised focus on collaboration with overseas audit offices, which had reduced following the impact of the global pandemic.

As we now move into the fourth year of our existing five-year strategy, we have begun making preparations for the next strategic term and the appointment of the next Auditor General for Wales in 2026. We have identified and are exploring themes we see as crucial in shaping the future culture and operating model of Audit Wales, and ensuring we remain a modern audit office that keeps pace with developments in the wider audit profession.

As always, I am indebted to all Audit Wales staff for their professionalism, hard work and commitment to public service throughout the last 12 months. Without them, none of this would be possible.



Adrian Crompton
Auditor General for Wales

Statement from the Chair of the Board on our performance in 2024-25

Public services continue to face significant financial demand, and workforce pressures. We remain fully committed to managing our own operating costs and the fees we charge, while ensuring the audit quality, assurance, and insight are not compromised. In 2024-25, we surpassed our ambitious £400,000 non-pay savings target. Additionally, a comprehensive financial sustainability review identified further opportunities to improve efficiency in the future.

Over the last two years we have successfully relocated all three of our offices into smaller, more modern premises with improved environmental performance. The last of these moves for our West Wales office was completed in April 2025. The impact of these moves can be clearly seen in this report through significant reductions in associated costs and improvements in our sustainability measures in the last financial year, alongside positive feedback from staff on the refreshed office working environment. The office moves and a successful compressed hours working pilot have also played a key role in supporting our work on moving to an optimum hybrid working model with an appropriate mix of in-person and online working.

In October 2024, we ran our annual staff survey to gain up-to-date insight on levels of staff engagement and the employee experience at Audit Wales. The results of that survey are seen by the Board as extremely encouraging, with significantly improved scores across most thematic areas. Our overall engagement index score is now 71% - the highest score we have achieved in the eight years we have been utilising this metric, and significantly higher than the equivalent Civil Service median benchmark. However, staff also provided useful feedback in the survey on several areas where there is scope for further improvement, which has been used to inform our business planning for 2025-26.

The launch of a whole organisation Workforce Strategy in September 2024, saw us set out a holistic longer-term vision for securing and developing the necessary Audit Wales people resources, including skills and capabilities. In this the first year of the Strategy, we focused on four priority areas including digital skills, resilience and succession planning, and established a range of performance measures to determine whether the business plans which flow from the Strategy are delivering as intended.

We also ran an extensive recruitment campaign for the latest round of graduate trainee and apprentice intake and received an excellent level of interest. We successfully appointed the desired number of candidates but acknowledge that we still have work to do to make sure that we are reaching out to candidates from all parts of society.

During the year, strategic risks were well managed, and the Board was satisfied with the quality of the management information it received, which was underpinned by data presented in a recently developed interactive dashboard. Overall, we have a strong organisation to continue to build on in 2025-26 and I pay tribute to the staff of the Wales Audit Office for all their hard work and commitment throughout the year.



Dr Ian Rees

Chair of the Wales Audit Office

Key performance indicators

- 16 Our Annual Plan for 2024-25 included a framework of key performance indicators (KPIs) and associated targets.
- 17 In our Interim Report, we provided a mid-year update on progress made over the period 1 April to 30 September 2024 towards achieving these targets.
- 18 The following exhibit shows the position at the end of the 2024-25 financial year. The KPI data has not been subject to audit. In the exhibit, some numbers are rounded to make them easier to read and compare, and the KPIs are aligned with the strategic areas of focus to which they relate. Overall, in 2024-25 we achieved or were close to achieving our targets for 10 of the 18 KPIs.
- 19 Relevant parts of the Performance Analysis section of this Report provide further commentary on our performance against our KPIs.

End of year position for our 2024-25 KPIs

A strategic, dynamic and high-quality audit programme

No	Indicator	Description	2024-25 Target	2023-24 Performance	2024-25 Performance
1	Statutory deadlines	Proportion of audit products ¹ delivered by the statutory or agreed deadline.	100%	85%	99%
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%	76%	81%
3	Quality	Number of reviewed audits that are delivered in accordance with <u>Financial Reporting Council quality standards</u> .	All audits sampled in the highest two audit quality categories	7 out of 7	6 out of 8

● Achieved or close to achieving our target
 ● Improvement required
 ● Significant improvement required

1 Accounts audit opinions, where accounts are received on time and no public interest report is required.

No	Indicator	Description	2024-25 Target	2023-24 Performance	2024-25 Performance
4	Credibility	Proportion of stakeholders ² that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	92%	76%
5	Providing insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise.	At least 80%	64%	78%
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	76%	62%
7	Savings identified	Value of potential savings, productivity gains and other financial benefits identified through our work.	At least £30 million during 2023-2026	£700,000	£16 million ³

● Achieved or close to achieving our target
 ● Improvement required
 ● Significant improvement required

2 2024-25 performance data for KPIs 4-6 is sourced from an independent stakeholder research exercise carried out in early 2025. From an initial sample of 210, including Chief Executive Officers, Directors of Finance, Council Leaders, Board Chairs, Audit Committee Chairs and Members of the Senedd, responses were received from 45 individuals. Due to the small number of respondents, the margin of error in the results is high (+/- 12 to 14 percentage points for the three KPIs) and so limited reliance can be placed on year-on-year comparisons. We will be undertaking work with specific sectors in 2025-26 to cross-check and better understand the outcomes from the survey.

3 Specific audit work currently in progress should enable us to achieve our target of at least £30 million by 2026. Further information is provided in Case study 3 later in the report.

A targeted and impactful approach to communications and influencing

No	Indicator	Description	2024-25 Target	2023-24 Performance	2024-25 Performance
8	Good practice outputs	Proportion of stakeholders who rate our good practice outputs as useful or very useful.	At least 90%	100%	100%
9	Website visits	Number of visits to our website where at least one action is performed, eg download a report, click on a video.	48,000 each year	59,100	81,000
10	Social media	Number of social media engagements ie interactions with our posts such as a like, a comment, or a retweet/share.	4,000 each year	4,000	3,500 ⁴
11	Sharing audit learning	Number of instances where we present audit learning to key policy working groups or at relevant externally hosted events.	50 each year	45	53 ⁵

● Achieved or close to achieving our target
 ● Improvement required
 ● Significant improvement required

4 A general decline in engagement on social media platforms has been experienced across the public sector and is primarily down to changes in the algorithms used by platforms such as X (Twitter) and Facebook who prioritise engagement on paid for content over organic (free) posts. We are addressing this by leveraging new formats such as bitesize video and animation while increasing the volume of content on alternative platforms such as LinkedIn.

5 This figure does not include attendance at meetings as part of our routine audit business. Where we have regularly attended specific groups in relation to a single topic, we have counted these collectively as a single event.

A culture and operating model that allows us to thrive

No	Indicator	Description	2024-25 Target	2023-24 Performance	2024-25 Performance
12	Employee engagement	Percent positive annual staff survey engagement index score.	At least the median benchmark score for the latest <u>Civil Service survey</u>	64%	71% ⁶
13	Turnover	Proportion of employees who voluntarily leave Audit Wales per annum.	Between 5% and 10%	12.3%	5.8%
14	Sickness absence	Proportion of total time lost due to sickness absence.	Less than 4%	3.3%	3.9%
15	Financial balance	Net underspend variance on income and expenditure from that set out in our Estimate for the current year	Less than 2% of gross expenditure budget	1.1%	3.2% ⁷
16	Cost savings	Value of in-year cost savings delivered across the business.	£400,000 as set out in our 2024-25 Estimate	Achieved £500,000 non-pay savings target	Exceeded £400,000 non-pay savings target
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions.	40% reduction on a 2019-20 baseline (581 tonnes) ⁸	280 tonnes	380 tonnes ⁹
18	Trainee success rate	Proportion of trainees achieving first-time passes in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales.	At least 90%	82%	85%

● Achieved or close to achieving our target ● Improvement required ● Significant improvement required

6 The Civil Service People Survey (CSPS) benchmark in October 2024 was 64%.

7 In 2024-25, we underspent by £864,000 which represented 3.2% of our gross expenditure budget. Consequently, our KPI target of a variance of 2% was not met for the year. The main reason for this was a significant (£1.1m) underspend in staff costs due to vacancies in the first half of the financial year. As the majority of these vacancies were in non-fee earning and trainee roles, we were still able to achieve our ambition to reduce the backlog of audit work which resulted in excess fee income of £961,000, as reported in our Statement of Resource Outturn.

8 Not including supply chain emission estimates which are reported on separately in our annual Sustainability Report.

9 Higher figure in 2024-25 due to increased levels of staff attendance at our offices and audited body sites, as part of our work on moving to an optimum post-COVID hybrid working model with an appropriate mix of in-person and online working.

Performance analysis

- 20 This section sets out a more detailed view of Audit Wales's performance in 2024-25. It provides:
- a commentary on the delivery of our audit work programmes;
 - b detail on progress made in the areas of focus set out in our [Annual Plan](#);
 - c case study examples of particularly impactful projects; and
 - d a summary of our use of resources in the reporting period, which serves as our Sustainability Report.

Commentary on the delivery of our audit work programmes

- 21 Our core business is carrying out a broad programme of audit work to deliver the [Auditor General's statutory powers and duties](#).
- 22 Throughout 2024-25 we undertook local and national audit work across a broad range of public bodies. Our recently published Annual Plan provides a comprehensive list of the public bodies that we audit, and the types of local audit work carried out at those bodies.

Key elements of our audit work



Providing an opinion on whether public sector accounts have been properly prepared and give a true and fair view of financial position



Considering whether public money is being used for approved purposes



Examining the economy, efficiency and effectiveness with which public bodies have used their resources (value for money)



Providing conclusions on whether public bodies have made proper arrangements for securing value for money in their exercise of functions



Considering whether public business is being conducted in a way that meets certain expectations and standards



Carrying out sustainable development principle examinations

Local audit work

- 23 The biggest area of our local work involves auditing the accounts of over 800 public bodies across Wales. Our audit of accounts work provides the Senedd, audited bodies and the wider public with an ongoing independent and expert assessment of financial management and resilience across the public sector.
- 24 Through the COVID pandemic period, the timeliness of our delivery of our audit of accounts work deteriorated. It is taking several years to bring our large programme of work back to pre-pandemic timescales, but we are making good progress in doing so. Further information on this is provided in Case study 1 later in the report.

- 25 Overall, in 2024-25, 99% of our accounts audit opinions were delivered by the statutory or agreed deadline where draft accounts were received on time (KPI 1) – a 14% increase on our performance in 2023-24.
- 26 Our audits of NHS and central government bodies' 2023-24 accounts were completed in line with our delivery plan. While delivery of the audits of local government sector accounts by the 30 November deadline continued to be a challenge, all local government accounts that were prepared on time were certified by the deadline.
- 27 During 2025-26, we aim to continue the progress made to bring forward the reporting deadlines for our audit of accounts work. Our target is that by the time we audit 2025-26 accounts we will have returned to the more traditional timescales of 15 June for the NHS sector and 30 September for the local government sector.
- 28 With the public purse strings so tight, it is also more important than ever to get value for money from every pound of public spending. During the year, we continued to shape our local performance audit work to address the evolving challenges faced by our audited bodies, and where relevant and practical to help discharge the Auditor General's sustainable development examination duties¹⁰.
- 29 This year, our programme included:
- a in local government: completion of our annual assurance and risk assessment, alongside assessments of the financial sustainability of councils, progressing new work on councils' commissioning arrangements, and bespoke local reviews on a wide range of other topics.
 - b in the NHS: completion of our annual structured assessment work, alongside work across the sector on cost savings arrangements, continued work on different aspects of urgent and emergency care, and progressing work on health boards' planned care services. Again, these projects sat alongside other more bespoke local reviews which included, for example, work at three health boards on eye care services.
- 30 In addition to the above, and although planned and funded differently, we also carried out audit work at various central government bodies under the Auditor General's sustainable examination duties. This included, for example, reviews of financial sustainability at the National Library of Wales, the Arts Council of Wales, Sport Wales, and Amgueddfa Cymru.

10 Under the Well-being of Future Generations (Wales) Act 2015. Including examinations looking at the application of the sustainable development principle when setting well-being objectives or when taking steps to meet those objectives. We have sought to integrate these examinations within existing programme of work as far as possible.

- 31 Overall, the total number of local performance audit reports increased from 142 in 2023-24 to 156 in 2024-25. It should be noted that the number of reports largely reflects how local programmes are shaped during the reporting period and we would not necessarily expect the figure to be the same year on year.
- 32 As reported last year, delivery of some of our performance audit work, both locally and nationally, had also been affected by the legacy of the pandemic, staff turnover and absence, and our wider resourcing challenges. Our performance audit teams have continued to manage impacts from staff turnover and absence during 2024-25. Despite this, the proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting improved from 76% to 81% (KPI2). Further detail is provided in the next section of this report on the actions we have been taking to address our wider performance audit delivery position and move towards achieving our 90% KPI2 target.

National studies

- 33 The Auditor General's indicative forward programme of national studies for 2023-2026 is focused around four main themes:
- a tackling inequality;
 - b responding to the climate and nature emergency;
 - c service resilience and access; and
 - d well-managed public services.
- 34 The table below lists 16 national report outputs of various types that we delivered in 2024-25. Our Snapshot of the Year at the front of this Report features several of these outputs.
- 35 The scale of different pieces of work varies and, as noted in our Interim Report, we have been giving priority to addressing the backlog in our local audit programme while managing the impact on other work. This figure of 16 outputs is the same as for 2023-24. Overall, we have continued to see this output generate strong media coverage and wider interest from relevant stakeholders.
- 36 Studies are listed broadly in order of their date of completion, with an indication of strong alignment with particular themes. In practice, all our work typically includes coverage relevant to 'well-managed public services'.

National report outputs completed in 2024-25

	 Tackling inequality	 Responding to the climate and nature emergency	 Service resilience and access	 Well managed public services
<u>Governance of National Park Authorities</u>			✓	✓
<u>Findings from data matching work on NHS community pharmacy and GP patient registrations</u>				✓
<u>The status of the A465 section 2 road improvement project</u>				✓
<u>The Welsh Government's support for TVR Automotive Ltd</u>				✓
<u>Use of performance information in local government to understand user perspectives</u>	✓			✓
<u>Local government digital strategy</u>			✓	✓
<u>NHS finances and data tool update</u>			✓	✓
<u>Arrangements to deliver the affordable housing target and realise wider benefits</u>	✓	✓		✓
<u>Governance of Fire and Rescue Authorities</u>			✓	✓
<u>Delivery of active travel objectives and the management of associated funding</u>	✓	✓	✓	✓
<u>The National Fraud Initiative in Wales 2022-23</u>				✓
<u>Financial sustainability of local government, including our updated data tool</u>			✓	✓
<u>Cancer services in Wales</u>	✓		✓	✓
<u>Addressing workforce challenges in NHS Wales</u>			✓	✓
<u>The Biodiversity and Resilience of Ecosystems Duty</u>		✓		✓
<u>Financial Management and Governance – Lessons from Audit for Community and Town Councils in Wales</u>				✓

37 Our [Annual Plan for 2025-26](#) lists all active and planned studies for 2025-26 as of 31 March 2025. We have made further information about our work programme available on [our website](#). Pack Page 105

Supporting effective scrutiny

Supporting the work of Senedd committees

- 38 During the reporting period, our work continued to play a key role in supporting the work of the Senedd Public Accounts and Public Administration Committee in its consideration of how resources are used in the discharge of public functions in Wales. The outputs from our work supported 19 formal meetings of the Committee. This included the Committee considering various report outputs completed during the reporting period. The Auditor General and our staff also provided further advice and support to the Committee as required, including the preparation of briefing material for Committee evidence sessions.
- 39 Our work can also inform the work of other Senedd committees. In 2024-25, there have been several notable examples. Case study 4 provides further details, alongside which we continued to engage with committee clerking teams to share information about our work programme more generally.

Supporting the work of the audit and scrutiny committees of public bodies

- 40 Throughout the last year, we regularly attended meetings of the audit and scrutiny committees of public bodies in Wales to provide briefings and report on our work.
- 41 We also continued our regular briefings on audit-related matters to:
- a the NHS Audit Committee Chairs and Directors of Finance groups;
 - b the local government Society of Welsh Treasurers Group; and
 - c the Central Government Audit Committee Chairs Group.

Supporting the public and their elected representatives

- 42 We regularly receive correspondence from the public, their elected representatives and others that raise potential concerns about the use of public money. During 2024-25, we dealt with 140 items of correspondence of this nature and ensured that we responded to those concerns in a fair, proportionate, and professional manner.

- 43 The Auditor General is also a Prescribed Person for receiving whistleblowing disclosures about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services. 29 individuals contacted us between 1 April 2024 and 31 March 2025 indicating that they wished to make a whistleblowing disclosure to the Auditor General. The Auditor General's Report on Disclosures of Information for 2024-25¹¹ is included as an Appendix to this Report.
- 44 Of the total number of correspondence and whistleblowing disclosure cases, 38 were found not to be relevant to the Auditor General's legislative remit or did not amount to substantive matters on which the Auditor General would need to report or take other action. The remaining 102 cases were recorded to be considered either as part of ongoing or planned audit work, or as part of planning future audit work.

Good practice work and sharing audit learning

- 45 Good Practice outputs produced over the last 12 months have included:
- a a number of shared learning events discussing topics such as:
 - i Audit Committees: Effective practices and a positive impact
 - ii Re-defining Our Lives: Towards A Social Understanding of Neurodiversity
 - iii The cost of failure in financial management and governance
 - b a series of blogs sharing examples of various initiatives across Wales.
- 46 We continue to develop our podcast channel which will be re-launched in September 2025. Previous podcasts are available on our channel.
- 47 All the material shared in 2024-25 can be accessed via the Good Practice and Blogs sections of our website. Overall, 100% of stakeholders that responded to our feedback questionnaire after attending events in 2024-25 rated our good practice outputs as useful or very useful (KPI 8).
- 48 In addition, we exceeded our target of 50 for the number of instances where we presented audit learning to key policy working groups or at relevant externally hosted events (KPI 11). This year there were 53 such instances, 8 more than the previous year. Among other things, these included examples of our input to the work of Senedd committees (see Case study 4 for more information) and our hosting of visiting delegations from other international audit agencies (see Case study 5 for more information). Our count also covers presentations at conference events for Welsh, wider-UK and international audiences on various topics.

11 As required by The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017.

Audit quality

- 49 We carry out our work in accordance with International Standards on Auditing (UK) and other recognised standards.
- 50 Our 2025 quality monitoring programme has been completed: six out of the eight sampled audits met our target of being delivered in accordance with the highest two audit quality categories (KPI3). The issues giving rise to the two audits not achieving our target are specific to those audits. Our approach in such circumstances is to undertake an exercise to understand why the issues occurred and to allow the organisation to collectively learn and move forward together. Two of the eight sampled audits achieved the very highest rating, which is an improvement on previous years.
- 51 Our latest Audit Quality Report summarises progress made in our audit quality arrangements and the outcomes from monitoring activity in 2024. We will publish our next audit quality report in Autumn 2025.

Progress made in our areas of focus for business improvement

- 52 In our Strategy for 2022 to 2027, we identified three areas of focus where we are prioritising actions to help Audit Wales achieve its overall vision.

 <p>A strategic, dynamic, and high-quality audit programme</p>	 <p>A targeted and impactful approach to communications and influencing</p>	 <p>A culture and operating model that enables us to thrive</p>
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- 53 In our Annual Plan for 2024-25, we committed to take action across 11 key business planning priorities. The tables below provide detail on progress we have made against these priorities in the reporting period and are grouped by the strategic areas of focus to which the priorities relate. In the interests of streamlining and avoiding duplication, where detail on progress made is included elsewhere in this Report, signposting to the appropriate section is provided.



A strategic, dynamic and high-quality audit programme

Priority	Progress made
<p>Bring forward the timetable for the delivery of accounts audit work in line with Welsh Government deadlines (15 July for NHS and 30 November for local government).</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>All NHS and nearly all central government 2023-24 accounts were certified on time. The one exception relates to an audit where there is likely to be an audit opinion disclaimer was provided given issues arising during the audit.</p> <p>While delivery of the audits of local government sector accounts by the 30 November deadline continued to be a challenge, all local government accounts that were prepared on time were certified by the deadline.</p> <p>We also put clear plans in place to catch up with the backlog in our local government and NHS work to enable us to bring forward the timetables for delivery over three years.</p> <p>In 2024-25 we:</p> <ul style="list-style-type: none"> • agreed the details of a recovery plan to take us through to 2026; • worked with local government treasurers to establish a clear three-year plan to prepare accounts by 30 June each year and for them to be audited by 30 November 2024 (2023-24 accounts), 31 October 2025 (2024-25 accounts) and 30 September 2026 (2025-26 accounts); • worked closely with the local government sector to try and improve the timeliness and quality of draft accounts submitted for audit, although this remains a challenge for some local government bodies; and • carried out work to ensure our recruitment and selection processes are as efficient as possible to enable the timely filling of vacancies.

Priority	Progress made
Bring forward the time frame for the completion of local performance work such that the majority is completed in year.	<p data-bbox="411 360 1246 398">Status: In progress but some further improvement needed</p> <p data-bbox="411 416 624 454">Commentary:</p> <p data-bbox="411 472 1430 712">Overall, we have made reasonable progress in addressing our backlog position through actions set out below, although we have further to go in our NHS programme than for local government. We are also still managing some ongoing resourcing challenges that may affect delivery in 2025-26. Our backlog now relates mostly to work from 2024-25 programmes still to be completed alongside new 2025-26 work.</p> <p data-bbox="411 730 788 768">In the reporting period we:</p> <ul data-bbox="411 786 1453 1317" style="list-style-type: none"> <li data-bbox="411 786 1382 898">• put clear plans in place to reprofile our local audit programmes in the NHS and local government to address a significant portion of our backlog and communicated those changes to audited bodies; <li data-bbox="411 920 1453 1032">• ensured that our resourcing arrangements give priority to reducing the backlog in our local audit programmes, while managing the impact on other work; <li data-bbox="411 1055 1430 1122">• progressed external recruitment for vacant roles and onboarded new staff to bring us back closer to our establishment; <li data-bbox="411 1144 1394 1211">• used our contractor pool to secure additional short-term resources to support project work; and <li data-bbox="411 1234 1401 1317">• progressed project work that will improve management information about the delivery of our audit projects and programmes.

Priority	Progress made
Fully embed new auditing and other recently introduced standards, identifying key learning points and scope for efficiency.	<p>Status: In progress</p> <p>Commentary:</p> <p>Examinations by the ICAEW’s Quality Assurance Department indicate the quality of our work has not been negatively impacted by the introduction of the new Audit Standard (ISA 315) and the implementation of INTOSAI performance audit standards. Some learning points were identified and appropriate follow-up training provided to staff.</p> <p>In 2024-25, year two of the implementation of the new Standard, we delivered tangible efficiencies from implementing the revised audit approach for NHS bodies yielding moderate refunds to our 2023-24 NHS audits.</p> <p>In 2024-25, we also:</p> <ul style="list-style-type: none"> • provided ISA 315 refresher training in preparation for 2024-25 audits; • undertook a significant programme of work to implement auditing standard ISA 600 (Audit of Groups) for our 2024-25 audits; • considered the scope to further automate our audit of accounts platform; and • made amendments to our performance audit delivery manual, completed a benefits realisation review, and have a major focus on building a new workflow process into our performance audit platform. <p>We are also in the process of updating our Code of Audit Practice to take account of the Ethical Standard 2024 and other developments.</p>

Priority	Progress made
<p>Introduce a more systematic approach to follow up work and the tracking of implementation of audit recommendations by public bodies.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>During the reporting period, we embedded new performance audit processes to systematically and consistently captured management responses from audited bodies to our recommendations. This was supported by the continuing development of a recommendations database to better track implementation (where accepted by audited bodies) and help prioritise any more targeted follow-up audit work. Initial work on that database was largely complete at the end of 2024-25 and we expect to roll it out during summer 2025-26.</p> <p>Our work on this priority builds on relevant staff training provided in 2023-24, which will be further embedded through changes to our reporting templates and audit delivery guidance to be introduced in 2025-26 and ongoing training.</p> <p>Planning for our local and national work programmes in 2025-26 includes a clear allowance for follow up work.</p>
<p>Greater focus on value for money through stronger financial and outcomes analysis in our performance audit work.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>During 2024-25, we started to see this greater focus reflected across live projects and recently published work, including our studies on Affordable Housing and Active Travel, a Community Pharmacy Data Matching Pilot and our recent reports on National Fraud Initiative outcomes, Financial sustainability of local government, and Cancer services in Wales.</p> <p>The cumulative value of potential savings, productivity gains and other financial benefits identified through our work since 2023 (KPI 7) has now increased to £16 million, and we have audit work in progress to help us achieve our target of at least £30 million by 2026. Further information is provided in Case study 3.</p> <p>During the reporting period, we also:</p> <ul style="list-style-type: none"> • embedded stronger consideration of financial and outcomes analysis earlier in the project planning phase for new work; and • explored available options and the costs of training to support associated skills development, including working with CIPFA to support their development of a new performance audit qualification and piloting other baseline training for new performance audit staff. <p>Our new performance audit report template (see below) will also encourage auditors to draw out key financial and outcome related facts and figures.</p>



A targeted and impactful approach to communications and influencing

Priority	Progress made
<p>Use our refreshed website to extend our reach and improve access to our published, live and upcoming audit work.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>During the reporting period, we continued the development of our refreshed website, building on the preparatory work completed in 2023-24. A key element of this work was the preparation of a live online version of our Forward programme of national studies, which provides summary information on individual studies once their plans are confirmed and an up-to-date position on the timetable for completion.</p> <p>We also piloted the use of interactive summaries of our main reports, starting with key corporate publications such as our Annual Plan, with a view to using this approach more widely in the longer term. Progress over the year has seen the development of templates and the platform to enable us to publish interactive documents.</p> <p>In addition, we worked with contractors to review our arrangements for preparing and designing audit reports, including the associated training arrangements for staff. This work included piloting the use of shorter audit reports for local government and monitoring the impact of the changes by gathering feedback from staff and councillors. The overall aim of this project is to make our reports shorter and easier to read, so that they better meet both our audience’s needs and new quality requirements.</p> <p>Overall, the number of visits to our website where at least one action is performed, e.g., download a report, click on a video (KPI 9) significantly exceeded our target by increasing by over a third from 59,100 to 81,000. We had already committed to a more stretching target for this KPI in our Annual Plan for 2025-26, but considering year end performance, we intend to further review the target and publish any subsequent amendments in our upcoming Interim Report.</p> <p>By contrast, the number of social media engagements i.e. interactions with our posts such as a like, a comment, or a retweet/share (KPI 10) reduced from our target of 4,000 in 2023-24 to 3,500 in 2024-25. This decline in engagement on social media platforms has been experienced across the public sector and is primarily down to changes in the algorithms used by platforms such as X (Twitter) and Facebook who prioritise engagement on paid for content over organic (free) posts. We are addressing this by leveraging new formats such as bitesize video and animation while increasing the volume of content on alternative platforms such as LinkedIn.</p>

