



The National Assembly for Wales  
Cynulliad Cenedlaethol Cymru  
Consolidated Resource Accounts 2000-2001

---

# The National Assembly for Wales Consolidated Resource Accounts 2000-2001

## *FOREWORD TO THE ACCOUNTS*

### **Format of the accounts**

These financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury, under Section 97 of the Government of Wales Act. They are a consolidation of the accounts of the Assembly, its two executive agencies and the health authorities operating in Wales.

A copy of the Accounts Direction is available from The National Assembly for Wales, Financial Accountability Division at Cathays Park, Cardiff, CF10 3NQ. A separate set of financial statements covering the core activities of the Assembly has also been prepared.

### **Function and operation**

The Assembly has the power to develop and implement policies in a range of areas including: agriculture, economic development, education, environment, health, transport, housing, local government, social services and the Welsh language.

The Assembly came into existence on 7 May 1999, with the majority of the staff and functions of the Welsh Office transferred to the Assembly on 1 July 1999. The remaining responsibilities were transferred on 31 March 2000.

### **Principal aim and objectives**

The Assembly has published a Plan for Wales in October 2001 which identifies the future strategy for Wales.

For the period covered by these accounts, the Assembly's overall strategic plan was published on its internet site **betterwales.com** and developed a new approach to managing government business in Wales. Published in June 2000, it sets out the Assembly's values and priorities for action for the next three years and offers a 10 year vision for what success would look like.

In October 2000 a new cabinet was established, based on a partnership agreement between Labour and the Welsh Liberal Democrats. The emphasis is on delivering change and practical results. At its heart are three cross cutting themes:

- **Sustainable development** – the creation of wealth whilst also promoting enduring, balanced and beneficial change in our communities and environment
- **Social inclusion** – the development of an inclusive society where everyone has a chance to fulfil their potential
- **Equal Opportunities** – the promotion of a culture in which diversity is valued and equality of opportunity is a reality.

In order to fulfil the Assembly's aim **betterwales.com** identifies the need to increase economic prosperity and improve the quality of life for all the people of Wales, to promote social inclusion, to extend democratic accountability and to deliver better services throughout Wales.

## **The National Assembly for Wales Consolidated Resource Accounts 2000-2001**

The objectives are:

- **Better Opportunities for Learning** – includes plans for early years development, schools, lifelong learning and active citizenship.
- **Better, Stronger Economy** – improved economic development, jobs, agriculture and the rural economy, international profile and influence, development that respects the environment.
- **Better Health and Well Being** – improving health and reducing health inequalities, clinical effectiveness, the NHS in Wales, social services and community care.
- **Better quality of life** – the environment, transport, housing, communities, culture, heritage and sport.
- **Better Government**- value for money, partnerships with local government and others, streamlining our work and developing as an organisation.

The aim and objectives of the Assembly are summarised in a schedule detailing resources by Assembly objectives at page 17 of these accounts.

### **Funding**

The Assembly's funding is primarily provided by Parliament through the Wales Office and from the European Union.

### **Accounting boundary**

These accounts reflect the assets, liabilities and the results of the Assembly, its two executive agencies, Cadw: Welsh Historic Monuments (Cadw) and Welsh European Funding Office (WEFO), and the Health Authorities in Wales, which includes the five Welsh health authorities and the Dental Practice Board (DPB) in Wales.

The Assembly is also responsible for operating the finance function of the Royal Commission for Ancient and Historic Monuments (Wales) and consequently has included its expenditure in these accounts.

### **Results for the year**

The results for the year are reported in detail in the attached accounts. They record a consolidated net operating cost of £7,551,554,000. The consolidated net assets have increased by £169,177,000 mainly due to increases in the value of the roads network and other fixed assets.

Comparative figures are not required for the income, expenditure and cash flows as this is the first financial year that consolidated resource accounts have been required to be produced.

## **The National Assembly for Wales Consolidated Resource Accounts 2000-2001**

### **Movements in fixed assets**

Tangible fixed asset additions in the period were £97,519,000. Fixed assets were re-valued in the period, resulting in a net increase in value of £197,731,000, of which £191,635,000 related to roads and infrastructure assets.

### **Lending and Investing Activities**

As part of its normal course of business the Assembly issues loans or Public Dividend Capital to other public sector bodies in Wales. The majority of these funds are issued to the National Health Service in Wales. Other loans exist with Local Authorities, Education Authorities and Housing Associations. Additionally, the Assembly has responsibility for managing issues from the National Loans Fund to the Welsh Development Agency.

At 31 March 2001 the Assembly had outstanding investments totalling £1,175,002,000, comprising outstanding advances from the National Loans Fund of £12,228,000, Public Dividend Capital of £1,160,016,000 and other loans of £2,758,000.

The Assembly's loan funds are lent at a variety of interest rates, mostly determined by Treasury.

### **Review of activities**

The activities of the Assembly are reported each year in an annual report – The First Minister's Report April 2000 – July 2001. This document is laid before the Assembly and is published on the Assembly web site.

### **Operational targets**

A number of operational targets are agreed by the Assembly. Performance against these targets is published in The First Minister's Report April 2000 – July 2001.

The performance of the executive agencies, Cadw and WEFO are published in their respective annual report and accounts. The consolidated accounts of the health authorities in Wales, produced by the Assembly, are published separately.

### **Better Government**

“Better Government” emphasises the need for the Assembly, and indeed the public sector as a whole, to develop as an organisation if it is to meet the challenge of delivering the programme set out in **betterwales.com**. This applies to both the goals themselves and to the new ways of working which underpin them. A UK-wide programme exists aimed at Modernising Government – the Assembly's contribution to this is the programme for Delivering Better Government.

The vision in Delivering Better Government is of an Assembly which:

- Sets the highest standards in public administration and public service
- Is a quality employer, which engages and empowers its staff at all levels, and

## **The National Assembly for Wales Consolidated Resource Accounts 2000-2001**

- Is a learning organisation in which standards of performance are continuously improved and benchmarked against other organisations.

The improvement process in place at the Assembly is made up of 2 key elements – using EFQM at a divisional level to stimulate the improvement process and a number of cross-cutting Better Government projects with office-wide implications.

### **Equal opportunities**

The Assembly is an Equal Opportunities employer. Policies are in place to guard against discrimination and to ensure that there are no unfair or illegal discriminatory barriers to access to employment or careers advancement in the Assembly.

The Assembly has an Equal Opportunities Committee supported by an Equal Opportunities Officer who is responsible for developing and promulgating Equal Opportunities policies.

The Assembly Equal Opportunities policy states that all staff should be treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability or religion. Employment and promotion is solely on merit. Staff who have alternative working patterns are assessed on exactly the same basis as those working full-time.

The Assembly and its agencies follow the Civil Service Code of Practice on the employment of disabled people. It aims to ensure that there is no discrimination on the grounds of disability, and that access to employment and career advancement is based solely on ability, qualifications and suitability for the work.

### **Senior official appointments**

The permanent head of the Assembly, Mr Jon Shortridge, was appointed by the Prime Minister, on the recommendation of the Head of the Home Civil Service to be the Assembly's Permanent Secretary.

Some of the other members of the Management Board are appointed following approval by the Prime Minister on the recommendation of the Head of the Home Civil Service.

All these appointments are for an indefinite term under the terms of the Senior Civil Service contract. The rules for appointment are set out in chapters 5 and 11 of the Civil Service Management Code.

### **Remuneration of Assembly Members and the Management Group**

Assembly Members' remuneration is determined by the Assembly under the provisions of Section 16 of the Government of Wales Act.

The Permanent Secretary's remuneration is set individually by the Head of the Civil Service on the recommendation of the Permanent Secretaries Remuneration Committee.

For other members of the Management Board, remuneration is determined by the Assembly Remuneration Committee chaired by the Permanent Secretary in accordance with guidelines

## The National Assembly for Wales Consolidated Resource Accounts 2000-2001

prescribed by the Senior Salaries Review Board. Further details on remuneration are set out in note 2 to these accounts.

### Pensions and early departure costs

Details of the Assembly pensions and early departure costs policies are included in the notes 1 and 2 to these accounts.

