

Agenda – Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 9 October 2017

Meeting time: 13.45

For further information contact:

Fay Bowen

Committee Clerk

0300 200 6565

SeneddPAC@assembly.wales

(Private pre-meeting 13.45 – 14.00)

1 Introductions, apologies, substitutions and declarations of interest

(14.00)

2 Paper(s) to note

(14.00 – 14.05)

(Pages 1 – 4)

2.1 Hospital Catering and Patient Nutrition: Correspondence from the Welsh Government (29 September 2017)

(Pages 5 – 9)

2.2 Welsh Government Grants Management Report: Interim Annual Report 2016–17

(Pages 10 – 21)

3 Scrutiny of Accounts 2016–17: Sport Wales

(14.05 – 15.15)

(Pages 22 – 99)

Research Briefing

PAC(5)–25–17 Paper 1 – Sport Wales Annual Report and Accounts 2016–17

PAC(5)–25–17 Paper 2 – Sport Wales Annual Remit letter from the Welsh Government

Sarah Powell – Chief Executive, Sport Wales

Peter Curran – Director of Finance & Corporate Services, Sport Wales



(Break 15.15 – 15.25)

4 Scrutiny of Accounts 2016–17: Assembly Commission

(15.25 – 16.30)

(Pages 100 – 266)

Research Briefing

PAC(5)–25–17 Paper 3 – Assembly Commission Annual Report and Accounts 2016–17

Manon Antoniazzi – Chief Executive and Clerk of the Assembly

Suzy Davies AM – Commissioner for Budget and Governance

Nia Morgan – Director of Finance, National Assembly for Wales

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

(16.30)

Items 6 & 7

6 Scrutiny of Accounts 2016–17: Consideration of evidence received

(16.30 – 16.50)

7 Work Programme: Senedd@Delyn

(16.50 – 17.00)

(Pages 267 – 268)

PAC(5)–25–17 Paper 4 – Letter from the Llywydd (28 September 2017)

Concise Minutes – Public Accounts Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Monday, 2 October 2017

Meeting time: 13.07 – 16.41

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

<http://senedd.tv/en/4348>

Attendance

Category	Names
Assembly Members:	Nick Ramsay AM (Chair) Mohammad Asghar (Oscar) AM Neil Hamilton AM Vikki Howells AM Lee Waters AM
Witnesses:	Sophie Howe, Future Generations Commissioner Helen Verity, Office of the Future Generations Commissioner Gawain Evans, Welsh Government Caren Fullerton, Welsh Government Peter Kennedy, Welsh Government Shan Morgan, Welsh Government James Price, Welsh Government David Richards, Welsh Government
Wales Audit Office:	Huw Vaughan Thomas – Auditor General for Wales Richard Harries



	Julie Rees Mike Usher
Committee Staff:	Meriel Singleton (Second Clerk) Claire Griffiths (Deputy Clerk) Katie Wyatt (Legal Adviser)

Transcript

[View the meeting transcript \(PDF 999KB\)](#) [View as HTML \(999KB\)](#)

1 Introductions, apologies, substitutions and declarations of interest

- 1.1 The Chair welcomed the Members to Committee.
- 1.2 Apologies were received from Rhianon Passmore AM. There was no substitute.

2 Paper(s) to note

- 2.1 The papers were noted.
- 2.1 **Glastir: Letter from the Welsh Government (18 September 2017)**

3 Scrutiny of Accounts 2016–17: Future Generations Commissioner for Wales

3.1 Members scrutinised Sophie Howe, Future Generations Commissioner for Wales, and Helen Verity, Director of Finance and Corporate Governance on the Annual Report and Accounts 2016–17.

4 Scrutiny of Accounts 2016–17: Welsh Government

- 4.1 Members scrutinised Shan Morgan, Permanent Secretary at the Welsh Government and her officials, on the Welsh Government Consolidated Accounts 2016–17.
- 4.2 The Permanent Secretary agreed to:
 - Send a copy of the letter, with appropriate redactions, that her predecessor sent to her prior to taking up her appointment;

- Send figures on changes to individual staff earnings over £100K in the reporting period; and
- Send a copy of the current pay policy.

5 Challenges of Digitalisation: Evidence session

5.1 Members scrutinised Shan Morgan, Permanent Secretary at the Welsh Government and her officials, on the challenges of digitalisation.

6 Valedictory session: James Price, Deputy Permanent Secretary, Economy, Skills and Natural Resources Group

6.1 The Committee held a valedictory session with James Price, Deputy Permanent Secretary, Economy, Skills and Natural Resources Group, prior to him leaving the organisation.

6.2 The Chair wished him well for his new role as Chief Executive of Transport for Wales.

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

7.1 The motion was agreed.

8 Scrutiny of Accounts 2016–17: Consideration of evidence received

8.1 Members considered the evidence received.

9 Challenges of Digitalisation: Consideration of evidence received

9.1 Members considered the evidence received and agreed that the Chair should write to the Permanent Secretary with their views.

10 Valedictory session: Consideration of evidence received

10.1 Members considered the evidence received.

11 The Welsh Government's initial funding of the Circuit of Wales project: Consideration of Committee correspondence

11.1 Members considered the evidence received and agreed that the Chair should reply to James Price's letter of 11 September seeking further clarification on a number of points including those referred to in his valedictory session.

Health and Social Services Group
Y Grŵp Iechyd a Gwasanaethau Cymdeithasol
Prif Swyddog Nyrsio - Cyfarwyddwr Nyrs GIG Cymru
Chief Nursing Officer - Nurse Director NHS Wales

Agenda Item 2.1



Llywodraeth Cymru
Welsh Government

Our ref: MAVG/1623/17

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

29 September 2017

Dear Mr Ramsay

**PUBLIC ACCOUNTS COMMITTEE REPORT
PUBLIC ACCOUNTS COMMITTEE HOSPITAL CATERING AND PATIENT
NUTRITION REPORT
MARCH 2017**

Following the updated provided on 6 July 2017 on recommendations 1, 4, 5 and 9 of the Public Accounts Committee Hospital Catering And Patient Nutrition Report (March 2017), I have pleasure in enclosing an update on progress on the implementation of recommendations 4 and 9 from the Public Accounts Committee Hospital Catering And Patient Nutrition Report (March 2017).

I would like to thank you and the Committee for your continued consideration of the progress of the recommendations from the report.

Yours sincerely

Professor Jean White
Chief Nursing Officer
Nurse Director NHS Wales



Public Accounts Committee Update –

Recommendation 4 The Committee recommends that the Welsh Government provide an update on the key stages for standardising the documentation identified in the Nurse Informaticist work plan and report to the Committee any slippages in the proposed timescale.

This update is provided based on the identified time line presented to the committee in November 2016:

Project task	Timeline		
	Year 1	Year 2	Year 3
Review of documentation			
Develop governance strategies			
Design clinical support system			
Review and test			
End user training year 3			

- Extensive engagement has been carried out across Wales to baseline the types of nursing documentation currently being utilised and to gather high level requirements for a possible digital solution. One of the key messages from patients and other key stakeholders was the importance of the standardisation of nursing documentation to support informed collaborative care across the NHS in Wales.
- Extensive review of existing nursing documentation has taken place, where it has identified there are areas of documentation standardisation with differences in the type of risk assessments and how the documents are used.
- Based on the engagement and review of what the nursing and midwifery community is currently using, a robust set of functional requirements have been defined for the nursing leadership to approve. A paper was submitted to the Nurse Executives Directors for discussion at their meeting on the 25th August 2017, however it was deferred to 22nd September.
- On review of the paper the nurse directors will determine the next steps towards the digitalisation of nursing documentation.
- Governance structures to support the standardisation and digitalisation of nursing documents have been determined in collaboration with the nurse directors

- A software developer has recently been appointed at NWIS to support the development of nursing documentation once the way forward is determined by the nurse directors.

Public Accounts Committee update –

Recommendation 9: Procurement of an all Wales computerised information system for hospital catering.

Background:

The Wales Audit Office publication 'Hospital Catering and Patient Nutrition Report March 2011', and subsequently the 'Hospital Catering and Patient Nutrition, a Review of Progress September 2016', examined whether Welsh hospitals provide efficient and effective catering services that meet recognised good practice in the planning, delivering and monitoring of hospital catering services. These reports highlighted inconsistencies in performance and quality in hospital catering and patient nutrition across Wales.

Currently there is a mixture of approaches taken to managing hospital catering services both within, and across, Health Board and Trust boundaries. Whilst no NHS Wales body has completely digitised their catering service, most have started, utilising IT systems in areas such as menu planning, costing and food production planning. .

In 2011, the WAO report found 'high levels of plate waste with, on average approximately 22 per cent of the food served to patients uneaten' and that un-served meal waste was around 15 per cent

Data obtained from the EFPMS "Supplementary" Catering Data 2015-16 return to Welsh Government indicated that food wastage (untouched patient meals) had reduced to between 2 per cent and 13 per cent across Boards and Trusts. Consideration has been given as to whether a National IT Catering Solution could support the management of catering services across Wales and help achieve compliance with the WAO recommendations.

Progress:

During the summer a review of the initial outline business case for a National IT Catering Solution was undertaken, led by Aneurin Bevan University Health Board and in consultation with key stakeholders across Welsh Health Boards. Stakeholders included the All Wales Estates & Facilities Directors, All Wales Commodity Advisory Group, the All Wales Caterers group as well as Dieticians, Procurement, Finance and IT professionals.

The scope of solution considered would support and manage stock planning, management and control, support production planning and tracking to allow full integration and analysis of all aspects of catering department production, including menu management, costing, wastage tracking and recipe / nutritional analysis (allergen) / menu costing modules. The scope also included the requirement to manage and maintain non patient catering services and retail sales.

In principle, stakeholders support an All-Wales IT Catering solution to achieve compliance to the WAO recommendations.

A supporting paper was submitted to the National Informatics Management Board on the 13th Sept 2017.

Next steps:

The principle of implementing an all-Wales IT catering solution has been supported by NIMB. Given that all health boards currently use different systems and ways of working it is important that a comprehensive programme is put in place to support the design, selection and procurement of any new system to ensure that the benefits identified in the original WAO recommendation are fully realised.

The NHS Wales Shared Services Partnership are ideally placed to facilitate this work and they have been asked to work with NWIS , health boards and trusts on the introduction of a new system which will help improve the management of catering services . This will build upon the improvements that have already been seen in waste reduction at a local level since the original WAO report published in March 2011.

It is envisaged that a new system will be developed over the next IMTP (Integrated Medium Term Plan) cycle, allowing each health board and Trust to align any investment in an IT system to their catering service improvement plans .

Agenda Item 2.2



Llywodraeth Cymru
Welsh Government

Welsh Government Interim Annual Report on Grants Management

2016–2017

SECTION 1: INTRODUCTION

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SECTION 2: Funding

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SECTION 3: NEXT STEPS FOR GRANTS MANAGEMENT

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ANNEX A: Improving Efficiency Board Terms of Reference

SECTION 1: INTRODUCTION

1.0. The Welsh Government's Interim Annual Report on Grants Management sets out the progress made across Welsh Government for the period January to March 2017, including funding figures for the full financial year 2016-17.

1.1. This reflects the decision taken by the Public Accounts Committee at its hearing in April 2017 to align future publication of the Annual Report on Grants Management with the publication of the Welsh Government Annual Accounts. This Interim Report delivers that alignment and the next full Report on Grants Management will be published in August 2018.

1.2. The Welsh Government's definition of a grant is "all non-procured payments to external bodies or individuals for activities which are linked to delivering Welsh Government policy objectives or statutory obligations". Grants are divided into two distinct categories. Un-hypothecated grants are those payments provided to local health bodies and local government and account for £11bn of the £13.8bn total. Hypothecated grants represent payments where there are clear deliverables and criteria surrounding the purpose of the grants and account for the remaining £2.8bn of funding. As in previous years, this report concentrates on the latter.

(i) Grants Centre of Excellence

1.3. The role of the Grants Centre of Excellence is to provide direction, training and support to officials across Welsh Government. The team has progressed a number of actions since the 2015-16 report was published in early 2017.

Due Diligence

1.4. The Grants Centre of Excellence has already prepared a wide range of guidance which is applied throughout the Welsh Government. Following the introduction of the Due Diligence hub and associated training for Welsh Government officials the Centre of Excellence is now progressing a new set of Minimum Standards relating to Due Diligence activity. These new standards will be launched by the end of this calendar year.

National Fraud Database

1.5. As previously reported to the Committee, the Welsh Government has agreed access to the National Fraud Database. The database is already widely used by the public sector; including police forces throughout the United Kingdom, and private sector; including the big banks. The database provides access to vital information on cases of potential and actual fraud.

1.6. There are a number of legislative requirements that are being addressed prior to implementation of the database, including the requisite Privacy Notices that are required under the Data Protection Act. It is essential to ensure they are compliant with the additional requirements of the General Data Protection Regulations that come into force in May 2018.

1.7. As a result, the Grants Centre of Excellence is in the process of considering how best to communicate the implementation of the National Fraud Database. All new award letters will in future also include reference to our use of the database.

1.8. Guidance and training will be available to potential system users across the Welsh Government in advance of full roll out of the database before the end of the calendar year.

Review of Counter Fraud Provisions

1.9. A review of Counter Fraud provisions across Welsh Government has been commissioned and will commence in September 2017. The review will be carried out by officials from the Department of Work and Pensions and will publish its findings in 2018.

Improving Efficiency Board

1.10. In May 2017, the Cabinet Secretary for Finance and Local Government, asked the Permanent Secretary to chair the Improving Efficiency Board. The Board comprises senior officials from across the Welsh Government along with three external stakeholders who provide additional assurance and rigour to the work being led by the Board. The primary focus for the Board is to identify opportunities to free up resources within the Welsh Government to deliver government priorities and reduce administrative burdens for our stakeholders. The Terms of Reference for the Improving Efficiency Board are included at Annex A.

1.11. The Board has set up two initial workstreams, one to focus on Stakeholder / Advisory Groups and a second to focus on Grants and Assurance.

1.12. The Welsh Government's Director of Finance is the Senior Responsible Owner (SRO) for the Grants and Assurance workstream.

1.13. The Terms of Reference for the Improving Efficiency Board, in relation to Grants and Assurance are summarised below:

Reducing bureaucracy, improving efficiency and effectiveness – Grants and Assurance

The purpose of the Board is to reduce bureaucracy by identifying administrative work which is of low value, or which could be undertaken less frequently or in a different way or not at all. Although the monitoring of grants for instance is essential it needs to be undertaken in a streamlined and timely manner with proportionate processes in place.

1.14. The work is being taken forward by the Grants Working Group which has been reconstituted in terms of membership to ensure that the workstream is able to call upon the full range of experiences from across each of the four Groups within

Welsh Government Interim Annual Report on Grants Management 2016 – 2017

Welsh Government. The Grants Working Group will build upon work that has already taken place in Welsh Government Groups to streamline the administration of grants.

1.15. The initial priority for the Working Group has been to identify a programme of work aimed at key areas that can be targeted to drive improvements.

1.16. The agreed areas of priority for the Grants and Assurance Workstream are:

- Application & claims - Transition to an electronic platform
- Legal documentation - Transition to an electronic solution
- Improved standardisation - applications, award letters and Terms & Conditions
- Target Operating Model – Develop alternative options, including review of the role of the Grants Centre of Excellence
- Consistent compliance with minimum standards
- Review appropriateness of the introduction of a scale of thresholds for grants
- Alignment of Grants policy with wider Welsh Government policies, including the Wellbeing of Future Generations Act.
- Consider lessons learned by the Scottish Government.

1.17. Further detailed planning is now underway with the aim of seeking agreement from the Efficiency Board members on a detailed implementation plan by November 2017.

1.18. The Working Group is also responsible for overseeing the work to streamline the number of grants in each area, including a review of whether current hypothecated grant funding to Health Boards and Local Government could be transferred to un-hypothecated schemes. This builds upon the work to drive more efficient administration of grants that commenced in 2016 under the auspice of the Preparing for the Future Project.

1.19. The programme of work commenced in May 2017 and will continue at pace into 2018. The 2017/18 Grants Management Report will cover in detail the deliverables from the workstream. Nevertheless, work already undertaken within the individual areas of the Welsh Government has resulted in an overall reduction in the number of hypothecated grant schemes of 62.

(ii) WEFO

Overview of the Current Programmes

1.20. The delivery of the 2014 – 2020 programmes is progressing well. The Welsh European Funding Office (WEFO) has approved a total of 150 operations with a total EU funds value of £1,330m as at the end of March 2017. This equates to approximately 65% of the potential overall EU funds programme value, based on a planning rate of €1.17/£1. A further 53 operations are in the business planning stage with a total grant value of £211m.

Table 1: Operations approved and being developed for the 2014-2020 programmes

	West Wales ERDF £m	East Wales ERDF £m	West Wales ESF £m	East Wales ESF £m	Total £m
Allocation	1027	174	684	174	2059
<u>Approved</u>					
Grant Value	604	107	517	102	1330
Number of Operations	50	24	45	31	150
<u>Business Planning</u>					
Grant Value	171	13	21	6	211
Number of Operations	26	6	12	9	53

Source: WEFO August 2017

1.21. WEFO is seeking to maximise the commitment of funds within the scope of the HM Treasury Guarantee by the time the UK exits the EU. This is an ambitious plan and will require all parties to work effectively together.

SECTION 2: FUNDING

(iii) Funding from Welsh Government

2.0. This section provides an update on overall funding and breakdown of grants to the different sectors across Wales. The data presented for 2016/17 is based on the system of ‘industry keys’, which was introduced specifically to provide a clear picture of funding by sector, and particularly the Third Sector.

Table 2: Total Welsh Government Grant Funding by Financial Year

	2014 / 15	2015 / 16	2016 / 17
Grant provided (£bn)	£13.7	£13.6	£13.8

Source: Welsh Government Finance System

2.1. The number of grant schemes which have made new offers in 2016 / 17 totalled 351, 292 of which are hypothecated and 59 were un-hypothecated.

2.2. Table 3 illustrates the levels of hypothecated funding provided to each sector for the past three financial years.

Table 3: Hypothecated Grant Funding by Sector and Financial Year

Hypothecated funding (£m)	2014 / 15	2015 / 16	2016 / 17	2016-17 No of grant schemes
Local Authorities	£1,327	£1,339	£1,329	124
NHS	£11	£14	£19	14
Central Government and Public Corporations	£43	£37	£37	25
Welsh Government Sponsored Bodies	£42	£53	£31	12
Funding to Education	£412	£448	£434	53
Private Sector	£614	£676	£689	109
Third Sector	£208	£248	£251	106

Source: Welsh Government Finance System

Note: The total number of grants in table 3 differs from the number of new offers (hypothecated) referred to above (292) as each individual grant may include funding to a range of different organisations.

(iv) Funding from WEFO

2.3. This section covers funding provided directly to organisations by WEFO. As at the end of March 2017 project approvals for the 2014 – 2020 programmes have progressed well, with the focus being mainly on the key projects that will provide the bulk of the outputs that we have committed to deliver in the Operational Programmes agreed with the European Commission.

Table 4: 2016-17 WEFO funding

Sector	2016-17 £m
Local Authorities	24.3
Higher and Further Education	28.9
Private	28.6
Other Public	0.4
Third	5.6
Welsh Government	136.3
Total	224.1

Source: WEFO August 2017

SECTION 3: NEXT STEPS

(v) Welsh Government

3.1. The primary focus of activity for the Grants Centre of Excellence during 2017/18 will be to take forward the deliverables of the Grants and Assurance workstream under the Improving Efficiency Board.

3.2. In addition, the Centre of Excellence will continue to provide a ‘business as usual’ service to officials from across the Welsh Government.

3.3. As previously agreed with the Committee, the Welsh Government will undertake a follow up external survey in 2018. The 2017 / 18 Annual Report on Grants Management will report on all of these aspects, covering the full twelve month period of activity.

(vi) WEFO: Brexit and Next Steps in Grants Management

3.4. The Welsh Government is working to ensure that Wales makes the most of EU funding while it is still available. WEFO is working closely with sponsors to ensure that projects are delivered to plan and that there is a smooth transition to whatever alternative funding arrangements are secured in due course.

3.5. We anticipate that there may be increased scrutiny of our programmes by the European Commission in the coming years since the prospect of an UK exit from the EU undoubtedly raises risks from their point of view. WEFO is confident that its controls are sound and that any increase in audit visits will not become a threat to the overall programme.

Annex A

Improving Efficiency Board

Terms of Reference

1. Purpose

The Cabinet Secretary for Finance and Local Government, Mark Drakeford, AM, has established a Board to be set up to identify opportunities to free up resources to deliver government priorities and reduce burdens.

Reducing bureaucracy, improving efficiency and effectiveness – Grants and Assurance

The purpose of the Board is to reduce bureaucracy by identifying administrative work which is of low value, or which could be undertaken less frequently or in a different way or not at all. Although the monitoring of grants for instance is essential it needs to be undertaken in a streamlined and timely manner with proportionate processes in place. An existing grants working group is already in existence. Its membership will be reviewed.

Stakeholder/Advisory groups

Although Welsh Government is committed to engagement, over the years although with the best intentions, many groups may have been established which may not now be essential.

The remit of the Board will include an assessment of non-statutory bodies (e.g. stakeholder groups, sector panels, task and finish groups, Ministerial advisory panels) to identify where there are similar or overlapping remits or responsibilities, and/or other grounds for consolidation, rationalisation or cessation of work if appropriate. It is also intended to reduce the administrative burden on external organisations.

In some instances, resources freed up may be retained by the originating Departments.

2. Objectives/Aim

The overarching aim is to make recommendations to Ministers on how to free up resources to be deployed to work on government priorities.

- The Board will identify opportunities to reduce, or deliver more effectively, activity such as reporting and grant monitoring (e.g. annual reporting, performance reporting, grant monitoring) and governance. Appropriate controls must be in place to obtain Value for Money where public funding is concerned however there needs to be a balance between the requirement for lean monitoring and appropriate governance. The Board will identify

opportunities to bring together or reduce the administration of grant funded programmes.

- The Board will also assess the Value for Money of non-statutory bodies (e.g. stakeholder groups, sector panels, task and finish groups, Ministerial advisory groups and panels) to identify where there are similar or overlapping remits or responsibilities, and/or other grounds for rationalisation, consolidation or cessation of work if appropriate.
- The Board will need to ensure work is systemic and organisation wide.
- The practical implications of recommendations will be considered, including but not limited to the following
 - HR implications of any changes, with an agreed approach for redeployment where necessary
 - Legal implications, particularly in relation to statutory activity
 - Audit and scrutiny expectations
 - Cultural change required for successful implementation.
- The Chair of the Board will ensure the Cabinet Secretary for Finance and Local Government is kept updated on progress.
- The Board will agree the scope and approach to be taken to the assessment of non-statutory bodies.

3. Out of scope

EU funded programmes, and the administration of such programmes, will be out of the scope of the Board. Any changes in this area will be considered separately as part of EU transition activity.

Work on procurement is being taken forward separately and will therefore be out of scope.

Work to review and reduce the complexity of Government Business and of Impact Assessments has recently been undertaken and changes made, so these areas of activity will also not be an area of focus.

4. Board Membership and accountability

The findings and recommendations of the two sub-groups will be channelled through the main group with the Cabinet Secretary Mark Drakeford AM to be kept informed. The Efficiency Board will be responsible to Mark Drakeford AM, the Cabinet and the First Minister in terms of any decision-making. Some areas eg Grants and Assurance are the responsibility of the Permanent Secretary.

The Board should comprise a small core group with sector representatives invited as required, depending on the agenda.

Cabinet Secretary for Finance and Local Government to attend first meeting

Shan Morgan – Permanent Secretary (Chair)

Owen Evans – Deputy Permanent Secretary

Andrew Jeffreys – Director, Treasury (Deputy Chair)

Margaret Davies – Strategic Budgeting

Dean Medcraft – Director, ESNR

Gawain Evans – Director of Finance

Kerry Stephens – Grants Centre of Excellence

David Richards – Director of Governance

Jo Salway – Cabinet Office

Andrew Goodall – NHS Chief Executive

James Price – Deputy Permanent Secretary, ESNR

Jo-Anne Daniels – Director, Communities and Tackling Poverty

Peter Vaughan – South Wales Police

Jacqui Weatherburn - Ceredigion College

Professor Peter Hines – SA Consulting, Cardiff

The Board will be supported by a number of working groups, with membership of senior leads and Operations Team representatives from each Directorate. These working groups will share their findings with each other to ensure cross-organisation opportunities are identified.

5. Frequency of Meetings

The Board will meet to agree the Terms of Reference and proposed approach, and subsequently to agree recommendations to the Cabinet Secretary. The first set of recommendations should be presented within five-six months following the initial Board meeting.

The Board will agree any additional meetings it feels are needed to support its work as required.

6. Secretariat

Gawain Evans – Director of Finance

Agenda Item 3

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

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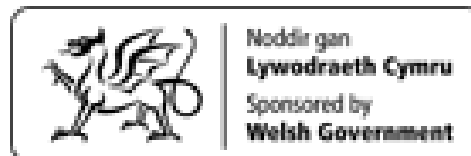


SPORT WALES

CHWARAEON CYMRU

ANNUAL REPORT AND ACCOUNTS

2016- 2017



THE SPORTS COUNCIL FOR WALES AND SPORTS COUNCIL FOR WALES TRUST
1 APRIL 2016 – 31 MARCH 2017

ANNUAL REPORT AND ACCOUNTS

The Annual Report incorporates the Performance Report including the Sustainability Report, and the Accountability Report including Remuneration Report. The Sports Council for Wales has adopted International Financial Reporting Standards (IFRS).

Sport Wales is a Sole Trustee of the Sports Council for Wales Trust.

HISTORY AND STATUTORY BACKGROUND

The Sports Council for Wales (known by its trade name Sport Wales) was established by Royal Charter dated 4 February 1972, with the objectives of "fostering the knowledge and practice of sport and physical recreation among the public at large in Wales and the provision of facilities thereto". It is financed by annual funding from the Welsh Government and from income generated from its activities. These Statements of Account are prepared pursuant to Article 15 of the Royal Charter for the Sports Council for Wales (Sport Wales) in a form determined by the Welsh Government with the approval of HM Treasury. A copy of the Accounts Direction is available for public inspection at Sport Wales offices at Sophia Gardens in Cardiff.

The Sports Council for Wales Trust was constituted on 16 May 1972 and is registered as a charity with the Charity Commissioners in England and Wales, with the charitable objectives of:

1. preserving and safeguarding the physical and mental health of the community through physical recreation (including sport) and the education in relation thereto;
2. the provision of facilities for physical recreation (including sport) which shall be available for members of the public at large.

REGISTERED OFFICE

Sophia Gardens
Cardiff
Wales
CF11 9SW

PERFORMANCE REPORT

CHIEF EXECUTIVE PERFORMANCE OVERVIEW

In 2016/17, Sport Wales has continued to enable, invest and collaborate with partners across Wales to deliver more opportunities for people to become physically active through sport and physical recreation. Alongside this, the organisation has worked to ensure that our elite athletes have the best possible chance to succeed on the world stage and that our National Governing Body partners are building effective systems to develop talent. Sport Wales continues to seek to deliver on the sector's aspirations of getting every child hooked on sport for life and create a nation of champions. Sport Wales' impact as an organisation is only possible through effective joint working with a wide range of partners. It is only right that I recognise the support and hard work of our National Governing Bodies, Local Authorities and many other partners who are central in delivering opportunities week in, week out, for people to become active.

The Welsh General Election in May 2016 saw the sport portfolio being split across two Cabinet Secretaries and a Minister. The placement of elite sport, particularly the infrastructure and major event areas, within the wider economy and tourism brief, provides recognition of sport as a contributor to economic development in Wales along with a major source of national identity on a global stage. The alignment of community sport within the broader health portfolio recognises the role that sport plays in providing opportunities for people to become more physically active and the resultant physical and mental health benefits.

I am looking forward to continuing to work with the Welsh Government and all our partners in encouraging more people to become physically active and making a positive contribution to delivering on the Chief Medical Officer's guidelines on physical activity.

Sport Wales: Delivering for Future Generations

The *Well-Being of Future Generations (Wales) Act 2015* is a great opportunity to formalise collaboration and integration with partners across the public sector. I know that alone we cannot deliver improved well-being for the entire Welsh population, it is an ambitious goal that can only be achieved through co-ordinated, collective action. I believe that this has provided Sport Wales with the opportunity to take a fresh look at the impact it makes to the well-being goals in the Act, ensuring there is recognition for the widest impact of our work on communities across Wales. Sport Wales has started on a journey to robustly evidence our wider impact and this is very much a work in progress that will continue in 2017/18.

Embedding the well-being goals, the ways of working and Sport Wales' own well-being objectives, has been crucial in ensuring consideration is given to the wider impact of our work on the well-being of the nation. The Act clearly expects a culture shift across the public sector, which I believe Sport Wales is well positioned to support, but also means that the practical processes for business planning and measurement need to better align to the Act. To achieve this Sport Wales has adapted its Equality Impact Assessment to include both the well-being objectives and the five ways of working. The creation of this new 'Impact Assessment', which also takes into account duties around child poverty and the Welsh Language, is a positive step in providing a comprehensive, joined up approach to the duties placed upon the organisation. I am conscious that as this tool starts being used it will need to be developed and amended, but believe that this is one of the most effective ways of identifying organisational progress in delivering the Act effectively and challenging thinking.

The Act places a duty on named organisations to develop a series of well-being objectives, which demonstrate how the organisation impacts on the broader well-being of the Welsh population. These are high level, strategic statements that the organisation will align measurement and our strategies against. Sport Wales has established and sought feedback on the following well-being objectives, as per the duty on us in legislation and the request within our Remit Letter from Welsh Government for 2016/17:

People in Wales live physically active and therefore healthier lives
A resilient Wales ● A healthier Wales ● A Wales of cohesive communities ● A Wales of vibrant culture and thriving Welsh language ● A globally responsible Wales
<i>Measured through the National Survey for Wales and the School Sport Survey</i>

Children and young people have the motivation, physical skills, knowledge, understanding, and opportunities to take part in physical activity for life
A prosperous Wales ● A resilient Wales ● A healthier Wales ● A Wales of cohesive communities ● A Wales of vibrant culture and thriving Welsh language ● A globally responsible Wales
<i>Measured through the School Sport Survey</i>

Wales is recognised internationally as a successful sporting nation
A healthier Wales ● A Wales of cohesive communities ● A prosperous Wales ● A Wales of vibrant culture and thriving Welsh language
<i>Measured through the National Survey for Wales, the Sport Wales Institute Survey, Athlete Voice, Focus Tool, UK Pathway Athlete Database</i>

Sport Wales is an exemplar organisation driving a culture that promotes well-being, equality, and sustainability
A more equal Wales ● A Globally Responsible Wales
<i>Measured through the Stakeholder Perception Survey, Athlete Voice, and Staff Survey</i>

It is important that these are kept under review in the coming twelve months to ensure they capture the range of impacts that we have as an organisation. Within the next Business Plan cycle I will want to ensure that the duties within the Act are fully embedded in Sport Wales' planning process at all levels.

Leading the development of sport in all communities

Sport Wales has invested over £24million into community sport in Wales in the last twelve months, including providing National Lottery support to over 1500 clubs and organisations to deliver the thousands of local opportunities for the people of Wales to become active. I know that sport plays a central role in creating a more active and healthy population. I have sought to ensure investment in both traditional sporting opportunities for those already engaged in sport, alongside more recreational opportunities, for those who are taking part for social reasons. In the last twelve months Sport Wales has also actively invested into tackling barriers to participation for specific groups.

Sport Wales' Remit Letter from Welsh Government for 2016/17 was clear that the organisation needed to continue to proactively tackle barriers to participation in relation to equality and poverty. The organisation has made £3million of National Lottery funding available for organisations and sport partners to help tackle low participation among target audiences. This has led to new partnerships being developed and new insight into how to overcome barriers to participation faced by some within our communities. A comprehensive evaluation of this investment programme was commissioned and the initial findings are providing Sport Wales, and the wider public sector, with some important points for consideration. In particular the initial findings have indicated the need to be bold in driving collaboration, ensure an in-depth understanding of the communities being targeted and to explore different ways of measuring impact beyond number of participants. In the coming year I will be looking to embed this learning in the overall approach of the organisation to tackling low participation levels from certain groups within Wales.

This investment has not only provided valuable insight and tackled some of the barriers to participation, it has also broadened the number of partners that Sport Wales now invests in beyond a traditional governing body and local authority base. Whether it's geocaching in the Brecon Beacons with young people from deprived communities, improving physical literacy for girls through the Girl Guides or working with RCT Homes to make physical activity more accessible to their tenants, these new partnerships have found new ways to deliver on the organisations goals and been able to reach audiences that might previously have not thought sport was for them.

Sport Wales has utilised research previously undertaken into participation in Black and Minority Ethnic (BME) communities in Wales to inform the decision to make a £500,000 investment into a partnership with the Welsh Council for Voluntary Action (WCVA) to specifically work with BME communities in Cardiff, Swansea, Newport and Wrexham. The intention of this partnership is to not only identify opportunities for participation in activity, but also to listen to and engage communities in delivering these opportunities. This has been led by the insight we have from Sport Wales surveys and commissioned pieces of research, as well as the knowledge and skills of partner organisations. The WCVA partnership complements other investments such as the award winning Cricket Beyond Boundaries project with Cricket Wales, which received Sport Wales investment to deliver pop-up cricket sessions for BME communities across Cardiff.

The approach of identifying new partnerships and investing in those organisations that are best placed to deliver on our outcomes has been at the heart of Sport Wales' proposal to redevelop the delivery model for community sport. In the last twelve months, considerable consultation has been undertaken with a wide range of partners, both new and existing, on a business case to evolve the way in which Sport Wales invests into community sport. This is based on delivering outcomes for Sport Wales and Welsh Government, but most crucially for individual citizens and communities. The organisation has worked with partners across North Wales to develop a proposal for 'Sport North Wales'. This has been led by the agencies involved and focuses on how to achieve greater collaboration to ensure the maximum impact of any investment on the communities of North Wales. A similar approach has been adopted with organisations in Gwent to look at how a regional model of strategic investment would work for that area. The learning from both of these pathfinders will inform the discussions that are taken forward with other parts of Wales.

Over the past 12 months, Sport Wales has also been leading the development of a sporting pathway model, which is seen as a long term approach for all partners who can impact on the Community Sport and Elite Sport strategies. This piece of work has initially been developed with the input of National Governing Bodies, but is relevant for all partners Sport Wales works with.

The foundations for participation is critical in creating a nation that is able to be active and participate in sport. Whilst the development of physical literacy is a lifelong journey, Sport Wales recognises that it is in schools where the biggest impact can be made, through getting those first experiences of being active right. Sport Wales has received fifteen years of investment from Welsh Government into programmes that can support all children to be physically active, culminating in the Physical Literacy Programme for Schools (PLPS) and the fit with the development of a new curriculum. In this time I have seen a steady increase in the number of pupils regularly participating in sport and a gradual embracing of physical literacy as a core area of work by schools. Whilst the investment for the PLPS programme ended this financial year, there is a legacy of a range of resources and knowledge that will be central in providing education professionals with the tools they need to deliver a physically literate population and the 'Healthy and Confident' area of the new curriculum. Central to this has been the development of the 'Physical Literacy Journey' online toolkit, which provides education professionals with access to all the materials, knowledge and guidance that have been developed over the last fifteen years. Sport Wales will continue to work to ensure that the new curriculum and schools place the physical literacy agenda at the heart of their offer.

Sport Wales has sought to listen to the needs of community sport through the development of the Club Solutions website (www.clubolutions.wales), which was launched in June 2016 as part of Sport Wales' Volunteers Week activity. The website content has been developed in partnership with the sector and continues to evolve with their input to ensure it meets the needs of sporting organisations. The website has been well received since its launch and 223 organisation have accessed the self-assessment tool that's available on the website, which through a series of questions helps organisations identify areas of improvement. In addition, over 400 organisations responded to an online survey on their learning needs and in response to the survey findings, a number of 'bitesize learning' tools are being developed. The development of this site will continue in the coming year.

Sport Wales has made good progress in raising the profile of effective long term planning of facilities with the Welsh Government and the sport sector in the past year. The Facilities Blueprint was launched by the Deputy Minister and is one of the first sport policy documents that positively responded to the Well-being of Future Generations (Wales) Act. A high profile advocacy event, organised in partnership with the Welsh Local Government Association, was held in September 2016 at the Senedd to raise awareness of the blueprint. I am keen that this work continues in the coming twelve months with the sport sector and other key partners, particularly planning and education, to ensure all sports and local authority areas are able to establish long term facility plans.

As part of Sport Wales' commitment to facility development, the organisation has continued to invest in the 3G Collaboration Partnership with Hockey Wales, Welsh Rugby Union and Football Association of Wales, which has seen investment in a range of 3G facilities right across Wales. The innovative approach adopted with the three sports is to ensure that 3G pitches are placed in areas where there can be maximum usage and to ensure a strategic overview of investment. It is this type of collaboration that Sport Wales would like to see embedded across facility development in Wales.

Enabling Success on the International Stage

The summer of 2016 saw our Welsh sport stars once again put the nation on the map. The unprecedented success of the Welsh football team at Euro 2016 brought the nation together like never before on their journey to the semi-finals. Sport Wales' investment into the FAW Trust sought to ensure that every piece of inspiration generated could be matched by an opportunity to participate in a range of football opportunities.

Following the football the nation saw in Rio the best ever performance for Welsh athletes at an Olympic Games. Twenty three Welsh athletes represented team GB, returning 10 medals (surpassing the previous highest total of seven in London) including four golds (equalling the previous highest number won in Antwerp in 1920). Jade Jones became the first Welsh woman ever to retain an Olympic title, and there were world records for Owain Doull and Eleanor Barker on their way to team pursuit gold. A further gold was secured by Hannah Mills and emotional silver medals for Becky James and Jazz Carlin after both missed the London Games with injury. Two of Wales' Olympic debutants (Chloe Tutton and Non Stanford) finished in fourth, just outside of the medals. Looking forward, it is positive to note that 17 of Wales' 23 Olympians, including double medalists Jazz Carlin and Becky James, are eligible to compete at the Gold Coast Commonwealth Games in 2018.

At the Paralympics, 26 Welsh athletes (10% of Team GB) were selected, returning eight medals including five golds. Established Paralympians Rachel Morris, Hollie Arnold, Aled Davies and Aaron Moores all delivered gold medals and there were bronze medals for Paralympic debutants Sabrina Fortune and Phil Pratt. Despite the success, the Paralympic medal delivery represents a downward trend. Sustaining success at the Games will require maintaining the momentum already created in improving the quality of the systems and pathways that develop future medalists. This also reflects the growing competitiveness of Paralympic sport globally and the reduction in multi-medal winning athletes within the Welsh contingent

The Sport Wales Institute supported 85% of the athletes selected across both teams, in addition to supporting some non-Welsh athletes that are based in Wales. Working closely with the athletes and their coaches, the Sport Wales Institute science and medicine practitioners provided the day to day support that helped these athletes to excel at the highest level by providing bespoke expertise and solutions to meet their performance needs. The Sport Wales Institute also works collaboratively with British governing bodies to ensure that athletes who now train in programmes based elsewhere in the UK, are able to access a seamless provision of world class support in the periods when they return to Wales. The organisation was also represented at the Games with three members of staff selected to be part of Team GB in either HQ or holding camp roles.