Priority	Progress made
<p>Increase access to and engagement with good practice and insights during and on completion of our audit work.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>Over the reporting period there was strong media coverage of the insights contained within several of our published reports. This included widespread coverage from the BBC, ITV, local media and specialist publications of our reports on Affordable Housing, Governance of Fire and Rescue Authorities, and Active Travel.</p> <p>We also held a good practice event in May 2024 entitled Audit Committees: effective practices and a positive impact which provided an opportunity to share audit learning and experiences among representatives from across the public sector in Wales.</p> <p>To increase visibility of key learning from our audit work, we are currently in the process of redeveloping the area of our website where we promote examples of good practice. This will include sharing insights in a way and format that is engaging for stakeholders through a series of blogs and videos.</p>



A culture and operating model that enables us to thrive

Priority	Progress made
<p>Develop and implement a three-year quality monitoring programme to support our whole organisation approach to managing the risk to audit quality.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>In June 2024, the ICAEW’s Quality Assurance Department, confirmed that they consider our approach to developing a quality monitoring programme to be appropriate given our size and scale.</p> <p>We are making significant progress to embed a new quality monitoring standard, and we are working across Audit Wales to enhance our risk management arrangements and ensuring a stronger focus on quality in our corporate risk registers.</p> <p>During 2025-26, we will be implementing our updated monitoring processes to further strengthen our quality management arrangements and have invested to provide additional resource to support this work.</p>
<p>Deliver a whole organisation workforce plan designed to better meet current, and plan for future, staffing needs.</p>	<p>Status: In progress</p> <p>Commentary:</p> <p>We launched a whole organisation Workforce Strategy in September 2024, which sets out a longer-term vision for securing and developing the necessary Audit Wales people resources, including skills and capabilities.</p> <p>In the first year of the Strategy, we focused on four priority areas:</p> <ul style="list-style-type: none"> • talent management and succession planning; • skills development; • addressing the audit backlog – recruitment, retention and capacity; and • organisational design, roles and resourcing. <p>We established a range of performance measures to determine whether the business planning actions which flow from the Strategy are delivering as intended. These measures are monitored regularly by our Executive Leadership Team, and the Board’s Remuneration and HR Committee, and show that we have made good progress over the past six months. We are now developing our business planning actions for 2025-26 which will focus on managing our workload and establishment following the clearance of the backlog, our audit horizons programme including the need to strengthen digital skills, and succession planning.</p>

Priority	Progress made
<p>Further invest in our trainee and apprenticeship schemes to strengthen the field of candidates and provide better coverage of performance audit work.</p>	<p>Status: Complete</p> <p>Commentary:</p> <p>During the reporting period we ran an extensive recruitment campaign for the latest round of graduate trainee and apprentice intake and received an excellent level of interest. We successfully appointed the desired number of candidates. We continue to explore ways through which we can further increase the number of applications we receive from candidates from more disadvantaged communities.</p> <p>We also developed and rolled out the performance audit skills element of training for trainees, which is supplemented by practical work experience. Feedback from the first cohort has been very positive and we will be building on this throughout the remainder of their training contract. As well as providing trainees with a more rounded training experience, exposing our trainees to all areas of our work provides us with greater flexibility in our workforce planning which is a key organisational priority.</p> <p>During 2024-25, our trainees collectively achieved an 85% first-time pass rate in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales (KPI 18). This was an improvement on the previous year (82%) but still below our target of at least 90%.</p>

Priority	Progress made
<p>Encourage greater in-person working within our hybrid working model, to ensure a productive, collaborative and engaging environment for the delivery of high-quality work.</p>	<p>Status: Complete</p> <p>Commentary:</p> <p>Our focus for this priority has been securing high-quality but cost-effective accommodation with input from staff to best meet their needs, to help encourage and support greater in-person working to realise the associated business and wellbeing benefits. We delivered the final part of our estates strategy following successful office moves in Cardiff and North Wales in 2023, and a move to a new office in West Wales in April 2025.</p> <p>Our corporate teams continued to work together regularly in our main Cardiff office, taking account of demand for their services as well as the needs of the respective teams. Within Audit Services, work continued to secure an appropriate mix of in-person and online working, with accounts audit staff typically working from the office 2-3 days a week whilst performance audit staff had regular scheduled in-person team meetings alongside in-person work for specific project and corporate activities.</p> <p>During the reporting period we also launched a fortnightly compressed hours pilot to support greater productivity through offering more flexibility within our hybrid working model. Further information is provided in Case study 6.</p> <p>Maintaining the conditions for great hybrid working continued to be a focus for our IT and Estate teams ensuring that equipment and systems are available, and we continue to respond to feedback from staff.</p>

Case study examples of impactful projects

54 In this section, we provide case study examples of the work we delivered during 2024-25 and the impact that work has had. Our case study examples are grouped together by their alignment with the areas of focus in our five-year strategy.



A strategic, dynamic and high-quality audit programme

Case study 1: Progress made on getting local accounts audit work back on track

We continue to have a keen focus on returning our accounts audit delivery timetable to more traditional timetables. The timetable for both preparation and audit of accounts slipped during, and immediately after, the pandemic.

That focus has included:

- taking a three-year view of the challenge and prioritising accordingly;
- detailed modelling of our staff supply and demand position to forecast and respond in an agile manner to resource fluctuations;
- active recruitment and retention measures to maintain our staff establishment in a very challenging labour market;
- over-recruiting to accelerate our audit programme; and
- working in partnership with our audited bodies, and other system leaders, to take a collaborative approach to a shared challenge: this has included workshops hosted by the Welsh Local Government Association (WLGA) for Council Treasurers, and for Chief Accountants.

We have made excellent progress in returning to traditional timetables in the NHS and central government sectors. All 2023-24 accounts in these sectors were received and audited on time, other than one instance where a significant audit matter arose.

The position across the local government sector was more mixed. Where accounts were available by the 30 June deadline, we provided audit certificates for all audits by the deadline of 30 November (other than one instance where we were awaiting further information). However, we received a number of draft accounts after the deadline, and in a small number of cases, draft accounts have yet to be received. We are working with these bodies to support them in 'getting back on track'.

Beyond the pandemic impact, and at the UK-level, there is a widespread recognition that there are significant issues with local government accounts that impede the preparation and audit of accounts in that sector. We are actively engaged with a range of partners to find lasting solutions to these issues.

Data analytics tools can enhance financial reporting and audit processes. However, those tools are wholly dependent on the quality of available data, which is highly variable across the Welsh public sector. We will be working with audited bodies to explore how the quality of that data might be enhanced so as to facilitate the use of data analytics.

We also plan to launch a series of ‘faster closing’ good practice events to support our audited bodies to enhance their reporting processes. The first of these is scheduled for December 2025.

Case study 2: Reporting on government leadership



Affordable housing

Our September 2024 report considered progress made towards the Welsh Government’s target of building 20,000 new low carbon social homes by March 2026. We noted that price inflation has hit the affordable housing programme hard and that the Welsh Government was facing difficult choices about its funding priorities and approach if it remains committed to meeting or getting close to the target.

We made recommendations about developing a longer-term approach to affordable beyond the period of the target – which received support at the time from Community Housing Cymru. But we also made recommendations around scenario planning for the funding needed for key schemes in the shorter term and to support transparency and scrutiny of progress against the target. The Senedd’s Local Government and Housing Committee referenced our work in its own report later that month on social housing supply.



Providing certainty and overcoming delivery constraints is crucial to unlock the existing barriers in place – so we support the report’s recommendations to develop a long-term approach to funding and delivering social housing

Community Housing Cymru



Active travel

Also in September 2024, we reported that, despite increased spending through its Active Travel Fund and a new, wide-ranging, delivery plan, the Welsh Government remains a long way from achieving the step change in active travel intended through the [Active Travel \(Wales\) Act 2013](#). Approaches to monitoring and evaluation did not go far enough to enable robust tracking of progress or an overall assessment of value for money. As noted in Case study 4, this work has supported further Senedd committee scrutiny.



Cancer services

Our January 2025 report focused on the overall strategic approach to improving the timeliness of diagnosis and treatment. We found that stronger and clearer national leadership is urgently needed, along with a greater focus on prevention. This in an environment in which many cancer patients are waiting too long for cancer diagnosis and treatment and cancer survival outcomes that, while improving, are still poor compared to other countries.

We highlighted a lack of clarity over the status of the national Cancer Improvement Plan for Wales that was launched in 2023. We also called for greater clarity over the respective roles of the Welsh Government and the NHS Executive in overseeing and supporting improvement. We received strong support for our findings and recommendations from the [Wales Cancer Alliance](#) who have since given evidence to the Senedd Public Accounts and Public Administration Committee as part of its further [inquiry work](#) on this topic.



Biodiversity

In February 2025, we reported on how the Welsh Government and other public authorities have responded to the Environment (Wales) Act 2016 that places an enhanced ‘biodiversity and resilience of ecosystems duty’ on them. We found that the nature emergency has not been a high enough priority for public authorities, and many have failed to comply with the duty’s key planning and/or reporting requirements, including the Welsh Government itself in one respect.

We emphasised that the Welsh Government needs to do more to lead by example, support improvement, and take a more active interest in the application and impact of its own legislation and made recommendations to that effect. We also used our work to share lessons with the Welsh Government as it was considering further changes to environmental law.



A targeted and impactful approach to communications and influencing

Case study 3: Reporting on potential savings identified by our work

One of our business improvement priorities for the year was a greater focus on value for money through stronger financial and outcomes analysis in our performance audit work. Also relevant to this priority is our key performance indicator on the value of potential savings, productivity gains and other financial benefits identified through our work.



Community pharmacy data matching

In May 2024, we published the results from a community pharmacy data matching pilot project that covered two health boards. Although subject to various caveats, we had estimated that during the three years covered by the pilot, approximately £700,000 could have been saved by the NHS in Wales by reducing costs associated with items requiring special preparation by a registered manufacturer. Our work challenged the NHS to consider whether there is more that could be done to address variations in costs in this and other areas, as well as fraud risks.



The National Fraud Initiative

In October 2024, we reported on the most recent round of the biennial National Fraud Initiative (NFI). The exercise identified £7.1 million of reported fraud or error outcomes, most of which arose from local authority data matches relating to council tax, housing benefit, blue badges, housing waiting lists, and pensions.

The success of the NFI depends on how well participant bodies assess and review data matches and then record the outcomes. Some bodies are doing good work on this, but our review of data matching reports highlighted inconsistencies in local follow-up arrangements and some large variations in outcomes between similar participants. As the next NFI round rolls out, we are looking to increase our engagement with participating bodies to raise awareness, promote active participation, and understand better how bodies are assessing and reviewing matches.



Cancer services

In our January 2025 report, we set out some analysis of what impact a 10%, 20% and 38% reduction in cancer cases could have, based on 2022-23 activity levels. The potential annual financial savings from the reduction in bed days would be in the order of £8.2 million to £31.4 million. We noted that there could also be significant savings from reducing outpatient appointments and drugs costs. However, we recognised there would also be costs associated with activity to prevent cancer. We have counted the lower end figure from our range against our KPI.

Tackling delayed discharges from hospital

Our work on different aspects of urgent and emergency care is also identifying potential savings. Over the 21 months from April 2023 to December 2024, we estimate that delayed discharges from hospital have accounted for over 710,000 bed days which could have been put to better use. This equates to a cost of £355.3 million at an average of £16.9 million per month.

We have been preparing reports for each Regional Partnership Board region that highlight these costs and the potential to reduce them¹². We have not yet included a potential savings figure relating to this analysis against our KPI. We will do so once we finalise this analysis in a national summary output in 2025-26 but expect this will then help us reach and exceed our KPI target.

Case study 4: Greater engagement with Senedd subject committees

In November 2024, we discussed our work auditing community and town councils with the Local Government and Housing Committee as part of its [inquiry](#) into governance and accountability across the sector. We explained the approach we take in auditing councils' accounts and themes emerging from that work. In December 2025, we provided further information about the escalation process concerning the non-submission of accounts by councils and possible alternative models for the accounts and audit of councils. The Committee reflected on these matters in its [report](#) and recommended that the Welsh Government should work with the sector and the Auditor General to co-produce a new bespoke audit system.

Also in November 2024, we joined the Climate Change, Environment and Infrastructure Committee to provide a technical briefing about our September 2024 [report on active travel](#). The Committee drew on issues raised by our work to inform its general scrutiny of the Cabinet Secretary for Transport and North Wales that same month and its later scrutiny and [reporting](#) on the Welsh Government's draft budget for 2025-26. We have also been supporting the Public Accounts and Public Administration Committee's inquiry work on this topic.

During February and March 2025, we again provided input to support the work of the Local Government and Housing Committee, firstly as part of its [exploratory inquiry work](#) on digital in local government. Here, we drew on learning from a range of work, including our ['Digital by design?' report](#) on the sector in August 2024 and earlier work on cyber resilience and on digital inclusion. Later in February, we submitted detailed written evidence to support the Committee's [inquiry](#) on the role of local authorities in supporting hospital discharge. We also attended the Committee's stakeholder event in March to share further learning from our work in this area alongside representatives from other organisations.

Finally, in late March 2025, we were invited to meet with the Culture, Communications, Welsh Language Sport and International Relations Committee to share our thoughts around the topic of examining organisational governance and culture. We drew on learning from our work to inform how the Committee approaches possible future scrutiny of bodies within its remit.

12 Reports published by the end of March 2025 included those for [North Wales](#) and [Cardiff and Vale](#) regions.



A culture and operating model that enables us to thrive

Case study 5: Increased collaboration with overseas audit agencies

During the year we have renewed our focus on collaboration with overseas audit offices, which had reduced following the impact of the Covid pandemic, and the consequent reduction in international travel. This collaboration brings multiple benefits, including acquiring global insights, sharing best practices, and obtaining fresh perspectives for our work.

In April 2024, we participated in a study tour visit from the Sabah State Public Service Delegation. Sabah is one of the 13 federal states in Malaysia. Our staff gave presentations to the party about the work of Audit Wales, the financial and wider challenges for Welsh public services, and the Well-being of Future Generations (Wales) Act 2015.

In September 2024, the Auditor General, Adrian Crompton, and our Wellbeing of Future Generations (WFG) manager, Catryn Holzinger, participated in the [CEF-CIPFA Conference 2024](#) in Ljubljana, Slovenia. Adrian gave a keynote speech to this major regional and European event, and Catryn facilitated a workshop and participated in a panel discussion with a range of other subject-matter experts. This was a fantastic opportunity to share insights from our WFG work with an international audience.

In January 2025, we hosted a delegation from the Republic of Kosovo National Audit Office, which included the Auditor General, Vlora Spanca, and her senior staff. This was an opportunity to learn more about our respective offices and our work, which included presentations and subsequent discussions on real-term audit, and digital audit.

In January 2025, Adrian joined the clerking team of the Senedd Public Accounts and Public Administration Committee and others from the Senedd Commission to support a visit from a delegation from the Iraqi Parliament. The delegation was visiting to strengthen financial oversight, and build stronger working relationships with other bodies, including representatives from UK Parliament and the UK National Audit Office.

Case study 6: Compressed hours pilot

As part of 2023 pay discussions, our recognised Trade Unions proposed that Audit Wales should consider implementing compressed working across the workforce, whereby employees could compress up to 10% of their contracted hours over a two-week period.

The proposal was made in the context of high levels of inflation, and was seen as a no cost benefit that might support greater productivity and promote equality, diversity and inclusion, through providing additional flexibility for staff and enabling a better work life balance. Alongside the potential benefits, it was acknowledged that there were also potential risks, particularly in terms of impacts on staff productivity, realised income and the seamless delivery of the audit service.

We agreed to pilot compressed hours working for a period of at least 12 months, to assess impact through a whole audit delivery cycle. Progress was reviewed every three months, with the option to end the pilot if it was not delivering the intended benefits, or if any of the potential risks crystallised. A balanced scorecard of measures was developed to fully assess the impact of compressed hours working, covering financial, employee, organisational and stakeholder perspectives. In addition, we surveyed staff who opted to take part in, as well as to not take part in, the pilot each quarter to assess its impact.

The opportunity to participate in the pilot has been extended to all staff, and so far, around 30% have opted to take part. We completed the third quarterly review in April 2025 and the feedback has been overwhelmingly positive. There has been no evidence of adverse impacts on audit delivery, and staff taking part in the pilot have noted a positive impact on their work life balance and wellbeing.

Summary of our use of resources in the reporting period

- 55 We are fully committed to embedding the sustainable development principle¹³ in the way we run our business, and in the way we resource our audit work. In this section we provide some high-level commentary on how we managed our use of resources during 2024-25.
- 56 While neither the Auditor General nor the Wales Audit Office are listed public bodies for the purposes of the Well-being of Future Generations (Wales) Act 2015, we nonetheless seek to maximise our contribution to achieving the Welsh well-being goals.

Delivering sound financial management and efficiencies

Sources of funding

- 57 The key priorities for our use of resources in 2024-25 were laid out in an Estimate and Supporting Information, which was considered and approved by the Senedd Finance Committee in November 2023.
- 58 Approximately two-thirds of our funding in 2024-25 was expected to come from fees charged to audited bodies in accordance with a Fee Scheme approved by the Senedd. Most of the remainder comprised approved financing from the Welsh Consolidated Fund, our use of which was subject to scrutiny from the Board at regular intervals during the year.
- 59 As we worked hard to deliver against our target to address the post-Covid audit backlog, we significantly exceeded our expected fee income delivery with excess income of £961,000 being reported in our Statement of Resource Outturn on page 93.

Our Expenditure

- 60 As set out in the Statement of Resource Outturn and accompanying notes, our total budget for 2024-25 was £26.9m of which £22.3m (83%) was due to be spent on staff costs, £4.2m (15%) on other operating costs such as our office accommodation, ICT provision, staff training and travel with the balance of £310k (2%) being allocated for capital investment in our office accommodation and ICT equipment.
- 61 In 2024-25 we underspent this budget by £864,000 which represented 3.2% of our gross expenditure budget. Our KPI target is for a variance of 2% and hence this target was not met for the year.

13 Defined in the Well-being of Future Generations (Wales) Act 2015 as acting 'in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'.

- 62 The main reason for this was a significant (£1.1m) underspend in staff costs due to vacancies in the first half of the financial year. As the majority of these vacancies were in non-fee earning and trainee roles we were still able to achieve our ambition to reduce the backlog of audit work which resulted in the excess fee income discussed above.
- 63 We invested £303,000 of capital funding including in the following areas:
- £152,000 for improvements to our office accommodation including set up costs for the new West Wales office and confidentiality improvements at Llandudno Junction;
 - £84,000 on new laptops and peripheral equipment in line with our rolling replacement programme; and
 - £45,000 to upgrade our finance system moving it to a fully cloud-based solution for improve cyber security.

Effective use of resources

- 64 In line with our strategic vision to be a model organisation, we continue to explore areas for savings and efficiencies across Audit Wales. In 2024-25, we achieved our £400,000 non-pay cost savings target for the year (KPI 16) and utilised some of the savings from staff vacancies to invest in our priority areas including staff well-being, our impact and our use of data.
- 65 We continue to deliver annual recurring savings of over £200,000 from our recent office moves in Cardiff and North Wales. In 2025-26 we will realise further savings following a West Wales office move in April 2025.

Our assets and liabilities

- 66 Our assets and liabilities are set out in the Statement of Financial Position in the Financial Statements. This shows that our net assets reduced by just over £200,000 in 2024-25. The change in net asset value was driven by:
- a reduction of just under £1m in the value of trade receivables (debtors) and work in progress (ie audit work which has been delivered but not yet billed). The most significant reduction is in our debtors as we worked hard in the year to chase unpaid amounts.
 - a reduction of £1.2m in deferred income (fees that have been billed where the work has yet to be delivered) as we address the backlog of audit work.

Resources for future years

- 67 The Senedd Finance Committee approved our [Estimate for 2025-26](#) in November 2024 which increased our total resources by 5.4% for the year. This will be funded by a 6.5% increase in the amount of fee income that we are expected to deliver along with a 3.5% increase in funding from the Welsh Consolidated Fund.
- 68 These resources will be used to meet the ambitions set out in our [Annual Plan for 2025-26](#) including our plans to continue to address the backlog of audit work.

Ensuring effective staff engagement

- 69 During the year we used a variety of media and communications channels to engage with our employees, providing essential updates and information on accessing resources and support, and gathering feedback on their experiences.
- 70 Each year, all staff are required to complete an annual independence return, through which they agree to abide by the requirements of our Code of Conduct, [Code of Audit Practice](#) and Information Security Policy. As part of this process, attention is drawn to a range of relevant documents, including our Money Laundering Guidance and Counter Fraud, Bribery and Corruption Strategy.
- 71 In October 2024, we ran an all-staff engagement survey to keep our finger on the pulse of the employee experience and identify where we need to improve. 80% of staff completed the questionnaire, which covered a range of themes, from the leadership and culture of the organisation through to how individual teams function.
- 72 A [summary of the results of our survey](#) has been published on our website. We were proud to see our overall engagement index score (KPI 12) rise from 64% to 71%, substantially higher than the Civil Service benchmark. Percent positive scores improved in year across most of the thematic areas covered by the survey. However, staff also provided feedback on several areas where there is scope for further improvement, which has been used to inform our business planning for 2025-26.

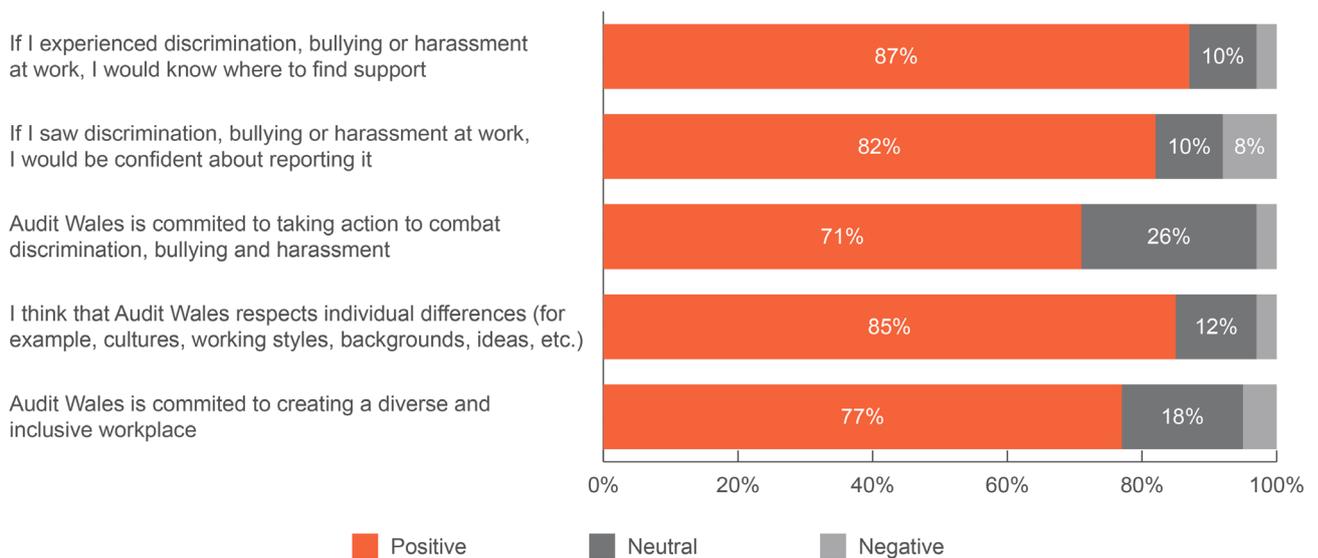
Promoting health and well-being

- 73 We encourage a healthy lifestyle and a good work-life balance amongst our staff. We also want our staff to feel valued and fully supported when they are experiencing difficulties, irrespective of whether there is an impact on their ability to undertake their role.
- 74 Our comprehensive well-being and attendance management policies and guidance ensure any staff health and well-being issues are proactively and sensitively identified and managed. The proportion of total time lost due to sickness absence (KPI 14) remained within our target of less than 4%. More information on our sickness absence data for the reporting period is provided in the Staff Report section.
- 75 Throughout 2024-25, our network of mental health first aiders and well-being champions were on hand to talk to staff, alongside our 24/7 employee assistance programme offering staff access to confidential counselling and emotional support when needed. We also communicated initiatives to encourage good health and well-being at work. These included:
- a Know Your Numbers health checks offered to all staff
 - b Flu jabs for all staff
 - c Wellbeing blogs, articles and lunch and learns
 - d Gym memberships via our benefits app
 - e A Cycle to Work scheme
 - f Eye test reimbursements

Valuing equality, diversity and inclusion

- 76 The Auditor General is in a strong position to identify opportunities for helping to promote equality and inclusion in the delivery of public services. In reporting on public bodies, he is able to encourage beneficial changes.
- 77 The Wales Audit Office is committed to providing a work environment that values the diversity of all people, both our own staff and those with whom we come into contact during our work. We fully support the rights of people to be treated with dignity and respect.

- 78 At Audit Wales, we are required to follow the framework of protection against discrimination, harassment and victimisation and the public sector equality duties brought in by the Equality Act 2010. We are also mindful of the need to reduce the inequalities of outcome that result from socio-economic disadvantage and have a responsibility to uphold the conventions set out in the Human Rights Act 1998.
- 79 We have an established staff group, Pawb, which helps ensure effective engagement with employees representing the interests of protected groups. Pawb members act as equality and diversity champions who are available for staff to raise concerns and share ideas on how our policies and practices can be improved.
- 80 Our [Strategic Equality Plan for 2022-2026](#) sets out our current equality objectives, which were developed following public consultation. Throughout 2024-25, a range of activities were carried out in support of achieving these objectives. In 2025-26, we will carry out a review of these objectives, followed by an external consultation on any proposed revisions to our equality objectives for the period 2026-2030.
- 81 Our latest [Equality Report](#) summarises progress made towards delivering our equality objectives in 2023-24 and is accompanied by an interactive data tool presenting our workforce diversity and pay gaps data. We will publish our progress report for 2024-25 later in 2025.
- 82 A summary of responses from employees in October 2024 to staff survey statements that relate to equality is provided below.