### Cabinet and Senior Officers

There were 9 Assembly Cabinet posts during the period:

<b>Cabinet Member</b>	<b>Post Held</b>
Rhodri Morgan	First Minister
Michael German ( <i>from 16 October 2000</i> )	Deputy First Minister & Minister for Economic Development
Jane Davidson ( <i>from 16 October 2000</i> )	Minister for Education & Lifelong Learning
Andrew Davies	Minister for Assembly Business
Sue Essex	Minister for Environment
Edwina Hart	Minister for Finance, Local Government & Communities
Jane Hutt	Minister for Health & Social Services
Carwyn Jones ( <i>from 24 July 2000</i> )	Minister for Rural Affairs
Jenny Randerson ( <i>from 16 October 2000</i> )	Minister for Culture, Sport & Welsh Language
<hr/>	
Peter Law ( <i>to 15 October 2000</i> )	Secretary for Local Government & Housing
Tom Middlehurst ( <i>to 9 October 2000</i> )	Secretary for post 16 Education & Training
Rosemary Butler ( <i>to 15 October 2000</i> )	Secretary for pre 16 Education & Children
Christine Gwyther ( <i>to 23 July 2000</i> )	Secretary for Agriculture & Rural Development

## **The National Assembly for Wales Consolidated Resource Accounts 2000-2001**

The composition of the Assembly Management Board during the year was as follows:

<b>Senior Official</b>	<b>Post Held</b>
Mr Jon Shortridge	Permanent Secretary
Mr Paul Silk	Clerk to the Assembly (from 1 March 2001)
Mr George Craig	Senior Director – Social Policy and Local Government Affairs
Mr Derek Jones	Senior Director – Economic Affairs, Transport, Planning & Environment
Mr Bryan Mitchell	Director of Personnel, Management and Business Services (to 2 October 2000); Cabinet Executive (from 3 October 2000)
Mr David Richards	Principal Finance Officer
Mr Winston Roddick QC	Counsel General
Mr Peter Gregory	Director of the National Health Service in Wales (to 5 November 2000); Director of Personnel, Management and Business Services (from 6 November 2000)
Mr John Lloyd CB	Clerk to the Assembly (to 28 February 2001)

### **Payment policy**

Under the Late Payment of Commercial Debts (Interest) Act 1998, public sector bodies are required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the later.

The Assembly and its related bodies aim to pay 100% of invoices including disputed invoices once the dispute has been settled, in line with these terms. The relevant percentage of invoices paid within the terms is disclosed in the individual accounts of the Assembly, its executive agencies and the health authorities.

### **Auditors**

These accounts are audited by the Auditor General for Wales in accordance with the Government of Wales Act 1998.

### **Events since the end of the financial period**

Details of events since the balance sheet date that affect the understanding of these financial statements are included in note 28.

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**Future Developments**

In February 2001 the Assembly Minister for Health and Social Services announced in “Improving Health in Wales – A plan for the NHS and its partners” the intention of the National Assembly for Wales to abolish the existing health authorities by 31 March 2003.

As part of the UK Government’s commitment to more transparent fiscal reporting, the Assembly is in the process of preparing dry run Central Government Accounts as a necessary first step towards audited and published Whole of Government Accounts which will include all public sector entities.

The Treasury hope to publish the first Central Government Account in 2003-04. In parallel with this the Assembly will publish a Whole of Government of Wales Account, which in addition to the entities included in the accounts will also include Assembly Sponsored Public Bodies. Other public sector bodies funded by the Assembly, including NHS Trusts and Local Authorities will be consolidated at a later date.

**Jon Shortridge  
Permanent Secretary  
30 November 2001**

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**STATEMENT OF ASSEMBLY ACCOUNTING OFFICERS' RESPONSIBILITIES**

1 Under Section 97 of the Government of Wales Act 1998, the National Assembly for Wales (the Assembly) is required to prepare accounts for each financial year, in accordance with directions given to it by the Treasury. The Treasury direction requires the detailing of the resources acquired, held, or disposed of during the period.

2 The consolidated resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Assembly, and the other entities within the group, their net operating cost, recognised gains and losses and cash flows for the financial year.

3 Under Section 98 of the Government of Wales Act, the Treasury has designated the Permanent Secretary as Principal Accounting Officer of the Assembly with overall responsibility for preparing the accounts and transmitting them to the Auditor General for Wales.

4 In preparing the accounts the Principal Accounting Officer is required to comply with the Resource Accounting Manual prepared by the Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Resource Accounting Manual have been followed and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis.

5 Under Section 98 of the Government of Wales Act the Treasury may designate other members of the Assembly's staff as additional Accounting Officers. The Treasury has appointed the Clerk to the Assembly to be an additional Accounting Officer responsible for the finances of the Presiding Office. This appointment does not detract from the Permanent Secretary's overall responsibility as Principal Accounting Officer for the Assembly's accounts.

6 The Principal Accounting Officer has appointed the Chief Executives of Cadw and WEFO as accounting officers for the executive agencies.

7 The Principal Accounting Officer has also appointed the Director of the NHS in Wales\* as Accounting Officer for the NHS. The work of the health authorities in Wales is governed by separate authority, and individual accountable officers in each of the health authorities are appointed as Accountable Officers by the Director of the NHS in Wales.

8 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, for safeguarding the Assembly's assets, and for

**The National Assembly for Wales**  
**Consolidated Resource Accounts 2000-2001**

taking reasonable steps to prevent and detect fraud and other irregularities, are set out in the Assembly Accounting Officers' Memorandum, issued by the Treasury.

9 The relationship between the Principal Accounting Officer of the Assembly and the other Accounting Officers, together with their respective responsibilities, are set out in a written agreement between officials.

10 Each of the executive agencies and the health authorities publish separate Statements of Accounting Officers' Responsibilities and these are included in the individual accounts of these organisations.

*\* During the period 6 November 2000 to 4 February 2001 Mr G C G Craig was acting NHS Additional Accounting Officer, and from 5 February 2001 Mrs Ann Lloyd, upon appointment as NHS Director for Wales, was designated a Sub Accounting Officer, by the Principal Accounting Officer, under section 98 of the Government of Wales Act 1998.*

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL**

1 This statement is given in respect of the consolidated resource accounts for the National Assembly for Wales, which incorporates the transactions and the net assets of its core activities, its agencies and other bodies falling within the boundary for resource accounting purposes. As Principal Accounting Officer for the Assembly, I acknowledge my overall responsibility for ensuring that the Assembly, its agencies and the other bodies maintain effective systems of internal financial control which are maintained and operated in connection with the resources concerned. The Chief Executive of each agency and other bodies falling within the boundary is responsible for the maintenance and operation of the systems in that body and has signed a statement relating to that system which is reproduced in the accounts for their respective bodies. In addition, within the Assembly, I have delegated some of these responsibilities to other Accounting Officers, the relationship between us being set out in a written statement.

2 The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

3 The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures including segregation of duties, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by the executive managers within the Assembly, its agencies and other bodies. In particular the system includes:

- a comprehensive budgeting system within an annual budget set by the Assembly;
- the preparation of regular financial reports which indicate actual expenditure against forecasts;
- setting targets to measure financial and other performance;
- regular reviews by the Management Board of financial and other performance against the forecasts;
- clearly defined capital investment control guidelines;
- as appropriate, formal project management disciplines.

4 The Assembly has an Internal Audit Unit which operates to standards defined in the Government Internal Audit Manual. The work of the Internal Audit Unit is informed by an analysis of the risks to which the Assembly and its executive agencies are exposed. Annual internal audit plans are based on this analysis and approved by me or the Chief Executive of the organisation concerned. At least annually, the Head of Internal Audit (HIA) provides reports on internal audit activity in the Assembly and its executive agencies. These reports include the HIA's independent opinion on the adequacy and effectiveness of the systems of internal financial control. My review of the effectiveness of the system of internal financial

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

control is informed by the work of the internal auditors. I am also supported by a Corporate Governance Committee which reviews the work of internal audit.

5 The health authorities have their own internal audit arrangements reporting to their chief executives.

6 My review of the effectiveness of the system of internal financial control is informed by:

- the executive managers within the Assembly and its agencies, who are required to provide certificates of assurance relating to their system of internal financial control. These include identification of areas which may need to be strengthened;
- the work of the NHS directorate in overseeing corporate governance within the National Health Service in Wales;
- the work of the Internal Audit Services as described above;
- the external auditors in their management letter and other reports.

**Implementation of the Turnbull Report**

7 As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and I am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance issued by them.