With the next Commonwealth Games looming, Sport Wales is doing everything we can to ensure our athletes succeed in the Gold Coast. The Sport Wales Institute has worked with our sports and, based on evidence, identified athletes that have the best prospects of achieving medal success in Australia. The team has then worked with the sport and the athletes to provide a range of bespoke services in order to support the athlete to achieve their goals. The Sport Wales Institute continues to adopt an approach whereby the practitioners wrap themselves around the athlete in order to provide the support that is needed, when it is needed.

In the last twelve months the Sport Wales Institute has realigned our high performance approach, through discussions with National Governing Body performance directors, to ensure that future athletes are better prepared to cope with the demands of elite level training. The system building work the Sport Wales Institute is undertaking is about delivering across a wider group of athletes, earlier in their careers to make sure they achieve their full potential. It is more sustainable because it focusses on preventing problems before they occur, supports sports in working collaboratively and will provide a competitive advantage on the world stage. The Sport Wales Institute is inviting and encouraging performance directors, coaches and athletes to be open and confident in giving

the organisation continuous feedback on the quality of services so that improvements can be made continuously.

Organisational Development

I have sought to continue to ensure the organisation invests in all our staff, including having in place a comprehensive management and leadership programme delivered by the Chartered Management Institute. I am proud of the Gold standard in Investors in People that we received in 2015 and look forward to our next appraisal in 2018.

I am pleased to report that for the second successive year Sport Wales has been awarded 'substantial assurance' by Deloitte, our internal auditors. This highest possible category has been awarded for both the organisation's overall assessment, based on audits undertaken during the year, and also for our corporate governance & risk management arrangements.

Sport Wales has continued to develop a commercialisation strategy in the last twelve months along with partners in the sport sector, as referenced in our Remit Letter. This has sought to define the role of Sport Wales in bringing the sport sector and the private sector together as well as areas for commercial development within the organisation, particularly our two national centres. Sport Wales has taken time in developing this approach to ensure that it is adding value to the work already being undertaken to make the sport sector more commercially sustainable via governing bodies and other partners. It is important in the context of reducing public sector investment that partners are positively and proactively seeking additional sources of investment and support.

Our Plas Menai Centre was successful in obtaining capital grants during the year totalling approximately £250,000 from sources outside of our sponsor division – namely the Tourism Investment Support Scheme and Welsh Government's Invest to Save Scheme.

This commercial approach is not solely about investment, equally important is accessing the skills and knowledge of those working in more commercial settings in order to provide the sport sector with that insight in order to develop. In the past twelve months Sport Wales has sought to build a range of contacts that can add to the range of skills available to the sport sector in Wales. Whilst this work is still in its early stages, I believe that there are some sound principles to work from that have been agreed in conjunction with our partners.

Finally, I would wish to thank all staff for the professionalism they have shown during the period of Welsh Government's assurance review of governance arrangements at Sport Wales at the end of 2016 and the subsequent termination of the Chair and Vice Chair appointments in March 2017. This has inevitably been a difficult time for all staff, not just in Sport Wales but the sector more widely. I am proud of the way that my staff conducted themselves during this period, who demonstrated, once again, their professionalism and dedication to Sport Wales and the sector.

Uniting a Proud Sporting Nation

In the coming year Sport Wales will need to continue to identify savings from across the organisation in order to ensure that the maximum investment can be made available to the development of sport and physical recreation in Wales. I recognise the need to work across the public sector, particularly with Public Health Wales and Natural Resources Wales, to identify a suite of measures that can demonstrate Sport Wales' role in getting the nation more physically active and meeting the Chief Medical Officers guidelines for physical activity.

I will be continuing to work with partners at sustaining and growing levels of activity and also have appropriate conversations with those partners that could deliver opportunities that would encourage more people to build on the activity that they are taking. I am looking for the organisation to target these 'infrequent participants' in order to make our contribution to the wider physical activity agenda.

Sport Wales will have new data during the year on adult participation in sport, as part of the new unified survey that will allow greater cross reference to other health behaviours and inform the organisations overall approach. Alongside this I am committed to continue to develop our understanding of the impact of Sport Wales' work and investment within the broader duties of the Well-Being of Future Generations (Wales) Act.

Sport Wales will work closely with the Commonwealth Games Council for Wales to ensure that Team Wales has the best possible opportunity to deliver a successful team in the Gold Coast in April 2018. As highlighted earlier this will be complemented by Sport Wales' 'more than medals' approach, which focusses not only on medal success but in working with a range of partners to build sustained success through effective performance systems within sports.

I am looking forward to working with staff and all our partners in positively responding to the findings of the Ministers' independent review of the organisation. Following the publication of the report I am committed to reflecting on the findings and developing a new long term strategy for Sport Wales in collaboration with our sector, which also creates a clear link to any Welsh Government 'Healthy and Active' strategy. I firmly believe that the resilience the organisation has demonstrated in the latter half of this financial year will stand us in good stead in developing our long term strategy and continuing to deliver on a range of outcomes for Welsh Government, the sport sector and ultimately the people of Wales.

The key issues and risks that could affect the entity in delivering its objectives are detailed within the Risk Management section of the Annual Governance Statement on page 20. The Directors continue to adopt the going concern basis in preparing the financial statements which assumes that Sport Wales will continue in operation for the foreseeable future.

PERFORMANCE ANALYSIS

As a producer of Official Statistics, Sport Wales provides vital outcome data that is robust and precise to inform sport and physical activity policy and practice, and shape decisions at both a national and local level. The organisation currently collect this data through two large-scale biennial population surveys^{1 2}.

The main sport-related performance measures are:

- **The percentage of people in Wales who are 'hooked on sport'** – participating in sport on three or more occasions a week. This is our main outcome measure.
- **The percentage of people who are a member of a sports club.** Given the investment that Sport Wales makes into National Governing Bodies of Sport, it is important to measure the membership of formal, structured club-based opportunities.
- **The percentage of people who volunteer in sport (15+ years).** The workforce are key to inspiring, motivating, and supporting people to participate in sport. It is important that Sport Wales monitors the levels of volunteering to ensure that sports participation is sustainable.

Sport Wales' most recent performance can be found in Table 1. There have been positive trends in people's participation in sport in recent years. In terms of young people, there have been significant increases in the numbers of people who are 'hooked on sport'; up from just 27% in 2011 to 40% in 2013, and now 48%. This growth is as a result of ten years of planned and systematic investment into youth sport. The increases in the numbers of people who are 'hooked on sport' are complemented by the increase in sports club membership.

There has also been positive increases and sustainability in participation among adults at a time when other parts of the UK have been unable to sustain participation. Although there has been a very slight (statistically insignificant) decrease in the numbers of volunteers, the average number of hours that people have volunteered has increased. So the overall contribution of volunteers has increased.

Table 1: Key Performance Indicators – Sport

Children and Young People (7-16 years)			Adults (15+ years)			
	Hooked on Sport ³	Sports Club Membership		Hooked on Sport	Sports Club Membership	Volunteering in Sport
2011	27%	46%	2008	29%	16%	5%
2013	40%	53%	2012	39%	27%	10%
2015	48%	57%	2014	41%	27%	9%

Sport Wales has an aspirational target of 75% of young people and young adults (up to 34 years of age) to be *hooked on sport* by 2026. This equates to an additional 250,000 people being *hooked on sport*.

¹ Sport Wales has collaborated with Welsh Government and other public sector bodies to develop a new National Household Survey for Wales. The fieldwork commenced in April 2016 and will run for 5 years. Reporting will be on an annual basis.

² Sport Wales is unable to provide outcome data for 2010. The data collectors breached the contract meaning that the data was unusable.

³ *Hooked on Sport* is defined as participating in sport on 3 or more occasions a week.

Whilst regular participation, three or more times per week, is Sport Wales' key performance indicator, data relating to those participating below this level is also important to note. The data outlined in Table 2 demonstrates that alongside an increase in regular participation we have seen a drop in those who are responding saying that they are undertaking no activity. As important as increasing regular activity is, as this suggests more of a lifelong habit, I recognise the importance of working across the public, private and third sectors in order to tackle inactivity as a whole.

Table 2: Frequency of Sporting Activity

	Children and Young People (7-16 years)		Adults (15+ years)	
	2013	2015	2012	2014
No activity	36%	29%	40%	38%
Average of once a week	10%	10%	12%	12%
Average of twice a week	14%	13%	9%	9%
Average of three or more times a week (Hooked on Sport)	40%	48%	39%	41%

Where there has been notable success is in the younger age groups, with a trend of sustained increases in levels of regular participation. This reflects Sport Wales' strategic focus over recent years of investing in opportunities for children and young people to become active through sport and focussing this around schools. Between 2013 and 2015, there has been a seven percentage point decrease in the number of people who are not active, and the eight percentage point increase in those who are *hooked on sport* suggests a general positive shift in the frequency of children and young people taking part in sport.

Children and young people as a cohort have become more active. Changing behaviour in adults is more difficult. Whilst there has been sustainability in participation among adults, in order for more people to be active more often, we need to harness the insight available and employ different strategies to engage a broader range of the population.

Over the past four years Sport Wales has undertaken and commissioned a wide range of research in order to advance our own and the sector's understanding of the sport and physical recreation landscape in Wales.

This research has involved:

- Over 8,000 survey responses from adults and 116,000 survey responses from young people on their sporting behaviours, preferences & experiences
- Interviews and focus groups with 97 adults and young people from BME communities across Wales, plus intensive qualitative research with 14-21 year olds exploring the factors surrounding their participation and non-participation
- Survey responses from 88 athletes, coaches and performance directors on the services and support provided by Sport Wales Institute and their governing bodies

The breadth and depth of data gleaned from this research is significant, and collectively it has provided a wealth of insight and intelligence. Yet within this intricate mass of data certain themes, patterns and corollaries consistently emerge. These themes fall into five inter-related areas which taken together explain why engagement in sport continues to vary so significantly across our population. Out of this analysis and in response to our Remit Letter, Sport Wales' Insight Team have developed a tool, the *Elements of Engagement*, which helps with understanding of how to increase or sustain engagement in sport and physical recreation in Wales, and thereby creating an active, healthy, and vibrant Wales.

There are five elements that have people at the heart of engagement:

1. **Motivation:** an inner desire or drive. 'The energy for action'
2. **Confidence:** a belief in one's ability to take to attain a high level of performance or to achieve desired goals, and a sense of certainty that doing so will be worthwhile
3. **Awareness:** knowing when, where and how to take advantage of relevant opportunities
4. **Opportunity and Resources:** opportunities are available and easily accessed
5. **The Experience:** the experience is worthwhile. It reinforces one's motivation & confidence and increases the likelihood of continued engagement

The *Elements of Engagement* is a frame through which the organisation is understanding and developing insight, and in an applied way, developing a suite of resources to help increase or sustain engagement in sport and physical recreation.

I am continually looking to improve how we measure our performance and impact. To this end as part of the proposed new delivery model for community sport and physical activity, a suite of additional key performance indicators have been proposed, which are currently subject to Welsh Government sign-off.

Sport Wales is also an active member of the Physical Activity Measurement and Research Group which is led by Public Health Wales and also includes colleagues from Cardiff University, University of South Wales, Swansea University, Cardiff Metropolitan University, Aneurin Bevan Health Board, Natural Resources Wales, and Welsh Government. The purpose of this Group is to provide an opportunity to scrutinise the quality and relevance of data being collected across Wales in relation to physical activity. As part of this, the Group has been reviewing what measures are collectively needed to be able to feed into the current physical activity indicators, and therefore measure the Chief Medical Officers' Guidelines on Physical Activity. For Sport Wales, this would mean developing our understanding around duration and intensity of sporting activity. It is possible to make inferences that sporting activity will be of at least moderate intensity and at least 30 minutes in duration. However, I am looking to ensure the organisation explore both data that measures *hooked on sport* with levels of physical activity to test these assumptions.

Whilst Sport Wales understands its impact on the overall physical activity levels of the nation, a significant project has been developed, and which will progress into 2017/18, that focuses on the wider impact of the organisations work on the people of Wales. This uses the Well-being of Future Generations (Wales) Act 2015 and our well-being objectives as the frame for this work.

Well-being of Future Generations (Wales) Act 2015

The Act provides for better decision-making by ensuring that those public bodies take account of the long-term, help to prevent problems occurring or getting worse, take an integrated and collaborative approach, and considers and involves people of all ages. This supports existing commitments such as the Welsh language, equalities and the UN Convention on the Rights of the Child.

Through this, Sport Wales has a duty to carry out sustainable development. Sustainable development is defined as a process of improving the economic, social, environmental and cultural well-being of Wales. Together, the seven well-being goals and five ways of working provided by the Act, are designed to support and deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs.

This is a significant change in how the public sector thinks and acts. I acknowledge that Sport Wales is on a journey and have taken measures to help with this. Over the course of 2016/17, Sport Wales' work in this area has been multi-faceted, and has included:

1. Identifying which of the well-being goals our objectives in the 2016/17 Business Plan impact upon
2. Developing a suite of well-being objectives, which will, at a very high-level, be the basis through which Sport Wales' impact will be measured in the future
3. Awareness and engagement work; this will be progressed during 2017/18 and will tie into staff competencies, performance and appraisals
4. The development of an impact assessment process and supporting documentation that enables us to fulfil our duties under both the Equality Act (2010) and the Well-being of Future Generations (Wales) 2015 Act. Staff are being supported in the application of this through both formal and informal training
5. Ensuring that in procurement documentation for the proposed new delivery model for community sport and physical activity, the organisation has outlined the need for our delivery partners to improve the economic, social, environmental and cultural well-being of Wales
6. Being proactive by requesting and completing an advisory internal audit on our readiness to meet the requirements of the Act
7. Asking and being selected to be a pilot case study for how the Wales Audit Office will approach their auditing work in relation to the Act
8. Learning and sharing information and practice with other public bodies and organisations. This allows for connection on common issues and continual improvement
9. Commissioning a piece of work to understand the social return on investment and economic value of sport in Wales
10. Developing a project that enables us to understand, optimise and measure the impact that Sport Wales' work has on the people of Wales. The medium-term impact of this work will be that staff will see how their work fits into the bigger picture, where the gaps are, and to think in a more focused way. This will help the organisation to think and act collectively to optimise impact.

FINANCIAL RESULTS FOR THE YEAR

The total comprehensive expenditure for Sport Wales after taxation for the year ending 31 March 2017 totalled £22,986,000 (2015/16 £24,797,000). The net movement on the general fund for the year (page 37), after the funding received from the Welsh Government, was an over spend of £331,000 (2015/16 over spend of £353,000). The £331,000 decrease was arrived at after charging £532,000 depreciation (2015/16 £534,000) and was largely in line with expectation.

The results of the Trust are consolidated into these financial statements.

SUSTAINABILTY

Sport Wales actively pursues policies and initiatives that seek to reduce the impact its operations have on the environment. The Corporate Environmental Strategy is fully in place since previously being approved by the Board. Over and above the significant steps already undertaken, Sport Wales set itself the goal to exceed Welsh Government targets, the primary one being a 3% annual reduction in carbon emissions using 2013/14 as a baseline, to be measured on a rolling three year basis.

Throughout 2016/17 Sport Wales has attempted to reduce its travel costs by encouraging staff to use video conferencing, Skype and Sharepoint. This has led to a significant reduction in the cost, mileage and CO2 emissions of travel compared to 2015/16.

Sport Wales also continues to offer a Cycle Scheme to employees, in order to reduce car usage. Employees may claim a mileage allowance for all business journeys made by bicycle.

Sport Wales remains committed to implementing technological solutions to help reduce emissions and waste where possible, such as dual screens to review documents rather than printing them hence reducing paper and printing costs.

Although Sport Wales National Centre slightly increased its Energy Performance Operational Rating during the year due to increased usage and colder weather the centre remains well below the typical rating for the type of building.

Throughout the year, the programme of introducing energy efficient measures continued. LEDs were installed in the Jubilee Hall, Bute Suite, side reception and a number of office and circulation areas together with energy efficient lighting to the Tennis courts. Four more bedrooms were refurbished to use the swipe key card system to control electrical fittings.

The centre continues to operate in accordance with the Waste Hierarchy guidance and has achieved Level 2 Green Dragon Environmental Management Standard Award.

The increase in waste collection compared to 2015/16 was due to the removal of diseased trees where the wood was recycled. In total, 82.07% of all waste at the centre is recycled.

There was a slight increase in water usage compared to 2016/17 due to the failure of the ground water borehole pump in June 2016. This meant that the mains water supply was used to water pitches until the pump was replaced.

Plas Menai is continuing to use the environmental system and over the coming year we will be using the data it provides to make targeted changes to reduce energy usage.

Over the last two years the centre has refurbished all its main customer accommodation and installed energy saving low wattage LED lighting that is operated by sensors, improved insulation in the accommodation areas and replaced old single glazed units with new double glazed windows.

Work on refurbishing the onsite resident houses will be completed by March 2018. The refurbishment of the houses will include the replacement of lighting with new sensor operated low wattage LED units and will also involve the installation of new energy efficient boilers.

Gas oil and water usage has increased slightly throughout the year due to increased use of the pool facilities.

The centre has been working with Bangor University Sailing Club and we are entered in the University Sustainability Challenge an initiative supported by the RYA Green Blue scheme and the British Marine Federation.

Over the next 12 months the installation of bowsers to capture rain fall for rinsing boats and equipment will be expanded and more recycling bins will be installed, reducing costs and increasing our recycling. It is also the centre's long term aim to install a solar array that will help reduce electricity usage and costs – funding for this project is being researched.

The centre has withdrawn from the Green Dragon initiative, but will continue to maintain the principles of the scheme, maintain our environmental policy and deliver against our environmental action plan.

ENVIRONMENTAL SUSTAINABILITY

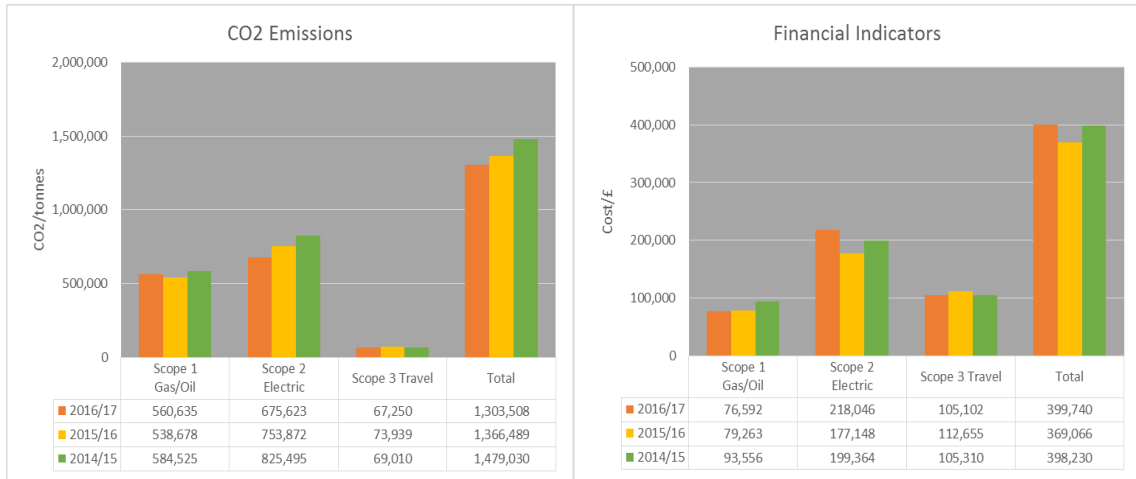
The following tables includes all Sport Wales offices data and associated cost

Waste		2016/17	2015/16	2014/15
Non-financial	Total KG	158,580	68,390	86,726

Greenhouse		2016/17	2015/16	2014/15
Co2	Total gross emissions (Co2)	1,236,258	1,292,550	1,410,020
	Total net emissions (Co2)	1,236,258	1,292,550	1,410,020
	Gross emission, scope 1	560,635	538,678	584,525
	Gross emissions, scope 2	675,623	753,872	825,495
Energy	Electricity (non-renewable)	1,639,661	1,631,087	1,670,163
kWh	Electricity (renewable)	0	0	0
	Gas	1,206,082	1,149,833	1,160,585
	Gas Oil	1,225,689	1,205,087	1,359,122
Financial Indicators (£)	Expenditure – energy	294,640	256,410	292,920

Finite Resource	Water	2016/17	2015/16	2014/15
Non-financial (M³)	Supplied	13,278	12,266	13,383
	Abstracted	2,075	2,514	2,251
Financial indicators (£)	Water supply costs	28,683	23,223	33,300

Travel		2016/17	2015/16	2014/15
Co2	Rail	6,736	7,910	8,189
	Air	18,041	25,006	18,029
	Ferry	0	0	0
	Car (Taxi/Bus etc)	422	277	536
	Own Car Usage	41,986	40,746	42,256
	Total	67,185	71,950	69,010
Cost	Rail	30,314	36,197	28,461
	Air	9,227	11,168	9,537
	Ferry	0	0	0
	Car (Taxi/Bus etc)	2,278	2,076	3,155
	Own Car Usage	63,281	63,214	64,158
	Total	105,100	109,685	105,311
Miles	Rail	86,180	109,725	108,025
	Air	52,668	70,991	41,338
	Ferry	0	0	0
	Car (Taxi/Bus etc)	1,562	1,063	2,483
	Own Car Usage	139,479	139,064	142,573
	Total	279,889	314,244	294,419



Conservation and Biodiversity

Sport Wales National Centre, Cardiff is located in a Grade 2 listed garden and all the trees have Tree Protection Orders which are managed in accordance with these orders.

The National Centre at Plas Menai runs marine environmental educational courses on the Menai Strait, has planted a managed woodland and bird boxes have been placed around the site.

Sustainable Procurement and the Future

Sport Wales's procurement policy requires that all procurement awards in excess of £10,000 should be awarded on the basis that they offer "the optimum combination of whole life costs and benefits to meet Sport Wales' requirements". Whole life costing considers not just the *purchase price*, but also takes into account the continued cost of ownership, maintenance and disposal of services.

We will continue to work to embed sustainable policies in our operations. In particular, we are conscious of the wider environmental impact which our work has and will investigate ways in which we can positively impact upon this.

ACCOUNTING OFFICER: S Powell
10 July 2017

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS REPORT

BOARD

During 2016/17, Sport Wales comprised the following board members;

Dr Paul Thomas**	(Chair Appointed 01.04.2016, terminated 29.03.2017)
Mrs Adele Baumgardt**	(Vice Chair Appointed 01.09.2012, terminated 29.03.2017)
Mr Lawrence Conway	(Interim Chair from 14.02.2017, Chair from 29.03.17)
Prof. John Baylis *	(Reappointed 01.04.2014)
Mr Simon Pirotte	(Reappointed 01.04.2014)
Ms Julia Longville	(Reappointed 01.09.2015)
Ms Johanna Sheppard*	(Reappointed 01.09.2015)
Mr Peter King	(Reappointed 01.09.2015)
Amanda Bennett*	(Appointed 01.09.2014)
Andrew Lycett*/**	(Appointed 01.09.2014)
Richard Parks	(Appointed 01.09.2014)
Samar Wafa	(Appointed 01.09.2014)

Chief Executive Ms S Powell

* Member of the Audit & Risk committee

** Member of the Remuneration committee

DECLARATIONS OF INTEREST

All Members and senior staff of Sport Wales have completed a return detailing any interests in organisations which provide, or may seek to provide, commercial services to Sport Wales for 2016/17. Information provided that requires disclosure in accordance with International Accounting Standard 24 is disclosed in Note 19 of these accounts.

PERSONAL DATA RELATED INCIDENTS

Sport Wales has controls and policies in place to ensure data integrity. Information Technology systems ensure that the physical security of data is tightly controlled. As far as we are aware, no loss of data occurred during the period under review.

RISK IDENTIFICATION AND MANAGEMENT

Detail on Risk Management is contained in the Risk Management section of the Annual Governance Statement on page 20.

SUPPLIER PAYMENT POLICY AND PERFORMANCE ACHIEVED

Under the Late Payment of Commercial Debts (Interest Act 1998) and in line with the Better Payment Practice Code (which can be located on www.payontime.co.uk) Sport Wales is required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the latter.

Sport Wales aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, in line with these terms. During the year ended 31 March 2017 Sport Wales paid 100% (2015/16 98%) of all invoices within the terms of its payment policy. No interest was incurred during the year as a result of late payments.

FINANCIAL INSTRUMENTS

Details of financial instruments can be found in note 1.11 to the financial statements.

REMUNERATION OF AUDITORS

The Audit Committee oversees the nature and amount of non-audit work undertaken by Wales Audit Office our external auditors. During 2016/17 there was no non audit work undertaken by auditors. The audit fee is disclosed in note 7 to the financial statements.

Statement on Disclosure of Relevant Audit Information.

1. As far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware, and
2. The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any audit information and to establish that the auditors are aware of that information.

STATEMENT OF COUNCIL'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Royal Charter, dated 4 February 1972, The Sports Council for Wales (Sport Wales) is required to prepare for each financial year statements of accounts in the form and on the basis determined by the Welsh Government, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of Sport Wales' state of affairs at the year end, including its net expenditure, changes in equity and cash flows for the financial year.

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

- observe the accounts direction issued by Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departure in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Principal Accounting Officer for the Welsh Ministers has appointed the Chief Executive as the Accounting Officer for Sport Wales. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for the keeping of proper records, and for safeguarding Sport Wales' assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury.

ACCOUNTING OFFICER: S Powell
10 July 2017

ANNUAL GOVERNANCE STATEMENT 2016/2017

Introduction

The Governance Statement brings together in one place all disclosures about matters relating to an organisation's governance, risk and control. As Accounting Officer I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility to manage and control the resources of Sport Wales during the course of the year.

As Accounting Officer I have reviewed the Corporate Governance in Central Government Departments: code of good practice 2011 and believe that Sport Wales has fully complied with the relevant elements of the code in respect of both its Exchequer and Lottery functions.

CORPORATE GOVERNANCE

The Board

Corporate Governance is the system by which organisations are directed and controlled. The Board of Sport Wales is responsible for the governance of Sport Wales and the Sports Council for Wales Trust. The Board's role is to satisfy itself that an appropriate governance structure is in place and to scrutinise the performance of the executive and the organisation's delivery of the Sport Wales' Vision.

The Sport Wales Board is made up of a Chair, a Vice Chair and up to twelve other members all of whom are appointed by the Welsh Government. The Board's composition includes representation from a wide cross section of different professions and members with expertise and experience relevant to both community and elite sport.

Following a unanimous vote of no confidence by the Board in the previous Chair on 23rd November 2016 the Welsh Government suspended the activities of the Board. Following an Assurance review undertaken by Welsh Government, the Board activities were re-instated on 14th February 2017. The Chair and Vice Chair were suspended pending further investigation. Lawrence Conway was appointed as interim chair, with John Taylor, the former chief executive of ACAS, to work with him, in a consultative capacity, in order to ensure the Board can operate as a coherent functioning body.

Resulting from the further investigations, the Minister announced on 29th March 2017 that the Chair and Vice Chair's appointments were terminated with notice.

Sport Wales is committed to equality and the diversity of its Board, which now comprises 45.5% female representation and 18.2% BME.

Attendances for both the Board and the Audit & Risk Committee are shown in the table below. Due to the activities of the Board being suspended for a period during the year, there were only three Audit and Risk committee meetings rather than the usual four.

Board Member	Board Meeting (Number of meetings attended of 5)	Audit & Risk Committee (Number of meetings attended of 3)
Dr Paul Thomas (Chair) *	3 / 5	Not Applicable
Adele Baumgardt (Vice Chair) *	4 / 5	Not Applicable
Lawrence Conway (Interim Chair)	1 / 1	Not Applicable
Amanda Bennett	5 / 5	3 / 3
John Baylis**	5 / 5	1 / 1
Peter King	3 / 5	Not Applicable
Simon Pirotte	5 / 5	Not Applicable
Julia Longville	4 / 5	Not Applicable
Andrew Lycett	5 / 5	3 / 3
Johanna Sheppard	5 / 5	2 / 3
Richard Parks	4 / 5	Not Applicable
Samar Wafa	4 / 5	Not Applicable
(Independent members – Audit Committee only)		
Sandy Blair	Not Applicable	3 / 3
Gareth Jones	Not Applicable	3 / 3
Louise Casella	Not Applicable	0 / 3
Overall Percentage Attendance rate	89%	79%

*Members suspended for the March 2017 meeting

**Only available for one committee meeting as resigned from Audit & Risk Committee

To discharge its responsibilities and to obtain the assurance required that demonstrate good governance practices are in place, the Board has agreed the following governance structure:

- Two permanent committees; The Audit & Risk Committee and the Remuneration Committee
- Three Sub Groups and two advisory groups approved by the Board (listed below)
- The Executive Management Team and staff structure

Whistleblowing Policy

Sport Wales has an established and Board approved Whistle-Blowing Policy which is detailed in the Staff Handbook. During 2016/17 Sport Wales was not aware of any reported incidents. We believe that the policy is effective and staff have full access to it, if required. The policy is reviewed periodically with the Staff Handbook.

Audit and Risk Committee

The Board has established an Audit and Risk Committee to support it in discharging its responsibilities specifically in the areas of risk, internal control and governance through:

- Reviewing the comprehensiveness and operation of current processes, controls and other measures to meet the assurance needs of the Board and the Accounting Officer;
- Reviewing the reliability and integrity of the assurances provided by the executive and the internal and external auditors;
- Providing an opinion as to how well the Board and Accounting Officer are supported in decision making and in discharging their accountability obligations (particularly in respect of Financial Reporting).
- Risks identified are assigned to Corporate Directors and mitigating actions are detailed in the risk register.

During 2016/17, the Director of Corporate Services introduced a quarterly internal assurance statement for all Directors to complete. This process now forms part of the overall assurance framework.

The Audit & Risk Committee consists of up to seven members, three of which could be independent, with a minimum of one external member required. The Committee met three times during the year and there was an overall members' attendance rate of 79%.

Over the year the Committee's areas of focus included (but was not limited to):

- the operation and effectiveness of the risk management review framework;
- internal audit reports covering specific business areas and the annual internal audit report;
- the Annual Report and Accounts and their format;
- observations made by external audit, particularly the annual management letter;
- compliance with the Framework Document issued by the Welsh Government as well as compliance with the Lottery Statement of Financial Requirement;
- the Governance Framework document;
- regulatory compliance;
- review of grant funding;
- review of Board member expenses;
- update of the progress of the new online grants system;
- the Gifts and Hospitality Register;
- Establishing the year's internal audit plan;
- A joint training session with the Audit Committee of the Arts Council of Wales

The Board received the minutes of the Audit & Risk Committee at each meeting and are advised by the Audit Chair of any significant matters. The Audit Chair also presents a formal annual report on the Committee's work to the Board. IT systems ensure that the physical security of data is tightly controlled. In 2016/17 no information risk issues or significant control weaknesses were identified and the Audit and Risk Committee was satisfied that the level of risk was acceptable and managed in an appropriate manner.

Remuneration Committee

The Remuneration Committee meet to review and agree the annual pay award for all staff via the Welsh Government's pay remit process. Further details can be found within the Remuneration and Staff Report on page 26.

Sub and Task and finish groups

Task and finish groups are set up by the Board as and when required. The groups are made up of Board members appointed by the Chair sometimes with independent members. They are supported by officers of Sport Wales. Their purpose is to provide additional help and advice to the Board within specific themes and they meet on an ad-hoc basis.

A member of the Board who is also a member of each task and finish group is identified to report back verbally at each Board meeting.

The Executive Senior Management Team

The Executive, under the leadership of the Chief Executive, is responsible to the Board for the development and implementation of strategy and policies and the reporting thereof.

The Executive meets at regular intervals and typically fortnightly to discuss and agree corporate matters. Formal monthly meetings are held which follow an agenda and minutes are taken to ensure we record decisions at a corporate level. Progress against the Business Plan is reported and monitored on a quarterly basis.

Board and Committee Effectiveness

The Board is content with the quality and amount of information received in order for it to make considered decisions.

RISK MANAGEMENT

The purpose of the system of internal control

The system of internal control is designed to manage and limit risk but can never eliminate it. It therefore only provides reasonable and not absolute assurance. The system of internal control is based upon an on-going process designed to identify and prioritise the risks of achieving Sport Wales' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should this happen, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Sport Wales throughout the year ended 31 March 2017 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Finally, the system of internal control provides reasonable assurance that Sport Wales has complied with the Lottery financial directions and that adequate processes are in place for the detection of conflicts of interest and to minimise losses of Lottery grants.

Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring that Sport Wales has an effective risk management process. This is overseen by the Board, through the Audit & Risk Committee. As an organisation, the key risks are monitored through appropriate use of the Risk Register. There is a documented Risk Strategy & Management Policy that contains definitions relating to risk management and the policy also sets out how risks should be identified, recorded, analysed and managed.

Corporate risks, and the control measures implemented to mitigate them, are assigned to and managed by the appropriate manager, corporate director or in some cases by the Accounting Officer. Operating risks are the responsibility of the relevant heads of department while day to day risk management may be delegated to the staff they manage.

New risks are identified by officers of Sport Wales, Audit & Risk Committee scrutiny or the Board itself. When a new risk has been identified, it is inserted into the appropriate Risk Register, assessed and scored and assigned to a corporate director and/or manager.

The risk and control framework

Risk management is embedded within the management structure of Sport Wales. The majority of identified risks are derived from the organisational objectives and the business planning process of Sport Wales.

The Risk Register is an electronic solution that is accessible to relevant managers via an online portal. The workings of the Register has been subject to an internal audit and presented to the Audit & Risk committee. The Risk Register records significant corporate risks including risks to information, an overall assessment of likely impact and probability, control measures and where required, a list of future action measures. The Corporate Risk Register is reviewed at regular intervals by Senior Management, the Risk Management Group and the Audit & Risk Committee. In addition managers present by rotation to the Risk Management Group on their specific areas of risk and how they control or mitigate those risks.

Grants Monitoring

The majority of Sport Wales' funding is expended in the award of grants. Grant awards are made on clear investment criteria into key sporting outputs and outcomes. Sport Wales takes appropriate steps to monitor the application of such awards by requiring formal reporting from recipients, as well as maintaining an on-going dialogue with key partners to gather informal intelligence. In addition, there are specific reconciliation criteria and where expenditure may vary from the level of grant award, Sport Wales exercises its right to claw back such amounts.

Procurement

Sport Wales received two reviews of the procurement activities during 2016/17. The internal auditors, Deloitte, undertook a review on the procurement of consultants, which were reported to the March 2017 Audit & Risk Committee. Wales Audit Office also undertook a separate audit as part of their year-end work. Both reviews identified a number of recommendations for improvement, which have since been implemented and the financial procedures have been updated to reflect the findings/recommendations. The updated financial procedures have also been circulated to all staff.

Key Risks

Risks to key strategic and operational activities are identified, evaluated and considered by the Directors Group, and action taken to mitigate them. Risks and the actions to manage risks are reviewed at regular intervals. The internal audit programme is influenced by risks recorded in the Risk Register and, where appropriate, the auditors make recommendations to address any risk or identify new ones. The Audit & Risk Committee will review these recommendations and action appropriately.

Due to the suspension of the Board activities the December Audit and Risk committee did not meet. A compliance and governance statement was issued from the CEO to Audit & Risk committee at the March 2017 meeting to give assurance. During this period, the Chief Executive Officer reported to Welsh Government's Deputy Permanent Secretary and there was no disruption to operational activities.

Looking ahead, there are a number of key risks which have been identified at Sport Wales and included in the Corporate Risk Register.

The most significant strategic risk will be the impact of on-going cuts to public expenditure, combined with the increased financial cost of meeting pension deficit payments, which present the greatest threat to the delivery of Sport Wales objectives.

Other key risks identified on the corporate Risk Register include those relating to the delivery of our community, elite and corporate services' strategies and objectives. Also, the introduction of Welsh Government's Well-Being of Future Generations Act from 1st April 2016 is meaning a new area of compliance for Sport Wales. We have produced a suite of Well-being objectives that have been approved by the Board following a period of internal and external consultation. They have been submitted to the Commissioner and are on our website.

Sport Wales has an overall informed and measured appetite for taking risk to achieve its priorities. Risk appetite is owned by the Board. Where significant risk arises Sport Wales will take effective control action to reduce and manage these risks to a safe level. The Executive and Board are aware of the need to innovate further and faster in the future and to this end are actively exploring different delivery mechanisms and partners. This will create new and different risks and potentially increase the level of risk taken by Sport Wales. The Sport Wales Risk appetite may therefore rise but only within an informed and managed risk environment.

The Internal Auditors have, for the second consecutive year, given Sport Wales an overall "substantial assurance" rating for the year. It also gave this highest rating category for Sport Wales' corporate governance and risk management arrangements. During the year, internal audit reports identified opportunities to enhance the control systems. It is encouraging to note that arising out of the internal audit work, there was only one finding classified as being of "high" risk. In total, 26 recommendations were made, of which one was classified as high priority. 13 (50%) were classed as 'medium' priority and 12 (46%) were 'low' priority. In terms of follow-up action, 19 out of 21 previous recommendations made (90%) had either been fully or partially-implemented. The remaining 2 previous recommendations are in progress.

Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Sport Wales' policies, aims, and objectives. I also have personal responsibility for safeguarding the proceeds from the National Lottery distributed to Sport Wales and Sport Wales' assets, in accordance with the responsibilities assigned to me in Managing Public Money.

I am responsible for reviewing the effectiveness of the system of internal control. This is overseen by the Board, through the Audit & Risk Committee. It is informed by the work of both the internal and external auditors and the staff presentations to the Risk Management Group of Sport Wales who have responsibility for the development and maintenance of the internal control framework. I plan to address identified weaknesses and ensure continuous improvement of the systems.

The internal audit service for Sport Wales during 2016/17 was provided by Deloitte LLP, who operated to standards defined in the Public Sector Internal Audit Standards. Internal audit submit regular reports which provide an independent annual opinion on the adequacy and effectiveness of Sport Wales' systems of internal control and risk management, together with recommendations for improvement.

Every year the Audit & Risk Committee produces an Annual Report of their work to the Board of Sport Wales.

On-going Developments

Whilst the current system of internal control is strong, there are always areas which require or will benefit from improvement.

Sport Wales has continued to review the control system in operation over the National Governing Bodies generally and during 2016/17 additional steps have been implemented to further strengthen the controls in place to manage the risk inherent in investing public funding into third party organisations. We will keep this under constant review in 2017/18.

During 2016/17, Sport Wales strengthened its planning and budgeting process by better aligning the two, and ensuring resources are better allocated to strategic priorities. This process has involved the Leadership Team of Sport Wales, comprising Directors and Heads of Department. Thus greater ownership of budgets and resources has resulted.

Sport Wales is committed to an engaged workforce. Our achievement of gold standard in 'Investors in People' is testament to this. We will continue to evolve as an organisation, and ensure we have a fit-for-purpose workforce as we face the inevitable challenges that operating in a time of reduced resources bring.

We welcome the introduction of Welsh Governments Well-Being of Future Generations Act, which took effect from 1st April 2016. This will introduce new challenges to Sport Wales, and the Auditor General for Wales will have specific additional responsibilities arising from the introduction of the Act. We have chosen to be 'early adopters' of the scheme and are working closely with the Wales Audit Office on this.

Our Audit & Risk Committee undertook a comprehensive assessment of its effectiveness during 2016/17. This review has led to a number of developments, including the creation of performance measures for both internal and external audit, a skills matrix for the Committee and the development of an assurance framework. Some of this work will be ongoing into 2017/18.