Promoting use of the Welsh language

- 83 We take pride in providing a bilingual audit service and are committed to implementing and maintaining the Welsh Language Standards, which we see as a baseline level of a bilingual service, not a target. Our public documents are available in both Welsh and English, we have a fully bilingual website, and throughout 2024-25 we communicated with the public, audited bodies, and the media in both languages.
- 84 Within our apprentice and graduate recruitment campaigns, and for all other campaigns recruiting for three or more positions, we have a commitment that at least 20% of our posts will be advertised as Welsh essential.
- 85 During 2024-25 we ran several initiatives to promote the Welsh language, both internally and with partners. We continue to promote and support days celebrating Welsh internally to staff, including but not limited to Dydd Miwsig Cymru and Diwrnod Shwmae the Welsh Language Commissioner's Defnyddia dy Gymraeg. We continue to encourage staff to use and develop their Welsh language skills and support them on their journey.
- 86 Our [Compliance Notices](#) can be found on our website and in September 2024 we published our latest annual [Welsh Language Report](#).

Supporting community and charity work

- 87 We recognise the benefits that community and charity work by staff can bring to the wider community and applaud our staff for their individual efforts. Staff can apply the skills they have developed in the workplace and can develop new skills, whilst improving their morale, physical health and work-life balance.
- 88 Subject to operational requirements, we support employees who wish to undertake community or charity activities such as community care work, participating in conservation projects and the administration of public events.
- 89 Over the course of the reporting period our staff held several fundraising and donation events, including cake sales and our annual carol concert supporting adults with learning difficulties.

Minimising our environmental impact

- 90 Audit Wales recognises the need to minimise our impact on the environment and play our part in addressing the threat of climate change and the threats posed to wildlife and natural habitats by human activities.
- 91 In 2024-25, we maintained our accreditation at Level 5 (the highest level) of the [Green Dragon Environmental Standard](#), demonstrating our ongoing commitment to effective environmental management. The most recent Green Dragon external audit was completed in June 2024.
- 92 We have published an [interactive data tool](#) which allows the reader to explore how we have performed over the last few years against our environmental sustainability measures on greenhouse gas emissions, finite resource consumption, and waste management. The preparation of this tool has been informed by the latest HM Treasury [guidance for public bodies on sustainability reporting](#) and the [Welsh public sector net zero reporting guide](#).
- 93 Overall, our total CO₂ equivalent emissions (KPI 17) increased from 280 tonnes in 2023-24 to 370 tonnes in 2024-25. This was mainly due to increased levels of staff attendance at our offices and audited body sites, as part of our work on moving to an optimum hybrid working model with an appropriate mix of in-person and online working,
- 94 Throughout the reporting period, with input from an internal Carbon Reduction Working Group and external networking, we continued our planning work for how we will contribute to achieving [Wales's longer-term net zero carbon goals](#). This included refining our reporting processes, publishing a new Sustainable Travel Plan, and developing an overarching Carbon Reduction Plan.
- 95 In addition, we are committed to seeking to maintain and enhance biodiversity so far as is consistent with our functions. In August 2023, we published a Biodiversity and Resilience of Ecosystems Plan for the period 2023-2027, which sets out four specific objectives to help us better perform the Environment (Wales) Act 2016 [Biodiversity and Resilience of Ecosystems Duty](#). Throughout 2024-25, a range of activities were carried out in support of achieving these objectives. We will publish our fourth report on compliance with the Duty in December 2025, covering the period 1 January 2023 to 31 December 2025.
- 96 The sections below provide more detail on progress we have made over the last year in reducing our environmental impact in key areas.

Business travel

- 97 Audit Wales operates a hybrid working model where staff are encouraged to:
- a make informed decisions about where they work, choosing the most suitable work environment to deliver successful outcomes, putting team and delivery needs first; and
 - b balance the benefits of collaboration in the office with the flexibility of working from home.
- 98 This adoption of smarter and more flexible ways of working, supported by our IT and digital platforms, reduces the need for staff to travel and our overall environmental footprint. This includes through our recently introduced compressed hours pilot (see Case study 6).
- 99 However, some business travel remains essential for us to effectively perform our audit and other functions. In 2024-25, Audit Wales staff attended our offices and audited body sites more regularly than previously in the post-COVID period, which has impacted on progress towards meeting our KPI target of a 40% reduction in CO₂ equivalent emissions from a pre-COVID baseline (currently at 35% reduction). Our Sustainable Travel Plan and Travel and Expenses Handbook continue to help us reduce the environmental and financial impacts of business travel and commuting and encourage greater levels of physical activity for health and wellbeing benefits.
- 100 Throughout the reporting period, all staff were offered participation in a cycle-to-work scheme and a salary sacrifice lease scheme to encourage take-up of electric and hybrid vehicles, alongside being signposted to other incentives and resources to promote active travel. All of our office locations now have EV charging stations, cycle facilities and showers to promote active travel.

Our sustainable business travel principles



Alternatives to travel such as a video call should be considered before agreeing to meet in person



The minimum number of employees needed should travel



Public transport should be used where possible



We encourage car sharing where public transport is not a viable option



Individuals should seek the most sustainable option possible, weighing up all relevant considerations such as health and safety, well-being and value for money

Estate

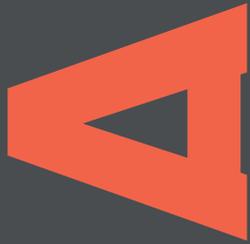
101 Over the previous two years we have relocated all three of our offices into smaller more modern premises with significantly improved environmental performance:

- in March 2023, we relocated our Cardiff headquarters to smaller premises within close proximity to two main train stations and traffic-free cycle and walking routes;
- in September 2023, we relocated our North Wales office into smaller shared premises, also with an improved environmental footprint and facilities; and
- in March 2024, we finished setup of our latest office in West Wales, into smaller more efficient premises, with the move taking place April 2025.

- 102 The impact of these moves can be seen through a 58% reduction in carbon emissions attributed to energy use and use of natural resources across our estate compared to 2022-23. In all our estate relocations, we also opted to reuse all our surplus furniture and equipment rather than entering it into the waste stream. Items were donated to over 15 charity, community-run and public sector organisations supporting the local community.
- 103 In April 2024, the Welsh Government introduced new regulations requiring all workplaces to separate recyclable materials. New recycling bins were located in our offices to capture the required separate waste streams and further improve our processes for collecting and separating waste.
- 104 Throughout the reporting period, we have proactively used reuse schemes to reduce our consumption of finite resources, and the proportion of our waste sent to landfill. Our use of consumer single use plastics is also very low, and for many deliveries in 2024-25 we opted out of packaging altogether.
- 105 All our staff use laptops and smart phones which reduce the need for the printing of meeting papers.

Procurement

- 106 Throughout the reporting period, our procurement activities have followed a hierarchy that prioritises avoidance, reuse, refurbishment, and recycling before purchasing new. This includes applying the approach to our office move projects and as part of a 'circular economy' approach for purchase of supplies and equipment. Where purchase is the viable option, our preferred route of sustainable procurement is via Welsh and UK Government frameworks that follow the Government Buying Standards.
- 107 Specifically in relation to our procurement of IT equipment, we prioritise energy efficiency and device reuse, alongside user needs.



Accountability Report

Key statements and reports that enable us to meet accountability requirements and demonstrate compliance with good corporate governance.

Adrian Crompton
Auditor General for Wales and Accounting Officer

26 June 2025

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Corporate governance report

Directors' report

Our Board



Adrian Crompton
Auditor General
for Wales



Alison Gerrard
Non-executive
member



Anne Beegan
Elected employee
member



Chris Bolton
Elected employee
member



Darren Griffiths
Appointed
employee member



David Francis
Non-executive
member



Dr Ian Rees
Non-executive
Chair of the Board



Mike Norman
Non-executive
member



Richard Thurston
Non-executive
member

Our Executive Leadership Team



Adrian Crompton
Auditor General
for Wales and
Chief Executive



Anne-Louise Clark
Executive Director
of Communications
and Change



Ann-Marie Harkin
Executive Director
of Audit Services



Kevin Thomas
Executive Director of
Corporate Services

108 The exhibits in this section show the composition of the Board and Executive Leadership Team (ELT) as of 31 March 2025. For the full list of individuals that have been members of the Board and its committees over the course of 2024-25, please see the Attendance Table in the Governance Statement.

Register of interests

109 Members of the Board and ELT must provide details of any company directorships and other significant interests which may conflict with their responsibilities and present risks to the Auditor General's independence. Registers of interests for individual members of the Board and ELT can be accessed via the 'Read More' links on the [Who's who page](#) of our website.

Auditor of the Wales Audit Office

110 RSM UK Audit LLP have been appointed as the external auditor of the Wales Audit Office by the Senedd Finance Committee since 1 March 2015, most recently for a period of 48 months commencing 1 November 2022.

111 In addition to their work to form an opinion on the financial statements and regularity, the auditor may carry out examinations into the economy, efficiency, and effectiveness with which the Auditor General or Wales Audit Office has used resources in discharging their functions and lay a report of the results of any such examinations before the Senedd.

112 Details of the cost of external audit services are disclosed in the Notes to the financial statements.

Statement of Accounting Officer's responsibilities

- 113 Under the Public Audit (Wales) Act 2013, the Auditor General for Wales is the Accounting Officer for the Wales Audit Office and must, for each financial year:
- a keep proper accounts and proper records in relation to them; and
 - b prepare a statement of accounts.
- 114 The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Wales Audit Office and of its income and expenditure, Statement of Financial Position, and cash flows for the financial year.
- 115 In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:
- a observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - b make judgements and estimates on a reasonable basis;
 - c state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts; and
 - d prepare the accounts on a going concern basis.
- 116 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Wales Audit Office's assets, are set out in Managing Welsh Public Money. Additional responsibilities are described in the Memorandum for the Accounting Officer of the Wales Audit Office, issued by the Senedd.
- 117 As Accounting Officer, I confirm that:
- a this Annual Report and Accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable;
 - b I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Wales Audit Office's auditors are aware of that information; and
 - c as far as I am aware, there is no relevant audit information of which the Wales Audit Office's auditors are unaware.

Governance Statement

- 118 This statement sets out the control structure of the Wales Audit Office and provides an account of corporate governance and risk management. The systems and framework in this statement have been in place for the year under review and up to the date of approval of the annual report and accounts.
- 119 As Accounting Officer of the Wales Audit Office, I must seek to ensure that:
- a a sound system of internal control is maintained in the Wales Audit Office, including a robust internal audit process, to support the proper exercise of statutory functions; and
 - b the Wales Audit Office's management of opportunities and risk achieves the right balance commensurate with the business of the Auditor General and Wales Audit Office.

Corporate governance

The governance framework

- 120 The governance framework of the Wales Audit Office, including information on the coverage of the Board's work and that of its committees, is summarised in the exhibit overleaf.
- 121 Our Board of nine members comprises a majority of five non-executive members (including the Chair), the Auditor General, an employee member appointed on the Auditor General's recommendation and two elected employee members. The Board meets formally at least six times a year.
- 122 There is a Senior Independent Director whose responsibilities include: deputising for the Chair when they are unable to act; appraising the performance of the Chair; receiving disclosures from whistle-blowers outside the normal line management chain; and overseeing the election of employee members to the Board.
- 123 The relationship between the Wales Audit Office and the Auditor General is governed by a Code of Practice which is approved by the Senedd and reviewed periodically.
- 124 The Board has established two committees which operate in an advisory capacity.

- 125 The Audit and Risk Assurance Committee comprises three non-executive Board members, an employee Board member and an independent external member.
- 126 The Remuneration and HR Committee comprises three non-executive members of the Board and two employee Board members.
- 127 Following a review of governance documents in July 2024, changes were made to the membership of both committees to ensure quorum rules can be consistently applied.
- 128 The employee Board members are not members of the Executive Leadership Team nor involved in senior-level decision-making other than in a Board capacity. The Board is satisfied that there are no conflicts of interest in their committee membership and that, where conflicts arise, they are managed and mitigated effectively.
- 129 I chair an Executive Leadership Team (ELT) to direct, oversee and monitor the implementation of the priorities set out in our Annual Plan. It meets at least once a month and comprises myself and three Executive Directors. Members of a Staff Panel also attend ELT meetings on a rotational basis to bring an employee perspective to the discussions.
- 130 The Board and its committees are supported by a Board Secretary. The Board has a forward programme of business that helps inform agendas and is designed to ensure that business is conducted as efficiently and effectively as possible.
- 131 Further information on membership of the Board and ELT can be found in the Directors' Report.

Finance Committee of the Senedd

Scrutinises the Wales Audit Office’s use of resources, recommends the appointment of the Auditor General and non-executive members of the Wales Audit Office, and is responsible for the appointment of the Wales Audit Office’s external auditor.



Wales Audit Office Board

Monitors the exercise of the Auditor General’s functions.
Provides the Auditor General with advice.
Employs staff and provides resources for the exercise of the Auditor General’s functions.
Charges fees for work done by the Auditor General.
Prepares jointly with the Auditor General an estimate of income and expenses, fee scheme, annual plan, interim report(s) and an annual report.



Remuneration and HR Committee

Advises the Board by scrutinising and challenging three broad areas of human resources management and development:

- a governance;
- b performance; and
- c policy and remuneration.



Audit and Risk Assurance Committee

Advises the Board by:

- a reviewing the comprehensiveness and reliability of sources of corporate assurance;
- b reviewing the integrity of the annual report and accounts; and
- c providing an opinion on how well the Board and the Accounting Officer are supported in discharging their respective roles.



Executive Leadership Team

Directs and oversees implementation of the strategic objectives and programmes of work described in the Audit Wales Annual Plan. Acts as a change management programme board, setting the programme’s direction and providing resources for its implementation.



Attendance at Board and Committee meetings 2024-25

Table showing the number of Board and committee meetings held in 2024-25 and attendance by members (and attendance by members of the ELT who are not Board members).

	Board ¹⁴	ARAC	RHRC	ELT
Number of meetings held	9	5	5	21
Members of the Board and its committees				
Adrian Crompton, Auditor General and Chief Executive ¹⁵	8	5	4	19
Alison Gerrard, Non-executive member and Chair of the Remuneration and HR Committee (RHRC)	9		5	
Andrew Clark, former Independent member of the Audit and Risk Assurance Committee (ARAC) ¹⁶		1		
Anne Beegan, Elected employee member	6	5		
Chris Bolton, Elected employee member ¹⁷	8		3	
Darren Griffiths, Appointed employee member ¹⁸	7		4	
David Francis, Non-executive member, Senior Independent Director and Chair of ARAC ¹⁹	9	5		
Elinor Gwynn, former Non-executive member ²⁰	2		1	
Dr Ian Rees, Non-executive member and Chair of the Board ²¹	8	3	4	

14 On 4-5 December 2024, the Board and ELT also held a development workshop to consider the outcomes of the annual staff survey, the outcomes of the Board's self-assessment of its effectiveness and horizon scanning with a focus on digital developments.

15 Adrian Crompton attended ARAC and RHRC meetings in his capacity as Chief Executive and Accounting Officer.

16 Andrew Clark's term of office as Independent Member of ARAC ended on 30 June 2024.

17 Chris Bolton attended one RHRC meeting as an observer in his capacity as an elected employee member of the Board. For the remaining RHRC meetings, following a change in membership on 31 July 2024, he attended as a committee member.

18 Darren Griffiths did not attend one meeting on the request of the Chair in accordance with the Board's Terms of Reference so as to ensure that the meeting was quorate, with a majority of non-executive members present.

19 David Francis took on the role of Chair of ARAC on 13 June 2024, having previously attended meetings as a committee member.

20 Elinor Gwynn's term of office as a non-executive member ended on 31 May 2024.

21 Ian Rees was appointed by the Senedd as Chair of the Wales Audit Office Board for a period of four years from 12 June 2024. Previously, Ian had been appointed as a non-executive member of the Board from 17 October 2020 and had performed the role of Chair of ARAC until his appointment as Chair of the Board. Following his appointment as Chair of the Board Ian attended ARAC meetings as a committee member. Following revision of the RHRC Terms of Reference to increase its membership, Ian attended RHRC meetings from 13 June 2024 as a committee member.

	Board ¹⁴	ARAC	RHRC	ELT
Members of the Board and its committees				
Dr Kathryn Chamberlain, former Non-executive member and Chair of the Board ²²	1			
Mike Norman, Non-executive member ²³	7	5	1	1
Owen Purcell, Independent member of ARAC ²⁴	1	3		
Richard Thurston, Non-executive member ²⁵	7	2	3	
Members of the Executive Leadership Team (who are not Board members)²⁶				
Anne-Louise Clark	6	3		18
Ann-Marie Harkin	7	3		18
Kevin Thomas	7	5	5	20

22 Kathryn Chamberlain was appointed by the Senedd as Chair of the Wales Audit Office Board for a period of four years from 16 March 2023. On 15 April 2024, the Senedd Finance Committee informed her that it considered her disqualified from being a member and chair of the Board, with effect from 1 January 2024. This was by virtue of her holding another role which the Committee considered to be a disqualifying office under paragraph 26 of Schedule 1 to the Public Audit (Wales) Act 2013.

23 Mike Norman was appointed by the Senedd as a non-executive member of the Board on 01 June 2024. He attended two ARAC meetings, one RHRC meeting and one ELT meeting as an observer in his capacity as a non-executive member of the Board. For the remaining ARAC meetings, following a change to its Terms of Reference to increase its membership on 30 July 2024, he attended as a committee member.

24 Owen Purcell was appointed as Independent Member of ARAC on 01 September 2024. He attended one Board meeting as an observer.

25 Richard Thurston was appointed by the Senedd as a non-executive member of the Board on 01 June 2024. Following a change in membership on 30 July 2024, he attended RHRC meetings as a committee member. Richard also attended one ARAC meeting as a member, substituting for Ian Rees, and one ARAC meeting as an observer.

26 The Executive Directors attended meetings of the ARAC and RHRC as appropriate to give briefings, participate in discussions or to take their advice. They have a standing invitation to attend Board meetings.

Account of corporate governance

- 132 The Board receives assurance that its objectives are being met through:
- a internal management reports, performance reports and topical briefings;
 - b independent internal reports, including internal audit reports and the reports of the Audit and Risk Assurance Committee and the Remuneration and HR Committee; and
 - c external audit reports.
- 133 The Board is satisfied that the level of assurance sought and provided is proportionate to the associated levels of assessed risk. The Board is also satisfied with the quality of the information it receives, which is underpinned by data presented in a recently developed Management Information Dashboard, although it considers that there is scope to improve the focus and format of some elements of financial reporting. Non-executive Board members and Executive Directors meet regularly to ensure that the work of the Board, its Committees and the ELT are aligned.
- 134 The Board has a Code of Conduct under which the Board Secretary maintains members' registers of interests which are reviewed annually and updated during the year to capture any changes notified by members.
- 135 The Chair of the Board and the chairs of its committees have a right of access, and can report any matters of concern, directly to the Chair of the [Senedd Finance Committee](#).
- 136 The Head of Internal Audit and the External Auditor have open and confidential access to the Chair of the Audit and Risk Assurance Committee. In addition, the Committee holds a private session with the internal and external auditors before each committee meeting.
- 137 On a voluntary basis, the Wales Audit Office assesses its arrangements against the requirements of the [Code of Good Practice for Corporate Governance in central government departments](#). The Board is satisfied that it complies with those requirements insofar as they are relevant and practical given the need to preserve the Auditor General's independence. The arrangements do not comply with all of the Code's requirements because:
- a the Wales Audit Office is not a ministerial department, nor does it report to or receive instructions from ministers or their officials; and
 - b the role and responsibilities of the Board and its membership are set in statute.

- 138 In addition, the Board has not established a nominations committee, but the functions described in the Code are undertaken by the Board and the Remuneration and HR Committee.

Board performance and effectiveness review

- 139 In 2024-25, the Board conducted a self-assessment of its effectiveness in line with good practice set out in the Corporate Governance Code. The Board considered the results in December 2024. The assessment concluded that, overall, the Board was operating effectively with some areas for improvement identified. The Board developed an action plan to address the key areas identified for improvement and agreed to commission an independent evaluation of its effectiveness in 2025-26.
- 140 As part of their annual reporting requirements, the Board committees each complete a self-assessment of their effectiveness. The Audit and Risk Assurance Committee assesses itself against the good practice principles described in HM Treasury's [Audit Committee Handbook](#). The Remuneration and HR Committee has adapted that assessment to ensure that it is relevant and proportionate to its situation. The Board is satisfied with the robustness of the assessments and content that there are no matters of concern.
- 141 The Board has in place a process for conducting members' performance appraisals operating on a 12 to 18-month cycle. They were last completed in October 2024.
- 142 The Board has a learning and development plan which is updated annually. The plan sets out the arrangements for induction training and for meeting ongoing learning and development needs identified during the year, including those identified through the self-assessment and performance appraisal processes.

Report of the Audit and Risk Assurance Committee

- 143 The Audit and Risk Assurance Committee presented its annual report to the Board and Accounting Officer in June 2025, summarising its conclusions from the work it had undertaken during 2024-25.
- 144 The Committee provided assurance that:
- a financial reporting is consistent with the requirements of the Government's Financial Reporting Manual and reports are prepared in accordance with appropriate accounting policies;
 - b the risk assessment and risk management arrangements appear to be robust and operating effectively within a clear internal control framework;
 - c arrangements for identifying and reporting wrongdoing such as fraud, bribery, corruption and money laundering are robust and in line with good practice;
 - d the WAO's counter-fraud arrangements are robust, policies and guidance are up to date and fraud risks are recorded within the WAO's risk and assurance framework and are subject to regular scrutiny; and
 - e the WAO's practical cyber security arrangements are robust, and further assurance has been provided through external accreditation with Cyber Essentials Plus in early 2025.
- 145 The Committee appreciated the support and open and honest engagement it has received from management and from the internal and external auditors during the reporting period.
- 146 The Committee continued to review the performance of the internal and external auditors over the course of the year, and is satisfied that the self-assessment review of its own effectiveness carried out in Spring 2025 has revealed no significant areas of concern.

Report of the Remuneration and HR Committee

- 147 In 2024-25, the Committee scrutinised a broad range of issues in alignment with its terms of reference. These included:
- a reviewing and monitoring performance management systems and processes;
 - b considering and recommending a pay strategy;
 - c reviewing the development of the Strategic Workforce Plan²⁷ and the delivery of year one priorities;
 - d monitoring the implementation of the compressed hours pilot which was introduced to offering greater flexibility in working arrangements;
 - e conducting reviews of key policies and processes relating to pay, probation and capability, and dignity and respect; and
 - f reviewing the approach for meeting the requirements of the new sexual harassment preventative duty introduced under the Equality Act 2010.
- 148 The Committee appreciated that management had openly engaged with the Committee and responded positively to the Committee's feedback and suggestions.
- 149 Overall, the Committee reported that it is satisfied that the Wales Audit Office's remuneration and HR arrangements:
- a support the Board's strategic aims;
 - b enable the efficient, effective, and economic conduct of business including the recruitment, motivation, and retention of staff; and
 - c comply with regulatory requirements, including ensuring that the disclosures in the annual Remuneration Report are in accordance with legal requirements.
- 150 The Committee is satisfied that the self-assessment review of its effectiveness carried out in Spring 2025 has revealed no significant areas of concern.

27 The Strategic Workforce Plan has replaced the People and Organisational Development Strategy as the Wales Audit Office People Strategy.

Internal Auditor's report

- 151 Following a tender exercise conducted under the Crown Commercial Services Audit and Assurance Services agreement, TIAA were appointed as the internal auditors of the Wales Audit Office for a three-year period ending June 2026.
- 152 The Head of Internal Audit prepared an internal audit strategy and plan for 2024-25 which was considered by the Audit and Risk Assurance Committee at its meeting on 28 February 2024.
- 153 During the reporting period, nine internal audit reports were issued. The Head of Internal Audit maintained a tracker to follow up on audit recommendations and agreed actions.
- 154 In the annual statement of assurance for 2024-25, the Head of Internal Audit reported that:
- 'TIAA is satisfied that, for the areas reviewed during the year, Audit Wales has reasonable and effective risk management, control and governance processes in place. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Audit Wales from its various sources of assurance.'

Table listing the internal audit reviews carried out in 2024-25 and providing the overall assessment and a summary of key findings

Internal audit review	Date of issue	Overall assessment	Key findings
Corporate Governance – Strategic Control	August 2024	Substantial assurance	<p>Audit Wales has effective governance arrangements in place for the strategic control of the organisation.</p> <p>Audit Wales has an organisational Strategy 2022-27 in place supported by an Annual Plan which is monitored regularly by the Board.</p> <p>Board governance documents are reviewed annually, although the Code of Conduct for Board Members is currently overdue a review.</p>
Proactive Counter-Fraud Arrangements - Overtime	December 2024	Substantial assurance	<p>Appropriate controls were found to be in place on the management of the overtime pilot scheme.</p> <p>Testing confirmed that overtime was approved in accordance with the procedures.</p> <p>The paid overtime limit was restricted to 5 hours on top of the 35-hour week to support employee wellbeing.</p>
ICT Infrastructure	December 2024	Reasonable assurance	<p>No fundamental control issues were identified.</p>
Key Financial Controls – Payroll, Expenses and Fixed Assets	December 2024	Substantial assurance	<p>A Financial Management Handbook provides guidance to staff on the management of financial resources, including payroll, expenses and fixed assets. The Handbook is subject to annual review. Appropriate controls are in place over payroll, expenses and fixed assets.</p> <p>Compliance testing for starters, leavers, promotions, expense claims, fixed asset additions and disposals was completed with no exceptions noted. Appropriate monitoring and reporting processes are in place with monthly reporting to the ELT and quarterly reporting to the Board.</p> <p>Implementation of a new onboarding portal has improved efficiency and reduced the risk of manual input error for payroll.</p>

Internal audit review	Date of issue	Overall assessment	Key findings
Learning and Development	February 2025	Reasonable assurance	<p>Key strategy and policy documents are in place, including a comprehensive Learning & Development (L&D) Policy. The quarterly HR update to the Executive Team provides extensive information and insight in respect of L&D at Audit Wales.</p> <p>There is scope for enhancing the interface between the Audit Development and Guidance and HR Teams.</p>
Post TRM Implementation Review	February 2025	Substantial assurance	<p>A new Time and Resource Management (TRM) system has been implemented at Audit Wales. Discussions with staff noted a perception that the original scope prepared in 2020 may not have been as fully researched as desirable, but this was rectified during delivery. The project has now reached closure stage with the objectives achieved and full functionality in place.</p> <p>The post-project implementation phase reviewed during the audit followed good practice.</p>
Staff Performance Management	April 2025	Advisory	<p>An established process is in place for staff performance management, formally documented through policies and procedures.</p> <p>The Your Performance Toolkit is a comprehensive document which includes a range of guidance and resources for both individuals and managers to improve their own as well as their team’s performance.</p> <p>A pilot is ongoing with a view of improving how conversations held are being recorded. Once live, the new approach will need to be embedded across the organisation within a short timescale to ensure that the current issues within the staff performance management systems are addressed.</p>

Internal audit review	Date of issue	Overall assessment	Key findings
Staff Manager Responsibilities	April 2025	Reasonable assurance	<p>Executive Leadership Team and Remuneration and HR Committee are updated on key developments within the business in respect of manager development sessions and any feedback received.</p> <p>A formal training programme is being established for newly appointed line managers to ensure awareness of and consistent approach to the expectations of staff management as they transition into their new role.</p> <p>More emphasis on assessment of manager capability has recently been incorporated into the recruitment and selection process.</p>
Usage of Microsoft Copilot	May 2025	Reasonable assurance	<p>Audit Wales are at the beginning of their Artificial Intelligence (AI) journey, which means that certain aspects of their required processes have yet to be implemented. However, early observations indicate the potential for a well-managed Generative AI usage infrastructure. We have raised some recommendations to help with the next steps.</p>

Risk management

155 In running our business, we are committed to applying the principles set out in [Managing Welsh Public Money](#) and the UK Government’s [Orange Book](#) for managing risks.