8 I have appointed a Risk Strategy Manager who is responsible for producing a risk management framework for the Assembly, to be in place for me to sign a first Statement of Internal control for the year ended 31<sup>st</sup> March 2002. A timetable for the production and implementation of the strategy has been produced. An exercise to gather the views of the management board and group directors, and to identify the key risks to the Assembly and the group directors' areas of responsibility has commenced. I expect the whole risk management framework to be completed by the agreed date of 31 March 2003. The development of the framework will include arrangements for minimisation of key risks, training, reporting procedures and dissemination of risk management strategies. Progress is to be reviewed by the Assembly's Internal Audit Unit.

**Jon Shortridge  
Permanent Secretary  
30 November 2001**

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**THE CERTIFICATE AND REPORT OF THE AUDITOR GENERAL FOR WALES  
TO THE MEMBERS OF THE NATIONAL ASSEMBLY FOR WALES**

I certify that I have audited the financial statements on pages 14 to 39 under Section 97 of the Government of Wales Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 18 to 22.

**Respective responsibilities of the Accounting Officer and Auditor**

As described on pages 8 and 9, the Accounting Officer is responsible for the preparation of the financial statements, in accordance with the Government of Wales Act 1998 and Treasury directions made thereafter, and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government of Wales Act 1998 and Treasury directions made thereunder, and whether 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the National Assembly for Wales has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 10 and 11 reflects the National Assembly for Wales' compliance with Treasury's guidance "Corporate Governance: statement on the system of internal financial control". I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

**Basis of opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the National Assembly for Wales in the preparation of the financial statements, and of whether the accounting policies are appropriate to the National Assembly for Wales' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, 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. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the National Assembly for Wales and its group entities at 31 March 2001 and of the net operating cost, total recognised gains and losses and cash flows of the group for the year to 31 March 2001, and have been properly prepared in accordance with the Government of Wales Act 1998 and directions made thereunder by the Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial statements conform to the authorities which govern them.

See also my report on pages 40 to 44.

**John Bourn**  
**Auditor General for Wales**  
**24 January 2002**

**National Assembly for Wales**  
**Cardiff Bay**  
**CARDIFF CF99 1NA**

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**Consolidated Operating Statement  
for the year ended 31 March 2001**

---

		<b>Year ended 31 March 2001</b>	
		<b>£000</b>	<b>£000</b>
<b>Programme Costs</b>	Note		
Expenditure	4		8,119,938
Income			
Non EU Income	6	(533,652)	
EU Income	6	<u>(219,779)</u>	
			(753,431)
<b>Net Programme Costs</b>			<u>7,366,507</u>
<b>Administration Costs</b>	Note		
Staff Costs	2	112,614	
Other Administration Costs	3	<u>73,035</u>	
<b>Gross Administration Costs</b>		<u>185,649</u>	
Administration Income	6	<u>(602)</u>	
<b>Net Administration Costs</b>			185,047
<b>Net Operating Cost</b>			<u>7,551,554</u>

---

**Statement of Recognised Gains and Losses  
for the year ended 31 March 2001**

---

		<b>Year ended 31 March 2001</b>	
		<b>£000</b>	
	Note		
Net gain on revaluation of tangible fixed assets	18		197,731
Acquisition of intangible fixed assets	17		10
<b>Total recognised gains and losses for the financial year</b>			<u>197,741</u>

---

*The notes on pages 18 to 39 form part of these accounts.*

---

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**Consolidated Balance Sheet as at 31 March 2001**

	Note	At 31 March 2001		At 31 March 2000	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Intangible Assets	8		30		60
Tangible Assets	9		7,130,324		7,000,203
Investments	10		1,175,002		1,175,157
			<u>8,305,356</u>		<u>8,175,420</u>
<b>Current Assets</b>					
Stocks	12	2,285		2,820	
Debtors	13	285,600		294,744	
Cash at bank and in hand	14	156,744		530,845	
		<u>444,629</u>		<u>828,409</u>	
<b>Creditors: amounts falling due</b>					
within one year	15	(561,161)		(948,204)	
<b>Net Current Liabilities</b>			<u>(116,532)</u>		<u>(119,795)</u>
<b>Total Assets less Current Liabilities</b>			<u>8,188,824</u>		<u>8,055,625</u>
<b>Creditors: amounts falling due</b>					
after more than one year	15		(6,960)		(38,904)
<b>Provisions for Liabilities and</b>	16		(51,499)		(55,301)
<b>Charges</b>					
<b>National Loans Fund Loans</b>	10		(12,228)		(12,460)
			<u>8,118,137</u>		<u>7,948,960</u>
<b>Taxpayer's Equity</b>					
General Fund	17	7,672,554		7,690,454	
Revaluation Reserve	18	445,583		258,506	
			<u>8,118,137</u>		<u>7,948,960</u>

**Jon Shortridge  
Permanent Secretary  
30 November 2001**

*The notes on pages 18 to 39 form part of these accounts.*

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**Consolidated Cash Flow Statement  
for the year ended 31 March 2001**

	Year ended 31 March 2001
Note	£000
Net cash outflow from operating activities	(6,975,629)
Capital expenditure and financial investment	7 (81,269)
Non operating receipts surrenderable to consolidated fund	643,839
Payments to the Consolidated Fund via Wales Office	(1,078,769)
Financing from Consolidated Fund via Wales Office	17 7,117,727
Decrease in cash in the year	<u>(374,101)</u>
<b>Reconciliation of operating cost to operating cash flows</b>	
<b>Net operating cost</b>	<b>7,551,554</b>
Provisions utilised	16 12,145
Non-cash transactions : Administrative costs	3 (10,132)
Programme costs	4 (554,147)
Notional recharges to Wales Office	17 324
Notional charges for pension costs	17 (7)
Movements in working capital other than cash	11 (24,108)
<b>Net cash outflow from operating activities</b>	<b><u>6,975,629</u></b>
<b>Analysis of capital expenditure and financial investment</b>	
Issues of loans	7 16,591
Repayment of loans	7 (24,313)
Payments to acquire fixed assets	7 99,469
Receipts from disposal of fixed assets	7 (10,478)
<b>Net cash outflow from investing activities</b>	<b><u>81,269</u></b>
<b>Analysis of financing</b>	
From Consolidated Fund via Wales Office	17 7,117,727
Decrease in cash	14 374,101
<b>Net cash requirement</b>	<b><u><u>7,491,828</u></u></b>

*The notes on pages 18 to 39 form part of these accounts.*

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**Consolidated Resources by Assembly Objectives  
For the year ended 31 March 2001**

---

**Aim:** The aim of the Assembly is encapsulated within Betterwales.com and has an emphasis on delivering change and practical results. At its heart are three cross cutting themes:

**Sustainable development** – the creation of wealth whilst also promoting enduring, balanced and beneficial change in our communities and environment

**Social inclusion** – the development of an inclusive society where everyone has the chance to fulfil their potential and

**Equal Opportunities** – the promotion of a culture in which diversity is valued and equality of opportunity is a reality.

	<b>Gross</b>	<b>2000-01 Income</b>	<b>Net</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Objectives:</b>			
• Better Opportunities for Learning	774,181	(110)	<b>774,071</b>
• Better, Stronger Economy	691,289	(227,793)	<b>463,496</b>
• Better Health & Well-being	3,236,515	(514,925)	<b>2,721,590</b>
• Better Quality of Life	3,601,790	(11,205)	<b>3,590,585</b>
• Better Government	1,812	-	<b>1,812</b>
<b>Net Operating Costs</b>	<b>8,305,587</b>	<b>(754,033)</b>	<b>7,551,554</b>

Note:

The Assembly received a dispensation from HM Treasury from preparing Schedule 5 – Resources by Assembly Objectives in the 1999-2000 resource accounts and therefore no comparative figures are available.

Note 29 explains the methodology used for the allocation of resources to Assembly objectives.

---

*The notes on pages 18 to 39 form part of these accounts.*

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**Notes to the Assembly Consolidated Resource Accounts**

---

**1. Statement of accounting policies**

The financial statements have been prepared in accordance with the *Resource Accounting Manual* issued by HM Treasury. The particular accounting policies adopted by the Assembly are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

**1.1 Accounting convention**

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the Assembly by reference to their current costs. The accounts comply with the Code of Practice contained in the *Resource Accounting Manual*.

**1.2 Basis of Consolidation**

These accounts comprise a consolidation of the core department, its two executive agencies, Cadw and WEFO, the five health authorities and the Dental Practice Board in Wales. Each of these bodies produces and publishes their own annual report and accounts.

**1.3 Tangible fixed assets**

Freehold land and buildings have been restated at depreciated current replacement cost using professional valuations every five years and appropriate indices in intervening years, with the exception of surplus land held for immediate disposal which is included at its market value.