At the time of compiling the accounts, an independent panel is conducting a review of Sport Wales which will report directly to the Minister. The report is due to be published in early July 2017.

ACCOUNTING OFFICER: S Powell

Date: 10 July 2017

REMUNERATION AND STAFF REPORT

Sport Wales has an extensive range of policies which reflect current legislation and aim to secure retention and motivation. These policies are reviewed regularly with staff involvement via a recognition agreement with the Public and Commercial Services (PCS) Union. All policies are equality checked before implementation. Sport Wales is committed to a policy of equality of opportunity in its employment practices. In particular, Sport Wales aims to ensure that no potential or actual employee receives more or less favourable treatment on the grounds of age, disability, ethnic or national origin, gender, marital or parental status, nationality, political belief, race, religion, or sexual orientation. We also follow the 'Equality Standard for Sport' and 'Positive about Disabled' schemes.

INVESTING IN OUR PEOPLE

Sport Wales has "Investors in People" status and its human resources policies reflect best practice as part of its commitment as a learning organisation. During 2015/16, Sport Wales achieved the Gold standard in "Investors in People". The standard explores practices and outcomes within an organisation under three performance headings: leading, supporting and improving. These three areas explore culture, leadership skills, engagement and staff development which all contribute towards Sport Wales being a high performing organisation.

SICKNESS ABSENCE DATA

The sickness data for employees of the whole organisation for 2016/17 (2015/2016) is as follows:

Total Days Lost	Total Number of Employees (FTE)	Total Sick Days Lost Per Person
909 (1,524)	148.53 (147.40)	6.12 (10.33)

The absence rate for 2016/17 of 2.59% is comparable with ONS (Office for National Statistics) published rates for the public sector of 2.9%, (2.4% central Government and 2.7% Local Government) and is akin to usual absence rates within Sport Wales.

Sport Wales is actively supporting individuals who have long-term sickness absence through management intervention, increased use of occupational health provision and a focus on physical and mental health awareness in line with the organisations Corporate Health Standard Bronze award status.

Managers will receive continued support through 2017/18 to maintain a focus on effective absence management.

PENSION SCHEME

Sport Wales operates two pension schemes for its staff. Most staff are members of the Cardiff and Vale of Glamorgan Pension Fund. The Fund is a defined benefit scheme based on Career Average Re-Valued Earnings (CARE). The Fund's assets are held separately from those of Sport Wales. Any pension built up before April 2008 is calculated at a rate of 1/80th with a lump sum of three times pension. Pension built up from 1 April 2008 is calculated at the rate of 1/60th and there is an option to take an extra lump sum in exchange for pension. Pension built up from 1 April 2014 is calculated at the rate of 1/49th with an option to take an extra lump sum in exchange for pension. The contributions of employees are set at 5.5% to 10.5% based on salary range or 2.75% to 5.25% if the employee opts for the 50/50 pension scheme. Further details can be found in note 1.6 and note 17 to the financial statements. In addition, Sport Wales operates a Defined Contribution pension scheme, with Scottish Widows, in which Sport Wales contributes 6.5%, with employees contributing 1.5%.

Remuneration Policy

In accordance with Chapter 5 of the Financial Reporting Manual, Sport Wales is required to disclose the following concerning remuneration during the year of Council Members and senior staff with responsibility for running policy making departments. Treasury guidance requires the financial statements to disclose the cash equivalent transfer value of pensions for Sport Wales' Members and senior staff.

The Chair, Vice Chair and Members of Sport Wales are paid in accordance with the Welsh Government "Remuneration and expenses of Chairs and Members of WSGBs and NHS Bodies" policy.

The Remuneration Committee which consists of Sport Wales' Chair, Vice Chair and Chair of the Audit & Risk Committee supported by Sport Wales' Head of Organisational Development meets to agree the pay award for all staff via the Welsh Government's pay remit process. Also, the CEO post now has a salary range associated with it, which is determined by Welsh Government. All changes of pay for the CEO are approved by the Remuneration Committee.

Service Contracts

The senior staff of Sport Wales are employed on terms and conditions broadly analogous to the Welsh Government terms and conditions.

Sport Wales' Members are appointed by Welsh Ministers for a three year contracted period and may be reappointed normally for a further three year period. The Chair is remunerated at a daily rate of £337 and is contracted to work two days per week. The Vice Chair is remunerated at a daily rate of £311 and is contracted to work one day per week.

Notice Period

The Chief Executive is entitled to four months' notice of termination of contract by Sport Wales and the remaining senior staff are entitled to three months' notice of termination of contract.

Chief Executive Officer Salary

Remuneration

"Salary" includes gross salary, allowances and performance bonuses where applicable. During the year the Chief Executive received a gross salary of £94,500 (2015/16 £92,500). No members of staff are eligible for a bonus payment.

A proportion of the Senior Management salary costs are allocated to lottery.

Benefits in Kind

There are no benefits in kind

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interest of the senior managers of Sport Wales. Details on start/leave dates can be found in the Pension Benefits table on page 30. This information is audited.

Remuneration (subject to audit)

<u>Name</u>	<u>Title</u>	<u>% Apportioned to Lottery</u>	<u>Salary £000</u>	<u>Pension Benefit £</u>	<u>Total £000</u>
		<u>2016/17 (2015/16)</u>	<u>2016/17 (2015/16)</u>	<u>2016/17 (2015/16)</u>	<u>2016/17 (2015/16)</u>
Dr Paul Thomas*	Chair	50% -	40 - 45 -	- -	40 - 45 -
Prof. Laura McAllister	Chair	- (50%)	- (35 - 40)	- -	- (35 - 40)
Mrs Adele Baumgardt*	Vice Chair	50% (50%)	15 - 20 (10 - 15)	- -	15 - 20 (10 - 15)
Ms Sarah Powell	Chief Executive	25% (25%)	90 - 95 (90 - 95)	27,904 (40,942)	120 - 125 (130 - 135)
Mr Graham Williams	Corporate Director	25% (25%)	55 - 60 (50 - 55)	28,828 (25,065)	85 - 90 (75 - 80)
Mr Brian Davies	Corporate Director	80% (100%)	55 - 60 (50 - 55)	24,822 (26,269)	80 - 85 (80 - 85)
Ms Helen Bushell	Corporate Director	- (25%)	- (20 - 25)	- -	- (20 - 25)
Mr Jonathan Davies**	Corporate Director	50% (50%)	55 - 60 (55 - 60)	18,027 (17,696)	75 - 80 (70 - 75)
Mr Peter Curran	Corporate Director	25% (25%)	60 - 65 (55 - 60)	19,586 (25,280)	80 - 85 (85 - 90)
Mr Malcolm Zaple	Manager Sport Wales National Centre	0% (0%)	60 - 65 (55 - 60)	33,095 (9,963)	90 - 95 (65 - 70)
Mr Steven Morgan	Manager Plas Menai Watersports Centre	0% (0%)	50 - 55 (35 - 40)	15,907 (12,603)	65 - 70 (50 - 55)
Prof. John Baylis	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Simon Pirotte	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Ms Johanna Sheppard	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Ms Julia Longville	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Peter King	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Ms Amanda Bennett	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Ms Sophie Howe	Council Member	- (50%)	- (0 - 5)	- -	- (0 - 5)
Ms Samar Wafa	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Andrew Lycett	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Richard Parks	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)

*includes payment of notice provision (see note 18 for further details). Lawrence Conway elected not to take a salary during 2016/17 whilst in the role of interim Chair and Chair.

**From 1st July 2015, Jonathan Davies has been on secondment to Public Health Wales (PHW) and returned on 1st February 2017, during which Sport Wales was reimbursed for two thirds of his salary and on costs by PHW and Welsh Government. The Corporate Director role had been covered since Sept 2015 to Dec 2016 by Andrew Weeks who was on secondment from BBC, and a contribution of £50,355 towards salary and on costs was paid during 2016/17.

The Remuneration Report now requires that a Single Total Figure of Remuneration is shown. The above table is similar to that used previously, and still shows the salary paid in bandings. The pension benefit figure which contributes to the single total figure is calculated in a new way as follows:

$(\text{real increase in pension} * \times 20) + (\text{real increase in lump sum} *) - (\text{contributions made by employee})$

*excluding increases due to inflation or any increase/decrease due to a transfer of pension rights

The pension benefit figure is not an amount that has been paid to the employee by Sport Wales during the year. It is a future benefit for the employee which is influenced by many factors including but not limited to, salary changes and any additional contributions made by the employee.

Pension Benefits of Senior Managers (subject to audit)

Name	Real increase in Pension (and lump sum) at age 65 for 2016/17	Total accrued Pension (and lump sum) at age 65 at 31 March 2017	CETV at 31 March 2017	CETV at 31 March 2016	Real Increase/ (Decrease) CETV in Year
	£000	£000	£000	£000	£000
Ms Sarah Powell Chief Executive	0 - 2.5 (0 - 2.5)	25 - 30 (35 - 40)	347	300	38
Mr Peter Curran Corporate Director	0.0 - 2.5 (0.0 - 2.5)	0 - 5 (0 - 5)	33	17	10
Mr Steven Morgan Manager Plas Menai Watersports Centre	0.0 - 2.5 (0.0 - 2.5)	0 - 5 (0 - 5)	20	8	7
Mr Malcolm Zaple Manager Sport Wales National Centre	0.0 - 2.5 (0.0 - 2.5)	25 - 30 (45 - 50)	470	418	47
Mr Brian Davies Corporate Director	0.0 - 2.5 (0.0 - 2.5)	10 - 15 (0 - 5)	140	115	20
Mr Jonathan Davies Corporate Director	0.0 - 2.5 (0.0 - 2.5)	0 - 5 (0 - 5)	36	23	8
Mr Graham Williams Corporate Director	0.0 - 2.5 (0.0 - 2.5)	20 - 25 (30 - 35)	303	264	34

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

The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to Sport Wales' pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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 drawn.

Real Increase in CETV

This reflects the increase in CETV effectively 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.

Staff Costs

The average number of permanent employees during the year on a whole time equivalent basis was made up as follows:

	<u>2016/2017</u> No	<u>2015/2016</u> No
Total	148.5	147.4

Staff composition of corporate directors are 80% male and 20% female. Of the remaining permanent employees 49.7% are male and 50.3% female.

Tax Policy for Off-Payroll Appointees

As at 31 March 2017, there were 3 arrangements that had existed for one year. Sport Wales are content that assurance has been sought to confirm that individuals have made appropriate arrangements to pay tax. Neither individual is a Board member or is a senior official with significant financial responsibility.

Compensation schemes – exit packages

Exit package cost band	Number of redundancies	
	2016-17	2015-16
< £10,000	0	0
£10,000 - £25,000	0	0
£25,000 - £50,000	2	0
£50,000 - £100,000	1	1
£100,000 - £150,000	0	1
Total number of exit packages	3	2
Total resource cost (£)	145,000	213,000

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme. Exit costs are accounted for in full in the year of departure. Where Sport Wales has agreed early retirements, the additional costs are met by Sport Wales.

Fair Pay Disclosures

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

	2016 /17	2015/16
Band of Highest Paid Director's Total Remuneration (£ '000)	90 - 95	90 - 95
Median Total Remuneration	26,400	24,620
Ratio	3.5	3.8

The ratio was calculated using the following assumptions:

1. Only salaries for staff paid through the payroll has been used (excludes agency staff as not material),
2. Figures have not been adjusted to reflect any apportionment to the Lottery accounts i.e. costs reflect all staff employed by The Sports Council for Wales processed through the payroll.

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

There was a decrease in the median ratio of 0.3. The CEO total remuneration has remained within the same banding, but the median total remuneration has slightly increased.

ACCOUNTING OFFICER: S Powell
10 July 2017

The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of Sports Council for Wales for the year ended 31 March 2017 under paragraph 18(3) of Schedule 8 to the Government of Wales Act 2006. These comprise the Statement of Comprehensive Net Expenditure, Statements of Financial Position, Consolidated Statement of Changes in Taxpayers Equity, Consolidated Statement of Cashflow and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Council's and Chief Executive's Responsibilities, the Accounting Officer is responsible for preparing the financial statements, in accordance with the Royal Charter and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Sports Council for Wales' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Sports Council for Wales; and the overall presentation of the financial statements.

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

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

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of Sports Council for Wales affairs as at 31 March 2017 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Government of Wales Act 2006.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Government of Wales Act 2006; and
- the information in the Performance and Accountability Reports is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
18 July 2017

24 Cathedral Road
Cardiff
CF11 9LJ

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE SPORTS COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST FOR THE YEAR ENDED 31 March 2017

		2016/17	2015/16
	Note	£'000	£'000
EXPENDITURE			
Grant Expenditure	5	16,239	17,848
Staff Costs	6	5,414	5,513
Other Expenditure	7	3,440	3,794
Depreciation: owned assets	9	532	534
		<u>25,625</u>	<u>27,689</u>
INCOME			
Income from Activities	3	(2,685)	(2,703)
Other Income	3	(182)	(468)
		<u>(2,867)</u>	<u>(3,171)</u>
Net Expenditure		22,758	24,518
Pension Finance Cost		258	285
(Surplus) on Disposal of Property, Plant & Equipment	8	(29)	(4)
Interest Receivable		(1)	(2)
		<u>228</u>	<u>279</u>
Net Expenditure after interest and before taxation		22,986	24,797
Taxation Payable		<u>-</u>	<u>-</u>
Net Expenditure after Taxation		<u>22,986</u>	<u>24,797</u>
Other Comprehensive Expenditure			
Net gain on revaluation of Property, Plant & Equipment		(149)	(304)
Actuarial loss / (gain) pension		2,075	(1,324)
Total Comprehensive Net Expenditure for the year ended		<u>24,912</u>	<u>23,169</u>

CONTINUING OPERATIONS

No activities were acquired or discontinued during the current year or previous year.

The Net Expenditure after Taxation for the financial year attributable to the activities of Sport Wales was £22,986,000 (2015/2016 £24,797,000).

The notes on pages 41 to 62 form part of these accounts

STATEMENT OF FINANCIAL POSITION OF THE SPORTS COUNCIL FOR WALES
AS AT 31 March 2017

	Note	<u>At 31 March</u> <u>2017</u> <u>£'000</u>	<u>At 31 March</u> <u>2016</u> <u>£'000</u>
Non-current assets			
Property, Plant & Equipment	9(a)	468	305
Total non-current assets		468	305
Current assets			
Trade and other receivables	10	1,574	2,291
Cash and cash equivalents		373	862
		<u>1,947</u>	<u>3,153</u>
Total Assets		<u>2,415</u>	<u>3,458</u>
Current liabilities			
Trade and other payables	11	(600)	(963)
Grant accruals	12	(19)	(17)
Provisions	18	(124)	(259)
Total current liabilities		(743)	(1,239)
Non-current assets plus net current assets		<u>1,672</u>	<u>2,219</u>
Non-current liabilities			
Trade and other payables due in more than one year	11	(146)	(62)
Pension Liabilities	17	(9,746)	(7,708)
Total non-current liabilities		<u>(9,892)</u>	<u>(7,770)</u>
Assets less liabilities		<u>(8,220)</u>	<u>(5,551)</u>
Taxpayers' equity			
General fund		1,526	2,157
Pension reserve		(9,746)	(7,708)
Revaluation reserve		-	-
		<u>(8,220)</u>	<u>(5,551)</u>

The notes on pages 41 to 62 form part of these accounts

The financial statements were approved by the Board on 10th July 2017 and were signed on its behalf by;

ACCOUNTING OFFICER: S Powell (Chief Executive)
10 July 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE SPORTS COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST AS AT 31 March 2017

	Note	<u>At 31 March</u> <u>2017</u> £'000	<u>At 31 March</u> <u>2016</u> £'000
Non-current assets			
Property, Plant & Equipment	9(b)	<u>19,490</u>	<u>19,323</u>
Total non-current assets		19,490	19,323
Current assets			
Trade and other receivables	10	1,574	2,291
Cash and cash equivalents	14	<u>377</u>	<u>866</u>
		<u>1,951</u>	<u>3,157</u>
Total Assets		<u>21,441</u>	<u>22,480</u>
Current liabilities			
Trade and other payables	11	(600)	(963)
Grant accruals	12	(19)	(17)
Provisions	18	<u>(124)</u>	<u>(259)</u>
Total current liabilities		(743)	(1,239)
Non-current assets plus net current assets		<u>20,698</u>	<u>21,241</u>
Non-current liabilities			
Trade and other payables due in more than one year	11	(146)	(62)
Pension Liabilities	17	<u>(9,746)</u>	<u>(7,708)</u>
Total non-current liabilities		<u>(9,892)</u>	<u>(7,770)</u>
Assets less liabilities		<u>10,806</u>	<u>13,471</u>
Taxpayers' equity			
General fund		12,844	13,185
Pension reserve		(9,746)	(7,708)
Revaluation reserve		<u>7,708</u>	<u>7,994</u>
		<u>10,806</u>	<u>13,471</u>

The financial statements were approved by the Board on 10th July 2017 and were signed on its behalf by;

ACCOUNTING OFFICER: S Powell (Chief Executive)
10 July 2017

**CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE SPORTS COUNCIL FOR WALES
AND THE SPORTS COUNCIL FOR WALES TRUST FOR YEAR ENDED 31 March 2017**

Cash flow from operating activities

	Note	<u>2016/17</u>	<u>2015/16</u>
		£'000	£'000
<u>Cash flow from operating activities</u>			
Net deficit after interest		(22,986)	(24,797)
(Surplus) on disposal of property, plant & equipment	8	(29)	(4)
Depreciation of property, plant & equipment	9(b)	532	534
(Increase) /Decrease in trade and other receivables	10	717	(255)
Increase in trade payables	11	(279)	324
(Decrease)/Increase in grant accruals	12	2	(9)
Interest received	13	(1)	(2)
Pension costs	17	(39)	(339)
Increase in provision for redundancies	18	(135)	192
Net cash outflow from operating activities		<u>(22,218)</u>	<u>(24,356)</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant & equipment		(521)	(343)
Interest received		1	2
Net cash outflow from investing activities		<u>(520)</u>	<u>(341)</u>
<u>Cash flows from financing activities</u>			
Net cash used in financing activities		(22,738)	(24,697)
Funding received from the Welsh Government		22,249	24,349
Net increase in cash and cash equivalents		<u>(489)</u>	<u>(348)</u>
<u>Net increase in cash and cash equivalents in the period</u>			
Cash and cash equivalents at the beginning of the period		<u>866</u>	<u>1,214</u>
Cash and cash equivalents at the end of the period		<u>377</u>	<u>866</u>
		<u>(489)</u>	<u>(348)</u>

The notes on pages 41 to 62 form part of these accounts

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR THE SPORTS
COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST
FOR THE YEAR ENDED 31 MARCH 2017**

	<u>Revaluation</u>		<u>Pension</u>	
	<u>Reserve</u>	<u>General Fund</u>	<u>Reserve</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 1 April 2016	7,994	13,185	(7,708)	13,471
Net Expenditure after interest and before tax	-	(22,986)	-	(22,986)
Funding received	-	22,249	-	22,249
Revaluation of tangible fixed assets	149	-	-	149
Pension costs	-	(39)	39	-
Transfer to general fund	(435)	435	-	-
Actuarial loss	-	-	(2,077)	(2,077)
Funds at 31 March 2017	<u>7,708</u>	<u>12,844</u>	<u>(9,746)</u>	<u>10,806</u>

The funds in Sport Wales own non-consolidated accounts at 31 March 2017 were ((£8,220,000)), (31 March 2016 ((£5,551,000))) with £19,026,000 (2015/16 £19,022,000) attributable to the Sports Council for Wales Trust.

The notes on pages 41 to 62 form part of these accounts

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE SPORTS
COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST
FOR THE YEAR ENDED 31 March 2016**

	<u>Revaluation</u> <u>Reserve</u> <u>£'000</u>	<u>General Fund</u> <u>£'000</u>	<u>Pension</u> <u>Reserve</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Balance at 1 April 2016	8,124	13,538	(9,371)	12,291
Net Expenditure after interest and before tax	-	(24,797)	-	(24,797)
Funding received	-	24,349	-	24,349
Revaluation of tangible fixed assets	304	-	-	304
Pension costs	-	(339)	339	-
Transfer to general fund	(434)	434	-	-
Actuarial gain	-	-	1,324	1,324
Funds at 31 March 2017	<u>7,994</u>	<u>13,185</u>	<u>(7,708)</u>	<u>13,471</u>

The notes on pages 41 to 62 form part of these accounts

THE SPORTS COUNCIL FOR WALES AND SPORTS COUNCIL FOR WALES TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2017

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2016/17 Government Financial Reporting Manual (IFRS based FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Sport Wales for the purpose of giving a true and fair view has been selected. The particular policies adopted by Sport Wales are described below. These have been applied consistently in dealing with items that are considered material to the accounts. The Sports Council for Wales Trust accounts were prepared to adhere to the Statement of Recommended Practice (SORP) issued by the Charity Commissioners for England and Wales in 2015.

1.1 Basis of accounting

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment.

1.2 Funding

Sport Wales receives funding from the Welsh Government to finance the excess of its capital and revenue expenditure over its income. The funding is credited direct to the General Fund. Sport Wales also receives funding from the Welsh Government to implement the Physical Education and School Sport Task Force Action Plan, which is also credited directly to the General Fund. Other operating income comprises income from fees, sponsorship and certain incidental trading activities.

The Sports Council for Wales Trust, a charitable body wholly owned by Sport Wales, receives grants from Sport Wales for capital expenditure on property, plant and equipment relating to land and buildings. The Trust also holds equipment and vehicles purchased prior to April 2006. Since April 2006 capital expenditure on equipment and vehicles is only included in Sport Wales's accounts. The proceeds from the disposal of property, plant and equipment by the Trust are surrendered to Sport Wales.

1.3 Property Plant & Equipment

Freehold land is included in the statement of financial position at open market value and the buildings at depreciated replacement cost to reflect the specialist nature of the buildings. Professional valuations are obtained every year. Leasehold land under the operating lease is not included in Sport Wales's statement of financial position.

Equipment and vehicles are included in the statement of financial position at historic cost less a provision for depreciation. In the opinion of Sport Wales, there is no material difference between the historic and current cost net book values of these assets. The threshold for capitalisation of assets is £5,000 for Sport Wales and £5,000 for the Trust.

1.4 Depreciation

Depreciation is provided on a straight line basis on all property, plant & equipment having regard to their estimated useful lives and anticipated residual values. The average asset lives used for this purpose are as follows:

Freehold property	35 years
Leasehold property	35 -50 years
Equipment - computers	3 years
Other	3 - 10 years
Vehicles	5 years

The policy of Sport Wales is to depreciate assets from the month following acquisition.

1.5 Inventories

Sport Wales holds inventory for allocation as part of its grant activities and the related costs have been reflected in the Statement of Comprehensive Net Expenditure. It holds inventory for resale, which are not considered material. Inventory for resale has not been recognised as an asset in the Statement of Financial Position: the costs of these assets have been recognised as Other Expenditure in the Statement of Comprehensive Net Expenditure.

1.6 Pensions

Contributions to Sport Wales's pension schemes are charged to the Net Expenditure Account so as to spread the cost of pensions over employees' working lives with Sport Wales. In accordance with IAS 19, the charge to the Net Expenditure Account is calculated based upon service and pension finance costs calculated by the actuary. Sport Wales's share of the assets and liabilities of the pension fund are reflected as a net pension liability on the Statement of Financial Position.

Any pension liabilities or assets are apportioned between Sport Wales and Lottery on the historic rate of apportionment of staff costs according to the time staff spend in carrying out Lottery activities.

1.7 Taxation

Non-recoverable Value Added Tax is charged to Sport Wales's accounts in respect of taxable expenditure on non-trading activities. UK Corporation Tax is calculated at 20% (20% 2015/16) of the interest accruing on Sport Wales's investment income, but not that of the Trust.

1.8 Grants payable

Financial assistance by way of grants may be given to further the objectives of Sport Wales. Grants are offered on the basis of entering into a financial commitment based on the period of the project, which in many cases does not coincide with Sport Wales's accounting period. All grant expenditure is accounted for on the basis of project start date and end date and it is assumed that expenditure is defrayed evenly over the life of the project. Further information is set out at note 1.10, Use of estimates and judgements.

1.9 Consolidation

The accounts of Sports Council for Wales Trust, a charitable body wholly owned by Sport Wales, have been consolidated within these accounts. The Lottery Distribution activities of Sport Wales are reported under the National Lottery Act 1993, as amended, in a separate account which is not required to be consolidated with these accounts.

1.10 Use of estimates and judgements

The preparation of the financial statements requires Sport Wales to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:-

Note 6 – Staff costs are recharged to Lottery according to the time they spend in carrying out Lottery activities. Where staff are identified as being employed 100% for Lottery purposes their costs are recharged in full.

Note 9(b) – Land is valued at market value and buildings are carried at depreciated replacement cost. These valuations are carried out by external valuers in accordance with the Royal Institute Chartered Surveyors appraisal and valuation manual. A number of key assumptions are made during this process.

Note 12 – Grant accruals and prepayments are calculated on the basis of the project start and end dates as set-out in note 1.8.

Note 17 – Measurement of defined benefit contributions depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, rate of increase in deferred pensions and expected return on scheme assets.

1.11 Financial Instruments

As the cash requirements of Sport Wales are primarily met through Grant-in-Aid provided by Welsh Assembly Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Sport Wales's expected purchase and usage requirements and Sport Wales is therefore exposed to little credit, liquidity or market risk.

1.12 Impairment

The carrying value of Sport Wales assets, are reviewed at each reporting period date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and its value in use.

1.13 Provisions

A provision is made to provide for liabilities which are likely to be incurred due to an event or decision being taken within a financial year, but there is uncertainty to the amount and/or date on which they will arise. A change to the provision is charged to the Statement of Comprehensive Net Expenditure. When the actual liability occurs, this is offset against the provision previously made.

At March 2017, the remaining provision that was originally made in 2015/16, is for one member of staff full redundancy cost and for one member of staff whose redundancy payments were made during 2016/17, but the strain on pension cost remains as a provision awaiting invoice from Cardiff Council. An estimate of the liability was used where actual costs are not known. Further information is set out at Note 18.

During 2016/17 provisions totalling £145,000 were utilised during the year. The remaining provision of £124,000 is due to be paid out in 2017/18.

At March 2017, per Welsh Government instruction, a provision was made in respect of the former Chair & Vice-Chair's payment of notice.

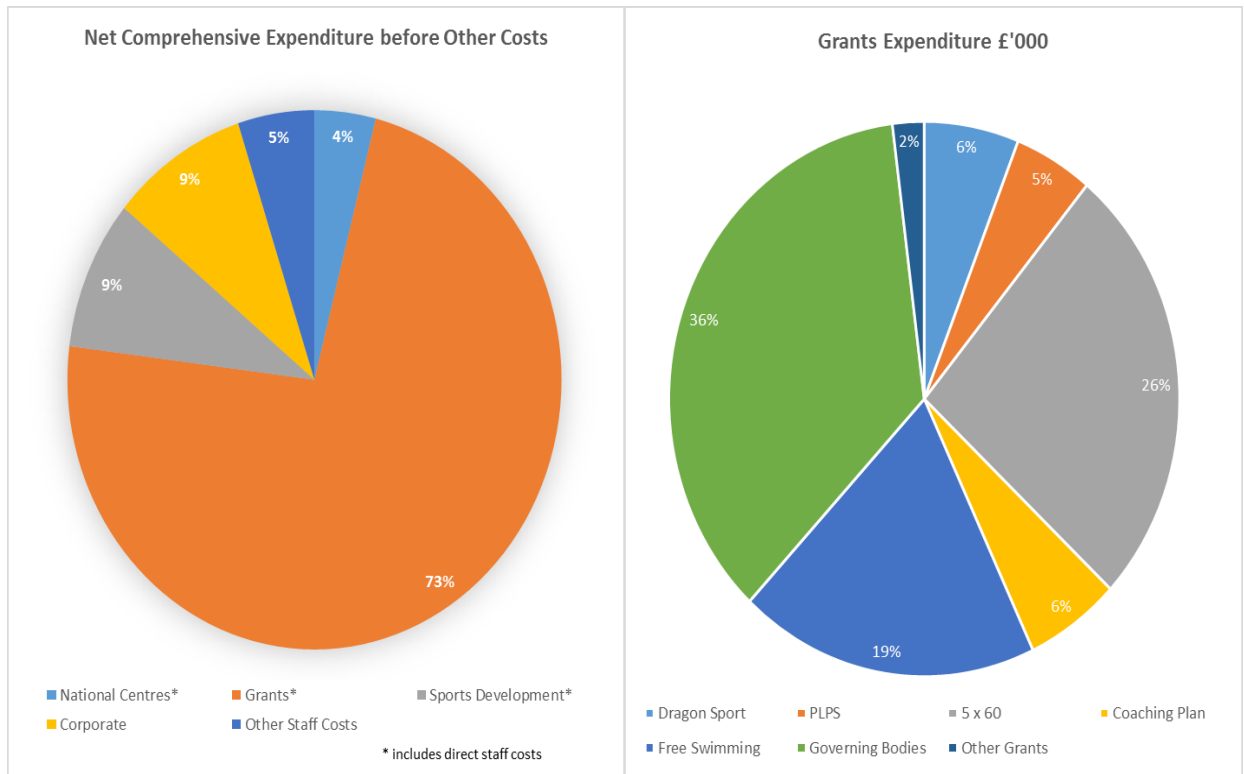
2. ANALYSIS OF NET COMPREHENSIVE EXPENDITURE

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of Sport Wales that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance.

The Sport Wales previous format has been replaced with a more detailed breakdown showing in greater detail the allocation of expenditure.

	Note	2016/2017 £'000	2015/2016 £'000
National Centres			
Revenue	3	(2,659)	(2,673)
Expenditure Other	7	1,500	1,610
Net Operating Contribution		<u>(1,159)</u>	<u>(1,063)</u>
Grants			
Sports Development Grants Income	3	(26)	(30)
Grant Expenditure	5	16,239	17,848
Net Operating Cost		<u>16,213</u>	<u>17,818</u>
Sports Development and Corporate			
Other Income	3	(182)	(468)
Expenditure Other	7	1,940	2,184
Net Operating Cost		<u>1,758</u>	<u>1,716</u>
Staff Costs	6	<u>5,414</u>	<u>5,513</u>
Net Comprehensive Expenditure before Other Costs		<u>22,226</u>	<u>23,984</u>
Other Costs			
Property, Plant & Equipment and Pensions		2,686	(815)
Net Operating Cost		<u>2,686</u>	<u>(815)</u>
Total Comprehensive Net Expenditure		<u>24,912</u>	<u>23,169</u>

2. ANALYSIS OF NET COMPREHENSIVE EXPENDITURE – CONTINUED



3. INCOME

	<u>2016/17</u> £'000	<u>2015/16</u> £'000
Income from activities:		
Sports Development Grants:		
Other	26	30
National Sports Centres	2,659	2,673
	<u>2,685</u>	<u>2,703</u>
Other operating income:		
Recovery of grants	30	10
CELLO Settlement	-	300
Gemau Cymru Grant	55	55
EHRC Grant	-	77
Tourism Grant	70	-
Other income	27	26
	<u>182</u>	<u>468</u>
Total Income	<u>2,867</u>	<u>3,171</u>

4. GRANTS RECEIVABLE FROM GOVERNMENT

	<u>2016/2017</u> £'000	<u>2015/2016</u> £'000
Transferred to general fund	<u>22,249</u>	<u>24,349</u>

5. GRANT EXPENDITURE

	<u>2016/2017</u> £'000	<u>2015/2016</u> £'000
Performance and Excellence	6,885	6,896
PESS / PLPS	777	1,621
Regions	<u>8,577</u>	<u>9,331</u>
	<u>16,239</u>	<u>17,848</u>
Public Sector	9,133	10,524
Private Sector	<u>7,106</u>	<u>7,324</u>
	<u>16,239</u>	<u>17,848</u>

6. STAFF COSTS

	<u>2016/2017</u> £'000	<u>2015/2016</u> £'000
Permanent:		
Salaries and wages	5,406	5,162
Provision for redundancies, strain on pension & payment of notice	124	259
Social Security costs	516	377
Other Pension costs	1,601	2,050
Agency & Instructional Staff	236	261
Staff on secondment	<u>(46)</u>	<u>(54)</u>
	7,837	8,055
IAS19 Adjustments	<u>(390)</u>	<u>(810)</u>
	7,447	7,245
Less: Allocated to SPORTLOT	<u>(2,033)</u>	<u>(1,732)</u>
	<u>5,414</u>	<u>5,513</u>

Other Pension costs include a lump sum contribution of £670,000 towards the net pension liability (2015/16 £1,050,000). The lump sum contribution is allocated 76% Sport Wales and 24% Lottery. The allocation is part of the 'Allocated to SPORTLOT' line.

IAS19 *Employee Benefits* requires an actuarially calculated figure (current service cost) to be charged to the Statement of Comprehensive Net Expenditure (SoCNE). For 2016/17, this charge was £1,160,000 (incl past service cost) and replaces the employer's pension costs in the SoCNE. The employer's contribution was £1,550,000, so the net effect was (£390,000) to staff costs. As current service cost is a notional entry, this is reversed in the Statement of Changes in Taxpayers' Equity so that the General Fund is only charged with the cost of employer's pension contributions.

7. OTHER EXPENDITURE

(a)	<u>2016/2017</u>	<u>2015/2016</u>
	£'000	£'000
Auditor's Fees - Audit services	23	23
- Trust Accounts	3	3
Travelling, subsistence and hospitality expenses of:		
Members	19	25
Headquarters staff	39	40
National Sports Centres	7	5
Sports Development	100	102
Central Support Services	502	544
Marketing and communications	698	993
Research	347	227
Interest Payable to Welsh Government	1	2
Other Expenditure:		
National Sports Centres	1,493	1,605
Sports Development	216	219
Movement in Provision for doubtful debts	(8)	6
	<u>3,440</u>	<u>3,794</u>

This expenditure can be further analysed as follows:

(b)	<u>2016/2017</u>	<u>2015/2016</u>
	£'000	£'000
National Centres	1,500	1,610
Sports Development	316	321
Corporate	1,624	1,863
	<u>3,440</u>	<u>3,794</u>

8. DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

	<u>2016/2017</u> £'000	<u>2015/2016</u> £'000
Gross book value	202	122
Accumulated depreciation	(192)	(122)
Net book value	<u>10</u>	<u>-</u>
Proceeds from sale	<u>39</u>	<u>4</u>
Surplus on sale of asset	<u>29</u>	<u>4</u>

9. PROPERTY, PLANT & EQUIPMENT

(a) Council:	<u>Equipment</u> £'000	<u>Vehicles</u> £'000	<u>ICT</u> £'000	<u>Total</u> £'000
Cost as at 1 April 2016	550	157	140	847
Additions	205	21	36	262
Disposals	(7)	(14)	(10)	(31)
At 31 March 2017	<u>748</u>	<u>164</u>	<u>166</u>	<u>1,078</u>
Depreciation at 1 April 2016	(308)	(97)	(137)	(542)
Charge for the year	(70)	(17)	(10)	(97)
Disposals	5	14	10	29
At 31 March 2017	<u>(373)</u>	<u>(100)</u>	<u>(137)</u>	<u>(610)</u>
Net Book Value at 31 March 2017	<u>375</u>	<u>64</u>	<u>29</u>	<u>468</u>
Net Book Value at 31 March 2016	<u>242</u>	<u>60</u>	<u>3</u>	<u>305</u>

	<u>Equipment</u> £'000	<u>Vehicles</u> £'000	<u>ICT</u> £'000	<u>Total</u> £'000
Cost as at 1 April 2015	515	151	211	877
Additions	35	15	-	50
Disposals	-	(9)	(71)	(80)
At 31 March 2016	<u>550</u>	<u>157</u>	<u>140</u>	<u>847</u>
Depreciation at 1 April 2015	(238)	(88)	(195)	(521)
Charge for the year	(70)	(18)	(12)	(100)
Disposals	-	9	70	79
At 31 March 2016	<u>(308)</u>	<u>(97)</u>	<u>(137)</u>	<u>(542)</u>
Net Book Value at 31 March 2016	<u>242</u>	<u>60</u>	<u>3</u>	<u>305</u>
Net Book Value at 31 March 2015	<u>277</u>	<u>63</u>	<u>16</u>	<u>356</u>

(b) Consolidated:

	Plas Menai	Sport Wales				
	Freehold	National				
	land and	Centre	Equipment	Vehicles	ICT	Total
	buildings	buildings	£'000	£'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 1 April 2016	6,084	12,926	1,280	168	140	20,598
Additions	217	81	205	21	36	560
Disposals	-	-	(168)	(23)	(10)	(201)
Revaluation	(92)	(194)	-	-	-	(286)
At 31 March 2017	<u>6,209</u>	<u>12,813</u>	<u>1,317</u>	<u>166</u>	<u>166</u>	<u>20,671</u>
Depreciation at 1 April 2016	-	-	(1,031)	(107)	(137)	(1,275)
Charge for the year	(172)	(263)	(70)	(17)	(10)	(532)
Disposals	-	-	158	23	10	191
Revaluation	172	263	-	-	-	435
At 31 March 2017	<u>-</u>	<u>-</u>	<u>(943)</u>	<u>(101)</u>	<u>(137)</u>	<u>(1,181)</u>
Net Book Value at 31 March 2017	<u>6,209</u>	<u>12,813</u>	<u>374</u>	<u>65</u>	<u>29</u>	<u>19,490</u>
Net Book Value at 31 March 2016	<u>6,084</u>	<u>12,926</u>	<u>249</u>	<u>61</u>	<u>3</u>	<u>19,323</u>

	Plas Menai	Sport Wales				
	Freehold	National				
	land and	Centre	Equipment	Vehicles	ICT	Total
	buildings	buildings	£'000	£'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 1 April 2015	6,274	12,569	1,275	162	223	20,503
Additions	190	107	35	15	-	347
Disposals	-	-	(30)	(9)	(83)	(122)
Revaluation	(380)	250	-	-	-	(130)
At 31 March 2016	<u>6,084</u>	<u>12,926</u>	<u>1,280</u>	<u>168</u>	<u>140</u>	<u>20,598</u>
Depreciation at 1 April 2015	-	-	(991)	(98)	(208)	(1,297)
Charge for the year	(169)	(265)	(70)	(18)	(12)	(534)
Disposals	-	-	30	9	83	122
Revaluation	169	265	-	-	-	434
At 31 March 2016	<u>-</u>	<u>-</u>	<u>(1,031)</u>	<u>(107)</u>	<u>(137)</u>	<u>(1,275)</u>
Net Book Value at 31 March 2016	<u>6,084</u>	<u>12,926</u>	<u>249</u>	<u>61</u>	<u>3</u>	<u>19,323</u>
Net Book Value at 31 March 2015	<u>6,274</u>	<u>12,569</u>	<u>284</u>	<u>64</u>	<u>15</u>	<u>19,206</u>

Included in Plas Menai Freehold land and buildings is land valued at £175,000 (2015/16 £175,000). The land and buildings held by the SCW Trust were independently valued as at 31 March 2017 at £19,022,000 by Messrs Cooke & Arkwright, Chartered Surveyors in accordance with the Royal Institute Chartered Surveyors appraisal and valuation manual. This valuation excludes the land at Sport Wales National Centre, which is leasehold. Lease payments of £3,071 per annum are paid for the Sport Wales National Centre. There are fifty-one years remaining on the existing ninety-nine year lease, equating to an overall outstanding commitment of £156,621.