Risk appetite

156 The key areas where risks can arise and threaten successful delivery of our work, and a high-level summary of our risk appetite in each of these areas, are set out in our [Annual Plan](#). This provides the reference point against which we benchmark risk management and mitigation activity within the organisation.

Risk control framework

- 157 The Board has oversight of risk management at Audit Wales. The Board is supported by the Audit and Risk Assurance Committee, whose responsibilities include reviewing and advising the Board on:
 - a risk strategy, including the approach to setting risk appetite;
 - b the overall risk assessment processes that inform executive decision making; and
 - c management’s responsiveness to risk assessment.
- 158 As Accounting Officer, I advise the Board and its committees on the system of internal control and am supported in doing so by the ELT.
- 159 The ELT is responsible for maintaining sound risk management and internal control policies and systems, and for day-to-day management of strategic risks that relate to the functions of the Auditor General and/or the Wales Audit Office.

Risk assessment

- 160 At each of its meetings in the reporting period, the Audit and Risk Assurance Committee considered an ELT summary of the key strategic risks faced by the organisation, alongside a more detailed risk register report.
- 161 Several key strategic risks fluctuated during the reporting period and particularly engaged the time of the ELT and Audit and Risk Assurance Committee. These included the risks and associated mitigations set out in the table below.

Risk	Associated mitigations
The impact of the unexpected change in the Chair of the Board.	<ul style="list-style-type: none"> • Legal advice was sought to clarify the contractual position, alongside regular dialogue with Senedd officials in relation to the disqualification and appointment processes. • Procedural rules provided for the Senior Independent Director to act as Chair until a new Chair was appointed. • Explanatory communications from the Auditor General were sent to staff and key stakeholders to provide assurance and ensure consistent messaging.
Failure to adequately secure medium-term financial sustainability.	<ul style="list-style-type: none"> • A five-year Medium Term Financial Strategy was developed and considered alongside the Fee Scheme as part of Estimate preparation. • Aspects of discretionary spend were identified which could be diverted to other priorities in the event of a severe funding issue. • Non-staff budget savings were identified for 2024-25 (and beyond) through the establishment of a Financial Sustainability Steering Group.

Risk	Associated mitigations
Ineffective audit services resourcing processes.	<p>A series of interventions were initiated to ensure:</p> <ul style="list-style-type: none"> • The Hub Planner technology is configured to best suit the operations of Audit Wales. • The processes, procedures and protocols supporting the operation of Hub Planner are fit for purpose. • The key users of the resourcing model have suitable training and are clear on their roles and responsibilities. • Management information generated from Hub Planner is fit for purpose, accessible and being used by key users of the resourcing model.
Changes in senior leadership and succession planning.	<ul style="list-style-type: none"> • A review of senior role portfolios and spans of control has been undertaken, alongside scenario planning based on timelines through to and including the appointment of the new Auditor General in 2026. • A new Strategic workforce plan was published in August 2024 which includes a greater focus on succession planning across the business. • Ongoing review of likely senior vacancies and the potential timings of exits to allow for a long lead in period to help disruption to the business.

162 I am satisfied that these risks have been monitored and managed effectively during the year.

163 Several risks were successfully managed and removed from the strategic risk register during the reporting period. The risks were either closed completely or reframed and de-escalated to the operational risk register for ongoing management by the relevant risk lead.

164 We also face a number of newly identified and ongoing risks in 2025-26, which are included in our strategic risk register. These include risks associated with:

- a workload pressures and resilience;
- b balancing resource supply and demand over the medium term; and
- c IT infrastructure and cybersecurity.

165 I will continue to ensure that risks are generally well managed, internal controls are regularly reviewed to ensure they remain effective, and where there are weaknesses, appropriate actions are in place to tackle them.

Information governance

- 166 As Auditor General, I have wide-ranging access to information for the delivery of my audit functions. Alongside these statutory access rights, I have a responsibility to ensure that the information obtained is safeguarded properly.
- 167 In my role as Chief Executive, I am accountable to the Board for the organisation's information governance, as well as being a data controller myself as Auditor General. I have delegated both functions to the Executive Director of Corporate Services.
- 168 To help ensure that we meet data protection requirements and other responsibilities for safeguarding information, the Wales Audit Office has an Information Governance Policy and an Information Security Policy. These policies set out staff responsibilities, processing requirements, monitoring and reporting arrangements, and information on how staff can obtain further guidance.
- 169 The Senior Information Risk Owner's annual report for 2024-25 concluded that our overall information governance arrangements are effective. However, some recommendations were made for further improving our approach in relation to:
- a updating the Information Governance Policy and related guidance;
 - b updating staff-facing intranet pages to make relevant policies and procedures easier to find and reference;
 - c reviewing and updating the suite of Fair Processing Notices, including for the potential use of AI and digital initiatives; and
 - d working to arrange data protection training sessions around the impacts of new technologies and amended data protection legislation.

Data protection

- 170 During 2024-25, the organisation has continued to carry out work to promote compliance with data protection legislation - the UK General Data Protection Regulation and the Data Protection Act 2018. This work has included:
- a providing data protection training and guidance to staff across the organisation;
 - b ensuring that appropriate records are held about the personal information that is processed by the Wales Audit Office, the purpose and legal basis for the processing, data retention and details of technical and organisational security measures;
 - c addressing compliance issues identified by the Data Protection Officer's monitoring programme; and
 - d carrying out data protection impact assessments.

- 171 We have maintained records of information security incidents, such as accidental loss of information. All incidents in the year have been low risk, so none have been reported to the Information Commissioner's Office.
- 172 We continue to encourage staff to report as soon as they become aware of a breach and are committed to ongoing improvement of our internal processes and technical security.
- 173 Ongoing risk areas identified in the Data Protection Officer's 2024-25 annual update to the Board included:
- a the adoption of new technologies, including AI, where personal data is to be processed;
 - b understanding of individual responsibilities for data protection compliance; and
 - c ensuring Data Protection Impact Assessments are undertaken at the earliest stages of planning.

Openness and transparency

- 174 We are committed to openness and transparency in the way we operate as a business. Through our [Publication Scheme](#) we make certain information, such as Board minutes, routinely available to the public.
- 175 In the 2024-25 financial year, we received 36 requests for information. Of the requests received during the year and the three already on hand that engaged the Freedom of Information Act, we met the statutory 20-working-day deadline in 32 cases by providing the requested material, applying relevant exemptions or confirming that the material was not held. One request was subject to extra time in respect of the application of the public interest test. Four requests were delayed beyond the statutory timeframe because of difficulties in collating relevant material, and two were delayed by IT security measures.
- 176 We were not subject to any reviews by the Information Commissioner in 2024-25 in respect of our handling of requests.

Whistleblowing

- 177 The Board regards the internal identification of wrongdoing as an important contribution to managing corporate risk and ensuring good governance. All Wales Audit Office staff are encouraged to raise issues of concern about wrongdoing that come to their attention while at work.
- 178 Our Whistleblowing Policy reflects the provisions of the Public Interest Disclosure Act 1998 and the requirements of the Ethical Standard for Auditors. The Policy sets out the mechanism for raising concerns about ethics and policy, as well as regarding wrongdoing at work.
- 179 During the reporting period we received one disclosure of issues of concern, which was duly investigated.
- 180 To assess the effectiveness of our whistleblowing arrangements, we consider what we have learned from previous disclosures, and survey staff about their awareness of and confidence in the arrangements each year.
- 181 We asked staff in our October 2024 staff survey (to which 80% of staff responded), to rate their response to the following statements on a strongly agree to strongly disagree scale:
- a I am aware of how to raise a concern about wrongdoing (or concerns regarding audit quality, professional judgement or values) under Audit Wales's whistleblowing arrangements; and
 - b I am confident that if I raised a concern under my organisation's whistleblowing arrangements it would be investigated properly.
- 182 91% of those that completed the survey answered 'strongly agree' or 'agree' to the question on awareness, and 84% to the question on confidence.
- 183 While this result indicates extensive awareness and confidence in the arrangements, there is of course a continuing need for work to ensure that all staff are aware of and have confidence in those arrangements.

Counter fraud, bribery and corruption

- 184 Audit Wales is committed to creating a culture of zero tolerance of fraud, bribery and corruption, and maintaining high ethical standards in its use of public funds.
- 185 A Counter Fraud, Bribery and Corruption Strategy and associated Response Plan support the Auditor General for Wales as the Wales Audit Office's Accounting Officer in implementing effective arrangements for tackling fraud, bribery and corruption against and within Audit Wales.
- 186 The content of the Strategy and Response Plan comply with the CIPFA Code of practice on managing the risk of fraud and corruption and take account of the principles set out in the UK Government's Counter Fraud Functional Standard.
- 187 Following updates to the strategy and response plan during the second half of 2023-24, we rolled out a short, mandated training exercise in early 2024-25 to promote awareness of and test colleagues' engagement with and understanding of the two documents. This exercise has also now been incorporated into our induction training for new staff.
- 188 On a voluntary basis, the Wales Audit Office also participates in the National Fraud Initiative (NFI) - a biennial exercise which matches data across organisations and systems to help public bodies identify fraud and overpayments. No instances of fraud or overpayment were identified through our participation in the 2024-25 NFI exercise.

Remuneration and staff report

Remuneration report

Auditor General for Wales

189 The Auditor General's remuneration is determined by the Senedd and, in accordance with the Public Audit (Wales) Act 2013, is met directly from the Welsh Consolidated Fund (WCF) rather than being paid by the Wales Audit Office. For transparency, the remuneration of the Auditor General is disclosed in this remuneration report. The Auditor General is also the Chief Executive and Accounting Officer of the Wales Audit Office.

190 The current Auditor General, Adrian Crompton, was appointed by Her Late Majesty Queen Elizabeth II and took office on 21 July 2018 for a non-renewable period of eight years.

Salary and pension costs of the Auditor General

	2024-25		2023-24	
	Gross salary	Employer pension contributions	Gross salary	Employer pension contributions
	£	£	£	£
Adrian Crompton	158,022	45,779	151,393	45,872

Wales Audit Office Board

- 191 The Wales Audit Office Board comprises five non-executive members appointed by the Senedd, two elected employee members, the Auditor General for Wales, and his nominated employee member (the appointed Board member).
- 192 The remuneration of the non-executive members of the Wales Audit Office Board is non-pensionable and is determined by the Senedd. In the case of the Chair, the cost is met from the WCF directly, in accordance with the Public Audit (Wales) Act 2013. For enhanced transparency, the remuneration of the Chair is disclosed in this report.
- 193 The two elected employee members are appointed by the non-executive members of the Board, following a staff ballot. The allowance that they receive for their Board-related duties is set by the non-executive members of the Board, is non-pensionable and is disclosed in this report.
- 194 The appointed Board member receives an allowance in line with that received by the elected employee members.
- 195 The Auditor General and Executive Director of Corporate Services²⁸ received no additional allowances for their Board-related duties.

The information on pages 80 to 88 in the Remuneration and Staff Report is subject to audit.

Single total figure of remuneration for Wales Audit Office Board members

	Remuneration/ Allowance		Tax-inclusive expenses ²⁹		Single total figure of remuneration	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
	£	£	£	£	£	£
Board Members at 31 March 2025						
Ian Rees (Chair) ³⁰	24,722	12,500	4,246	3,087	28,968	15,587
David Francis	12,500	12,500	95	126	12,595	12,626
Alison Gerrard	12,500	12,500	360	892	12,860	13,392
Michael Norman ³¹	10,417	-	2,870	-	13,287	-
Richard Thurston ³¹	10,417	-	191	-	10,608	-
Anne Beegan ³²	4,167	4,167	-	-	4,167	4,167
Chris Bolton ³²	4,167	1,893	-	-	4,167	1,893
Darren Griffiths ³³	4,167	4,167	-	-	4,167	4,167
Previous members of the Board						
Kathryn Chamberlain (Chair) ³⁴	-	25,000	-	5,806	-	30,806
Elinor Gwynn ³⁵	2,083	12,500	413	2,136	2,496	14,636
Adam Marshall ³⁶	-	1,736	-	-	-	1,736
Total	85,140	86,963	8,175	12,047	93,315	99,010

29 Board and non-executive committee members can claim for travel and expenses for Audit Wales related business. The personal tax liability of these expenses is settled by the Wales Audit Office.

30 Ian Rees was appointed as Chair to the Wales Audit Office Board on 12 June 2024 from which point his remuneration was met from WCFG directly. Prior to that date Ian Rees was a member of the Board.

31 Michael Norman and Richard Thurston were appointed to the Board on 1 June 2024.

32 Anne Beegan and Chris Bolton are elected employee Board members. Allowances disclosed above relate solely to Board-member duties.

33 Darren Griffiths is an appointed Board member. The allowance disclosed above relates solely to Board-member duties.

34 Kathryn Chamberlain was appointed as Chair of the Wales Audit Office on 16th March 2023. Her appointment ended in April 2024. Her remuneration was met from WCF directly.

35 Elinor Gwynn's term of appointment ended on 31 May 2024.

36 Adam Marshall was an elected employee Board member until 31 August 2023. Allowances disclosed above relate solely to Board-member duties.

Non-executive committee members

196 The Wales Audit Office Board has appointed an independent member to serve on its Audit and Risk Assurance Committee (ARAC).

Single total figure of remuneration for ARAC members

	Remuneration/ Allowance		Tax-inclusive expenses		Single total figure of remuneration	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
	£	£	£	£	£	£
Andrew Clark ³⁷	1,333	5,000	-	-	1,333	5,000
Owen Purcell ³⁸	2,917	-	318	-	3,235	-
Total	4,250	5,000	318	-	4,568	5,000

Wales Audit Office staff

197 The Wales Audit Office pay policy and details of pay ranges for all staff are available on our [website](#).

198 All members of staff are employed by the Wales Audit Office on such terms and conditions as the Board determines. Remuneration of all members of staff is subject to periodic review under strategies set by the Board and in consultation with trade unions under a collective agreement. Remuneration is pensionable under the Civil Service Pension Scheme (PCSPS). Details of this scheme can be found at www.civilservicepensionscheme.org.uk.

199 Wales Audit Office staff normally hold appointments which are open ended, unless on fixed-term contracts. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

200 The Wales Audit Office does not pay performance-related bonuses to any members of staff but does have performance-appraisal arrangements in place that suspend incremental salary progression if performance is less than satisfactory.

201 During 2024-25, no payments were made to previous members of staff whose remuneration would have been disclosable (2023-24: Nil).

37 Andrew Clark was appointed as an independent ARAC member from 1 July 2021 until 30 June 2024.

38 Owen Purcell was appointed as an independent ARAC member on 1 September 2024.

Single total figure of remuneration for senior managers

202 Details of the remuneration and pension interests of the Executive Leadership Team are provided in the following table.

Year to 31 March 2025			
	Salary	Pension Benefit ³⁹	Total single figure of remuneration
	Bands of £5,000	To nearest £1,000	Bands of £5,000
Kevin Thomas	140-145	131	270-275
Ann-Marie Harkin	135-140	175	310-315
Anne-Louise Clark	130-135	51	180-185

Year to 31 March 2024			
	Salary	Pension Benefit	Total single figure of remuneration
	Bands of £5,000	To nearest £1,000	Bands of £5,000
Kevin Thomas	130-135	98	225-230
Ann-Marie Harkin	120-125	65	185-190
Anne-Louise Clark	115-120	46	160-165

203 Information on the expenses of Executive Leadership Team members is published on our [website](#).

39 The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.

Pension entitlements for members of the Executive Leadership Team

204 Like all staff, members of the Executive Leadership Team also have access to the Civil Service Pension Scheme.

	Accrued pension at pension age as at 31 March 2025	Real increase in pension at pension age	CETV at 31 March 2025	CETV at 31 March 2024	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Kevin Thomas	90-95	5-7.5	1,864	1,678	113
Ann-Marie Harkin	60-65 plus a lump sum of 155-160	7.5-10 plus a lump sum of 15-17.5	1,424	1,248	167
Anne-Louise Clark	10-15	2.5-5	177	119	35

Cash Equivalent Transfer Value (CETV)

205 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.

206 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.

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

Real increase in CETV

208 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.

Fair pay disclosure

209 We are required to disclose the relationship between the highest paid director in Audit Wales and the average remuneration of our workforce.

210 Total remuneration includes salary and travel allowance⁴⁰. It does not include employer pension contributions, severance payments or the CETV of pensions. The average salary for 2023-24 included a one off 'cost of living payment to most of our staff⁴¹.

	2024-25	2023-24	% change
Mid-point of highest paid director's total remuneration (£'000)	£132,360	£121,722	8.7%
Average total remuneration based on full-time equivalent staff	£54,651	£52,755	3.6% ⁴²

40 Travel allowance for a small number of staff in 2023-24 only.

41 Executive Directors did not receive this payment.

42 2023-24 remuneration for staff other than Executive Directors included a one off cost of living payment which explains the lower increase.

211 The following table sets out the relationship between the mid-point of the remuneration⁴³ of the highest paid director and the median, 25th and 75th percentile remuneration of our workforce.

		2024-25	2023-24⁴⁴
75th percentile	Total pay and benefits	£68,268	£62,378
	Pay ratio	1.94	1.95
Median	Total pay and benefits	£54,037	£49,201
	Pay ratio	2.45	2.47
25th percentile	Total pay and benefits	£37,673	£34,611
	Pay ratio	3.52	3.51
Remuneration range		£23,743- £143,285	£21,151- £131,838

212 In 2024-25, no employees received remuneration more than the highest paid director (2023-24: none).

213 For transparency, the Auditor General's total remuneration of £158,022 (excluding pension contributions) represented 2.92 times the median total remuneration for Audit Wales (2023-24: £151,393 ratio: 2.99).

Off payroll engagements

214 We had no contracts during 2024-25 which met the HM Treasury definition of off-payroll engagements (2023-24: none)⁴⁵.

Redundancies, early retirements, and severances

215 Severance arrangements (including voluntary exits) are operated in accordance with the Civil Service Compensation Scheme and workforce planning requirements.

216 The cost of severance payments in 2024-25 was £13,665, (2023-24: £31,643).

217 During 2024-25, 1 employee (2023-24: 1) received a severance payment as detailed below.

43 Neither the highest paid director nor other employees received performance pay or bonuses during 2024-25 (2023-24:nil). There are no non salary components in the total pay and benefits disclosed for the median, 25th and 75th percentile figures (2023-24: nil)

44 Pay ratios restated for 2023-24 to reflect mid-point remuneration of highest paid director.

45 Not subject to audit.

218 There were no compulsory redundancies in 2024-25 (2023-24: none).

Number of exit packages by cost band

	2024-25	2023-24
<£15,000	1	-
£25,001-£50,000	-	1
Total	1	1

Staff report

Senior leadership

219 The following table details the number of senior staff by pay band at 31 March 2025.

	31 March 2025	31 March 2024
Band A (£115,970-£143,285)	3	3
Band C (£89,023-£110,447)	8	8
Total	11	11

Staff numbers

220 The average number of staff employed during the year increased by 19 as we recruited additional staff to address the backlog of audit work. We also expanded our trainee and apprentice programme with additional funding agreed in our Estimate for 2024-25.

221 Audit Wales employs a small number of staff on short term contracts to meet peaks in workload during the year.

	2024-25	2023-24
Average number of full-time equivalent, UK-based, permanent staff employed during the year	224	215
Average number of full-time equivalent, UK-based, staff on fixed-term contracts employed during the year	62	53
Audit and inspection contractors (average number of full-time equivalents in year)	2	1
Total	288	269

Staff and associated costs

	2024-25	2023-24
	£'000	£'000
Staff salaries	15,220	13,864
Seconded-in staff	-	24
Short-term contract staff	364	198
Non-executive committee remuneration	67	67
Social security costs	1,734	1,568
Pension costs (PCSPS)	4,397	3,630
Pension costs (stakeholder pensions)	22	31
	21,804	19,382
Travel allowance	-	115
Subscriptions ⁴⁶	145	127
	21,949	19,624
Audit and inspection contractors	87	16
	22,036	19,640
Redundancy, early retirement, and severance costs	36	33
Less monies received in respect of outward secondments	-	(63)
	22,072	19,610

46 Fees for the membership of professional bodies (£56,000), life cover (£23,000) and health screening (£66,000).

Pension costs

- 222 Most past or present employees are covered by the provisions of the Civil Service pension arrangements, which are defined benefit schemes open to participating public sector bodies in which the benefit the employee receives during retirement is dependent on factors such as age, length of service and salary. These schemes are administered by MyCSP on behalf of the Cabinet Office.
- 223 The Wales Audit Office pays contributions into these schemes at an agreed rate. As one of many participating organisations, the WAO is not able to identify its share of any liability for making future pension payments to members and, accordingly accounts for this as if it were a defined contribution scheme and recognises the costs of these contributions in the Statement of Comprehensive Net Expenditure when they fall due.

Bought-in services⁴⁷

	2024-25	2023-24
	£'000	£'000
Research and other consultancy costs	364	222
	364	222

224 These costs relate to services that directly relate to audit, inspection, advice or research functions. In 2024-25, they also included bi-annual costs associated with the National Fraud Initiative.⁴⁸

225 Consultancy costs for 2024-25 include⁴⁹:

- £160,000 payments to Cabinet Office for NFI
- £91,000 for Quality Assurance
- £40,000 for NFI data matching
- £38,000 for report writing consultancy support
- £25,000 for expert services in respect of our audits of accounts

226 No payments were made to our external auditors for additional services in 2024-25 (2023-24: £NIL).

The following information on pages 89 to 92 in the Remuneration and Staff Report is not subject to audit.

47 Exclusive of VAT.

48 Not subject to audit.

49 Not subject to audit.

Staff policies, equality and diversity

- 227 The Auditor General and the Wales Audit Office are required to follow the framework of protection against discrimination, harassment and victimisation, and the public sector equality duties in the Equality Act 2010.
- 228 We also have a responsibility to uphold the conventions set out in the Human Rights Act 1998. We are committed to providing a work environment that values the diversity of all people, both our own staff and those with whom we come into contact during our work, and we fully support the rights of people to be treated with dignity and respect.
- 229 Our [Strategic Equality Plan](#) outlines our continued commitment to equality and our related objectives. Our annual [Equality Report](#) provides information on employment matters such as diversity issues and equal treatment in employment. Our report for 2024-25 will be published later in 2025 and this will include details of the gender pay gap for the year.
- 230 Our Equality and Diversity Policy outlines our commitment to ensuring fair and equal treatment for all staff with protected characteristics (including impairment) in all aspects of employment. The policy provides for parity in selection for employment, recruitment, promotion, learning and development and/or any other benefit, based solely on aptitude and ability in accordance with our duties under the Equality Act 2010 and associated legislation.

Staff composition (number of persons employed at 31 March 2025)

	Male	Female	Prefer not to say	Total
Senior leadership	9	2	-	11
Other employees	128	161	8	297
Total	137	163	8	308

Sickness absence

	2024-25	2023-24
	Days	Days
Average working days lost per member of staff	8.7	7.1
• due to short-term absence	2.9	3.1
• due to long-term absence (periods > 21 days)	5.8	4.0

231 Staff sickness levels in 2024-25 increased by 1.6 days as compared to 2023-24. The proportion of time lost due to sickness absence equated to 3.9% (KPI 14) – just under our target of 4%. Average short-term absence reduced by 0.2 days per member of staff, but long-term absence increased by 1.7 days per member of staff.

232 There has been increase in the number of staff who have had a long-term absence as well as a few of those who were absent being off for a considerable length of time (more than 6 months). However, by the end of the financial year some of those who had a long-term absence had returned to the work, completing a phased return supported with a wellness action plan. Another had left the organisation at the end of March.

233 Whilst the average number of days lost to short-term sickness absence is slightly less than the previous year, the actual number of days lost is higher. The number of staff in the organisation has increased since last year's report and this is why the average figure is lower. Short term absence is being monitored by HR and managers are told to watch for patterns and trends. The HR team run a trigger report every month to prompt managers to act where staff have reached the trigger level.