The Assembly has developed a computer model to estimate the value of the roads network. The roads network consists of the major trunk roads and associated structures in Wales. The model observes the principles of the 'Appraisal and Valuation Manual' of the Royal Institute of Chartered Surveyors. In determining the gross valuation the Assembly has capitalised the annual cost of maintaining the network.

Plant, equipment, fixtures and fittings, and vehicles have been restated at their net current replacement cost using appropriate indices.

The minimum level for capitalisation of individual assets is £5,000, except for Cadw where the policy for capitalisation of individual assets is £1,000.

Heritage properties in the care of the National Assembly for Wales are of inestimable value and are not included in the balance sheet. The cost of heritage properties, archaeological artefacts and works of art acquired by Cadw are charged to the Operating Statement in the year of purchase.

## **The National Assembly for Wales Consolidated Resource Accounts 2000-2001**

### **1.4 Depreciation**

The depreciation charge for the roads network consists of three elements:

- the annual maintenance charge;
- an estimate of the permanent deterioration in the condition of the network in the year (which has been calculated by the computer model, based on latest actual data on the condition of the network referred to in the fixed assets note above); and
- calculated depreciation of the structures.

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write-off the value of other tangible fixed assets by equal instalments over their estimated useful lives. Lives are in the following ranges:

Freehold buildings	up to 60 years
Plant, equipment & computers	3 to 20 years
Furniture & fittings	5 to 10 years
Motor vehicles	5 to 10 years

Assets under construction are not depreciated.

Impairments of tangible fixed assets are charged to the operating statement in the period in which they have occurred.

### **1.5 Investments**

Loans and Public Dividend Capital (PDC) issued by the Assembly are shown at historical cost.

### **1.6 Stocks**

Stock is valued at the lower of replacement cost (or historic cost where there is a material difference) and net realisable value.

### **1.7 Operating income**

Operating income relates directly to the operating activities of the Assembly and its related bodies. It includes both retainable income and income surrenderable to the Consolidated Fund, which HM Treasury has agreed should be treated as operating income.

### **1.8 Administration & Programme expenditure**

The operating cost statement is analysed between administration and programme costs. Administration costs reflect the cost of running the Assembly and its related bodies, together with associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Assembly and its related bodies.

## **The National Assembly for Wales Consolidated Resource Accounts 2000-2001**

### **1.9 Cost of Capital charge**

A charge, reflecting the cost of capital utilised, is included in operating costs. The charge for each item in the balance sheet is calculated on the basis of the average net book value of that item over the year. The charge is calculated at the government's standard rate of 6 per cent in real terms on all assets less liabilities, except for cash balances held by the Office of the Paymaster General, amounts repayable to the Consolidated Fund included in debtors and amounts owing to the Consolidated Fund included in creditors.

### **1.10 Value Added Tax (VAT)**

Most expenditure is accounted for VAT inclusive. In general the Assembly cannot recover VAT and therefore expenditure is inclusive of VAT. Expenditure on contracted-out services and the business activities of Cadw, where VAT is recoverable, are accounted for net of VAT.

### **1.11 Pensions**

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Government bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The Members of the Assembly are covered by a separate contributory pension scheme, with defined benefits. The Assembly contributes amounts to this scheme, in accordance with the recommendations of the scheme's actuary. A separate set of accounts is prepared for the scheme which are published by the Assembly.

Employees of health authorities participate in either the NHS pension scheme or private pension schemes. The NHS pension scheme is a statutory, defined contribution scheme, the provisions of which are laid down in the NHS Pension Scheme Regulations 1995 (SI 1995 No.300). Employer contributions are set at a rate specified by the Assembly as advised by the Government Actuary. The contribution rate for 2000-01 was 5% of pensionable pay.

### **1.12 Early departure costs**

The Assembly is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Assembly provides in full for this cost when the early retirement programme has been announced and is binding. The Assembly may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. Similar arrangements are in place for health authority employees who retire early.

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**1.13 European Union (EU) income**

Funds received from the EU, depending upon their nature, are treated either as income and shown in the operating statement or recorded as income at the point the related grant is approved for payment.

**1.14 The Royal Commission for Ancient and Historical Monuments (Wales)**

The Royal Commission is an executive Assembly sponsored public body empowered by Royal Warrant to maintain a national monument record of ancient and historical sites in Wales. The Assembly, under directions from Treasury, operates the finance function of the Commission and consequently includes its expenditure in these accounts.

**1.15 Operating leases**

Expenditure under operating leases, including land and buildings, is charged to the operating statement in the period in which it occurs.

**1.16 Grants payable**

Grants payable are charged to the operating statement in the period in which the activity which creates an entitlement is carried out.

In accordance with the Resource Accounting Manual, matters such as the period covered by the claims, the timing of the submission of the claims and the timing of the payments were taken into consideration when establishing the entitlement to grant and the basis for the creditor and debtor calculations.

Certain grant claim expenditure may be subject to scrutiny by local authority auditors. Audit of some of these claims had not been completed by the time these accounts were produced. Any adjustments arising from the audit will therefore be made in future accounting periods. These are not likely to be material.

**1.17 Private Finance Initiative / Public Private Partnership transactions**

Where the substance of the transaction is that the risks and rewards of ownership remain with the Assembly, the assets and liabilities remain on the Assembly's balance sheet. Where the risks and rewards are transferred to the private sector the transaction is accounted for in the operating statement through service charges.

**1.18 Financial Instruments**

In these accounts the Assembly has adopted Financial Reporting Standard (FRS) 13 – Derivatives and Other Financial Instruments: Disclosures. The Assembly issues financial instruments, in particular loans, to other public sector bodies in Wales such as NHS bodies. This lending occurs as part of its normal course of activities and the Assembly does not undertake any trading activity in these financial instruments. The Assembly has taken advantage of the exemption available for short term debtors and creditors. For issues of public dividend capital, fair value was calculated as the net assets of the recipient body (stated after deducting any provisions for liabilities and charges) less the amount of any loan

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

included in the balance sheet. Other loans were discounted over their remaining life using the Treasury discounted rate of 6 per cent.

**1.19 Losses and special payments (NHS)**

The cost of clinical negligence cases and other losses and special payments are brought to account when there is reasonable expectation of settlement. Disputed cases are recorded as contingent liabilities.

**1.20 Research and development**

Health authority research and development expenditure is charged to the Operating Statement as it is incurred.

---

**2. Staff numbers and costs**

The average number of whole-time equivalent persons employed by the Assembly and the entities within the group (including senior management) during the period was 4,782.

The individual details of staff numbers, costs and senior management remuneration are shown in the separate accounts of each of the bodies included within the Assembly group.

The aggregate payroll costs of these persons were as follows:

	<b>Year ended 31 March 2001 £000</b>
Wages and Salaries	<b>95,520</b>
Social Security Costs	<b>7,180</b>
Other Pension Costs	<b>9,914</b>
<b>Total Costs</b>	<b><u>112,614</u></b>

For 2000-01 contributions of £7,694,000 were paid to the PCSPS at rates determined by the Government Actuary and advised by Treasury. These rates were in the range 12 – 18.5% of pensionable pay. The health authorities paid employment contributions to the NHS Pensions Agency totalling £1,308,000.

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

The remuneration of Ministers was as follows:

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Salary for year to 31 March 2001</b>	<b>Increase in Pension at age 65</b>	<b>Total Accrued Pension at age 65 at 31 March 2001</b>
			<b>£000</b>	<b>£000</b>	<b>£000</b>
Rhodri Morgan*	First Minister	61	50-55	0-2.5	0-2.5
Michael German <sup>1</sup>	Cabinet Minister	55	50-55	0-2.5	0-2.5
Jane Davidson <sup>1</sup>	Cabinet Minister	44	60-65	0-2.5	0-2.5
Andrew Davies	Cabinet Minister	48	65-70	0-2.5	2.5-5
Sue Essex	Cabinet Minister	55	65-70	0-2.5	0-2.5
Carwyn Jones <sup>2</sup>	Cabinet Minister	34	55-60	0-2.5	0-2.5
Edwina Hart	Cabinet Minister	43	65-70	0-2.5	2.5-5
Jane Hutt	Cabinet Minister	51	65-70	5-7.5	5-7.5
Jenny Randerson <sup>1</sup>	Cabinet Minister	52	50-55	0-2.5	0-2.5
Tom Middlehurst <sup>5</sup>	Cabinet Minister	64	50-55	0-2.5	0-2.5
Rosemary Butler <sup>3</sup>	Cabinet Minister	58	50-55	0-2.5	2.5-5
Christine Gwyther <sup>4</sup>	Cabinet Minister	41	45-50	0-2.5	0-2.5
Peter Law <sup>3</sup>	Cabinet Minister	52	50-55	0-2.5	2.5-5

The above salaries are the actual amounts received and include remuneration as Assembly Members plus remuneration as office holders. The accrued pension details include transferred in values to the PCSPS.