10. TRADE AND OTHER RECEIVABLES (DUE WITHIN 1 YEAR)

	<u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u>	<u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u>
Trade Receivables	180	213
SPORTLOT	794	939
VAT	90	83
Prepayments and accrued income	364	601
Grant prepayment	132	344
Grant repayable	15	120
Provision for bad and doubtful debts	(1)	(9)
	<u>1,574</u>	<u>2,291</u>
	<u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u>	<u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u>
Intra-government balances		
Balances with other central government bodies	1,010	1,024
Balance with local authorities	127	367
	<u>1,137</u>	<u>1,391</u>
Balance with bodies external to government	437	900
	<u>1,574</u>	<u>2,291</u>

11. TRADE PAYABLES AND OTHER LIABILITIES

	<u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u>	<u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u>
Trade Payables	164	391
Accruals	367	429
Deferred income	215	205
	<u>746</u>	<u>1,025</u>

	<u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u>	<u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u>
Current Trade and Other Payables	600	963
Non-current Trade and Other Payables	146	62
	<u>746</u>	<u>1,025</u>

	<u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u>	<u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u>
Intra-government balances		
Balances with other central government bodies	210	26
Balance with local authorities	6	1
	<u>216</u>	<u>27</u>
Balance with bodies external to government	530	998
	<u>746</u>	<u>1,025</u>

12. GRANT ACCRUALS

	<u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u>	<u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u>
Accrued Grants	19	17

13. GROSS CASH FLOWS

	<u>2016/2017</u> £'000	<u>2015/2016</u> £'000
Cash Flows From Investing Activities		
Interest received	<u>1</u>	<u>2</u>
Capital Expenditure and Financial Investment		
Payments to acquire property, plant & equipment	(560)	(347)
Receipts from the sale of property , plant & equipment	<u>39</u>	<u>4</u>
	(521)	(343)
Cash Flows From Financing Activities		
Funding received from the Welsh Government (note 4)	<u>22,249</u>	<u>24,349</u>

14. CASH AND CASH EQUIVALENTS

	<u>2016/2017</u> £'000	<u>2015/2016</u> £'000
As at 1 April	866	1,214
Net change in cash and cash equivalent balances	<u>(489)</u>	<u>(348)</u>
As at 31 March	<u>377</u>	<u>866</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	<u>377</u>	<u>866</u>
As at 31 March	<u>377</u>	<u>866</u>

15. CAPITAL COMMITMENTS

	<u>At</u> <u>31 March</u> <u>2017</u> £'000	<u>At</u> <u>31 March</u> <u>2016</u> £'000
Contracted but not paid	<u>3</u>	<u>6</u>

16. CONTINGENT LIABILITIES

There were no contingent liabilities outstanding at the year end.

17. EMPLOYEE BENEFITS

The following pension disclosures have been prepared in accordance with IAS19 'Employee benefits'.

Sport Wales's employees belong to the Cardiff and Vale of Glamorgan Pension Fund which is part of the Local Government Pension Scheme. The fund provides defined benefits, based on the members' final pensionable salary.

Pension data contained within this disclosure have been provided by the Sport Wales's independent actuary, AON Hewitt. The IAS19 valuation provided by the actuary is for Sport Wales as a whole; no separate valuations have been obtained for the Sport Council for Wales Consolidated financial statements and the Lottery financial statements, and hence the data below is disclosed as gross.

The pension fund deficit along with the associated entries which impact the Statement of Comprehensive Net Expenditure, Statement of Financial Position and Statement of Changes in Taxpayers Equity have been apportioned between the Sports Council of Wales Consolidated financial statements and the Lottery financial statements in a ratio based on the historic apportionment of staff costs to the Lottery account. For 2016/17 this is Sports Council for Wales 76% and Lottery Accounts 24%.

Sport Wales made a total pension contribution in 2016/17 of £1,550,000 (2015/16 £1,940,000) which is analysed as follows:

- Employers Pension contributions £876,000 representing 20.2% of pensionable pay (2015/16 £817,000 20.2%); and advanced contributions in respect of early retirement cost £0 (2015/16 £73,000)
- Lump Sum Contribution of £670,000 (24% of which was met by Lottery), (2015/16 £1,050,000 of which 23% was met by Lottery)

The rate of employer's pension contributions from 2017/18 will be 24.2%. This has been set as a result of the last triennial valuation of the scheme which was carried out as at 31 March 2016. The actuary's report has been prepared in accordance with Guidance Note GN9 issued by the Institute and Faculty of Actuaries, current at the valuation date, to the extent that it applies to the Local Government Pension Scheme. Sport Wales expects to contribute £1,970,000 to the fund in 2017/18, which includes a contribution towards the pension deficit of £887,000. In addition to this "strain on fund" contributions may be required as well.

The net pension liability for the Sport Council of Wales consolidated accounts as at 31 March 2017 is £9,746,000 (2015/16 £7,708,000).

Main Financial Assumptions

	31 March 2017 %	31 March 2016 %	31 March 2015 %
Discount Rate	2.6	3.5	3.2
Inflation - CPI	2.0	1.8	1.8
Rate of increase to pensions in payment	2.0	1.8	1.8
Rate of increase to deferred pensions	2.0	1.8	1.8
Rate of general increase in salaries	3.0	2.8	2.8
Mortality Assumptions:	Years	Years	Years
Future lifetime from age 65 (aged 65 at accounting date)			
- Male	23.0	23.8	23.8
- Female	25.7	26.8	26.7
Future lifetime from age 65 (aged 45 at accounting date)			
- Male	24.0	25.9	25.8
- Female	27.1	29.1	29.0

Sport Wales employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is derived by aggregating the expected rate of return for each asset class over the actual allocation for the Fund at 31 March 2017.

Analysis of movements in surplus (deficit) during the year

	31 March 2017 £m	31 March 2016 £m
Fair value of fund assets	40.34	31.35
Present value of liabilities	(53.03)	(41.36)
(Deficit) in scheme at end of year	(12.69)	(10.01)

Analysis of amount charged to Operating Costs

	31 March 2017 £m	31 March 2016 £m
Current service cost	1.16	1.06
Past service cost	0.00	0.07
Interest cost	0.34	0.37
Expense recognised	1.50	1.50

Remeasurement of amounts recognised in Other Comprehensive Expenditure

	31 March 2017 £m	31 March 2016 £m
Return on plan assets in excess of that recognised in net interest	(7.00)	1.42
Actuarial (gains)/losses due to change in financial assumptions	11.37	(2.75)
Actuarial losses/(gains) due to change in demographic assumptions	(4.02)	0.00
Actuarial (gains) due to liability experience	2.38	(0.39)
Total amount recognised in Other Comprehensive Expenditure	2.73	(1.72)
Total amount recognised	4.23	(0.22)

Changes to the present value of defined benefit obligation during the accounting period

	31 March 2017 £m	31 March 2016 £m
Opening defined benefit obligation	41.36	42.57
Current service cost	1.16	1.06
Interest expense on defined pension obligation	1.44	1.35
Contributions by participants	0.31	0.28
Actuarial losses/(gains) on liabilities- financial assumptions	11.37	(2.75)
Actuarial (gains)/losses on liabilities - demographic assumptions	(4.02)	0.00
Actuarial losses/(gains) on liabilities - experience	2.38	(0.39)
Net benefits paid out	(0.97)	(0.83)
Past service cost (including curtailments)	0.00	0.07
Closing defined benefit obligation	53.03	41.36

Changes to the fair value of assets during the year

	31 March 2017 £m	31 March 2016 £m
Opening fair value of assets	31.35	30.40
Interest income on assets	1.10	0.98
Remeasurement gain/(losses) on assets	7.00	(1.42)
Contributions by the employer	1.55	1.94
Contributions by participants	0.31	0.28
Net benefits paid out	(0.97)	(0.83)
Closing fair value of assets	40.34	31.35

Actual return on assets

	31 March 2017 £m	31 March 2016 £m
Expected return on assets	1.10	0.98
Actuarial gain/(loss) on assets	7.00	(1.42)
Actual return on assets	8.10	(0.44)

History of asset values, present value of defined benefit obligation and deficit

	31 March 2017 £m	31 March 2016 £m	31 March 2015 £m	31 March 2014 £m	31 March 2013 £m	31 March 2012 £m
Fair value of assets	40.34	31.35	30.40	26.37	22.48	19.22
Present value of defined benefit obligation	(53.03)	(41.36)	(42.57)	(36.64)	(41.67)	(36.41)
(Deficit)	(12.69)	(10.01)	(12.17)	(10.27)	(19.19)	(17.19)

18. PROVISIONS

	<u>Employee redundancies & strain on pension</u>	<u>Payment of notice</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
As at 1 April 2016	259	-	259
Movement in Provision	-	10	10
Provisions utilised in the year	(145)	-	(145)
As at 31 March 2017	<u>114</u>	<u>10</u>	<u>124</u>

	<u>Employee redundancies & pension strain</u>	<u>Payment of notice</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
No later than one year	114	10	124
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
As at 31 March 2017	<u>114</u>	<u>10</u>	<u>124</u>

Employee Redundancies and Pension Strain

At March 2017, the remaining provision that was originally made in 2015/16, is for one member of staff full redundancy cost and for one member of staff whose redundancy payments were made during 2016/17, but the strain on pension cost remains as a provision awaiting invoice from Cardiff Council. An estimate of the liability was used where actual costs are not known.

Payment of Notice

At March 2017, per Welsh Government instruction, a provision was made in respect of the former Chair & Vice-Chair's payment of notice.

19. RELATED PARTY TRANSACTIONS

Sport Wales is a Public Body, sponsored by the Welsh Government. Welsh Government is regarded as a related party. During the year, Sport Wales received funding from the Welsh Government, the National Lottery, the Lottery distributing function of Sport Wales, is also considered to be a related party. During the year, Sport Wales entered into transactions of a material nature with organisations in which the following board members and senior management employees have declared an interest.

The payments column includes all payments made during the year for current commitments, prepaid commitments and non-grant expenditure. The final column is committed grant payments not yet made (does not include any non-grant amounts).

Member's Panel	Body	Payments in Year £000	Nature of link	Committed Grant Payment
S Morgan <i>Manager, Plas Menai</i>	Welsh Gymnastics	433	Daughter member	-
	Royal Yachting Association	10	Former CEO	-
S Powell <i>CEO</i>	Welsh Hockey Union	406	Former Member	-
J Longville <i>Council Member</i>	Cardiff Metropolitan University	8	Principal Lecturer	-
	Welsh Netball Association	262	Chair of Selectors	-
	Welsh Gymnastics	433	Previous mentor	-
	Welsh Athletics	409	Son athlete of Welsh Athletics	-
J Sheppard <i>Council Member</i>	Welsh Netball	262	Mother is employee	-
	Rhondda Cynon Taf CBC	722	Sister is former employee	-
	Welsh Badminton Union	103	Sister is chair	-

Member's Panel	Body	Payments in Year £000	Nature of link	Committed Grant Payment
J Sheppard <i>Council Member Cont</i>	Cardiff Metropolitan University	8	Father is former Performance Director	-
	Welsh Rugby Union	735	Father is WRU Match Official	-
	University of South Wales	167	Previous Advisory Board Member	-
Dr P Thomas <i>Chair</i>	DNA Definitive	17	Director	-
	Glyndwr University	3	Visiting Faculty	-
B Davies <i>Corporate Director</i>	Welsh Gymnastics	433	Spouse Coach	-
G Williams <i>Corporate Director</i>	Welsh Netball	262	Children members	-
	Tennis Wales	179	Member	-
A Weeks <i>Corporate Director</i>	Welsh Amateur Rowing Association	64	Former Board Member	-
A Lycett <i>Council Member</i>	Welsh Government	251	Immediate family member employed	-
S Wafa <i>Council Member</i>	Cardiff County Council	886	Former Instructor & Family Employee	-
	BBC	107	Sibling is employee	-
	FAW	759	Voluntary Programme Support	-
P Curran <i>Corporate Director</i>	Swansea University	26	Partner is lead academic	-

Remuneration of Senior Managers and Council Members

Senior Managers and Council Members are considered to be the Directors and their remuneration is disclosed within the Remuneration and Staff Report on pages 26 to 32.

20. EVENTS AFTER THE REPORTING PERIOD

The accounts were authorised for issue by the Accounting Officer on the date they were certified by the Auditor General for Wales. There were no events after the reporting period.

Rebecca Evans AC/AM
Gweinidog Iechyd y Cyhoedd a Gwasanaethau
Cymdeithasol
Minister for Social Services and Public Health



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA-P-RE-1669-17

Lawrence Conway
Interim Chair
Sport Wales
Sophia Gardens
Cardiff
CF11 9SW

16 May 2017

Dear Lawrence,

SPORT WALES REMIT LETTER 2017-18

I am writing to set out the Welsh Government's current remit for Sport Wales in 2017-18.

The priorities for the coming year are set in the context of a new Programme for Government, '*Taking Wales Forward*', and the Wellbeing of Future Generations (Wales) Act 2015 ("the Act").

Taking Wales Forward sets the strategic agenda but our approach to this programme for government is deliberately different from our past approach. We know that to prepare for the challenges facing Wales, we must plan for the longer term and work collaboratively with others who can help to deliver our ambition for Wales. In this context the review of Sport Wales, to be completed in late May 2017, is likely to mean that a revised remit letter will be sent to you this summer. It is on this basis that we committed to developing and delivering four cross-cutting strategies, Ambitious and Learning, Healthy and Active, Prosperous and Secure, United and Connected.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

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

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@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.

A key goal for this Government will be prosperity for all – a theme that captures our ambition to support individuals to do well. In doing so, we also need to do our best to ensure equality, but recognise the limits of the levers that we have. For the Healthy and Active strategy, this means defining our approach to improving health and well-being for all, which underpins our aspirations for education and employment and goes well beyond the NHS.

Through the strategies, we will focus on making a step change in the way we identify and address the stubborn societal issues that are complex and require a multi-partner approach. More of the same will not allow us to make the progress we want, so the strategies cannot be an amalgamation of existing activity. Success will ultimately be measured by what has changed for the people of Wales.

The Well-being objectives will inform the scope of the strategies, which will provide an opportunity to find fresh solutions to the challenges faced by Wales and will demonstrate that we are seizing the opportunity of the Well-being of Future Generations Act to think and work differently.

Sport Wales should continue to set well-being objectives which maximise its contribution to achieving the goals of the Act and in a way that satisfies the sustainable development principle.

Your Business Plan for 2017-18 should be aligned with the sustainable development principle (five ways of working) and the seven goals of the Act. The Plan should articulate very clearly how Sport Wales will ensure that everything it does, all that it facilitates or influences and the organisations it funds will have a beneficial impact on people living their lives in Wales in the future.

In developing your Business Plan for 2017-18, I would ask you to consider how Sport Wales will contribute to our Programme for Government, 'Taking Wales Forward' and in particular to our specific commitments to achieving a Healthy and Active Wales. Your investments and activities should be clearly aligned to the national outcomes and measured in a way that provides a direct line of sight between strategy and impact and demonstrates value for money and a quantifiable return on investment.

I know you have been working with other members of the Physical Activity Measurement and Research Group to develop a system of national, future-proofed, indicators for physical activity that will support the implementation of a national strategy and act as a measurement of the Chief Medical Officers guidelines. I am also aware of your work over the past 12 months to consider Sport Wales' impact against the Act's wellbeing goals and your commitment to use that exercise to steer your investment decisions and guide your research and evaluation strategy.

I expect you to agree an outcome and performance indicators framework, as well as your research and evaluation strategy for the coming year with Sports Policy officials in the first quarter of the reporting period and for them to be reflected in your Business Plan for 2017-18. The recent exercise your officers and my officials conducted to identify the outcomes and performance indicators to be adopted for community sport is a good start but they will need to take account of the stated outcomes and actions in the Healthy and Active strategy. An addendum to this letter will follow to confirm those outcomes, the performance indicators, and the means through which they will be measured and how we will monitor progress.

Confirmation of your grant-in-aid for the 2017-18 financial year is at **Annex A**.

The investments you make must proactively address the health, equalities and tackling poverty agendas. In supporting the delivery of 'Taking Wales Forward', they should support young people from deprived areas and develop new opportunities for our poorest young people, people who are disabled and other under-represented groups.

Investments should provide programmes that engage people within communities who do not undertake sport and physical activity or do so below the activity levels recommended by the CMO - and I would like you to explore how new partners and innovative routes to engagement can deliver a step change here, piloting new programmes where appropriate. Investments should also support the pathway for those already participating in sport and physical recreation, to encourage sustained regular participation and to identify and develop talent.

I look to Sport Wales to continue to lead and support the sector in improving governance and leadership and to be an exemplar organisation by applying all the principles of good governance in all its policies, activities and behaviours. I expect to see actions in your Business Plan for 2017-18 that ensure the means by which Sport Wales' performance is measured includes the views of your stakeholders and partners. In the interests of transparency and accountability I also want you to publish your partner investment principles, criteria, scoring process and funding awards on your website.

You should continue your work to develop a new approach to community sport and physical recreation. I also want you to commission an external review of your school sport programmes, 5x60 and Dragon Multi Skills and Sport, and both Free Swimming schemes to report to me by autumn 2017. I want to know whether they have achieved their stated outcomes for children and young people when first introduced or since they have been revised and whether they can achieve a greater impact on sport and physical activity participation levels. I expect my officials to be part of the discussion to agree the tender specification for the reviews and to approve them before they are issued.

I would also like to see a greater priority attached to how Sport Wales influences the provision and management of sports facilities across Wales and helps the sector to access grant funding from various sources and supports, where it can, the Community Asset Transfer process.

Elite Sport remains a key focus of Sport Wales' activities and rightly so. I expect to see in the framework to be agreed with my officials, and in your Business Plan for 2017-18, some related outcomes and performance measures to confirm the progress and objectives articulated by the new Elite Sport Strategy. I look forward to seeing the outcome of your work in the area of elite system building and the links to the wider NGB sporting pathway to ensure that no talented young person should go unsupported and as much of our talent as possible is captured, directed and developed. I was pleased to agree an additional investment to support Gemau Cymru 2017.

I look forward to receiving further details in the coming months on how the event makes a valid and sustainable contribution to performance sport in Wales and how it will generate commercial income or sponsorship to support its future. A separate grant agreement will confirm the additional funding in 2017-18 to support the event costs for Gemau Cymru in 2017.

I am aware of Sport Wales' commitment to increase the commercial income it generates, to supplement the public investment from Welsh Government and the National Lottery. The two National Centres, at Sophia Gardens and Plas Menai, continue to operate with a public investment subsidy and I am keen to learn of your longer-term vision for both centres. It is important that National Governing Bodies of Sport are also encouraged to be less reliant on public funds and to secure investment from other sources and I welcome the collaboration between Sport Wales and the Welsh Sports Association in pursuing that objective.

The Welsh Government wants to see the Welsh language used more extensively and for the numbers who speak it to reach one million by 2050. The sport sector has a significant part to play in supporting this goal so I would ask you to re-double your efforts in this area. Sport Wales is a designated body in the new Welsh Language Standards legislation. I know you have already responded positively to the Standards and I hope you will continue to be an advocate and to facilitate and support the organisations you fund to embracing the Government's priority to embed the Welsh Language in the everyday life of the nation.

Finally, as we continue our programme of themed years to support our Tourism industry, I would ask you to continue to work closely with my officials and with other sports bodies to support our 2017 'Year of Legends' and 2018 'Year of the Sea' programmes.

Yours,
Rebecca

Rebecca Evans AC/AM

Gweinidog Iechyd y Cyhoedd a Gwasanaethau Cymdeithasol
Minister for Social Services and Public Health

GRANT IN AID FUNDING

The Welsh Government will provide Sport Wales with Grant in Aid funding of £22.515m for 2017-18. The budget is set out in detail below and includes continued provision for delivering the Free Swimming initiative and an increase in Capital to support the ongoing accommodation refurbishment of the National Centres.

Grant in Aid Budget Allocation

	Plans 2017-18 (£000s)
Revenue (near cash)	
Running Costs	1,327
Free Swimming	3,750
Current Expenditure	19,936
Current Receipts	-3,700
Total Revenue (near cash)	21,313
Capital	
Capital Expenditure	423
Total capital	423
Non-Cash	
Depreciation	779
Total non cash	779
TOTAL GIA	22,515

The total grant-in-aid represents the maximum provision and is resource based. I expect Sport Wales to adhere to these budget line figures as far as possible and to report any projected changes as soon as possible through the quarterly monitoring meetings. Payment of grant-in-aid continues to be on condition of compliance with the contents of the Framework Document.

Sport Wales' performance will be measured by its progress against the strategic priorities within this Remit Letter, and the agreed outcomes, activities, indicators and measures in its business plan.

The arrangements for monitoring Sport Wales' performance and progress will continue in the form of regular meetings at official level and our meetings. I would like you to provide a report on your performance in 2016-17 in advance of our summer meeting and a report on your 2017-18 half year performance in advance of our autumn meeting.

Agenda Item 4

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

Document is Restricted

Annual report and accounts **2016–17**

July 2017



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

An electronic copy of this report can be found on the National Assembly's website:
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Annual report and accounts **2016–17**

July 2017



National Assembly for Wales
Assembly Commission

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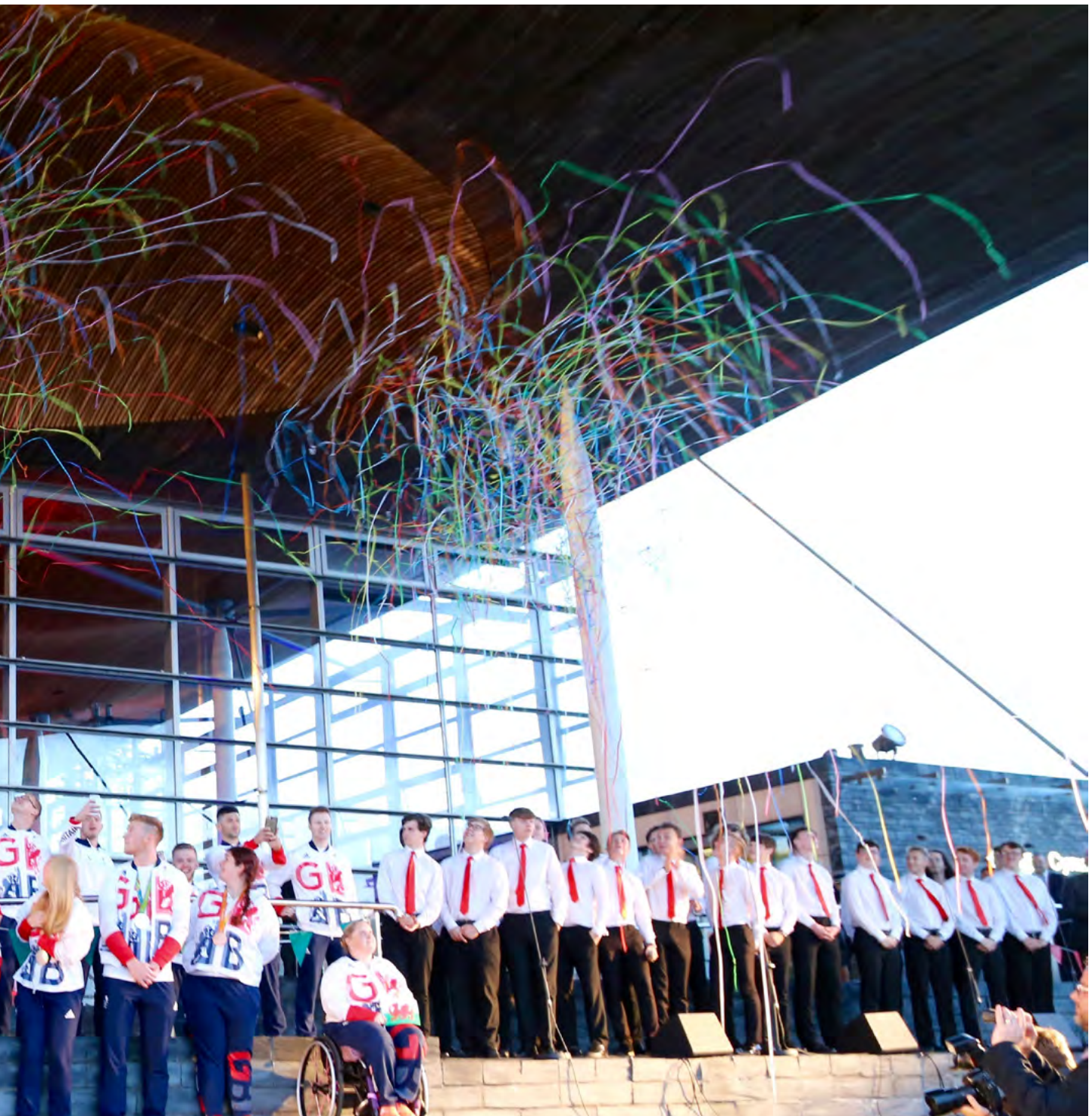
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- ▼ The Senedd, one of Wales's most iconic buildings, was the focal point of our celebrations to welcome back Welsh Olympians and Paralympians from their achievements in Brazil.



Our performance: Overview



Introduction from the Llywydd



Elin Jones AM

Llywydd and Chair of the Assembly Commission

I am very pleased to present this annual report following my first full year as Llywydd of the National Assembly. It is a comprehensive overview of the work that has taken place from April 2016 with preparations being made for the Assembly elections, the induction of new and returning Assembly Members, the new Assembly Commission and the introduction of its strategy through to the delivery of new priorities.

I am truly proud of the work that has been achieved since May last year. I should like to thank the Assembly Commission for helping me set that strategic vision and the continuous support they have provided enabling us to set the priorities that Commission staff have pursued throughout the year. In setting out that vision, we have been able to draw on the skills and experience of parliamentary staff who were ably led by Claire Clancy, the Assembly's Chief Executive and Clerk, who retired in April.

I wish, in particular, to pay tribute to Claire for her leadership of an exceptional team of people who demonstrate, every day, their commitment to the institution and Welsh devolution. We now have a legislature which is widely regarded as confident, transparent and outward looking and I wish our new Chief Executive, Manon Antoniazzi, well as she builds on this for the future.

Our institution must keep striving for excellence by continuous improvement. This report demonstrates examples of significant change throughout the year and how we have delivered an ambitious set of priorities. The institution has responded effectively so far to some particular challenges, including the changing constitutional situation and the outcome of the EU referendum. These changes will continue to present opportunities and challenges over the years to come and our work is very much focused on ensuring we are in the best possible position to embrace change.

Assembly staff can be proud of the achievements outlined in this report and their outstanding contribution across all our parliamentary services. As we continue to work through these, our focus will remain on building capability to ensure the long term success of the Assembly in Welsh public life.

In September we will celebrate the 20 year anniversary of the devolution referendum – another milestone in Welsh democracy. I look forward to working with the Assembly Commission and all my parliamentary colleagues over the coming year as we make further progress and cement our position as a modern, progressive parliament for the people of Wales.

Introduction from Chief Executive and Clerk



Manon Antoniazzi

Chief Executive and Clerk of the National Assembly for Wales

In introducing this annual report – my first since taking up the role of Chief Executive and Clerk in April this year – I am pleased to be able to account for a year of achievement and well-managed change. I have been fortunate to be appointed to lead an excellent staff team committed to delivering an ambitious programme of work.

Like the Llywydd, I should also like to take this opportunity to express my gratitude and thanks for Claire Clancy's work over the previous decade. After only a short time in post, I have observed an inclusive culture where diversity is proactively encouraged and welcomed; where staff go the extra mile to ensure Assembly Members, their staff and the public receive the information they need and where outstanding customer support drives the delivery of our services.

This report demonstrates a strong governance and budget management framework built on best practice. I have been able to assume my role as Principal Accounting Officer with confidence given the established structures in place which include:

- Strategic leadership and oversight by the Assembly Commission
- The Assembly Commission Audit and Risk Assurance Committee
- A Remuneration Committee
- The Investment and Resourcing Board
- The Management Board

The annual report details each of these boards which are further supported and informed by programme and project boards and a strong, competent internal audit service.

This year once again, we have exceeded our efficiency targets of £500,000 through focussed contract negotiation and service review to deliver better value for money. Achievement against our key performance indicators remains strong and our risk management processes and procedures indicate a mature approach to risk identification and mitigation.

In this document, we account for the past year, but we are also looking forward. Our priorities as an institution are laid out clearly: to make government more accountable, make the work of the Assembly more relevant, accessible and topical and finally to maximize capacity and strengthen the institution. Major legislative and constitutional developments are upon us. Public engagement has never been more important. As an organisation, we must now prepare prudently for further change, at pace. We will be ready to respond with agility, creativity and professional rigour to serve the needs of our Welsh parliament and deliver for the people of Wales. I know I speak for all my new colleagues in saying we relish the challenge.

Assembly Commissioners

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



**Elin Jones AM
(Plaid Cymru)**

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



**Suzy Davies AM
(Welsh Conservatives)**

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



**Joyce Watson AM
(Welsh Labour)**

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



**Caroline Jones AM
(UKIP)**

Commissioner with responsibility for security and Assembly resources.



**Adam Price AM
(Plaid Cymru)**

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

From 21 September 2016



**Dai Lloyd AM
(Plaid Cymru)**

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

Until 21 September 2016

For the earliest part of this financial year and throughout the National Assembly's dissolution period which commenced on 6 April 2016, and until the election of the new Llywydd and Assembly Commission, Dame Rosemary Butler, Sandy Mewies, Rhodri Glyn Thomas, Angela Burns and Peter Black continued in their Commissioner roles.

Dame Rosemary ceased in her role once the Llywydd was elected on 11 May 2016 and the other Commission members ceased in their roles on 8 June 2016, when new Commissioners were elected.

Our purpose and activities

This report sets out Assembly Commission’s achievements against our strategic goals between April 2016 and March 2017.

Context

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

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

Our budget

During 2016-17, the Commission had responsibility for a budget of £54.4 million, which comprised:

- £15.5 million for the remuneration of our 60 Assembly Members, that of their support staff, pension finance costs and the costs of running their constituency and regional offices all over Wales;
- £36.5 million for the Commission to provide the property, staff and services for the Assembly to function; and
- £2.5 million ring-fenced for expenditure related to the election.

The budget for the first year of the Fifth Assembly was set to provide stability and maintain services during the transition between the Fourth and Fifth Assemblies and position us to take forward the priority work identified by the new Commissioners as important for the functioning of the Assembly. The Commission publishes Key Performance Indicators to demonstrate corporate performance across all areas of activity (see pages XX to XX). We obtain external assurance on our expenditure from the Auditor General for Wales as well as scrutiny by the Assembly’s Public Accounts and Finance Committees.

Statement of Purpose

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

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

Our strategic goals

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

Our priorities to achieve the Commission's strategy

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

Outstanding parliamentary support

- Innovate and tailor our services to best support Members, exploiting technology
- Enabling a strong institutional response to constitutional change and the outcome of the EU referendum
- Deliver exemplary bilingual services

Engage all the people of Wales and champion the Assembly

- Engage strategically to make an impact on Assembly business through people visiting our estate, across Wales and online
- Commit strongly to the young people of Wales
- Make trusted information easy to find, use and share in a digital world
- Share our learning in Wales and beyond

Use resources wisely

- Continuously increase efficiency and effectiveness and measure and report on improvement
- Be completely transparent and accountable in the financial management of our budget
- Reduce our environmental impact
- Build our people capability
- Integrate diversity and inclusion into decision-making, service design and delivery

Risk

Through our risk management processes, we have identified a number of areas that present risks to our success in achieving our ambitions. These include financial pressures and our corporate capacity to respond quickly and effectively to new demands, negative reactions to our proposals for Assembly reform, the impact of leaving the European Union on the Assembly and heightened risks in relation to on-line and physical security.

A more detailed description is provided in the Chief Executive's Governance Statement on page 78 of this report.

How the Assembly Commission is organised

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

The Commission employs around 450 permanent, politically impartial members of staff, led by the Chief Executive and Clerk. The Chief Executive is the Principal Accounting Officer for the Commission, and has a number of other statutory functions. The Commission delegates its functions, subject to some exceptions and conditions, to the Chief Executive.

The senior management team consists of the Chief Executive, Manon Antoniazzi, and her team of Directors:

Adrian Crompton – Assembly Business Directorate

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

David Tosh – Assembly Resources Directorate

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

Craig Stephenson – Commission Services Directorate

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

Elisabeth Jones – Chief Legal Adviser

The Chief Legal Adviser, **Elisabeth Jones**, provides high level legal advice across a range of the Commission's functions and focuses on constitutional change, external affairs and the impact of the United Kingdom's departure from the European Union.

The Directors meet as a forum and as the Investment and Resourcing Board. They are joined by 12 senior officials from across their Directorates to make up the Management Board.

Management Board members have established a number of other groupings of Commission staff to lead key areas of work, such as constitutional change, legislation and the transformation of Assembly business services.

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

The advisers considered our performance management and reporting arrangements; advised on the Commission's responsibilities for staff appraisal and remuneration policies and systems; maintained a critical overview of the Commission's financial controls and risk management procedure; and some advisers had attended Assembly Commission meetings. More information about our independent advisers can be found in the Remuneration and staff report section on page 86 of this report.



Performance summary highlighting a year of change

Setting the scene for the Fifth Assembly

We planned and developed a programme over 18 months, to deliver on an ambition to give Assembly Members and their support staff a positive transition to the Fifth Assembly in May 2016.

Elections to the National Assembly for Wales were held on 5 May. Of the 60 Members elected to the Fifth Assembly, 38 had been Members in the previous Assembly. The Welsh electorate returned 22 new Members, one of which had previously been elected to the Assembly, and one political party was newly represented at the Assembly, the UK Independence Party.

The results:

Welsh Labour - 29 Assembly Members

Plaid Cymru - 12 Assembly Members

Welsh Conservatives - 11 Assembly Members

UK Independence Party - 7 Assembly Members

Welsh Liberal Democrats - 1 Assembly Member

During the year, one Assembly Member from the UK Independence Party and one from Plaid Cymru left their groups to become independent Members. More recently another Assembly Member left the UK Independence Party and joined the Assembly's Conservative Group.

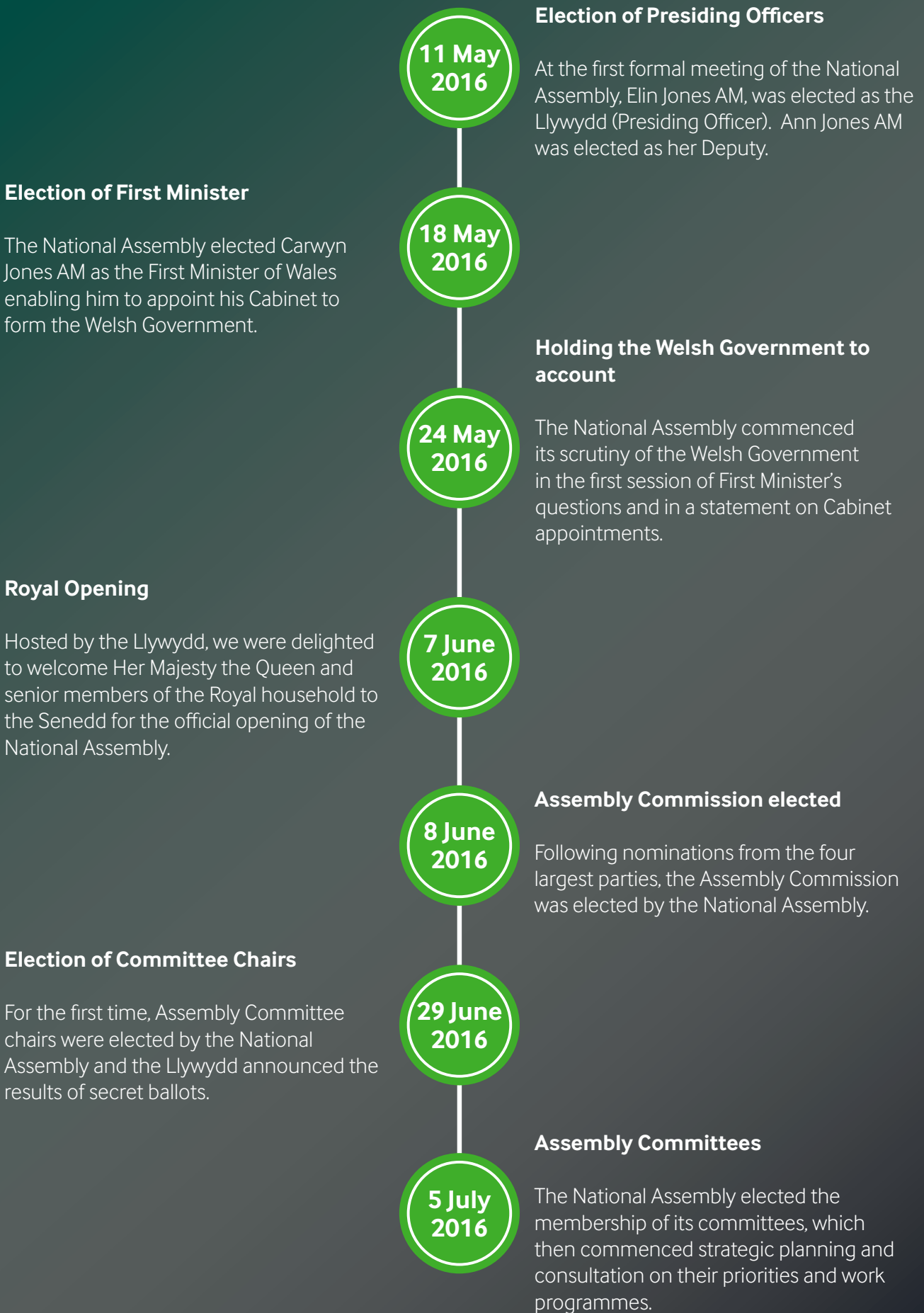
Welcome and Induction arrangements

We organised welcome arrangements around an oath taking event, which took place over three days immediately following the election, starting on Friday 6 May. This enabled new and returning Members to quickly begin their work as Assembly Members.

The majority of Members took the oath in the Chamber with provision also made for Members in north or west Wales, with several taking up this opportunity. Staff guides from across the organisation were on hand to help those newly elected to access the support and advice they needed early on, and to make sure returning Members were able to promptly get set up and start their work.

A tailored programme of welcome, induction and follow-on sessions was available. The programme aimed to give those newly elected relevant information at the right time – mirroring the activities and priorities Members were likely to be facing in the first few weeks. More information on the welcome, induction and continuous professional development programme is provided at page 22

Early meetings of the Fifth National Assembly for Wales



The Assembly Commission Strategy

Following the appointment of the Assembly Commission in June, Commissioners met regularly to agree governance arrangements and operating procedures, their strategic priorities and budget strategy for the Fifth Assembly as well as the portfolio of responsibilities for each Commissioner.

Enhanced security arrangements for Members and detailed briefings on the impact of the EU referendum were also priority areas considered by the Commission. Having these arrangements in place in the first few weeks of the Assembly term provided the strategic direction to enable us to focus on the delivery of our services.

Details of the Assembly Commission, its responsibilities and its strategic goals are provided at pages 10 – 15 of this report. The Performance Analysis section of this report provides details of the priority areas under each of the strategic goals and the work that has been undertaken throughout the year to progress them.