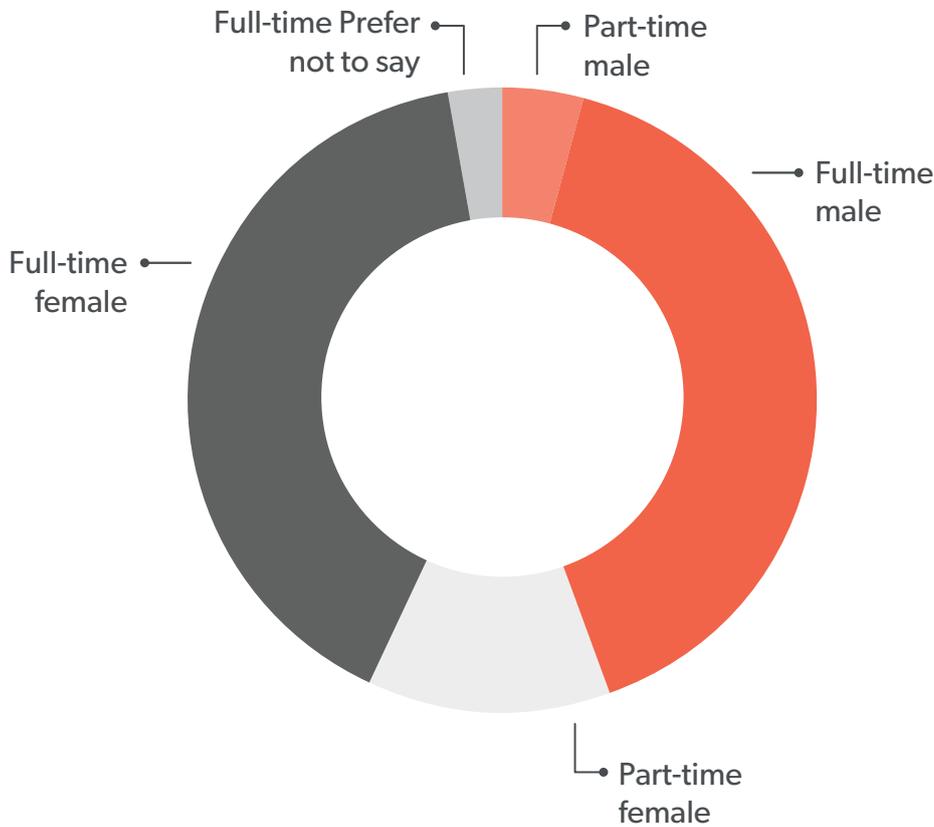
234 To help our employees manage their health, we have in place Health Screening, annual flu vaccinations, an Employee Assistance Programme, Mental Health Champions, and a programme of well-being events with 17 Well-Being champions across the organisation providing day to day support to employees.

Our workforce

	2024-25	2023-24
	%	%
Working patterns		
Part-time employees as a percentage of the total by gender	16.9	16.6
• for men	9.5	8.6
• for women	23.9	23.4
• for those who prefer not to say	-	-
Employment contract type		
Percentage of staff on permanent contracts	74.7	80.2
Turnover		
Annual staff turnover rate percentage ⁵⁰	10.7	17.53

⁵⁰ This is total turnover and includes staff who left at the end of fixed term contracts and dismissals. Turnover reported as a KPI¹⁹ on page 19 is voluntary turnover only.

The following graph shows the relevant proportions of part-time and full-time employees by gender across the whole workforce.



- 235 There has been a small increase in the proportion of part time workers – both male and female – as compared to 2023-24.
- 236 The proportion of staff on permanent employment contracts reduced in 2024-25 following an increase in 2023-24 when several of our final year trainees were successful in obtaining permanent contracts. The proportion of staff with non-permanent contracts is mainly made up of graduate trainees and apprentices on fixed-term training contracts and our seasonal audit staff.
- 237 Our annual staff turnover rate in 2024-25 reduced to 10.7% following an unusually high turnover rate in 2023-24.

Resource out-turn and auditor's report

Summary of resource outturn 2024-25

The information on pages 93 to 97 is subject to audit.

238 This statement provides a comparison of the Estimate for 2024-25, as voted by the Senedd, with actual income and expenditure for the year.

Summary of resource outturn 2024-25

Note	2024-25 Estimate			2024-25 Outturn			2023-24 Outturn		
	Gross Expenditure	Income	Net Total	Gross Expenditure	Income	Net Total	Net outturn compared to Estimate	Net Total	
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	
SORO1 & 2	Total Resources	26,935	(17,476)	9,459	26,071	(17,476)	8,595	(864)	8,220
SORO3 & 4	Net cash requirement	9,127	-	9,127			7,125	(2,002)	8,348

239 Arising from the operations of the Wales Audit Office for the financial year 2024-25:

- the net total outturn on revenue resources was £857,000 less than the approved net resources of £9,149,000.
- the outturn on capital spend was £7,000 less than the approved capital budget of £310,000.
- £961,000 of income in excess of that allowed for in the Estimate was delivered in the year.
- cash drawn from the Welsh Consolidate Fund (WCF) was £1,483,000 less than allowed for in the Estimate. The balance of cash held by the Wales Audit Office (£519,000) is shown as being due to the Welsh Consolidated Fund (WCF) and will be returned via an administrative adjustment in 2025-26. (See Note SORO 4).

240 An explanation of cost efficiency at the Wales Audit Office is provided in the financial management summary on page 46.

241 Audit fee income is governed by the Fee Scheme approved by the Senedd. A breakdown of this income is included in Note 1 to the Financial Statements.

Notes to the summary of resource outturn

Note SORO1: analysis of net resource outturn 2024-25

2023-24 Outturn		2024-25 Estimate	2024-25 Outturn	Variance	Reason for significant variances against the Estimate
£'000		£'000	£'000	£'000	
	Expenses				
18,961	Staff costs	22,312	21,301	(1,011)	Significant staff vacancies in non-fee earning roles in the first half of the year
378	Travel and subsistence	303	241	(62)	Less travel than anticipated
306	Accommodation	731	710	(21)	On-going efficiencies in estate expenditure
454	Irrecoverable VAT	500	444	(56)	Reflects reduced expenditure
572	ICT	664	630	(34)	Savings identified in year
320	Audit Wales Governance	320	320	-	
352	External training	326	395	69	Planned investment from savings in other budgets
80	NFI costs	225	161	(64)	An element of this funding was used to fund a new role in our Data Analytics team
1,268	Other supplies and services	1,244	1,566	322	Planned investment from savings in other budgets
22,691	Total Expenses	26,625	25,768	(857)	

2023-24 Outturn		2024-25 Estimate	2024-25 Outturn	Variance	Reason for significant variances against the Estimate
£'000		£'000	£'000	£'000	
	Income				
(13,895)	Audit fees	(16,494)	(17,092)	(598)	Progress on audit backlog better than forecast
(847)	Grant certification fees	(982)	(1,331)	(349)	More work carried out in year
(76)	Other income	-	(14)	(14)	
-	Income in excess of estimate	-	961	961	Income over and above that anticipated in the Estimate
(14,818)	Total income	(17,476)	(17,476)	-	
7,873	Net revenue resources	9,149	8,292	(857)	
347	Capital resources	310	303	(7)	

Note SORO 2 – Reconciliation of resource outturn to net expenditure

	2024-25	2023-24
	£'000	£'000
Total revenue resources	8,292	7,873
Income in excess of estimate	(961)	-
Total comprehensive net expenditure	7,331	7,873

Note SORO3: reconciliation of net resource outturn to net cash requirement

	2024-25			2023-24
	Estimate	Outturn	Variance	Outturn
	£'000	£'000	£'000	£'000
Revenue resources	9,149	8,292	(857)	7,873
Capital resources	310	303	(7)	347
Adjustments				
Non-cash items (depreciation)	(280)	(223)	57	(286)
Non-cash items (IFRS 16 depreciation and interest)	(356)	(316)	40	(243)
Lease rental payments	104	108	4	37
Capitalisation of ROU asset	-	-	-	(93)
Movements in working capital other than cash:				
• Increase/(reduction) in receivables and work in progress	100	(914)	(1,014)	2,142
• (Increase)/reduction in payables and deferred income	100	885	785	(2,201)
• Increase in provisions	-	(49)	(49)	772
• Income in excess of Estimate	-	(961)	(961)	-
Total net cash requirement	9,127	7,125	(2,002)	8,348

Note SORO 4 – Reconciliation of net cash requirement to increase in cash

	2024-25	2023-24
	£'000	£'000
Net cash requirement	(7,125)	(8,348)
Cash due from WCF (supply)	9,127	8,642
Amounts due from WCF not drawn	(1,483)	-
Amounts returned to WCF	(294)	(509)
Increase/(reduction) in cash	225	(215)

Note SORO 5 – Reconciliation to statement of cash flows

	2024-25	2023-24
	£'000	£'000
Cash due from WCF (supply)	9,127	8,642
Amounts due from WCF not drawn	(1,483)	-
Amount recognised in statement of cashflows	7,644	8,642

242 Future budgeted expenditure and income of the Wales Audit Office are voted on annually by the Senedd.

243 The Auditor General is not aware of any remote contingent liabilities that will impact long-term expenditure plans.

244 Any special payments and disclosable losses are disclosed in Note 14 to the Financial Statements.

Independent auditors' report to the Senedd

Opinion of financial statements

245 We certify that we have audited the financial statements of the Wales Audit Office for the year ended 31 March 2025 under Schedule 1 of the Public Audit (Wales) Act 2013. These financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and related notes including significant accounting policies. We have also audited the Summary of Resource Outturn and associated notes and Remuneration and Staff Report that is described in the report as having been audited.

246 The financial reporting framework that has been applied in their preparation is HM Treasury directions issued under the Public Audit (Wales) Act 2013.

247 In our opinion the financial statements:

- give a true and fair view of the state of the Wales Audit Office's affairs as at 31 March 2025 and of its net operating cost for the year then ended; and
- have been properly prepared in accordance with the HM Treasury directions issued under the Public Audit (Wales) Act 2013.

Regularity opinion on the financial statements

248 We have undertaken work, as required under Schedule 1 of the Public Audit (Wales) Act 2013, to obtain reasonable assurance that expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

249 In our opinion, in all material respects:

- the expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it; and
- the money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

Basis for the opinion on the financial statements

- 250 We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Wales Audit Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
- 251 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis for the regularity opinion on the financial statements

- 252 We are required to obtain evidence sufficient to give reasonable assurance that the expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes. We have conducted our work in accordance with the Statement of Recommended Practice, Practice Note 10 audit of financial statements of public sector bodies in the United Kingdom in this respect.

Conclusions relating to going concern

- 253 In auditing the financial statements, we have concluded that the Wales Audit Office's and the Auditor General for Wales's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- 254 Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Wales Audit Office to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
- 255 Our responsibilities and the responsibilities of the Wales Audit Office and the Auditor General for Wales with respect to going concern are described in the relevant sections of this report.

Other information

- 256 The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Wales Audit Office and the Auditor General for Wales are responsible for the other information contained within the performance report and the accountability report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
- 257 Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact.
- 258 We have nothing to report in this regard.

Opinion on other matters

- 259 In our opinion:
- the Summary of Resource Outturn and the part of the Accountability Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Public Audit (Wales) Act 2013; and
 - the information included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Wales Audit Office and the Auditor General for Wales

- 260 As explained more fully in the Statement of the Accounting Officer's responsibilities set out on page 58, the Wales Audit Office and the Auditor General for Wales are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Wales Audit Office and the Auditor General for Wales determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

- 261 In preparing the financial statements, the Wales Audit Office and the Auditor General for Wales are responsible for assessing the Wales Audit Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Senedd intends to dissolve the Wales Audit Office without continuation of its operations or has no realistic alternative but to do so.
- 262 The Auditor General is also responsible for ensuring expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

Auditor's responsibilities for the audit of the financial statements

- 263 Our 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 our 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

- 264 Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

- 265 In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.
- 266 However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.
- 267 In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:
- obtained an understanding of the role of the Wales Audit Office, including the legal and regulatory framework that the Wales Audit Office operates in and how the Wales Audit Office is complying with the legal and regulatory framework;
 - inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
 - discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.
- 268 As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the HM Treasury directions issued under the Public Audit (Wales) Act 2013 encompassing the Government Financial Reporting Manual (FRoM 2024-25) which applies UK- adopted International Accounting Standards. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.
- 269 The most significant laws and regulations that have an indirect impact on the financial statements is the Public Audit (Wales) Act 2013 and General Data Protection Regulations and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the Wales Audit Office is in compliance with these law and regulations, inspected committee minutes and reviewed financial statement disclosures for any potential breaches.

- 270 The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, agreeing that revenue was recognised in line with IFRS15 and IAS37, assessing and challenging the estimates made by management in terms of their assessment and the adequacy of provisions for unrecoverable amounts, which includes reviewing whether events occurring up to the date of the auditors' report support the year end recognition criteria and testing the accuracy and reliability of data upon which management has relied.
- 271 A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities for regularity opinion on the financial statements

- 272 We are also responsible for giving a reasonable assurance opinion that expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes.

Use of our report

- 273 This report is made solely to the Senedd Cymru to whom it is addressed in accordance with the Public Audit (Wales) Act 2013 and for no other purpose. Our audit work has been undertaken so that we might state to the Senedd those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Wales Audit Office or the Senedd for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditors
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG



Financial Statements

The financial statements for the Wales Audit Office,
alongside supporting and explanatory notes.

03

Statement of comprehensive net expenditure for the year ended 31 March 2025

		2024-25	2023-24
	Note	£'000	£'000
Expenditure			
Staff and associated costs	Staff report ⁵¹	22,072	19,610
Bought-in services	Staff report	364	222
Other operating costs	3	3,252	2,791
		25,688	22,623
Income			
Audit fee income	1	(18,423)	(14,742)
Other operating income	2	(14)	(76)
		(18,437)	(14,818)
Interest payable	12	80	68
Total comprehensive net expenditure for the year		7,331	7,873

The notes that follow on pages 110 to 129 form part of these financial statements

274 There were no discontinued operations, acquisitions or disposals during the period nor any unrecognised gains or losses.

Statement of financial position at 31 March 2025

		31 March 2025	31 March 2024
	Note	£'000	£'000
Non-current assets			
Property, plant and equipment	4	2,254	2,402
Intangible assets	5	293	301
		2,547	2,703
Current assets			
Trade receivables and work in progress	6	4,923	5,902
Other receivables	7	752	687
Cash and cash equivalents	8	519	294
		6,194	6,883
Total assets		8,741	9,586
Current liabilities			
Trade and other payables	9	(1,615)	(1,296)
Deferred income	10	(5,286)	(6,490)
Provisions	11	(47)	(46)
Lease liabilities	12	(195)	(43)
Welsh Consolidated Fund (WCF)	SORO	(519)	(294)
Total current liabilities		(7,662)	(8,169)
Total assets less current liabilities		1,079	1,417
Non-current liabilities			
Provisions	11	(329)	(281)
Lease liabilities	12	(1,658)	(1,838)
Total non-current liabilities		(1,987)	(2,119)
Total assets less liabilities		(908)	(702)
Taxpayers' equity			
General fund		(908)	(702)
Total taxpayers' equity		(908)	(702)

The notes that follow on pages 110 to 129 form part of these financial statements

The financial statements on pages 105 to 129 were approved by the Wales Audit Office Board and authorised for issue on 26 June 2025 and are signed on its behalf by:

A handwritten signature in black ink, reading "Adrian Crompton". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Adrian Crompton

Auditor General for Wales and Accounting Officer

26 June 2025

Statement of cash flows for the year ended 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Cash flows from operating activities			
Comprehensive net expenditure		(7,331)	(7,873)
Adjustments for non-cash transactions: depreciation, amortisation, interest and loss on disposal of assets	3	539	529
(Decrease)/increase in provisions	11	49	(772)
Changes in working capital			
(Increase)/decrease in trade receivables, work in progress and other receivables	6,7	914	(2,142)
(Decrease)/ Increase in trade and other payables	9	319	(199)
Increase/(Decrease) in deferred income	10	(1,204)	2,400
Net cash outflow from operating activities		(6,714)	(8,057)
Cash flows from investing activities			
Purchases of property, plant and equipment	4	(242)	(146)
Purchases of intangible assets	5	(61)	(108)
Net cash outflow from investing activities		(303)	(254)
Cash flows from financing activities			
WCF	SORO 5	7,644	8,642
WCF repaid	SORO 4	(294)	(509)
Capital element on lease liability payments	12	(106)	(36)
Interest element on lease liability payments	12	(2)	(1)
Net financing		7,242	8,096
Movements in cash and cash equivalents		225	(215)

The notes that follow on pages 110 to 129 form part of these financial statements

Statement of changes in taxpayers' equity for the year ended 31 March 2025

	£'000
Balance at 31 March 2023	(1,177)
Changes in taxpayers' equity 2023-24	
Total comprehensive net expenditure	(7,873)
WCF finance	8,642
	(408)
Due to WCF	(294)
Balance at 31 March 2024	(702)
Changes in taxpayers' equity 2024-25	
Total comprehensive net expenditure	(7,331)
WCF finance	7,644
	(389)
Due to WCF	(519)
Balance at 31 March 2025	(908)

The notes that follow on pages 110 to 129 form part of these financial statements

Notes to the financial statements

275 These financial statements have been prepared in accordance with the 2024-25 Financial Reporting Manual (FReM), issued by the relevant authorities.

Basis of preparation

276 The accounting policies contained in the FReM apply UK-adopted International Accounting Standards as adapted or interpreted for the public sector context.

277 Financial statements are prepared under the historical cost convention. Figures are presented in pounds sterling, which is the functional currency of the Wales Audit Office and are rounded to the nearest £1,000.

278 The financial statements are prepared on a going concern basis as set out below:

- the Wales Audit Office works to annual funding arrangements by statute. The Public Audit (Wales) Act 2013 requires that the Wales Audit Office must provide resources for the exercise of the Auditor General's functions as required by the Auditor General. These resources will be made available by the Senedd (voted funding).
- the legislation further states that the Senedd must consider the Wales Audit Office's Estimate annually and must take into account any representations that the Wales Audit Office makes if it wants to change this Estimate.
- any unplanned changes to income and expenditure in a financial year will be addressed by means of a Supplementary Estimate which must be considered by the Senedd.
- although voted funding has only been approved for nine months after the date of signing these statements, an Estimate for the following financial year will be presented to the Finance Committee of the Senedd in the autumn of the current year. It is, therefore, expected that the Wales Audit Office will have sufficient funds to continue in operation for the foreseeable future.

279 The Wales Audit Office received no income which would have been liable for corporation tax in 2024-25.

Critical accounting estimates and areas of judgement

Management estimate

Revenue recognition is based on time charged to projects up to the agreed budget for each project. An assessment is undertaken at the year-end to consider the reasonableness of income recognised taking into account the cost of completing audit projects.

Income is recognised progressively as the performance obligations associated with audit engagements are satisfied over time.

Area of judgement

The calculation of the cost of completing audit projects involves both estimation and judgement.

This accounting policy directly impacts the valuation of audit fee income (**Note 1**) work in progress (**Note 6**) and deferred income (**Note 10**) in these financial statements.

Management estimate

Provisions are made where, in the opinion of the Accounting Officer, it is more likely than not that a financial liability exists which cannot be accurately estimated at present.

Provisions have been established for:

- dilapidations where the provision represents an estimate of the costs the Wales Audit Office may incur in making good its leased properties at the end of the leases. The calculation of this provision is based on an estimation of the cost of the works.

See **Note 11** for more information.

New accounting standards

- 280 The Wales Audit Office discloses accounting standards not yet applied and assesses the possible impact that initial application would have on the financial statements.
- 281 IFRS17 (Insurance Contracts) which is applicable from 1 April 2025 will have no impact on these financial statements.
- 282 IFRS 18 (Presentation and Disclosure in Financial Statements) applicable from January 2027 is not expected to have any impact on the reported numbers in these financial statements but may require a change of format if required by the FreM.
- 283 IFRS 19 (Subsidiaries without Public Accountability: Disclosures) which is applicable from 1 January 2027 will have no impact on these financial statements.

Note 1 (a): Operating segments

- 284 The Wales Audit Office reports costs and income across its three operating segments based on direct expenditure with no overhead apportionment. The resulting net cost is funded directly from the Welsh Consolidated Fund (WCF).
- 285 Due to the integrated nature of the Wales Audit Office activities, it is not possible to distinguish meaningfully between assets and liabilities attributable to the different operating segments and therefore the Executive Leadership Team does not receive information on assets and liabilities by operating segment. For this reason, in line with IFRS 8 (Operating Segments), no such analysis is presented here.
- 286 Audit Services includes the direct costs associated with Financial Audit and Performance Audit services along with direct support functions such as Audit Development and Guidance and Data Analytics.
- 287 Corporate Services includes our Business Services, Law and Ethics, HR, Finance, and ICT teams. It also includes the costs of office accommodation and ICT provision.
- 288 Communications and Change includes the Communications and GPX, Planning and Reporting and Change teams.

2024-25

	Audit Services	Corporate Services	Communications and Change	Total
	£'000	£'000	£'000	£'000
Audit fees ⁵²	(18,423)	-	-	(18,423)
Other income	-	(14)	-	(14)
Total income	(18,423)	(14)	-	(18,437)
Staff costs	17,568	2,672	1,832	22,072
Non-staff costs	953	2,388	355	3,696
Total Expenditure	18,521	5,060	2,187	25,768
Net Expenditure	98	5,046	2,187	7,331

2023-24

	Audit Services	Corporate Services	Communications and Change	Total
	£'000	£'000	£'000	£'000
Audit fees	(14,742)	-	-	(14,742)
Other income	-	(76)	-	(76)
Total income	(14,742)	(76)	-	(14,818)
Staff costs	15,659	2,382	1,569	19,610
Non-staff costs	780	2,035	266	3,081
Total Expenditure	16,439	4,417	1,835	22,691
Net Expenditure	1,697	4,341	1,835	7,873

Note 1 (b): Analysis of audit fee income

	2024-25			2023-24		
	Financial Audit	Performance Audit	Total	Financial Audit	Performance Audit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Local Government Audit	(7,736)	(2,632)	(10,368)	(6,172)	(1,927)	(8,099)
Local Government Grant Certification	(1,331)	-	(1,331)	(847)	-	(847)
NHS Audit	(3,081)	(1,728)	(4,809)	(2,176)	(1,386)	(3,562)
Central Government Audit	(1,915)	-	(1,915)	(2,234)	-	(2,234)
	(14,063)	(4,360)	(18,423)	(11,429)	(3,313)	(14,742)

289 Fees charged for audit work are set in accordance with a [Fee Scheme](#) agreed by the Finance Committee of the Senedd.

- 290 Gross fee income and other operating income are recognised on the value of chargeable work exclusive of VAT. This value is assessed by reference to time charges and stage completion of projects.
- 291 Operating income is credited to the year of account in which the work is done. Invoices raised in advance of the work being done are classed as deferred income (see **Note 10**). Work done in advance of income received is classed as work in progress (see **Note 6**).
- 292 All revenue is generated in the UK.
- 293 Funding from the WCF is not direct government grant and is credited directly to taxpayers' equity.
- 294 The Wales Audit Office has applied the requirements of IFRS 15 to income earned from fee-paying audits and other services.
- 295 The Wales Audit Office has determined that there is a single performance obligation for each engagement which is identified as the objective of these assignments in a Letter of Engagement. In the case of audits, other outputs, such as interim reports and reports to those charged with governance of the audited body, are produced during audit assignments, but these other outputs are integral to the audit opinion: they are highly interrelated with the delivery of the audit certificate or report, so do not qualify as distinct performance obligations.
- 296 The Wales Audit Office has determined that the performance obligations described above are satisfied over time rather than at a point in time. This is because the performance of the engagement does not create an asset with an alternative use to the Wales Audit Office and the Wales Audit Office has an enforceable right to payment for performance completed to date. The majority of audits are on an annual cycle. The fee (which is based on estimated costs) and invoicing schedule is agreed between the individual assignment teams and the client. The Wales Audit Office is entitled to recover costs in respect of work completed to date at any stage of the audit.
- 297 Revenue is recognised in relation to percentage completion against budgeted costs. Income is recognised as the services are provided, determined by reference to the proportion of budgeted costs that have been spent to date for each engagement, less a provision for any unrecoverable amounts. This provides a faithful depiction of the transfer of services because the nature of work is that the costs of staff time represent progress towards satisfaction of the performance obligation. There is a direct relationship between these inputs and the transfer of services to the audit client.

Note 2: Other operating income

	2024-25	2023-24
	£'000	£'000
Other operating income ⁵³	(14) ⁵⁴	(76) ⁵⁵
	(14)	(76)

Note 3: Other operating costs

	2024-25	2023-24
	£'000	£'000
Accommodation		
• rent lease costs	56	(344) ⁵⁶
• other accommodation costs	417	406
Supplies and services	1,489	1,477
Recruitment	40	40
Depreciation and amortisation	455	461
Professional fees		
• internal audit services	32	41
• external audit services	58	58
• other professional fees	69	37
Staff travel and subsistence	241	263
Staff learning and development	395	352
	3,252	2,791

298 Costs disclosed above relate to goods and services received during 2024-25. Costs are disclosed net of VAT, the cost of which is included in other supplies and services.

53 Mostly recovery of exam fees for trainees who have left voluntarily before the end of their training contracts.

54 Mostly recovery of exam fees for trainees who have left voluntarily before the end of their training contracts.

55 Mostly recharges for travel and subsistence for seconded staff.

56 Net of £402,000 release of dilapidations provision in 2023-24.

Note 4: Property, plant and equipment

	Furniture and fittings	Right of Use Assets	Information technology	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
2024-25					
Cost					
At 1 April 2024	528	2,288	497	21	3,334
Additions	136	-	106	-	242
Disposals	-	-	(137)	-	(137)
At 31 March 2025	664	2,288	466	21	3,439
Depreciation					
At 1 April 2024	164	454	308	6 ⁵⁷	932
Charged in period	43	235	102	5	385
Disposals	-	-	(132)	-	(132)
At 31 March 2025	207	689	278	11	1,185
Net book value					
At 31 March 2025	457	1,599	188	10	2,254
At 1 April 2024	364	1,834	189	15	2,402
Asset financing					
Owned	457		188	10	655
Leased	-	1,599	-	-	1,599

	Furniture and fittings	Right of Use Assets	Information technology	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
2023-24					
Cost					
At 1 April 2023	1,017	2,420	601	15	4,053
Additions	42	93	95	9	239
Disposals	(531)	(225)	(199)	(3)	(958)
At 31 March 2024	528	2,288	497	21	3,334
Depreciation					
At 1 April 2023	641	435	411	6	1,493
Charged in period	54	244	96	3	397
Disposals	(531)	(225)	(199)	(3)	(958)
At 31 March 2024	164	454	308	6	932
Net book value					
At 31 March 2024	364	1,834	189	15	2,402
At 1 April 2023	376	1,985	190	9	2,560
Asset financing					
Owned	364	-	189	15	568
Leased	-	1,834	-	-	1,834

Reconciliation to the statement of cashflows

	2024-25	2023-24
	£'000	£'000
Tangible additions (Note 4)	242	239
Capitalised ROUA additions	-	(93)
Payments to acquire capital assets	242	146

299 In line with IFRS16, from April 2022, Property Plant & Equipment includes Right of Use assets of £1.599 million (31 March 2024: £1.834m) related to leased properties that do not meet the definition of investment properties. For more information see Note 12 – Leases.