\*Rhodri Morgan did not claim his full salary entitlement.

<sup>1</sup> Cabinet Minister from 16 October 2000

<sup>4</sup> Cabinet Minister until 23 July 2000

<sup>2</sup> Cabinet Minister from 24 July 2000

<sup>5</sup> Cabinet Minister until 9 October 2000

<sup>3</sup> Cabinet Minister until 16 October 2000

**Presiding Officer**

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Salary</b>	<b>Increase in Pension at Age 65</b>	<b>Total Accrued Pension at Age 65 At 31 March</b>
			<b>£000</b>	<b>£000</b>	<b>£000</b>
Lord Dafydd Elis-Thomas	Presiding Officer	54	65-70	0-2.5	10-12.5

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**Senior Management**

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Annual Salary for year to 31 March 2001 £000</b>	<b>Increase in Pension at age 60 £000</b>	<b>Total Accrued Pension at age 60 at 31 March 2001 £000</b>
Jon Shortridge	Permanent Secretary	53	115-120	2.5-5	45-50
George Craig	Senior Director	54	90-95	2.5-5	35-40
Derek Jones	Senior Director	48	85-90	2.5-5	25-30
Paul Silk <sup>7</sup>	Clerk to the Assembly	49	95-100	0-2.5	0-5
John Lloyd <sup>3</sup>	Clerk to the Assembly	60	100-105	2.5-5	45-50
Michael Cochlin <sup>4</sup>	Director, Economic Development	60	75-80	0-2.5	35-40
Winston Roddick	Counsel General	60	120-125	0-2.5	0-5
Huw Brodie	Director, Agriculture	42	60-65	0-2.5	15-20
David Pritchard <sup>5</sup>	Director, Economic Development	55	70-75	2.5-5	25-30
Richard Davies	Director, Training & Education	51	75-80	0-2.5	25-30
Martin Evans	Director, Transport, Planning & Environment	53	70-75	0-2.5	20-25
Peter Gregory <sup>8</sup>	Director, PMBS	54	80-85	0-2.5	25-30
Ruth Hall	Chief Medical Officer	53	95-100	0-2.5	0-5
Rosemary Kennedy	Chief Nursing Officer	53	55-60	0-2.5	0-5
Bryan Mitchell	Cabinet Executive	56	65-70	0-2.5	25-30
Adam Peat <sup>1</sup>	Director, Local Government	52	75-80	0-0	0-0
Matthew Quinn	Head of Policy	37	55-60	0-2.5	10-15
David Richards	Principal Finance Officer	46	60-65	0-2.5	15-20
Helen Thomas	Director, Social Services	50	60-65	0-2.5	15-20
Ann Lloyd <sup>6</sup>	Director, NHS Wales	52	110-115	0-2.5	0-5
Graham Williams	Chief Inspector, Social Services	52	65-70	0-2.5	20-25
John Turnbull	Legal Adviser to the Legislation Committee	54	65-70	0-2.5	20-25
David Lambert <sup>2</sup>	Legal Adviser to the Presiding Officer	60	70-75	0-2.5	30-35
Barbara Wilson	Director, Research & Development	53	60-65	0-2.5	20-25

The above salaries are at the annual rate for 2000-2001. The accrued pension details include transferred in values to the PCSPS.

1 Not a member of the PCSPS

2 Works part time

3 Retired 23 March 2001

7 Joined the Assembly 1 March 2001

8 Took up post as Director of PMBS on 6 November 2000. Peter Gregory was the Director of the NHS Wales up to 5 November 2000 – this post was taken over by Ann Lloyd (see 6 above).

4 Retired 12 December 2000

5 Appointed 17 July 2000

6 Joined the Assembly 5 February 2001

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**3. Administration costs**

	Year ended	
	31 March 2001	
	£000	£000
Members' expenses & support costs		5,478
Assembly accommodation & IT		4,214
Assembly other expenses		3,400
Accommodation		19,317
Central administration		4,847
Rental under operating leases		
- accommodation		1,112
- hire of vehicles and office equipment		383
Travel, subsistence and hospitality		2,933
IT & Telecommunications		16,867
Other		4,352
		<u>62,903</u>
Non Cash Items:		
Write back of assets under construction	6,761	
Depreciation	1,250	
Cost of capital charge	2,046	
Impairment of tangible fixed assets	62	
Provision for early retirement and pension costs	13	
		<u>10,132</u>
<b>Total administration costs</b>		<u><u>73,035</u></u>

**4. Programme costs**

	Year ended	
	31 March 2001	
	£000	£000
Programme expenditure		7,565,791
Non-cash items:		
Cost of Capital	478,308	
Depreciation:		
Agriculture & Rural Development	96	
Housing	4	
Transport, Planning & Environment	62,424	
Education & Training	5	
Health & Social Services	4,790	
Provision for early retirement and pension costs	8,330	
Impairment of tangible fixed assets	103	
Loss on sale of fixed assets	87	
		<u>554,147</u>
<b>Total programme costs</b>		<u><u>8,119,938</u></u>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**5. Audit Fees**

Total audit fees for placing an opinion on this account and the underlying accounts amounted to £984,000.

**6. Operating income**

	<b>Year ended 31 March 2001</b>		<b>Total</b>
	<b>Retainable by Assembly £000</b>	<b>Not Retainable by Assembly £000</b>	
<b>Programme income</b>			
Department of Social Security health funding	300,019	-	<b>300,019</b>
EU and other income	217,200	2,579	<b>219,779</b>
Income from National Health Service	157,367	-	<b>157,367</b>
Other health income	54,989	-	<b>54,989</b>
Income from sponsored & related bodies	12,893	-	<b>12,893</b>
Income from monument activities	3,016	-	<b>3,016</b>
External rents	254	-	<b>254</b>
Other income	5,114	-	<b>5,114</b>
<b>Total programme income</b>	<b>750,852</b>	<b>2,579</b>	<b>753,431</b>
<b>Administration income</b>			
External rents	315	-	<b>315</b>
Fees & charges	74	-	<b>74</b>
Other income	203	3	<b>206</b>
Assembly income	7	-	<b>7</b>
<b>Total administration income</b>	<b>599</b>	<b>3</b>	<b>602</b>
<b>Total operating income</b>	<b>751,451</b>	<b>2,582</b>	<b>754,033</b>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**7. Analysis of capital expenditure, financial investment and associated receipts**

	<b>To 31 March 2001</b>				
	Capital		Issues	Loans	Net Total
	Additions	Disposals		Repayments	
	£000	£000	£000	£000	£000
Central Administration	728	-	44	(26)	746
Health & Social Services	184	(9,614)	16,547	(24,280)	(17,163)
Education & Training	-	-	-	(7)	(7)
Assembly	140	-	-	-	140
Transport, Planning & Environment	98,108	(819)	-	-	97,289
Cadw	309	(45)	-	-	264
<b>Total</b>	<b>99,469</b>	<b>(10,478)</b>	<b>16,591</b>	<b>(24,313)</b>	<b>81,269</b>

**8. Intangible fixed assets**

	Software Licences £000
<b>Gross Replacement Cost</b>	
At 1 April 2000	156
Additions	8
Revaluation	4
Transfers	72
Disposals	(14)
<b>At 31 March 2001</b>	<b>226</b>
<b>Amortisation</b>	
At 1 April 2000	96
Revaluation	3
Provided in the year	44
Transfers	62
Disposals	(9)
<b>At 31 March 2001</b>	<b>196</b>
<b>Net Book Value</b>	
<b>At 31 March 2001</b>	<b>30</b>
At 1 April 2000	60

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**9. Tangible fixed assets**