Setting a pathway to the future

On 7 June 2016 the Wales Bill was introduced into the House of Commons by the Secretary of State for Wales. It followed the draft Bill published the previous October, which was the subject of pre-legislative scrutiny by the Fourth Assembly's Constitutional and Legislative Affairs Committee and Westminster's Welsh Affairs Select Committee. Following consideration of the Wales Bill in both Houses of Parliament, the National Assembly voted on a Legislative Consent Motion, on 17 January 2017, to approve the provisions of the Wales Bill. Following Royal Assent, it became the Wales Act on 31 January 2017.

The Wales Act recognises the permanence of the National Assembly and Welsh Government; changes the devolution settlement to a reserved powers model and, in particular, gives the National Assembly power to control its internal arrangements including its name, size, electoral systems and procedures.

The powers provided in the Wales Act have enabled us to explore a range of ambitions. Following an Assembly debate in July 2016, we have undertaken a large-scale public consultation on changing the name of the Assembly.

We also announced in November 2016 that we would explore the issues relating to increasing the size of the Assembly, building on work undertaken in the Fourth Assembly. We are progressing the work on a cross-party basis, drawing on neutral, expert advice.

Alongside this commitment, we also announced two major public engagement initiatives on 14 November 2016:

- the establishment of a **Youth Parliament for Wales**, supported and funded by the Assembly Commission
- the establishment of a **Digital News and Information Task Force**.

In the light of the greater volume of committee activity since the election, we reconfigured the space on the ground floor of Tŷ Hywel, which has increased our committee room capacity from four to five fully equipped rooms. We continue to explore a number of options in order to ensure that our future accommodation needs can be met.

On 14 November 2016 the Llywydd stated that:



The Commission is taking the decisions necessary to make our parliament fit for the future – giving young people a voice in our democracy, communicating effectively with the public and fulfilling its statutory duty to enable the Assembly to undertake its legislative and scrutiny work.

Repeated examination of the capacity of the Assembly has demonstrated that it is under powered and over-stretched given the scale of its law making and fiscal powers. The scale of the challenges we face mean that the Commission must have the courage to take decisive action. Should the Wales Bill pass, and the Assembly decide to exercise its new legislative powers in this area, we are determined to do what is necessary to equip our parliament with the capacity to deliver a strong and sustainable Welsh democracy.

Appointment of Chief Executive and Clerk

After 10 years as Chief Executive and Clerk of the Assembly, the recruitment to replace Claire Clancy commenced in autumn 2016. The Chief Executive and Clerk is the most senior Assembly Commission employee. As the organisation’s Principal Accounting Officer, the role champions the Assembly’s reputation within Wales and beyond as an accessible and efficient democracy. Following a rigorous competitive recruitment process, Manon Antoniazzi was appointed on 25 January 2017 and commenced in the role in April.



Claire Clancy



Manon Antoniazzi

- ▼ The Fifth Assembly was officially opened on 7 June 2016, where the Senedd was the centre of national attention.



Our performance: Analysis



Provide outstanding parliamentary support

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

Needs-led professional development for Members and their staff

A comprehensive programme of welcome and induction activities was put in place for the start of the Fifth Assembly. Welcome arrangements were available for three days immediately following the election to ensure that Members could begin work quickly and centred around a one-stop shop of essential information for them.

Staff from across the organisation were available to help those newly elected to access the support and advice they needed early on, and to make sure returning Members were able to start working promptly. Feedback on these arrangements for welcoming Members was extremely positive.

Newly elected Members were encouraged to attend induction sessions. All 22 new Members attended the following sessions:

- Chamber and early business (including training on the Chamber ICT system);
- Standards of conduct briefing; and
- Setting up your office – advice on staffing, allowances and the legal parameters around handling casework.

A tailored programme of follow-on sessions was also available. The content and schedule of the follow on induction programme varied according to the needs of each political group. The programme aimed to give those newly elected relevant information at the right time. Each party group and individual Members had a significant amount of input into the content to ensure it supported the activities and priorities Members were facing in the first few weeks. These included:

- Week 1: Getting started and understanding how the Assembly works (see above);
- Weeks 2-4: Setting up an office (induction sessions on support for dealing with casework, information governance, working bilingually, tabling business and Chamber business);
- Weeks 5-8: Business as usual (sessions included subject briefings for casework, Members' Bills, security).

Follow on sessions held during weeks 2-8 were flexible and arranged for individual or small groups of Members, according to specific needs. They included briefings on security and working safely, tabling business, Chamber business, research and legal support, research briefings on issues that arise as part of casework, legislation and making laws, and bilingual working.

Regular induction briefings were also delivered to staff appointed by Members. These continue to be delivered regularly, in addition to more detailed training or briefing sessions on relevant issues.

Following on immediately from the induction work, we offered a programme of Continuous Professional Development. This has had high levels of Member and support staff engagement

during the year. Since May 2016, 44 of the 60 Members and 162 of the approximately 250 support staff have participated in some form of CPD. The programme builds and evolves according to the needs identified by individual Members, political groups or support staff, and reflects the different aspects of a Member's role and the work carried out by their staff supporting them in those roles.

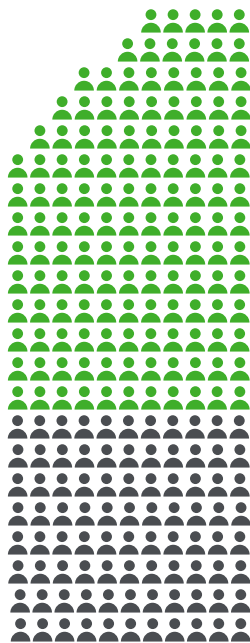
CPD activities delivered during the course of the year included committee planning and strategy sessions, effective questioning, scrutiny of legislation and dealing with amendments, communications and public engagement, leadership and management, dealing with casework and topical briefings (for example on Brexit).

Delivery is tailored, flexible and takes many forms including short one-to-one briefings in person or using technology, committee sessions and sessions for groups of Members, groups of staff or both. They are delivered by in-house or external experts as appropriate.

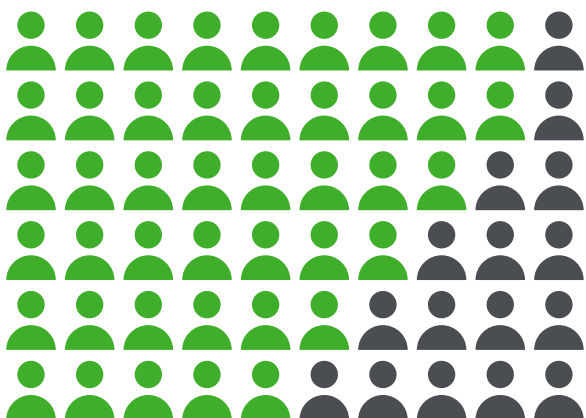
Feedback is very positive and levels of engagement are high, with 97.74% of those providing feedback believing that participating in the activities will have a positive impact on their work.

Continuous Professional Development Since May 2016:

97.74%
FEEL THE
ACTIVITIES
WILL HAVE
A POSITIVE
IMPACT
ON THEIR
WORK



162
OF THE
(APPROXIMATELY)
250
ASSEMBLY MEMBER
SUPPORT STAFF
HAVE
PARTICIPATED
IN SOME FORM OF
CPD



44 OF THE **60**
MEMBERS HAVE
PARTICIPATED IN
SOME FORM OF
CPD

Assembly business

During 2016–17, Assembly Members represented their constituents and scrutinised government policy, legislation and expenditure in weekly Plenary and committee meetings.



7

INDIVIDUAL MEMBER
DEBATES

114
COMMITTEE
REPORTS



122
URGENT
QUESTIONS



63

PLENARY
SESSIONS

281
COMMITTEE
MEETINGS



Provide the leadership to deliver world-class support for Members in their scrutiny role responding to and working with the Business Committee

Since the beginning of the Fifth Assembly, Commission staff have worked with the Business Committee to introduce several new opportunities for Members to fulfil their scrutiny role in Plenary proceedings, and the arrangements for some existing opportunities have also been modified to make them more accessible. As a result:

- committee chairs may now make a statement in relation to any aspect of their committee’s work, including the launch of an inquiry, a progress report during an inquiry or a setting out of their priorities as a committee;
- 90 Second Statements have been introduced as a way to enable Members to make a short, factual, personal statement. They can be used to raise any subject of concern. For example, a Member may raise matters of pressing concern to their constituents, draw attention to local issues, mark anniversaries or significant dates or pay a tribute;
- once every half term a slot is allocated to debate an individual Member’s legislative proposals. Motions can include proposals for any type of new legislation within the Assembly’s legislative competence, including Bills, Statutory Instruments, Orders in Council and new devolved taxes;
- Individual Member Debates are held on alternate weeks. These 1-hour debates usually consider motions that focus on matters of particular significance, are likely to generate a vigorous debate in the Chamber and where opinion is less likely to divide along party lines; and
- following the establishment of the committee system, which included two additional committees, the Llywydd wrote to all chairs setting out the Assembly’s expectations and inviting them to meet regularly as a Chairs’ Forum to maintain collective strategic oversight of committee scrutiny. Commission services were reconfigured and expanded to meet the needs of the new committees.

Case study: Identifying the diverse needs of Members, their staff and the groups at their core

As a small legislature, we continue to engage with Members individually to discuss their preferences and then make sure our services fit those individual needs.

In the summer of 2016 we carried out a review of the Member and support staff satisfaction survey in order to improve the existing survey.

The most recent survey was launched in February 2017 and open for four weeks. The survey was promoted amongst Members and support staff and a number of office visits took place to improve engagement levels with staff based in constituencies/regional offices.

The survey results overall provide a positive view of the services that the Commission provides to Members and their staff. Where individual respondents have raised particular concerns and provided their contact details, these are being followed up to ensure we fully understand the issues and can address them accordingly. More detail is provided in the Summary of Key Performance Indicators section (page 62).





Maximise the opportunities of technology to benefit Members, increasing offer of on-line services

We delivered a number of important upgrades to our information technology capabilities over the year. Through the dissolution period, prior to the 2016 election, ICT delivered a project that replaced the Chamber software system. This removed our dependency on the Medialon system and improved how information and documentation used by Members and the Chamber team is presented during Plenary. The new system is more resilient, offers greater flexibility and has been built around the needs of Members and staff that support Plenary business. This project also delivered new computer hardware within the Chamber, providing Members and support staff with new screens and PCs together with an improved desk layout.

Following the 2016 election, we changed our approach to the provision of ICT equipment to enable Assembly Members and their support staff to undertake their roles in the most effective way and on the most suitable platforms. This helped to ensure that new and returning Members were able to start work immediately following the election.

We have continued to develop our use of ICT cloud services as an important aspect of the Commission's ICT Strategy. A project to deliver Microsoft Office 365 has provided Members and their support staff with cloud based email and file storage, improving on-line accessibility and reliability of services. The Office 365 platform will be further exploited to provide Members with access to more on-line applications and services, tailored for their particular needs.

Provide an effective and efficient system for retaining, retrieving, searching and making the most of the Assembly's historical and future information.

As one response to the change in how people engage with the political environment, including demands for transparency and accessibility of information about Members and their work, we have agreed to work in partnership with the National Library of Wales to secure the long-term preservation of the Assembly's archives.

Both institutions have been working together to develop an archive strategy for the Assembly to be delivered in 2017. The work is being facilitated by two experienced archivists who have been appointed by the National Library, funded by the Assembly Commission, to work exclusively on this project. The focus of their work will be on Assembly Commission business records.

Through the partnership, the hugely significant historic archives and records held by the Assembly Commission will begin to be transferred to the National Library, and will become available digitally on the internet to ensure our parliamentary records are accessible and easily searchable by current users and the researchers of tomorrow, to help us tell the story of our devolved legislature.

Accessing external expertise

Making greater use of academic expertise to support the policy and legislative scrutiny work of the Assembly is helping us to deliver our strategic goals of providing outstanding parliamentary support and engaging with all the people of Wales. Alongside existing initiatives, we have developed an academic engagement plan and are piloting a range of new activities to bring in external expertise.

An 'Exchanging Ideas' seminar series for Members and stakeholders has been established. These seminars are bringing together academics and other experts on a chosen topic with the aim of exposing Members and their staff to new ideas, research evidence and debate. We are working with the Learned Society of Wales to pilot this and three seminars were organised for the first half of 2017 with a general theme around how ambitious Welsh policy should be.

We have also arranged a pilot fellowship scheme to enable senior academics to spend time at the Assembly working on a specific project, where this will have mutual benefit to the academics and to Assembly Members. The first two of these fellowships have been agreed with Bangor University and the fellows are working alongside the Research Service on two key policy areas; dementia and the development of the north Wales economy.

THE RESEARCH SERVICE
ESTABLISHED **TWO** PILOT
ACADEMIC FELLOWSHIPS
WITH **BANGOR**
UNIVERSITY

THE RESEARCH SERVICE
OFFERED **PLACEMENTS**
TO **SIX PHD INTERNS**
THROUGH THE RESEARCH
COUNCIL UK POLICY
INTERNSHIP SCHEME

THE RESEARCH SERVICE MET WITH **EIGHT** OF THE **TEN** OF THE
HIGHER EDUCATION INSTITUTIONS IN WALES TO DISCUSS
OUR PLANS FOR INCREASING **ACADEMIC ENGAGEMENT** WITH
OUR WORK

Case study: MySenedd



We operate in a fast changing, highly mobile and digital world that places growing demands on Assembly Members and makes democratic engagement ever more important and challenging. We aspire to be a world class parliament and to do that we need to make our information more open and available digitally.

Our vision is to 'Connect and engage all the people of Wales with trusted parliamentary information whenever, however and wherever they choose'.

Becoming an open, digital parliament requires us to make the flow of

information into, within and out of the Assembly as efficient and effective as possible, offering choice, flexibility and ease of use to Members, staff and the public. We have recognised that we need to make a number of improvements to achieve this and the MySenedd programme has been established to co-ordinate related projects and activity.

Throughout the Fifth Assembly we will focus on making practical improvements annually, based on a good understanding of Members' needs and those of the people of Wales, which will provide a much



easier, more relevant, personalised and more satisfying experience for all of our users.

Examples of re-designed services that are well underway include:

- tabling business: making it simpler for Members and their staff to table business via a personalised on-line portal and making it easier for all to view, track and search Assembly business;
- Record of Proceedings: making it easier for everyone to search and share the Record and committee

transcripts in a number of formats and through social media; and

- drafting and amending legislation: improvement and replacement of the existing system.

Underpinned by an effective information management strategy, we propose to lay the digital foundations on which other improvements are made, such as overhauling our website. This should lead to better management and use of our data and information as well as more efficient work processes.

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

On 26 June the Assembly established an External Affairs and Additional Legislation Committee with a remit to examine the implications for Wales of the United Kingdom's withdrawal from the EU and to ensure that Welsh interests are safeguarded in the process. The Committee also has responsibility for coordinating the work of Assembly committees in relation to the withdrawal process.

We appointed a new EU and Constitutional Affairs Adviser in January 2017 to provide advice to Assembly Members and staff on issues in relation to the outcome of the EU referendum. This replaced a previous post based in Brussels. Training and updates for Assembly Members and Commission staff on the outcome and implications of the EU referendum have been provided jointly by the Research Service and Legal Service through the Members' Professional Development Service.

The Committee has already engaged with key organisations in Brussels, the Welsh MEPs and counterpart committees across the UK. It published its first report on the implications of the UK's withdrawal for Wales and held a national conference on Welsh priorities for the Article 50 negotiations on 27 March 2017. The Committee will continue to be supported as it promotes the issues of importance to Wales whilst holding the Welsh Government to account for its role in the process.

Scrutiny of the Wales Bill and readiness to exercise new powers

The UK Government introduced the Wales Bill in June 2016. The Bill included provisions for a reserved powers model of devolution for the Assembly. The Constitutional and Legislative Affairs Committee led the scrutiny of the Bill for the Assembly, and the Llywydd took the innovative step of publishing the amendments that she felt were required to ensure that the Bill established a strong constitutional framework for Wales. In framing her amendments, the Llywydd took account of the pre-legislative scrutiny undertaken by Assembly committees on the draft Wales Bill earlier in the year, as well as the Assembly's experience of working within the existing devolution settlement.

The Llywydd's proposed amendments reflected two key principles:

- that the Assembly's consent should be needed for any changes to its powers, meaning that the statutory legislative consent arrangements between the Assembly and Parliament should be no narrower than the scope of the existing inter-governmental convention, and the Assembly should have to consent before income tax-varying powers were devolved; and
- that the Assembly should have the power and flexibility to determine its own internal affairs.

In addition to engaging constructively with the Secretary of State for Wales throughout the passage of the Bill, the Llywydd wrote to all Welsh MPs and members of the House of Lords to explain her proposed amendments. The amendments were subsequently tabled and debated by MPs and Peers.

Following the Assembly's consent to the Wales Bill, the Wales Act 2017 was passed by Parliament and received Royal Assent on 31 January 2017. The Commission had provided support for the Assembly's deliberations on the draft Bill, including regular briefings for Members. Staff worked with experts in constitutional and governance arrangements, ensuring that the Assembly would continue to have access to additional capacity and expertise to help prepare for and deliver constitutional change.

The devolution of powers to the Assembly and a move to a reserved powers model signals a new constitutional basis for the Assembly, with important new responsibilities. The reserved powers model is expected to come into effect in early 2018 and work is underway to ensure that the Assembly is properly prepared, and supported by Commission staff, to undertake its vital scrutiny and oversight role.

One of the Llywydd's priorities during the passage of the Bill was that the Assembly should have the flexibility and autonomy to determine its own internal affairs, and that it should have the legislative powers to determine how best to represent the people of Wales and hold the Welsh Government to account.

As a result, the Wales Act confers competence on the Assembly over a range of its electoral, internal, organisational and operational arrangements. In autumn 2016 we announced that we would make use of these powers to take forward work to help make the Assembly a stronger, more accessible, inclusive and forward-looking legislature that delivers effectively for the people of Wales.

This work included issuing a consultation, which closed in March 2017, on whether the Assembly should change its name (following unanimous agreement by the Assembly in July 2016 that the name of the institution should reflect its constitutional status); and the establishment in February 2017 of an Expert Panel on Assembly Electoral Reform to help us explore the issues relating to increasing the size of the Assembly.

The Expert Panel, which is chaired by Professor Laura McAllister CBE, comprises experts in the fields of electoral systems, parliamentary work and capacity, the constitutional position of the National Assembly and wider issues of governance, including equalities, diversity and engagement. Its role is to review the evidence, and make robust, evidence-based, impartial and politically neutral recommendations to us, the Commission, on the number of Members the Assembly needs, the appropriate electoral system, and the minimum voting age for Assembly elections. The Panel is due to report in autumn 2017. The Llywydd also established a Political Reference Group, involving representatives from each party in the Assembly. While the Expert Panel will operate independently, it cannot work wholly in isolation from political realities. The Reference Group is acting as a sounding board for the Panel's emerging findings and will help the Panel to ensure its work culminates in workable recommendations.

Deliver exemplary bilingual services

Set the ambitions and priorities for the Commission's new Official Languages Scheme

Our new draft Official Languages Scheme builds on the Assembly's bilingual culture since its inception in 1999. Successive schemes have set out the standards to which we are held to account. Building on the platform we have developed, our achievements under the existing Scheme and the further development of our bilingual working culture, we believe that there is still more to do to enable us to achieve our ambition of becoming a truly bilingual organisation by 2021. With this in mind, we have refined our ambition statement to draw out our desire to continuously improve our bilingual services as well as the proactive encouragement, facilitation and naturalisation of working bilingually. To support the delivery of this ambition, we have developed five themes that would enable us to confidently describe ourselves as a truly bilingual organisation by 2021.

A written consultation on our proposals has taken place and the Assembly Commissioner with responsibility for Official Languages has attended the Assembly's Culture, Welsh Language and Communications Committee to be scrutinised on the draft Scheme. The draft will be considered by the Assembly for formal approval before the summer recess.

Enhance support to Welsh learners and improvers

Towards the end of 2015, we undertook an in-depth review of our language learning provision for Assembly Members, their support staff and Commission staff. The purpose of the review was to consolidate the previously fragmented approach to language learning and ensure that provision was as flexible and tailored as possible. As a result of the review and a pilot scheme that saw the temporary appointment of an in-house Welsh Tutor for Commission staff, the Language Skills team was established. The team has been appointed and this has allowed us to respond creatively to the language learning needs of Assembly Members, their support staff and Commission staff. The team has designed an innovative programme of learning in order to enable learners of all levels to participate and make progress. The team has also further developed the 'Dysgwr' brand, which is now a recognisable logo across the Assembly estate. The team now supports over 100 learners on a regular basis as well as providing one-off on the job training, such as sessions on answering the telephone or chairing meetings bilingually, for others.

In addition to the provision of language learning support, the Language Skills Team is working on a comprehensive programme aimed at staff who already have some degree of Welsh language skills, but possibly lack confidence. The 'gloywi iaith' (refresher training), including formal grammar 'brush up' sessions and more informal mentoring for individuals or small groups, are all important elements of the work of the Language Skills Team. They will make a significant contribution to further developing our bilingual ethos where each staff member feels comfortable to use and grow their skills and feels valued for the skills they possess.

Case study: Publish the fully bilingual Record of Proceedings earlier



Following the implementation of the recommendations of the review of the Record of Proceedings approved by the Commission in December 2015, improvements in expediting the publication and translation of the Record of Proceedings were implemented from the beginning of the Fifth Assembly.

The draft version of the Record of Plenary sessions is now published on a rolling basis starting to appear about an hour after the start of Plenary and includes links to

the full voting results, Members' biographies and to senedd.tv. The fully bilingual final version, with all contributions given in both languages, is published within three working days. This is a significant improvement on the previous turnaround of five working days.

Engage with all the people of Wales and champion the Assembly

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

We have agreed a strategy to deliver the Assembly Commission’s public engagement strategic goal for the Fifth Assembly, ‘to engage with all of the people of Wales and champion the Assembly’. We will do this by building on the successes we achieved and lessons learnt during the Fourth Assembly, with activities and initiatives to inform, involve or empower people to work with us to mutual benefit.

Wales-wide local engagement – highlights

As part of the Constitutional and Legislative Affairs inquiry into inter-parliamentary working, Commission staff used their community links and partnerships with representative groups to bring together a citizens’ panel. It was important to the Committee that the panel was made up of people of different backgrounds, from different parts of Wales. Key themes drawn from workshops, such as the need to develop mutually respectful cross-party relationships, strengthening communication and accessibility with the electorate and using best practice to create better governance, have informed the inquiry as it takes further evidence.

The Committee will invite the Citizens’ Panel to meet for a second time towards the end of the inquiry to test recommendations, share information and work collaboratively in bringing forward a report on best practice principles.

The Culture, Welsh Language and Communications Committee held an inquiry into the new Welsh Language Strategy, to focus on the specific issues of the real and perceived barriers to using or learning the Welsh language, and the use of the Welsh language within families and communities.

Young people from Swansea, Barry, Mold, Anglesey, Llanelli, Ceredigion, Carmarthen and Caerphilly took part in workshops with Commission staff. These discussions included young people within Welsh-medium education and English language secondary schools, and their views were shared with Committee members.

Committee members also visited schools to directly interact with year 10 and 11 pupils from Ysgol Gyfun Gymraeg Bryn Tawe, Bishop Gore School and St Richard Gwyn Roman Catholic High School, who had previously taken part in the workshops. The views and ideas of the young people who took part has formed part of the evidence, considered by members of the committee. The report is due to be published later this year.

Case study: Focused on reaching the most disengaged



Staff supported the Equality, Local Government and Communities Committee's summer consultation on its forward work programme.

The support available for refugees and asylum seekers in Wales was a top priority for its stakeholders. As part of its inquiry, Members were supported in visiting groups in the Newport, Swansea and Cardiff areas and spoke directly with refugees and asylum seekers and those who support them, to understand the principal

issues around access to health services, housing, education and employment.

Participants discussed community integration, and discrimination and abuse against refugees and asylum seekers. The information gathered fed into scrutiny of the Welsh Government and other organisations and the Committee's report has highlighted the serious concerns raised about the quality of housing available to refugees and asylum seekers.

Case study: Improve the visitor experience to the Senedd and our estate to enable engagement with Assembly business



Although we have held many successful activities in the Senedd that have enabled visitors to engage with Assembly business, a recent review into our processes and structures revealed that we were lacking a strategic approach to the use of our estate as a whole.

The review proposed that we put revised systems, structures and processes in place to enable the Assembly to be a pioneering parliament that puts the voice of the people of Wales at the heart of what we do through meaningful engagement in the form of world class parliamentary activities on our estate.

To improve outcomes in line with

the Commission's priorities, the management of activities hosted on the estate is moving to a more pro-active, strategic and considered approach, enabling the estate to become a key tool in promoting the Assembly, in line with the overall public engagement strategy.

This revised approach to managing activity will also enable us to:

inform and involve the public in the Assembly's work;

empower the public to influence the Assembly's agenda, inspiring them to share ownership of its purpose and achievements;



◀ **An 8% increase in visitor numbers to the Senedd this year to 83,680**

A 20% increase in the number of people taking a Senedd tour to 26,305 – with a focus on participating in active Assembly consultations

More tours are provided for the needs of a specific group:

- tours for visitors with autism, signed tours for deaf people and deaf/blind as part of Disability Access Day
- tailor-made 90-minute tours promoting World Architecture Day highlighting the Senedd's unique architecture
- workshops and tours promoting voter registration especially aimed at hard to reach groups

provide platforms to link with communities, constituencies and regions; and

allow equality of access.

Through improved use of our estate to communicate our messages and a programme of planned and permanent interactive exhibitions, every visitor to our estate will have the opportunity to take home information about our work at the Assembly, its Members and Welsh democracy.

The new service, Parliamentary Venues and Visitor Services, was recently launched and now provides a single point for all venue bookings on the estate.

Our aim is to remove the duplication of activity, create efficient administrative processes, provide clarity around roles and responsibilities, develop a strategic and meaningful approach to the use of our estate, harmonise policies and guidance around the use of the estate and improve communications between all the component parts involved in estate activity.

These system and structural efficiencies have also led to an initial financial saving of over £90,000. Further efficiencies will be continually explored as the new service area beds down.

Commit strongly to the young people of Wales

Providing opportunities for young people to contribute to Assembly business

The Fourth Assembly's Children, Young People and Education Committee (CYPE) legacy report was used in various events over the summer period as a way to further the engagement work conducted with over 1,500 young people. The main themes included mental health services for young people, the Welsh language and youth services. The activities enabled us to empower young people to participate in Assembly business.

Fifty five groups have taken part in workshops to discuss their views on current committee business:

- Young people with special needs contributed evidence on the Additional Learning Needs and Education Tribunal (Wales) Bill to the CYPE Committee through twenty three workshops.
- CYPE Committee's youth services inquiry received 1,511 responses from young people for their snapshot youth inquiry in September.
- Culture, Welsh Language and Communications Committee's inquiry into the Welsh language saw young people take part in workshops to learn about the Assembly and to discuss their views on the Welsh language with each group, creating a manifesto to outline their priorities for the language.
- Our Education and Youth engagement officers have also supported the Finance Committee and the Equality, Local Government and Communities Committee as part of Senedd@Newport campaign. During the week-long activities 19 sessions were delivered with schools and youth clubs across the city.
- Over 400 young people have also contributed their views to the Commission's 'Name Change' survey in early 2017.
- Educational workshops have inspired Whizz kids and Ysgol Caer Drewyn to submit petitions to the Assembly during the year.

Engaging with young people across Wales

The Education and Youth Engagement team has informed, involved and empowered children and young people to engage with Assembly Business both in Siambr Hywel, the in-house education centre and at schools, colleges and out of school settings across Wales. The team has delivered 653 sessions and events, reaching out to over 27,000 young people.

Schools colleges and youth groups we've worked with this year:

.....

CARDIFF AND VALE COLLEGE HERONSBRIDGE SCHOOL **AFASIAC CYMRU NEATH**

SWANSEA YOUNG SINGLE HOMELESS PROJECT Blaenau Gwent Youth Forum Ceredigion Youth Service Pembrokeshire Voices for Choices

ACT TRAINING ABERDARE CENTRE **YSGOL MAES GARMON** CWMBRAN CENTRE FOR YOUNG PEOPLE

Ysgol y Gogarth **DEFFO!** **YSGOL UWCHRADD ABERTEIFI**

Ysgol Bro Pedr WHIZZ KIDS CONWY **BASSALEG HIGH SCHOOL** VALE PEOPLE FIRST

DYNAMIC WREXHAM Barnados Newport Young Carers **OMIDAZE PRODUCTIONS**

Ysgol Maesy Gwendraeth **St Richard Gwyn Catholic High School** **St Joseph's RC High School**

Bishop Gore School Newport Info Shop RCT Community Youth Forum

EOTAS GROUP **3G's Development Trust** Digartref Ynys Mon Community Voice **BRIGEND COLLEGE** **YSGOL Bodedern**

THE POINT YOUNG PERSONS

.....

Case study: Establishing a Youth Parliament for Wales



On October 19, 2016, following unanimous support from Assembly Members, the Llywydd announced her commitment for the Commission to establish a Youth Parliament for Wales. We have been working closely with various stakeholders including the Campaign for the Children and Young People’s Assembly for Wales who published its public consultation findings in February 2017 on a Children and Young People’s Assembly for Wales.

We have also established an

external steering group that includes young people and representatives from national organisations within the youth sector in Wales. The steering group has been working together to develop a Youth Parliament model that is being consulted on nationally. The findings of this consultation will form the basis for the Youth Parliament for Wales.

Broadening our reach

To enhance the reach of our work, we have engaged with organisations that work with young people in 'out of schools' settings, enabling us to obtain the views of 151 youth groups on Assembly activity. Some of these groups have taken part for the very first time and are included in our related infographic.

Providing young people with an opportunity to have their say

In addition to the range of examples provided in this section of the annual report, we have developed a scheme to develop others' potential to engage young people about the work of the National Assembly. The Your Assembly Ambassador Scheme is a four hour training session to educate young people about the work of the Assembly. Its purpose is to empower and enable them to go into their local communities to deliver workshops on the Assembly to other young people. Following a pilot in 2015, the scheme was rolled out in 2016. We have now trained young people from organisations such as Girlguiding Cymru, Caerphilly Youth Forum and Llais Ifanc with 44 teachers and youth work professionals now trained to deliver sessions. We have also delivered five sessions with trainee teachers and trainee youth workers reaching out to 164 young people.

School Council Ambassador Scheme

We have launched a new School Council Ambassador scheme for school councillors to learn more about being active citizens with the first trained Ambassadors receiving their certificates in March 2017. In order to receive certified Ambassador status, school councils must take part in an outreach workshop, contribute to the Your Assembly blog, give their views in an Assembly inquiry and agree to assist whenever the opinions of young people are required in the future.

Special events

Over 5,500 young people have attended events in Siambr Hywel and the Senedd:

- Nearly 200 young people, from 20 youth groups and schools, attended the Official Opening of the National Assembly for Wales in June 2016.
- 714 pupils attended the Assembly’s Welsh Baccalaureate Qualification workshops in partnership with Aberystwyth University and the National Library of Wales during the summer term 2016. We also became part of the Cardiff University WBQ Advisory Group.
- On 11 June 2016 the Assembly Bus welcomed aboard 1007 young people at the Royal Welsh Showground in Llanelwedd for the All Wales Cub Fun Day!
- A group of ten young people, supported by homelessness charity Digartref on Ynys Môn, have been working with Commission staff as a part of their Community Voice project. The group, aged between 16 and 25, took part in a Wales 2016 election workshop, held a mock election, attended the polling station on Election Day and took part in two full-workshops at the National Assembly in Cardiff.
- Over 200 politics students took part in a ‘Government and Politics’ conference in Cardiff. This provided a platform for young people to work with committee staff and Members.
- Laura Jane Elliot was the Assembly’s young person’s representative at the Commonwealth Youth Parliament Summit in Vancouver.
- A programme of youth engagement has been carried out in Carmarthenshire with young mums from Plant as part of the drive to engage with diverse audiences.
- Matt Walker and Samantha Ellis were the Assembly’s young representatives at the Queen’s Commonwealth Day celebrations in Westminster in March.



- In October 2016 young people from Grangetown and Butetown Youth Pavilion visited the Assembly and spent time asking questions of the Llywydd as part of Black History month.
- In November we welcomed seven secondary schools from across Wales to the Senedd and Siambwr Hywel. The young people took part in a debate on Brexit and young people and politics as part of S4C's Hacio programme.
- The British and Irish Parliamentary Association was held in Cardiff in November 2016. The Deputy Presiding Officer delivered a presentation to over 100 parliamentarians to talk about the Assembly's work in engaging with young people.
- Politics students gave their views on Brexit in an event organised by the External Affairs and Additional Legislation Committee in March 2017.

- Outreach Education Officers facilitated and led a workshop for Year 10 pupils from 10 Swansea schools for a 'Democracy in Action Day' organised by Swansea and Gower Assembly Members.

- ▼ Photos:
- (Left) Pupils from St Cuthbert's Catholic Primary School at the Official Opening of the National Assembly for Wales
 - (Centre) Politics students in a Plenary session at the 'Government and Politics' conference
 - (Right) Young people from Grangetown and Butetown Youth Pavilion



Making trusted information easy to find, use and share in a digital world

As the digital world evolves, we have adapted our online approach given the new ways that people consume their news and information. This change in user behaviour, and therefore expectations, has driven the development of a digital extension to our corporate brand and a new approach to the way that we develop our online campaigns and messaging.

We are committed to continuously developing our digital presence and services so that our information is open, accessible, engaging and can be easily shared. This year, our website has seen a number of improvements that aim to enhance the experience of finding, understanding and using our content. These include improving the way that metadata is handled, meaning that our content is more easily shared and searchable, and improvements to language and page layouts in a number of key areas to enhance the user experience.

Work to improve the ease with which users can find, use and share information about the business of the Assembly through our website has continued and the MySenedd programme is helping us plan for the next stages of its development.

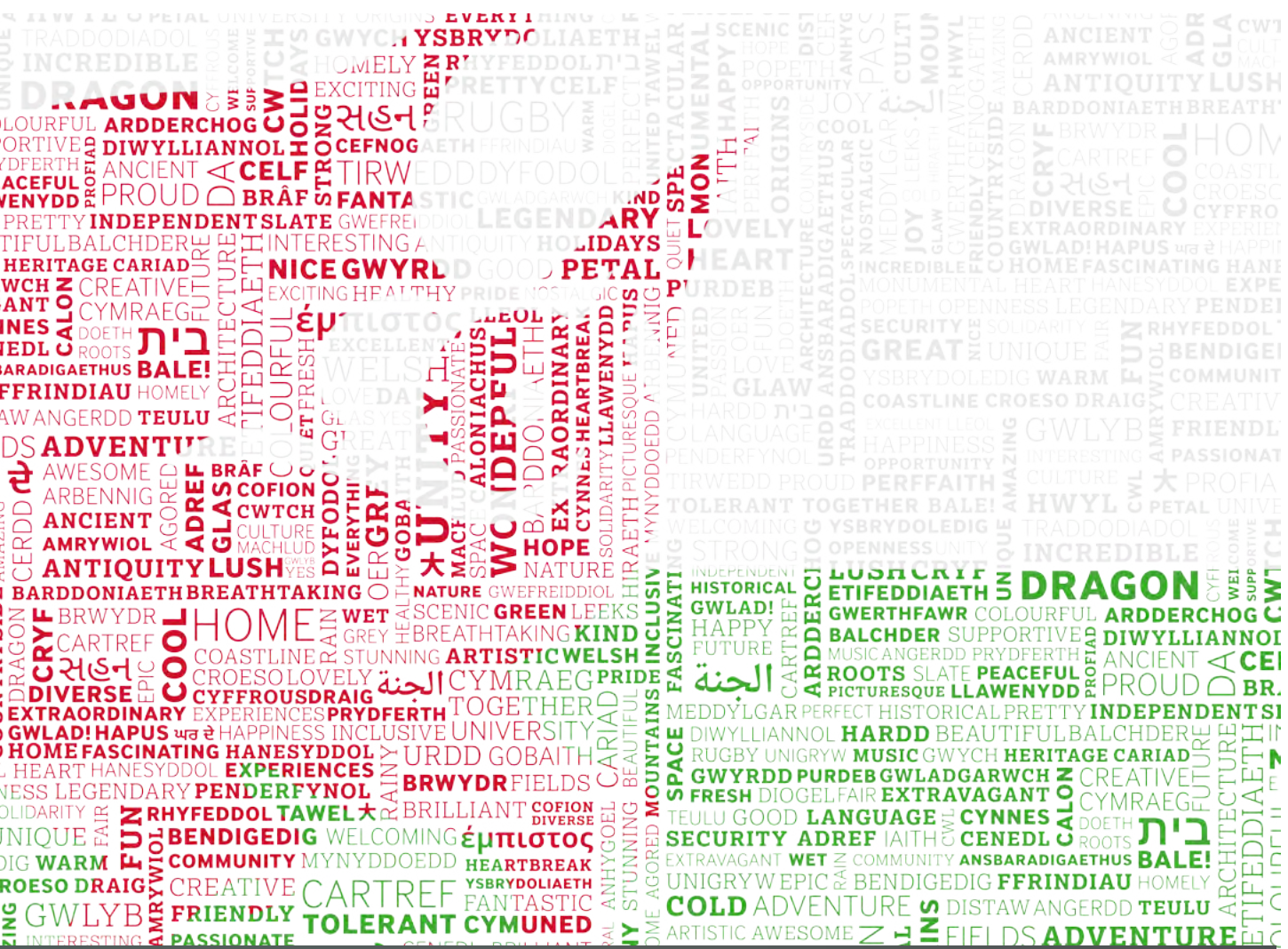
- Each committee’s landing page now features video content and its own twitter feed.
- Regular updates on the work of committees are produced through the **Committee and Legislation newsletter**, which users can subscribe to receive.
- A **step by step guide to a committee inquiry** has been produced, along with more detailed information on **Getting involved with committees**. A similar **step by step guide to the legislative process** is also available.
- A Crown XML version (an open data, plain text format) of every Bill and Act considered by the Assembly since 2011 will be produced in the near future, with the intention that all future legislation considered by the Assembly will be made available in a Crown XML format, as well as a PDF format.

Providing trusted information suitable for a diverse range of audiences

As our organisation as a whole continuously looks for ways to be more open and innovative it is fitting that our digital approach should share that same ambition. Facebook Live was released to the public on 6 April 2016. We adopted the platform as it offers a great opportunity for real time engagement and it places our content where people already are, rather than expecting them to come to a different channel. An interview with Bethan Jenkins, Chair of the Culture, Welsh Language and Communications Committee, was our first Facebook Live broadcast and was held on 27 July 2016. Within 15 hours of the broadcast, the English and Welsh videos combined had received 1,744 unique views and led to many more page 'likes' during the live feed itself. As a result, we have since used Facebook Live as part of events and to launch a number of Committee consultations.

October 2016 saw the introduction of 90 Second Statements in Wednesday Plenary meetings. To make the most of these timely bite sized items from Assembly Members we created a mechanism whereby we could create clipped, captioned and branded videos that could then be circulated to the media and to the Member who gave the statement. The videos are then also posted to YouTube, Twitter and Facebook within three hours of the statement being made. This means these topical statements are circulated out to the wider public through online channels in an exceptionally timely way.

In December 2016, the Llywydd gave a 90 second statement on the town of Cardigan changing its name to Jumper to promote Save the Children's Christmas Jumper day in December 2016. With over 29,900 views, this video has received our highest number of viewers to date.



factors (for example to coincide with the Six Nations championship). On Facebook we targeted geographic areas based on the stops of each of the major train lines in Wales. To support the campaign and to promote the inquiry further, a video interview with Russell George, the Committee Chair, was also produced. For the 10 day duration of the campaign, the video achieved almost 16,000 views.

To mark St David's Day we ran a bilingual, multi-platform campaign to celebrate national pride and focus on the people of Wales. Contributions for the 'Wales in your Words' campaign were collected from visitors to the Senedd and through going out and

visiting people in their communities. We wanted to create a campaign that was representative of modern Wales and so collected words in Welsh, English, Gujarati, Arabic, Greek, Hebrew, Chinese and Punjabi.

Rather than being solely focused on online or offline, the campaign was woven throughout the Assembly's channels including press releases, social media, printed material and events on the estate to provide a true OmniChannel approach.

In the first 24 hours 19,955 people watched our videos across all our digital platforms.

Use resources wisely

Continuously increase efficiency and effectiveness and measure and report on improvement

Invest strategically to support the improvement of services, including new technology opportunities for increased efficiency and effectiveness

We have worked to establish a planning 'thread' that runs from the strategy and goals, through our corporate priorities and into our service and capacity planning. We have also developed an assurance framework, which we use to ensure evidence of effective planning and decision taking. The Management Board is responsible for ensuring that the alignment with strategy and priorities is consistent and the Investment and Resourcing Board (IRB) is responsible for decisions on investment and staffing resources and for oversight of the Commission's budget.

We have managed our resources using these processes to ensure that the use of resources is aligned to the strategic direction of the new Commission, and delivered effectiveness and efficiency improvements following the most recent voluntary exit scheme.

During the year we have continued to develop medium to long-term investment plans for the Assembly's estate and facilities and for ICT. The former has a 10-year time frame and allows us to assess the need for investment in the maintenance of the estate in a strategic context. The ICT plan has a 3-year time frame that reflects the pace of change of technology. The ICT investment fund, which this plan draws from, was established out of savings from insourcing the Assembly's ICT services. Both plans are 'zero-budget' based, and business cases for investment are determined by the Investment and Resourcing Board and, in cases where the Accounting Officer's delegated authority would be exceeded, by the Assembly Commission.

The MySenedd programme focuses on improving Assembly business services. A target operating model is in place for the five-year programme and the programme board regularly reviews its priorities to ensure it is evolving in line with the organisation's strategic priorities and focuses on the areas of greatest impact. It is ensuring that change initiatives and projects driven by the Assembly Business Directorate are better joined up and make best use of our resources.

Improve the management information available to clearly evidence where we are making improvements

We currently provide a wealth of evidence regarding the plans, performance and compliance of the Commission as well as illustrating the excellent services we deliver and our achievements. We do this through the following:

- Annual Report and Statement of Accounts
- Annual Governance Statement
- Performance Reports
- Highlight reports
- Project reports
- Official Languages Scheme Compliance Report
- Capacity planning and Service planning
- Members and Support Staff Satisfaction Survey
- Staff Survey
- Annual Audit Report
- Monthly Financial Management Reporting

At a corporate level, the Investment and Resourcing Board now has the strategic responsibility for ensuring that the Commission’s Investment Fund is used effectively and efficiently. During the year we have also introduced the requirement for Service Heads and Directors to report on the management, monitoring and delivery of all efficiency and effectiveness activity – whether this be new work or related to existing change initiatives.

Renew the Key Performance Indicators in light of the Commission’s priorities

During 2016-17, we have renewed the format of our Corporate Performance Report and updated our Key Performance Indicators. The new report format includes a number of headline indicators and, under these, specific indicators with targets. This headline/ indicator set-up allows the report to change over time while still ensuring consistency and being able to show a comparable dataset of headline indicators.

For example, the first report of the Fifth Assembly, for the period April 2016 to September 2016, included an indicator with regard to providing professional development to new Assembly Members at the beginning of the Fifth Assembly. The new flexible presentation of the KPIs allows this indicator to then be changed or removed from future reports, while still maintaining a comparable headline dataset.

A number of indicators have also been added that measure the satisfaction level of services provided. This gives a better indication of how well services are being delivered to our customers and where improvements can potentially be made.

Although the performance report is published in the public domain on a bi-annual basis, real-time data remains available for internal reporting and monitoring purposes. This information can be presented in a dashboard format at any time and forms a valuable part of management information.

Case study: Security Review



An in-depth review of security has been undertaken, which has taken into consideration emerging risks and future growth. A new management structure will provide clear leadership and enhanced staffing will provide greater opportunities to train security officers to deliver improved professional standards.

Since August 2016, senior security staff have been visiting Members' constituency offices to assess their security provisions and identify opportunities for improvement. The Remuneration Board agreed funding for the security enhancements that assessors felt 'must' or 'should' be installed to help them secure their constituency offices. As part

of this process, consideration has also been given to Members' home or accommodation where appropriate. Support is now being provided to Members and their staff in delivering the recommended physical security enhancements.

Along with the physical security recommendations, the constituency office visits also focused on practical security advice such as office layouts, lone working procedures, incident reporting and guidance on how to run a 'safe surgery'. A new incident reporting process has been put in place and a training package has been developed for Members and their staff in relation to conflict management.

Build our people capability to be adaptable to meet current and future challenges

Staff capability is vital to ensuring delivery of both short-term objectives and long-term strategy. This is particularly important for the Fifth Assembly and there is now an increased focus on staff capability in recognition of the ambitions of the Fifth Assembly and the major programmes and projects to be delivered within its term.

Our emphasis on effective people management is demonstrated through our commitment to the Commission Manager training programme that was developed in partnership with Management Board members who helped design the core programme; monitoring views via the staff survey, which reported that line managers are effective as role models and good at demonstrating the organisational values; and an open approach to leadership and the consistent willingness to enter into two way dialogue with employees throughout the organisation. This has been instrumental in fostering and ensuring a regular exchange of information and views between line managers and staff.

We have continued to focus on performance and development management (PMDR) to develop staff agility, resilience and ability to respond to increased and changing business needs, evidenced by enhancing collaborative work between the HR team and service areas to improve the PMDR experience for staff; re-designing the PMDR process to ensure that both work objectives and how staff deliver them are seen as equally important; and regular audits of completed PMDRs that indicate increased engagement with the PMDR process and improved quality of objectives and feedback.

The evidence to support our progress was tested and reviewed during the Investors in People (IiP) assessment in June 2016. We elected to use the improved IiP framework and approach as we recognised that this integrates well with the Assembly's ethos and ambition, and has the potential to actively contribute towards enhancing the future performance of the organisation. Against the new and more challenging IiP standard, we were delighted to receive positive feedback about how we develop and support our people, and to achieve Gold status.

Further improve capacity planning

The capacity planning process is now firmly established, with decisions taken on an organisation-wide basis twice a year, informed by detailed proposals from each Directorate. Given the future demands and challenges facing the Commission, the approach to capacity planning will need to evolve to ensure the right capabilities and expertise are prioritised in all areas of the organisation and is responsive to the changing context in which we are operating.

We have taken steps to strengthen planning further during 2016/17 by aligning the service planning and capacity planning cycles, exploring the capacity planning requirements across the Directorates, to optimise the work streams delivering the Commission Strategy objectives and aligning these to the personal objectives of each individual.

Considerable attention has been paid to integrating the work of teams across the organisation and there is good evidence of collaborative working and consideration of the impact that one team's work can have on another.

Support wellbeing

We invest in the health, safety and wellbeing of all our staff, Assembly Members and their staff, contractors and all visitors to the Assembly estate and we ensure that the organisation complies with current legislation.

During the year, we have focussed on mental wellbeing including the delivery of a Mental Health Awareness Week that saw the Commission sign up to the Time to Change Wales pledge of ending mental health stigma in the workplace; launch of our mental health policy; a Management Board Member becoming the Commission's Mental Health Champion; and the delivery of 'Time to Change Talks', where staff were able to hear first-hand experiences from visiting speakers. We have supplemented all of this with mental health awareness training.

During National Work Life Week, which is an annual campaign to encourage employers and employees to focus on wellbeing at work, the Commission was identified as one of the best family-friendly places to work in the UK and we were the only Welsh organisation named in the Top 10 Employers for Working Families Awards.

Take further steps to be an inclusive employer of choice, including strengthening the workplace equality networks and senior champions.

During this year we were proud to receive new or ongoing external recognition for our diversity and inclusion activities, which include:

- ranked fifth in Stonewall's Workplace Equality Index 2017, ranked the top public sector employer in the UK and named the Top Public Sector Body in Wales for the fourth year running;
- retained our National Autistic Society Award for being an autism-friendly employer and service provider;
- listed as a top 10 family friendly employer in the UK by Working Families Organisation;
- designated as a Disability Confident Employer and Age Positive Employer;
- won an Action on Hearing Loss Cymru Excellence Award; and
- received the Investors in People Gold Standard, the international mark of global excellence.

Our workplace equality networks grew their membership after a membership drive as part of Diversity and Inclusion Week 2016. They have continued to promote diversity and inclusion, collaborated on events including inviting guest speakers to speak to network members, attended diversity and inclusion-related community events and conferences and shared learning from these activities. The staff network co-ordinator has supported the networks to collaborate and contribute to equality impact assessments undertaken by Assembly Commission staff. We currently have senior equality champions for race, sexual orientation, gender and mental health.

Workplace equality networks at the National Assembly:

Rhwydwaith Anabledd Cynulliad Cenedlaethol Cymru

EMBRACE

Disability Network of the National Assembly for Wales

Rhwydwaith LGBT Cynulliad Cenedlaethol Cymru

OUT-NAW

LGBT Network of the National Assembly for Wales

Rhwydwaith Hil, Ethnigwydd a Threftadaeth
Ddiwylliannol Cynulliad Cenedlaethol Cymru

REACH

Race, Ethnicity And Cultural Heritage Network
of the National Assembly for Wales

Rhwydwaith Menywod Cynulliad Cenedlaethol Cymru

INSPIRE

Women's Network of the National Assembly for Wales

Rhwydwaith Gofalwyr a Rhieni sy'n
Gweithio Cynulliad Cenedlaethol Cymru

TEULU

Working Parent and Carer Network of the
National Assembly for Wales

Awards



**INVESTORS
IN PEOPLE** | Gold



**Top Employers
for Working Families**

**LOUDER
THAN
WORDS**



we're supporting

AGE POSITIVE



The National
Autistic Society
Cymru



Cymdeithas
Genedlaethol
Awtistiaeth
Cymru



Gwobr
Ystyriol o
Awtistiaeth

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

Develop Fifth Assembly Diversity Inclusion Strategy and Action Plan

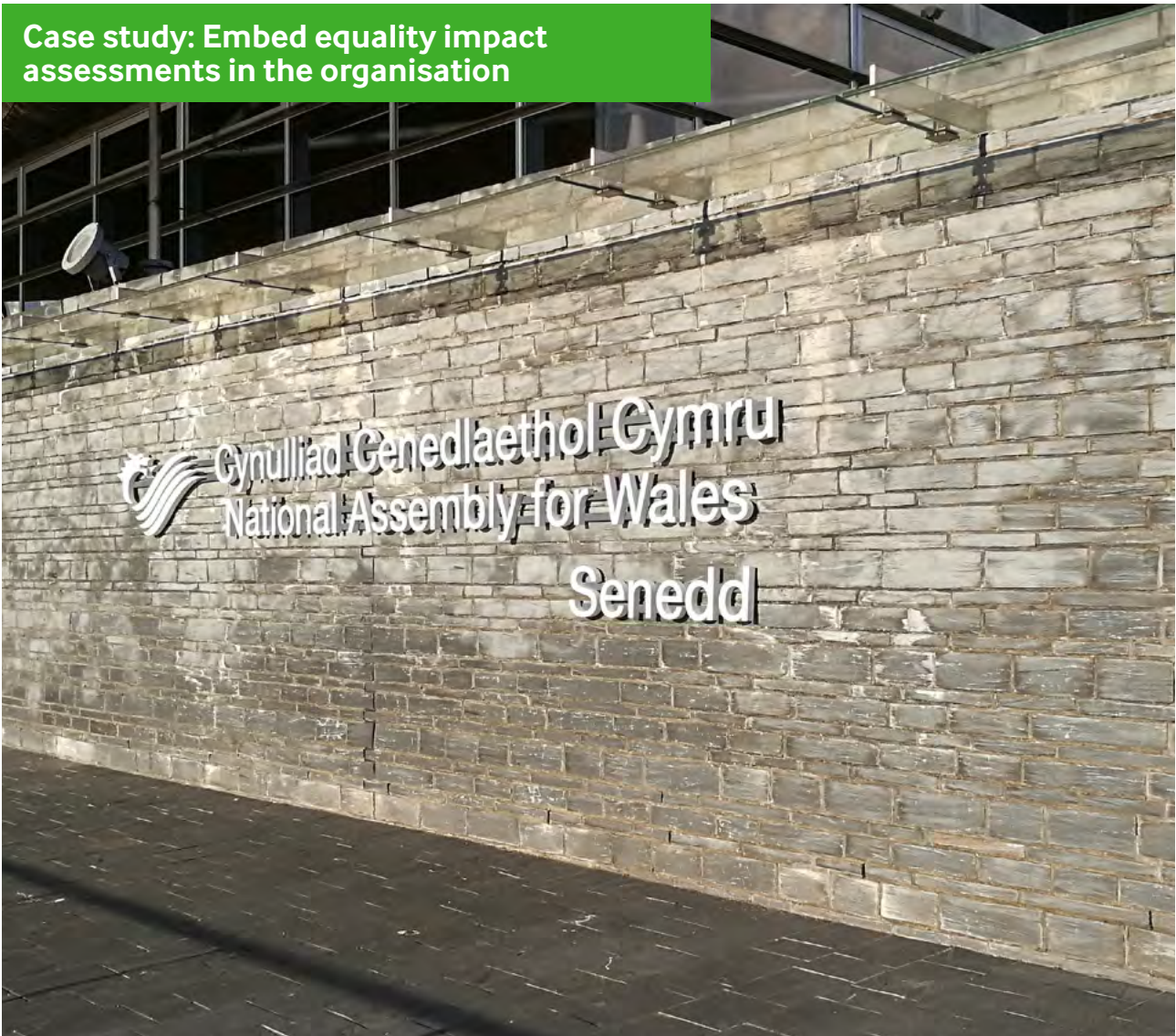
Commissioners agreed our Diversity and Inclusion Strategy for the Fifth Assembly in December 2016. The Strategy sets out the Commission's approach for delivering its diversity and inclusion objectives over the course of the Fifth Assembly and is accompanied by an action plan for delivery on which progress is reported annually. The Strategy builds on progress from our previous Equality Plan in further integrating diversity and inclusion into the day-to-day running of the Assembly. This will help us to meet our obligations in respect of the public sector equality duties prescribed by the Equality Act 2010.

As part of the Diversity and Inclusion Strategy, we are developing an approach to address under-representation of people who identify as Black Minority Ethnic (BME) or disabled. This work is building upon our existing BME action plan to support and develop our existing BME colleagues and also to attract and recruit people from the widest pool of talent, so that our workforce is reflective of the population it serves. Scoping work has taken place in this reporting period to develop managing unconscious bias tools for staff and reviewing our methods for attraction and selection.

Further integrate diversity and inclusion considerations into service area planning

As part of their planning, service areas take the Diversity and Inclusion Strategy into account when developing and reviewing their service area plans. This ensures that diversity and inclusion considerations are taken into account at the earliest opportunity with regard to planning and discharging our activities. Through HR Business Partners and the use of HR information, we help identify potential diversity and inclusion issues as they emerge and develop practical recommendations and interventions to address these and implement more effective ways of working.

Case study: Embed equality impact assessments in the organisation



There has been an increase in the number of equality impact assessments undertaken over the reporting period by policy authors across the service areas. Policy authors have been supported by the Diversity and Inclusion Team to scope and undertake the assessments and our workplace equality networks have also contributed to the assessments.

Over this reporting period, assessments have been undertaken for a range of initiatives including

accommodation refurbishment projects on the estate, the MySenedd programme, our Staff Mental Health Policy, the Public Engagement and Diversity and Inclusion Strategies, the Official Languages Scheme, the Legislative Software System and aspects of the business continuity project.

Reduce our environmental impact

The National Assembly for Wales has a legal duty to pursue sustainable development in all of its work under Paragraph 8(2) of Schedule 2 to the Government of Wales Act 2006. We are fully committed to the key role we play in promoting sustainable development, minimising the environmental impacts of our operations. We are committed to being an open and transparent organisation and have been publicly reporting sustainability performance data since 2007/08. We measure and report our emissions of greenhouse gases through an Annual Environmental Report.

Last year we started working on new targets that will take us through to 2020/21, against which we are already seeing good progress. We have already reduced our energy emissions significantly towards our target of 30% reduction by 2020/21 (based on the 2012/13 baseline). We are also now achieving over 96% diversion from landfill for our waste, towards a target of zero-to-landfill by 2020/21. We have seen a continued reduction in energy use, corresponding with reduced costs for heating and powering our buildings. This is a result of continued investment in our buildings and ensuring energy-efficient technology is incorporated as part of all refurbishments and alterations.

Business travel has reduced since last year and improvements we are making to our monitoring programmes help us better understand long-term trends. We continue to operate within a formal environmental management system (EMS).

Energy

Our overall emissions have reduced again this year. This has been aided by a continued reduction in electricity use, with the raw usage (kilowatt hours) dropping by around 6% since last year. This reduction is the dividend of efforts that have included further work on our air-conditioning and fan coil systems, as well as continued roll-out of LED lighting systems across our buildings. These figures combined are driving us towards achieving our primary targets of reducing energy emissions by 30% by 2020/21 (based on the 2012/13 baseline). One obvious benefit here is a 7% reduction in energy expenditure since last year.

Travel

This year has seen a significant reduction in business mileage and associated expenditure. This is to be expected during an election year following the dissolution of the Assembly and in the early days of a new five-year term. Our emissions have also reduced, largely due to the reduction in claimed travel across the Assembly's operations.

During 2016 we introduced a new cycle-to-work scheme supplier, which has streamlined the administrative process. We have seen an increase in use of the scheme and our bike shed facilities. During our recent biennial travel survey this increased cycle use was evident, along with other improvements such as smaller car engine sizes. Whilst not always a direct financial saving for the organisation, this more efficient travel has reduced the average carbon footprint of commuters.

Waste

We have seen an increase in waste production this year, but a continued increase in our 'diversion from landfill' amount. We are now recording a diversion rate of over 96%, with most materials being recycled or composted. Our costs have increased this year, but at a rate of almost half the increase in tonnage (7% cost increase against 12% tonnage increase). Whilst we were in a period

of dissolution for some of the year, we saw an increase in waste collections due to office clear-outs and general housekeeping.

As is to be expected with improvements in technology and legislative requirements, our hazardous waste levels have dropped significantly over time. With the phasing-out of older style monitors and other equipment, our hazardous waste stream largely consists of fluorescent tubes and computer base units. All of this equipment is still collected as waste electrical and electronic equipment (WEEE) but we have been working to improve the value the Assembly receives for such waste.

Paper use has reduced again this year and we are increasing electronic billing, which will assist with further reduction. All paper purchased is still either FSC-certified or 100% recycled. We continue to promote recycling facilities throughout our buildings and will be looking to work with suppliers over the forthcoming year to reduce packaging waste.

Water

Water use has increased slightly this year by 3%, with costs rising by just over 2%. Water costs are more constant than other utilities, the difference between cost and use increases being due to a significantly higher use of the Senedd's rainwater harvesting system. We are still well within our target to reduce overall usage by 5% by 2020/21 and are attributing the increase to higher numbers of building users, which shows an increase in both visitor numbers (+3%) and 'staff' (including contractors and other tenants), at +4%. We will continue to work on improvements to water use through 2017, in particular, improvements to the Pierhead's washroom facilities should resources allow.

Continual improvement

Improvements made over the last year have been a mixture of behavioural awareness initiatives, as well as physical improvements to the estate. They include:

- replacement of the lighting in Siambr Hywel to LED units;
- replacement of all the emergency lighting in Tŷ Hywel with LED units;
- replacement of some of the boilers in Tŷ Hywel with more energy efficient ones;
- replacement of the lighting in Tŷ Hywel lifts with LEDs;
- incorporating sustainable features including LED lighting and tiling made from 100% recycled tyres as part of the refurbishment of Tŷ Hywel's ground floor to provide new committee rooms and waiting areas;
- improving awareness internally of the features of our buildings, including helping staff better understand the heating and cooling features of both Tŷ Hywel and the Senedd; and
- working to improve our monitoring and benchmarking to ensure we get the data we need to manage our buildings more effectively and compare utilities use against changes in staff and visitor numbers.

About our data

The emissions figures contained in this report are calculated based on the Department for Environment, Food and Rural Affairs (DEFRA) 2016 Conversion Factors, which are specific to the UK. In accordance with DEFRA guidance, reported GHG emissions are not weather corrected. Although not obligated to, we report largely in line with the HM Treasury Sustainability Reporting Guidance 2016-17. Our monitoring and reporting techniques for related sustainability data are assessed as part of our annual external environmental audit.

Greenhouse Gas Emissions		2012/13	2013/14	2014/15	2015/16	2016/17
Non-financial indicators (tCO ₂ e)	Total gross emissions scope 1	329	273	561	248	308
	Total gross emissions scope 2	1,470	1,366	1,480	1,367	1,133
	Total gross emissions scope 3	432	427	465	375	341
	Total outside of scope emissions	298	167	130	7	4.1
	Total gross emissions	2,588	2,287	2,636	1,997	1,800
	Total net emissions	2,290	2,120	2,506	1,990	1,796
Financial Indicators (£)	Expenditure on accredited offsets (e.g. Government Offsetting Fund)	£0	£0	£0	£0	£0
	CRC Gross Expenditure	N/A	N/A	N/A	N/A	N/A
Energy Consumption ^{1,2}		2012/13	2013/14	2014/15	2015/16	2016/17
Non-financial indicators (kwh)	Electricity (non-renewable)	3,194,890	3,067,778	2,995,138	2,791,282	2,623,244
	Gas	1,741,299	1,431,017	1,295,506	1,214,901	1,481,681
	Biomass (renewable)	840,438	470,750	372,225	535,050	308,850
Non-financial indicators (tCO ₂ e)	Total energy emissions	1,956	1,786	1,881	1,736	1,563
Financial Indicators (£)	Total energy expenditure	458,168	459,093	448,586	407,442	377,993

¹ Includes costs for electricity and air conditioning in offsite server farm from 2010 onwards.

² All energy data now contains current and retrospective transmission and distribution emissions and well to tank emissions where applicable.

Official Travel ^{3,4,5}		2012/13	2013/14	2014/15	2015/16	2016/17
Non-financial indicators (miles)	Business travel	858,809	884,176	1,061,374	875,999	653,042
	Owned and leased vehicles	25,707	31,949	26,440	27,638	15,803
Financial Indicators (£)	Expenditure on official business travel	266,576	349,775	393,509	903,637	259,091

Waste		2012/13	2013/14	2014/15	2015/16	2016/17
Non-financial indicators (tonnes)	Total waste arising	121	118	125	123	140
	Recycled/Reused	103	111	119	118	136
	Landfill	17	6.4	4.7	3.7	5
	Waste composted	11.3	5.5	5.5	12.5	15.9
	Hazardous waste	0.29	0.5	1	0.4	0.15
	Paper purchased (A4 and A5) (per million sheets)	2.77	2.7	2.6	2.48	1.99
Financial indicators (£)	Expenditure on all waste disposal	21,312	26,561	26,930	33,266	35,855

Water consumption		2012/13	2013/14	2014/15	2015/16	2016/17
Non-financial indicators (m3)	Water consumption:					
	Supplied (direct)	9,449	7,315	6,117	5,174	5,347
	Collected (indirect)	2,407	1,301	1,554	502	853
	Abstracted (indirect)	0	0	0	0	0
Financial indicators (£)	Expenditure on supply and sewerage	31,773	23,681	22,245	18,954	19,376

Notes

The information contained above has been developed for our Annual Report and Accounts in accordance with HM Treasury's Sustainability Reporting Guidance for the 2016-17 financial year. We also use the DEFRA conversion factors for 2016 for carbon dioxide equivalent (CO₂e) figures. CO₂e is a universal unit of measurement that allows the global warming potential of different GHGs to be compared.

Emissions are reported based on a financial control approach for the core administrative estate only. A full summary of our environmental performance can be found in the Assembly's Annual Environmental Report.

³ Includes support staff travel from 2011/12 onwards and travel purchased through the corporate credit card.

⁴ All travel data now contains current and retrospective well-to-tank emissions for fuel use.




⁵ Excludes Member and support staff travel February and March 2017 due to delayed reporting requirements.

Summary of Key Performance Indicators





April 2016 to March 2017











Our Corporate Key Performance Indicator Report looks at how the Assembly Commission performed against its strategic goals for the period April 2016 to March 2017. It is the first annual corporate performance report of the Fifth Assembly and consists of a number of headline indicators, allocated under the strategic goals, which are then broken down into more detailed indicators.





A 'traffic light' system is used to show performance against the indicator targets.

-  **Red:** There are significant issues impacting the achievement of business objectives. To achieve delivery, changes must be made to timing, costs and/or scope.
-  **Amber:** There are issues or risks that must be addressed. However, successful delivery is achievable without major impacts to budget, service standards or target dates.
-  **Green:** Work is meeting agreed standards or is proceeding to plan. All known risks are being managed.

A summary overview is set out below, with the more detailed key performance indicator (KPI) information available in the annual Corporate Key Performance Indicator Report.

Provide outstanding parliamentary support	April 2015 - March 2016	April 2016 - March 2017
<p>KPI 1: All parliamentary business has taken place as planned</p> <p>A consistently high performance on timeliness of issuing committee papers and briefings. Due to an increase in the number of Plenary and committee hours, there has been a slight decrease in the Committee Record of Proceedings published to deadline, however, new staff have been recruited and will be fully trained shortly. A Plenary session was adjourned for technical reasons in January 2017 following a power failure. Remedial steps have been taken to provide resilience for such an event in the future.</p>	 Green	 Green
<p>KPI 2: Providing effective Professional Development</p> <p>As expected, the take up of continuous professional development activities was low during the run up to the May 2016 Election, while the take up increased substantially following the Election. A high rating has been received for the positive impact it will have on delegates' work. The creation of a new Language Skills Team has seen an increase in the number of Welsh learners.</p>	 Amber	 Green

Engage with all the people of Wales and champion the Assembly	April 2015 - March 2016	April 2016 - March 2017
<p>KPI 3: Help build an understanding about the role and work of the Assembly</p> <p>Visitor satisfaction levels remain high and there has been an increase in the number of tours. The number of events organised on the estate decreased during the period of dissolution prior to the Assembly Election in May 2016. Following the Election the take-up of Assembly Member sponsored events has been slower than the corresponding period last year. There was also a decrease in visitor numbers to the Pierhead when compared to the same period last year. This was due to a popular exhibition being held July – September 2015 that attracted an increased number of visitors, and the Pierhead being shut for maintenance for a week during May 2016.</p>	 Green	 Green
<p>KPI 4: Champion the work of the Assembly</p> <p>The Election campaign running April to May created high levels of social media attention that increased traffic numbers. There was also a big increase in YouTube views for this period.</p>	 Green	 Green
Use resources wisely	April 2015 - March 2016	April 2016 - March 2017
<p>KPI 5: Expenditure to target</p> <p>We expect to report a year end position of circa £224k underspend against budget. Re-negotiated contracts will realise £537,600 savings. Timeliness of payments to suppliers and Assembly Members continues to be well within target.</p>	 Green	 Green
<p>KPI 6: Staff resource requirements and expectations are being met</p> <p>Absence rates for the rolling 12-month average showed a slight decrease over the first six month period, partly owing to seasonal factors and partly owing to a decrease in cases of long term sickness. However, as the year went on the usual increase in seasonal illnesses such as coughs, colds etc was observed. Average absence rates are below the Chartered Institute of Personnel and Development (CIPD) benchmark figure of 3.7% but above the Assembly's target of 3%. The completion of staff performance reviews by the deadline increased; there was a decrease in the number of staff completing the annual staff survey but the response rate still remains higher than the Civil Service Median. The total headcount has increased slightly.</p>	 Amber	 Amber
<p>KPI 7: ICT services are being delivered as planned</p> <p>Despite a heavy workload post-election to support Members and their staff with office ICT set-up, service performance standards have improved.</p>	 Amber	 Green





Use resources wisely	April 2015 - March 2016	April 2016 - March 2017
<p>KPI 8: Freedom of Information (FOI) requests are being processed as required</p> <p>A high number of FOI requests were received during this period with seven FOI requests exceeding the statutory deadline. Of these, some requests captured a number of service areas and, therefore, required additional consultation with teams, while others requested the disclosure of personal information, about which the Commission was obliged to consult with the data subjects.</p>	 Green	 Amber
<p>KPI 9: Environmental targets are being delivered as planned</p> <p>Good progress continues to be made against the reduction in total energy emissions and diversion from landfill targets. The Assembly Commission has achieved a 17.1% reduction in total energy emissions compared to the 2012-13 baseline and is on course to achieve the target of a 30% reduction by 2021.</p>	 Green	 Green

Assembly Member and Support Staff satisfaction survey



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

The satisfaction survey was not completed in 2016 because of the Assembly Election; therefore data from 2015 has been provided for comparison. Note: following the review of the satisfaction survey for the Fifth Assembly comparable data is not available for every indicator.







Strategic Goal – Provide outstanding parliamentary support

	Target	2015	2017	
Overall support for Assembly Committees	8	8.3	8.5	
Overall support for Plenary	8	8.6	8.4	
Overall support for constituency work	8	-	8.2	
Overall support to conduct your work in the language of your choice	8	8.8	8.9	
Overall support provided by Members' Business Support	8	9.0	8.9	
Overall support provided through the Professional Development function	8	8.2	8.3	

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

	Target	2015	2017	
Overall effectiveness of the Assembly Commission in engaging with the people of Wales	8	7.2	6.9	
Overall effectiveness of the Assembly Commission in championing the work of the Assembly	8	-	7.0	

Strategic Goal – Use resources wisely

	Target	2015	2017	
Overall support provided by ICT in Tŷ Hywel	8	8.2	8.3	
Overall support provided by ICT in the Senedd	8	8.2	8.4	
Overall support provided by ICT in the constituency or regional offices	8	7.2	7.9	
Overall choice of ICT equipment available	8	-	7.9	
Overall support provided for Tŷ Hywel and the Senedd	8	8.4	8.7	
Overall support provided for constituency or regional offices	8	-	8.0	

Note: Data is shown as an average score provided by Assembly Members and Assembly Member Support Staff.

Manon Antoniazzi

Chief Executive and Clerk of the Assembly

Date: 20 July 2017

- ▼ The Senedd hosted a St David's Day celebration in 2017, with performances from the best of Welsh talent, including Beaufort Male Choir.



Our accountability: Corporate governance



Directors' report

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

Commissioners and other office holders

Information on the Presiding Officer, Deputy Presiding Officer, and Commissioners is included on pages 86 – 90.

Independent advisers

Information on the Independent Advisers and Independent Committee members is included on pages 92 – 94.

Remuneration Committee

Information on the Remuneration Committee is included on page 94.

Senior management

Information on the Chief Executive and Clerk, and senior management having responsibility for directing the major activities of the Commission during the year is included on page 95 – 96. .

Significant interests held by Members

A Register of Financial and Other Interests of Assembly Members is available at www.assembly.wales and www.cynulliad.cymru.

Personal data related incidents

There were no incidents or personal data losses requiring reporting to the Information Commissioner's Office between 1 April 2016 and 31 March 2017. There were 2 minor incidents of personal data breach reported internally, which were investigated and managed internally. Given that the likelihood of damage or distress to the data subject in each case was considered to be low, no further escalation was required.

Auditor

The Accounts of the National Assembly for Wales Commission are audited by the Auditor General for Wales. The Audit Report can be found at page 112.

The estimated external audit cost for the audit of these financial statements is £62,958 (£66,250 2015-16). No additional non-statutory audit work was incurred during 2016-17 (£2,650 2015-16).

Disclosure of information to the Auditor General for Wales

So far as I am aware:

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

Accounts direction

The accounts set out in pages 106 to 119 have been prepared in accordance with the Treasury Direction issued under Section 137 of the *Government of Wales Act 2006*. The financial statements comply with the requirements specified in HM Treasury's Financial Reporting Manual and are supported by explanatory notes. These accounts set out the financial impact of decisions made by the Commission both within the financial year and arising from previous financial years.

Information about the Assembly and Commission is also available on the Assembly website at www.assembly.wales and www.cynulliad.cymru.

Manon Antoniazzi

Chief Executive and Clerk of the Assembly

Date: 20 July 2017



Statement of Commission and Principal Accounting Officer responsibilities

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

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

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

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

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

Manon Antoniazzi

Chief Executive and Clerk of the Assembly

Date: 20 July 2017

Governance Statement

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

Role of the Commission

The National Assembly for Wales Commission (the Commission) was established as a corporate body under Section 27 of the *Government of Wales Act 2006*. Its primary role is to provide to the Assembly, or to ensure that the Assembly is provided with, the property, staff and services required for the Assembly's purposes. In discharging this overall responsibility, the Commission is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and the management of risk.

The Wales Act 2017, which received Royal Assent in January 2017, amends the Government of Wales Act 2006 and Wales' constitutional settlement. It includes a declaration that the National Assembly for Wales is considered a permanent part of the UK's constitutional arrangements and confers new functions on the Llywydd (Presiding Officer). The Act also devolves power to the Assembly over its internal, operational and electoral arrangements including the functions of the Assembly Commission, enabling the Assembly to legislate to change these in future should it wish.

Governance framework

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

Governance structure

The Commission comprises the Llywydd (Presiding Officer) who is its Chair, together with four other Assembly Members appointed by the Assembly. The Commissioners are charged with the governance of the organisation and are accountable to the Assembly. They set the organisation's strategic goals and objectives, provide the leadership to put them into effect and oversee and report on their delivery.

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

Following a robust open competition, in January 2017, Manon Antoniazzi was appointed as the new Chief Executive and Clerk of the National Assembly for Wales; she took up post and became Principal Accounting Officer on 24 April. Arrangements were made to ensure a smooth transition.

As part of the organisation's governance framework, the Commission has an **Audit and Risk Assurance Committee**⁶ and a Remuneration Committee, further details of which can be found on pages 79 and 92 – 94 of the Annual Report and Accounts respectively. An independent **Remuneration Board**⁷ determines the salaries and other financial support available for Assembly Members.

Compliance with governance principles

At its first meeting following the May 2016 election, the new Commission adopted a set of **governance principles and supporting provisions**⁸, which are consistent with the UK Corporate Governance Code and the International Framework: Good Governance in the Public Sector and are used to guide the work of the Commission and its staff. The Commission has complied with these principles. The Assurance section describes how evidence of this has been gathered through assurance statements and use of the Assurance Framework.

Decision taking and business management

The Commission meets on a regular basis to provide direction and to oversee delivery of the Commission's strategic goals and objectives. The Commission has delegated its day-to-day management functions to the Chief Executive and Clerk. The formal delegation was agreed by the new Assembly Commission in June 2016; it outlines exceptions and areas on which the Chief Executive and Clerk must consult with the Commission.

Since August 2016, the Commission administration has been divided into three Directorates (Assembly Business, Assembly Resources and Commission Services), reporting to the Chief Executive. Prior to this there were five Directorates, but the former Financial and Legal Services Directorates now form part of the Assembly Resources and Assembly Business Directorates,

⁶ <http://www.assembly.wales/en/bus-home/committees/Pages/Committee-Profile.aspx?cid=373>

⁷ <http://www.assembly.wales/en/bus-home/committees/Pages/Committee-Profile.aspx?cid=375>

⁸ http://www.assembly.wales/en/abthome/about_us-commission_assembly_administration/comm-corporate-framework/Pages/governance_principles_supporting_provisions.aspx

respectively. There have been no significant changes to the formal internal controls processes as a result of the structural changes but the Assembly Commission's Scheme of Delegation has been updated to reflect the new arrangements.

The Directorates are further sub-divided into service areas, led by Heads of Service. The Chief Executive, Directors and Heads of Service make up the Management Board, which regularly meets formally and informally to review, coordinate, make decisions and share information on policy and operational matters. The Board also monitors corporate performance and significant risks in relation to the delivery of the Commission's strategic goals and priorities. Management Board members are required to act corporately in the interest of the Assembly as a whole. The Board's Terms of Reference state that it needs to ensure performance, improvements and actions are in line with the Commission's vision and values.

The Chief Executive has established a governance system of delegated authorities to control resource management which covers finance, staffing and other resource responsibilities, such as procurement.

An Investment and Resourcing Board, consisting of the Chief Executive and Directors, provides direction to, and governance oversight of, significant change initiatives and projects across the Commission. The Board makes decisions on priorities for funding, capacity to deliver and allocation of resources and the approval of business cases for recruitment. Directors provide regular updates to the Board on delivery of programmes and projects within their Directorates in order to provide ongoing assurance on progress against plans. Formal processes exist for providing information on programmes and projects to the Commission, the Management Board, and the Investment and Resourcing Board.

Planning and performance measurement

Commissioners agreed a strong and clear new **strategy for the Fifth Assembly, 2016-21**, in June 2016. This included more detailed strategic priorities to provide direction and inform planning for the first two years of the Fifth Assembly. The Commission's purpose statement was updated to reflect the Assembly's new tax raising powers. The strategy takes account of drivers and external influences that will shape the Commission's services, including constitutional change and the changing digital world. The strategic priorities have been reflected in revised service plans and individual performance objectives.

The Management Board undertakes biannual scrutiny of service plans and capacity plans. This helps ensure effective planning for current and future demands across the Commission.

The Commission has continued to publish Corporate Performance Reports, incorporating Key Performance Indicators, which have demonstrated sustained high performance across many services and improvement where efforts have been targeted. The Commissioners and the Assembly's Finance Committee continued to find the reports useful. We carried out a comprehensive review of performance measures for the Fifth Assembly and agreed a new standardised process for compiling the Corporate Performance Reports, which ensures that all data is subject to a quality assurance review by the relevant Head of Service. The review also resulted in an updated set of indicators, presented in a new format, which was approved by the Commission in September 2016.

Progress and performance

We identified three areas for focus and development in the 2015-16 Governance Statement; progress is outlined below:

- **continued focus on capacity and service planning to enable us to react flexibly to emerging demands given the amount of change we will face**

The capacity planning process is now firmly established, with decisions taken on an organisation-wide basis twice a year, informed by detailed proposals from each Directorate. Given the future demands and challenges facing the Commission, the approach to capacity planning will need to be sustained, and sufficiently sophisticated to ensure the right capabilities and expertise are provided in support of the Commission's priorities.

- **continued focus on capacity and capability for bilingual services**

The new Commission Strategy set the ambitions and priorities for the Commission's new Official Languages Scheme which will be put to the Assembly for approval in 2017. This will ensure that we provide the right level of resources to respond to business demands, continuously enhance all bilingual services and provide bespoke and tailored support to all Welsh learners and improvers.

- **responding to the different ways the public are engaging with the Assembly**

An ambitious new range of work has begun, including establishing a Youth Parliament and a Digital News and Information Task Force to assist us in shaping how we can engage with the public more effectively, and the MySenedd programme which will help deliver their recommendations has embarked on the task of shaping our future services based on a better understanding of how the public engage with us.

The performance and engagement of staff is crucial to the delivery of high standards of service. Processes and policies are in place to ensure we have the right skills in the right place at the right time, and that staff are provided with the leadership, personal development and support to enable them to deliver the best possible services. The Chief Executive holds formal and informal meetings with staff on a regular basis, as do Directors and Heads of Service.

The fifth staff survey was carried out in May 2016. A total of 384 (85%) responses were received. The results showed an engagement index score of 72%, the same score as in June 2015; only three civil service organisations in the UK had a higher engagement index score. Between the February 2012 and June 2016 surveys there was improvement in 8 of the 9 core questions. The survey results confirm the positive, engaged culture of the organisation.

Over 95 per cent of the Commission's staff performance reports have been completed to time and performance discussions have emphasised 'how' tasks or objectives have been completed in order to recognise contributions and identify development for individuals more effectively.

Considerable attention has been paid to integrating the work of different teams across the organisation and there is good evidence of collaborative working and consideration of the impact that one team's work can have on another.

Delivery of strategic goals

Our strong governance arrangements have contributed directly to a number of the achievements against our strategic goals set out in the performance analysis section at pages 22 to 65 of the Annual Report and Accounts. Examples include:

- a smooth and effective transition to the Fifth Assembly, including successful induction arrangements for newly elected Assembly Members and support for those not returned after the election. A high level of co-ordination and planning meant that the new Assembly was able to hit the ground running in all areas. Robust and visible risk management at a corporate level resulted in effective mitigation of the risks;
- embarking with pace on the new Commission’s strategy and priorities, whilst maintaining high standards of service. The new work has been progressed with pace and included: running a consultation on changing the Assembly’s name; preparing to establish a Youth Parliament; forming a new public engagement strategy; launching work on the reform of the Assembly and its electoral system; and establishing the MySenedd programme focused on achieving our vision of being an outstanding digital parliament by the end of this Assembly. Effective planning, collaborative working and risk management played a big part in the successful progression of these priority areas;
- completion of a comprehensive review of our Security Service in response to changing business demands and the increased national security situation. In addition, given the global security situation, particular attention has been given to Assembly Members on information governance, cyber security and constituency office and personal security;
- delivering the project to replace the Chamber technology, Plenary management and voting systems to time and under budget. The increased number of committees also led to a significant refit of space in Tŷ Hywel to provide additional committee rooms and flexible meeting space. Effective project planning and risk management were key to completing the project within a tight timescale; and
- technological advances, such as the migration to Cloud services. Robust project governance, including scrutiny of business cases helped us to achieve the objectives of providing a sustainable, scalable, simplified architecture that is secure and delivers greater business flexibility and service continuity.

Financial management and performance

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

- increased the finance team’s capacity, skills and resilience;
- improved reconciliation processes; and
- improved the information provided to Investment and Resourcing Board. This has enhanced the robust decision-making of the Board and its prioritisation of investment decisions.

The effectiveness of financial management was reflected in:

- a clean audit of accounts and positive feedback from the Audit and Risk Assurance Committee Chair, together with swift action to address any improvement areas highlighted by the Wales Audit Office;
- reduction in the Audit Fee for 2015-16 reflecting the improvement in working practices and papers allied to a refreshed audit approach resulting in an efficient smooth audit process;
- the three areas making up Financial Services (key financial controls, budgetary control and pension administration) have been audited within the past 18 months, all resulting in strong audit opinions evidencing the comprehensive work carried out to maintain the Commission’s robust internal control environment;
- interim financial statements produced within a week of the November period end, which is good practice and was welcomed by the Wales Audit Office and the Audit and Risk Assurance Committee;
- successful achievement of key financial performance indicators, which led to the decision to set a more challenging target of our final outturn position being within 0.5% of our budget;
- the Commission’s focus on delivering Value for Money continued and for the sixth consecutive year we exceeded our target savings of £500k (actual saving of £537.6k in 2016-17);
- payroll arrangements were successfully audited, and the Payroll Team was awarded the Chartered Institute of Payroll Professionals’ Payroll Assurance Accreditation and Payroll Quality Partnership Accreditation;
- effective scrutiny of Commission budgets and performance during 2016-17 by the Finance Committee and the Public Accounts Committee; and
- a new finance system, successfully launched on 3 April 2017, which will deliver benefits by creating efficiencies in the finance team, providing real time information to budget holders and improving financial management reporting and will further improve controls around procurement.

Risk identification and management

The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of the Assembly's strategic goals and priorities, and compliance with policies and procedures. This involves evaluating the likelihood of those risks being realised and the impact should they be realised, and managing them efficiently, effectively and economically.

The Commission's Management Board carried out reviews of its most significant risks throughout the year. This included detailed assessment of risks around delivering the strategic priorities set by the new Commission and preparing to respond to constitutional change and the vote to leave the EU. The Board also carried out regular horizon scanning of emerging risks and closely monitored and reported on the risks identified to ensure the controls were adequate, identifying further actions to improve the controls.

At the end of the 2016-17 year, the corporate risk register contained some significant strategic risks that we need to continue to manage effectively, including:

- failure to identify drivers for change in our corporate capacity to support Members and as a result being unable to respond quickly and effectively to new demands;
- increased financial pressure and insufficient resources to fund delivery of Assembly strategic goals and priorities;
- negative reactions to proposals to change the name of the Assembly, increase the size of the Assembly, or to change electoral arrangements;
- failure on the part of the Assembly to engage effectively in the process of leaving the EU through influence and scrutiny, and inadequate preparations for the impact on Assembly business;
- security risks such as cyber threats and terrorist attacks; and
- our readiness for the new General Data Protection Regulation which is due to come into force in May 2018.

The register includes details of the controls and practical actions the Assembly Commission has put in place to help mitigate against these risks which include: greater focus on service and capacity planning; staff training; establishment of working groups and developing and enhancing ICT and physical security defences.

One of the key considerations is the cumulative impact on the organisation of managing these risks in parallel. Our risk management approach has enabled us to effectively plan our response to these challenges as far as possible. To date, it has also enabled us to ensure our capacity to respond to and deliver change alongside maintaining high standards of service.

The Audit and Risk Assurance Committee maintained an overview of the effectiveness of risk management arrangements and has considered selected corporate risks in more detail throughout the year. The Committee welcomed the continual assessment and visibility of risks and the focus on change and uncertainty.

A review has also been carried out of the Commission's Risk Management Policy and Process documentation and updated versions have been launched across the Commission, outlining key

changes. The documentation was endorsed as thorough and comprehensive by the Audit and Risk Assurance Committee at its meeting in November 2016.

Assurance

Assurance Framework

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

Commission Sub-Committees

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

The Remuneration Committee consists of three independent advisers, one of whom is the Chair. The Remuneration Committee is an advisory body with no executive powers and makes recommendations on matters regarding the remuneration and terms of service of the Chief Executive and other senior posts. The Committee assists the Commission in ensuring that remuneration arrangements meet the highest standards of probity and accountability for the use of public funds by advising, on request, the Commission and Chief Executive on their responsibilities for appraisal and remuneration policies and systems.

Internal Audit

The Audit and Risk Assurance Committee continues to be satisfied with the approach to internal audit and the assurances from the Head of Internal Audit. Assurance is provided across the range of services provided by the Commission. The emphasis on follow up work and a strong commitment from management to implement recommendations has continued. The members of the Committee contributed to Internal Audit's External Quality Assessment and commented favourably on the impact that internal audit makes. The assessment concluded that Internal Audit generally conforms to Public Sector Internal Audit Standards.

The Internal Audit Plan for 2016-17 focussed on those areas highlighted as risks in the Commission's Corporate Risk Register and areas of concern highlighted from previous audit reviews or from discussions with senior management.

The internal audit reports have identified a number of areas where the Commission demonstrates how it follows good practice in terms of the systems and controls it has established. However, where weaknesses or issues are identified, management continues to take positive action to address audit recommendations. For example, the Commission's ICT service has a detailed action

plan to address all the recommendations raised in the cyber security internal audit report. Issues identified in respect of procurement have been addressed through the introduction of enhanced automated authorisation controls in the Commission's replacement finance system.

The Head of Internal Audit's overall opinion for 2016-17 is that "... generally adequate and effective risk management, control and governance processes were in place to manage the achievement of the Assembly Commission's strategic goals and objectives." The Audit and Risk Assurance Committee considered the report to be a good assessment of work undertaken during the year.

Corporate Developments

During the year we completed a full review of the Commission's approach to organisational efficiency and effectiveness, taking account of the views of the Audit and Risk Assurance Committee. The report presented a comprehensive view and was provided to the Finance Committee to support their scrutiny of the Commission's budget at its meeting on 5 October 2016. It was also published on the Commission's web pages. The review makes clear that we will continue to ensure that all new change initiatives are delivered on the basis of a cost/benefit assessment, that our service and capacity planning reviews proceed on the basis of maximising the use of our resources to deliver the Commission's strategy and goals and that we constantly challenge ourselves to demonstrate value for money. An internal audit report on project management in March 2017 also recommended the development of a documented prioritisation criteria for deciding what future projects the Commission should pursue. This criteria should help the Commission identify the most appropriate investments to take forward and make the most effective and efficient use of the resources at its disposal.

We continue to improve our arrangements for business continuity planning, including identifying, visiting and assessing a number of alternative locations, from which we could quickly establish Plenary and Committee meetings, should the Senedd and Tŷ Hywel become unavailable. An internal audit review of service level risk management reported that satisfactory arrangements were in place and all recommendations for improvement have been implemented.

The Head of Internal Audit has undertaken a review of the Commission's policies on fraud and whistleblowing. In March 2017, he reported to the Audit and Risk Assurance Committee that there had been no changes to either policy during 2016-17. However, through membership of networks and extensive review of the latest material from organisations such as HM Treasury, National Audit Office, Wales Audit Office and Public Concern at Work, the Head of Internal Audit keeps up to date with latest developments and ensures the policies are kept under review to ensure they remain relevant, up to date and reflect the latest best practice.

No incidents of fraud have been noted during 2016-17. The Head of Internal Audit produced an Annual Report on Fraud and presented this to the Audit and Risk Assurance Committee, alongside his Annual Report and Opinion. There have also been no incidents of whistleblowing reported during 2016-17. The Senior Information Risk Owner reported that there were no incidents or personal data losses that required reporting to the Information Commissioners Office between 1 April 2016 and 31 March 2017.

The Commission carries out formal compliance monitoring against legal and regulatory obligations, reports on which are published on the Commission's website. Examples of this are the

Annual Equalities Report, the Official Languages Scheme Annual Compliance Report, the Annual Environmental Report, and the Annual Report of the Senior Information Risk Owner.

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

Independent External Assurance

The Commission’s non-executive, **independent advisers** provide support and constructive challenge to the Assembly Commission and its work. Their responsibilities include considering our performance management and reporting arrangements, advising on the Commission’s responsibilities for staff appraisal and remuneration policies and systems, and maintaining a critical overview of the Commission’s financial controls and risk management procedures.

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

Similar assurance arises from the independent **Standards Commissioner**. The existence of the office, and the exceptional expertise, experience and track record of both the former and current Standards Commissioner, provided a high level of assurance with regard to Member conduct and the standards regime.

The results of independent external recognition are also important to the Commission and reflect the culture and environment in which Commission staff work. During the year; we have retained our Investors in People Gold accreditation against the new and more demanding assessment framework; Working Families has designated the Commission as a Shared Parental Leave Pioneer; the Assembly was rated as a Top 10 Employer for Working Families 2016; we were ranked fifth in the Stonewall Top 100 UK employers and were the highest ranked public sector employee in the UK; the Assembly was awarded The National Autistic Society’s Autism Friendly Award for the third year running and the Assembly won another Action on Hearing Loss Cymru Excellence Award.

Review of effectiveness of internal control and governance arrangements

Core to the review of the effectiveness of the governance arrangements was a self-review and challenge process completed by the Management Board on 6 February 2017. This review considered the assurance statements from Directors and Heads of Service, it was also attended by the Independent member of the Audit and Risk Assurance Committee who provided independent challenge. The review covered assurances on:

- progress against key achievements;
- awareness of and compliance with governance principles, rules and procedures and the effectiveness of the governance arrangements;
- management of risks;

- progress against areas identified for improvement; and
- areas for focus or strengthening.

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

The Head of Internal Audit carried out a review of establishment of the new Assembly Commission as the organisation’s governing board following the May 2016 election. He concluded that the Commission was established in line with the appropriate governance principles and Standing Orders of the National Assembly for Wales. He also concluded that the incoming Commissioners received proportionate and appropriate training and induction in order for them to discharge their responsibilities effectively.

A review of the effectiveness of the Investment and Resourcing Board was also undertaken by the Head of Internal Audit during the year and discussed by the Board at a meeting in March 2017. The Review concluded that the Board forms a central part of the governance arrangements and provides robust scrutiny of key financial decisions in a transparent manner. A number of areas for development were highlighted and the Board agreed actions that will be taken forward in the coming year to help with the Board’s ongoing development.

Areas of focus and development for 2017-18

The scale of future change facing the organisation is significant. The Commission’s ambitious plans for public engagement, digital change, a Youth Parliament and electoral reform, the implications of Brexit and other aspects of constitutional change and the operation of a small Assembly with the high and growing workload, mean that the Assembly Commission will face significant resource pressures next year. The key strategic concern for the coming year is therefore our ability to continue to deliver excellence on all fronts with the additional enormous pressures.

While it has always been a focus, work-life balance, attendance and performance, risk and capacity will need to be proactively considered by managers across service areas in terms of delivering business as usual activities and involvement in the reform agenda.

Consequently, we will need:

- clear identification of priorities and collective leadership commitment to deliver these;
- close liaison between Commission officials and our political leadership - especially the Llywydd, Commission and Assembly Committee Chairs - to ensure a shared understanding of priorities and our capacity to deliver;
- a continuing focus on integration between service areas and collaborative working to enable us to deliver to the standards expected and with pace;
- continued vigilance on capacity pressures;
- to maintain a focus on the effective and timely management of our key risks; and

- lightness of touch in bureaucracy and administration without prejudicing our grip on governance.

Specific areas of focus and development for 2017-18 will include:

- proposals to address the capacity of the Assembly, electoral reform, further constitutional change and preparations for Brexit;
- forming budget proposals for the remainder of this Assembly that enable the Commission’s priorities to be delivered and gaining the support of the Assembly for the proposals;
- managing the risks associated with a range of significant security concerns;
- reviewing the use and effectiveness of the new NAV financial system;
- the project to secure future accommodation for the Assembly will require formal governance, management and assurance arrangements to be developed and implemented; and
- improvements to internal communications, with greater engagement during a period of change.

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

Concluding statement

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

Manon Antoniazzi

Chief Executive and Clerk of the Assembly

Date: 20 July 2017

- ▼ Every year, we invite local school children to the Senedd to decorate our Christmas tree, and begin our annual festivities.



Our accountability: Remuneration and staff



Remuneration and staff report

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

Remuneration Policy

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

The Chair receives a day rate of £333. Three members of the Board (Dame Jane Roberts, Trevor Reaney and Michael Redhouse) receive a day rate of £267. Roger Williams resigned as a member on 5 May 2016, a recruitment process is underway to fill the vacancy. As an independent Board, it publishes its own Annual Report.

The Determination on Members' Pay and Allowances, published in May 2016, set Members' base salary for the 2016–17 financial year at £64,000 (2015-16 - £54,391). The following positions were entitled to additional salaries as follows:

	From 1 April 2016	From 1 April 2015
Presiding Officer	£41,000	£41,949
Deputy Presiding Officer	£21,000	£26,385
Assembly Commissioners	£13,000	£12,420
Chairs of committees ⁹	£13,000	£12,420
Chairs of other committees ¹⁰	£8,660	£8,280
Business committee member	£8,660	N/A

This table is subject to audit

From May 2016, a leader of a political group without an executive role received an additional office holder's allowance calculated using a base level of £13,000 plus an additional £1,000 for every member of the group to a maximum salary of £36,000. The resulting range of the office holder's allowance was £20,000 - £25,000.

From May 2016, the start of the Fifth Assembly, political groups appointed Business Committee Members and they receive an additional office holder's salary of £8,660. This replaced the previous arrangement in effect during 2015-16, where Business Managers received an additional office holder's salary calculated using a base level of £6,210 plus an additional £250 for every member of

⁹ Committees were Children, Young People and Education; Environment and Sustainability; Health and Social Care; Communities, Equality and Local Government; Enterprise and Business; Constitutional and Legislative Affairs; Finance; and Public Accounts.

¹⁰ Other committees were Petitions and Standards of Conduct.

the group to a maximum salary of £12,420. The resulting range of the office holder's allowance during 2015-16 was £7,460 – £12,420.

Of the Members entitled to additional salaries in 2016–17, none were able to decline their salary (in 2015–16 one Member did not draw their full entitlement for the year).

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

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

In its review of the remuneration package available to Assembly Members for the Fifth Assembly, the Board reviewed the base salary and noted that the significant increase in ordinary Members' responsibilities was not reflected in the previous Determination. In its Determination for the Fifth Assembly, which was published in May 2015, the Board concluded that base salary should be set at £64,000 from May 2016. It has set salaries to reflect the changing weight of the additional responsibilities Members will carry and has increased the salaries paid to office holders in the legislature relative to those in the Government. The changes the Board has also made to the Members' Pension Scheme has reduced the range and size of benefits provided by the scheme and the cost to the taxpayer, while requiring Members to pay more. Overall, the total cost of additional salaries for office holders has reduced.

Commission office holders

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

The Commissioners during 2016–17 were:	
Elin Jones AM Elected 11 May 2016	Elin Jones attended nine out of nine Commission meetings
Suzy Davies AM Appointed 8 June 2016	Suzy Davies attended nine out of nine Commission meetings
Joyce Watson AM Appointed 8 June 2016	Joyce Watson attended eight out of nine Commission meetings
Dai Lloyd AM Appointed 8 June 2016 Resigned 21 September 2016	Dai Lloyd attended four out of nine Commission meetings
Adam Price AM Appointed 21 September 2016	Adam Price attended five out of nine Commission meetings
Caroline Jones AM Appointed 8 June 2016	Caroline Jones attended nine out of nine Commission meetings

The Commissioners during 2015–16 were:	Term of Office
Dame Rosemary Butler AM	Elected 11 May 2011 Term of office ended on 11 May 2016
Angela Burns AM	Appointed 25 May 2011 Term of office ended on 8 June 2016
Peter Black AM	Reappointed 25 May 2011 Term of office ended on 8 June 2016
Sandy Mewies AM	Appointed 25 May 2011 Term of office ended on 8 June 2016
Rhodri Glyn Thomas AM	Appointed 25 May 2011 Term of office ended on 8 June 2016

Commissioners have other Assembly responsibilities which prevent them from attending Commission meetings from time to time. A Register of Financial and Other Interests of Assembly Members is available at www.assembly.wales and www.cynulliad.cymru.

The Commission had portfolio arrangements with Commissioners taking a lead interest in specific issues (see pages 10 – 11).

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

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

Single total figure of remuneration

Name and title	Salary 2016–17	Salary 2015–16	Pension Benefits 2016- 17 ¹¹	Pension Benefits 2015-16	Total 2016-17	Total 2015-16
	£'000	£'000	£'000	£'000	£'000	£'000
Rosemary Butler AM –Presiding Officer (service ended 11/5/16)	05-10	95-100	2	44	05-10	135-140
David Melding AM –Deputy Presiding Officer (service ended 5/4/2016)	0-2.5	80-85	0	37	0-2.5	115-120
Elin Jones AM –Presiding Officer (elected 11/5/16)	90-95	-	102	-	195-200	-
Ann Jones AM - Deputy Presiding Officer (elected 11/5/16)	75-80	-	94	-	165-170	-

This table is subject to audit.

¹¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual).

The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. (Pension benefits are shown to the nearest 1000)

Presiding Officer and Deputy Presiding Officer – pension benefits

Name and title	Real increase in pension ¹²	Total accrued pension ¹³	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Rosemary Butler AM –Presiding Officer (service ended 11/5/16)	0-2.5	30-35	482	480	1
David Melding AM –Deputy Presiding Officer (service ended 5/4/2016)	0-2.5	25-30	321	321	1
Elin Jones AM –Presiding Officer (elected 11/5/16)	5-7.5	30-35	391	319	53
Ann Jones AM - Deputy Presiding Officer (elected 11/5/16)	2.5-5	30-35	520	414	80

This table is subject to audit.

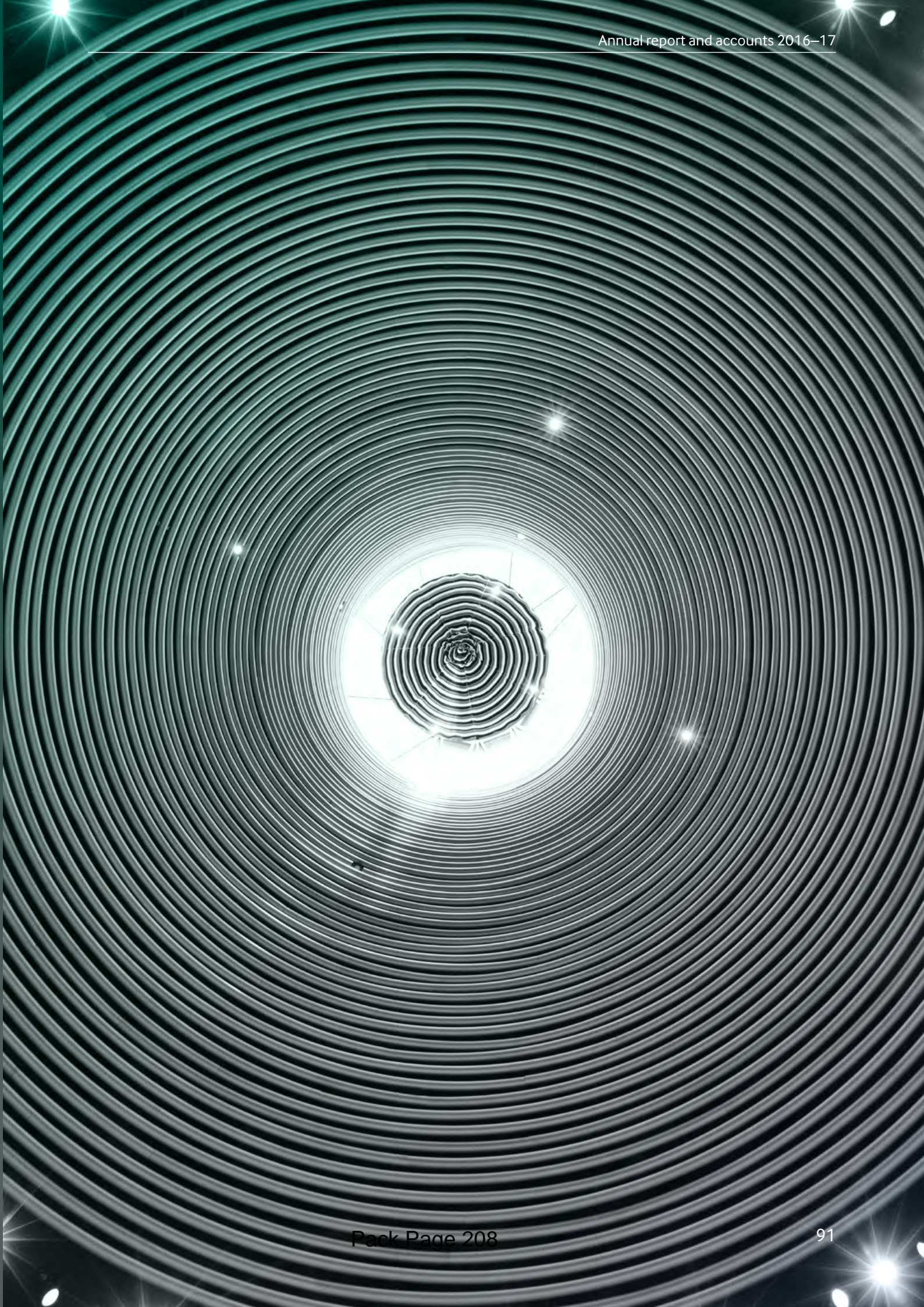
The numbers disclosed for the current Presiding Officer and Deputy Presiding Officer reflect the date they took up their post. The numbers for the previous post holders reflect the date they ceased to hold their post.

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

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

¹² Real increase in pension and related lump sum at pension age

¹³ Total accrued pension at pension age and related lump sum at 31 March 2017 for current post holders and at date they ceased to hold office for previous post holders.



Independent advisers and Committee members

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

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



Keith Baldwin

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

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



Mair Barnes

Mair Barnes advises and mentors a number of Board directors across a variety of sectors in addition to being a non-executive director of a global business.

She is the former Chair of Vantios plc and Managing Director of Woolworths plc. She has held non-executive directorships at the Department of Trade and Industry and the Cabinet Office.



Helena Feltham

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



Eric Gregory

Eric is Chair of the Assembly Commission Audit and Risk Assurance Committee. He is also Panel member for the Parliamentary Review of Health and Social Care in Wales, an Independent Adviser and Chair of the Risk and Assurance Committee for Her Majesty's Passport Office, a non-executive director for the Ministry of Justice Legal Aid Agency, where he is a member of the Audit and Risk Assurance Committee, and a Governor of the Health Foundation.

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



Hugh Widdis

Hugh is the Head of the Government Legal Service for Northern Ireland and Departmental Solicitor for the Northern Ireland Executive. He has over 15 years' experience in parliamentary and government legal services. Prior to joining the Northern Ireland Executive, Hugh was Director of Legal and Governance Services for the Northern Ireland Assembly.

He has previously worked in research, as a barrister in private practice and as an in-house lawyer in a leading financial services provider. He has also worked in the Scottish Parliament's legal office, and on discrimination law in the Office of the First Minister and deputy First Minister.

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

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

Independent Advisers

- **Mair Barnes** (November 2007 – October 2016)
- **Eric Gregory** (November 2012 – October 2018) Eric Gregory attended six out of six Audit and Risk Assurance Committee meetings and two out of two Remuneration Committee meetings
- **Helena Feltham** (November 2012 – October 2018) Helena Feltham attended two out of two Remuneration Committee meetings
- **Keith Baldwin** (November 2012 – October 2018) Keith Baldwin attended six out of six Audit and Risk Assurance Committee meetings and two out of two Remuneration Committee meetings

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

Committee member

- **Hugh Widdis** (November 2013 – October 2019) Hugh Widdis attended five out of six Audit and Risk Assurance Committee meetings

Remuneration Committee

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

The Committee's members during the period ended 31 March 2017 were:

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

During the period the Committee met twice, on 25 May 2016 and 20 March 2017.

Commission senior staff

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

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

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

Name	Title
Claire Clancy to 23 April 2017	Chief Executive and Clerk of the Assembly <i>Claire Clancy attended six out of six Audit and Risk Assurance Committee meetings, nine out of nine Commission meetings and two out of two Remuneration Committee meetings</i>
Manon Antoniazzi from 24 April 2017	Chief Executive and Clerk of the Assembly
Adrian Crompton	Director of Assembly Business
Dave Tosh	Director of Resources <i>Dave Tosh attended five out of six Audit and Risk Assurance Committee meetings</i>
Elisabeth Jones	Chief Legal Adviser
Craig Stephenson	Director of Commission Services
Nicola Callow to 21 April 2016	Director of Finance

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

Single total figure of remuneration

Name	Salary (£'000)		Pension benefits (to the nearest £1,000) ¹⁴		Total (£'000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Claire Clancy	150-155	145-150	31	59	180-185	205-210
Adrian Crompton	120-125	120-125	48	56	170-175	175-180
Dave Tosh	105-110	105-110	42	49	145-150	150-155
Elisabeth Jones	80-85	95-100	25	36	105-110	130-135
Nicola Callow	0-5	65-70	2	43	5-10	110-115
Craig Stephenson	85-90	80-85	50	61	135-140	145-150

Salary includes gross salary, overtime, recruitment and retention allowances.

The Chief Executive and Clerk of the Assembly and the directors do not receive any bonus payments or benefits-in-kind.

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

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

This table is subject to audit.

¹⁴ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Commission staff salaries

The relationship between the mid-point of the banded remuneration of the highest-paid director during the year ended 31 March 2017 and the median remuneration of the Commission staff is disclosed in the following table. Salaries are the annualised, full time equivalent remuneration of all staff (including agency and temporary staff) as at 31 March 2017. They do not include Employer's National Insurance or Superannuation contributions. There were no benefits-in-kind or performance related bonuses payable in 2016–17 or in 2015–16.

	2016–17 Salary £	2015–16 Salary £
Band of highest paid director	150,000-155,000	145,000-150,000
Median total remuneration	31,341	31,031
Ratio	4.87	4.75

This table is subject to audit.

The banded remuneration of the highest-paid director in the National Assembly for Wales Commission at 31 March 2017 was £150,000-£155,000 (2015–16 £145,000 – £150,000). This was 4.87 times (2015–16 4.75) the median remuneration of the workforce, which was £31,341 (2015–16 £31,031).

In 2016–17, and 2015–16 there was no remuneration paid in excess of the highest-paid director. Remuneration ranged from £16,000 which ensured that employees received a Living Wage, to £152,000 (2015-16 £17,000 to £150,000).

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

Pensions

Senior management – pension benefits

Name and title	Real increase in pension ¹⁵	Total accrued pension ¹⁶	CETV at 31 March 2017	CETV at 31 March 2016	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Clerk of the Assembly					
Claire Clancy	0-2.5 plus lump sum of 5-7.5	70-75 plus lump sum of 215-220	1,667	1,564	31
Director of Assembly Business					
Adrian Crompton	2.5-5 plus lump sum of 0-2.5	45-50 plus lump sum of 115-120	811	751	23
Director of Resources					
Dave Tosh	2.5-5.0	35-40	488	441	24
Chief Legal Adviser					
Elisabeth Jones	0-2.5	35-40	685	624	23
Director of Commission Services					
Craig Stephenson	0-2.5 plus lump sum of 5-7.5	35-40 plus lump sum of 105-110	764	690	42
Director of Finance					
Nicola Callow¹⁷	0-2.5 plus lump sum of 0-2.5	15-20 plus lump sum of 40-45	262	260	2

¹⁵ Real increase in pension and related lump sum at pension age

¹⁶ Total accrued pension at pension age and related lump sum at 31 March 2017 for current post holders and at date they ceased to hold office for previous post holders.

¹⁷ Until 21 April 2016.

Civil Service pensions

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

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

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

Employee contributions are salary-related and range between 3 per cent and 8.05 per cent of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6 per cent and 8.05 per cent for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years’ initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his or her pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3 per cent of his or her pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32 per cent. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the *Finance Act 2004*.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers.

The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

The Cash Equivalent Transfer Value (CETV)

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

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

Real increase in CETV

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

Pension liabilities

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

Voluntary Exit Scheme

Details of obligations arising as a result of the VES can be found in Note 2 D (on page 134).

Staff numbers

Staff numbers by category

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

	2016-17	2015-16
Employed staff	415.49	402.27
Seconded staff	3.48	4.00
Temporary/casual staff	22.16	22.05
Total	441.13	428.32

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

	31 March 2017	31 March 2016
Employed staff	417.69	413.29
Seconded staff	4.95	2.00
Agency	25.34	18.98
Total	447.98	434.27

Staff composition by gender and band*

	31 March 2017	31 March 2016
Female		
Directors	2	3
Staff	231	231
Total Female	233	234
Male		
Directors	3	3
Staff	230	213
Total Male	233	216
Total	466	450

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

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

Sickness absence data

The overall sickness absence rate for the year was 3.54 per cent (3.68 per cent in 2015-16), or 7.78 (2015-16 8.09) average working days per person. We maintain a strategic focus on absence management and actively support absences through line management, Human Resources and Occupational Health support. During the year we have focussed on mental well-being, information can be found in the **Using resources wisely** section of **Our performance: analysis**.

Travel and subsistence

Details of claims made by and on behalf of the Chief Executive and directors for travel and subsistence and other business expenses over the last two years can be found in Note 15 on page 143.

Disability

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

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

Equality and diversity

Information on equality and diversity can be found in the **Using resources wisely** section on pages 56 – 57.

Health, safety and wellbeing

Information on health, safety and wellbeing can be found in the **Using resources wisely** on pages 54 – 55.

Manon Antoniazzi

Chief Executive and Clerk of the Assembly

Date: 20 July 2017



- ▼ LGBT Allies and Members of the National Assembly for Wales LGBT network 'OUT-NAW' took part in the annual Pride Cymru march through Cardiff.



Our accountability:

Accountability and audit



Statement of National Assembly for Wales supply and supporting notes

a) Summary of outturn 2016-17

Note	Budget			Outturn			2016-17	Outturn	
	Expend	Income	Total	Expend	Income	Total	£'000	2015-16	
							Net total outturn compared with budget: under spend/(excess)	£'000	
Resources for use by the National Assembly for Wales Commission	SOS 01	39,370	(400)	38,970	40,614	(163)	40,451	(1,481)	37,282
Resources in respect of Remuneration Board decisions	SOS 01	15,468	-	15,468	13,763		13,763	1,705	13,453
Annually Managed Expenditure	SOS 01	1,500	-	1,500	1,078		1,078	422	1,495
		56,338	(400)	55,938	55,455	(163)	55,292	646	52,230

This table is subject to audit

b) Net cash requirement 2016-17

				2016-17	2015-16
				£'000	£'000
	Note	Budget	Outturn	Net total outturn compared with budget: under spend /(excess)	Outturn
Net cash requirement	SOS 03	52,038	51,962	76	46,255

This table is subject to audit

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

c) Income payable to the Welsh Consolidated Fund

The income payable to the Welsh Consolidated Fund comprises bank interest receivable and income in excess of the authorised amount.

In 2016–17 there was no excess income or bank interest receivable. (£0 2015–16).

Notes to the Resource Accounts

(Statement of National Assembly for Wales' supply)

SOS 01. Analysis of net resource outturn 2016-17

	Outturn £'000	Analysis of approved budget £'000	Outturn compared with budget £'000	Outturn 2015-16 £'000
<i>Revenue expenditure</i>				
Staff salaries and related costs	19,821	20,391	570	18,653
Accommodation and facilities costs	9,751	7,514	(2,237)	8,833
ICT costs	2,920	2,614	(306)	2,559
Other costs	1,496	2,133	637	1,652
Training and development costs	321	385	64	273
Promoting awareness and understanding	239	324	85	296
Staff travel and subsistence costs	160	156	(4)	163
Other HR costs	165	103	(62)	740
Election costs	2,491	2,500	9	427
Depreciation and amortisation charges	2,614	3,000	386	3,340
Gross revenue expenditure	39,978	39,120	(858)	36,936
<i>Revenue income</i>				
Sales - the Assembly shop	(26)	(15)	11	(15)
Accommodation rental income	(35)	(50)	(15)	(79)
Miscellaneous income	(102)	(335)	(233)	(96)
Gross revenue income applied	(163)	(400)	(237)	(190)
NET REVENUE EXPENDITURE	39,815	38,720	(1,095)	36,746
CAPITAL EXPENDITURE	636	250	(386)	536
(Creation of fixed assets)				
NET RESOURCE OUTTURN	40,451	38,970	(1,481)	37,282
(Commission expenditure)				
Members' salaries allowances and related costs	13,763	15,468	1,705	13,453
RESOURCE OUTTURN	54,214	54,438	224	50,735
Members' Pension finance costs	1,078	1,500	422	1,495
TOTAL NET RESOURCE OUTTURN	55,292	55,938	646	52,230

This table is subject to audit

Analysis of net resource outturn – notes

The resource outturn, before pension finance costs, for 2016–17 was £54.2 million against a budget of £54.4 million resulting in an underspend of £0.2 million (0.4 per cent).

Our aim was to deliver a year-end outturn underspend within 0.5 per cent of the total operational budget and deliver £500,000 Value for Money savings as part of a proactive and efficient approach to budget management. We achieved £537,600 of Value for Money savings during 2016-17.

One of the primary contributing factors to enable such close control of the finances is the utilisation of forward work plans of services with large budget allocations - primarily Estates and Facilities Management and ICT. Both services have large remits and extensive ongoing budget commitments. Working with these services to prioritise their plans has enabled flexible management of expenditure such that resources have been used in the most appropriate way.

The capacity planning exercise, which was again undertaken to assess the current staff resource against current and future work pressures, identified a need to further invest in the Commission workforce. A mixture of permanent and temporary new posts were approved during the year to support the Commission going forward. The financial impact of these will be realised more in the next financial year as the Fifth Assembly continues to bring an increase in the roles and responsibilities of the Commission.

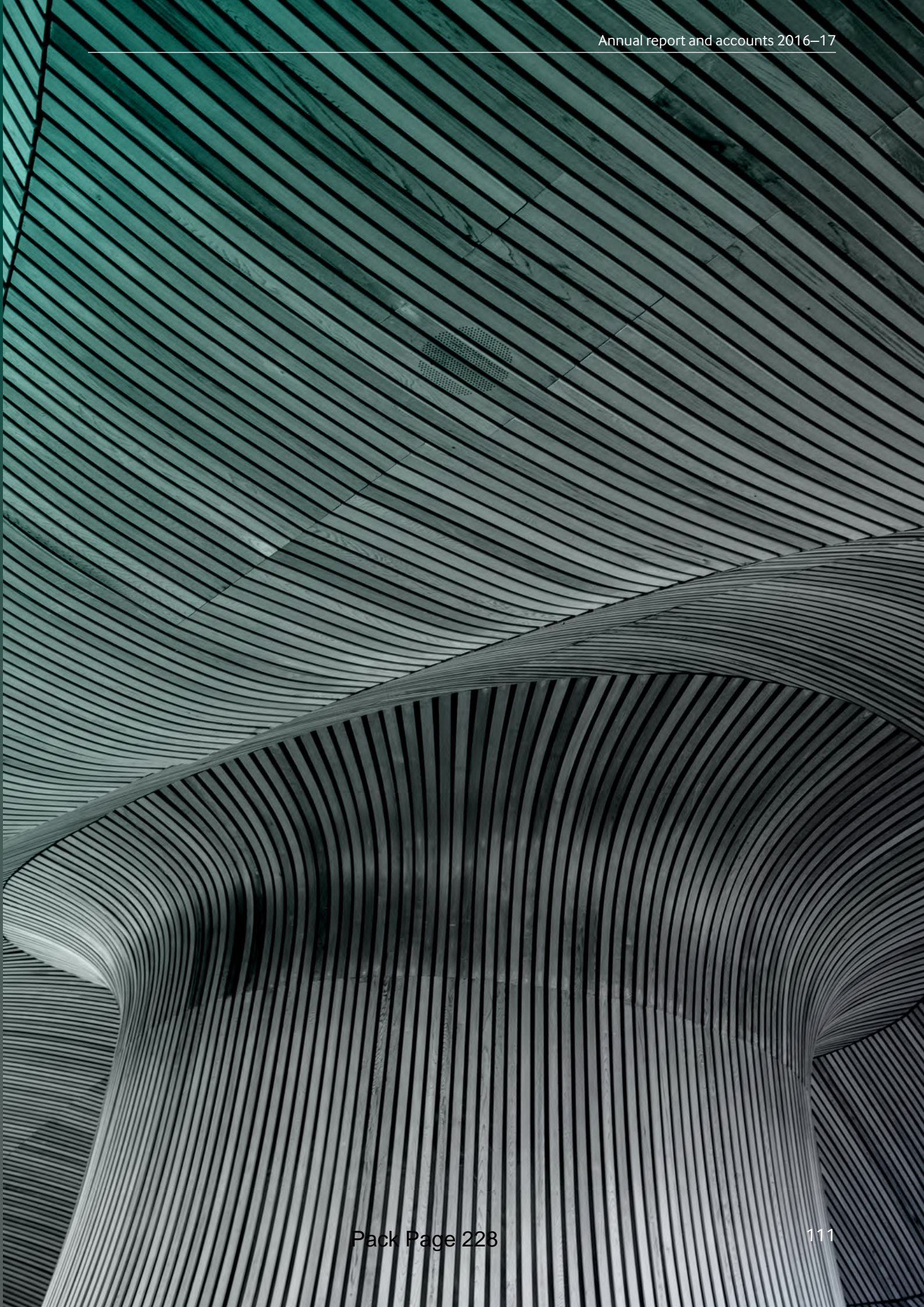
During 2016-17 new, significant areas of investment were identified in response to developments that occurred after the 2016-17 budget was agreed. These additional requirements were the refurbishment of the ground floor in Tŷ Hywel including new committee rooms and witness waiting areas to accommodate the increased number of Assembly Committees, enhanced security at constituency offices and improved power resilience in the Senedd. We were able to fund these priority requirements by a redeployment of un-used resources from the Member's Salaries and Allowances budget and the staffing budget, rather than having to request a Supplementary Budget. The variance on these budget lines was £1.7million and £0.57million respectively. As a result of the Assembly election on 5 May 2016, it was necessary to pay the costs relating to AM resettlement claims, defeated Assembly Members' support staff redundancies and other related costs. This is shown as election costs and amounted to £2.49m. The amounts paid as resettlement claims were calculated as set out in the Remuneration Board of the National Assembly for Wales' Determination. The Remuneration Board is the independent body responsible for setting the pay, pensions and allowances of Assembly Members and their staff.

SOS 02. Reconciliation of outturn to net operating expenditure

	Note	2016-17 £000	2015-16 £'000
Net resource outturn	SOS 01	55,292	52,230
Capital expenditure	4	(636)	(536)
Direct charges on the Welsh Consolidated Fund		707	682
Income payable to the Welsh Consolidated Fund	SOS 05	-	-
Net operating expenditure		55,363	52,376

This table is subject to audit

The direct charges on the Welsh Consolidated Fund £706,670 (£682,045 for 2015–16) are in respect of the salary costs of the Presiding Officer, Deputy Presiding Officer, Auditor General for Wales, Standards Commissioner, Public Services Ombudsman for Wales and the Wales Audit Office Chair. These salaries are paid by the Commission but, as a direct charge on the Fund, are excluded from the net resource outturn.



The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the National Assembly for Wales Commission (the Commission) for the year ended 31 March 2017, under the Government of Wales Act 2006. These comprise the Statement of National Assembly for Wales' Supply, Statement of Comprehensive Net Expenditure, Statement of the Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity, and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and the Auditor General for Wales

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the *Government of Wales Act 2006* and HM Treasury directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit, certify and report on the financial statements and the part of the Remuneration Report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commission, and the overall presentation of the financial statements.

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

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the Commission’s affairs as at 31 March 2017 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- have been properly prepared in accordance with HM Treasury directions issued under the *Government of Wales Act 2006*.

Opinion on regularity

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the *Government of Wales Act 2006*; and
- the information which comprises the Annual Report is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas

Auditor General for Wales

Date: 20 July 2017

- ▼ Elin Jones AM, Llywydd of the National Assembly for Wales took part in a discussion at the Senedd with John Bercow MP, Speaker of the House of Commons.



Our financial statements



Statement of Comprehensive Net Expenditure

For the year ended 31 March 2017

	Note	2016–17 £'000	2015–16 £'000
Income from operations			
Income from sale of goods and services	SOS 05	163	190
Total operating income		163	190
Members, office holders and staff salary costs	2a	27,069	24,716
Members' other costs	2b	8,696	8,149
Members' Pension finance cost	2a and 9	1,078	1,495
Depreciation and impairment charges	3	2,614	3,340
Other administration costs	3	16,069	14,866
Total operating expenditure		55,526	52,566
Net operating expenditure		55,363	52,376
Net expenditure for the year ended 31 March		55,363	52,376
Other comprehensive net expenditure			
Items which will not be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of property, plant and equipment	4	(3,147)	-
- Actuarial (gain)/loss on pension scheme liabilities	2a and 9	5,982	(1,959)
Comprehensive net expenditure for the year		58,198	50,417

All activities are continuing.

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

Statement of Financial Position

As at 31 March 2017

	Note	31 March 2017 £'000	31 March 2016 £'000
Non-current assets:			
Property, plant and equipment	4	64,536	63,210
Intangible assets	5	106	263
Total non-current assets		64,642	63,473
Current assets			
Inventories		23	27
Trade and other receivables	6	1,765	1,590
Cash and cash equivalents	7	74	236
Total current assets		1,862	1,853
Total assets		66,504	65,326
Current liabilities			
Trade and other payables	8	(4,888)	(5,338)
Provisions	9	0	(23)
Total current liabilities		(4,888)	(5,361)
Non-current assets plus net current liabilities		61,616	59,965
Non-current liabilities			
Provisions	9	(15,863)	(8,683)
Total non-current liabilities		(15,863)	(8,683)
Assets less liabilities		45,753	51,282
Taxpayers' equity and other reserves			
General Fund		45,874	47,490
Pension Fund Reserve		(15,743)	(8,683)
Revaluation Reserve		15,622	12,475
Total equity		45,753	51,282

Manon Antoniazzi

Chief Executive and Clerk of the Assembly

Date: 20 July 2017

Statement of Cash Flows

For the year ended 31 March 2017

	Note	2016-17 £'000	2015-16 £'000
Cash flows from operating activities			
Net operating cost	SOS 02	(55,363)	(52,376)
Adjustments for non-cash transactions:			
Depreciation, amortisation and impairment	4 and 5	2,614	3,340
Disposal	4	-	-
(Increase)/decrease in inventories		4	(4)
(Increase)/decrease in trade and other receivables	6	(175)	18
<i>Increase/(decrease) in provision</i>	9	120	(39)
Increase/(decrease) in trade and other payables	8	(450)	1,326
<i>(Decrease)/Increase in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		162	(117)
Utilisation of provision	9	(23)	(44)
Pension finance costs	9	1,078	1,495
Net cash outflow from operating activities		(52,033)	(46,401)
Cash flows from investing activities			
Purchase of property plant and equipment	4	(636)	(536)
Net cash outflow from investing activities		(636)	(536)
Cash flows from financing activities			
From the Welsh Consolidated Fund (supply)		52,036	46,491
From the Welsh Consolidated Fund (direct charges)		707	682
Payments to the Welsh Consolidated Fund		(236)	(119)
Net cash inflow from financing activities		52,507	47,054
Net increase/(decrease) in cash and cash equivalents	SOS 03	(162)	117
Cash and cash equivalents at beginning of year	7	236	119
Cash and cash equivalents at end of year	7	74	236

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2017

	Note	General Fund £'000	Revaluation Reserve £'000	Pension Reserve £'000	Taxpayers' equity £'000
Balance at 31 March 2015		51,434	12,475	(9,147)	54,762
Comprehensive net expenditure for the year		(52,376)	-	1,959	(50,417)
Transfer between reserves		1,495	-	(1,495)	-
Welsh Consolidated fund					
– Supply (authorised)		46,500	-	-	46,500
– Supply (not drawn)		(9)	-	-	(9)
– Direct charges		682	-	-	682
Amount payable to the Welsh Consolidated Fund					
– Supply		(236)	-	-	(236)
Balance at 31 March 2016		47,490	12,475	(8,683)	51,282
Comprehensive net expenditure for the year		(55,363)	3,147	(5,982)	(58,198)
Transfer between reserves	9	1,078	-	(1,078)	-
Welsh Consolidated Fund					
– Supply (authorised)	SOS 3	52,038	-	-	52,038
– Supply (not drawn)	SOS 3	(2)	-	-	(2)
– Direct charges		707	-	-	707
Amount payable to the Welsh Consolidated Fund					
– Supply		(74)	-	-	(74)
Balance at 31 March 2017		45,874	15,622	(15,743)	45,753

- ▼ In 2016, Ysgol Dolau performed in the Senedd at our annual carol concert.



Notes to the Accounts



01. Statement of accounting policies

These financial statements have been prepared on an accruals basis in accordance with the 2016-17 Financial Reporting Manual (FRM) suitably adapted for the constitution of the National Assembly for Wales and the Commission as specified by the *Government of Wales Act 2006*. The accounting policies contained in the FRM follow International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector.

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

A review of all new standards and interpretations issued and effective in 2016–17 by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) during the year has been completed and proven to not have an impact on the National Assembly for Wales Commission Financial Statements.

Accounting convention

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

Property, plant and equipment

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

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

Asset impairment

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

Assets under construction

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

Intangible assets

Software licences are capitalised as intangible fixed assets and amortised on a straight line basis over the expected life of the asset (three or five years).

Donated assets

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

Depreciation

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

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

Realised element of depreciation from revaluation reserve

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

Asset components

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

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

Statement of comprehensive expenditure

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

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

Inventories

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

Foreign exchange

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

Pensions

The Civil Service Pension Scheme

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

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

The Assembly Members' Pension Scheme (AMPS)

A pension scheme for the Members of the Assembly was originally established under the *Government of Wales Act 1998* and continues in force under the *Government of Wales Act 2006*. The scheme is a defined benefit scheme, and applies to the salary of Members and to any office holder salary. The cost of pensions provided for the Members is by payment of charges calculated on an accruing basis, with liability for payment of future benefits charged to the accounts of the AMPS. Any liabilities of the fund arising from a deficit on assets would currently be met through increased funding by the Commission. In reporting on the assets and liabilities of the Scheme, the Commission has followed International Accounting Standard 19. In accordance with IAS 19, the Scheme Trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption at that date.

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

Operating lease charge

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

Value Added Tax

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

Cash and cash equivalents

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

Employee benefits

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

Segmental reporting

We have reviewed our management reports and are satisfied that under the requirements of IFRS 8 we have no additional disclosure to make.

Provisions

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

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

02. A – Member and staff related costs

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

Member and staff related costs

Staff costs comprise:

	Staff	Members and office holders	Total 2016-17	Total 2015-16
	£'000	£'000	£'000	£'000
Salaries				
Permanent Staff, Members and office holders	14,650	5,631	20,281	18,607
Temporary and Agency Staff	672	-	672	376
Seconded staff	126	-	126	162
Social security costs				
Permanent Staff, Members and office holders	1,530	591	2,121	1,632
Temporary and Agency Staff	39	-	39	14
Seconded staff	17	-	17	15
Other pension costs				
Permanent Staff, Members and office holders	3,082	779	3,861	3,995
Temporary and Agency Staff	93	-	93	45
Seconded staff	15	-	15	26
Subtotal Members, office holders and staff salary costs	20,224	7,001	27,225	24,872
Less recoveries in respect of outward secondments	(156)	-	(156)	(156)
Total Members, office holders and staff salary costs	20,068	7,001	27,069	24,716

During the year we identified two historic payments from 2003 and 2011, which had been paid in error. In accordance with guidance in Managing Public Money, due to the time elapsed, the nature of the payments, and the payments having been paid and received in good faith, the Commission are not seeking to recover these costs.

The Commission pays the salary and related costs of the Welsh Ministers, as explained in the Remuneration Report within these accounts. Amounts paid to the Welsh Ministers are disclosed within the Welsh Government's consolidated resource accounts. As at 31 March 2017 there were 60 serving Assembly Members. At the year-end there were 26 office holder posts (other than Ministers), one First Minister, one Leader of the House and Chief Whip, six Cabinet Secretaries, three Ministers and one Counsel General.

During 2016-17, the National Assembly for Wales Commission (the Assembly Commission) received £ 52.036million resource from the Welsh Consolidated Fund to fund the administration and operation of Assembly Services to support the National Assembly for Wales and other items, as

noted in the Assembly Commission’s 2016-17 Budget Ambit. In addition, and as noted in page 110 of the financial statements, the Commission drew down £706,670 of resource from the Welsh Consolidated Fund for the payment of direct charges, including £153,000 in respect of the salary of the Auditor General for Wales.

In May 2016 payments from the Welsh Consolidated Fund in respect of the Auditor General’s salary were suspended when it became apparent that the National Assembly for Wales had failed to meet the legislative arrangements required for his remuneration under the transitional provisions in the Public Audit (Wales) Act 2013. The oversight was identified by the Assembly Commission and rectified on the 14 July 2016, following consultation with the Permanent Secretary of the Welsh Government, the First Minister and the Wales Audit Office, when the National Assembly for Wales made arrangements under Section 7(6) of the Public Audit (Wales) Act 2013 to approve the continuation of payments to the Auditor General for Wales.

During May and June 2016, the Assembly Commission initially used resources provided for the administration and operation of Assembly service and other items to fund the Auditor General’s salary.

This expenditure, which totalled £33,486, was subsequently reimbursed by drawdown from the Welsh Consolidated Fund and the year end funding position shown in these financial statements is therefore accurate.

Civil Service Pension Scheme

For 2016–17, employer’s contributions of £3.161 million (£2.996 million 2015–16) were payable at one of four rates in the range 20 per cent to 24.5 per cent of pensionable pay, based on salary bands. The scheme’s actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

The partnership pension account is a stakeholder pension arrangement. Contributions due to the partnership pension providers at the Statement of Financial Position date were £1,215 (£3,147 2015–16). There were no contributions prepaid at that date.

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

Assembly Members’ Pension Scheme

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

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

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

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

The Scheme is funded and the employer contribution made by the Assembly is currently 15.6% of Members aggregate salaries. Members not subject to 'Transitional Protection' pay contributions at the rate of 10.5%. Those members who are subject to 'Transitional Protection' continue to pay contributions at their existing rate of either 6% or 10% depending on whether they are accruing benefits on a 50th or 40th basis respectively.

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

The assets of the Scheme are held separately from those of the Assembly Commission and are managed by an appointed Investment Manager. A full actuarial valuation was carried out at 1 April 2014 by the Government Actuaries Department. A separate actuarial valuation was carried out when the Scheme Rules were finalised to determine the new member and employer contribution rates from 6 May 2016.

The Remuneration Board of the National Assembly for Wales is the independent body responsible for setting the pay, allowances and pensions for Assembly Members and their staff. Details of pay and allowances are contained in the Board's Determination published in April 2015.

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

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

The amounts recognised in the Statement of Financial Position are as follows:

	Note	31 March 2017 £'000	31 March 2016 £'000
Present value of scheme liabilities		(49,456)	(38,352)
Fair value of scheme assets		33,713	29,669
Net liability		(15,743)	(8,683)
Amount in the Statement of Financial Position			
Liabilities		(15,743)	(8,683)
Assets		-	-
Net liability	9	(15,743)	(8,683)

Analysis of amount charged to the Statement of Comprehensive Net Expenditure

	2016-17 £'000	2015-16 £'000
Current service cost	1,472	2,146
Interest on pension liability	1,364	1,290
Interest on scheme assets	(1,043)	(970)
	1,793	2,466
Allocated in the account as:		
Other pension costs	715	971
Pension finance costs	1,078	1,495
	1,793	2,466

Analysis of the amount recognised in Statement of Change in Taxpayer's Equity (SCITE)

	2016-17 £'000	2015-16 £'000
Actual return less interest on scheme assets	3,615	(1,041)
Experience gains and losses arising on pension liabilities	160	338
Changes in assumptions	(9,757)	2,662
Net actuarial (losses) / gains recognised in SCITE	(5,982)	1,959

Movement in liabilities during the year

	31 March 2017	31 March 2016
	£'000	£'000
Liabilities at 1 April	38,352	38,175
Current service cost (net of member contributions)	1,472	2,146
Member contributions (including net transfers-in)	632	429
Benefits paid during the year	(1,961)	(688)
Interest on pension liability	1,364	1,290
Actuarial (gains)/losses	9,597	(3,000)
Liabilities at 31 March	49,456	38,352

Movements in assets during the year

	31 March 2017	31 March 2016
	£'000	£'000
Assets at 1 April	29,669	29,028
Interest on scheme assets	1,043	970
Actual return less interest on scheme assets	3,615	(1,041)
Contributions by NAW	715	971
Contributions by Members (including net transfers-in)	632	429
Benefits paid and expenses	(1,961)	(688)
Closing fair value of scheme assets 31 March	33,713	29,669

The Commission expects to contribute £737,282 to the Members' Pension Scheme in 2017-18.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2016–17	2015–16
Equities	41.10%	44.52%
Alternative investments	21.35%	21.25%
Fixed interest and cash	37.55%	34.23%

As at 31 March 2017 the Diversified Growth Pension Fund had 7.0 per cent of the portfolio invested in property. The scheme assets include, indirectly through investment in unitised funds, gilts issued by the UK government with a fair value of £3,349,415 in 2016–17 (£2,827,137 in 2015–16).

The actual return on scheme assets in 2016–17 was a gain of £4.767 million (£0.068 million loss in 2015-16).

Principal actuarial assumptions at the Statement of Financial Position date:

	31 March 2017	31 March 2016
Discount rate	2.65%	3.55 %
Future earnings increases – in excess of discount rate	-1.6%	-0.6 %
Future pension increases (CPI) – in excess of discount rate	0.3%	1.30 %
Expectation of life at age 65 (years)		
Men	25.3	25.2
Women	26.9	26.8

Sensitivity to main assumptions

If the real rate of return in excess of earnings changes by 0.5 per cent a year, the total actuarial liability would change by around 2 per cent and the change in total liabilities by circa £1.0million.

If the real rate of return in excess of pension changes by 0.5 per cent the total actuarial liability would change by about 10 per cent and the change in total liabilities by circa £4.9million

If longevity at retirement were assumed to be 2 years greater, this would increase the total actuarial liability by about 6 per cent and would increase total liability by circa £3.0million

Amounts for the current and previous four periods are as follows:

	31 March 2017 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Defined benefit obligation	49,456	38,352	38,175	30,258	29,011
Scheme assets	33,713	29,669	29,028	25,486	23,960
Net Liability	(15,743)	(8,683)	(9,147)	(4,772)	(5,051)
Experience gains and losses arising on pension liabilities	160	338	1,306	720	1,125
Actual return less interest on scheme assets	3,615	(1,041)	1,477	(282)	1,524

Further information on the [Assembly Members' Pension Scheme](#) can be found in the annual report and accounts for the scheme for the year ending 31 March 2017.

02. B – Members’ other costs

Members’ other costs of £8.696 million (£8.149 million 2015-16) in the Statement of Comprehensive Net Expenditure consist of:

	2016–17 £’000	2015–16 £’000
Office Costs	1,027	817
Additional Costs	222	219
Members’ Staff Costs	7,213	6,862
Travel costs	234	251
Total Members’ other costs	8,696	8,149

Members’ staff costs include two severance payments, totalling £10,000 made in 2016-17, (no payments made in 2015–16).

The National Assembly for Wales has a group stakeholder (defined contribution) scheme with AVIVA and to which the Commission makes a monthly contribution of 10 per cent of gross salary for Assembly Member support staff. In addition, there is an option for the employee to make a regular monthly contribution. The Scheme was compliant with automatic enrolment legislation and the Scheme’s re-enrolment staging date was 1 January 2017. The employer pension contributions paid in 2016–17 were £622,060 (£665,136 in 2015-16).

02. C – Commissioner for Standards

Under the terms of the National Assembly for Wales (Commissioner for Standards) Measure 2009, the Commission pays the salary of and any related costs incurred by the Commissioner. The Commission is responsible for ensuring that the salary and allowances agreed in the terms and conditions of the appointment of the Commissioner and any reasonable liabilities incurred in the course of his duties, are charged to the Welsh Consolidated Fund.

The previous Commissioner for Standards, Gerard Elias QC, completed his six year term in office on the 30 November 2016. His successor, Sir Roderick Evans, took up the position on 1 December 2016. The post is a 6 year fixed term appointment. More information about Sir Roderick Evans and his work is available from <http://standardscommissionerwales.org/>

During 2016–17, a total of £21,959 (£23,600 2015–16) was incurred in relation to the Commissioner’s work.

212 hours at a cost of £17,889 (251.5 hours at a cost of £19,858 2015–16) for the Commissioner’s cost for 2016–17 was charged to the Welsh Consolidated Fund.

129 hours at a cost of £4,070 (111 hours at a cost of £3,742 2015–16) for staff costs was incurred in supporting the Commissioner during 2016-17 and was charged to the Welsh Consolidated Fund.

02. D – Voluntary Exit Scheme (VES)

The Assembly Commission launched a Voluntary Exit Scheme (VES) across all service areas on 19 November 2015. The closing date for applications was 8 January 2016. In total 26 people were given approval to leave, of which six subsequently decided not to accept the offer.

At 31 March 2016, two of the staff who were granted approval had left and there was an obligation on the Commission to make payments to 17 members of staff during 2016-17. The total cost of this obligation at 31 March 2016 was £557,000. The remaining settlement was agreed after 31 March 2016.

The 18 remaining amounts, totalling £575,000, were paid during the 2016-17 financial year.

Exit package cost band	Total number of exit packages by cost band 2016-17	Total number of exit packages by cost band 2015-16
£0 - £20,000	1	7
£20,001 - £40,000	-	7
£40,001 - £60,000	-	-
£60,001 - £80,000	-	4
£80,001 - £100,000	-	-
£100,000 and above	-	1
Total number of exit packages	1	19
Total resource cost (£000s)	18	643

There were no severance payment made to Commission staff in 2016-17, in addition to the Voluntary Exit Scheme.

In 2015-16, special severance payments enhancing the standard VES terms, totalling £93,000 were made to two members of staff as part of negotiated settlement packages. These amounts were paid during 2016-17. One of these, for £70,000, related to a Director and is therefore disclosed within the Remuneration and staff report.

03. Other administration costs

Other administration costs of £18.7 million (£18.2 million 2015–16) in the Statement of Comprehensive Expenditure consist of:

	2016–17 £'000	2015–16 £'000
Leases – buildings	2,828	2,828
Leases – other	101	108
Accommodation and facilities costs	7,319	6,351
ICT costs	3,318	2,561
Administrative expenses	1,840	1,842
Staff related costs	663	1,176
Other administration costs	16,069	14,866
Depreciation, amortisation and impairment charges	2,614	3,340
	18,683	18,206

The estimated external audit cost for the audit of these financial statements is £62,958 (£66,250 2015-16). No additional non-statutory audit work was incurred in 2016-17 (£2,650 2015-16).

Further explanation of the movement between 2016–17 and 2015–16 is included in SOS 01 Analysis of net resource outturn on pages 108 – 109.

04. Property, plant and equipment

	Land and buildings	Information technology	Furniture and fittings*	Vehicles	Assets under construction	2016–17 £'000 Total
Cost or valuation						
At 1 April 2016	63,464	14,078	1,701	80	366	79,689
Additions	-	636	-	-	-	636
Reclassification	-	366	-	-	(366)	-
Revaluation	(1,823)	-	-	-	-	(1,823)
At 31 March 2017	61,641	15,080	1,701	80	-	78,502
Depreciation						
At 1 April 2016	(3,314)	(12,046)	(1,039)	(80)	-	(16,479)
Charged in year	(1,656)	(711)	(90)	-	-	(2,457)
Revaluation	4,970	-	-	-	-	4,970
At 31 March 2017	-	(12,757)	(1,129)	(80)	-	(13,966)
Carrying amount at 31 March 2017	61,641	2,323	572	-	-	64,536
Carrying amount at 1 April 2016	60,150	2,032	662	-	366	63,210

* Furniture and fittings includes 'donated assets', consisting of the Mace donated by the Parliament of New South Wales for the opening of the Senedd.

The latest revaluation of land and buildings was undertaken by DS Gibbon FRICS of GVA Grimley International Property Advisers, as at 31 March 2017, in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. The Senedd and the Pierhead were re-valued at depreciated replacement cost (DRC) as a proxy for current value. The valuer's approach included calculating the cost of constructing modern equivalent buildings and depreciating the cost to account for the age and future economic life of the buildings.

Impairment reviews did not identify any indications of impairment at 31 March 2017 and hence no impairments have been recognised.

	Land and buildings	Information technology	Furniture and fittings*	Vehicles	Assets under construction	2015–16 £'000 Total
Cost or valuation						
At 1 April 2015	63,464	13,685	1,674	80	267	79,170
Additions	-	164	6	-	366	536
Disposal	-	(17)	-	-	-	(17)
Reclassification	-	246	21	-	(267)	-
At 31 March 2016	63,464	14,078	1,701	80	366	79,689
Depreciation						
At 1 April 2015	(1,657)	(10,847)	(940)	(80)	-	(13,524)
Charged in year	(1,657)	(1,216)	(99)	-	-	(2,972)
Disposals	-	17	-	-	-	17
At 31 March 2016	(3,314)	(12,046)	(1,039)	(80)	-	(16,479)
Carrying amount at 31 March 2016	60,150	2,032	662	-	366	63,210
Carrying amount at 1 April 2015	61,807	2,838	734	-	267	65,646

05. Intangible assets

Intangible assets comprise software and software licences for major systems used by the Commission:

	Software	2017 Total £'000
Cost or valuation		
At 1 April 2016	2,317	2,317
Additions	-	-
Disposal	-	-
At 31 March 2017	2,317	2,317
Amortisation		
At 1 April 2016	(2,054)	(2,054)
Charged in year	(157)	(157)
Disposals	-	-
At 31 March 2017	(2,211)	(2,211)
Carrying amount at 31 March 2017	106	106
Carrying amount at 1 April 2016	263	263

	Software	2016 Total £'000
Cost or valuation		
At 1 April 2015	2,367	2,367
Additions	-	-
Disposal	(50)	(50)
At 31 March 2016	2,317	2,317
Amortisation		
At 1 April 2015	(1,736)	(1,736)
Charged in year	(368)	(368)
Disposals	50	50
At 31 March 2016	(2,054)	(2,054)
Carrying amount at 31 March 2016	263	263
Carrying amount at 1 April 2015	631	631

06. Trade and other receivables

	31 March 2017	31 March 2016
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	48	89
Other receivables	12	13
Prepayments	1,369	1,241
Recoverable VAT	336	247
	1,765	1,590

There were no receivable amounts falling due after more than one year.

07. Cash and cash equivalents

	31 March 2017	31 March 2016
	£'000	£'000
Balance at 1 April	236	119
Net change in cash and cash equivalent balances	(162)	117
Balance at 31 March	74	236
The following balances at 31 March were held at:		
RBS	58	110
Commercial banks and cash in hand	16	126
Balance at 31 March	74	236

08. Trade payables and other current liabilities

	31 March 2017	31 March 2016
	£'000	£'000
Amounts falling due within one year		
VAT	13	9
Other taxation and social security	733	679
Trade payables	1,156	588
Accruals	2,912	3,826
Amounts due to the Welsh Consolidated Fund	74	236
	4,888	5,338

There were no payable amounts falling due after more than one year.

09. Provisions for liabilities and charges

	AM Pension Scheme	Provision for compensatory payment to staff	Dilapidation Provision	2016-17 Total	2015-16 Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	8,683	23	-	8,706	9,253
Increase in Provision	5,982*	-	120	6,102	(1,998)
Pension Finance cost	1,078	-	-	1,078	1,495
Utilised in-year	-	(23)	-	(23)	(44)
Balance at 31 March	15,743	-	120	15,863	8,706

* (£1.959 million gain – 2015–16).

Under IAS 19, a liability of £15,743,000 is recognised for the Assembly Members' Pension Scheme. Further information is provided on this in note 02.A. Additional information on the compensatory payment and dilapidation provisions can be found within the provisions section of Note 01 – Statement of accounting policies.

From the total £15.863 million (£8.706 million in 2015–16) provision, no amount is expected to crystallise within one year. (£0.023 million – 2015-16).

10. Capital commitments

There were no contracted capital commitments at 31 March 2017 and 31 March 2016.

11. Commitments under leases

(a) Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which payments are incurred.

	31 March 2017	31 March 2016
	£'000	£'000
Obligations under operating leases comprise:		
Not later than one year	2,795	2,795
Later than one year but not more than five years	11,057	11,092
Later than 5 years	27,668	30,428
	41,520	44,315
Other – car, printers and copiers:		
Not later than one year	88	84
Later than one year but not more than five years	-	81
	88	165

The Commission receives income in connection with the land and building operating leases. This income is disclosed as Accommodation Rental Income within SOS 2.

(b) Finance leases

There are no current obligations under finance leases.

12. Other financial commitments

The Commission has contracts that make reference to early termination but do not quantify charges for such an event. Early termination would be a breach of contract and the contractor would be entitled to damages representing the loss of profit on the work which would have been done under the contract if it had run its full course. As this figure is variable for each contract, such contracts have not been included in this note.

13. Financial instruments

The Commission does not issue or trade in financial instruments such as loans and has no borrowings. It relies primarily on funding from the Welsh Consolidated Fund for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

14. Contingent liabilities

a) Pension contributions

Assembly Member support staff have contractual rights to have the equivalent of 10 per cent of gross annual salary contributed towards a pension. Liability continues until six years after cessation of employment, and is estimated as follows:

Pension contributions for AM support staff who:	Amount outstanding 31 March 2017 £'000	Amount outstanding 31 March 2016 £'000	Amount paid out 2016-17 £'000	Comments
Are currently employed but not contributing to a pension scheme	3	2	-	Remote
Have left employment without ever joining a pension scheme	41	46	-	Remote

The Commission has not entered into any quantifiable or unquantifiable contingent liabilities through giving guarantees, indemnities or letters of comfort.

15. Travel and Subsistence by directors

Claims made by and on behalf of the Chief Executive and directors for travel and subsistence and other business expenses over the last two years were as follows:

	Claire Clancy <i>Chief Executive and Clerk of the Assembly</i>		Adrian Crompton <i>Director of Assembly Business</i>		Dave Tosh <i>Director of Resources</i>		Elisabeth Jones <i>Chief Legal Adviser</i>		Craig Stephenson <i>Director of Commission Services</i>		Nicola Callow <i>Director of Finance (until 21 April 2016)</i>	
	2016-17	2015–16	2016-17	2015–16	2016-17	2015–16	2016-17	2015–16	2016-17	2015–16	2016-17	2015–16
		£	£	£	£	£	£	£	£	£	£	£
Car mileage	85	303	170	-	-	-	198	81	-	-	-	110
Taxi / car hire / associated costs	35	154	-	-	-	-	80	119	70	49	-	-
Air travel / associated costs	226	139	-	-	175	-	982	265	-	3,848	-	-
Public transport	276	471	364	959	-	107	451	836	4	510	-	-
Accommodation	148	291	-	-	119	60	551	452	-	2,885	-	-
Subsistence / expenses	66	5	-	-	-	--	334	171	28	419	-	-
Total	836	1,363	534	959	294	167	2,596¹⁸	1,924	102	7,711¹⁹	-	110

¹⁸ The travel costs in 2016-17 principally reflect the need for travel abroad to support the External Affairs and Additional Legislation Committee in the context of its work relating to the UK's decision to leave the European Union, and internal UK travel related to work on the Wales Bill 2016-17 and the implementation of the new Welsh devolution settlement introduced by that legislation.

¹⁹ The travel costs in 2015–16 include the cost of air travel and accommodation incurred while supporting the Presiding Officer with an overseas visit.

16. Related-party transactions

The Commission has a number of transactions with the Welsh Government and with other government departments and public bodies, including HM Revenue and Customs. Additionally, regular transactions take place with the Assembly Members' Pension Scheme (see **Remuneration and staff report**). Standing Orders of the National Assembly for Wales require the Assembly, on a motion proposed by the Commission, to elect Trustees to the Members' Pension Scheme.

The Assembly may give special or general directions to the Commission for the purpose of, or in connection with, the exercise of the Assembly Commission's functions.

The Commission has not undertaken any material transactions directly with Commissioners, senior managers or their close family members nor with any organisations where Commissioners, senior managers or members of their close family hold positions of control or influence.

The former Deputy Presiding Officer, David Melding, and Peter Black, one of the Commissioners for the Fourth Assembly, were trustees of the Assembly Members' Pension Scheme until 6 May 2016. Subsequently Suzy Davies, one of the Commissioners for the Fifth Assembly, was appointed as one of the Commission representatives to the new Pension Board on 16 June 2016. Joyce Watson, also a Commissioner, replaced Suzy Davies as the Commission representative on 22 February 2017.

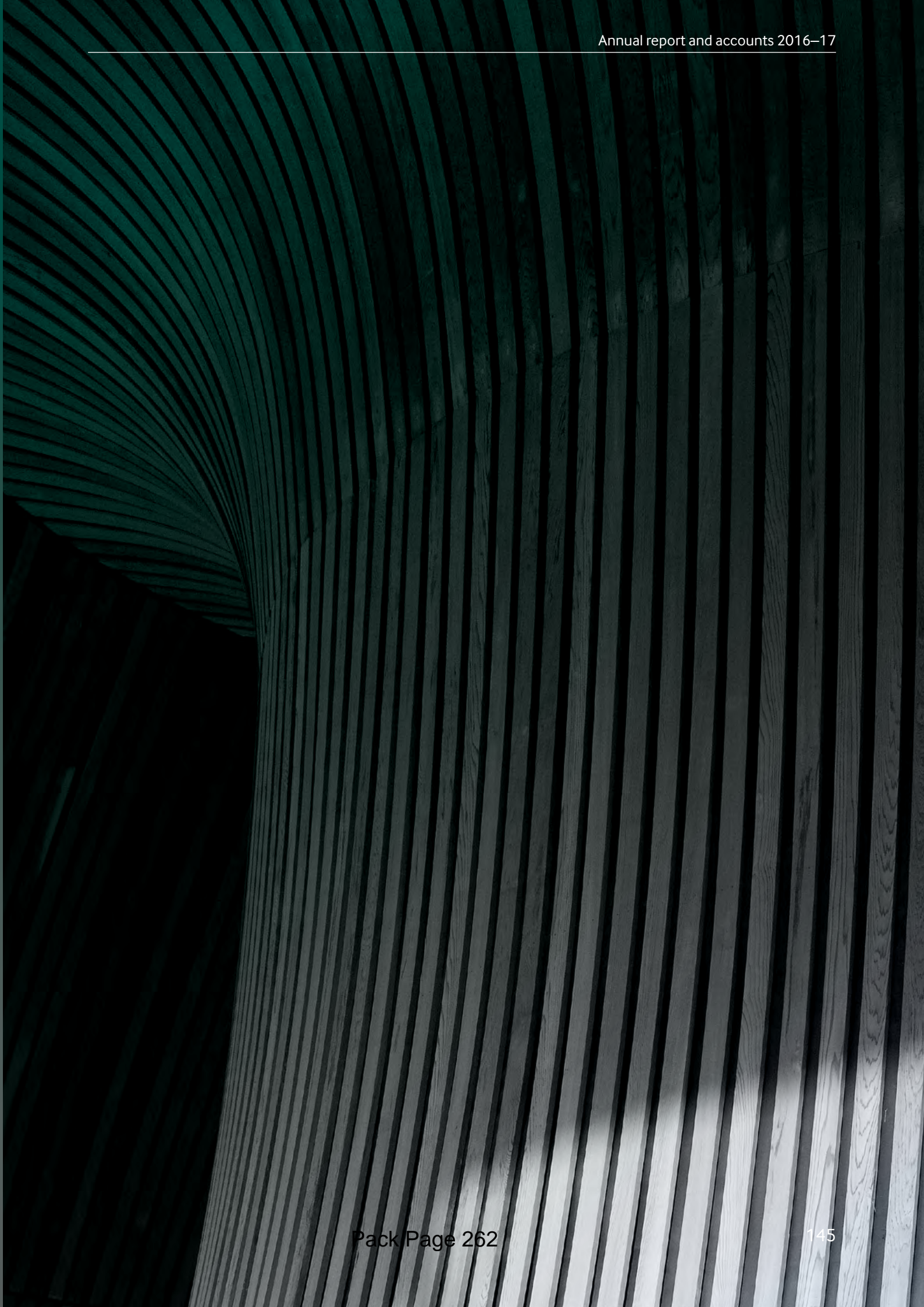
For transparency the following minor transactions are reported:

- Payments of £5,295.41 were made to the City and County Swansea during 2015-16 (£0 - 2016-17) for services rendered e.g. waste collection and rates. Peter Black, a Commissioner at that time, is a councillor for City and County of Swansea.
- Payments of £11,728.90 were made to Swansea University during 2015-16 (£0 - 2016-17) for WVN support licences. Peter Black, a Commissioner at that time, is a member of the Court of Governors of Swansea University.

An independent Remuneration Board was established by the National Assembly for Wales Remuneration Measure 2010. The Remuneration Board determines the salaries and allowances of all Assembly Members and office holders. The Members may employ family members as their support staff. However, this is only permitted where the Assembly Member plays no part in the fair and open selection process, which is conducted by Commission staff on their behalf.

The Commission decides the policies on salary and conditions for Commission staff. There are no restrictions in place relating to the employment by the Commission of family members of Commissioners or senior management.

Directors have declared that they hold no significant third party interests that may conflict with their duties. A Register of Financial and Other Interests of Assembly Members is available at www.assembly.wales and www.cynulliad.cymru.



▼ In 2016-17 the Senedd was host to a range of events



Annex: Regularity reporting



Regularity Reporting

The National Assembly for Wales Commission's budget is authorised by the Assembly via formal budget motions. These motions authorise the Commission's capital and revenue expenditure, as well as retainable income and the amount that may be drawn from the Welsh Consolidated Fund.

The Statement and supporting notes have been prepared in accordance with the 2016–2017 Government Financial Reporting Manual (FRm) suitably adapted for the constitution of the National Assembly for Wales and the Commission as specified by the *Government of Wales Act 2006*.

SOS 3 Reconciliation of Net Cash Requirement to (decrease)/ increase in cash

	31 March 2017	31 March 2016
	£'000	£'000
Net cash requirement	(51,962)	(46,255)
From the Consolidated Fund (supply) – current year	52,038	46,500
Amounts due from the Consolidated Fund not drawn	(2)	(9)
Amounts paid to the Consolidated Fund	(236)	(119)
Increase/(decrease) in cash	(162)	117

SOS 4 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Budget £'000	Outturn £'000	Net total outturn compared with budget: under spend/(excess) £'000	Outturn 2015-16 £'000
Net Resource Outturn	SOS 01	55,938	55,292	646	52,230
<u>Accruals adjustments</u>					
Non-cash items	See below	(4,500)	(3,692)	(808)	(4,835)
Changes in working capital other than cash		600	362	238	(1,140)
Net cash requirement		52,038	51,962	76	46,255

<i>Non-cash items</i>	Note	Budget £'000	Outturn £'000	Outturn compared with budget 2016-17 £'000	Outturn 2015-16 £'000
Depreciation and amortisation and de-recognition	4 and 5	(3,000)	(2,614)	(386)	(3,340)
IAS 19 Pension finance cost and other provision movements		(1,500)	(1,078)	(422)	(1,495)
		(4,500)	(3,692)	(808)	(4,835)

SOS 5 Analysis of income payable to the Welsh Consolidated Fund

	Budget 2016-17 £'000	Outturn 2016-17 £'000	Outturn 2015-16 £'000
Retainable operating income	400	163	190
Subtotal	400	163	190
Amount retained	400	163	190
Amount payable to the WCF	-	-	-

There has been no other operating income in 2016–17 (nil 2015–16).

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