300 Expenditure of over £5,000 on computer equipment and software, office refurbishments and other equipment is capitalised. Subsequent expenditure on assets which meet these criteria is further capitalised. Expenditure on items not meeting these criteria is treated as revenue expenditure in the year.

301 PPE is stated at historical cost less accumulated depreciation and impairment and is exclusive of VAT.

302 Depreciation is provided on all capital assets from the date the asset commences its useful life. This is calculated to write off the cost in equal annual instalments over its economic life for each asset as follows:

Furniture, fittings, and IT infrastructure	Ten years (or shorter of asset life or length of lease for fittings in leased buildings)
Right of use assets	Duration of lease
Computer equipment	Three years
Office equipment	Five years

- 303 In the opinion of the Accounting Officer, there is no material difference between the net book value of assets at current values and at their depreciated cost. An annual assessment of impairment is carried out to confirm that this remains the case.
- 304 PPE Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

Note 5: Intangible assets⁵⁸

	£'000
2024-25	
Cost	
At 1 April 2024	864
Additions	61
Disposals	-
At 31 March 2025	925
Amortisation	
At 1 April 2024	563
Charged in period	69
Disposals	-
At 31 March 2025	632
Net book value	
At 31 March 2025	293
At 1 April 2024	301
Asset financing	
Owned	293

	£'000
2023-24	
Cost	
At 1 April 2023	775
Additions	108
Disposals	(19)
At 31 March 2024	864
Amortisation	
At 1 April 2023	518
Charged in period	64
Disposals	(19)
At 31 March 2024	563
Net book value	
At 31 March 2024	301
At 1 April 2023	257
Asset financing	
Owned	301

- 305 Intangible assets are stated at amortised historic cost exclusive of VAT. The assets are amortised on a straight-line basis over the shorter of the term of the licence or five years or the anticipated useful life of the asset (up to ten years). Amortisation is calculated from the date that the asset commences its useful life.
- 306 In the opinion of the Accounting Officer, there is no material difference between the net book value of assets at current values and at their depreciated cost. An annual assessment of impairment is carried out to confirm that this remains the case.
- 307 Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

Note 6: Trade receivables and work in progress

	31 March 2025	31 March 2024
	£'000	£'000
Trade receivables		
• Central Government	621	336
• Local Government	1,106	1,934
• NHS	425	597
• External to government	50	44
Work in progress		
• Central Government	372	1,069
• Local Government	2,162	1,526
• NHS	187	396
	4,923	5,902

Trade receivables

308 Receivables are valued at fair value on initial recognition and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. For 2024-25 no allowance has been made for expected credit losses (2023-24: £143,000).

309 The Wales Audit Office's clients are virtually all government departments or other public bodies which are funded in the main by Parliament – a reliable funding source with no history of defaults on audit fees. The Wales Audit Office is therefore not exposed to significant credit risks.

310 There are no material amounts falling due after one year included in the above figures.

Work in progress

311 Work in progress relates to work completed in advance of the invoice being issued. This is stated at full cost less provision for foreseeable losses and amounts billed on account.

Note 7: Other receivables

	31 March 2025	31 March 2024
	£'000	£'000
Prepayments and accrued income ⁵⁹	746	678
Loans to employees ⁶⁰	6	9
	752	687

312 There are no amounts falling due after one year included in the above figures.

Note 8: Cash and cash equivalents

	31 March 2025	31 March 2024
	£'000	£'000
Balance at 1 April	294	509
Net change in cash and cash equivalents	225	(215)
Balance at 31 March	519	294

	31 March 2025	31 March 2024
	£'000	£'000
Current account (Government Banking Service)	519	294
	519	294

313 Cash and cash equivalents include all funds held in accounts to which the Wales Audit Office has instant access.

314 Cash balances at year end are shown as being due to the Welsh Consolidated Fund.

59 Mainly advance payments for computer software and property related costs.

60 Cycle to work scheme.

Note 9: Trade payables and other current liabilities

	31 March 2025	31 March 2024
	£'000	£'000
Trade payables (due within one year)	236	100
VAT	45	77
Taxation and social security costs	1	2
Accrual for holiday entitlement not yet taken	731	661
Other accruals ⁶¹	602	456
	1,615	1,296

315 These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured.

Note 10: Deferred income

	31 March 2025	31 March 2024
	£'000	£'000
Deferred income	5,286	6,490
	5,286	6,490

316 Fee income recognised in our accounts is assessed by reference to time charged and a review of work completed. Much of our income is invoiced on an instalment basis through the year. Deferred income represents income that has been billed but not yet recognised.

61 Includes £407,000 in respect of invoices paid post year-end, and £133,000 for business rates due in 2025-26.

Note 11: Provisions for liabilities and charges

	Dilapidations⁶²	Total
	£'000	£'000
As at 31 March 2024	327	327
Provided in-year	49	49
Utilised in-year	-	-
Released in-year	-	-
As at 31 March 2025	376	376

Analysis of expected timing

	Dilapidations	Total
	£'000	£'000
Not later than one year	47	47
Later than 5 years	329	329
	376	376

Reconciliation to the statement of cashflows

	2024-25	2023-24
	£'000	£'000
Provided in year	49	74
Utilised/released in year	-	(822)
Capitalised as ROUA	-	(24)
Movement	49	(772)

317 Provisions are measured at the best estimate of the amounts required to settle a present (legal or constructive) obligation as a result of a past event.

318 When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of this discount is recognised within the relevant expense.

62 We used HM Treasury's discount rate as set out in PES(2024)09 for balances of zero to five years of 4.03% and for balances up to 10 years of 4.07% to calculate this balance.

Dilapidations

- 319 The dilapidations provision represents an estimate of the costs we may incur in making good its leased properties at the end of the leases.
- 320 Dilapidations liabilities relating to the cost of restoring alterations made to leased buildings are accounted for by means of a provision set aside in the year that the cost was identified.
- 321 Structural dilapidations for the Cardiff office and the new office at Llandudno Junction have been capitalised as part of the right-of-use-asset cost in accordance with IFRS 16 para 24(d).
- 322 In addition, an annual dilapidations charge, based on a percentage of the estimated value of structural dilapidations is set aside to allow for general wear and tear on leased properties.

Note 12: Leases

Right of use assets

- 323 Right of use assets relate to lease properties that do not meet the definition of investment properties and are presented within Note 4 – Property, Plant & Equipment
- 324 Audit Wales has leases for three operational offices at Cardiff, Swansea and Llandudno Junction. These leases are subject to periodic rent reviews.
- 325 In December 2023, the Wales Audit Office ended its North Wales office lease at Abergele and entered a new 10 year lease at the Welsh Government offices in Llandudno Junction. The lease on its office at Penllergaer, Swansea is due to expire in April 2025. The lease on the Cardiff office extends until March 2033 – with a break clause in March 2028.
- 326 Right of Use Assets have been measured at the present value of the lease liability, discounted at the incremental borrowing rate promulgated in the PES Treasury papers. The cost model will be used as a proxy for the current value in existing use in subsequent years.

	2024-25	2023-24
	£'000	£'000
Balance at 1 April	1,881	1,781
Additions in year	-	69
Lease payment	(108)	(37)
Interest charge	80	68
Balance at 31 March	1,853	1,881
Current lease liabilities	195	43
Non-current lease liabilities	1,658	1,838
	1,853	1,881

Maturity Analysis – contractual undiscounted cashflows

	31 March 2025	31 March 2024
	£'000	£'000
Less than 1 year	195	43
1-5 years	1,034	1,130
Over 5 years	959	1,059
Total undiscounted liabilities	2,188	2,232

Amounts recognised in statement of comprehensive net expenditure

	2024-25	2023-24
	£'000	£'000
Interest on lease liabilities	80	68
Depreciation	236	244

Change in liabilities arising from financing activities

	Lease liabilities	WCF ⁶³
	£'000	£'000
Balance at 31 March 2023	1,781	509
2023-24		
Net cash used in financing activities	(37)	(215)
Acquisition of leases	69	-
Rent free period interest charge ⁶⁴	68	-
Balance at 31 March 2024	1,881	294
2024-25		
Net cash from/ (used) in financing activities	(108)	225
Interest charged	80	
Balance at 31 March 2025	1,853	519

Note 13: Capital commitments

327 There were £1,086 outstanding capital commitments at 31 March 2025 (31 March 2024: NIL).

Note 14: Losses and special payments

328 There were no reportable losses or special payments in 2024-25.

329 A special payment of £21,140 was incurred in 2023-24 in resolution of an employment dispute.

63 Closing cash balance returned to WCF in subsequent financial year.

64 Interest charged during the rent free period relating to the Capital Quarter lease.

Note 15: Financial instruments

- 330 IFRS 7 (Financial Instruments Disclosures) requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Owing to the nature of the Wales Audit Office's activities and the way in which the operations are financed, the Office is not exposed to a significant level of financial risk and no derivatives are held.
- 331 Although the Wales Audit Office can borrow funds for short-term financing purposes, the Office has not been required to do so in this financial year.
- 332 The Wales Audit Office can also invest surplus funds. As cash balances are held in the Government Banking Service, this has not been done during the year.

Liquidity risk

- 333 Given the nature of our business and the funding of the bodies that we charge fees to, our tolerance of risk in areas of financial management is low.
- 334 In light of this risk appetite, and the backing of the WCF, the Wales Audit Office is not exposed to significant liquidity risks.

Interest rate risk

- 335 The Wales Audit Office's financial assets and liabilities are not exposed to interest rate risk.

Foreign currency risk

- 336 The Wales Audit Office's exposure to foreign currency risk is negligible as only very small forward purchases in connection with foreign travel such as hotels are made. Also, any fees generated from foreign work or secondments are converted when received. Any exchange differences are recorded in the Statement of Comprehensive Net Expenditure for the year.

Credit risk

337 The Wales Audit Office's clients are mainly the Welsh Government, its sponsored and related public bodies, NHS Wales and local government bodies in Wales. The Wales Audit Office charges fees under legislation in accordance with an approved Fee Scheme and is therefore not exposed to any material credit risks.

Fair values

338 There is no material difference between the book values and fair values of the Wales Audit Office's financial assets and liabilities as at 31 March 2025 (31 March 2024: nil).

Note 16: Related party transactions

339 The Wales Audit Office is a body corporate established under statute and has had material transactions with the WCF and with bodies audited by the Auditor General as disclosed in the Remuneration Report.

340 During the year, no members of the Board, nor key members of staff nor their related parties had undertaken any material transactions with either the Auditor General or the Wales Audit Office. Information about key management personnel is included in the Remuneration Report (page 78).

Note 17: VAT

341 The Wales Audit Office is only able to recover a small proportion of VAT on its gross expenditure being the proportion of non-statutory fee income as compared to total income for the year.

Glossary of terms

Accruals basis	The effects of transactions and other events are recognised when they occur (and not as cash, or its equivalent, is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.
Amortisation	The apportionment of the cost of an intangible fixed asset over its useful life.
Assets	Something that the organisation owns or uses eg, equipment or software rights.
Capital expenditure	Spending on non-current (fixed) assets.
Current assets	An asset that is expected to be converted to cash within the next 12 months.
Current liability	A liability that is expected to be settled within the next 12 months.
Deferred income	Represents income that has been billed but not yet recognised in the Statement of Comprehensive Net Expenditure.
Depreciation	The apportionment of the cost of a tangible fixed asset over its useful life.
Estimate	The annual Estimate of Income and Expenses is approved in plenary by the Budget Motion. The Senedd Finance Committee provides a report to support this. Also referred to as the approved budget.
Fixed assets	An asset that is held by an organisation for use in the production or supply of goods or services, for rental to others, or for administrative purposes on a continuing basis in the reporting entity's activities. Examples are equipment, vehicles, land and buildings.

Going concern basis	Financial statements are prepared on this basis assuming that the organisation will continue operating into the foreseeable future.
Intangible fixed asset	An asset, such as a right, that has no physical substance.
Leasing	Acquiring the use of an asset through a rental agreement.
Prepayments	An amount paid for in advance such as insurance premiums or rent in advance. Initially recognised as an asset, then transferred to expense in the period when the benefit is enjoyed.
Provision	Liability of uncertain timing or amount.
Remuneration	The pay, or other compensation, provided for an employee's services.
Taxpayers' equity	The net assets of the organisation.
Trade payables	Amounts due for payment to suppliers of goods and services.
Trade receivables	Amounts due from clients.
Tangible fixed asset	A fixed asset (also called a non-current asset) which has a physical existence. Used to differentiate it from an intangible fixed asset.
Welsh Consolidated Fund (WCF)	The fund used by the Senedd to hold sums voted by Parliament which are then allocated via a Budget Motion to the Welsh Government, Auditor General for Wales, Senedd Commission and Public Service Ombudsman for Wales.
Work in progress	Work done and recognised as income in the accounts which has yet to be invoiced to clients.

Full definitions are available in the Financial Reporting Manual (FReM).



Appendices

1 Auditor General's Report on Disclosures of Information

1 Auditor General's Report on Disclosures of Information

29 individuals contacted us between 1 April 2024 and 31 March 2025 indicating that they wished to make a whistleblowing disclosure to the Auditor General.

However, in only 20 cases did the Auditor General have a reasonable basis to believe that the disclosure qualified and was within the matters in respect of which he is prescribed. This was because individuals either did not give details of their employment situation, or it was clear that they were not employees or other qualifying workers.

Of the 20 apparently qualifying disclosures, in 17 cases the relevant audit team reviewed the matters raised, but they were not found to amount to substantive matters on which the Auditor General would need to report or take other action. For the remaining 3 cases, the audit team is making or has made high level enquires or will take the issues raised into account during any future audit work.



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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Annual Plan 2025-26

Including additional information on
our longer-term strategy and key
performance indicators

This Annual Plan covers the period from 1 April 2025 to 31 March 2026 and includes additional information on our longer-term strategy and key performance indicators. It has been jointly prepared by the Auditor General for Wales and the Chair of the Wales Audit Office. The Plan is laid before the Senedd in accordance with the requirements of the Public Audit (Wales) Act 2013.

Audit Wales is the collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions. Audit Wales is not a legal entity. Consequently, in this Plan, we make specific reference to the Auditor General or Wales Audit Office in sections where legal precision is needed.

If you require this publication in an alternative format and/or language, or have any questions about its content, please contact us using the details below.

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.
Ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome correspondence and telephone calls in Welsh and English.
Corresponding in Welsh will not lead to delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

A summary of our plan

Our purpose



Assure people that public money is being managed well



Explain how that money is being spent



Inspire the public sector to improve

Our vision

Increase our impact by:

Fully exploiting our unique perspective, expertise and depth of insight

Strengthening our position as an authoritative, trusted and independent voice

Increasing our visibility, influence, and relevance

Being a model organisation for the public sector in Wales and beyond

Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

Our programmes of work

Audit delivery

We will deliver a comprehensive programme of audit work, in accordance with the Auditor General’s statutory powers and duties.

Business improvement

To help us achieve our longer-term vision, we will take action across key business planning priorities aligned with our three areas of focus.

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Foreword

Rydym yn falch i gyflwyno ein Cynllun Blynyddol ar gyfer 2025-26

We are pleased to present our Annual Plan for 2025-26

This Plan sets out our priorities for the next 12 months. 2025-26 is the fourth year of our existing five-year strategy. Delivery of that strategy remains paramount, and we are well on track to do so by further sharpening our audit programme delivery and increasing our impact and visibility.

Public services continue to face enormous financial, demand and workforce pressures. Though public bodies must make their own decisions about how they navigate those challenges, independent public audit highlights opportunities for improving value for money, supports good governance and financial management, and may provide early warning of problems arising. This Annual Plan describes how we intend to do that in the coming year and so provide the public, the Senedd, decision-makers and influencers with the information and assurance they need about how well public money is being spent.

The biggest area of our work involves auditing the accounts of over 800 public bodies across Wales. Through the COVID pandemic period the timeliness of the delivery of this work deteriorated. Working with our audited bodies, it is taking several years to bring that large programme of work back to pre-pandemic timescales, but we are determined to do so and confident that we will. In 2025-26, we will continue the progress made over the last two years to bring forward the reporting deadlines for our audit of accounts work.

We also aim for further improvement in the timeliness of the performance audit work we deliver at individual NHS and local government bodies. Again, we are confident that we will do so. With the public purse strings so tight, it is more important than ever to get value for money from every pound of public spending. In our local and national studies programmes, therefore, we aim to give even sharper focus to value for money through stronger financial and outcomes analysis.

The next few years will see considerable change and opportunity for Audit Wales. In 2026, the eight-year term of the current Auditor General will end, and a new Auditor General will be appointed. Also in 2026, there will be elections to an expanded Senedd. As well as the wider economic, social and political environment, we know our auditing, financial reporting and public sector landscapes are constantly evolving; increasingly we see them affected by new technologies, ever-growing regulatory requirements and public expectations of government accountability. Our Annual Plan for 2025-26 sees us readying ourselves for that evolving world.

None of our objectives for high-quality public audit can be achieved without our staff. Over the coming year, we will continue to provide an excellent, flexible employment offer that supports employee wellbeing and a working environment that encourages collaboration and high-quality work. As we do each year, we have also reviewed our framework of key performance indicators and associated targets, to ensure they remain fully aligned with our objectives and are suitably challenging.

This Annual Plan covers the last full 12-month period of Adrian’s tenure as Auditor General and continues progress towards the delivery of our five-year strategy. As has been our aim throughout his time as Auditor General, it focuses Audit Wales on using its unique perspective and expertise to assure the people of Wales that public money is being well managed, to explain how it is being used, and to inspire and empower the public sector to improve.



Adrian Crompton
Auditor General for Wales



Dr Ian Rees
Chair, Wales Audit Office

Who we are and what we do

Our purpose is to assure people that public money is being managed well, explain how that money is being spent, and inspire the public sector to improve

- 1 Independent audit of the activities of government and the use of public funds is an essential component of democratic accountability. Auditors carry out their work on behalf of the public in a way that is objective and impartial.
- 2 The [Auditor General for Wales](#) is the statutory external auditor of the Welsh public sector. The Auditor General is responsible for the audit of most of the public money spent in Wales, including the funds that are voted annually by the Senedd. Significant elements of this funding are passed by the Welsh Government to the NHS and local government in Wales.
- 3 The Wales Audit Office provides resources, such as staff, for the exercise of the Auditor General's functions, and monitors and advises the Auditor General. The Wales Audit Office currently employs around 300 staff.
- 4 Together, as Audit Wales, we audit around £28 billion of income and expenditure. **Appendix 1** provides more detail on how we follow the public pound in Wales. Our work supports the effective scrutiny of public money by the Senedd and locally elected representatives.

We undertake local and national audit work across a broad range of public bodies

Key elements of our work



Providing an opinion on whether public sector accounts have been properly prepared and give a true and fair view of financial position



Considering whether public money is being used for approved purposes



Examining the economy, efficiency and effectiveness with which public bodies have used their resources (value for money)



Providing conclusions on whether public bodies have made proper arrangements for securing value for money in their exercise of functions



Considering whether public business is being conducted in a way that meets certain expectations and standards



Carrying out sustainable development principle examinations

- 5 These audit functions may be exercised in combination, if necessary, across different types of bodies, to examine public spending irrespective of who delivers the services.
- 6 We identify good practice from across the full breadth of our audit work and disseminate this through a range of media, including reports, blogs, podcasts and shared learning seminars and webinars.

We carry out our work in accordance with International Standards on Auditing and other recognised standards

- 7 Our Code of Audit Practice prescribes the way in which our audit and certain other functions are to be carried out. The Code, which is currently being updated following external consultation, sets out that auditors must comply with international auditing and ethical standards and that their work must be of high quality. Our audit quality arrangements accord with the Financial Reporting Council's International Standard on Quality Management and INTOSAI professional standards.
- 8 We are committed to working closely with the other UK audit agencies through the Public Audit Forum, and with our colleagues at the other main external review bodies in Wales, to enhance the efficiency and effectiveness of public audit and the collective impact of our work. We are also proud to represent Wales on the international audit stage, including at EURORAI events.
- 9 We are an accredited training organisation for three of the four professional accountancy bodies. Most of our graduate trainees are currently studying with the Institute of Chartered Accountants in England and Wales. We also offer a finance apprenticeship, which supports study with the Association of Accounting Technicians.

We operate independently from government

- 10 The Auditor General is not subject to direction by the Senedd or government in the exercise of his audit functions.
- 11 The Auditor General and our Board are responsible for setting and overseeing the strategic direction of the organisation and ensuring we are on track in the delivery of our business planning priorities. The Board holds the Auditor General to account in his role as Chief Executive of the Wales Audit Office and supports him in the discharge of his role as Accounting Officer. As Accounting Officer, the Chief Executive answers personally to the Senedd Finance Committee on matters such as compliance with Managing Welsh Public Money.
- 12 Our Executive Leadership Team advises the Auditor General, including in his capacity as Chief Executive and Accounting Officer. More detailed information on our governance arrangements can be found in the Corporate Governance Report section of our latest Annual Report and Accounts.
- 13 Our operating environment includes a range of factors which will influence the delivery of our work in 2025-26 to varying degrees. **Appendix 2** provides a summary of what we consider to be important elements of our current operating environment.
- 14 In running our business, we are committed to applying best practice for the identification, evaluation, and cost-effective control of risks. The key areas within which risks can arise and threaten successful delivery of our work, and a high-level summary of our risk appetite in each of those areas, are set out in **Appendix 3**. More information about our finances is provided in our latest Estimate of Income and Expenses and in **Appendix 4**.

Our strategic vision and areas of focus

Our vision is to increase our impact by:

Fully exploiting our unique perspective, expertise and depth of insight

Strengthening our position as an authoritative, trusted and independent voice

Increasing our visibility, influence, and relevance

Being a model organisation for the public sector in Wales and beyond

15 In our [Strategy for 2022 to 2027](#), we have identified three areas of focus where we are prioritising actions to help Audit Wales achieve its overall vision.

Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

Our programmes of work: audit delivery

We will deliver a comprehensive programme of audit work, in accordance with the Auditor General's statutory powers and duties

- 16 Our core business is carrying out a broad programme of audit work to deliver the Auditor General's statutory powers and duties. Our audit delivery work programme comprises the Auditor General's priorities for 2025-26 in exercising his functions.
- 17 Our audit work plays a key role in supporting the work of the Senedd Public Accounts and Public Administration Committee, which scrutinises how resources are used in the discharge of public functions in Wales. Our work can also inform the work of other Senedd committees, whose wider remits include scrutinising the policies of the Welsh Government, holding Ministers to account, and examining proposed legislation.
- 18 Throughout the year, we regularly attend meetings of the audit and scrutiny committees of public bodies in Wales to provide briefings and report on our audit work.

Our core work



Undertaking local audit work at over 800 public bodies, including:

- Audits of accounts
- Local performance audit work
- Sustainable development principle examinations



Delivering a programme of national studies



Certifying grant schemes worth approaching £1.5 billion



Supporting effective scrutiny including the work of the Senedd committees



Sharing good practice and audit learning to support public service delivery



Facilitating the detection of fraud and error through the National Fraud Initiative



Approving around £2 billion of payments out of the WCF every month

We will undertake local audit work at most public bodies

Public bodies audited by the Auditor General in 2025-26 and the types of local work carried out at those bodies

Public bodies and related audits	Audit of accounts	Local performance audit work ¹	Sustainable development principle examinations ²
Senedd Commission	✓		
Welsh Government ³	✓		✓
10 Welsh Government executive bodies	✓		✓
Welsh Revenue Authority including the tax statement	✓		✓
Welsh Government owned companies ⁴	✓		✓
7 Commissioners, Inspectorates and Regulators	✓		
7 Local Health Boards	✓	✓	✓
3 NHS Trusts and 2 Special Health Authorities	✓	✓	✓
22 Councils (Unitary Authorities)	✓	✓	✓
4 Police and Crime Commissioners and Chief Constables	✓		
3 Fire and Rescue Authorities	✓	✓	✓
3 National Park Authorities	✓	✓	✓
9 Pension funds	✓		
4 Corporate Joint Committees	✓		✓

- 1 Local performance work is undertaken to meet the Auditor General's duty to be satisfied that audited bodies have made 'proper arrangements' for securing economy, efficiency and effectiveness in the use of resources. That duty applies to all local government and NHS bodies, as well as the Public Services Ombudsman for Wales. In the case of smaller bodies, such as community councils, we do not generally undertake a specific local performance work programme, but rather we usually undertake the necessary work as part of the audit of accounts. The Auditor General does not have a 'proper arrangements' duty in relation to most central government bodies. Performance audit work for that sector is provided in the form of value for money studies.
- 2 Only for listed bodies under the Well-being of Future Generations (Wales) Act 2015, at least once every four years. Where possible, this work is fully integrated within our local performance audit programme.
- 3 Including associated audits of the Welsh Consolidated Fund Receipts and Payment Account, Non-domestic Rating Receipts and Payments Account, and NHS Summarised Accounts.
- 4 The Auditor General performs statutory audit duties at certain Welsh Government owned companies.

Public bodies and related audits	Audit of accounts	Local performance audit work	Sustainable development principle examinations
4 City region growth deals	✓		
Several smaller local government bodies including joint committees and harbour authorities	✓		
Over 730 Town and Community Councils	✓		

We will carry out a programme of national studies and prepare additional outputs highlighting common themes from our local audit work

- 19 The Auditor General's indicative forward programme of national studies for 2023-2026 is focused around four main themes:
 - Tackling inequality
 - Responding to the climate and nature emergency
 - Service resilience and access
 - Well managed public services
- 20 The tables below list all active and planned studies for 2025-26 as of 31 March 2025. The programme includes examinations of issues of public concern identified through our audit work or raised with us through [correspondence](#) or [whistleblowing disclosures](#). We have made further information about our work programme available on [our website](#).
- 21 Set in the context of our broader priorities, our aim for 2025-26 is to ensure most, if not all, work already in progress is completed by the end of March 2026, ahead of the end of the current Senedd term. We will also be looking to progress work to provide follow-up commentary on topics we have reported on over the past four years. And, ahead of the end of the Auditor General's term of office in summer 2026, we will be working on outputs that draw together a wider analysis of public finance, governance, and service delivery challenges.
- 22 Alongside this, our work in the central government sector will include examining the setting of well-being objectives at five bodies that, in 2024-25, became subject to the Well-being of Future Generations Act. We also intend to start work to examine steps that at least two of these bodies are taking to meet those objectives.
- 23 However, we keep our forward programme under regular review, taking account of the evolving external environment, our own resourcing and the capacity of audited bodies to engage with us. We maintain sufficient flexibility so that we can respond effectively to emerging issues of public or parliamentary concern. Additional outputs may also emerge from ongoing research and development work. Our Interim Report 2025-26 will provide an update and may identify further new projects. Stakeholder and wider audience survey work that is currently underway will inform our ongoing planning.

Examinations and studies already in progress as of 31 March 2025⁵

	 Tackling inequality	 Responding to the climate and nature emergency	 Service resilience and access	 Well managed public services
How public bodies are applying the 'sustainable development principle' – summary report.	✓	✓	✓	✓
Welsh Government approach to delivering its capital and infrastructure ambitions.	✓	✓		✓
Findings from data matching work on GP registrations.				✓
Challenges for the culture sector – financial sustainability.			✓	✓
Natural Resources Wales's approach to designating Sites of Special Scientific Interest.		✓		✓
Application of the sustainable development principle by Medr – the Commission for Tertiary Education and Research.	✓	✓	✓	✓
The impact of delayed discharges from hospitals and progress in managing urgent and emergency care demand.			✓	✓
NHS bodies' approaches to identifying, delivering, and overseeing cost savings plans.				✓
How councils and their partners are working to address the increasing demand for temporary accommodation.	✓		✓	✓
Commissioning services in local government.				✓
Examining decision-making relating to the development of a new Velindre Cancer Centre.				✓

5 Studies are listed broadly in order of their stage of progress. The strength of the link to the different themes may vary and would depend on the final scope where work is still at the planning stage. In practice, our work typically includes coverage relevant to 'well-managed public services'.

	 Tackling inequality	 Responding to the climate and nature emergency	 Service resilience and access	 Well managed public services
Councils' capital planning, including a focus on roads and adult social care assets.		✓		✓
Progress with NHS planned care recovery and reducing the waiting list backlog.	✓		✓	✓
How digital transformation in the NHS is modernising and improving services.			✓	✓
Rebalancing care and support – the Health and Social Care Regional Integration Fund			✓	✓
Challenges in transforming access to education for children with additional learning needs	✓		✓	✓
Progress with investment in school and college buildings through the Sustainable Communities for Learning Programme.	✓	✓	✓	✓
Managing costs and demand in local authority children's services.	✓		✓	✓
Welsh Government financial support for business	✓	✓		✓
Support for rail and/or bus services in the context of the National Transport Delivery Plan.	✓	✓	✓	✓
The senior public service workforce, looking at issues such as turnover and recruitment, appraisal, learning and development, or well-being support.	✓			✓

New work that we plan to start in 2025-26⁶

	 Tackling inequality	 Responding to the climate and nature emergency	 Service resilience and access	 Well managed public services
NHS bodies' approaches to improving cancer services.	✓		✓	✓
How well NHS bodies are managing the NHS estate.		✓	✓	✓
Responding to workforce pressures in local government.			✓	✓
Setting of well-being objectives and steps to meet well-being objectives at various central government bodies	✓	✓	✓	✓
Follow-up commentary including, potentially, net zero, flood risk management, affordable housing, and corporate joint committees.	✓	✓	✓	✓
Picture of public services – reflections on public finance, governance, and service delivery challenges.	✓	✓	✓	✓
Local government funding arrangements.				✓
Local authority support for financial management of schools.				✓

⁶ Several of these topics could lead to multiple outputs. **Pack Page 236**

We will also arrange with certain bodies to undertake commissioned work, both in the UK and overseas

- 24 Through our commissioned work, we provide services to certain bodies. In 2025-26, this will include:
- Auditing the Arts Council of Wales and Sports Council for Wales lottery distribution accounts (on behalf of the Comptroller and Auditor General).
 - By agreement under the Education Act 1997, providing assistance to Estyn in support of inspections of local government education services.
 - Providing technical support to the auditors of UK overseas territories.
- 25 We are mindful that all such activities should be self-financing and must not be undertaken to the detriment of our core audit work.

Our programmes of work: business improvement

To help us achieve our longer-term vision, we will take action across key business planning priorities aligned with our three areas of focus.

- 26 2025-26 is the fourth year of a five-year Strategy for achieving our overall vision. In that strategy, we identify three areas of focus for prioritising action:
- A strategic, dynamic and high-quality audit programme.
 - A targeted and impactful approach to communications and influencing.
 - A culture and operating model that enables us to thrive.
- 27 Our latest Annual Report and Accounts and Interim Report provide detail on progress we have made so far in these focus areas.
- 28 Notable developments during the first three years of strategy delivery are:
- Rolling out a new accounts audit approach and evidence platform, to support compliance with standards and our longer-term aspirations for audit development.
 - Agreeing a three-year delivery timetable with the NHS and local government sectors for making progressive advancements in the sign-off timetable for accounts audits.
 - Shaping a medium-term programme of performance audit work that brings together different elements of our work and aims to enhance timeliness and impact.
 - Embedding INTOSAI standards in the delivery of our performance audit work.
 - Launching a whole organisation workforce strategy which sets out a holistic longer-term vision for securing and developing the necessary people resources.

- Commissioning independent research to gauge awareness levels and gather perceptions on the accessibility, value and impact of our work.
- Reviewing and upgrading the content, layout, and design of the Audit Wales website, following a user-centred approach.
- Completing moves to smaller, better value offices in South, North and West Wales and significantly reducing our travel, associated costs and environmental impact.
- Shifting to a more balanced and productive approach to hybrid working with increased use of offices for team working and collaboration.
- Setting challenging savings targets in our [Estimates](#) and putting in place a financial sustainability group focused on identifying innovative options to achieve future savings.

- 29 On the following pages, we set out our business planning priorities for 2025-26, aligned with the strategic areas of focus to which they relate. Since project delivery in some of these priority areas extends beyond the 2025-26 financial year, we have provided an illustration of the planned timeframes for delivery for each priority within the context of our longer-term strategy.
- 30 Our business improvement work programme comprises the Wales Audit Office's priorities for 2025-26 in exercising its functions.



A strategic, dynamic and high-quality audit programme

Priorities	What success will look like	Timeframe for delivery	
		2025-26	2026-27
Bring the timetable for the delivery of 2024-25 accounts audit work further forward to 30 June for NHS and 31 October for local government (equivalent 2023-24 accounts deadlines were 15 July and 30 November).	<p>We deliver our three-year plan (of which 2025-26 is year two) to bring forward the timetables for delivering accounts audit work post-COVID.</p> <p>By 2026, we wish to consistently achieve 30 June for the NHS sector and 30 September for local government.</p>		
Bring the timeframe for the completion of local performance work further forward, such that a greater proportion is completed within three months of the end of the year to which the audit plan relates.	<p>We deliver our three-year plan (of which 2025-26 is year two) to address post-COVID backlogs in our local government and NHS local performance audit work programmes.</p> <p>By 2026, we wish to consistently complete work within three months of the end of the year to which the local audit plan relates (31 March for the NHS and 30 June for local government).</p>		
Greater focus on value for money through stronger financial and outcomes analysis in our performance audit work.	<p>Relevant audit outputs include clear analysis of related spending and whether desired outcomes are being achieved in an efficient, economic, and effective way.</p> <p>All appropriate opportunities to draw attention to and quantify areas of fraud/waste/potential savings are taken. Fraud analytics work, beyond the core NFI exercise, is embedded in our work programme.</p>		



A targeted and impactful approach to communications and influencing

Priorities	What success will look like	Timeframe for delivery	
		2025-26	2026-27
Achieve an increase in the reach and awareness of our work and its impact on communities in Wales, by encouraging more people to read, share, and act on our content.	<p>Improved reports that our stakeholders find more impactful. This will include a refreshed writing style, shorter snapshots of findings and newly designed templates for accounts audit work.</p> <p>New forms of accessible and engaging content will also be available on our digital channels.</p>		



A culture and operating model that enables us to thrive

Priorities	What success will look like	Timeframe for delivery	
		2024-25	2026-27
<p>Prepare for the period after completion of our current five-year strategy by giving particular focus to themes we have identified as crucial in shaping the future culture and operating model of Audit Wales:</p> <ul style="list-style-type: none"> • Digital developments • Evolving auditing standards • The scope of our work including developments in sustainable reporting • The skills and shape of our workforce. 	<p>A modern audit office that keeps pace with developments in the wider audit profession to continue to deliver high-quality work and remain compliant with professional standards and regulatory expectations.</p>		

Measuring and reporting on our performance

- 31 In 2025-26, we will continue to use a combination of quantitative and qualitative methods to measure, report and reflect on our performance, value for money and risks, and to seek evidence on the impact of our work. This includes regular reporting to our Executive Leadership Team and Board on progress made towards delivering our strategy and achieving our key performance indicator (KPI) targets. It will also include internal audit reports to our Executive Leadership Team, and Audit and Risk Assurance Committee.
- 32 We have identified a set of high-level KPIs that will help us to measure progress made towards delivering our overall vision. We will place emphasis on evaluating our direction of travel and pace of improvement, alongside comparison with appropriate benchmarking.
- 33 We will report on our performance externally through our Interim Report and Annual Report and Accounts, and by providing evidence at meetings of the Senedd Finance Committee. It should be noted that our KPIs are part of a broader suite of operational and corporate performance indicators, many of which are also reported on externally in our Annual Report and Accounts and other corporate publications.
- 34 When preparing this Plan, we reviewed our KPI targets with reference to current levels of performance and appropriate external benchmarks, to ensure alignment with our overall ambitions and our strategy for achieving them.



A strategic, dynamic and high-quality audit programme

No	Indicator	Description	Target for 2024-25	Target for 2025-26
1	Statutory deadlines	Proportion of accounts audit opinions delivered by the statutory or planned deadline ⁷ .	100%	100%
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%	90%
3	Quality	Number of reviewed audits that are delivered in accordance with <u>Financial Reporting Council (FRC) quality standards</u> .	All audits sampled in the highest two audit quality categories	All audits sampled in the highest two audit quality categories
4	Credibility	Proportion of stakeholders that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	At least 90%
5	Providing insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise.	At least 80%	At least 80%
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	At least 80%
7	Savings identified	Value of potential savings, productivity gains and other financial benefits identified through our work.	At least £30 million during 2023-2026	At least £30 million during 2023-2026

⁷ Where accounts are received on time and no public interest report is required.



A targeted and impactful approach to communications and influencing

No	Indicator	Description	Target for 2024-25	Target for 2025-26
8	Good practice outputs	Proportion of stakeholders who rate our good practice outputs as useful or very useful.	At least 90%	At least 90%
9	Website visits	Number of visits to our website where at least one action is performed, e.g. download a report, click on a video.	48,000 each year	53,000 each year
10	Social media	Number of social media engagements, ie interactions with our posts such as a like, a comment, or retweet/share.	4,000 each year	4,000 each year
11	Sharing audit learning	Number of instances where we present audit learning to key policy working groups or at relevant externally hosted events.	50 each year	50 each year



A culture and operating model that enables us to thrive

No	Indicator	Description	Target for 2024-25	Target for 2025-26
12	Employee engagement	Percent positive annual staff survey engagement index score.	At least the median benchmark score for the latest <u>Civil Service survey</u> (64%)	At least the median benchmark score for the latest Civil Service survey (To be confirmed)
13	Turnover	Proportion of employees who voluntarily leave Audit Wales per annum.	Between 5% and 10%	Between 5% and 10%
14	Sickness absence	Proportion of total time lost due to sickness absence.	Less than 4%	Less than 4%
15	Financial balance	Net underspend variance on income and expenditure from that set out in our Estimate for the current year.	Less than 2% of gross expenditure budget	Less than 2% of gross expenditure budget
16	Cost savings	Value of in-year cost savings delivered across the business.	£400,000 as set out in our 2024-25 Estimate	£200,000 as set out in our 2025-26 Estimate
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions ⁸ .	Less than 349 tonnes (40% reduction from 2019-20 baseline)	Less than 291 tonnes (50% reduction from 2019-20 baseline)
18	Trainee success rate	Proportion of trainees achieving first-time passes in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales.	At least 90%	At least 90%

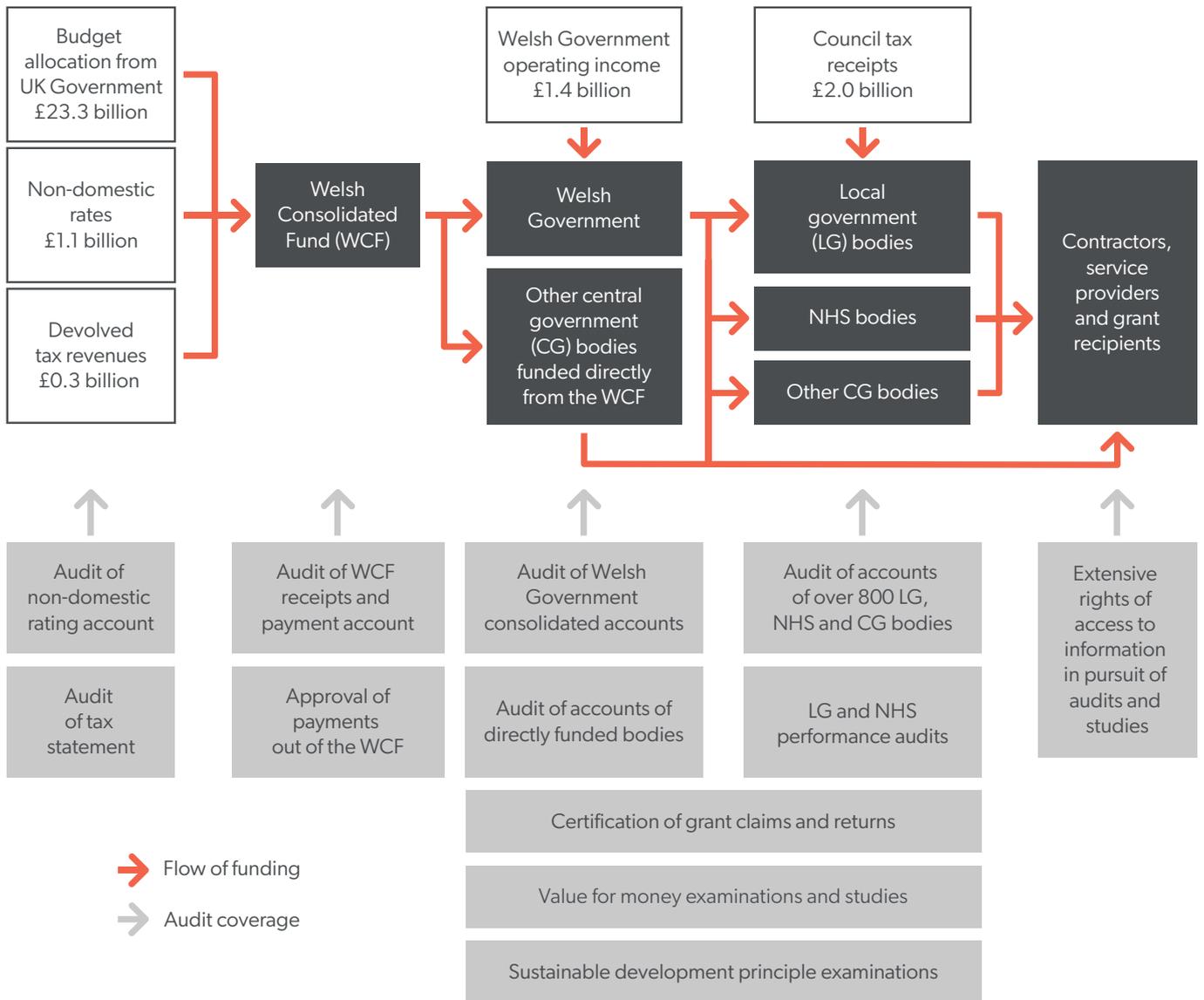
⁸ Not including supply chain emission estimates which are reported on separately in our annual Sustainability Report.



Appendices

- 1 How we follow the public pound in Wales
- 2 Our operating environment
- 3 Our key risk areas
- 4 Our finances

1 How we follow the public pound in Wales



Notes to exhibit:

- Funding sources highlighted in exhibit do not include income generation activities at individual public bodies.
- Budget allocation from UK Government includes receipts from the Wales Office (£18.9 billion), HMRC Distribution from the National Insurance Fund in respect of Social Security (£1.6 billion), and the Welsh Rate of Income Tax (£2.8 billion).

2 Our operating environment

Some important elements of our current operating environment which are likely to influence the delivery of our work in 2025-26



3 Our key risk areas



1-2

Value for money

Given the role of Audit Wales, we are averse/cautious in running the business in an economic, efficient and effective way with high standards of governance.



2-3

Accessibility

We are cautious in moving away from recognised principles of communication, especially when these relate to statutory duties. We are more open in making our audit outputs accessible to a wide range of audiences.



2-3

Capacity & capability

We are cautious in experimentation in areas outside our core business but are more open to risk in attracting, retaining and developing the staff resources needed to deliver our programmes of work.



2-3

Leadership

We are cautious in setting strategic direction for the organisation given that so many functions and duties are defined by statute. We are more open in our approach to supporting innovation and engaging and motivating staff.



1

Quality & timeliness

We are averse to risk that prejudices delivery of high-quality and timely work.

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2-3

Profile & reputation

We are cautious in areas that could have negative impact on reputation with key stakeholders. We are more open in the steps we take to increase awareness, understanding and credibility among a range of key stakeholders.



1-3

Technology

We are averse to risk in our handling of personal and audit information and in ensuring our IT systems remain secure, reliable and fit-for-purpose. We are more open to risk in exploring the use of new technology to improve the efficiency and effectiveness of our work.

Key areas where risks can arise and threaten successful delivery of our work

Our risk appetite for each of the broadly defined areas is set out as a rating in the top right of each box. The risk appetites typically cover more than one rating (see definitions below) to reflect our desire to be more innovative in specific areas in pursuit of our overall goals.

Risk appetite ratings key:

1	Averse	Avoidance of risk is a key objective. We are only willing to accept very limited risk.
2	Cautious	Preference for safe options that have a low degree or residual risk. These options may only offer limited reward potential.
3	Open	Willing to consider all potential options and choose one which balances residual risk with a desired level of reward.
4	Bold	Eager to be innovative and choose options offering high rewards despite inherent risk.

More detailed information on our risk management framework can be found in the Corporate Governance Report section of our latest [Annual Report and Accounts](#).

4 Our finances

The Senedd Finance Committee scrutinises our use of resources, including through consideration of this Plan, our [Interim Report](#) and [Annual Report and Accounts](#).

Approximately two-thirds of our funding come from fees charged to audited bodies in accordance with a [Scheme of Fees](#) approved by the Senedd. Most of the remainder comprises approved financing from the Welsh Consolidated Fund, our use of which is subject to scrutiny from the Board at regular intervals during the year.

The resources available, and which may become available, to the Wales Audit Office in 2025-26 are laid out in our most recent [Estimate of Income and Expenses and Supporting Information](#). The Estimate sets out how those resources are to be used in undertaking the Auditor General's and Wales Audit Office's work programmes. It was considered and approved by the Senedd Finance Committee in November 2024.

£23.4 million of our planned expenditure for 2025-26 relates to staffing resources to be made available to the Auditor General to carry out his work programme. This is the maximum amount of the resources available, and which may become available, that it is anticipated will be allocated by the Wales Audit Office to the Auditor General for undertaking his work programme. A further £4.8 million provides a range of other services, including travel and subsistence, staff learning and development, capital investment, management of our trainee and apprenticeship schemes, and professional fees.

The Board reviews our financial performance each time it meets throughout the year. Each month, our Executive Leadership Team considers a risk assessment of our financial health with a view to ensuring value for money and a year-end outturn within budget.



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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Audit findings report

Issued to:

Wales Audit Office

Year ended 31 March 2025

25 June 2025



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Key audit risk findings	4
Recommendations on controls	7
Qualitative aspects of accounting	8

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Executive summary

Status and overview of the audit

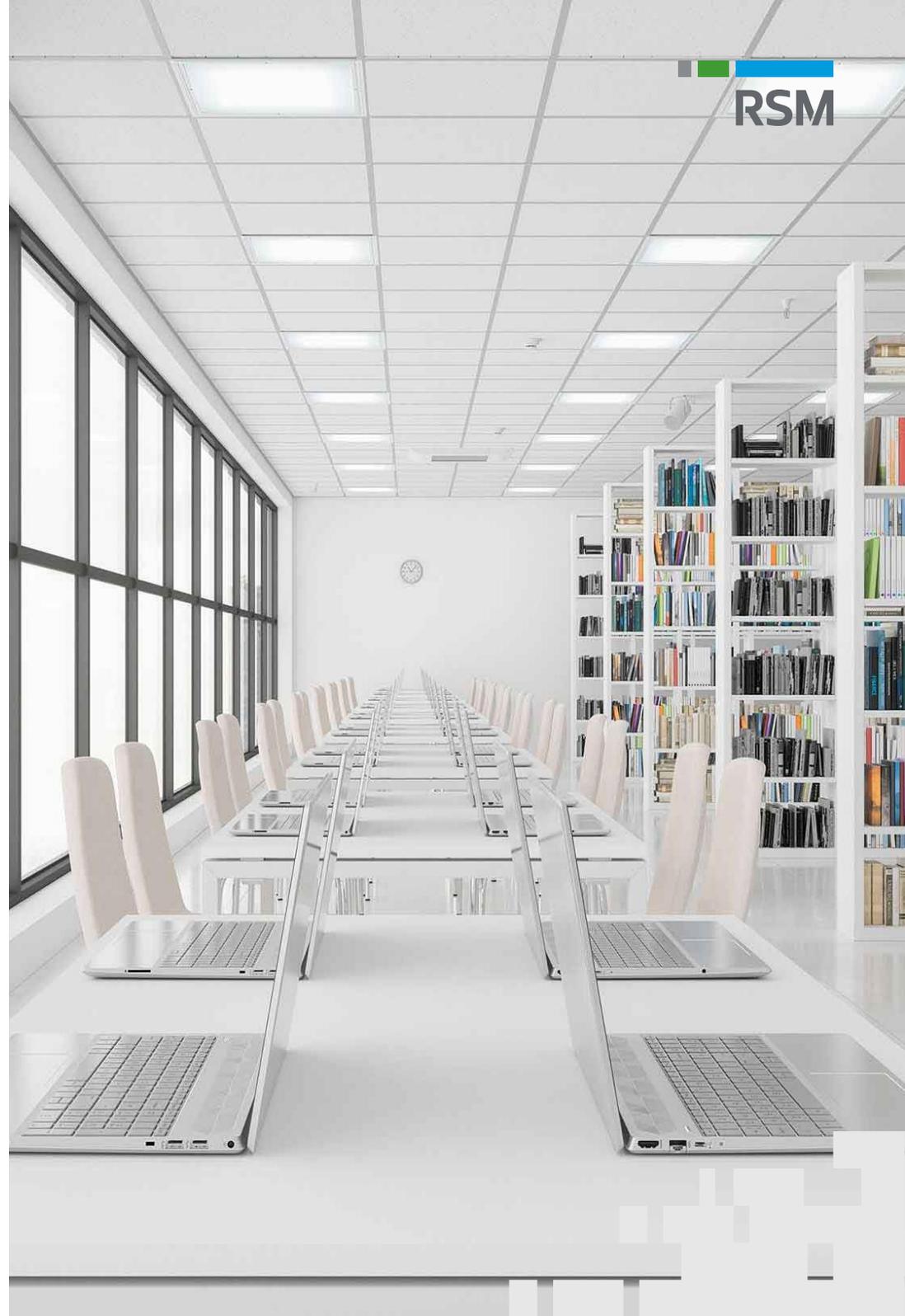
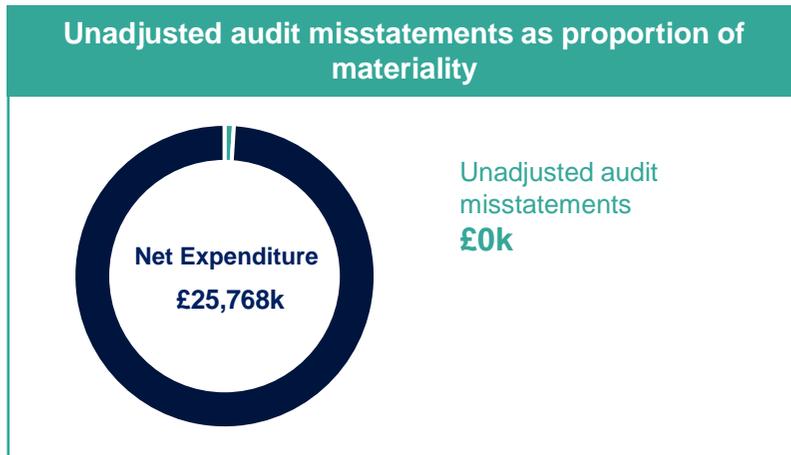
This report summarises our key audit findings in connection with the audit of the financial statements of Wales Audit Office for the year ended 31 March 2025.

The scope of our work was communicated to you via our Audit Plan document dated 28 February 2025. There have been no significant changes to our planned approach.

Final materiality

Materiality has not changed since we presented our audit plan.

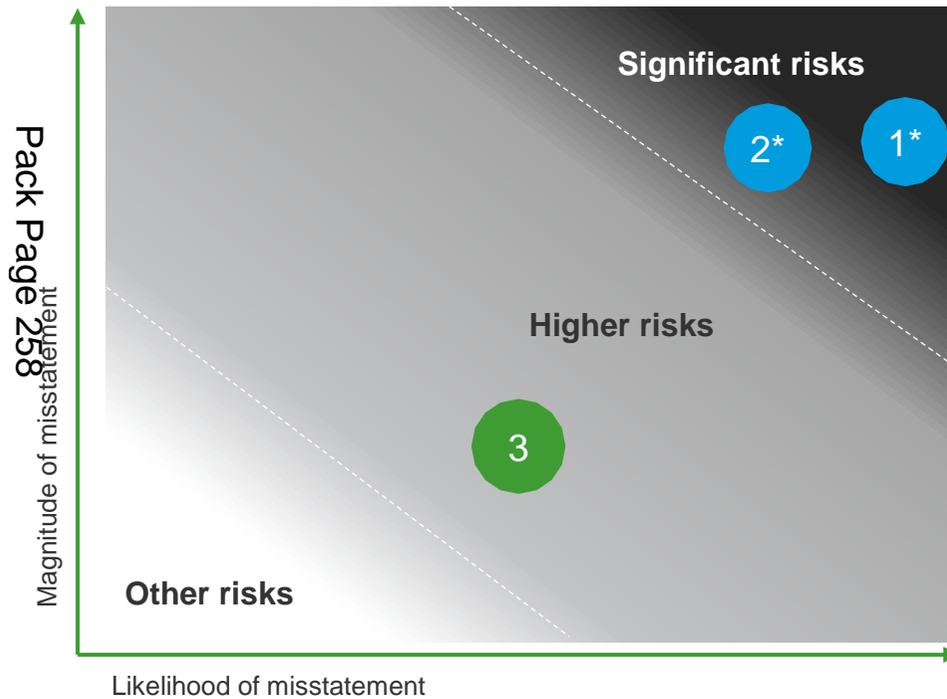
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Key audit risk findings

(See Appendix for risk description and planned work)

We have set out below details of those areas that we considered to be the key audit risks arising when we presented our audit plan. There have been no changes to the risks identified.



* = ISA 240 'The auditor's responsibilities relating to Fraud in an audit of financial statements' identifies that there is a presumed fraud risk in relation to revenue recognition and management override of controls. As a result, these have been classified as significant risks.

Audit risks summary

Risk item	Risk identified	Change in risk
1	Revenue recognition* – WIP and Deferred Income	▶
2	Management override of controls*	▶
3	Regularity	▶

Significant risks

Risks	Findings
Revenue recognition – WIP and deferred income	<p>We have sampled and tested projects that commenced were ongoing at the year end and agreed that the revenue recognition is materially in line with IFRS 15 and that appropriate amounts have been recognised in WIP and Deferred Income.</p> <p>We have reviewed management’s assessment of costs to complete. The basis of this calculation has remained in line with the prior year and while we were expecting the assessment to change this year to be based on future costs in HubPlanner, management have deemed that this information does not go sufficiently far into the future and therefore a historical basis has continued been used. In line with the prior year the assessment was based on the prior year recovery of the equivalent audit with the average of 3 scenarios taken. These were taking the actual % bust in the prior year, capping this at 10% or 20%. While we would have expected management to select one scenario they think is the most likely, using the average is not materially different to having a cap at 10% or having no cap. Capped at 10%, the “Costs to Complete” (CTC) provision would be £625k; with no cap it would be £1,088k and averaged across the 3 scenarios is £846k. The cost to complete assessment is an estimate and given the lack of sufficient forward looking data, calculating the cost to complete based on a range of historical based scenarios is a materially appropriate basis for estimate.</p> <p>We reviewed April 2025 audit assessments to confirm that there was no material indicators of a further provision being required at year end. We have tested the reliability of the underlying time recording system and did not note any errors in our sample testing with the completeness or accuracy of the data.</p> <p>Where deficits are expected on audits, we have not noted errors around the calculation of expected provisions.</p>
Management override of internal controls	<p>We have tested journal entries posted during the year on a sample basis, using risk analysis and data analytics to identify ‘at-risk’ transactions. This did not highlight any erroneous entries, or any items indicative of management bias.</p> <p>We did note that in the move to a cloud-based SUN accounting system, the system had on one occasion picked up the wrong user as the poster of journals. This is an issue of which management are aware and was due to a journal being posted manually, rather than via an upload. We reviewed the authorisation for this posting and confirmed it had been correctly uploaded by one user and approved by a different user as expected.</p> <p>We have reviewed the significant estimates adopted in the preparation of the financial statements, such as those relating to provisions. We have not identified any areas where there appears to be indication of management bias.</p>

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Higher risks

Risk	Findings
Regularity	<p>We have undertaken procedures on areas that we consider represent greater risk, by virtue of their nature, of impropriety of financial transactions.</p> <p>Please see our detailed findings on the following pages.</p>

Matters identified during audit

Recommendations and response

Policies

We noted that the Organisation Workforce Design Policy was due for review in 2022 but has not been updated.

Recommendations

We would recommend that the policies are reviewed and updated if required. Based on the results of our testing, it appears that the current policies are being applied as expected. We are not aware of any substantial matters which would indicate the policy requires specific changes.

Management response

The Organisation Workforce Design Policy is fit for purpose and will require just one update relating to pay protection. The TUs have had to ballot on the changes and there has been a delay to the ballot process because of capacity issues with the TUs. As such the policy has not been able to be updated. The ballot is due to take place in July 2025 and the policy will be updated with the outcome.

Creditors not paid within 30 days

Public sector organisations are required to pay supplier invoices within 30 days of receipt. The year-end creditors listing contained 13 items that were over 30 days.

Recommendations

While our financial statement and regularity opinions are unaffected by these items, we would recommend that transactions are reviewed each month end to ensure each creditor is less than 30 days old.

Management response

Any late creditor payments will be as a result of there not being an approved purchase order in place or budget holder approval not being received. We will continue to regularly review aged creditor invoices to identify any that have not been approved for payment within our 10 day target. We will then follow up with the budget holder to determine the reason for non-approval. We have weekly payment runs to ensure that creditors are paid quickly once invoices have been approved.

Gifts and Hospitality - Declaration Forms

It has been noted from our testing that there are instances where the gifts and hospitality declaration form is not being utilised, and rather an email is being sent to Donna in the legal and ethics team.

Recommendations

It would be recommended that the declaration form is utilised in all situations, as this will ensure that the required information as set out in the policy is all obtained and documented, as by use of an email, there is the chance that required details are missed, thus breaching policy.

Management response

The use of a declaration form is not required by our policy and so is optional as it would be overly bureaucratic to require it to be used in all circumstances. The Law & Ethics Specialist responsible for maintaining the register does however check that all of the required information is provided before the register is updated. We do not therefore plan to make the declaration form compulsory.

Regularity Audit (Continued)

Matters identified during audit	Recommendations and response
<p>Chair disqualification</p> <p>The Chair was disqualified as a board member in the 2024, following appointment of an additional position as a non-executive member for the secretary of state for Wales. The Senedd consider this as a crown appointment. If the disqualification was effective in January 24 then there is a risk that, absent any specific legal advice on the matter, the quorum for board meetings will not have been met in the April 24 board meeting (within the FY25 financial year), as there would not have been a majority of non-executive board members.</p>	<p>Management response</p> <p>Advice from our external legal advisers and Counsel provided on 22 and 25 April 2024 (following earlier emergency advice on 26 and 31 March 2024) was that the Chair was not disqualified. Accordingly, the Chair's presence counted towards the quorum, and the meetings were therefore not inquorate. We also obtained advice on 22 April 2024 that set out that even if the Chair were disqualified, the savings provision at paragraph 31 of Schedule 1 to the Public Audit (Wales) Act 2013 would apply. That paragraph provides that "The validity of anything done by the WAO (including anything done by its non-executive members, the employee members, any committee or sub-committee and by any employee of the WAO) is not affected by— (a) a vacancy, or (b) a defective appointment.") The advice confirmed that that the WAO did not need to take any remedial action in relation to acts during the period and that the acts of the WAO in the period were not open to legal challenge.</p>

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Recommendations on controls

No recommendations on internal controls have come to our attention during the course of our audit work.

This does not constitute a comprehensive statement of all internal control matters or of all improvements which may be made and has addressed only those matters which have come to our attention as a result of the audit procedures performed. An audit is not designed to identify all matters that may be relevant to you and accordingly the audit does not ordinarily identify all such matters.

Qualitative aspects of accounting

Management judgements and accounting estimates

The following areas are considered to be the principal management judgements and estimates. The graphic below visually represents the impact (lower or higher) on the financial statements of a change in management’s estimate. In overview, a reasonably possible change in estimate that has a low impact means that such a change will have limited impact on the financial statements.

Areas of judgement / estimate	Low impact	High impact
Provision for bad debts	■	
Revenue recognition – stage of completion / costs to complete		■
Dilapidations provision		■
Depreciation and amortisation		■

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As part of our audit, we review the significant accounting estimates contained within the financial statements of Wales Audit Office. We note the following:

Costs to complete/work in progress

Our work indicates that the historical estimates of costs to complete are materially accurate, and that estimates made are an appropriate basis to determine any provision required for forecast losses. As noted in the table above this is the estimate / judgment with the highest potential impact on the accounts. Please see ‘Revenue recognition – WIP and deferred income’ in the Risks section of this report which contains further detail on this area.

Dilapidations provision

Dilapidation provisions are derived from the costs incurred to fit out a new office and/or based on the actual cost of dilapidations at offices which have been vacated. We have compared the dilapidations provisions at year end to the dilapidation paid in FY24 for Abergele and Cathedral road and the provisions appear reasonable based on the actual dilapidations paid.

Fixed asset depreciation/amortisation

Each asset has a Useful Economic Life over which it is depreciated/amortised. These policies are disclosed in the financial statements as expected.



Appendix

Summary of unadjusted misstatements

A summary of the unadjusted misstatements identified during the course of our work is set out below, analysed between misstatements of fact and differences in judgement.

We have no unadjusted misstatements greater than our trivial threshold (£26,600) to report.

Financial statement disclosures

During the course of our audit, we reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both relevant accounting standards and the requirements of the Government Financial Reporting Manual (FReM) 2024-25. Some minor updates were made to financial statements as a result of our review.

We have noted no unadjusted disclosure misstatements.

Other matters to be reported

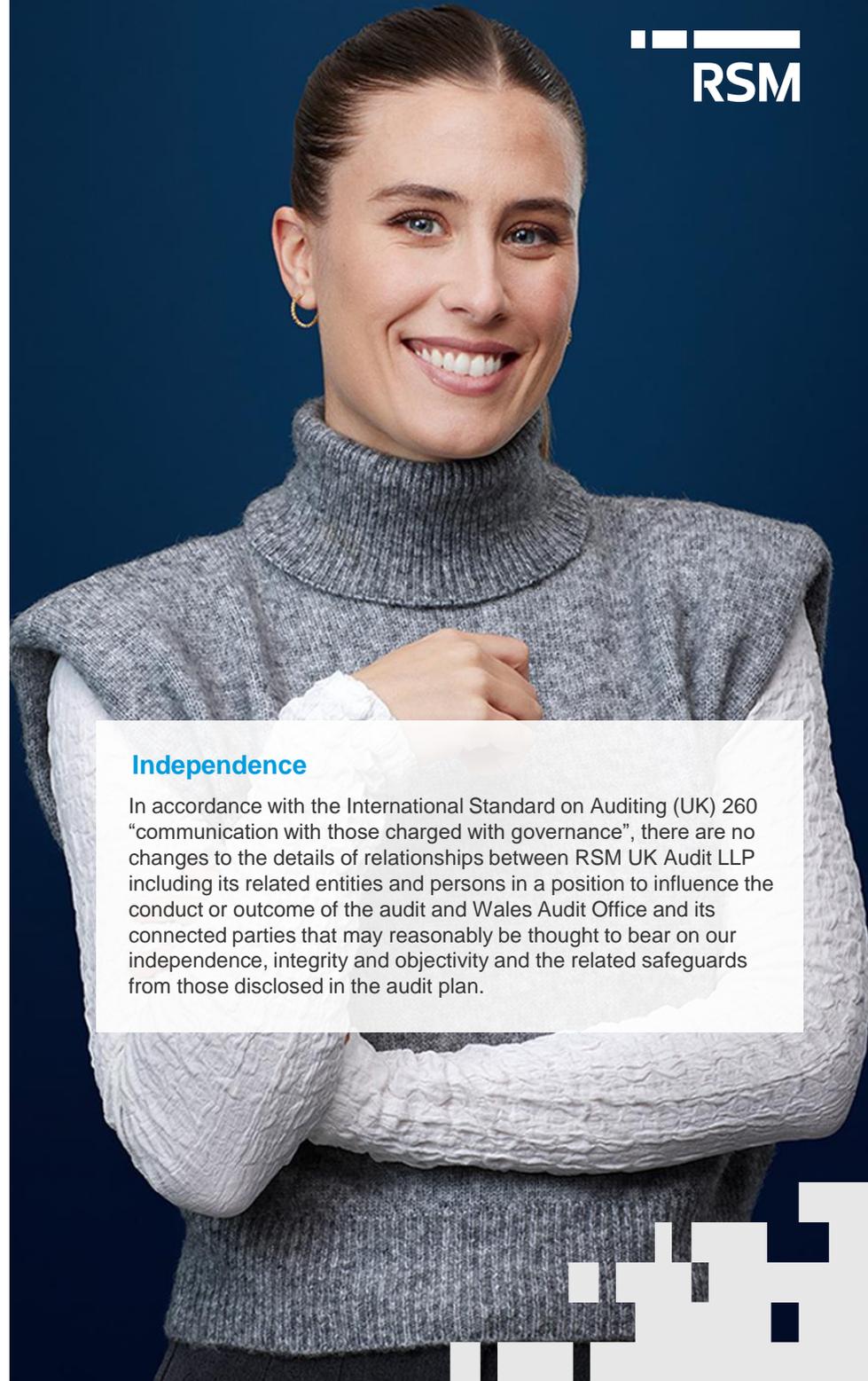
Representations requested

In addition to those representation which we request on all audit assignments (<http://www.rsmuk.com/standard-representations>) we will not be seeking specific representations from the Board.

Going concern

The financial statements are prepared on a going concern basis. The accounting policies contain adequate consideration of the reasons behind this; specifically, that Wales Audit Office works to annual funding arrangements by statute, and those resources are made available by the Senedd for the exercise of the Auditor General's functions. We have considered the 2025-26 Estimate and any matters identified during the course of our audit which may impact the going concern assessment. No material uncertainty has been identified.

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Independence

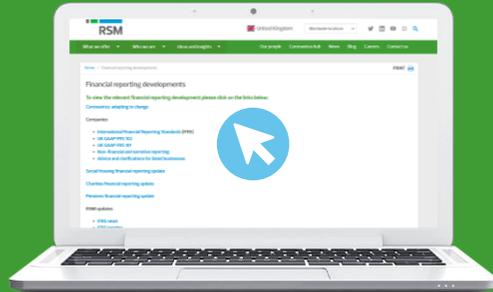
In accordance with the International Standard on Auditing (UK) 260 “communication with those charged with governance”, there are no changes to the details of relationships between RSM UK Audit LLP including its related entities and persons in a position to influence the conduct or outcome of the audit and Wales Audit Office and its connected parties that may reasonably be thought to bear on our independence, integrity and objectivity and the related safeguards from those disclosed in the audit plan.

Financial reporting updates

Financial reporting updates

A full list of financial reporting updates can be found by clicking the link below:

[Please click here](#)



Choose your preferences

Keep up to date on the latest news and legislation changes by signing up to receive our alerts and newsletter.

[Please click here to register](#)



Audit risk summary
taken from the audit plan

Audit risk summary

Risk	Description	Response
Revenue recognition – WIP and deferred income	<p>Under the International Standards on Auditing, revenue is a presumed fraud risk. The recognition of income, WIP and deferred income is considered to be a significant risk due to the level of judgement involved in determining the stage of completion of an audit assignment and any provisions required. This year, for the first time, the future data within Hubplanner will be used in the cost to complete exercise at year end to identify any “bust” jobs which require a provision at year end.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▪ Select a sample of projects that have commenced throughout the year, and test the revenue recognised with reference to the stage of completion of the assignment, to determine whether the revenue recognition is appropriate and, consequently, whether the WIP and deferred income are appropriately stated. ▪ Review correspondence with audit managers and discuss any relevant matters directly with the engagement manager. We will use this to establish the estimated costs to complete and any provisions required at year end, considering the impact of any time spent on the audit after the year end on these estimations. ▪ Review assessments made in the prior financial period and compare the final total costs to the assessment made at year end, to assess the historical accuracy of estimates made in relation to revenue. ▪ Evaluate projects that are reasonably expected to be concluded at a deficit and determine whether an appropriate provision has been recorded in the financial statements.
Management override internal controls	<p>In any organisation, there will be an extent to which management can bypass internal controls. By definition, there can be no controls in place over this risk. This is specifically stated in International Standards on Auditing (ISA (UK) 240).</p> <p>Therefore, there is a risk that internal controls within the entity could be overridden by management, resulting in transactions or judgements arising which have not received appropriate approval or consideration, and for significant transactions outside the normal course of business to distort the reported results.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▪ Review controls in place over journal entries and, using data analytics software and based on our risk assessment, test a sample of general ledger entries to determine whether they are valid and appropriately supported. ▪ Obtain an understanding of the business rationale of significant transactions that we become aware of during the audit process which appear to be outside of the normal course of business or appear to be unusual given our understanding of the entity’s operating environment. ▪ Consider estimates and judgements made by management in the preparation of the financial statements and conclude on their appropriateness.
Regularity	<p>A statement on regularity must be included in the annual report in accordance with Schedule 1 of the Public Audit (Wales) Act 2013.</p> <p>We are required to report on whether expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that money to which the statement relates, received by the Wales Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes</p>	<p>We will:</p> <ul style="list-style-type: none"> ▪ Obtain an understanding of Schedule 1 of the Public Audit (Wales) Act 2013 and how WAO has translated this into controls, policies and procedures. We will assess the nature, design and effectiveness of this and based on our assessment of risks of material irregularities and noncompliance will undertake testing of controls and detailed testing of financial transactions ▪ Undertake procedures on areas that we consider represent greater risk, by virtue of their nature, of impropriety of financial transactions. ▪ Plan our work in order to ensure that we derive such evidence as appropriate to support the regularity conclusion from planned financial statement procedures, as well as having regard to propriety of transactions.

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Our report is prepared solely for the confidential use of those charged with governance of Wales Audit Office and solely for the purpose of explaining the scope and timing of the audit, and to highlight the significant risks and other audit areas that we have focused our audit work upon. It should not be shared with any third party without our express consent. If it is shared with a third party, it should not be relied upon, and we assume no responsibility to them.

For the avoidance of doubt, the auditor is not required to design audit procedures for the specific purpose of identifying matters of governance interest, nor does the audit relieve management or those charged with governance of their responsibilities. Throughout this document the terms partner and principal are interchangeable.

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The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

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Senedd Committees

Via e-mail

8 July 2025

Consultation: Reviewing Committee Effectiveness in the Sixth Senedd

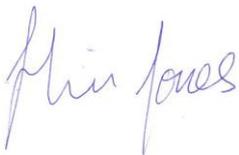
Dear Chair,

You will be aware that the Chairs' Forum is currently considering how committees have operated during the Sixth Senedd. The aim of this work is to identify whether committee procedures and practices can be improved to ensure the scrutiny function is as effective as possible, and to use this information to inform the Seventh Senedd. The Forum is keen to consider wider cultural issues around the operation of Senedd committees, as well as practical matters such as size and function.

The Future Senedd Committee has also made a [number of recommendations](#) to the Forum about the committee system and considerations for the Seventh Senedd, and these have been factored into our work on this matter.

The Forum has launched a [consultation](#), and we would be grateful for the views of individual Committees on the questions in the [consultation document](#), and any reflections that you may consider relevant by **12 September 2025**.

Yours sincerely,



Elin Jones MS/AS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English



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Agenda Item 8

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

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Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1SN
SeneddFinance@senedd.wales

22 July 2025

Dear Peredur,

Thank you for your letter dated 1 July 2025 regarding the review of the current Budget Process Protocol, in which you invited me to confirm what essential changes I would like to make to the Protocol in advance of the next Senedd.

I welcome the ongoing constructive engagement on the Protocol, including at official level, and I am pleased to note that several of proposals we have previously discussed have been adopted informally, such as the pre-summer debate and the Committee's pre-scrutiny budget sessions in the autumn. There are other proposals which it may be possible for us to adopt as usual practice without revising the Protocol and making changes to Standing Orders.

One of the strengths of the Protocol has been how it allows a considerable degree of flexibility for the Senedd and Welsh Government Ministers to adapt to changes in circumstances that affect our budget process. I see no reason not to continue with such informal arrangements for the remainder of the Senedd term, not least because this flexibility may prove useful as we approach the forthcoming Senedd election. It would seem likely there will be a need for changes to the Protocol and to Standing Orders resulting from the enlarged Senedd. I believe that any changes would be for the new Senedd to agree as a single, consolidated package of changes. This could include the necessary minor corrections to the language in the Protocol, such as reflecting the change from 'Assembly' to 'Senedd'.

I would, however, be interested to learn whether the Finance Committee would consider it to be essential that any of the proposals made so far must be approved before the new Senedd is elected.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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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.

Your letter asked me to give particular attention to the proposed changes to supplementary budget procedures and the Directly Funded Bodies, and, specifically, the change proposed by the Electoral Commission on 28 March 2025. While we can see merit in formalising elements of the proposals, I do not believe it is essential to make any of the changes in advance of the more comprehensive package of changes to be considered by the new Senedd.

Your letter also asked for an update on the statutory review of the Welsh Tax Acts (Power to Modify) Act 2022. I met you on 17 July to discuss the two longer term devolved tax matters that I am taking forward: a proposed tax maintenance bill for the first year of the next Senedd and the green paper. It will be for the next Government to decide on the future of shape of the Protocol. However, the green paper seeks views on several options for making changes to the Welsh Tax Acts, one of which may impact directly on the Protocol (a bill closely associated with our budget), and others that may not. In the meantime, I remain committed to close engagement with the Committee on these and other matters. I wanted to thank you, and Committee members for the spirit in which scrutiny has been conducted over the very busy period since September of last year.

Yours sincerely,

A handwritten signature in blue ink that reads "Mark Drakeford". The signature is written in a cursive style with a large initial "M".

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

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Agenda Item 11

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

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Welsh Government position on costs for the BSL (Wales) Bill**September 2025****Background**

- The BSL (Wales) Bill is a Private Member's Bill, led by Mark Isherwood MS, which places duties on Welsh Ministers and listed public bodies to promote and facilitate the use of BSL.
- The Bill is a framework Bill about linguistic rights. The Bill does not itself set out the cross-cutting steps or actions that will be required to promote and facilitate the use of BSL by Welsh Government or listed public bodies.
- Mark Isherwood MS formally introduced his BSL (Wales) Bill to the Senedd along with an accompanying Explanatory Memorandum. The Memorandum includes the Regulatory Impact assessment (RIA) on 14 July 2025. Mark Isherwood MS also made a statement in plenary on 16 July 2025 to provide further information on the Bill. The Explanatory Memorandum was published on the Senedd website when the Bill was introduced on 14th July : [Development of the British Sign Language \(BSL\) \(Wales\) Bill](#).
- Welsh Government is not responsible for Regulatory Impact Assessment (RIA) for the BSL (Wales) Bill. Responsibility for the RIA lies with the Member of the Senedd, Mark Isherwood MS, and his Senedd team, who prepared the assessment. This includes the costs associated with delivering the duties of the Bill.
- The Member stated in his legislative Oral Statement on the Introduction of the BSL (Wales) Bill on 16 July that the BSL (Wales) Bill is a "framework Bill". This is reflected in the RIA costings, which includes an assessment of administrative costs only. It does not include implementation costs for the delivery of the National BSL Strategy, BSL guidance and BSL plans, which will be developed if the Bill receives Royal Assent.

Costs for 2026-27

- If Royal Assent is granted (Spring 2026), the future financial implications, outlined in the RIA, must be met by future Welsh Governments. There is limited precedent for financing Private Member Bills.
- The Member's RIA sets out an assessment of costs for recruiting and paying both a BSL advisor and assisting panel and administrative costs for the preparation of

the first National BSL Strategy and BSL guidance. The RIA sets out that Welsh Government costs for the first year of the implementation of the Bill in 2026-27 are:

Welsh Government Costs	Amount (£)
BSL Adviser	£127,400
Assisting Panel	£45,900
Preparation of First National BSL Strategy and Guidance	£41,000
Total	£214,300

- In response to Mark Isherwood’s legislative Oral Statement on the Introduction of the BSL (Wales) Bill on 16 July, the Cabinet Secretary for Social Justice, Trefnydd and Chief Whip stated that “Welsh Government will provide the costs outlined for the first year in full for 2026-27 of £214,300”. This was based on the figures in the Member’s RIA.
- The costs for the first year of the Bill set out the administrative costs to Welsh Government associated with recruiting and funding the BSL Adviser and assisting panel as well as the costs associated with developing the National BSL Strategy and BSL Guidance. The costs include officials’ time, alongside translation, interpretation and consultation costs.
- Welsh Government considers that the administrative costs set out in the RIA for the first year (2026-27) provide a reasonable estimate of the resource and cost required to begin administrative aspects of the duties outlined in the Bill, in line with existing RIA costs such as the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Bill.
- The funding for 2026-27 will be allocated to the Social Justice MEG as part of the 2026-27 Draft Budget. The 2026-27 Draft Budget will be a single year budget. It will not contain planning assumptions in place in respect of future years baselines. Funding the costs for future years, beyond 2026-27, will be a decision for the new Government following the election in May 2026.

Future costs for 2027-28- 2035-36

Costs to Wesh Government

- The estimated annual costs to Welsh Government for the second and subsequent years of the Bill set out in the Member’s RIA include costs for the BSL adviser, assisting Panel and the administrative costs for preparation of the

first national BSL Strategy and BSL guidance, as well as progress reporting against the Strategy every 3 years and updating the strategy every 6 years. The estimated annual costs to Welsh Government for future years to 2035-36 range from £131,700 – £206,900. This reflects the duties placed on Welsh Ministers at different points in time over a 10-year period.

- Welsh Government considers generally reasonable assumptions have been made to develop estimates for annual administrative costs to Welsh Government.

Costs to listed public bodies

- The estimated annual administrative costs to listed public bodies for future years to 2035-36 range from £305,900–£ 633,900. This reflects the duties placed on listed public bodies at different points in time over a 10-year period. Costs that may be incurred through the administration of the development, reporting and reviewing of BSL plans produced by listed public bodies will be dependent upon many variables, for example the BSL guidance produced by the incoming Government and collaboration of listed public bodies.
- Welsh Government considers the administrative costs to listed public bodies for the second and subsequent years of the Bill provide a reasonable estimate of the resource and cost required, in line with existing RIA costs such as the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Bill.

Unquantified costs

- Additional costs that may be incurred through the implementation of the national BSL strategy and BSL guidance will need to be determined by future incoming governments. Value for money and affordability will be important considerations during the development of the national BSL strategy and BSL guidance. It will be for Welsh Ministers to determine the content and associated costs of the National BSL Strategy and BSL guidance with input from the BSL Adviser and assisting panel. It will be for each of the listed public bodies to determine the content of its own BSL plan, guided by the BSL guidance.
- Welsh Government agrees that it is not possible to estimate the implementation costs accurately at this stage as these costs are unquantified.

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

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