	Roads & Infrastructure £000	Freehold Land & Buildings £000	IT, Plant & Equipment £000	Assets under Construction £000	Total £000
<b>Cost or Valuation</b>					
At 1 April 2000	7,911,994	159,767	14,166	67,876	<b>8,153,803</b>
Additions	69,179	293	1,511	26,536	<b>97,519</b>
Assets brought into service	-	1,490	-	(1,490)	-
Disposals or impairment	(88,426)	(11,646)	(298)	(6,761)	<b>(107,131)</b>
Revaluation	220,347	6,180	(152)	-	<b>226,375</b>
Transfers	-	-	5	-	<b>5</b>
<b>At 31 March 2001</b>	<b>8,113,094</b>	<b>156,084</b>	<b>15,232</b>	<b>86,161</b>	<b>8,370,571</b>
<b>Depreciation</b>					
At 1 April 2000	1,128,245	15,025	10,330	-	<b>1,153,600</b>
Charged in year	61,952	5,660	913	-	<b>68,525</b>
Revaluations	28,712	113	(15)	-	<b>28,810</b>
Disposals	(9,309)	(1,101)	(283)	-	<b>(10,693)</b>
Transfers	-	-	5	-	<b>5</b>
<b>At 31 March 2001</b>	<b>1,209,600</b>	<b>19,697</b>	<b>10,950</b>	-	<b>1,240,247</b>
<b>Net Book Value</b>					
<b>At 31 March 2001</b>	<b>6,903,494</b>	<b>136,387</b>	<b>4,282</b>	<b>86,161</b>	<b>7,130,324</b>
At 1 April 2000	6,783,749	144,742	3,836	67,876	7,000,203

Land, buildings, installations and fittings are stated at their depreciated replacement cost. Valuations are carried out by the District Valuer of the Inland Revenue or GVA Grimley, Chartered Surveyors, on the basis of open market value for existing use in accordance with the 'Appraisal and Valuation Manual', produced jointly by the Royal Institute of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers and the Institute of Revenues Rating and Valuation.

For land and buildings, valuations are carried out at five yearly intervals. In the intervening financial years they are valued using latest available indices at March in each financial year. IT, plant and equipment are valued on the basis of the monthly indices, provided by the Office for National Statistics, for each asset class.

The cost of maintaining the roads network of £69,179,000 is included in additions. The net value of detrunked roads was £79,117,000.

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**10. Loans and investments**

	<b>Public Dividend Capital</b> £000	<b>Other Loans</b> £000	<b>National Loans Fund</b> £000	<b>Total</b> £000
At 1 April 2000	1,159,825	2,872	12,460	<b>1,175,157</b>
Issues	16,547	48	-	<b>16,595</b>
Repayments	(24,279)	(162)	(232)	<b>(24,673)</b>
Reconfiguration of Health Trusts 1	7,923	-	-	<b>7,923</b>
<b>At 31 March 2001</b>	<b>1,160,016</b>	<b>2,758</b>	<b>12,228</b>	<b>1,175,002</b>

*Analysis of Loans & Investments as at 31 March 2001:*

	Book Values £000
<b>Public Dividend Capital</b>	
Health Trusts	1,150,940
Welsh Development Agency	9,076
	<b>1,160,016</b>
<b>Other Loans</b>	
Education & Local Government	2,250
Staff Loans	161
Housing Loans & Mortgages	347
	<b>2,758</b>
<b>National Loans Fund</b>	
Welsh Development Agency	<b>12,228</b>

The fair value of the above investments was £1,163,869,000 as at 31 March 2001 in line with the stated accounting policy.

1 During the year UHW & Llandough NHS Trust and Cardiff & District NHS Trust were dissolved and a new trust Cardiff & Vale NHS Trust was created.

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**11. Movements in working capital other than cash**

	Year ended 31 March 2001 £
Decrease in stock	(535)
Decrease in debtors	(9,144)
Decrease in creditors	418,987
	<u>409,308</u>
Changes in treatment for funding arrangements of Estyn	870
Adjustment for capital creditors movement	(1,942)
Less movement in amounts payable to the Consolidated Fund and other non-operating cost balances	(432,344)
	<u>(24,108)</u>

**12. Stocks**

	At 31 March 2001 £000	At 31 March 2000 £000
Raw materials and consumables	229	337
Telecommunication spares	1,577	2,039
Goods for resale	479	444
	<u>2,285</u>	<u>2,820</u>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**13. Debtors**

	<b>At 31 March 2001 £000</b>	At 31 March 2000 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	<b>25,710</b>	26,775
Amounts owed to the Assembly repayable to the Consolidated Fund	<b>17,942</b>	18,321
Deposits & advances	<b>1,707</b>	7,393
European Union	<b>121,973</b>	105,418
Other debtors	<b>9,170</b>	7,299
Capital debtors	<b>97</b>	-
NHS Trusts	<b>4,200</b>	14,655
Welsh Risk Pool	<b>69,330</b>	59,846
Other tax	<b>8,851</b>	5,388
Prepayments and accrued income	<b>5,166</b>	2,409
	<b>264,146</b>	247,504
<b>Amounts falling due after more than one year:</b>		
European Union	<b>2,071</b>	27,189
NHS Trusts	<b>6,679</b>	6,679
Welsh Risk Pool	<b>12,691</b>	13,359
Other debtors	<b>13</b>	13
	<b>21,454</b>	47,240
<b>Total Debtors</b>	<b>285,600</b>	294,744

**14. Cash at bank and in hand**

	<b>£000</b>
At 1 April 2000	530,845
Net cash outflow	(374,101)
<b>At 31 March 2001</b>	<b>156,744</b>
The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March:	
Balance at OPG	<b>155,292</b>
Commercial banks & cash in hand	<b>1,452</b>
	<b>156,744</b>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**15. Creditors**

	<b>At 31 March 2001 £000</b>	At 31 March 2000 £000
<b>Amounts falling due within one year:</b>		
Trade creditors	<b>300,167</b>	304,489
Other creditors	<b>45,198</b>	35,434
Amounts payable to Consolidated Fund via Wales Office	<b>42,386</b>	475,109
Accruals & deferred income:		
European Union	<b>127,181</b>	82,313
Others	<b>2,718</b>	3,027
NHS Trusts	<b>35,103</b>	36,907
Capital creditors	<b>517</b>	507
General Practice Fund Holders (GPFH)	<b>6,080</b>	8,317
Tax & social security	<b>1,087</b>	1,697
Other staff pensions	<b>724</b>	404
	<b>561,161</b>	948,204
<b>Amounts falling due after more than one year:</b>		
Payable to National Museum of Wales in respect of the sale of the Welsh Industrial & Maritime Museum	<b>4,000</b>	4,200
Retentions on Highways and Transport contracts	<b>763</b>	728
Trade creditors	<b>2,085</b>	27,189
NHS Trusts	<b>-</b>	6,685
Other staff creditors	<b>112</b>	102
	<b>6,960</b>	38,904
<b>Total Creditors</b>	<b>568,121</b>	987,108

**16. Provisions for liabilities and charges**

**Early Retirement and Pension Commitments**

	<b>£000</b>
At 1 April 2000	55,301
Amount utilised in year	(12,145)
Increase in provision	8,343
<b>At 31 March 2001</b>	<b>51,499</b>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**17. Reconciliation of net operating cost to changes in general fund**

	<b>£000</b>
<b>Net operating cost for the period</b>	<b>(7,551,554)</b>
Net funding from the Wales Office	<b>7,117,727</b>
Operating income payable to the Consolidated Fund	<b>(2,582)</b>
Loan repayments payable to the Consolidated Fund	<b>(120)</b>
Detrunked roads	<b>(79,117)</b>
Reconfiguration of Health Trusts	<b>7,923</b>
Changes in treatment for funding arrangements of Estyn	<b>(870)</b>
Transferred from revaluation reserve	<b>10,654</b>
Acquisition of intangible fixed assets	<b>10</b>
Staff Loans – net transfers with other Government Departments	<b>(8)</b>
	<b>(497,937)</b>
Notional charges and income:	
Cost of Capital	<b>480,354</b>
Services provided to Wales Office	<b>(324)</b>
Notional recharges for pension costs	<b>7</b>
<b>Net decrease in the consolidated general fund</b>	<b>(17,900)</b>
At 1 April 2000	<b>7,690,454</b>
<b>At 31 March 2001</b>	<b>7,672,554</b>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**18. Revaluation Reserve**

		<b>£000</b>
At 1 April 2000		258,506
In Period Revaluation*		
Roads	191,635	
Land & Buildings	5,957	
Surplus Land	121	
Plant & Equipment	18	
Surplus on revaluation	<u>197,731</u>	197,731
Transfer to the General Fund in respect of realised element of revaluation reserve		(10,654)
<b>At 31 March 2001</b>		<b><u>445,583</u></b>

\*Other revaluation amounts totalling £165,000 have been written off to the Operating Statement in the year.

The revaluation reserve reflects the balance of adjustments made to take account of price changes and revaluation of tangible fixed assets.

**19. Capital Commitments**

	<b>At 31 March 2001</b>
	<b>£000</b>
Capital commitments for which no provision has been made in these accounts were as follows:	
Transport & Highways Directorate	<u><u>31,197</u></u>

**20. Commitments under operating leases**

	<b>At 31 March 2001</b>		
	Land & Buildings	Other	Total
	£000	£000	£000
At 31 March 2001 the Assembly, its agencies and the health authorities in Wales were committed to making the following payments during the next year in respect of operating leases expiring:			
Within one year	14	168	182
Between two and five years	505	18	523
After five years	3,267	-	3,267
	<u>3,786</u>	<u>186</u>	<u>3,972</u>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**21. Revenue Commitments**

Private Finance Initiative (PFI) Commitments

**At 31 March 2001  
£000**

The Assembly, its agencies and the health authorities in Wales were committed to making the following average annual payments in respect of PFI schemes expiring:

Between two and five years	<b>10,248</b>
After five years	<b>13,866</b>
	<hr/> <b>24,114</b> <hr/>

Siemens Business Services provide IT hardware, software and support services, known as 'OSIRIS', to the Assembly under a PFI contract. Outside contractors were commissioned by the Assembly under the PFI scheme to build a carriageway across Anglesey.

There were no further significant revenue commitments at the balance sheet date.

---

**22. Contingent liabilities**

**At 31 March 2001  
£000**

Legal claims – alleged medical or employer negligence	<b>68,834</b>
Potential contractual obligations	<b>4,050</b>
Redundancy costs – Higher Education Institutions	<b>2,800</b>
Compensation claims	<b>316</b>
Potential taxation liabilities	<b>25</b>
	<hr/> <b>76,025</b> <hr/>

The National Assembly for Wales has inherited a number of unquantifiable contingent liabilities resulting from the wind up of the former Cardiff Bay Development Corporation (CBDC). Obligation for the payment of such liabilities was passed to the National Assembly by way of a local Statutory Instrument, The Cardiff Bay Development Corporation (Transfer of Property, Rights and Liabilities) Order 2000, made under S165 of the 1980 Local Government Planning and Land Act (as amended).

The Assembly is an underwriter of last resort of the cases handled by the Welsh Risk Pool, which is managed by Conwy and Denbighshire NHS Trust. The summarised accounts of the NHS Trusts in Wales for 2000-01 disclose contingent liabilities for the Risk Pool of £149,814,000 (1999-2000 £130,781,000).

---

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**23. Analysis of net operating cost**

	Year ended 31 March 2001 £000
Assembly	1,394,613
National Health Service	2,688,209
Local Government	2,691,765
Assembly Sponsored Public Bodies	735,071
Cadw	11,904
WEFO	3,441
Estyn	7,250
Auditor General for Wales	1,967
Welsh Administration Ombudsman & Health Service Commissioner	486
Environment Agency	12,049
Other agencies	4,799
	<u>7,551,554</u>

**24. Interest**

	Year ended 31 March 2001 £000
<b>Interest Payable:</b>	
National Loans Fund	<u>1,773</u>
<b>Interest Receivable:</b>	
National Loans Fund Investments	(1,773)
Dividend received on PDC investments	(73,841)
Other loan interest (including Health loans)	(56)
Early retirement annuity	(1)
	<u>(75,671)</u>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**25. Credit approvals**

The Assembly issues credit approvals annually to local authorities for the purpose of capital expenditure, as defined in the Local Government and Housing Act 1989. This allows an authority to borrow and enter into credit arrangements up to the limit of the credit approval. The repayment of borrowing and credit arrangements is taken into account in the annual local authority revenue settlement.

Credit approvals issued during the year were:

	<b>To 31 March 2001</b>
	<b>£000</b>
Health & Social Services	4,897
Housing	121,211
Transport, Planning & Environment	52,913
Agriculture & Rural Development	11
Economic Development	15,971
Education & Training	33,753
<b>Total Credit Approvals</b>	<b>228,756</b>

**26. Additional Accountability**

**a) Losses (Excluding Health Authorities)**

	<i>Number of Cases</i>	<b>Amount £000</b>
Assembly:		
Agriculture & Rural Development	162	130
Transport, Planning & Environment	36	38
Central Administration	30	5
Economic Development	3	46
Health & Social Services	3	1
Cadw	3	2
	<u>237</u>	<u>222</u>

**b) Special Payments (Excluding Health Authorities)**

	<i>Number of Cases</i>	<b>Amount £000</b>
Assembly:		
Transport, Planning & Environment	42	63
Central Administration	3	4
	<u>45</u>	<u>67</u>

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

**c) Health Authorities: Losses and Special Payments**

	<i>Number of Cases</i>	<b>Amount £000</b>
Clinical Negligence	216	19,651
Other	58	437
	<u>274</u>	<u>20,088</u>

**27. Related Party Transactions**

The Assembly receives its funding from the Wales Office.

The Assembly group has also had a number of transactions with Government Departments and other central Government bodies including Assembly Sponsored Public Bodies (ASPBs).

Ancient Monuments Board for Wales  
Arts Council of Wales  
Cardiff Bay Development Corporation  
Countryside Council for Wales  
Department of Trade and Industry  
Environment Agency  
Farming and Rural Conservation Agency  
Forestry Commission  
Further Education Funding Council for Wales  
Government Property Lawyers  
Higher Education Funding Council for Wales  
Historic Buildings Council for Wales  
Local Authorities in Wales  
Meteorological Office  
Ministry of Agriculture, Fisheries and Food  
National Library of Wales  
National Museums & Galleries of Wales  
NHS Trusts in Wales  
Police Authorities in Wales  
Qualifications, Curriculum & Assessment Authority for Wales  
Royal Commission on Ancient and Historic Monuments in Wales  
Sports Council for Wales  
Treasury Solicitor  
Trunk Road Agencies in Wales  
Valuation Office Agency  
Wales European Centre  
Wales Tourist Board  
Welsh Development Agency  
Welsh Language Board  
Welsh National Board for Nursing, Midwifery and Health Visiting

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

None of the Assembly's Members, key managerial staff or other related parties has undertaken any material transactions with the Assembly during the period.

All five health authorities undertook related party transactions. The details of these can be found in the underlying accounts.

---

**28. Post Balance Sheet Events**

The project to build the new Assembly debating chamber was halted in July 2001. At 31 March 2001 the sum capitalised was £680,000 and is included in assets under construction. Revenue expenditure of £1,986,000 has been charged to the operating statement in accordance with the Assembly's accounting policies.

There have been no further events since the end of the financial year that would affect the understanding of the consolidated resource accounts.

---

**29. Schedule 5 – Resources by Assembly Objectives**

Programme net expenditure has been allocated in Schedule 5 based on returns from divisions that split net expenditure in proportions between each of the objectives. As most of the Assembly's expenditure relates to programme, administration costs have been allocated to objectives in the same proportions as overall programme expenditure.

The Assembly's capital employed has not been analysed by objectives as this analysis is not considered to be necessary or informative.

---

**30. Prescription income**

In his report "Maximising Income from Prescription Charges", published in November 2000, the Auditor General for Wales estimated that up to £15 million a year may be lost as a result of exemption from prescription charges being claimed by individuals who do not meet the relevant criteria. This figure was derived from analysis of prescriptions priced for September 1999.

The five Health Authorities did not have systems and procedures in place to identify and record monies due to the NHS Wales but not collected by independent pharmacists. The Health Authorities have developed an action plan in conjunction with the Assembly NHS Directorate and Health Solutions Wales to address the problem during 2002-03. It was not possible to quantify the shortfall in income due in 2000-01.

---

**CONSOLIDATED RESOURCE  
ACCOUNT OF THE NATIONAL  
ASSEMBLY FOR WALES 2000-01:  
REPORT BY THE AUDITOR GENERAL  
FOR WALES**

# **Consolidated Resource Account of the National Assembly for Wales: 2000-01**

## **Report by the Auditor General for Wales**

### **Introduction**

1. Under Section 97 the Government of Wales Act 1998, the National Assembly for Wales is required to prepare annual accounts in a form directed by the Treasury. The Principal Accounting Officer is required to sign those accounts by the 30 November following the financial year-end. I am required to audit them and lay them before the Assembly together with any report that I wish to make.
2. The Assembly's first resource account covered the period from the date of its establishment 7 May 1999 to 31 March 2000. The Treasury direction for that period specified that the account should cover the core activities of the Assembly only. My report on those accounts, published on 30 January 2001, commented on the difficulties encountered by the Assembly's Finance Group in preparing those accounts. It also outlined the future challenges arising from the introduction of resource-based budgeting, the preparation of "Whole of government of Wales accounts" and the installation of a new computerised financial and management accounting system.
3. For the year ended 31 March 2001, the Treasury directed the Assembly to prepare two resource accounts. The first direction required the Assembly to prepare a resource account for its core activities only. The Principal Accounting Officer signed this account on 15 November 2001 and I gave it an unqualified audit opinion. The second direction required the Assembly to prepare a consolidated resource account showing the financial results of the Assembly's core activities, its executive agencies (Cadw and the Welsh European Funding Office) the five health authorities and the Dental Practice Board's activities in Wales. The Principal Accounting Officer signed this account on 30 November 2001.
4. In this report, I comment on the results of my audits of the two accounts for 2000-01, and provide a further update on progress with the introduction of resource-based budgeting, "Whole of Government of Wales" accounts and the installation of the new financial system.

### **2000-01 accounts**

5. My report on the Assembly's accounts for the period ending 31 March 2000 noted that the Finance Group had encountered a number of problems in preparing those accounts:
  - Timeliness in preparation;
  - Bank reconciliations; and
  - Shortage of suitably qualified and experienced staff.In its report published 6 September 2001, the Audit Committee concluded that the Finance Group could have anticipated and managed better some of the problems that it faced in putting those accounts together. The Committee also expressed its concern at the Group's failure to keep the bank reconciliations up to date.

**The National Assembly for Wales**  
**Consolidated Resource Accounts 2000-2001**

6. I am pleased to report that the 2000-01 account covering the Assembly's core activities was presented for audit in line with the agreed timetable. In addition the bank reconciliations had been brought up to date during the year as promised. They are now undertaken on a monthly basis. These achievements were due in no small measure to the additional resources made available to the Finance Group and the experience gained from previous years.
7. There were timing pressures in completing the Assembly's consolidated resource account by the 30 November 2001 statutory date. In particular, the late finalisation of key figures in the accounts of the Welsh European Funding Office and the summarised account of the health authorities in Wales hampered its preparation. The Welsh European Funding Office (WEFO) is an executive agency of the Assembly. The Finance Group prepares its accounts but is dependent on information supplied by WEFO staff in respect of grant creditors and certain information included in the notes to the accounts. The account for the year to 31 March 2001, the first year of operation for that agency, proved difficult to prepare and audit and was signed by the Chief Executive on 30 November 2001. One reason for this was the late notification by the Assembly's Personnel Division to Chessington Computer Centre of staff working for the Agency and the resulting inaccuracy of the recorded payroll cost. This cost had to be determined by a manual exercise. Also information on amounts owing at the year-end in respect of activities undertaken by grant recipients and the consequential amounts due from the European Union had to be determined manually on a case-by-case basis and this took longer than originally envisaged.
8. The summarised account of the health authorities in Wales is prepared by the Assembly's NHS directorate who are in turn dependent on the five health authorities and their appointed auditors for clearance of the figures. The Director of NHS Wales signed the summarised account on 30 November 2001.
9. The Accounting Officers of WEFO and NHS Wales are required to sign their respective accounts by the statutory date of 30 November following the year-end. The Permanent Secretary as Principal Accounting Officer is required to sign the consolidated account by the same date. He met this deadline but only as a result of a concentrated and dedicated effort by Finance Group and National Audit Office staff working on the consolidation to an unacceptably short time scale. In future years, with the introduction of Whole of Government Accounts and the inclusion of more entities within the consolidation, this task will be much more arduous. I therefore recommend that the Finance Group plans the work on the consolidated account in consultation with the other interested parties, and by setting earlier dates for the finalisation and signing of the underlying accounts, so as to ensure that sufficient time is made available for this important exercise.
10. I limited the scope of my audit opinion on the summarised account of the health authorities in Wales in respect of a potential shortfall of income due to NHS Wales from prescription charges. This followed similar limitations to the scope of the audit opinions made by the appointed auditors of the five health authorities in Wales. Further details can be found in my report published with the summarised account. In the context of the consolidated account, which incorporates the results of the health authorities, I do not consider the amounts involved to be material and have not therefore referred to the matter in my audit opinion.

## **Resource budgeting**

11. The introduction of resource-based budgeting will enable the Assembly's budgets and accounts to be compiled on a similar basis and, when fully implemented, should facilitate meaningful comparisons between the financial outturn and the original estimates. My report on the Assembly's accounts for the period to 31 March 2000 noted that the Assembly had decided not to introduce resource-based budgeting for 2001-02. The Assembly's Cabinet subsequently agreed to its introduction in principle for 2002-03.
12. Following final Cabinet approval, the Assembly introduced resource-based budgeting, and in early 2001 converted its cash estimates for forward years to resource estimates. The 2001 budget planning round, which set the budget of the Assembly from 2002-03 to 2004-2005, was then undertaken on a resource basis.

## **Whole of Government of Wales accounts**

13. The Government Resources and Accounts Act 2000 introduced a requirement for the Treasury to prepare a "Whole of Government Account" by consolidating the financial results of public sector bodies within the United Kingdom. In Wales, the Assembly will be required to produce a "Whole of Government of Wales" account, which I will be required to audit. The audited financial data collected in respect of this account will be passed to the Treasury for consolidation into the UK account. The Treasury intends that the first such accounts, covering central government entities, will be published for the 2003-04 financial year.
14. For the 2001-02 financial year the Finance Group will prepare an account on a trial basis incorporating the results of the Assembly, its executive agencies, the health authorities and Assembly sponsored public bodies. Dependent upon the outcome of that trial, Assembly sponsored bodies may be included in the Whole of Government of Wales Account in 2002-03, a year earlier than for the UK as a whole. If that is the case, I will formally audit and lay that account before the Assembly. In later years the boundary will be widened to incorporate other public sector bodies including NHS trusts and local authorities.
15. In its report published on 6 September 2001, the Audit Committee urged the Finance Group to bring forward this timetable in Wales although it recognised that there are some major accounting issues to be addressed in respect of local authorities. The Finance Group is in discussion with the Treasury to agree an early date for including the NHS trusts within the Whole of Government of Wales Account. The new health bodies, which will operate from 1 April 2003, are likely to be included in the Whole of Government of Wales Account from their inception. Assembly officials have met with the Welsh Local Government Association and consideration is focusing on how aggregated information from local authority accounts might be included as part of the reporting process in advance of changes to local authority accounting which would enable full consolidation.
16. In order to prepare the ground for the trial 2001-02 account, the public bodies in Wales affected by the consolidation for that year have been asked to provide a breakdown of their balance sheets as at 31 March 2001 to the Finance Group together with details of balances held at that date with other entities within the boundary. This information will be used by the Finance Group to provide the consolidated opening balance sheet for 2001-02. I will examine this balance sheet as part of my work on the 2001-02 accounts. The Assembly

**The National Assembly for Wales  
Consolidated Resource Accounts 2000-2001**

achieved Milestone 1 - the agreement of balances with other entities within the boundary - by the deadline of 30 November 2001.

**Installation of new financial and management accounting system**

17. In my report on the accounts for the period ended 31 March 2000, I provided an update on the Assembly's plans to install a fully integrated financial and management accounting system. This would have due regard to resource accounting and budgeting and would replace the existing system, which was primarily designed to manage and account for the finances of the former Welsh Office on a cash basis. The Finance Group originally planned to introduce the new system on 1 April 2001 but deferred it to 1 April 2002 to enable an extended period for design and testing.
18. Assembly officials told me that the Project is proceeding well and is on target for the new system to be available from 1 April 2002. Initial prototyping of the new software has been undertaken successfully and to the satisfaction of key users who have representatives forming part of the Project Team, which is trialling the new systems. At present all the Assembly's identified accounting requirements appear capable of being met. A range of business improvements form part of the project. Some, such as the ability to enter payment authorisations electronically, will be implemented in April 2002; others will be introduced on a rolling basis over a two-year period.

John Bourn  
Auditor General for Wales  
24 January 2002

National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA