



Llywodraeth Cymru
Welsh Government

Welsh Government Consolidated Accounts

2023-24



Government of Wales Act 2006

Accounts of the Welsh Government are prepared pursuant to Section 131 of the Government of Wales Act 2006 for the year to 31 March 2024, together with the Certificate and report of the Auditor General for Wales thereon.

Laid before the Senedd Cymru pursuant to the Government of Wales Act 2006 Section 131.

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Permanent Secretary Overview



Dr Andrew Goodall CBE
Permanent Secretary

I am pleased to present my third consolidated accounts on behalf of the Welsh Government.

This year has once again proved to be difficult for the organisation – providing a continued response to global events, ongoing support to the COVID-19 inquiry and an extremely challenging financial position. We have in no way escaped the very real impact of inflation upon our running costs and budgets. This has inevitably affected what we are able to deliver, and I'm thankful to all who have helped us prepare for this new financial reality.

Since the launch of the WG2025 programme almost two years ago, our focus has been on delivering tangible improvements and remaining responsive to a changing environment. However, with reductions to several policy programmes and to the core running costs of the organisation itself, we have had to make some very difficult decisions and make significant cost savings to operate within a substantially reduced budget.

To help us manage now, and prepare for wider challenges ahead, we have refocused WG2025 into three separate workstreams. Each tasked with designing and implementing changes to help us continue delivering for people in Wales. You can find out much more about this work in the WG2025 section. A huge amount has been done to try and mitigate the reduction in resources, and the quantity and quality of the work produced has been extraordinary. It really brings home once again, how even in the most challenging of circumstances, we can rise to challenges, support each other, and get things done.

Looking more widely, we have provided evidence to the COVID-19 inquiry which is examining the UK's pandemic preparedness and decision-making. This is an important part of our role as the Welsh Government, and for me it is essential that we both learn and gather insights from the unique experiences of the past few years. I'd like to personally thank all those involved in supporting the inquiry, especially those who have dedicated so much time and effort to collect and present valuable data, and evidence.

We have also been working to be ready for a new First Minister and Cabinet in March 2024. We were fortunate to have some time to prepare and ensure the organisation was ready to respond to a new direction. We have reviewed our Group structure to ensure it is closely aligned to Cabinet Secretaries and Ministers, maximising our opportunities for policy and operational coherence, and to ensure clear Additional Accounting Officer responsibilities.

At this uncertain time of both change and financial pressure, it's always worth remembering that there are some very real positives for the organisation too. In spite of all the challenges we face, we remain strong and pull together when it matters. I'm so proud that our People Survey results for the year were so positive. This was particularly heartening at such a complex and pressured time. What really stood out to me, were results for areas where we have taken action – having launched our Health, Safety and Well-being Strategy, I was particularly pleased to see the positive results received for supporting employee health, well-being, and resilience, scoring some 12 percentage points above the Civil Service benchmark.

I would like to end by very briefly mentioning our Welsh Government Awards. They are one of the real highlights of the year for me personally, and a great opportunity to recognise and celebrate excellence across the organisation. You can find some great examples as case studies throughout the accounts this year. They really highlight the hugely diverse range of projects and programmes we continue to deliver for communities across Wales. Whatever the circumstances.

Dr Andrew Goodall CBE
Permanent Secretary

Introduction by Welsh Government Audit and Risk Assurance Chair

The purpose of the Welsh Government Audit and Risk Assurance Committee (Welsh Government ARAC) throughout the year has continued to be to provide support and advice to the Principal Accounting Officer on matters of risk management, internal control and governance in accordance with the principles and guidance set out in HM Treasury Audit and Risk Assurance committee handbook. The committee acts in an advisory capacity and has no executive powers.

Throughout the year the Welsh Government ARAC met on five occasions and continued to consider and agree its forward workplan on a quarterly basis. In addition, I held regular discussions with the Principal Accounting Officer, senior officials and the independent chairs of the Group ARACs on a range of matters designed to inform the work programme and agenda of the committee.

At each meeting, the standing agenda items included:

- An update and overview from the Principal Accounting Officer.
- Governance and risk issues – including the corporate risk register and quarterly reports from the Group ARAC's.

- Follow up to recommendations made by Audit Wales and the Public Accounts and Public Administration Committee.
- An update from the Head of Internal Audit.
- An update from Audit Wales.

In addition to the standing agenda items the committee held deep dives into a number of areas including the roads network, losses and special payments, whistleblowing, the WG2025 change programme and the use of Artificial Intelligence within the organisation. Time was also devoted to escalating and discussing any specific matters of concern raised by the independent chairs of the Group ARACs.

Welsh Government ARAC meetings were routinely attended by the Permanent Secretary, Chief Operating Officer, Director Generals, the Head of Internal Audit, Assurance and Counter Fraud, the Head of the Corporate Governance Centre for Excellence and representatives of Audit Wales. In addition, other officials, where appropriate were invited to present and discuss specific papers requested by the committee.

I am very pleased to report that attendance throughout the year was excellent and the level of discussion has been open, transparent and constructive. I am also very pleased to report that the Welsh Government ARAC and Group ARACs have continued to receive effective and responsive support from the secretariat and officials.

Given that our system of devolved and central government follows a five-yearly cycle, it is natural that risk assessment and assurance focuses on the Programme for Government and operational delivery of regulatory functions. Whilst risk management of these crucial activities is essential it is by no means the whole story when it comes to the assessment and impact of risk. There is an increasing societal awareness that our five-yearly cycles of electing the UK and devolved Governments brings a narrow and near-term focus to challenges facing the nation. Indeed, the last few years have demonstrated quite clearly that it is the wider and unexpected events which unleash the biggest impact on citizens lives. The covid pandemic has delivered some extremely harsh lessons, including the adequacy of strategic risk assessment, upon which we

must reflect and act to ensure we are better prepared to respond to any future global health crisis. The Welsh Government will in due course be responding fully to the findings of the UK COVID-19 inquiry.

The emerging crisis in the middle east and the invasion of Ukraine by Russia has brought war to mainland Europe and has demonstrated once more the fragile nature of our energy and food security and the impact this can have on the financial stability and well-being of our nation. This should force us to consider at both devolved and central government levels how to mitigate proactively against such risks in the future.

The Welsh Government through some of its legislative work has clearly set out some key longer-term objectives. These include the principle of sustainable development in the Government of Wales Act 2006 and the well-being of citizens being central to policy development in the Well-being of Future Generations (Wales) Act 2015. For these objectives to be met it will be essential to understand, assess and mitigate the wider strategic risks that impact these objectives as these risks transcend the normal five-yearly cycles of elected governments.

In particular, the current challenge of a deteriorating demographic trend will impact society and public services at every level. In addition, the rapid progression and deployment of Artificial Intelligence will raise both ethical and practical issues that are likely to give rise to hitherto unforeseen consequences which may be both positive and negative. Irrespective, it is clear

that there are currently emerging factors that present tangible strategic risks to the Welsh Government's long-term objectives of sustainable development and the future well-being of citizens.

The very real constructive challenge Welsh Government faces is to support the First Minister and the Cabinet in delivering the Programme for Government, delivery of statutory obligations and ensuring sufficient focus can be brought to bear on the assessment, understanding and mitigation of these emerging strategic risks.

Having completed my term of office I would like to take this opportunity to sincerely thank the Permanent Secretary, my fellow Non-Executive Directors, all Welsh Government officials, auditors and the secretariat for their support for the ongoing work of the Welsh Government ARAC and Group ARACs.

My successor was appointed at the end of 2023 and in the first quarter of 2024 we met on several occasions to facilitate a smooth transition and handover to ensure continuity of the committee's work in progress and longer-term considerations. I wish him and the committee well and every future success.

Gareth Lynn FCCA
Non-Executive Director of the
Welsh Government Board
and Chair of the Welsh Government
Audit and Risk Assurance Committee
to 31 March 2024.

On 1 April 2024, I succeeded Gareth Lynn as Chair of the Welsh Government ARAC. We worked closely together throughout spring 2024 to ensure a smooth handover of responsibilities, and I am most grateful to Gareth for his assistance and support. This has helped to ensure that the committee has continued to discharge all of its functions effectively since the financial year-end and up to the date of signing of the Annual Report and Accounts.

Mike Usher CPFA
Non-Executive Director of the
Welsh Government Board
and Chair of the Welsh Government
Audit and Risk Assurance Committee
from 1 April 2024.

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What's in the Report and Accounts: A snapshot

This is the Welsh Government Annual Report and Accounts for 2023-24. It provides a detailed representation of how we have managed our finances and met our statutory obligations. It also shines a light on the Welsh Government as an organisation throughout the year.

The Welsh Government Annual Report¹ is the vehicle for the Programme for Government which can be found on the Welsh Government website.

As in previous years, the Annual Report and Accounts is split into three distinct sections.

Performance Report

The Performance Report covers the Welsh Government as an organisation. The Performance Report is focussed on the activity of the Welsh Government in supporting the policy delivery of the Welsh Ministers, with the Welsh Government Annual Report reflecting on Welsh Ministers progress on the Programme for Government and Well-being objectives. For ease of navigation, it is subdivided into five areas.

For 2023-24 these are:

- 1. Who we are** which gives an overview of our responsibilities, supporting legislation and provides information about the membership of the Cabinet and the senior leadership of the Civil Service.
- 2. What we do** which covers supporting Ministers to deliver policy objectives and activities to embed the cross-cutting themes of the Well-being of Future Generations Act. It provides details of our legislative activity throughout the year, and our grant management activities. It details delivery of Wales European Funding Office policy objectives, highlighting the EU programmes which are coming to an end. This year it also includes Group commentaries in which each group highlights its top priorities for the year, providing a cross section of our work to support the Programme for Government and deliver our statutory activities.

- 3. How we are funded and how we spend it** highlights our tax policy, borrowing and top areas of spend. It also covers our accounting boundaries and contains a new narrative reflecting on the unprecedented financial challenges we now face.
- 4. How we perform** covers how we are driving forward the Welsh Government Performance Framework and provides staff insights including our People Survey results.
- 5. How we organise ourselves to deliver** provides a diverse range of updates from Welsh Government 2025 and sustainability reporting, through to our commitment to fairness and inclusion and bilingual working. There is also an update on the complaints process.

¹ <https://www.gov.wales/welsh-government-annual-report-2024>

Accountability Report

This part of the Report and Accounts provides information about how Ministers and senior staff are remunerated and gives an overview of the Welsh Government's financial outturn against the voted budget. It also contains the Annual Governance Statement from the Permanent Secretary as Principal Accounting Officer (PAO).

The Governance Statement outlines the control, governance and risk management processes that are in place to enable the PAO and Additional Accounting Officers (AOs) to discharge their responsibilities to manage and control the organisation's resources.




Financial Statements




The Financial Statements are prepared in accordance with the Government Financial Reporting Manual and represent a comprehensive statement of the costs incurred by the Welsh Government and details of all its assets and liabilities.

The Financial Statements comprise the Primary Statements, Notes to the Accounts and details of significant Accounting Policies.

Welsh Government Reporting Overview

The Annual Report and Accounts is just one of the key reports that covers the delivery and activities of the Welsh Government and Civil Service. The others include:

Key reports						
	Ministerial			Organisation	Statistical Data	
	Budget process	Outturn Report	Welsh Government Annual Report	Annual report and Accounts	Well-being of Wales Report	Future Trends Report
Legislation 	S125 and 126 of GOWA 2006 Standing Orders 20.7 – 20.24; 20.25 – 20.37	N/A	Well-being of Future Generations Act 2015	GOWA – s131-136	Well-being of Future Generations (Wales) Act 2015	Well-being of Future Generations (Wales) Act 2015
Lead 	Cabinet Secretary for Finance, Constitution and Cabinet Office	Cabinet Secretary for Finance, Constitution and Cabinet Office	First Minister	Permanent Secretary	Chief Statistician	Cabinet Secretary for Culture and Social Justice
Purpose 	To propose and agree the financing plans, and the amounts of resources and cash which the government proposes to use for the following financial year (with provisional amounts for the subsequent two years or for such other period as the Minister considers appropriate) and revisions to that budget during the current financial year.	In line with the Welsh Government's commitment to working openly and transparently, the Welsh Government agreed to provide a written report to the Finance Committee on final outturn. The report includes a comparison with the spending plans set out in the last Supplementary Budget of the year and an explanation of significant variations.	Progress towards the Welsh Government's 10 well-being objectives.	Details on how the Welsh Government is run including how it manages its finances and discharges its statutory obligations.	Progress made through the combined contribution of all public bodies, organisations and individuals towards the seven well-being goals using the national well-being indicators.	Lays out likely future trends in economic, social, environmental, and cultural well-being of Wales and any other analytical information that Welsh Ministers feel appropriate.

Key reports						
	Ministerial			Organisation	Statistical Data	
	Budget process	Outturn Report	Welsh Government Annual Report	Annual report and Accounts	Well-being of Wales Report	Future Trends Report
Timings 	Not specific but prior to the summer recess the Minister for Finance is required to write to the Business Committee to agree the budget timetable.	Within 3 weeks of the sign off of the annual accounts.	As soon as is reasonably practicable following the end of the financial year.	By the 30 November each year	As soon as practicably possible following the end of the financial year – but reliant on National Survey data in June/July.	Within 12 months of an election – slides updated regularly.
Timings This Year 	Draft budget laid 13 December 2022 Final budget 7 March 2023 1st Supplementary Budget 4 July 2023 2nd Supplementary Budget 13 March 2024	Within 3 weeks of the sign off of the annual accounts.	July 2024	29 November 2024	28 September 2023	Future Trends Report 2021 published December 2021
Scrutiny 	Finance and subject Committees	Finance Committee	Plenary debate First Minister Scrutiny Committee	Public Accounts and Public Administration Committee	N/A	N/A

Who we are

Introduction to the Welsh Government



The Welsh Government is the devolved Government for Wales. It works to help improve the lives of people in Wales and make our nation a better place in which to live and work.

The Welsh Government consists of:

- The First Minister
- Cabinet Secretaries and Ministers
- The Counsel General

They are supported by civil servants who work across devolved areas that include key areas of public life including:

- Education
- Health
- Local government
- Transport
- Planning
- Economic development
- Social services
- Culture
- Welsh language
- Environment
- Agriculture and rural affairs

The Welsh Government Board provides collective leadership to the organisation as a whole.

The Welsh Government was formally created in 2007 under the Government of Wales Act which established a division of functions between the legislature for Wales and the

executive Government. The Wales Act 2014 changed the name of the legislature to the Senedd Cymru, or the Welsh Parliament (commonly known as the Senedd) and the executive to the Welsh Government.

The Welsh devolution settlement has evolved dramatically since the establishment of the National Assembly for Wales in 1999. Led by the First Minister, the Welsh Government makes decisions and is responsible for delivery in the areas devolved to it, as set out in the Government of Wales Act 2006 and the Wales Acts 2014 and 2017.

This involves developing and implementing policies; setting up and directing delivery and governance; proposing Welsh laws (Senedd Bills); and making subordinate legislation, such as regulations. It also funds Arms-Length Bodies in Wales.

More information about what the Welsh Government is responsible for can be found on the Welsh Government website².

² <https://www.gov.wales/>

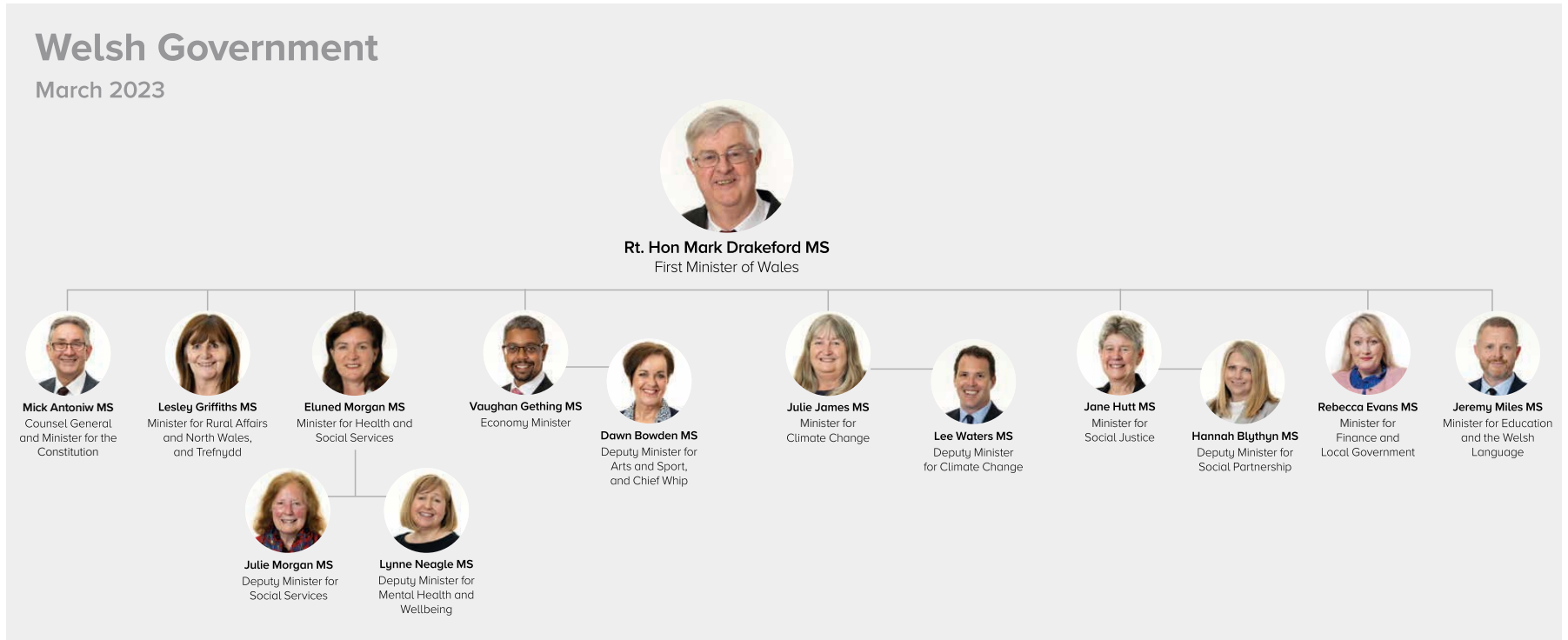
The Cabinet

The Cabinet is the main decision-making body of the Welsh Government. It is made up of the First Minister, all Cabinet Secretaries and Ministers and the Permanent Secretary.

The information in this section covers the First Minister and Cabinet arrangements in place from the 1 April 2023 – 31 March 2024.

The First Minister appoints a Cabinet Secretary for each of the core portfolios described below, as well as additional

Ministers to support the work of the Welsh Cabinet, and a Law Officer (Counsel General for Wales). For the period covered by these accounts from 1 April 2023 to 20 March 2024, the Cabinet and Ministers were:



Following the election of a new First Minister for Wales for the period covered by these accounts from 21 March 2024 to 31 March 2024, the Cabinet and Ministers were:

Welsh Government

March 2024

 Vaughan Gething MS First Minister of Wales						
 Eluned Morgan MS Cabinet Secretary for Health and Social Care	 Julie James MS Cabinet Secretary for Housing, Local Government and Planning	 Ken Skates MS Cabinet Secretary for North Wales and Transport	 Jeremy Miles MS Cabinet Secretary for Economy, Energy and Welsh Language	 Rebecca Evans MS Cabinet Secretary for Finance, Constitution and Cabinet Office	 Mick Antoniw MS Counsel General - designate	
 Dawn Bowden MS Minister for Social Care	 Huw Irranca Davies MS Cabinet Secretary for Climate Change and Rural Affairs	 Lynne Neagle MS Cabinet Secretary for Education	 Hannah Blythyn MS Minister for Social Partnership	 Jane Hutt MS Trefnydd and Chief Whip		
 Jayne Bryant MS Minister for Mental Health and Early Years						 Lesley Griffiths MS Cabinet Secretary for Culture and Social Justice

Full details of the Cabinet Secretary and Ministerial Responsibilities can be found on the Welsh Government website³.

³ <https://www.gov.wales/cabinet-secretaries-and-ministers>

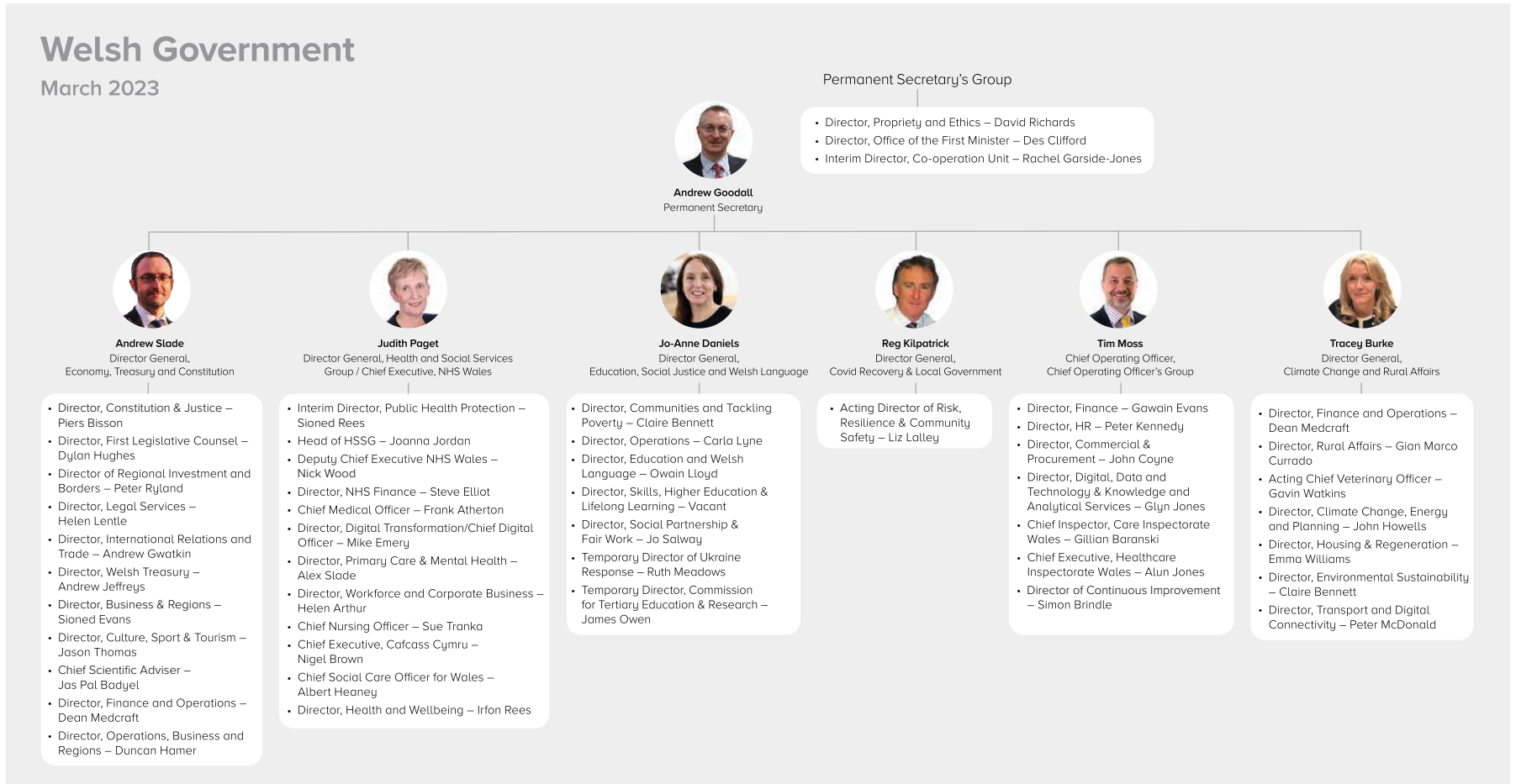
The Civil Service

The First Minister leads the Welsh Government, with the support of the Cabinet. The Civil Service is the non-political administration that supports the Welsh Government's First Minister and Cabinet develop and implement its policies as well as deliver public services. Civil servants are accountable to Ministers, who in turn are accountable to the Senedd.

The Permanent Secretary is the head of the organisation, and the most senior civil servant in Wales. He leads the Civil Service within the Welsh Government and supports the government in developing, implementing and communicating its policies, and is the principal policy adviser to the First Minister. The Permanent Secretary is also the Principal Accounting Officer with responsibility to ensure that the government's money and resources are used effectively and properly.

The core strengths of the Civil Service – political neutrality; efficient administration; good governance and the sound management of public funds, provide a solid foundation to support the Welsh Government.

The government is structured into a number of Groups which are managed by Directors General (DGs). For the period from 1 April 2023 to 31 December 2023 all staff worked within the following Group Structure:



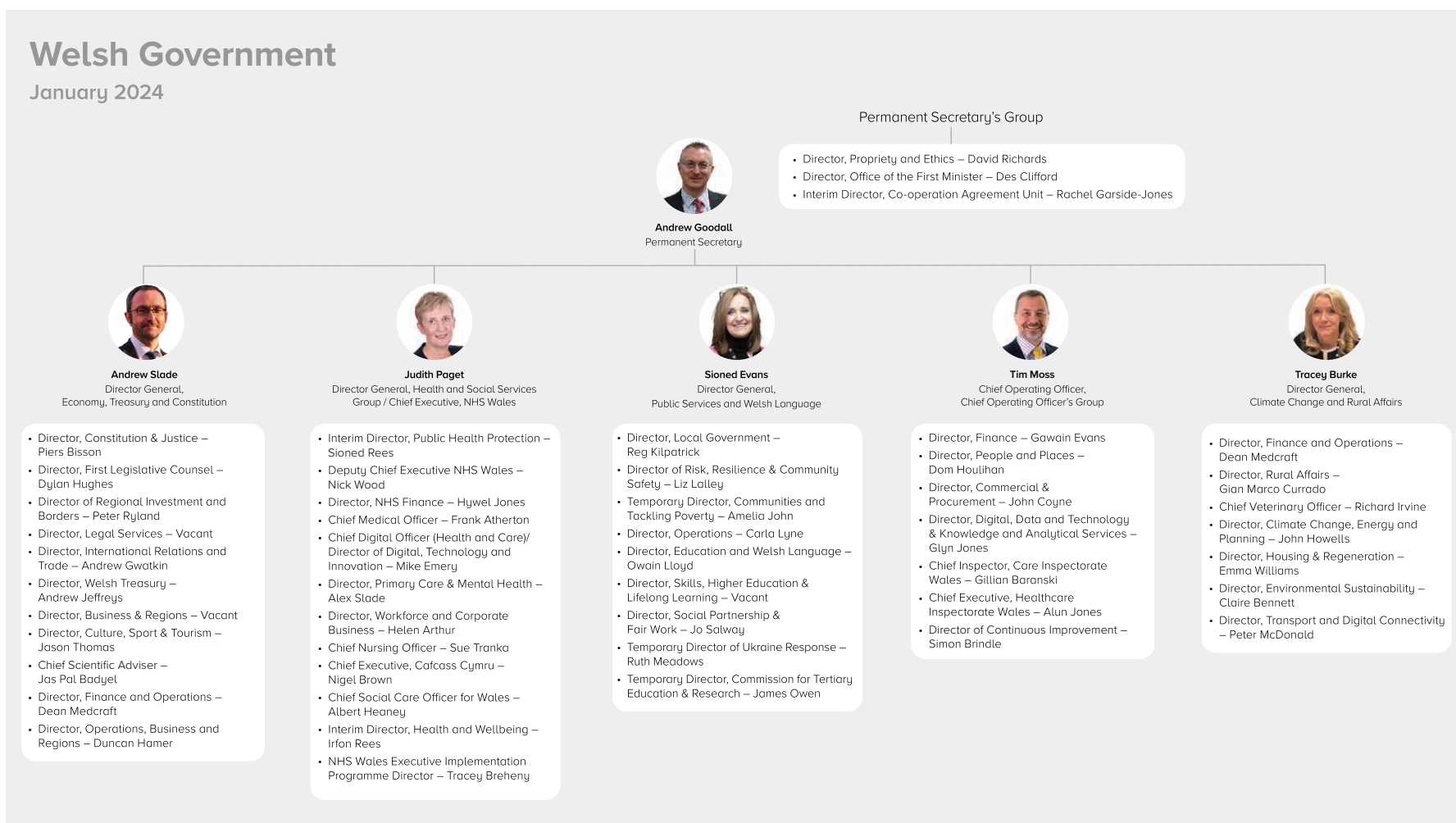
The Covid Recovery and Local Government Group (CRLG) led by Reg Kilpatrick was a temporary solution to support the Welsh Government through the immediate impacts of the pandemic. Now that COVID-19 response coordination activities have ended and new health-led measures for pandemic response are fully implemented, the group structures

were reviewed and CRLG merged with the Education, Social Justice and Welsh Language Group (ESJWL).

Public Services and Welsh Language Group was a new group bringing together all aspects of education, skills and lifelong learning; our leadership role for local government and civil contingencies alongside our work to

help create fairer, safer and more equitable communities and workplaces. The Public Service and Welsh Language Director General Sioned Evans was appointed from 1 January 2024.

For the period from 1 January to 31 March all staff worked within the following Group structure:



What we do

Programme for Government



The Programme for Government was updated in December 2021 to take account of the Co-operation Agreement. It is structured around ten well-being objectives of creating a stronger, fairer, greener, and more compassionate Wales. The commitments, set out under the well-being objectives, are collectively owned by Cabinet recognising the need for cross-government working, the remaining commitments are set out by ministerial portfolio.

The Welsh Government civil service supports Welsh Ministers to deliver the objectives in the Programme for Government by activities including policy development, delivering legislation, financial management and direct delivery.

The third Welsh Government Annual Report of this Senedd term was published in July 2024 setting out the progress made in 2023-24. The impact of inflationary pressure

continued to reduce the value of budgets in 2023-24 and this has impacted some areas of the Programme for Government.

Monthly monitoring of progress towards delivery of the Programme for Government continued in 2023-24, with oversight from the Executive Committee and the Welsh Government Board. The (then) First Minister chaired the Programme for Government Cabinet Sub Committee to provide a forum to develop cross-government approaches and drive delivery.

The Co-operation Agreement annual report was published on 1 December 2023 and set out the progress made in 2023⁴. Progress was monitored through the engagement structures established in line with the Agreement's Mechanisms.

The Co-operation Agreement ended on 17 May 2024. A joint paper was also agreed and published alongside the Final Budgets⁵.

⁴ <https://www.gov.wales/co-operation-agreement-annual-report-2022-to-2023>

⁵ <https://www.gov.wales/final-budget-2024-to-2025-joint-welsh-government-and-plaid-cymru-paper>

Meeting our Commitment to the Well-being of Future Generations



Welsh Ministers have a duty to promote sustainable development (Government of Wales Act 2006) and well-being (Well-being of Future Generations Act (Wales) 2015) (WFG Act). The WFG Act puts sustainable development as the central organising principle of government and public bodies, and it follows that the operation, governance and mechanics of government, and the advice and support provided by the Welsh civil service should continually improve to respond to these requirements.

Through WG2025, our three-year programme for organisational development, we are putting the sustainable development principle of the Well-being of Future Generations Act and the heart of how we behave and everything we do.

In February 2023, we published the Welsh Government's Well-being of Future Generations Continuous Learning and Improvement Plan 2023-25⁶ which brings together over 50 actions that are designed to deepen the understanding and application of the sustainable development principle in

Welsh Government. The Plan also serves as the Welsh Government's substantive response to the recommendation in the Future Generations Commissioner for Wales' section 20 review report. We have committed to publishing an annual update on our progress. The first of these was published in May 2024 and can be found at the same link.

Over the course of 2023-24, the Executive Committee were engaged on the development of the progress update and the arrangements for its publication. We also reported on our progress to the Board for assurance purposes. We believe that our approach sends an important signal to other public bodies in Wales that the Well-being of Future Generations agenda requires continuous improvement and reflection.

The Plan provided a timely and welcome opportunity for us to take stock, reflect on what we have achieved so far, and to help us seize new opportunities to deepen the understanding and application of the sustainable development principle at the heart of how Welsh Government works. The Report highlights the significant progress we have made in embedding the WFG Act in how we work and recognises the progressive nature of this legislation and our maturity as an organisation leading the change, while also identifying areas where we can improve.

⁶ <https://www.gov.wales/continuous-learning-and-improvement-plan-for-2023-to-2025>

It sets out actions to strengthen our understanding and implementation of the Act and strengthen assurance on promoting and carrying out sustainable development and acting in accordance with the sustainable development principle under GOWA 2006 and WFGA 2015. This is an innovative and evolving approach recognising the role Ministers have in the sustainable development and well-being of future generations agenda and how officials support them in that role.

In August 2023, the Permanent Secretary appointed three Well-being of Future Generations Board Champions to constructively challenge and help teams understand how the Act applies for the particular policies and projects being considered by the Board. Each candidate is spending 6 months as the Board Champion, 6 months supporting the Shadow Board and a further 6 months as part of a support network for the other candidates, helping to create a Future Generations Alumni network to more broadly support the organisation, as we improve our application of the Act.

These additional measures have strengthened assurance and provided the organisation with deeper insights and wider evidence to support our decision making and our learning and continuous development. During 2024, actions will be taken forward with Directors to improve Well-being of Future Generations assurance across the organisation and to better embed and embody our values across the organisation as part of WG2025.

We also continue to use, develop, and embed performance in applying the sustainable development principle within the Welsh Government Performance Framework commentary on which is made later in the Performance Report.

Managing our Legislative Programme



Managing work on the Welsh Government's legislative activities is a major focus for the organisation. There has also been significant work to respond to the UK Government's legislative programme.

Primary Legislation

The then, First Minister made a Statement⁷ to the Senedd on 27 June 2023 setting out the Government's legislative priorities for the coming year. During the period covered by these accounts, the following Bills received Royal Assent:

- **Social Partnership and Public Procurement (Wales) Bill**
The Senedd agreed the Social Partnership and Public Procurement (Wales) Bill on 14 March 2023, and it became an Act on 24 May 2023 following

Royal Assent. This Act provides for a framework to enhance the well-being of the people of Wales by improving public services through social partnership working, strengthening the voice of workers in the delivery of key services.

- **The Environmental Protection (Single-use Plastic Products) (Wales) Act** received Royal Assent on 6 June 2023. The Act makes it an offence for a person to supply or offer to supply (including for free) certain commonly littered and unnecessary single-use plastic products listed in the schedule in the Act, to a consumer in Wales.
- **The Historic Environment (Wales) Act** received Royal Assent on 14 June 2023. The Act was the first consolidation piece of legislation brought forward as part of the Welsh Government's five-year programme to improve the accessibility of Welsh law. This historic piece of legislation provides fully bilingual, orderly and accessible law for the effective protection and management of our historic environment so that it can continue to contribute to the well-being of Wales and its people.
- **The Agriculture (Wales) Act** received Royal Assent on 17 August 2023 and made provision for Sustainable Land Management and provision for support

for or in connection with agriculture in Wales. It allows the Welsh Ministers to continue making agricultural support payments to farmers during a transition period and amends the Agricultural Holdings Act 1986 to provide tenants with a route to dispute resolution in certain circumstances. The Act replaced the time limited powers taken for Welsh Ministers in the Agriculture Act 2020 which expires in December 2024, and will alter the Forestry Act 1967 to give Natural Resources Wales the power to add conditions to amend, suspend or revoke felling licenses to prevent felling that would contradict other environmental legislation. The Act also includes the prohibition of Snares and Glue Traps.

- **The Health Service Procurement (Wales) Act** received Royal Assent on 5 February 2024 and provided a legislative basis for bringing forward subordinate legislation to enable the introduction of a bespoke procurement regime which will apply to Welsh NHS health services.
- **The Environment (Air Quality and Soundscapes) (Wales) Act** received Royal Assent on 14 February 2024. The Act provides a framework for setting national air quality targets and to amend existing legislation relating to

⁷ Oral Statement: The Legislative Programme (27 June 2023) | GOV.WALES

the national air quality strategy; local air quality management; smoke control; clean air zones/low emission zones and vehicle idling. It also places a duty on Welsh Ministers to promote awareness of air pollution and place a duty on Welsh Ministers to publish a national soundscape strategy.

In addition, during this period the Government has undertaken significant work on the priorities set out in the First Minister's announcement and made significant progress on those other commitments in the Programme for Government that require primary legislation and the following Bills have been introduced:

- **The Infrastructure (Wales) Bill**

The Infrastructure (Wales) Bill was introduced on 12 June 2023 and passed by the Senedd on 16 April 2024. The Bill establishes a unified infrastructure consenting process for specified types of major infrastructure both on and offshore (up to territorial seaward boundary), including energy, transport, waste, water and gas projects. The new form of consent will be known as an "infrastructure consent" and will be issued in relation to projects which are prescribed as a "Significant Infrastructure Project.

- **The Elections and Elected Bodies (Wales) Bill**

The Elections and Elected Bodies (Wales) Bill was introduced on 2 October 2023 and provides for automatic registration of voters subject to successful piloting and strengthening of electoral administration by establishing an Electoral Management Board. It will also take forward reforms to the processes for conducting community and electoral reviews and abolishes the Independent Remuneration Panel for Wales (the Panel), conferring the majority of the functions previously undertaken by the Panel on the Local Democracy and Boundary Commission for Wales (the Commission). The Bill will enable us to enhance the accessibility of devolved elections for disabled voters and improve candidate safety by modernising and improving the offence of undue influence

- **The Local Government Finance (Wales) Bill**

The Local Government Finance (Wales) Bill was introduced on 20 November 2023 and provides the framework for making changes to the non-domestic rates system and the council tax system in Wales.

- **The Senedd Cymru (Members and Elections) (Wales) Bill**

The Senedd Cymru (Members and Elections) (Wales) Bill was introduced

on 18 September 2023 and passed by the Senedd on 8 May 2024. The Bill is based on the recommendations of the Special Purpose Committee on Senedd Reform⁸, supported by a majority of Senedd Members in June 2022.

The Bill will:

- Increase the size of the Senedd to 96 Members.
- Change the electoral system to one fully based on the principle of proportional representation, with names of all candidates on the ballot paper. From the 2026 Senedd election, the D'Hondt formula⁹ will be used (this formula has been used to determine the Senedd's regional list Members).
- Make 16 new Senedd constituencies, which will be created by pairing the 32 new UK Parliamentary constituencies for the 2026 Senedd election. Six Members will be elected, from closed lists, in each of the 16 constituencies.
- Increase the limit on the number of Welsh Ministers who can be appointed from 12 to 17 (plus the First Minister and the Counsel General). Welsh Ministers will have the ability to further increase the number to 18 or 19, but only with the Senedd's approval.

⁸ Reforming our Senedd: A stronger voice for the people of Wales

⁹ Senedd reform: a glossary

- Give Members of the Senedd the flexibility to elect a second Deputy Presiding Officer.
- Make it law that all candidates for Senedd elections and Members of the Senedd are resident in Wales.
- Provide for Senedd elections every 4 years from 2026 onwards.

- **The Senedd Cymru (Electoral Candidate Lists) (Wales) Bill**

The Senedd Cymru (Electoral Candidate Lists) Bill was introduced on 11 March 2024. The Bill introduces integrated statutory gender quotas to the system used to elect Members of the Senedd (MSs). The Bill makes provisions which apply where a registered political party chooses to submit a list or lists of candidates for election to the Senedd. The Bill makes requirements about candidate list or lists submitted by those parties and the quota rules such lists must comply with.

Further detailed information on the individual Acts and Bills can be found on the Senedd Legislation internet pages¹⁰.

Subordinate Legislation

An extensive amount of Welsh subordinate legislation has been prepared and made during this period. The Welsh Government has also brought forward programmes of subordinate legislation to deliver other key priorities, including the implementation of Acts of Senedd Cymru. The programme also includes subordinate legislation necessary to implement UK Government Acts.

UK Legislation

This reporting period has covered significant activity across the UK Government's third, and fourth legislative programmes. Between 1 April 2023 and 31 March 2024, the Welsh Government laid legislative consent memoranda in relation to 11 UK Bills which made provision in devolved areas with seven of those going on to have motion debates in the Senedd.

Throughout this period there were also 17 supplementary legislative consent memoranda. Both the Energy Bill and the Levelling up and Regeneration Bill received three supplementary consent memoranda within this timeframe.

Legislative improvement activities

Following a review of the approach to developing legislation across the Welsh Government, a series of actions have been undertaken to improve the delivery of the legislative programme. This has included enhanced governance and accountability mechanisms, the creation of a Senior Civil Service-led Legislation Division, and an expanded central team of Bill managers and legislative policy experts who are deployed to support the development of the Cabinet's legislative priorities.

In addition, work is ongoing to enhance policy capability and capacity for legislation across the organisation. The outcome of these changes is improved accountability and a sustainable basis for the delivery of legislation on which the First Minister can have confidence and the Permanent Secretary can offer strong assurance.

¹⁰ <https://senedd.wales/senedd-business/legislation/>

Administering Grant Funding



The Welsh Government’s provision of grant funding supports a broad range of organisations, businesses and projects across the whole of Wales. Grant funding is awarded to public, third and the private

sectors for a diverse range of purposes aligned to Welsh Government Ministerial policies, including core/project funding, capital/revenue grants as well as funding running costs for Welsh Government Sponsored Bodies and subsidiaries.

The Welsh Government has approximately 380 currently active grant schemes in place on PayGrants (the main corporate system) and issues circa 11,000 award letters each year. Welsh Government grant funding in 2023-24 totalled £21.9 billion (£20.4 billion 2022-23).

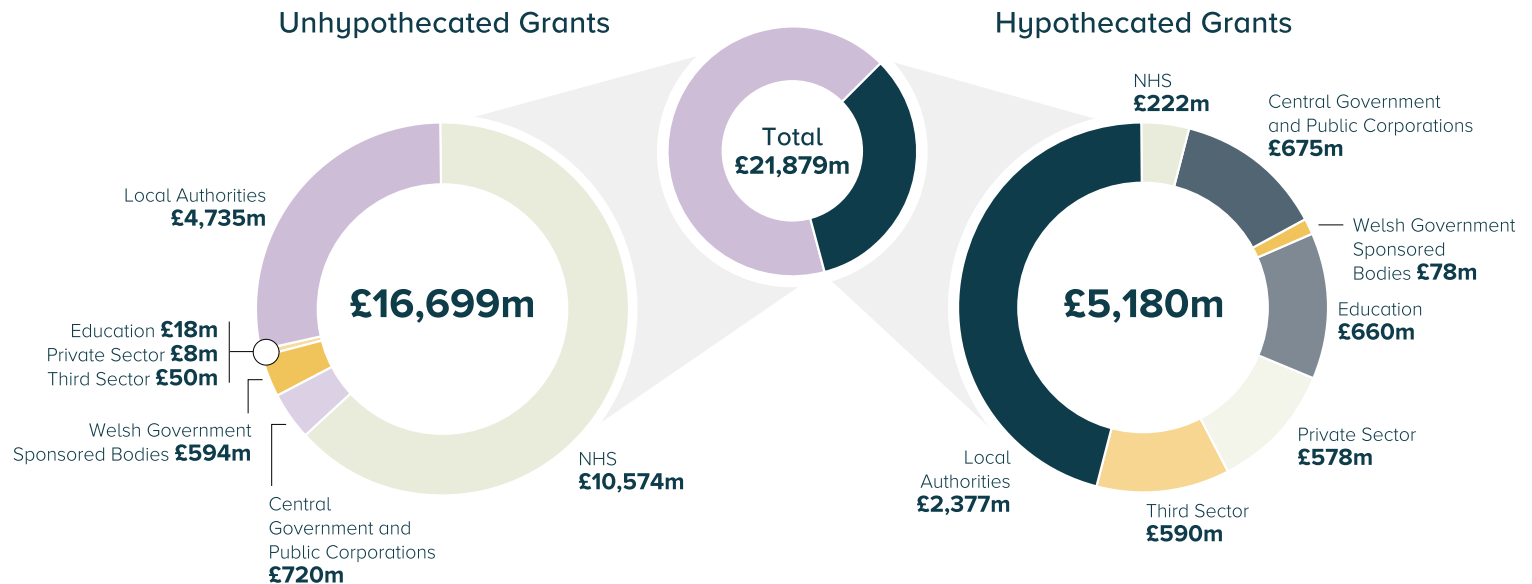
Grants are divided into two distinct categories:

1. Unhypothecated grants include those payments provided to health bodies and local government and account for

£16.7 billion of the £21.9 billion total paid in grants for 2023-24. Funding is not ring fenced and the funded body can spend it at their own discretion.

2. Hypothecated grants represent payments where there are specific deliverables and criteria surrounding the purpose of the grants and account for the remaining £5.2 billion of funding. Hypothecated grants enable the Welsh Government to be more directive on how funding is used to meet policy objectives.

The analysis below of grant funding data for 2023-24 is based on the system of “industry keys” to provide a picture of funding by sector.



There are a number of ways unhypothecated/hypothecated funding can be allocated and is shown in the tables below. Determining which category is the most appropriate forms part of developing and designing the grant scheme.

Intended outcomes, value, size, complexity can all help shape which is the most appropriate method to use, for some schemes this can be a combination.

Unhypothecated Grants – funding method

Budget Allocation

Block funding allocated to (usually) Local Authorities/NHS bodies to determine how they deliver the various services they provide.

Hypothecated Grants – funding methods

Application Based

Awarded in response to an open call for applications or competitive bidding round.

Open Call: Organisations apply to a grant scheme and funding is awarded based on the organisations ability to meet pre-determined eligibility criteria.

Competitive: Competition is mainly used when there is a limited budget and there are a number of organisations able to deliver against the policy objective.

The competitive process allows the Welsh Government to support the best projects and demonstrates openness, transparency, objectiveness, fairness and delivers best VfM.

Funding Allocation

Allocated to external bodies for a specific purpose; the level of funding is based on a statistical model or formula.

Usually used for Local Authorities, where the allocation amount available is based on formula such as population statistical model. Local Authorities would then submit proposals against the value of the allocation.

Funding Request

Either a one-off or annual proposal by an external body seeking funding for a specific activity or for a single source award based on one delivery partner. Also used when Welsh Government is contributing to other Government departments.

Compensation

Awarded to compensate or make good for losses incurred as a result of Government action.

Grants Centre of Excellence – Background

The Grants Centre of Excellence (GCoE) is a small central team providing advice, guidance and support to staff across the Welsh Government. The team has a suite of guidance and training available on all aspects of the end-to-end grant management processes. The team also provides bespoke advice on queries liaising with other teams across Welsh Government as necessary to help provide support including working with colleagues in legal services, subsidy control and internal audit.

The Grants Assurance Panel

The Grants Centre of Excellence established the Grants Assurance Panel in 2018 to provide practical advice and challenge to grant managers in the early development phase of a grant scheme. The panel aims to add value by helping grant managers mitigate potential risks and ensuring that grant schemes are consistent with Welsh Government policies.

Panel members are drawn from key areas of the business to provide constructive challenge, scrutiny, and assurance for new/proposed hypothecated grant schemes. Members include officials from legal services, governance, Cabinet Office, internal audit, counter fraud and procurement. The panel meets monthly or more frequently when needed. GCoE staff are represented on the panel as well

as providing secretariat support. They are also available to support individual grant managers ahead of and after the meetings and follow up with the grant manager to establish if and when recommendations have been implemented.

GCoE has continued to undertake the annual review of the panel, with both panel members and those attending the panel, being contacted. Overall feedback has continued to be positive, from both grant managers and panel members. Any suggestions for improvements have been considered and implemented where appropriate. GCoE will continue to promote and raise awareness of the panel as well as sharing emerging themes across Welsh Government.

The Central Due Diligence Team

The Central Due Diligence Team was introduced in April 2019 and have developed systems and processes to enable them to provide grant managers with corporate due diligence and governance checks on organisations that the Welsh Government is grant funding or considering funding. The aim is to improve consistency, reduce duplication and deliver greater support to grant managers at the appraisal stage of the grants process. Project due diligence, outcomes, organisation capability to deliver the project and value for money, remains the responsibility of Grant Managers and policy teams.

The team prepares a “Corporate Financial Health Check” for each organisation which includes an analysis of audited accounts, checks on information held by Companies House and the Charity Commission, use of fraud prevention tools and information from the Due Diligence Hub. Typically, the type of issues identified include organisations that are in financial difficulty or insolvent, County Court Judgements, governance concerns or adverse information about the organisation or its principles. Where risks are identified the team provide recommendations to the grant manager on mitigation action. For example, recommending cross company guarantees, payments in arrears, tighter monitoring or obtaining further information, forecasts, or clarification on areas of concern.

During 2023-2024 the team have undertaken over 500 assessments, and these are uploaded on to the Due Diligence Hub to allow the assessments to not only be available to the grant manager but also to teams and departments across the Welsh Government. As well as providing the corporate assessments the team have also provided bespoke advice and guidance to grant managers on individual awards and schemes, attended team meetings providing specific due diligence advice and inputted to the review of the grant terms and conditions from a due diligence perspective.

Welsh European Funding Office



The Welsh European Funding Office (WEFO) is responsible for managing the European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes in Wales for the 2014-2020 funding round.

The Withdrawal Agreement Act came into effect in January 2020 and the UK left the European Union (EU) on 31 January 2020. This means existing ESF and ERDF programmes will be completed as if the UK were still an EU Member State.

Project expenditure until 31 December 2023 was eligible for EU support, with all final project expenditure accounted for in 2023-24 accounting year.

WEFO has committed 100% of the EU Structural Funds allocation for 2014-2020, investing over £2.26 billion, driving a total investment of over £4 billion (at the 31 March 2024) which also includes the repurposing of EU structural funds to support the COVID-19 response in Wales.

To date, EU projects supported by the 2014-2020 programmes have created over 35,300 jobs and around 7,150 new businesses. In addition, over 24,400 businesses have been supported, almost 42,700 people have been helped into work, and over 170,900 qualifications have been achieved.

Tables 1 – 4 illustrate:

- WEFO's progress with committing the grant available under the Structural Funds it delivers in Wales, as at 31 March 2024 – Table 1;
- A breakdown of the projects by sector is outlined in table below – Table 2 (approved) and Table 3 (claims); and
- Annual grant payments made April 2023 to March 2024 – Table 4

Table 1: Approvals by Programme as at 31 March 2024

Hypothecated Funding (£m)	West Wales ERDF £m	East Wales ERDF £m	West Wales ESF £m	East Wales ESF £m	Total
Allocation	1,047	176	703	177	2,103
Grant Value	1,083	179	738	177	2,177
Number of Operation	107	40	74	45	266
% Approved	103%	102%	105%	100%	104%

Ireland Wales	€m
Allocation	79
Grant Value	84
Number of Operation	24
% Approved	106%

Table 2: Total approved EU Funded Projects as at 31 March 2024

	Number of approved projects	Total Investment		EU Grant	
		Amount £m	Share %	Amount £m	Share %
Welsh Government	76*	2,202	55%	1,086	50%
Third Sector	32	195	5%	150	7%
HE/FE	76	612	15%	381	17%
Private Sector	19	608	15%	323	15%
Local Government	63	378	10%	237	11%
Grand Total	266	3,995	100%	2,177	100%

* Figure includes 16 projects relating to AGSB's, Government Agencies and Other Public Bodies.

Table 3: Analysis of total claims by Sector as at 31 March 2024

	Cumulative Delivery Profile Expenditure £m	Eligible Expenditure Processed £m	Expenditure Variance £m	Delivery Profile Grant £m	Grant Paid To Date £m	Grant Variance £m
Welsh Government	2,395	2,291	104	1,158	1,071	87
Third Sector	184	176	8	143	145	-2
HE/FE	601	569	32	374	347	27
Private Sector	198	188	10	119	114	5
Local Government	351	330	21	223	210	13
Grand Total	3,729	3,554	175	2,017	1,887	130

Table 4: Grant Payments



Welsh Government Projects

Welsh Government led projects are delivered through a range of delivery partners. The Welsh Government’s lead enables

a range of delivery partners to be engaged in the programmes who would not otherwise have the experience, working capital or capacity for risk to engage effectively in the programmes.

Welsh Government projects total £1.88 billion in the current programmes, which have £0.88 billion of EU Structural Funds.

	Total cost £m	EU Contribution £m
Climate Change and Rural Affairs	186	141
Public Services and Welsh Language	1,052	401
Economy, Treasury and Constitution	429	243
Health and Social Services	209	91
Total*	1,876	876

* This information is included in the tables on the preceding pages.

The majority of final claims for Welsh Government projects have been processed and the projects closed by WEFO and WEFO continues to work with all beneficiaries to check and process claims and declare all of their expenditure.

Our Group Structure

As an organisation, the Welsh Government civil service is divided into six Groups, each headed by a Director General (DG).

This structure is broadly aligned to Cabinet Secretaries and Ministerial policy portfolios, allowing DGs to have a direct relationship

with the ministers they serve. It is also designed to maximise opportunities for policy and operational coherence, balance DG spans of control and ensure clear Additional Accounting Officer responsibilities. An overview of the structure of each is provided on pages 31 to 49.

While the Group structure is designed to align to Cabinet responsibilities and provide consistency of support for ministers, it also allows a degree of flexibility which enables the organisation to respond to changes in portfolios when needed, without the necessity for large-scale restructuring.

Each Group has a very broad range of policy, delivery and statutory responsibilities undertaken on behalf of the Cabinet. The following section provides just a snapshot of the key achievements of our Groups during the year.

Climate Change and Rural Affairs Group



Climate Change and Rural affairs Group key achievements for 2023-24 include:

Wales Climate Week

The Welsh Government held 'Wales Climate Week'¹¹ in December 2023 to coincide with the UNFCCC's COP28. The week's presentations and discussions centred on: 'How do we tackle climate change in a fair way?' and was a launchpad for the Welsh Government's consultation on a new 'Just Transition Framework'¹², which:

- Sets out a shared vision for the way Wales will deliver net zero.

- Proposes how to bring coordination and coherence to those changes; and
- Provides a source of information and guidance including a toolkit for decision-makers across Wales.

It enables those driving the change to do so in a way which seeks to address current and avoid creating new inequalities. The consultation closed in March 2024 and a summary of responses will be published in summer 2024. Wales Climate Week included 28 sessions and 95 speakers, joined by over 4,100 participants, exploring the disproportionate impacts of climate change on different people, groups and places.

A Climate Conversations Fund was also available for organisations to hold outreach events in communities as part of the Week. 37 events were held across Wales, with nearly 2,000 attendees exploring the barriers people are facing and the need for a fair distribution of climate policies across society.

Rural Development Programme

The Rural Development Programme (RDP) has funded thousands of projects nationwide, delivering countless benefits to our businesses, farmers, and the people of Wales. All available funding through the RDP 2014-2020 for Wales, more than £846 million, of which over £564 million was European Union (EU) funds, was spent within the Programme period, subject to the submission of final accounts and any subsequent adjustments by the European Commission.

Delivering full spend of the Programme has been achieved against a backdrop of unprecedented challenges for farmers, businesses, and rural communities. The impacts of our exit from the EU, the COVID-19 pandemic, the war in Ukraine, and the cost-of-living crisis, all had significant impacts.

There have been three Audit Wales reports

¹¹ https://www.climateweek.gov.wales/EN/pages/On_demand

¹² <https://www.gov.wales/just-transition-framework>

throughout the Programme period. The latest report in June 2023 highlighted significant challenges and risks to maximising the drawdown of EU funding, some of which were no longer in our control. To mitigate some of these risks, Welsh Government officials continued to adapt the Programme to ensure all EU funding remained committed throughout the Programme period, working strategically with end beneficiaries to help and support projects deliver and achieve their outputs.

Coal Tip Safety

There are more than 2,566 disused coal tips in Wales. Under the auspices of the Coal Tip Safety Task Force, the Welsh Government published maps containing the location of Category C and D disused tips on 14 November 2023 and maps containing the location of Category A, B and R tips on 11 March 2024. Developing these maps involved drawing on a range of different information sources, including historic maps and airborne surveys, and they may be subject to amendment as more information becomes available.

Category C and D tips are those with the greatest potential to impact public safety and, since the Tylorstown slip in 2020, Welsh Government has funded a minimum of annual inspections for Category C and at least twice-yearly inspections for Category D tips.

A number of Category C and D disused coal tips are also being captured in technology trials, which enable ongoing monitoring of a coal tip. Welsh Government has made £44.4 million available to local authorities and Natural Resources Wales (NRW) to carry out maintenance and remediation works on public and privately owned coal tips between 2022-2025.

Antibiotic Resistance

The Office of the Chief Veterinary Officer supported the control of antibiotic resistance, a major threat to public and animal health, utilising RDP funding and partnership-working with animal keepers and their vets. The aim of this work is to keep antibiotics working for future generations, and through the Arwain DGC project, we produced:

- The creation of large-scale, detailed antibiotic usage databases for sheep, dairy and beef cattle on more than 5,000 Welsh farms.
- Prescribing guidance for common diseases of farmed animals – produced by, and for, vets in Wales.
- A voluntary code of conduct for safe supply of antibiotics for farmed animals
- Key new information and understanding of the spread of antibiotic resistance from animals to the environment of Welsh farms; and

- Pioneering application of new technologies to reduce infection burdens and alleviate the need to use antibiotics to keep animals healthy.

Two features led to the successful delivery of this work: taking a ‘One Health’ approach by sharing knowledge and learning with medical and environmental counterparts and working closely with those who own and care for animals in Wales, and their vets.

Housing and Regeneration

Over £1 billion of investment in housing and regeneration programmes in the 2023-24 financial year supported schemes that will deliver around 4,000 additional affordable homes, supported over 17,500 people facing homelessness with temporary accommodation, and aided regeneration in 35 towns and cities across Wales.

Only through a dual approach of prevention and increasing the stock of affordable homes can we address homelessness in Wales.

Our new approach to Local Housing Market Assessments ensures a more consistent approach to assessing housing need across Wales, but delivery of new build homes faces unprecedented headwinds including significantly increased costs and challenging market conditions. Our ‘more homes’ approach has maximised opportunities through leasing, acquisitions, refurbishments,

meanwhile site use, off-site manufacture, Welsh Government land developments and realisation of town centre living options. Partners welcome the flexibility and pragmatic approach taken to delivery of high-quality homes that meet the needs of the people of Wales.

Recognising the impact of interest rate increases on mortgage holders we extended our suite of prevention policies to include 'Help to Stay'¹³ which offers owner occupiers support, including financial advice and the potential for Welsh Government to take an equity share in the home, to avoid home loss as a result of the cost-of-living crisis.

Wales Transport Strategy

Our Wales Transport Strategy¹⁴ encourages a healthier, more sustainable, and more accessible travel for all. Thanks to £800 million investment, almost half of Transport for Wales trains in use by the end of 2023-24 were new to Wales, with new class 197s operating the Holyhead to Milford Haven route, and driver training started on the new electric trains for the Core Valley Lines. Major Rail Infrastructure investment has delivered new services, for example, £70 million funding to Blaenau Gwent Council resulted in new services between Ebbw Vale and Newport launching in January 2024.

In the last year, we have published 'Our Roadmap to Bus Reform'¹⁵ which sets out how we will deliver future bus reform on the ground, working in partnership with local authorities, the bus industry, the third sector and trade unions. We have successfully completed our full fibre broadband delivery project, bringing access to gigabit capable broadband to more than 44,000 premises across Wales.

Our Active Travel Fund has delivered £46 million of infrastructure, including Llandudno Station Active Travel Connections, an active travel bridge in Newtown and improved connectivity to Newport City Centre via a new bridge across the railway, successfully combining walking, cycling and biodiversity enhancements.

On roads, the final section of the A465 Heads of the Valley Road is on schedule for completion next year, looking to deliver high quality transport infrastructure and connectivity to the Heads of the Valleys area.

¹³ <https://www.gov.wales/help-stay-wales-guidance-applicants-html>

¹⁴ <https://www.gov.wales/llwybr-newydd-wales-transport-strategy-2021>

¹⁵ <https://www.gov.wales/sites/default/files/publications/2024-03/march-2024-our-roadmap-to-bus-reform.pdf>

Case Study: **Circular Economy**



The £45 million investment in Swansea by Jayplas, a leading plastic re-processor, is one of the recent examples of investment projects supported jointly by teams in our economy and climate change departments, with the policy drive coming from the crucial role that moving to a circular economy plays in decarbonisation.

It is also a great example of how Resource Efficiency and Circular Economy Division have been working to build on Wales' world class recycling – itself a product of clear long-term policy aims; partnership working and consistent investment – to ensure we can not only transition to net zero but can use Wales' competitive advantage to secure the economic benefits it can bring.

Whether it's working in partnership with local authorities with the support of expert advisers to secure service transformation fit for the challenges of the 21st century; the intense work which has gone into developing the transformational workplace recycling regulations which came into force in April and the outreach and communications to support successful implementation; or working across the complex and challenging Extended Producer Responsibility programmes with the other UK nations, whilst navigating difficult constitutional challenges around the Deposit Return Scheme; the team has a clear policy vision and has aligned its regulatory and investment levers to support integrated delivery of activities and maximise delivery against the Welsh Government's overarching objectives.

Despite significant challenges, resource pressures, and a big delivery agenda, the commitment to making a difference is helping deliver visible improvements and exciting projects which will help shape the future.

Economy, Treasury and Constitution Group



Economy, Treasury and Constitution Group key achievements for 2023-24 include:

Culture, Sport and Tourism

This year the Cymru Wales Brand were the Grand Prix winner of the 2023 World Media Awards beating Volkswagen, Birkenstock, T Mobile, Deutsche Telecom and Visa for their Wales to the World FIFA World Cup campaign.

Our events team secured numerous successful bids including the UK and Ireland bid for the Euro 2028, with Wales hosting the opening game and six matches throughout the tournament; a joint bid with Cardiff Council and the Principality Stadium to host next year's European Professional Championship Rugby finals. We also

hosted the Wheelchair Fencing World Championships in Sofia Gardens in January – welcoming para-athletes from all over the world to Cardiff and further cementing our reputation as a preferred destination for disability sports. Creative Wales secured British Film Institute funding for over £900k – and are now seen as ambassadors for driving forward skills in the sector.

In response to next steps in our Anti-racist Wales Action Plan, we published the “Public Commemoration in Wales: Guidance for Public Bodies”, this guidance is to help public bodies in Wales make well-informed decisions about existing and future commemorations in public spaces.

International Relations and Trade

Through the delivery of the Export Action Plan, we have provided a comprehensive programme of support for Welsh businesses to grow their exports. In 2023-24, our team of International Trade Advisors held over 1,100 meetings with Welsh businesses to support their export development; business take up of core export support programmes was over 20% higher in 2023-24 compared to the previous year; 19 overseas trade missions/exhibitions were delivered to key markets in North America, Europe, the Middle East, Asia and Australasia; the Export Cluster initiative continued to develop,

with over 200 companies participating; and, we successfully delivered another cohort of the New Exporter programme.

We have continued to deliver activity as part of our commitment to attract inward investment to Wales as part of the Economic Mission and International Strategy. This has included the promotion of core strengths to industry at a broad range of sector focused events and activities from Tokyo to San Francisco; working closely with stakeholders, organisations, and multipliers to amplify our value propositions and delivering location solutions for investment enquiries which have seen a 25% increase on 2022-23. Inward investment has continued to bring significant value to Wales' economy where, in 2023-24, 53 Foreign Direct Investment (FDI) projects were recorded for Wales (up 13% on the previous year), creating and safeguarding 3,769 jobs.

Economy

Wales Innovates

As part of the Programme for Government ambition of creating a stronger, fairer, greener Wales, we have seen the consultation, development and launch of the cross Government national strategy for Innovation – “Wales Innovates”. As immediate steps, a targeted delivery plan has been published and a collaborative delivery plan in partnership with Innovate UK has been developed.

The Welsh Government Innovation team has taken on the delivery of the Enterprise Europe Network, bringing in up to £800k of revenue funding per annum (subject to contracts continuing). We have launched a new £30 million funding package to boost Innovation in Wales; being £20 million SMART Flexible Innovation Support (SMART FIS) programme designed to invest in new cutting-edge research and innovation that will improve people's lives and £10 million Circular Economy Fund for Business, to support them move towards a circular, net zero carbon economy. This approach has continued to show the Welsh Government's commitment to fostering, research development and innovation in all parts of Wales.

Business Wales

Despite the challenges resulting from a loss of EU funding, the Welsh Government remains committed to supporting Welsh Entrepreneurs and Start Ups through its Business Wales service. During the year, the Business Wales service was refreshed, and new contractors were procured to deliver aspects of the service.

In 2023-24 the Business Wales service provided information and signposting to almost 38,657 individuals and businesses.

- 78,462 young people under 25, participated in enterprise awareness workshops led by Welsh entrepreneurs.
- 3,291 individuals considering starting a business were provided with advice and support resulting in creation 649 new businesses.
- 1,413 businesses were provided with support which helped safeguard 623 jobs.
- 1,752 new jobs were created through help of Business Wales.

The Business Wales helpline dealt with 16,603 enquiries and the website had 1,578,000 hits. Supporting jobs and businesses Business Wales remains the corner stone of business support to all parts of Wales.

Compound Semi-Conductor Cluster

Significant investment has been made in a focussed approach to grow the compound semiconductor cluster in South East Wales. This includes a £6 million investment in a landing pad to attract new companies and facilitate the scale up of those in the region. Providing flexible office, laboratory, and clean room space in close proximity will encourage the expansion of the existing cluster which currently supports more than 2,600 jobs and an estimated £543 million of Gross Value Added in the UK economy.

Tech Valleys

The Welsh Government's 10-year, £100 million, Tech Valleys programme is managed through Business and Regions South East. With Blaenau Gwent at its heart, the benefits of the investment are designed to be seen across the wider northern South Wales Valleys. It aims to capitalise on the opportunities arising from the fourth industrial revolution, supporting high value, sustainable jobs, attracting investment and creating opportunities for the whole South Wales Valleys region and creating a learning and skills development environment tailored to what businesses need.

Constitution and Justice

Key constitutional policy work in 2023-24 included progressing legislation and implementation plans for Senedd Reform in line with the commitment in the Programme for Government and Co-Operation Agreement. In March 2024 the Welsh Government published its response welcoming the final report of the Independent Commission on the Constitutional Future of Wales.

The Commission's report in January 2024 had outlined a set of conclusions and recommendations to strengthen democracy in Wales and to protect and enhance the

devolution settlement, which was developed through extensive engagement with individuals, groups and communities across Wales and expert analysis. Policy work has also encompassed supporting intergovernmental relations between governments within the UK and advising the Welsh Ministers on UK legislation affecting devolved responsibilities – including the Retained EU Law (Revocation and Reform) Act 2023 – in support of scrutiny commitments to the Senedd.

Significant work has also been progressed on justice policy matters, including in respect of potential future devolution in this area and connected to Tribunals Reform. Operationally, the Welsh Tribunals Unit continued to support the effective administration of the six devolved Tribunals, the largest of which is the Mental Health Review Tribunal.

Welsh Government Office for Science (WGOS)

The Welsh Government Office for Science (WGOS) supports the Chief Scientific Adviser for Wales (CSAW) and leads the science advice function for Welsh Government through a science ‘hub and spoke’ structure and liaises closely with the UK Government on UK-wide science and technology issues including critical technologies,

climate change, healthcare, national security, STEM skills, emerging pandemic threats such as H5N1 bird flu in cattle, etc.

WGOS is pivotal in drafting SciandTech advice for Welsh Government departments, Cabinet Secretaries and Ministers by gathering, synthesising and assessing scientific and technical evidence. This function covers many areas including health and life sciences, climate and environment, economy and energy and many other aspects.

Our engagement on shared science and technology interests with international partners, working with the Welsh Government International team does serve as an effective form of soft power leading to longer term benefits for Wales such as global leadership for the Circular Economy, bringing inward investment, attracting the best talent, and raising the international profile of Wales as a devolved nation. High government level channels for collaboration with Wales have been established with USA, Canada, New Zealand, and India (as part of Wales in India 2024).

Robust scientific evidence underpins all aspects of government endeavour and as such, needs to be incorporated for policies, strategies and investment and infrastructure decisions - hard evidence of ‘what leads to better understanding and

outcomes’. The CSAW’s role is to cement a more evidence-based approach to decision making across government in order to deliver better returns on public investment for society.

Case Study: The Young Wales Budget Improvement Plan Group



During 2023-24, a group of our Young Wales volunteers worked alongside the Welsh Government to co-produce an easy-to-read, bilingual version of the Budget Improvement Plan (BIP). The resources produced engages young people to empower them to voice their perspectives and influence changes that will impact their lives.

When we initially asked our Young Wales Project Board if they wanted to get involved, our volunteers were eager to get started. In preparation, they met with civil servants and officials from across the Welsh Government to gain a deeper understanding of what the project would entail. The goal was to create an animation and leaflet that would easily explain the Welsh Government's five-year Budget Improvement Plan (BIP) and the topics it covers. To ensure young people could understand and engage with these items, they would be created by young people, for young people.

In February 2024, the Young Wales BIP group met with the Welsh Government staff who they produced the resources with, as well as the Minister for Finance and Local Government Rebecca Evans, to celebrate their work and officially launch the animation. Our young volunteers have worked hard to co-produce these materials, regularly communicating with the Welsh Government Central Design Team to sketch, plan and develop both a leaflet¹⁶ and the animation¹⁷.

¹⁶ <https://www.gov.wales/sites/default/files/publications/2024-02/budget-improvement-plan-2024-2025-community-version.pdf>

¹⁷ Animation on the Budget Improvement Plan (YouTube)

Health and Social Services Group



Health and Social Services Group key achievements for 2023-24 include:

The NHS Wales Executive

The Executive was a key Programme for Government commitment and established on 1 April 2023. The Executive brings together several existing national NHS Wales bodies and functions – streamlining previous arrangements and consolidating resources to drive improvements in the quality and safety of care and ensure better and more equitable outcomes, access and patient experience. Working on behalf of the Welsh Government, the Executive provides strong leadership enabling, supporting and, where necessary, directing the NHS in Wales to transform services in line with the national priorities and standards set by Ministers. Establishment of the NHS Executive has

not changed statutory accountability mechanisms and all NHS organisations remain directly accountable to Ministers via the Chief Executive NHS Wales/Director General HSSG.

2023-24 was a transitional year for the Executive, focussing on:

- Strengthening its functions, governance, engagement and ways of working.
- Aligning legacy work and commitments, and prioritising resources to deliver against the mandate and remit letter¹⁸ from Welsh Government which sets direction for its work; and
- Establishing an operating model to ensure best utilisation and deployment of resources, including staff and finances.

In parallel, phase 2 of the implementation programme has also continued over 2023-24. This has seen additional functions transition to the Executive to bolster its resources, as well as for its preparedness for full operation in ‘business as usual’ form from 1 April 2024.

The Six Goals for Urgency and Emergency Care Programme

This programme has continued to divert patients away from emergency departments and into other services, which has had significant outcomes for the patient pathway.

Over the second year of the programme, NHS data shows we have seen:

- 11,000 people on average every month accessing urgent primary care centres, with 85% being managed without needing to access an emergency department.
- Time to triage performance in major emergency departments stabilising at around 20 minutes, helping to support safer patient episodes for more than three-quarters of a million people, despite ongoing and relentless pressure on emergency department staff.
- A national 24/7 mental health single point of contact (NHS 111 Wales press 2) has been in place for a year, receiving more than 6,000 calls a month.
- More than 7,500 people access same-day emergency care services every month and nearly 80% of people are discharged home on the same day according to health board management information.
- A reduction in the average length of hospital stay over the calendar year from 8.5 days (January 2023) to 7 days (December 2023).

¹⁸ <https://executive.nhs.wales/about-us/about-us-docs/welsh-government-mandate-and-remit-letter-to-the-nhs-executive/>

However, the urgent and emergency care system continues to face significant and long-term challenges in respect of long patient stays in emergency departments, ambulance patient handover and emergency ambulance response times.

Integration and Rebalancing Capital Fund

The Integration and Rebalancing Capital Fund (IRCF) has continued to support the commitment to create integrated Health and Social Care community hubs. The IRCF is a key capital fund, created to meet the Programme for Government commitments on developing integrated health and social care centres and rebalancing the care sector, increasing the level of 'not for profit' provision.

It has been uniquely developed and managed in line with the principles of the Well-being of Future Generations Act. The programme is jointly developed, managed, and sponsored between the Health and Social Care directorates. The programme is also embedding the values of collaboration, partnership, sustainability, and long-term planning across the wider system through its guidance and delivery, ensuring 10-year strategic capital plans are developed jointly through the regional partnership boards.

To date 20 projects have been awarded IRCF investment funding of around £76 million with a further 6 in the pipeline and due to the programme's success, Ministers have granted a further two-year extension to the IRCF until 2027.

Improvements in the detection and diagnosis of cancer

We completed the roll out of Rapid Diagnostic Centres for the whole population, enabling GPs to refer people with vague symptoms to a one-stop-shop diagnostic clinic. Health Education and Improvement Wales has rolled out training to all GP practices to improve referrals. We expanded bowel screening to people aged 51-54 and increased the sensitivity of the test, enabling the detection and prevention of more cases of bowel cancer.

New endoscopy facilities opened in Cardiff and Newport to improve access to cancer investigation, surveillance and screening, with more clinical endoscopists trained to ease workforce pressures. New breast facilities were opened in both Cwm Taf Morgannwg and Aneurin Bevan health boards. We improved the resilience of cancer services by replacing the legacy cancer information system with new digital systems

that record information on cancer diagnosis and treatment and doubled the number of national clinical audits for cancer.

We overhauled radiotherapy access standards leading to a dramatic change in access to treatment. Previously people waited from decision to treat more than 28 days to commence routine radiotherapy, but now most start within 21 days; the vast majority of emergency patients start treatment within 24 hours. We have introduced a £2 million programme to support recovery in cancer waiting time performance for gynaecological, urological and lower gastrointestinal cancers.

Mental Health and Well-being Strategy/Self-Harm and Suicide Prevention Strategy

Reducing the stigma around mental health is vital to ensuring everyone has access to high quality mental health and well-being services. In a difficult year due to the cost of living, the Welsh Government has continued to recognise the importance of good mental health. We have developed new Mental Health¹⁹ and Suicide Prevention²⁰ strategies building on the work of the previous 'Together for Mental Health' and the 'Talk to Me 2' strategies. Both strategies

¹⁹ <https://www.gov.wales/draft-mental-health-and-wellbeing-strategy>

²⁰ <https://www.gov.wales/draft-suicide-and-self-harm-prevention-strategy>

aim to revolutionise how we think about Mental Health and ensure there is an equity of access, experience, and outcome for those who need our mental health services.

Neurodivergence Improvement Programme

We provided £4.5 million to take action to tackle waiting times, test new ways of working and develop pre and post diagnostic support for children, young people, adults and their families.

In 2023-24 we have:

- Actively engaged with Regional Partnership Boards providing guidance and support.
- Established a Children's Neurodivergence Community of Practice, a Children's Neurodivergence Steering Group and an Adult ADHD Steering Group to drive forward improvements.
- Completed the first phase of the evaluation of the impact of the Autism Code of Practice.
- Commissioned the NHS Executive to conduct and complete a national review of Children's Neurodevelopment Services.
- Undertaken a health, social care and education workforce survey leading to an All-Wales Workforce Workshop in March 2024.

- Commissioned the Centre for Digital Public Services to conduct and complete a discovery project around digital innovation opportunities.
- Undertaken significant cross-government engagement to ensure a whole system approach working with policy colleagues in Additional Learning Needs, Whole Schools Approach, Mental Health, Early Years, Substance Misuse, Probation, Criminal Justice and NYTH/NEST.

Transformation of Children's Services

The Transformation Programme offers support to children so they can remain with their families rather than entering care.

We have:

- Introduced provisions to eliminate for-profit provision of Children Looked After from 2026 under the Health and Social Care (Wales) Bill. This underpins plans to rebalance care and support according to need and address the expensive and dysfunctional care and support market.
- Published our Corporate Parenting Charter.
- Secured £1.5 million of funding during this Senedd term through the Care Experienced Children Change Fund to scale up existing parental advocacy services across Wales.

- Continued to support Foster Wales; during 2023-24 £2.3 million was provided to maintain its national infrastructure, support marketing activities, enable the recruitment of dedicated recruitment officers in each local authority, improve the completion of foster carer assessments and enhance support capacity.
- Engaged over 190 stakeholders in the design and delivery of the Single Unified Safeguarding Review (SUSR) work, a unique and world leading example of how, through collaboration and co-production across political, organisational, and geographical boundaries, we have tackled a complex shared problem and delivered a simpler shared solution with the person, families, and communities at the heart of this change in approach.

Case Study: Food Placement (Wales) Regulations, the 'Healthy Food Environment' Legislation



The Group has worked to progress proposals around making the food retail environment healthier in Wales, making the healthy choice, the easy choice.

The Deputy Minister for Mental Health and Well-being made a statement to the Senedd on 27 June 2023 regarding her intention to bring forward subordinate legislation that would restrict the placement and promotion of foods high in fat, salt and sugar in Wales. This was the culmination of over a year's worth of preparation including a series of external, in-person stakeholder events and extensive online consultation.

High quality and detailed stakeholder engagement has been undertaken across industry, acting in a spirit of partnership and co-production to learn from the challenges of implementing similar regulations in England. The work has been collaborative, and evidence based. It balanced fairness between the public health crisis that obesity presents us with, and the impact on businesses here in Wales and beyond.

Public Services and Welsh Language Group



Public Services and Welsh Language Group key achievements for 2023-24 include:

Free School Meals

In November 2021, the Welsh Government and Plaid Cymru committed to extend free school meals to all primary learners through the Co-operation Agreement. A new team was built, drawing on the expertise of local authority secondees and unifying partners across organisational boundaries. A portfolio board was established to harness cross-government resources, ensure good governance, and strategically align policy and delivery.

The Food in Schools Team has worked at pace, with creativity, professionalism and in collaboration with delivery partners, to roll

out free school meals to all primary pupils across Wales. To date 22 million additional free school meals have been served under this policy. This transformational intervention, aims to address child poverty and hunger, reduce health inequalities, and strengthen our foundational economy, making a real and lasting difference to the lives of the people of Wales.

Despite a significantly challenging financial landscape, delivery has been successful with 19 local authorities exceeding national milestones as of April 2024 by offering a free school meal to all year groups. To continue to meet the rising demand for free school meals, our communications campaign comprising of over 33 million adverts/posts, continues to highlight the additional support available to “Get help with school costs”.

Sustainable Communities for Learning

The Sustainable Communities for Learning Capital Programme has been investing in the schools’ and college estate annually since 2014 (formerly 21st Century Schools Programme until January 2022). The programme is founded upon collaboration between the Welsh Government, Welsh Local Government Association, Colleges Wales and Diocesan Directors. This collaborative arrangement

is a successful example of genuine co-construction and central-local relations.

We also deliver in partnership with other Welsh Government capital funding streams such as: Welsh Medium grant; Childcare and Early Years grant; Community Focused Schools grant, EdTech, Additional Learning Needs grant, Universal Primary Free School Meals (UPFSM) grant, and Voluntary Aided Significant Repairs grant to ensure there is a joined-up, cross-cutting approach for programme investment in our educational estate.

2024-25 will mark the sixth year of the Sustainable Communities for Learning Band B Programme with spend to date of £1.213 billion across the Education Infrastructure since 2019-20. The programme will continue in 2024-25 with the transition to a 9-year rolling programme of priority projects from delivery partners, with local authorities and colleges asked to submit plans by 31 March 2024. This change in approach will provide more clarity over future priorities and assist with the financial profiling of projects going forward and supports the co-construct approach, enabling delivery partners to deliver projects according to local priorities and requirements.

Social Partnership and Public Procurement (Wales) Act 2023

On 24 May 2023 the then, First Minister and the Deputy Minister for Social Partnership performed the official sealing of the Social Partnership and Public Procurement (Wales) Act, fulfilling a Programme for Government commitment to place social partnership on a statutory footing in Wales. It was the first law in Wales to be given Royal Assent by King Charles III. Its implementation will encourage better decision making, improve public services and have a far-reaching impact on public services across Wales. It means that workers will have a greater opportunity to shape policies, and strategic priorities at a national government level and in certain public sector organisations and it creates new socially responsible procurement duties on public bodies so that public money is used more effectively to support sustainable development and improved well-being.

At a national level, the Act established the Social Partnership Council, which is made up of representatives of employers and workers from the public, private, and third sectors in Wales. The Council will provide advice and information to the Welsh Ministers on issues related to social partnership, socially responsible procurement and fair work.

Commission for Tertiary Education Research

The Commission for Tertiary Education and Research (CTER) is the new arm's length body responsible for the funding and oversight of post-16 education and research was established on 4 September 2023.

CTER has oversight of further and higher education, apprenticeships, school sixth forms, adult and work-based learning as well as research and innovation. This will be the first-time these responsibilities will be managed and coordinated by one body in Wales. It will have the interests of learners at its heart and work collaboratively across the sector to improve individual and national outcomes. CTER will become fully operational in August 2024. At that point, responsibility for all relevant functions will transfer to the Commission.

The CTER vision is informed by the Well-being of Future Generations Act. The aim is to see a joined-up Tertiary Education and Research system in Wales that is easy for all learners to navigate, is valued by the public, creates a highly skilled society, tackles inequalities, is globally renowned for excellent education, training, research and innovation, and has a civic mission at its heart. Our approach will enable learners to move seamlessly from compulsory to tertiary education, building on our national mission for education reform.

Anti-racist Wales Action Plan

The Welsh Government is committed to creating an anti-racist nation by 2030. The goals and actions of our Anti-racist Wales Action Plan (ArWAP) are embedded across the government, spanning nearly all areas of government. The first annual report²¹ has been published to showcase the overall progress across the portfolios.

The Anti-racist Wales Action Plan is significantly different from previous race equality plans, both in its development and implementation. It was co-produced with Black, Asian and Minority Ethnic people. A strong governance framework has been set up focusing on delivery of the plan and improved outcomes in the lives of ethnic minority people across Wales. The involvement of eleven Diversity Representatives and eight Experts by Experience ensures that lived experiences and expertise guide our actions. This collaborative approach marks a significant shift in how government and public services are held accountable.

Resource allocation has been prioritised, with a full, multi-racial implementation team and the establishment of the Race Disparity Evidence Unit, ensuring we are data-driven in our approach to tackling racism. Engagement has been strengthened through monthly webinars and the creation of four regional forums.

²¹ <https://www.gov.wales/sites/default/files/publications/2023-11/anti-racist-wales-action-plan-annual-report-2022-to-2023.pdf>

Led by Dr Andrew Goodall and Professor Emmanuel Ogbonna, the External Accountability Group has provided expertise, lived experience and robust and constructive challenge. There is still much progress to be made, particularly for Gypsy, Roma, and Traveller communities, but strong foundations have been laid and we are committed to sustained progress towards an Anti-racist Wales by 2030.

Local Government Legislation

Local Government Directorate introduced two pieces of flagship legislation into the Senedd this year following public consultation with the aim of taking forward the Welsh Government's agenda of fairness and democratic engagement within the Programme for Government. The Elections and Elected Bodies (Wales) Bill was introduced in October 2023 and will strengthen electoral administration, reduce barriers to participation in elections and increase the diversity of people elected to local government and the Senedd. It enables electoral registration without application, the creation of an independent statutory Electoral Management Board, and places duties on Welsh Ministers to provide services and financial support for candidates from underrepresented communities.

The Local Government Finance (Wales) Bill was introduced in November 2023 as part of a wider programme of local tax reform. The Bill will help reform non-domestic rates and allow Welsh Ministers and local authorities to better and more quickly respond to changing local circumstances and priorities in the future and more frequent revaluation of local taxes.

Ukraine

Building on the successful internal and external collaboration developed during the initial stages of our Ukraine Emergency Humanitarian Response we continued to respond to the unfolding crisis in Ukraine during 2023-24. We focussed efforts towards decreasing the initial accommodation estate and supporting our arrivals into more longer-term sustainable accommodation which allowed them to develop roots in local communities.

Through the team's commitment and excellent working relationships with our partners in local authorities and the third sector we were able to exceed expectations supporting the resettlement of over 7,000 people.

We noted and responded to the publication of Audit Wales' report (March 2024) on Supporting Ukrainians in Wales, including the need to ensure that lessons learned from the initial response are captured and applied to future contingency plans.

Case Study: Here to Help Campaign



Our Here to Help campaign was a fundamental part of the Welsh Government's response to the cost-of-living crisis. Requested by Ministers, devised and delivered within just six months, the campaign used multiple channels to target individuals and families within lower-income/priority at risk groups.

Raising awareness of different underclaimed benefits, the campaign was constructed in partnership with Advicelink Cymru. The messaging, channels and partnerships forged, helped drive several thousand people to the helpline and achieved a significant return on investment for the Welsh Government.

In Autumn 2023, the cost-of-living crisis deepened as households began to face steep hikes in energy bills along with the rising cost of food and other essentials. Ministers were keen to show the Welsh Government was responding swiftly to the worsening situation. A key part of this response was ensuring people – many of whom would not usually seek help or advice – were aware of the Welsh and UK benefits they were entitled to and knew where to go to get help.

We devised a national campaign signposting people towards the dedicated helpline of our campaign partners, Advicelink Cymru. This ensured that applicants, many of whom would be struggling to access benefits, would be supported by advisers through their claim process.

With thousands of people in Wales underclaiming benefits, we set a target of an additional £3,000,000 in benefits to be claimed per year. This was to be mirrored by a 20% increase in people contacting Advicelink Cymru compared to when the campaign was not running. During the period April 2023 to March 2024, the Claim What's Yours advisors helped over 36,800 people, with over 120,000 issues. People helped were supported to claim over £10.4 million in additional income.

Chief Operating Officer's Group



Chief Operating Officer's Group key achievements for 2023-24 include:

Publication of the Healthcare Inspectorate Wales (HIW) and Care Inspectorate Wales (CIW) joint Equality, Diversity and Inclusion Strategy

Healthcare Inspectorate Wales (HIW)²² and Care Inspectorate Wales (CIW)²³ have together published a joint Equality, Diversity, and Inclusion Strategy. The strategy aims to improve people's access to, and the quality of their experience of healthcare, social care, and childcare services in Wales. The strategy was developed by a joint inspectorate working group and was informed by

continuous consultation at all stages, with a wide range of stakeholders, including those with lived experience of using services.

Both inspectorates also consulted internally with staff through a variety of methods to ensure they were part of identifying the actions we need to take to achieve our strategic objectives, and how we will know we have achieved our aims through success measures.

The strategy outlines a commitment to better understand the health and care experiences of people from all backgrounds, and better reflect the voice of the people. The strategy will also improve links and knowledge sharing, including good practice to improve the quality of care provided across Wales. It complements and aligns to Welsh Government's existing equality plans, under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011, the Public Sector Equality Duty (PSED) and supports the Anti-racist Wales Action Plan (ArWAP).

Delivery of the UK subsidy rules

In January 2023 the UK's new subsidy regime was introduced, bringing with it a raft of complex changes for how the Welsh Government awards subsidies. The Welsh Government's Subsidy Control Unit were responsible for implementing this regime for

the Welsh Government and for working with public authorities across Wales supporting them with the new regime. The team developed a robust implementation plan and have continued to build networks with public authorities in Wales, ensuring that the wider public sector in Wales is fully supported.

The team has held in-person training sessions for large groups such as local authorities and internally for the Welsh Government and published regular intranet news articles providing updates as the regime has become embedded into business as usual. It has also developed a Welsh Government subsidy control web presence which provides information on the subsidy rules, hosts the Welsh Government's subsidy scheme registrations and acts as a portal for Wales' transparency reporting and provided support to policy officials. The latter has included developing referrals of Subsidies of Particular Interest to the UK Government's Subsidy Advice Unit.

The team is continuing to work collaboratively with UK Government officials and other devolved governments, building networks to ensure that new statutory guidance was taken forward in a consistent manner. As a direct result the work undertaken by the Subsidy Control Unit, the Welsh Government

²² <https://www.hiw.org.uk/>

²³ <https://www.careinspectorate.wales/>

has been able to award subsidies supporting business and innovation under the new regime, promoting competition and investment to Wales.

Delivering efficiency through Reproducible Analytical Pipelines

Good quality data is critical for operational delivery, policy development and enabling scrutiny. Processing this data has traditionally been a long and manual task, with opportunities for error to creep in. Over the last year, statisticians and data scientists have worked collaboratively to implement automated processes known as “reproducible analytical pipelines” which have led to substantial improvements across a wide range of statistics.

Moving from manual processes, like copying and pasting or using databases and spreadsheets, to automated processes using code has resulted in six weeks of time savings across four projects, with many more projects now in development. Additional benefits have included quality improvements, skills and capability gains, better resilience and raised morale. This has allowed analysts to instead focus on value added work and providing insight, rather than spending time on behind-the-scenes processing.

A One Wales approach to national geospatial data information

DataMapWales serves as a source for public sector data in Wales, providing a shared data platform to members of the public and public authorities for open data sets ranging from 20 mph roads, marine planning, public toilets to active travel. In the past year the number of open datasets on the platform has increased from 500 to around 600.

Over the past year DataMapWales has been key to a number of Welsh Government initiatives. For example, supporting the publication of Coal Tips maps with a breakdown by local authority and classifications of sites requiring frequent inspections; so that members of the public are aware of where disused coal tips are, and the work that we and our partners are doing regarding coal tip safety. In support of the new 20 mph legislation, we published details of roads exempt from 20mph by each local authority which were used extensively in the national media.

We provided further improvements in functionality and additional datasets for the Data Map Wales JIGSO application in support of the resilience community in being able to respond to emergencies throughout the year. Ongoing work in relation to climate change includes a new tool for local authorities using relevant layers and calculations to provide intelligent scenarios related to land use change and carbon sequestration.

Case Study: **Electric Vehicle Purchase Collaborative Procurement: Driving Efficiency and Sustainability**



Local authorities in Wales have delivered a groundbreaking collaborative procurement initiative to transition their vehicle fleets from diesel to electric. Led by the COOG Procurement team along with the Welsh Government Energy Service, significant cost and carbon savings have been the result.

The purchase of EVs by individual authorities was causing several issues due to rising costs, long lead times, and frequent order cancellations. Recognising the potential to leverage their collective purchasing power, the authorities joined forces to create a larger,

more attractive order for suppliers with the ambitions of realising cost savings, reducing lead times and standardising vehicles across the public sector. This was a challenging process as a collaboration on this scale for EVs had not been attempted before.

COOG Procurement team worked with the 12 participating local authorities to develop the procurement strategy and tender documentation, supported by the Welsh Government Energy Service who developed vehicle specifications. The Society of Welsh Treasurers also played a key role in facilitating the collaboration between the participating authorities.

FleetEV, a Welsh-based SME that specialises in EVs were successful following an open procurement exercise. The collaborative procurement has delivered remarkable results:

- A £660K cost saving based on the initial order of 236 vehicles.
- Participating organisations now number 20.
- Over 300 vehicles will be ordered.
- Reduced emissions – 210 tonnes of CO₂e pollutants will be eliminated.
- A £2.8 million social value dividend has been delivered through local supply chains.
- Fleet EV are providing business and life skills training to Welsh primary schools.

How we are funded and how we spend it

Welsh Government Funding flows

The Welsh Government Budget authorises the amounts and purposes for which funding is provided to Welsh Ministers for the delivery of Welsh Government activity. The following infographic uses the Welsh Government's

2nd Supplementary budget for 2023-24 and projects forward other taxes and spending from the 2022-23 Office for National Statistics (ONS) Country and Regional Public Sector Finances (CRPSF) statistics using the Office for Budget Responsibility's (OBR) March 2023 Economic

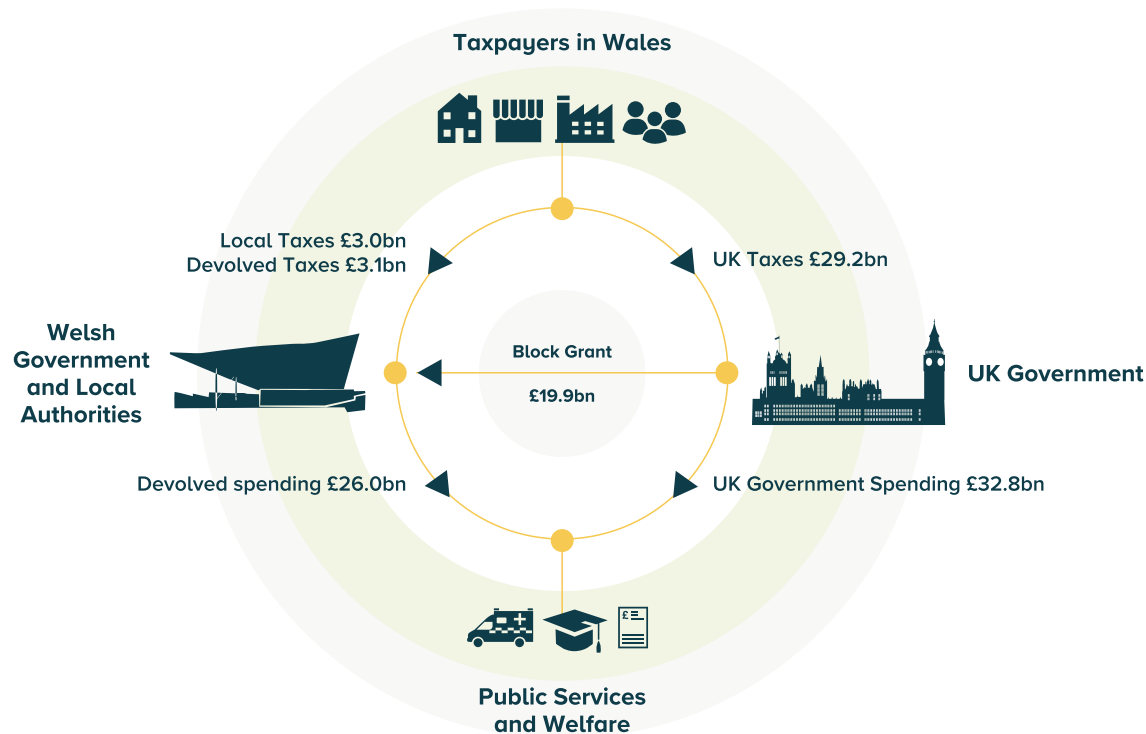
and Fiscal Outlook. Devolved taxes are Land Transaction Tax, Landfill Disposals Tax and the Welsh Rates of Income Tax. Local taxes are Council Tax and Non-Domestic Rates.

Welsh Government Tax Policy and Fiscal Forecasting

The Welsh Government Budget provides detail on the government's financing, taxation and Main Expenditure Group (MEG) level allocations and sets out the government's revenue and capital spending plans, including detailed portfolio spending plans. Details of the Welsh Government budgets can be found on the Welsh Government website²⁴. The Budget is supported by:

- The Chief Economist's Report²⁵
- The Welsh Tax Policy Report²⁶
- The Welsh Taxes Outlook²⁷

The Welsh Taxes Outlook is prepared by the Office for Budget Responsibility (OBR) and provides the assessment of the wider fiscal framework in which the Budget is set. Further information on our Fiscal Framework and Devolved Taxes can be found on the Welsh Government website²⁸.



²⁴ <https://www.gov.wales/welsh-government-budgets>

²⁵ <https://www.gov.wales/welsh-budget-2023-chief-economists-report>

²⁶ <https://www.gov.wales/tax-policy-report-december-2023>

²⁷ <https://obr.uk/welsh-taxes-outlook-december-2023/>

²⁸ <https://www.gov.wales/welsh-taxes#content>

Welsh Ministers Borrowing

Under Section 121 of Government of Wales Act 2006 (amended by the Wales Act 2014 and 2017) additional borrowing powers were conferred on Welsh Ministers with effect from April 2018. Any sums borrowed and repaid under these provisions are done via the Welsh Consolidated Fund and therefore are reflected in those accounts which are laid annually with the Senedd. Borrowing undertaken from the National Loans Fund is repayable over 25 years, each tranche of borrowing will have a fixed interest rate which is the prevailing NLF interest rate for Equal Repayment New Loans on the day the loan is drawn.

The first exercise of the borrowing powers took place in 2018-19 where £65 million was paid into the Welsh Consolidated Fund from the National Loans Fund followed by £150 million in 2022-23. In 2023-24 further borrowing of £125 million was paid into the Welsh Consolidated Fund.

On 31 March 2024, the outstanding balance is £494 million (31 March 2023: £297 million). Further information on the borrowing from the National Loans Fund can be found in the Welsh Consolidated Fund Accounts.

A year of financial challenge

During 2023-24, the Welsh Government experienced significant financial pressures driven mainly by record levels of inflation.

This meant the budget was £900 million lower in real terms compared with when the budget was set by the UK Government at the time of the last spending review in 2021.

As a result, over the period of August and September 2023, officials supported Ministers in reviewing all existing spending plans to identify the changes needed to ensure the Welsh Government was able to manage within the funding available. The work was underpinned by a set of clear principles set out by Cabinet which aimed to ensure that core services were protected as far as possible and to deliver the greatest benefit to households hardest hit by the cost-of-living crisis. Consideration was also given to the importance of protecting jobs.

The changes agreed resulted in a substantial increase in funding for the Welsh NHS and Transport for Wales. They also protected the Revenue Support Grant to local authorities. To achieve this, other Ministerial portfolios agreed to contribute to meeting the pressures. The savings achieved in these other portfolios arose mainly from re-forecasting, maximising income, and reprioritisation rather than the stopping of programmes of work.

In addition, Cabinet agreed to maximise the use of the in-year Wales reserve whilst maintaining a prudent level of reserve and planned on the basis of using consequentials expected from UK Government. A switch from



capital to revenue was requested but denied by the then UK Government.

Despite indications throughout the year from the then UK Government to expect very little additional funding, in February 2024, the Welsh Government was informed of £231 million of additional revenue to be received in Barnett consequentials arising from additional spending in UK Departments. Though this afforded us little time, the funding did mitigate the impact of rejecting the capital to revenue switch.

As a result of the decisive action taken by Cabinet and despite 2023-24 being one of the toughest financial situations faced since devolution, the Welsh Government was successfully able to manage within budget.

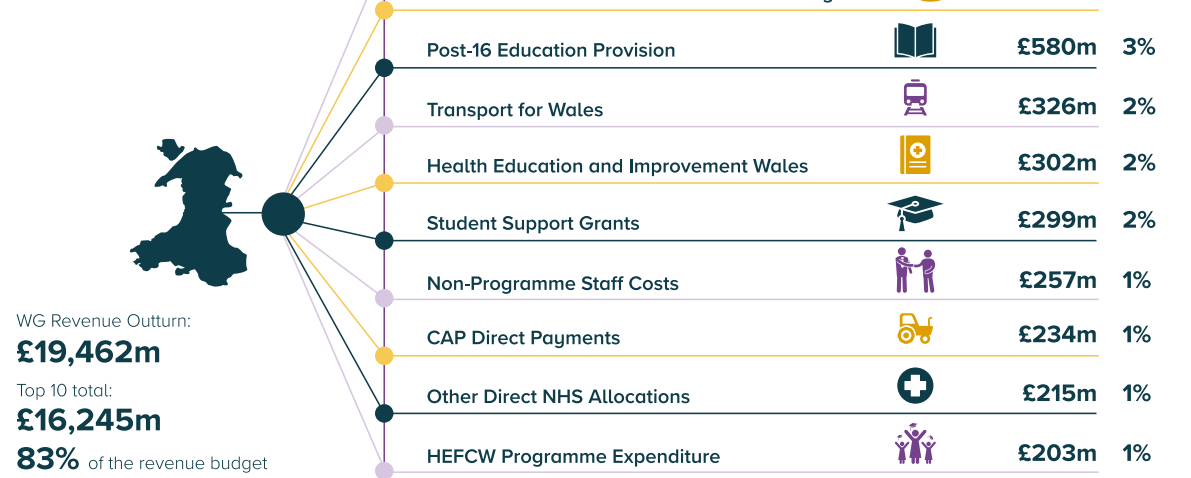
Details of the 2023-24 revisions to planned spending of the overall 2023-24 budget are published on the Welsh Government website²⁹.

Welsh Government Top Areas of Spend

The following infographics show the top 10 areas of spend for the Welsh Government in 2023-2024. The analysis is by Budget Expenditure Line, as used in the Main Expenditure Group tables accompanying the Budget Motion.

The Welsh Government's top 10 revenue and capital budget expenditure areas are:

The top 10 revenue budget expenditure areas for 2023-24 were:



The top 10 capital budget expenditure areas for 2023-24 were:



²⁹ <https://www.gov.wales/update-on-2023-2024-financial-position-summary-of-main-changes>

New to the top 10 revenue this year are:

There are no new Budget Expenditure Lines (BEL's) in the top 10 revenue expenditure for 2023-24, the same BELs feature covering expenditure on the NHS, Local Government, Education, Transport, Farming and the non-programme staffing costs of running the Welsh Government.

There are some slight changes in the percentage share each BEL represents of the total Welsh Government revenue expenditure for the financial year, principally an increase in Transport for Wales and a decrease in Other Direct NHS Allocations however the top 10 revenue BELs account for the same percentage share of the Welsh Government total Revenue expenditure for the year.

New to the top 10 capital this year are:

The only new BEL in the top 10 capital expenditure for 2023-24 is Sustainable Travel and Walking and Cycling which has seen an increase in expenditure of £12.1 million from 2022-23 including Active Travel investment in support of the National Transport Delivery Plan.

The top 10 capital BELs have increased to 82% of the Welsh Government capital expenditure mainly due to increases in Social Housing Grant, Transport for Wales and Core NHS Capital Allocations.

For comparison purposes, the top 10 revenue budget expenditure areas in 2022-23 were:



WG Revenue Outturn:
£18,249m
 Top 10 total:
£15,066m
83% of the revenue budget

Core NHS Allocations		£8,736m	48%
Local Government General Revenue Funding		£3,979m	22%
Post-16 Education Provision		£579m	3%
Student Support Grants		£310m	2%
Health Education and Improvement Wales		£281m	2%
Other Direct NHS Allocations		£247m	1%
Transport for Wales		£243m	1%
Non-Programme Staff Costs		£243m	1%
CAP Direct Payments		£237m	1%
HEFCW Programme Expenditure		£209m	1%

For comparison purposes, the top 10 capital budget expenditure areas in 2022-23 were:



WG Capital Outturn:
£2,792m
 Top 10 total:
£2,177m
78% of the capital budget

Transport for Wales		£566m	20%
Social Housing Grants		£376m	13%
Core NHS Allocations		£356m	13%
Education Infrastructure		£350m	13%
Local Government General Capital Funding		£150m	5%
Major Repairs Allowance (Housing)		£104m	4%
Network Operations (Roads)		£92m	3%
City and Growth Deals		£66m	2%
Building Safety		£62m	2%
Residual Decarbonisation and Quality		£55m	2%

Annually Managed Expenditure

HM Treasury recognises the volatility and demand led basis of certain programmes and the resultant difficulty in estimating costs over a period of time. As a result,

these programme budgets are managed on an annual basis and funding cover is generally provided by HM Treasury. The budgets are classified as Annually Managed Expenditure (AME). Of these

budgets within the Statement of Resource Outturn £1,143 million or 85% (2022-23: £391 million, 80%) related to Student Loans issued inclusive of interest and discounting, net of repayments in year.

Welsh Government Statement of Financial Position

The table below provides an overview of the Welsh Government Consolidated Statement of Financial Position.

Welsh Government Consolidated Assets	2023-24 £bn	2022-23 £bn
Physical Assets		
Road network (Trunk roads including motorways)	21.7	21.5
Rail Network (Core Valley Lines)	2.2	2.1
Land and Buildings (including the NHS Estate)	3.8	3.7
Assets under construction (mainly Roads and Rail)	2.8	2.3
Financial Assets		
Student loans portfolio	8.2	7.1
Help to Buy Wales portfolio	0.4	0.3
Development Bank of Wales loans	0.3	0.3
Other loans and investments	0.9	0.8
Cash	1.6	1.4
Other Assets	2.4	2.3
Total Assets	44.3	41.8
Trade and other payables	2.2	2.3
Accruals and deferred income	0.6	0.7
Welsh Risk Pool provision for clinical negligence claims	1.7	1.5
Other provisions	0.2	0.2
Other liabilities	1.5	0.9
Total Liabilities	6.2	5.7
Net Assets	38.1	36.1

Of the overall net asset increase of £2 billion, the most significant increases in the value of assets relates to £0.5 billion additions for Assets under Construction and £1.1 billion increase in value of the Student Loans portfolio.

The £0.5 billion increase in Assets under Construction is mainly due to road, rail and NHS infrastructure developments including the A465 MIM scheme and the South Wales Metro. The £1.1 billion increase in the Student Loans portfolio mainly relates to new loans issued of £0.9 billion, less repayments of £0.2 billion and valuation gains arising of £0.5 billion. The valuation of the portfolio is significantly influenced by movements in economic indices and discount rates prescribed by HMT. More information on this can be found at Note 6.

The main changes in the Group liabilities are in provisions and other liabilities. This includes a £0.2 billion increase in the liabilities of the Welsh Risk Pool, the value of which is affected by the volume and potential value of claims made against NHS Wales bodies and changes in the discount rates applied to record the liabilities at fair value. More information on the Welsh Risk Pool can be found at Note 11.

Other liabilities have increased by £0.6 billion primarily due to a £0.5 billion increase in Group liabilities for PFI and Service concession arrangements and lease arrangements. £0.2 billion of this relates to the Welsh Government Core account primarily for the A465 MIM scheme and £0.2 billion relates to Transport for Wales leases mainly for additional Rolling Stock introduced to the network in 2023-24, with much of the remaining increase attributable to new leases and the impact of IFRS16 FReM requirements for 2023-24 on PPP/PFI contracts for the NHS bodies in Wales.

Welsh Government Accounting Boundary

The Welsh Ministers are required to prepare accounts under s.131 of the Government of Wales Act 2006, the Permanent Secretary as Principal Accounting Officer for the Welsh Ministers has responsibility for the preparation and signing of the accounts. These accounts reflect the consolidated assets and liabilities, and the results of entities within the Welsh Government consolidation accounting boundary. The accounting boundary is similar to the concept of a group for corporate accounting but is based on control criteria for the public sector. Further information on the accounting boundary is contained in the Financial Statements and Note 1.2 to the accounts.

The consolidated organisations produce and publish their own annual reports and accounts. These accounts include the Welsh Government Core (the Welsh Government itself) and Welsh Government Group entities. These are:

Welsh Government Group

- Welsh NHS Local Health Boards and Trusts
- Health Education and Improvement Wales
- Digital Health and Care Wales
- Development Bank of Wales Group
- Transport for Wales Group
- Career Choices Dewis Gyrfa Limited
- Regeneration Investment Fund for Wales LLP
- WGC Holdco Limited.

The Welsh Government Core investment in subsidiary consolidated entities in Note 6 to the Financial Statements is:

		£m
Development Bank of Wales Group	Loans	1,552.1
	Equity	117.2
NHS Trusts	Public Dividend Capital	257.7
Regeneration Investment Fund for Wales LLP	Investment value	49.6
Transport for Wales Group	Loan and capital contribution	18
WGC Holdco Limited	Equity	21.9

New Central Government bodies in year

The Commission for Tertiary Education and Research (Medr), the new arm's length body responsible for the funding and oversight of post-16 education and research was established on 4 September 2023. Medr will become operational from August 2024 when responsibility for all relevant functions will start transferring to the Commission. Medr has been given an indicative classification to the central government sector pending the ONS' classification assessment but is not yet designated within the Welsh Government accounts and budgeting boundary.

Trydan Gwyrdd Cymru Limited was established on 12 October 2023 to accelerate the development of renewable

energy projects on the wider Welsh public estate and maximise their value for the people of Wales. Trydan Gwyrdd Cymru Limited has been given an indicative classification to the Central Government sector pending the ONS' classification assessment but is not yet designated within the Welsh Government accounts and budgeting boundary.

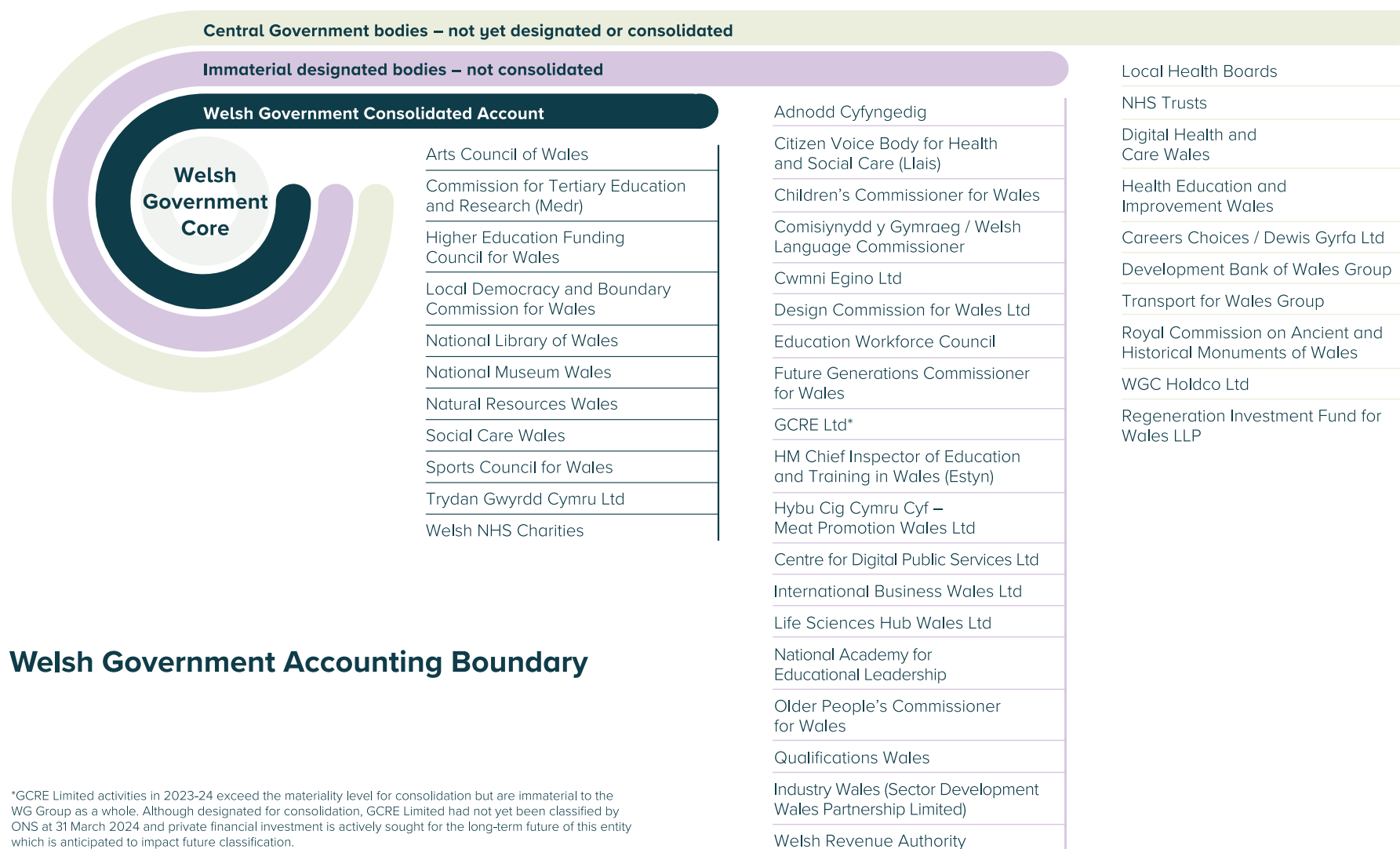
During the year the following Welsh Central Government bodies were designated³⁰:

- Citizen Voice Body for Health and Social Care (Llais)

The transactions of Llais were not material for inclusion within the consolidated accounts for 2023-24. The alignment project continues to work to ensure the correct

classification and designation of new bodies created, as well as aligning existing entities. All NHS bodies in Wales, the Development Bank of Wales Group, Transport for Wales Group and 21 Central Government bodies are now inside the budget outturn covered by the Summary of Resource Outturn on an activity basis, rather than on the basis of cash issued by Welsh Government. Whilst the Welsh Government funds Welsh Government Sponsored Bodies they are not consolidated into these accounts as they do not fall within the consolidation accounting boundary. The infographic below shows how the types of classified and designated bodies relate to the Welsh Government Consolidated Accounts.

³⁰ The Government of Wales Act 2006 (Budget Motions and Designated Bodies) (Amendment) Order 2024 (legislation.gov.uk)



Welsh Government Accounting Boundary

*GCRE Limited activities in 2023-24 exceed the materiality level for consolidation but are immaterial to the WG Group as a whole. Although designated for consolidation, GCRE Limited had not yet been classified by ONS at 31 March 2024 and private financial investment is actively sought for the long-term future of this entity which is anticipated to impact future classification.

To assist with the diagrams above, the following explain Central Government classification and designation:

Classification

Classification is undertaken for National Accounts purposes, which is a statistical framework applied by the ONS for describing what is happening in national economies. All institutional units operating within an economy are classified to an institutional sector (for example, as non-financial corporations, general government units or households).

In broad terms, entities are classified as central government if they are owned or controlled (i.e. the ability to determine their general policy or programme) by other central government entities and they are not a Public Corporation (which is a separate classification). HM Treasury use this classification to determine the budgetary treatment appropriate for these entities, to ensure consistency of budgeting reporting across the public sector. For entities classified as central government in Wales, this means their income and expenditure on an accruals basis score in

the Welsh Government budget controls set by HM Treasury. The same principles apply to any subsidiaries or joint ventures.

Designation

Only entities classified as central government are designated. Designation under the GOWA 2006 (Budget Motions and Designated Bodies) Order³¹ is the legal process that gives the Welsh Government the legal authority to spend. Designation brings the income and expenditure on an accruals basis of Welsh Government central government entities within the Ambits of the Budget Motion i.e. within the Welsh Government Budget voted by the Senedd and the Accounts consolidation boundary, as the Government Financial Reporting Manual sets consolidation boundaries based on designated bodies.

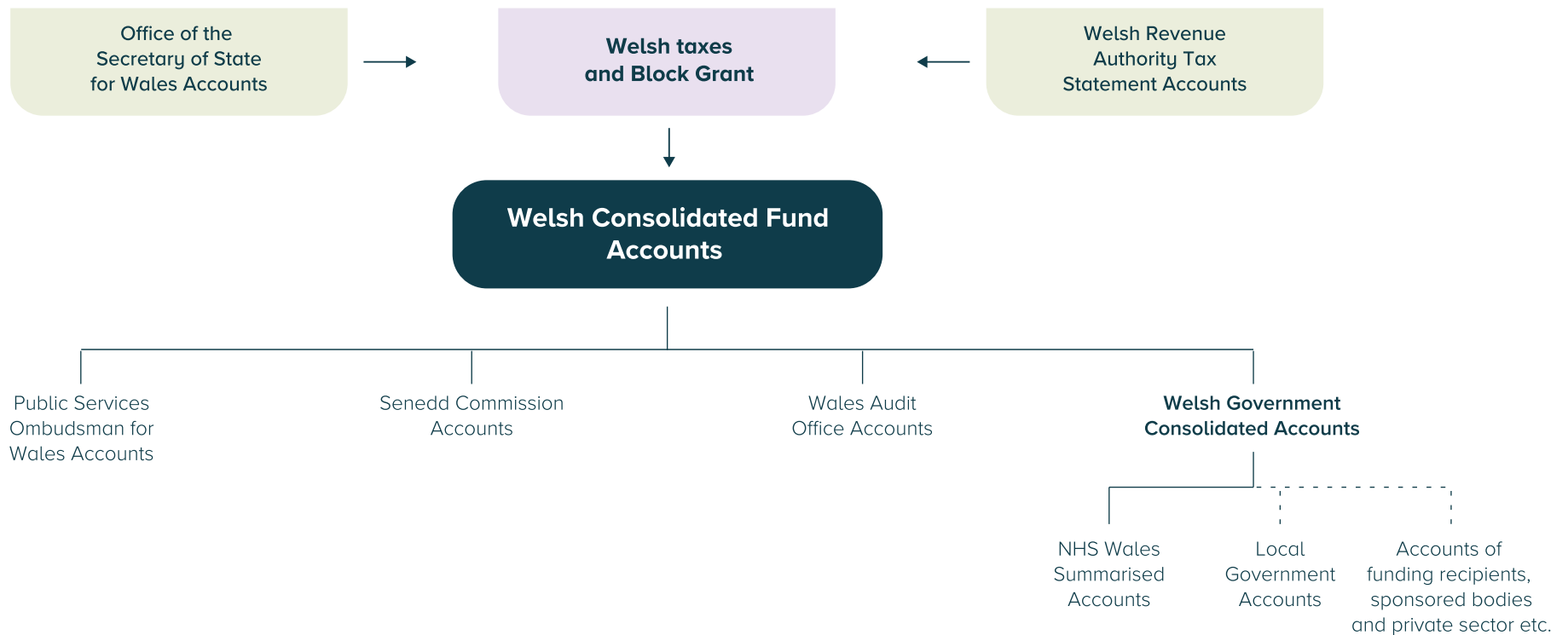
Before designation only the cash paid to the entity by the Welsh Government is included within the Ambits of the Budget Motion, and the entities are outside the Welsh Government Consolidated Accounts. Whether an entity has been designated or not does not affect the overall budgeting treatment just which elements are included in the Ambits of the Budget Motion and which are outside.



³¹ The Government of Wales Act 2006 (Budget Motions and Designated Bodies) (Amendment) Order 2024 (legislation.gov.uk)

Relationship of Welsh Government Accounts to wider public sector financial reporting

The fiscal activity of Wales is described in a suite of statutory accounts information:



The Welsh Consolidated Fund Account

This account receives UK Parliament voted receipts, National Insurance receipts, Welsh Rates of Income Tax payover and Devolved Tax receipts. Borrowing by Welsh Ministers is also paid into this account. Payments are made out of the Welsh Consolidated Fund to bodies covered by a Welsh Budget Motion or as Direct Charges.

The Welsh Revenue Authority Tax Statement

This account reports on Devolved Tax receipts for the Land Transaction Tax and the Landfill Disposals Tax. The Annual Report can be found on the Welsh Government website³².

Accounts of the bodies funded directly from the Welsh Budget

- The Public Services Ombudsman for Wales³³
- The Senedd Commission³⁴
- The Welsh Government Consolidated Accounts
- The Wales Audit Office³⁵.

³² <https://www.gov.wales/welsh-revenue-authority-annual-reports-and-accounts>

³³ <https://www.ombudsman.wales/annual-report-accounts/>

³⁴ <https://senedd.wales/media/e0pezbwe/gen-ld16596-e.pdf>

³⁵ Annual Report and Accounts 2023-24 | Audit Wales (wao.gov.uk)

How we perform

Welsh Government Performance Framework

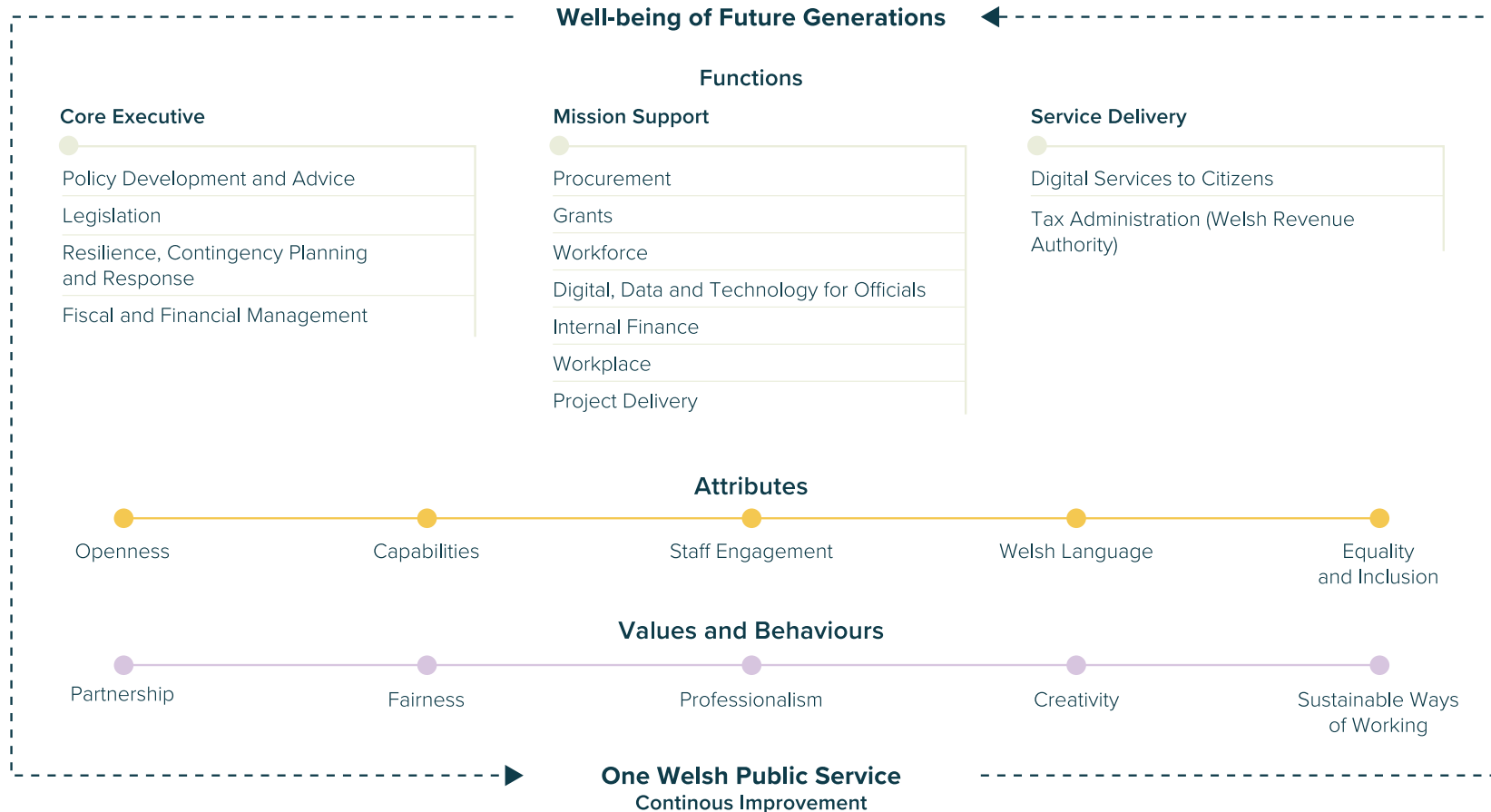


The Welsh Government Performance Framework is one of the main approaches used for monitoring the performance of the Welsh Government Civil Service. The aim of the Performance Framework is to drive improvements in the organisational effectiveness of the Welsh Civil Service by focusing on operational performance and the responsibilities of the Permanent Secretary in respect to the running of the organisation.

Development of the Performance Framework

The Framework was developed using the International Civil Service Effectiveness Index (InCiSE) as its basis and has been adapted to align with Welsh Government's strategies, priorities and objectives through consultation with the Board, senior managers and researchers. The Framework consists of 23 themes that are divided into two groups – functions ('what we do') and attributes ('how we do it').

Welsh Government Civil Service Performance Framework



The Welsh Government’s approach to organisational performance reporting is reviewed and refreshed on an ongoing basis in order to ensure it remains relevant and facilitate necessary actions. In this financial year, a full review of our approach to performance reporting was

carried out, which considered the amount of data that is included in reports, the frequency of reporting and how it informs action. This highlighted a need for a more streamlined and more frequent approach to reporting, in order to facilitate action being taken in a timely way. On 14 March,

Executive Committee (ExCo) agreed the Welsh Government should move to a balanced scorecard approach to reporting, with a quarterly reporting schedule. It is anticipated that this will be put in place for the 2024-2025 financial year.

Use of the Performance Framework

The Framework is managed and reported on by Welsh Government analysts, who provide an independent assessment of performance.

The Performance Framework has two levels of governance:

- Business owners have been established for each of the Framework themes. They have strategic oversight of their areas, where they are responsible for providing performance information for scrutiny and for driving improvements in their area.
- The Board and its Executive Committees play a key role in scrutinising the performance reports produced on the Framework, and put forward areas for improvement, to be actioned by the relevant business owners.

Reporting on the attribute themes

The majority of indicators within the attribute themes are based on staff attitudes, gathered via surveys such as the Civil Service People Survey and Welsh Government Pulse Surveys. In general, there have been improvements across the attribute themes, following a general decline in the previous year. This followed an increase in scores in many areas during the pandemic, which have now returned to pre-pandemic levels.

Five areas demonstrated good performance, with improvements in performance over time

and/or performance which exceeded their relevant targets or benchmarks:

- **Employee Engagement** which saw a small increase from 65% in 2022 to 66% in 2023 and has consistently been higher than or in line with the Civil Service benchmark (64% in 2023).
- **Fairness** where staff reported high levels of inclusion and fair treatment within Welsh Government, which saw a small increase from 84% to 85% since the previous year and has consistently performed above the Civil Service benchmark (81% in 2023).
- **Creativity** where there was a small increase in staff reporting that their team is encouraged to come up with new and better ways of doing things, from 79% to 80%, and which consistently performed above the Civil Service benchmark (78% in 2023).
- **Professionalism** where a very high proportion of staff reported that they understand the Civil Service code and what it means for their conduct (93%), which was consistent with the previous year and has consistently performed above the Civil Service benchmark (88% in 2023).
- **Welsh Language** where we saw a reduction in the number of complaints relating to the Welsh Language Service Delivery Standards, from 34 in 2022-23, to 27 in 2023-24.

There were two areas which saw improvements from the previous year, but performed below their relevant targets or benchmarks:

- **Capabilities** where the percentage of staff who agree that learning and development activities completed in the last 12 months have helped to improve their performance saw an increase from 47% in 2022 to 49% in 2023 but remained below the Civil Service benchmark of 52%.
- **Equality and Inclusion** where representation of Black, Asian and Minority Ethnic Staff and disabled staff increased but remained below the Welsh population (at 3.2% and 6.5% of Welsh Government staff and 6.2% and 21.1% of the Welsh population respectively). Representation of ethnic minority staff also remains below the Anti-racist Wales Action Plan target of 6%. However, representation of staff with a minority sexual orientation exceeded the Welsh population (at 4.5% of Welsh Government staff and 3% of the Welsh population respectively).

Three areas saw decreases in performance over the previous year:

- **Openness** where the percentage of information requests completed by statutory deadline saw a small decrease to 85% in 2023, below the ICO target of 90%.

- **Partnership** where the percentage of staff who agree that they regularly consider collaboration with external stakeholders saw a drop from 77% in 2021 to 73% in 2023.

- **Sustainable Ways of Working** where the Sustainable Development Principle Index Score decreased slightly from 77% in 2021 to 76% in 2023. The Index Score is made up of the average of five questions on the

WFGA Sustainable Development Principle (five ways of working).

The table below provides the measures for the attribute themes.

Attribute Theme	Measure	Source	Current Score	Scores for Previous Periods		Target/ Benchmark
Professionalism	Percentage of staff who agree that they understand the Civil Service code and what it means for their conduct.	People Survey	93% (October 2023)	93% (October 2022)	95% (October 2021)	88% Civil Service Benchmark (October 2023)
Fairness	Inclusion and Fair Treatment theme score.	People Survey	85% (October 2023)	84% (October 2022)	85% (October 2021)	81% Civil Service Benchmark (October 2023)
Partnership	Percentage of staff who agree that where they work, they regularly consider collaboration with external stakeholders.	Welsh Government pulse survey	73% (July 2023)	77% (September 2021)	75% (March 2020)	N/A
Creativity	Percentage of staff who agree their team is encouraged to come up with new and better ways of doing things.	People Survey	80% (October 2023)	79% (October 2022)	81% (October 2021)	78% Civil Service Benchmark (October 2023)
Sustainable Ways of Working	Sustainable Development Principle index score ³⁶ .	Welsh Government pulse survey ³⁷	76% (July 2023)	77% (September 2021)	72% (March 2020)	N/A
Openness	Percentage of information requests completed by statutory deadline.	Welsh Government administrative data	85% (Calendar year 2023)	87% (Calendar year 2022)	83% (Calendar year 2021)	90%

³⁶ The index score is an average of positive responses (agree or strongly agree) across five questions that capture Welsh Government staff's views on how regularly they feel they are able to put the Well-being of Future Generations Act's Sustainable Development Principle (five ways of working) into practice.

³⁷ It should be noted that respondent numbers vary year on year as follows: 2020: 3,359; 2021: 2,535; 2023: 3,364.

Attribute Theme	Measure	Source	Current Score	Scores for Previous Periods		Target/ Benchmark
Capabilities	Percentage of staff who agree that learning and development activities they have completed in the last 12 months have helped to improve their performance.	People Survey	49% (October 2023)	47% (October 2022)	47% (October 2021)	52% Civil Service Benchmark (October 2023)
Equality and Inclusion	Percentage of staff who identify as being part of an equality group.	Welsh Government administrative data	3.2% Black, Asian and Minority Ethnic 6.5% Disabled 4.5% Minority sexual orientation (Financial year 2022-23)	3.0% Black, Asian and Minority Ethnic 6.2% Disabled 4.0% Minority sexual orientation (Financial year 2021-22)	2.8% Black, Asian and Minority Ethnic 5.9% Disabled 3.6% Minority sexual orientation (Financial year 2020-21)	6.2% Black, Asian and Minority Ethnic 21.1% Disabled 3.0% Minority sexual orientation Comparison to Welsh Population (2021 Wales Census)
Staff Engagement	Employee Engagement Index Score.	People Survey	66% (October 2023)	65% (October 2022)	68% (October 2021)	64% Civil Service Benchmark (October 2023)
Welsh Language	Number of complaints relating to the Welsh Language Service Delivery Standards.	The Welsh Government's Annual Report on compliance with the Welsh Language Standards	27 complaints (Financial year 2023-24)	34 complaints (Financial year 2022-23)	32 complaints (Financial year 2021-22)	N/A

Reporting on the function themes

The function themes represent a wide range of Welsh Government activities, and metrics are drawn from a number of sources. Assessing the performance of these areas can be challenging, given the complexity of the influences on outcomes, and the changing context.

Five of the function themes can be measured against targets or benchmarks

and, of these, three saw improved performance in 2023-24:

- **Workforce** where there was an increase in staff perceptions that one-to-one conversations with their managers are helping them to achieve their full potential (from 68% in 2022 to 70% in 2023). This was higher than the Civil Service benchmark of 66%.
- **Workplace** with year-on-year decreases in total carbon emissions from the

Welsh Government administrative estate. In 2022-23, carbon emissions had seen a 77% decrease compared to 2010-11.

- **Policy development and advice** where there was an increase in staff within the Policy Profession who reported they have the skills they need to do their job effectively (at 91%, compared to 88% in 2022). This was higher than the Civil Service benchmark (89% in 2023).

Two of the function themes which have targets or benchmarks saw decreases in performance since the previous year:

- **Digital Data and Technology for Officials** where the percentage of staff who agree that the technology provided by the organisation enables them to easily connect and collaborate with colleagues saw a decrease from the previous year

(88% in 2023 compared to 91% in 2022). However, overall scores remain very high and well above the Civil Service benchmark (80% in 2023).

- **Internal Finance** where there has been a decrease in the percentage of payments made within 5 days of invoice receipt, from 77% in 2022-23 to 71% in 2023-24. This is below the target of 80%.

The other functions indicators do not have associated targets or benchmarks, and ExCo and the Board consider the insight gained from these metrics, considering the organisational and wider context.

The table below provides the overview measures for the function themes.

Function Theme	Measure	Source	Score	Scores for Previous Periods		Target/Benchmark
Fiscal and Financial Management	Fiscal Resource and General Capital percentage variance between budget and outturn.	Welsh Government Report on Outturn	These figures will be published in the Welsh Government Report on Outturn 2023-24	Fiscal Resource 1.0% underspend General Capital 3.0% underspend (April 2022-March 2023)	Fiscal Resource 1.14% underspend General Capital 0.17% overspend (April 2021-March 2022)	N/A
Resilience, Contingency Planning and Response	Emergency Co-ordination Centre Wales [ECC(W)] and First Response total days in operation.	Welsh Government administrative data	ECC(W) – 0 days First Response – 235 days (April 2023-March 2024) ³⁸	ECC(W) – 0 days First Response – 231 days (April 2022-March 2023)	ECC(W) – 27 days First response – 50 days (April 2021-March 2022)	N/A
Legislation	Bills announced and introduced in the legislative year.	Legislation administrative data	8 Bills announced and 6 introduced within legislative year. (July 2023-July 2024) ³⁹	5 Bills announced and 4 introduced within legislative year. (July 2022- July 2023)	5 Bills announced and 4 introduced within legislative year. (July 2021- July 2022)	N/A
Procurement	Proportion of influenceable spend won directly by Wales-based businesses, including SMEs.	Welsh Government administrative data	51% (Financial year 2023-24)	51% (Financial year 2022-23)	51% (Financial year 2021-22)	N/A
Grants	Number of queries dealt with by the Grants Centre of Excellence.	Welsh Government administrative data	1,833 queries (Financial year 2023-24)	2,300 queries (Financial year 2022-23)	2,267 queries (Financial year 2021-22)	N/A

38 The First Response work has evolved, and this figure now includes work of 'First Response' and the 'Resilience Overwatch and Response (ROaR)' branch, including any substantial activity by our on-call officials; this includes, but is not limited to compiling intelligence, writing reports and attending Strategic Coordination Groups (SCGs)

39 These figures reflect the number of Bills that have already been introduced or are expected to be introduced before the end of the legislative year in July 2024.

Function Theme	Measure	Source	Score	Scores for Previous Periods		Target/ Benchmark
Digital Data and Technology for Officials	Percentage of staff who agree that the technology provided by the organisation enables them to easily connect and collaborate with colleagues.	People Survey	88% (October 2023)	91% (October 2022)	94% (October 2021)	80% Civil Service Benchmark (October 2023)
Internal Finance	Percentage of payments made within 5 and 30 days of invoice receipt.	Welsh Government administrative data	70.9% within 5 days 98.5% within 30 days (Financial year 2023-24)	77.3% within 5 days 98.4% within 30 days (Financial year 2022-23)	82.7% within 5 days 98.7% within 30 days (Financial year 2021-22)	80% within 5 days 100% within 30 days
Workforce	Staff perceptions that the one-to-one conversations they have with their managers are helping them to achieve their full potential.	People Survey	70% (October 2023)	68% (October 2022)	68% (October 2021)	66% Civil Service Benchmark (October 2023)
Workplace	Welsh Government administrative estate total carbon emissions.	State of the Estate Report	2890 Tonnes 77% reduction since 2010-11 (Financial year 2022-23)	3000 Tonnes 76% reduction since 2010-11 (Financial year 2021-22)	3500 Tonnes 72% reduction since 2010-11 (Financial year 2020-21)	Net Zero by 2030
Digital Services for Citizens	Number of digital services available to the citizen.	Welsh Government administrative data	43 services ⁴⁰ (May 2023)	N/A	N/A	N/A
Project Delivery	Most frequent categories of recommendations identified in Gateway Assurance Reviews.	Welsh Government administrative data	Governance – 17% Programme and project management – 15% Context, Aim and Scope – 12% (2023-2024)	Governance – 11% Programme and project management – 18% Context, Aim and Scope – 16% (2022-2023)	Governance – 17% Programme and project management – 20% Context, Aim and Scope – 15% (2021-22)	N/A
Policy development and advice	Percentage of staff who report having the skills they need to do their job effectively.	People Survey	Policy Profession – 91% Welsh Government – 91% (October 2023)	Policy Profession – 88% Welsh Government – 90% (October 2022)	Policy Profession – 88% Welsh Government – 91% (October 2021)	89% Civil Service Benchmark (October 2023)

⁴⁰ Services are defined as something that enables a user to make one or more transactions. We have made changes to the way we define and track digital services to improve the consistency and accuracy of our reporting. Consequently, there is no time series available.

Discussion of Performance by Executive Committee (ExCo) and the Board

ExCo and the Board considered the performance of the organisation throughout the year and highlighted the following areas to focus on:

- Sustainable Ways of Working and Partnership where it was noted that overall levels of collaboration are relatively high, although saw a drop following their peak during the pandemic. The importance of staff continuing to work in ways that reflect our values, and the Sustainable Development Principle was underlined. However, it was noted that since this indicator was developed internally to monitor the Welsh Government's progress on the Sustainable Development Principle, we are unable to benchmark our performance against other organisations.

- Capabilities where there is a need to build on the progress that has already been made, and to be ambitious ensuring high levels of skill and capability among Welsh Government staff, particularly in key areas for delivery, such as project management. Here, it was felt that enabling line managers to support staff development should be a focus.
- Equality and Inclusion where it was noted that progress has been made to address underrepresentation of minority groups, and this needs to be a continued focus, with a need to ensure that any underlying trends are fully explored.
- Legislation where it was felt that the Welsh Government should strive to be ambitious in its delivery of the legislative programme.
- Procurement where the opportunity for Welsh Government procurement to contribute to Wales-based SMEs and support the wider economy was underlined.

ExCo and the Board were supportive of the ongoing work to develop performance reporting, with the move to a new balanced scorecard approach.

Staff Insight



Between March 2023-2024, alongside a Hybrid Working Pilot and Action Plan, we focused on collating a range of qualitative and quantitative insights to help us better understand:

- Employee behaviours and experiences including the impact on well-being, inclusion and productivity.
- The use of tools and spaces.
- External stakeholder perspectives.

We worked closely with Corporate Research to analyse global trends and Welsh Government employee experiences to inform our longer-term approach, balancing the benefits and challenges of working in different ways and places, against our wider delivery priorities. These included:

- All staff pulse surveys (short “in the moment” surveys).

- Senior Civil Service (SCS) stakeholder feedback exercise and internal stakeholder deep dive workshops.
- External stakeholder engagement.
- Ministerial insight gathering.
- Let’s Talk Live events and staff focus groups.
- Occupancy and management information data.
- Emerging UK and international research.

A number of initial recommendations were presented to Executive Committee for endorsement and strategic steer in October 2023. Actions taken forward included proposed improvements and changes relating to Team Charters, building access, the selling of home working equipment to leavers, updates to overseas working and tax positions and an assessment of onsite corporate services.

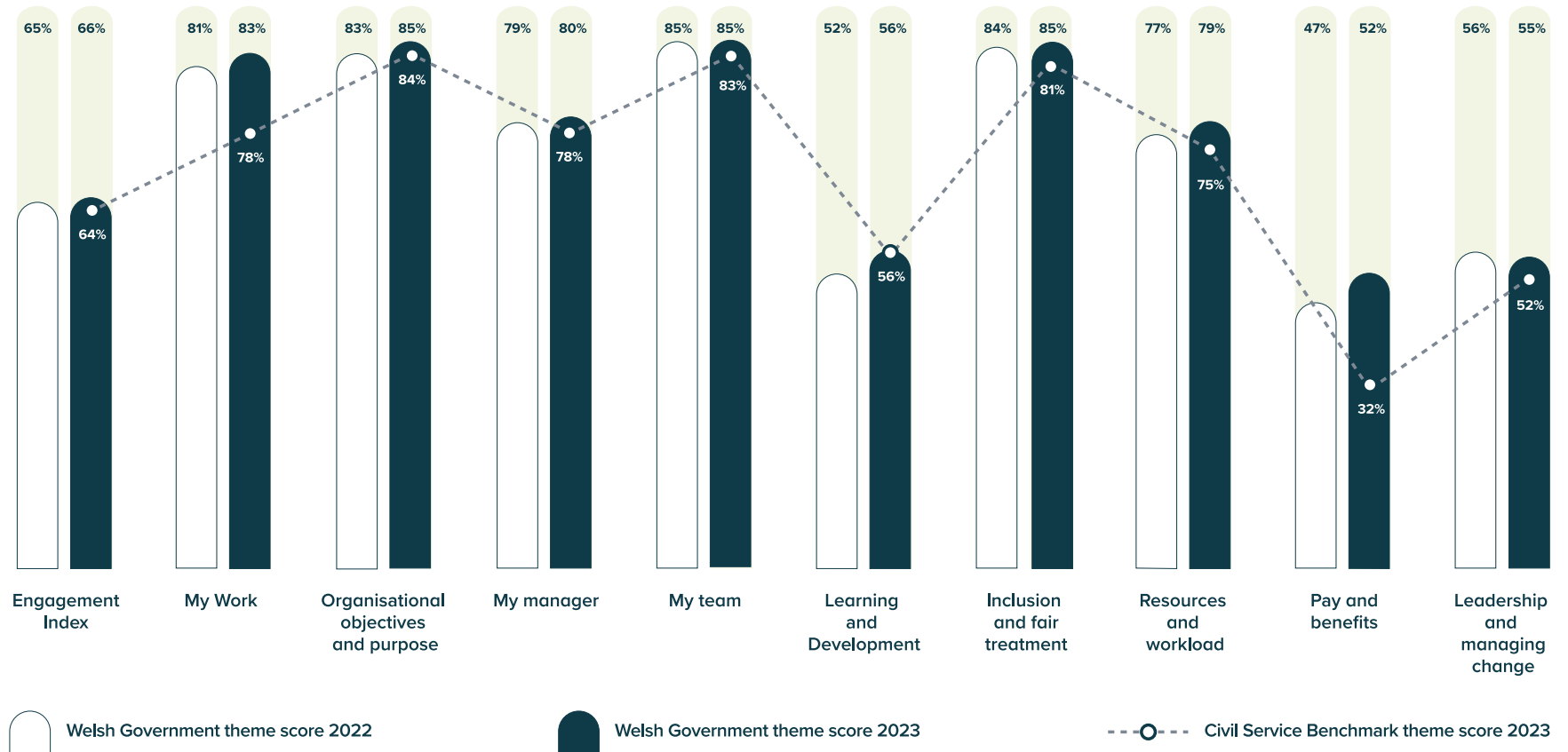
Further insight gathered, demonstrated some positive trends in terms of employee engagement, trust, well-being, and colleagues feeling they have the tools and spaces they need to connect, concentrate, and collaborate. However, this was balanced by recurring considerations, such as clarifying leadership expectations, inclusion and consistency of experience, and an ‘always on’ culture.

The pilot also identified areas for further exploration and improvement, such as the impact of hybrid working on our culture, values and strategic goals, the leadership and management skills and behaviours required, our longer-term location strategy and requirements in terms of hybrid working spaces, and the technology and tools to support hybrid working.

Further findings and recommendations from the pilot will be presented to Executive Committee in June 2024. The next steps will include developing a clear vision and principles for hybrid working in Welsh Government, reviewing, and updating the relevant policies and guidance, engaging and consulting with staff and stakeholders, working in Social Partnership with Trade Unions, and monitoring and evaluating the implementation and outcomes of hybrid working.

Survey Strengths

Our staff satisfaction survey continues to provide a positive snapshot of the experience of our workforce. The 2023 People Survey⁴¹ results demonstrate improvements across the majority of core survey themes from 2022 and we continue to perform above the Civil Service benchmark for most themes.



In addition, our theme performance was ranked against the main Civil Service Departments [i.e. the 17 main Whitehall departments plus the Devolved Governments]. In general, Welsh Government was amongst the highest scoring organisations for most themes⁴².

⁴¹ <https://www.gov.wales/welsh-government-people-survey>

⁴² Civil Service People Survey 2023 – Results Highlights – GOV.UK (www.gov.uk)

Core Survey Theme	Welsh Government Ranking Across Main Departments *
Engagement Index	3rd joint
My Work	1st
Organisational objectives and purpose	2nd
My manager	2nd equal
My team	2nd equal
Learning and Development	7th joint
Inclusion and fair treatment	1st joint
Resources and workload	1st
Pay and benefits	2nd
Leadership and managing change	3rd equal

* Please note: 'Joint' refers to two Departments with the same score and 'equal' refers to three or more Departments with the same score. Overall ranking is based on rounded scores.

A full comparison table can be found in the 2023 Civil Service People Survey Results Highlights⁴³.

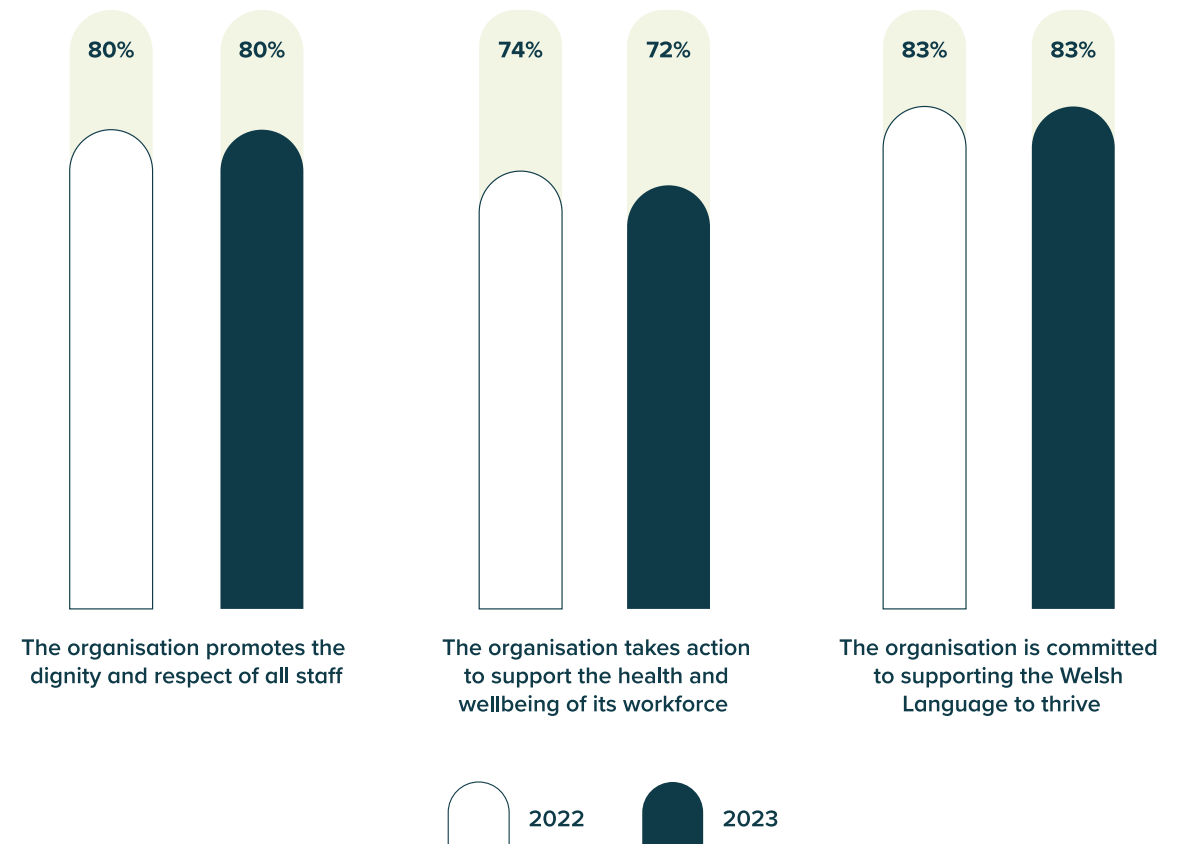
⁴³ <https://www.gov.uk/government/publications/civil-service-people-survey-2023-results/civil-service-people-survey-2023-results-highlights>

The People Survey has identified some areas we would like to explore further and take appropriate action, but most of the components have seen a year-on-year increase. We continue to score well compared to much of the public sector as a whole, and we are pleased with the overall progress made. Across main departments, the Welsh Government now has the highest scores for three of the nine engagement driver themes and the second highest for a further four. We cannot afford to become complacent however and will remain vigilant to maintain and improve our results.

The Welsh Government also reports on a number of specific to our organisation themes that report consistency or improvement across a number of areas including:

Welsh Government Specific Themes

Commentary on key highlights from the survey results is included in the preceding Performance Framework section.



How we organise ourselves to deliver

Welsh Government 2025



WG2025 is Welsh Government's vehicle for change and continuous improvement. Since its inception in 2022, it has delivered some tangible changes in the first two years as a result of staff feedback and ideas including:

- Co-producing a Values and Behaviours Framework.
- Changing the way promotion is approached.
- Introducing a Hybrid Working Pilot.
- New digital services and tools – including Pobl and Cais, a new events management system and piloting Microsoft CoPilot.
- Welcoming the first tenants to Cathays Park and moving to new Group Neighbourhoods as part of the Estate Rationalisation programme, and

- A new Policy Framework and Capability Programme.

The challenging 2024-25 draft budget for Welsh Government has resulted in the WG2025 Programme being refocused. The refocused and streamlined WG2025 programme is made up of three projects, each charged with designing and implementing changes that will help the Welsh Government continue to deliver for people in Wales in very different financial circumstances:

- 1) ReSize:** The project focuses on developing an affordable workforce plan that is within budget. It is also in line with the value of fairness, whilst protecting jobs and staff numbers as far as possible.
- 2) ReSpace:** Reducing the estate and making more efficient use of Welsh Government buildings can save significant amounts of money. This project is identifying cost savings that can be achieved in year, while taking a longer-term view on the future of the estate. The work in this area has been underpinned by a focus on reducing the estate's carbon footprint whilst supporting effective Smart-Working.

3) ReShape: This project is re-aligning work and resources to meet priorities. It is also focusing on how the operating model needs to be adapted to increase impact and effectiveness, including radical options, and how digital and technology can support that change. It also focuses on building a sustainable, skilled and supported organisation for the future.

WG2025 is set up as a Programme structure with reporting from the Programme Board to ExCo and the Welsh Government Board through the SRO and Chief Operating Officer, Tim Moss.

These three projects have delivered a significant number of benefits this year:

ReSize

To help balance our workforce budget and protect existing jobs, planned recruitment has been reviewed and delivered a significant reduction in external recruitment with the implementation of an 'external by exception' process. This has resulted in an immediate 50% reduction in external recruitment for quarter four of 2023-24 compared to the previous quarter.

We have also paused new apprentice and fast streamer recruitment for 2024-25 but offering permanent roles to the current cohort has resulted in a further saving of

c£1.5 million for 2024-25. New rules around use of Fixed Term Appointments and a limited Voluntary Exit Scheme, allowing 95 colleagues to exit, has resulted in further savings of c£4.0 million for 2024-25.

ReSpace

This project has prioritised people and the protection of jobs. Through reviewing and optimising the estate strategies, reviewing occupancy levels and finalising hybrid working arrangements this project has had a sufficient impact on the ways of working with associated cost savings. Reducing the size and cost of the estate and onboarding a number of new tenants has resulted in immediate operational savings of c£2.3 million for 2024-25.

ReShape

This project focuses on ensuring we have the culture, skills, capability and ways of working to deliver for Wales within an increasingly challenging economic, social and environmental context. This will take centre stage and become the key focus for WG2025 as we move through 2024-25.

Five key workstreams are being taken forward as a priority:

- 1) Defining and agreeing the role of the Welsh Government, its core purpose, activities and priorities.
- 2) Improving our management information and digital and data capabilities.
- 3) Developing common and consistent approaches to delivering service and functions, where appropriate.
- 4) Developing a more agile and responsive workforce that can respond to changing priorities or demands.
- 5) Supporting a more empowered and accountable workforce through proportionate controls and governance based on agreed risk appetite.

Climate change – Welsh Government estate and sustainability reporting



Welsh Government Administrative Estate

Action to tackle Climate Change remains an inherent part of the Welsh Government's over-arching workplace strategy and asset management planning. The approach to improving the environmental performance of the administrative estate is delivering positive results. Substantial reductions in carbon emissions and energy usage continue to be achieved, as well as reducing the amount of waste sent to landfill and water consumed. Biodiversity is also being improved across the estate. This is based on a robust system of collecting, analysing and acting on energy/carbon data.

As at 31 March 2024, an 82% reduction in carbon emissions had been achieved giving

a revised total carbon footprint for the estate of 2,275 tCO₂⁴⁴. This equates to an overall reduction in total estate emissions by a substantial 10,287 tonnes of CO₂ over the last 12 years.

We have achieved a 21% reduction in emissions in 2023-2024 compared to 2022-23 (2,890 tCO₂)⁴⁵.

Gas consumption has decreased on the previous year by 21% from 7.3 Gwh to 5.8 Gwh. Electricity consumption has decreased by 27% on the previous year from 7.9 Gwh to 5.8 Gwh. Energy saving measures put in place on 31 October 2022 have continued and include switching off heating in offices at 15.00hrs and resetting the COVID-19 requirement of full fresh air and no recirculation. We therefore anticipate a further reduction in gas consumption next year. These measures helped achieve a 24% reduction in consumption in 2023-24.

This momentum is being maintained and future emissions reporting aligned with the new Welsh Public Sector Net Zero Carbon Reporting Scheme. A pathway has been developed to achieve net zero-carbon on Welsh Government's administrative estate by 2030. Several feasibility studies have been completed and from these studies a prioritised programme developed.

An investment programme necessary to attain the zero-carbon objective has been estimated. Projects range from air source heat pumps and LED lighting to solar PV. Solar PV meters are being connected to building management systems to enable monitoring of on-site renewable electricity. The reduction in car use and associated emissions in response to COVID-19 workplace restrictions offer significant long-term environmental benefits which the Welsh Government will aim to realise as it transitions to more blended ways of working. Projects to enhance biodiversity across the estate this year included planting more native wildflowers, raised flower beds and a pond.

Total waste increased by 190% from 74 tonnes to 215 tonnes over previous year⁴⁶. Waste to landfill decreased by 20% from 0.5 to 0.4 tonnes and still comprises less than 1% of total waste. Recycling (including anaerobic digestion) increased to 185 tonnes. Water consumption decreased by 23% on previous year from 15,315m³ to 11,853m³.

⁴⁴ Scope 1 gas and Scope 2 electricity.

⁴⁵ We have not accounted for the emissions from our tenants in 2023-24.

⁴⁶ This was due to space relocation across the estate, particularly in Cathays Park, where staff disposed of work and personal items, left in situ post COVID-19.

Welsh Government Administrative Estate: Sustainability Update

GHG	2019-20	2020-21	2021-22	2022-23	2023-24
Total gross Emissions (Kilo tonnes CO ₂ e)	3.7	3.5	3.0	2.8	2.2
Total Gross Emissions Scope 1 Gas (Kilo tonnes CO ₂ e)	1.0	1.6	1.4	1.3	1.0
Total Gross Emissions Scope 2 Electricity (Kilo tonnes CO ₂ e)	2.6	1.8	1.5	1.5	1.2
Electricity gwh	10.3	8.1	7.3	7.9	5.8
Gas gwh	5.8	8.8	7.9	7.3	5.8
Expenditure on Energy (£ million)	2.1	2.5	2.1	1.9	3.9
CRC Allowances	0	0	0	0	0
WASTE (tonne)	2019-20	2020-21	2021-22	2022-23	2023-24
Total waste	284	50	72	74	215
Landfill	3.8	1.1	1.4	0.5	1
Waste to Energy	47	15	10	13	29
Reused/Recycled	150	24	47	43	145
AD Food	83	10	13	17	40
WASTE %	2019-20	2020-21	2021-22	2022-23	2023-24
Landfill	1%	2%	2%	0.5%	0.4%
Waste to Energy	17%	29%	14%	18%	13.6%
Reused/Recycled	53%	49%	66%	58%	68%
AD Food	29%	20%	18%	23%	18%
WATER	2019-20	2020-21	2021-22	2022-23	2023-24
m ³ per person/year	5.6	2.1	2.5	2.9	2.1

Our commitment to fairness and inclusion



We are committed to enabling everyone who works at the Welsh Government to achieve their full potential in a positive and supportive environment, underpinned by the principles of equality, fairness, and inclusion. Our Workforce Equality, Diversity and Inclusion Strategy: 2021 to 2026⁴⁷ sets out ambitious plans and targets for shaping our organisation for the future.

Our vision is one in which Welsh Government is an organisation which fully reflects the diversity of Wales at every level, is anti-racist and anti-discrimination of all types. People who work here are encouraged and supported to develop and reach their potential, knowing they will not be discriminated against or made to feel uncomfortable because of who they are. We want to create a culture in which all people treat others with courtesy, dignity, and respect.

All of our people understand why we have a diverse organisation, and the Welsh Government is seen as an exemplar because its approach to equality, diversity and inclusion has demonstrable business benefits as well as making it a place where people from all of our communities want to work.

Recruitment and Outreach: Improving Welsh Government workforce representation

We are committed to addressing the historic underrepresentation of disabled staff and Black, Asian, and Minority Ethnic staff within our workforce, and the underrepresentation of women in senior leadership roles. To ensure the Welsh Government Civil Service is representative of the diverse communities it serves our ambitious goals are:

External recruitment targets

- By 2026, we want 20% of people we appoint to be disabled people and 20% to be from an ethnic minority.
- By 2026, we want more than 50% of the appointments to SCS to be women.
- By 2030, we want 30% of people we appoint to be disabled people.

Internal recruitment targets

- To promote disabled staff and ethnic minority staff at a level which exceeds their Welsh Government workforce population.

- For more than 50% of promotions to the SCS to be women.

To help us achieve our targets, this year we have:

- Published strengthened outreach guidance and support to ensure we recruit from the widest pool of talent possible and raise awareness of the Welsh Government as an employer among schools and communities.
- Continued to review job adverts and assessment processes to ensure they are fair, proportionate, and inclusive for people from a diverse range of backgrounds and identities.
- Worked with the Wales Centre for Public Policy to develop a roundtable discussion with multiple partners to share best practice and innovation in outreach and inclusive recruitment to be held in April 2024.
- Developed a proposed approach to 'Positive Action', as set out in the Equality Act 2010, to be built into recruitment processes.
- Completed the roll out of 'Name free' recruitment for both internal and external campaigns, minimising the risk of unconscious bias within the recruitment process.

⁴⁷ <https://www.gov.wales/workforce-equality-diversity-and-inclusion-strategy-2021-to-2026>

Progress on Targets

When we published our Workforce EDI Strategy in 2021, we acknowledged “meeting these very ambitious [recruitment] targets will be extremely challenging and will be dependent on continued focus and investment.” The fiscal challenges of recent years have directly impacted workforce budgets, limiting the options we have been able to take to address underrepresentation. Instead, our focus has been on balancing affordability with a continued commitment to our equality, inclusion

and diversity objectives, while ensuring our actions do not disproportionately impact underrepresented groups.

Despite the financial constraints we have been operating in, we are pleased that we have been able to meet our target for internal progression of women into senior roles, as well as achieve a positive impact over three years for the internal promotion of disabled staff and Black, Asian and minority ethnic staff. However, we are not yet on track to meet our ambitious targets

for external recruitment. Additionally, data indicates a decline in progress from 2022 for both internal promotion and external recruitment of disabled people and Black, Asian and minority ethnic people.

While this is disappointing overall, the figures reflect the organisation’s necessary response to budget challenges and the difficult decisions we have had to take in relation to recruitment and progression. But, although the scale of our ambition has been impacted by the wider fiscal context, our commitment has not.

Recruitment of:	Target	% recruited/ promoted in 2023	% recruited/ promoted in 2022	% recruited/ promoted over the 3 years of the strategy	Target met in 2023	Target met over previous 3 years
Disabled People	20%	4.0	5.2	4.9	Not met	Not met
Ethic Minority People	20%	3.7	7.5	5.4	Not met	Not met
Women into the SCS	50%	36.4	20	47.9	Not met	Not met
Promotion of:						
Disabled Staff	5.8	3.8	7.3	5.9	Not met	Met
Ethic Minority Staff	2.7	2.4	3.8	3.4	Not met	Met
Women into the SCS	50	62.5	37.5	60.5	Met	Met

This data is for the calendar year January 2023 – December 2023 and based on start dates (rather than the recruitment date) and is where declarations by candidates have been made. For 2023, the completion of declaration data against disability 61% and ethnicity was 59%.

Where disability and ethnicity data were completed by candidates, the data is as follows:

Recruitment of:	Target	% recruited/ promoted in 2023
Disabled People	20%	7.4
Ethic Minority People	20%	6.3

Anti-racism

The Anti-racist Wales Action Plan⁴⁸ sets out a vision in which the Welsh Government and the public services it funds are anti-racist, with a culture of zero-tolerance of racism throughout the public sector. We must be an exemplar to other organisations in Wales, weaving anti-racism through all our policies and practices to strengthen the diversity of our workforce and demonstrate that we are making a difference to the lives of ethnic minority people.

The work of Welsh Government colleagues responsible for developing the Anti-racist Wales Action Plan was recognised in the Civil Service Awards 2023, earning them first place in the Diversity and Inclusion category.

To progress our ambition for the Welsh Government to become an anti-racist organisation, this year we have:

- Appointed an external consultancy with appropriate lived experience and expertise to review our HR policies and processes through an anti-racist lens, with a report due in Autumn 2024.
- Required our senior leaders to have a measurable corporate objective relating to anti-racism (or the social model of disability) with an assessment on progress later 2024.

- Further strengthened our equality, diversity and inclusion learning and development curriculum for staff.
- Embedded an anti-racist ethos throughout internal communications and engagement and marked important dates and campaigns including Black History Month, Race Equality Week, and Islamophobia Awareness Month.
- Supported Minority Ethnic Staff Network (MESN) with its 'Sharing Spaces' initiative, where staff are encouraged to ask questions and share experiences relating to race and racial discrimination in a safe and constructive space.
- Launched 'Aspire', our renewed development programme for Black, Asian, and Minority Ethnic colleagues, with an expected review after the initial 12 months.

Social Model of Disability

The Welsh Government has continued to embed the social model approach to disability, which recognises that people with impairments are disabled by physical and organisational barriers that commonly exist in society, preventing disabled people's inclusion and participation in all walks of life.

This year, we have:

- Required our senior leaders to have a measurable corporate objective relating the social model of disability (or anti-racism).
- Delivered social model training for staff, overseen by a stakeholder group with lived experience and expertise.
- Developed further our recruitment adjustments process.
- Continued to provide workplace adjustments for disabled colleagues.
- Continued to support our Disability Awareness and Support, Neurodivergence, BSL and Tinnitus Staff Networks.
- Appointed four Disability Employment Champions to support the employment of disabled people across Wales.

⁴⁸ <https://www.gov.wales/anti-racist-wales-action-plan>

Case Study: **Breaking Down Barriers in Recruitment**



Recognising that disabled people are disabled by societal or workplace barriers, we are committed to removing them and making adjustments to ensure that the recruitment process is fair and inclusive.

In 2021, we introduced our recruitment adjustment service. Our Equality and Diversity in the Workplace Team liaise with candidates, ensuring necessary adjustments are implemented during recruitment exercises. Recruitment adjustments do not give

advantage to candidates. They remove barriers caused when the way in which we assess candidates in recruitment, if not adjusted, will be unfair to disabled candidates. Adjustments include changes to timings, location or how information is provided during an interview, and a wide range of other adjustments on a case-by-case basis.

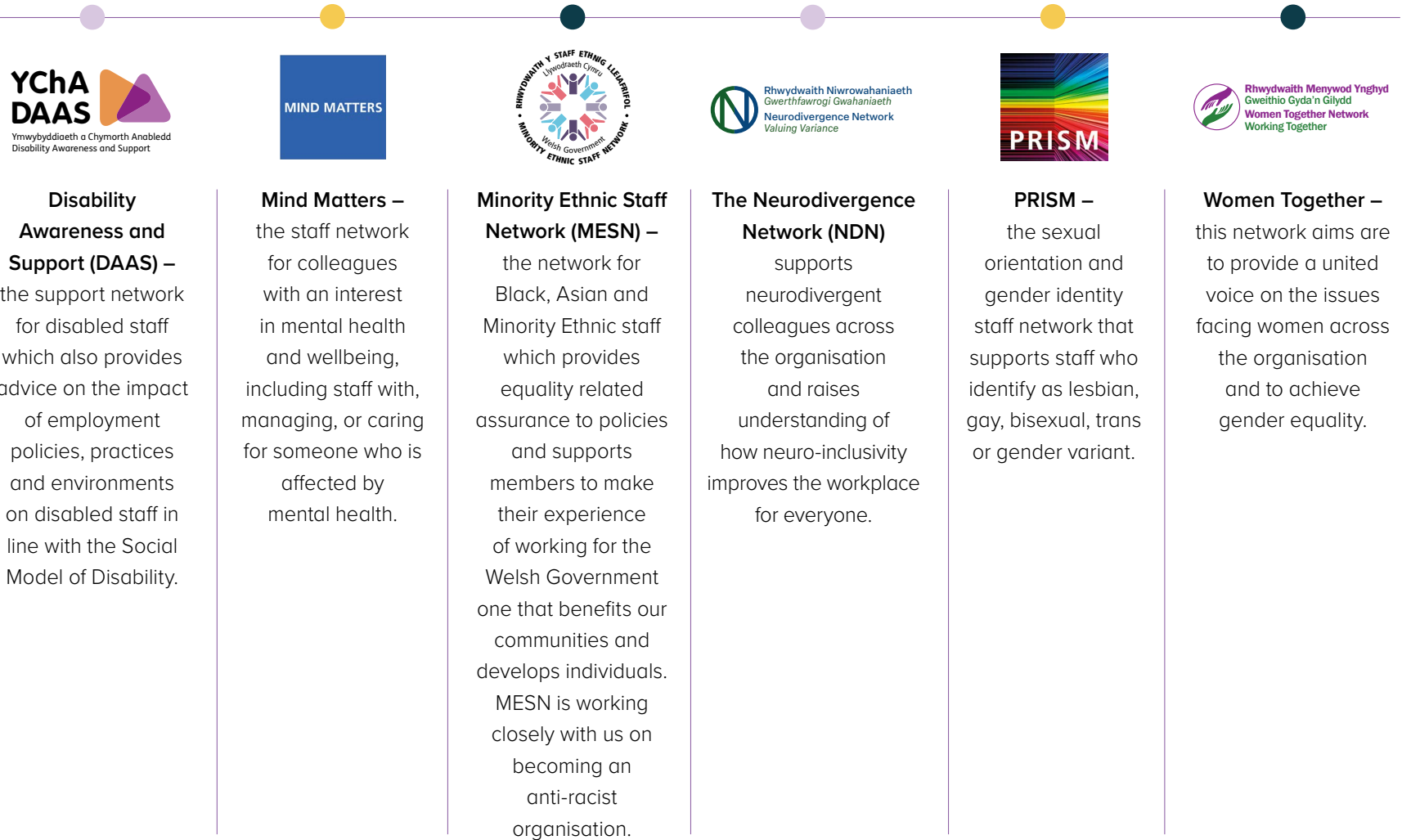
The team has liaised with approximately 300 candidates since launching the initiative, resulting in significant improvements to the interview success rate for disabled people. While recognising the importance of practical support, the cultural impact has been equally significant. Disabled people now feel more confident about recruitment processes and better supported to develop their careers. Its success is due to the proactive partnership approach with staff networks, trade unions, recruitment adjustment mentors, board sponsors, HR, and perhaps most importantly, the candidates themselves.

Our initiative won the CIPD Wales 2023 Award for Best Diversity and Inclusion Initiative CIPD Wales Awards 2023⁴⁹. This year, the initiative piloted an “inclusion by default” approach, where a range of more standardised adjustments are put in place for all candidates from the outset of the process. Evaluation will be undertaken in 2024.

⁴⁹ <https://www.cipdwalesawards.co.uk/awards-2023/>

Staff Diversity Networks

There are six diversity networks within the Welsh Government. The networks give underrepresented groups a voice, enable colleagues to share experiences and support each other. They also assist us with internal policy development and equality impact assessments. The co-Chairs of these six networks sit on our strategic Diversity and Inclusion Steering Group. The networks are:



We also have 9 staff groups covering a range of other issues important to our staff.

Case Study: Neurodivergence Network (NDN) Launch



With statistics showing that neurodivergent people are more likely to be unemployed than other disabled groups, and those who are employed are often underemployed, the Autism-Support-Group relaunched as the Neurodivergence Network in March 2022.

Aiming to celebrate the strengths of a neurodiverse workplace by creating a supportive community for Neurodivergent Colleagues (NDC) and championing neuro-inclusion across Welsh Government.

Through regular members-meetings on topics of interest, the creation of an active channel for discussions and support and extensive outreach, membership increased from 82 to 210.

Their achievements included creating and delivering training to increase understanding of the strengths of NDC and change the prejudicial culture that assumes 'difference=deficit', included a collaboration with the Women-Together-Network, highlighting intersectional barriers neurodivergent-women face.

Securing a position on the Neurodivergence-Ministerial-Advisory-Group and advising policymakers on connecting with neurodivergent-stakeholders and working closely with HR, offering neuro-inclusive guidance, highlighting barriers, and volunteering as Recruitment Adjustment Mentors.

The NDN's measurable benefits are evident through the positive outcomes achieved. Members' data shows a significant increase in NDC reporting they have seen improvements in work-related support (69%), social support at work (76%), well-being at work (79%), self-understanding (83%), and understanding of neurodivergence (84%). 88% of neurotypical members reported an improved understanding of neurodiversity.

Their work has reframed the way neurodivergence is viewed within the Welsh Government, with an increase in NDC feeling safe to be open about their differences.

Equal Pay and Pay Gap Reporting

The Welsh Government undertakes regular equal pay audits designed to highlight areas of equal pay risk within the pay system and to inform the action we take. The Welsh Government's mean gender pay gap as of 31 March 2024 is 6.08%.

This means that on average men working in the organisation earn 6.08% more than women. As of 31 March 2024, the Welsh Government's median pay gap is 0% which means the median salary for men and women working in the Welsh Government is the same. The Welsh Government's gender pay gap has increased slightly from 5.77% in March 2023 to 6.08% in March 2024. However, the gender pay gap remains lower than in the years prior to 2023.

The Welsh Government's mean disability pay gap as of 31 March 2024 is 4.10%. This means that on average those who are not disabled earn 4.10% more than those who are disabled. As of 31 March 2024, the Welsh Government's median disability pay gap is 0% which means the median salary is the same for colleagues who are disabled and are not disabled. This continued a general trend for the disability pay gap to decrease over time, narrowing from 5.83% in March 2023 to 4.10% in March 2024.

The Welsh Government's mean ethnicity pay gap as of 31 March 2024 is 3.78%. This means that on average those who are from a White background earn 3.78% more than those who are from a Black, Asian, or Minority Ethnic background. As of 31 March 2024, the Welsh Government's median ethnicity pay gap was 0% which means the median salary is the same for colleagues from a White background and colleagues from a Black, Asian, or Minority Ethnic background. The Welsh Government's ethnicity pay gap has narrowed from 4.13% in March 2023 to 3.78% in March 2024. The ethnicity pay gap has been decreasing since 2021.

Further Information

Please note that the gender pay gap is different from equal pay. Equal pay is covered by the Equality Act 2010 and requires employers to pay men and women the same for work of equal value. The gender pay gap is the difference between the average pay of men and women in an organisation.

Further information on the Welsh Government's equality, diversity and inclusion activity as an employer, our gender pay gap and more detail on related statistics can be found in our Annual Employer Equality Report⁵⁰. In 2022, we published disability and ethnicity pay gaps for the first time and

in 2023 we published our sexual orientation pay gap for the first time. These are published on the Welsh Government website by 31 March each year. They are published a year in arrears, so the latest report is for 2022-23.

Supporting Health, Safety and Well-being

In 2023 we launched our Health, Safety and Well-being Strategy and action plan, setting out our vision for how we will support ourselves, and each other, to keep well in the workplace. A number of key objectives have been delivered, including:

- Introducing a new formal Health, Safety and Well-being Advisory Board chaired by our Chief Operating Officer with representation from the business and TUS to:
 - Provide increased senior leadership and accountability on health, safety, and well-being matters.
 - To build on lessons learnt in providing assurance of governance, accountability and progress made against the Health, Safety and Well-being Strategy and Action Plan.
 - To provide an escalation route for the business for issues of concern and help to manage risks.

⁵⁰ <https://www.gov.wales/welsh-government-employer-equality-reports>

- Developing 4 new Health and Safety training courses in response to emerging themes from incident reports.
- Holding numerous Let's Talk Live events focusing on well-being and publishing blogs and articles around mental health, ADHD, and autism.

We continue to develop our core well-being needs to suit the evolving needs of our workforce, aligning services to enable staff to access support in ways that suit their needs. Core services continue to include:

- Occupational Health which provides neutral, independent medical advice for staff and managers.
- Employee Assistance Programme (EAP) which offers emotional and practical support 24 hours a day, 365 days a year.
- Counselling services via the EAP and Specialist Counselling provider including Cognitive Behavioural Therapy and EMDR Therapy.
- Online accessible resources relating to health, safety, and well-being.
- The Able Futures mental health support programme with increased access routes such as 1:1 surgeries, and on-line referrals, providing up bespoke support tailored to individual requirements.

- Our Mental Health Allies network, providing in the moment emotional support.
- Provision of a range of workplace adjustments to remove barriers. Services include:
 - Online Display Screen Equipment (DSE) assessment tool and specialist DSE Assessment service.
 - Provision of both physical and non-physical workplace adjustments.
 - Specialist workplace needs assessments.
 - Provision of a free eyesight scheme.

The Workplace Adjustments Team has seen an increase in demand for the service, particularly for more complex adjustments and following a recent Task and Finish several actions are currently underway or concluded including:

- Ongoing reviews of the Workplace Adjustment Service future operating model including governance, funding arrangements and use of HR information systems. This is expected to conclude in the Autumn.
- The appointment of a new IT accessibility specialist.

Working bilingually



We are committed to playing our part in achieving this Government's vision of significantly increasing the use of the Welsh language and seeing one million speakers of Welsh by 2050, as set out in the Welsh Government's strategy "Cymraeg 2050: A million Welsh speakers". The Welsh Government has a key role in not only developing policies and legislation that mainstream the promotion of the Welsh language, but also in providing opportunities

for our civil servants to use the language in their day-to-day work.

Our internal use of Welsh Strategy, "Cymraeg. It belongs to us all", published in April 2020, outlines our long-term goal for the use of the language in the organisation; we want the Welsh Government to be a truly bilingual organisation by 2050. It will be a workplace in which it is routine for both Welsh and English to be used as working languages, interchangeably and naturally.

In the shorter-term, we want to be an exemplar organisation in our use of the language in comparison to other public sector organisations. To achieve this, the strategy has four themes underpinning its vision: learning, leadership, recruitment and technology, and these themes have been the focus of our activities in implementing the strategy during its first four years.

Learning

We have made considerable progress in developing our Welsh language learning offer to staff ensuring that it offers varied, flexible, and effective learning opportunities. Our Welsh language training prospectus has 12 different learning options that are open to staff, and they include weekly lessons with a tutor, online self-study learning options and residential intensive learning courses. We emphasise in our learning literature that the Welsh language is seen as an asset to the organisation and that we want to invest in our workforce's skills. The new offer has captured the imagination of the workforce, with more staff than ever now developing their Welsh language skills. In fact, since May 2020 there has been an increase of 640% of colleagues following one of the 12 formal learning options for developing their Welsh skills.

Leadership

In our focus on our senior leaders, we're positively influencing the culture of the organisation by helping them become exemplar in leading a bilingual organisation. This year we've shared guidance with our senior leaders on using the Welsh language to chair meetings and using incidental Welsh in everyday interactions. The Academi Wales course, "Leading in a Bilingual Country" has been introduced to elements of the Senior Civil Service, and a new induction course has been developed on the Welsh language for new recruits to the Senior Civil Service. In the Senior Civil Service 22% of staff are now following a formal training option for learning Welsh, an indication that our work to ensure the leadership of the organisation understands its role in modelling exemplar behaviour in relation to Welsh is bearing fruit.

Recruitment

In our recruitment literature we emphasise that the Welsh language is an asset whatever the role in the Welsh Government. During 2023-24, a second cohort of apprentices to join the organisation have undertaken an intensive block course to develop their Welsh language skills, with 10 days' full-time training introduced over a fortnight at four levels (Entry 1, Entry 2, Foundation 1, Foundation 2, Intermediate). Forty apprentices completed the block course training during 2023-24, and they were joined by 11 members of the Senior Civil Service who also completed the course.

Technology

We are focussing on how technology can help us make more use of Welsh in the workplace and to this end we are looking at ways of ensuring that our Welsh speaking staff can access Welsh language interfaces of technology we use without them having to request to do so. We have significantly increased our use of the interpretation function in Teams launched by Microsoft last year, bringing the Welsh language into more meetings with stakeholders, and we are promoting the safe use of Microsoft Translator to help with bilingual working. In line with our statutory duties, we publish an annual report on our compliance with the Welsh Language Standards. Our report for 2023-24 can be found on the Welsh Government website⁵¹.

⁵¹ <https://www.gov.wales/compliance-welsh-language-standards>

Correspondence and complaints



The Welsh Government has a clear and transparent complaints policy which explains our approach to handling complaints from members of the public or other organisations. We have adopted best practice in complaints handling in line with the Public Services Ombudsman for Wales' (PSOW) model complaints policy and guidance.

For the year 2023-24, 103 complaints were handled. The Welsh Government operates a Key Performance Indicator (KPI) of 85% for complaint responses. Stage 1 complaints (informal) should be considered and resolved within 10 working days. Stage 2 complaints (formal) should be considered and resolved within 20 working days.

The table below shows response times for the past three years:

	Total number of complaints received	Responses issued	Responded to within agreed timescale	% responded to within agreed timescale
April 2021-March 2022	90	88	66	75%
April 2022-March 2023	54	66	39	59%
April 2023-March 2024	103	101	72	73%

Complaint response timescales are monitored monthly and communicated to complaint leads within each group. This allows them to flag the issue of late responses and put steps in place to prevent this becoming a regular occurrence.

There are distinct reasons that a complaint would not be responded to within the set timescales. These include the complexity of the complaint, or the level of investigation required. We responded to 71 Stage 1 complaints and 32 Stage 2 complaints. In line with the PSOW model, when a complaint deadline is extended, the complainant is always aware and is kept updated throughout.

The Complaints Advice Team advise officials on the handling of a complaint and emphasise the importance of responding to

complaints within the agreed time however business areas are responsible for ensuring that responses to complaints are issued by the deadline date and advised of any extension to the deadline date.

The PSOW Annual Report 2023-24 has yet to be published, however 26 complaints are known to have been referred to the PSOW. Out of these, 3 were premature complaints which had not been through the Welsh Government's complaints process, 21 were not investigated, 1 redress and 1 early resolution.

The figures below show the total cases closed by the PSOW over the past four years:

- 2020-21 – 5
- 2021-22 – 1
- 2022-23 – 2
- 2023-24 – 0

Accountability Report 2023-24



The purpose of the accountability report is to meet key accountability requirements to the Senedd, who are the primary user of the annual report and accounts.

The accountability report has the following sections:

- Corporate Governance Report
- Losses, Special Payments and Gifts disclosures
- Remuneration and Staff Report
- Summary of Resource Outturn
- The Certificate and Report of the Auditor General for Wales

Corporate Governance Report

The purpose of the corporate governance report is to explain the composition and organisation of the entity's governance structures and how they support the achievement of the entity's objectives. The corporate governance report includes the Statement of Accounting Officer's Responsibilities and the governance statement, it would usually contain a director's report but those aspects you would find in a director's report are disclosed elsewhere in the consolidated accounts.

Statement of Accounting Officer's Responsibilities

Under Section 131 of the Government of Wales Act 2006, the Welsh Ministers are required to prepare for each financial year consolidated resource accounts, as HM Treasury has directed, detailing the resources acquired, held or disposed of and the use of resources during the year by the Welsh Government and other public bodies designated in the Welsh Government group and listed in the notes to these accounts. The accounts



are prepared on an accruals basis, and must give a true and fair view of the state of affairs of the Welsh Government and the group and of the income and expenditure, Statement of Financial Position and cash flows of the group for the financial year.

The Principal Accounting Officer (PAO) for the Welsh Ministers has responsibility for the overall organisation, management

and staffing of the Welsh Government. This includes responsibility for Welsh Government-wide systems for finance and other matters and for the management of the Welsh Government's net cash requirement. The PAO is also responsible for preparing and signing the Welsh Government's consolidated resource account.

In preparing the accounts, the PAO is required to comply with the requirements of the Government Financial Reporting Manual (FRoM) and, in particular, to:

- observe the Accounts Direction issued by the Treasury, including relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- ensure that the Welsh Government has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by other public bodies in the group;
- state whether applicable accounting standards, as set out in the FRoM, have been followed and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Under Section 133(2) of the Government of Wales Act 2006 the PAO is able to designate other members of the Welsh Government staff as Additional Accounting Officers. The PAO also designates the Chief Executive of the National Health Service (NHS) as Accounting Officer of the National Health Service in Wales. The work of the Local Health Boards, Special Health Authorities and NHS Trusts in Wales is governed by separate authority and the Chief Executives of each of the Local Health Boards and NHS Trusts are appointed as Accountable Officers by the Chief Executive of the NHS in Wales. These appointments do not detract from the AO's overall responsibility for the Welsh Government accounts.

The PAO (or Additional Accounting Officers, on his behalf) has also designated the Chief Executives (or equivalents) of Welsh Public Bodies as the Accounting Officers of those bodies. The PAO is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants the Welsh Government makes to Welsh Public Bodies are applied for the purposes intended, and that such expenditure and the other income and expenditure of these bodies are accounted for properly for the purposes of consolidation within the resource accounts. Under the terms of appointment, the Accounting Officers of Welsh Public Bodies are accountable for

the use, including the regularity and propriety, of the grants received and the other income and expenditure of those bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Welsh Government or Welsh Public Body for which the Accounting Officer is answerable, are set out in Managing Welsh Public Money, issued by the Welsh Government.

Disclosure of Information to Auditors

As Principal Accounting Officer I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Auditor General for Wales is aware of that information. So far as I am aware, there is no relevant audit information of which the Auditor General is unaware.

Dr Andrew Goodall CBE

Permanent Secretary and Principal Accounting Officer

27 November 2024

Governance Statement



Introduction

I am responsible for ensuring high standards of probity in the management of public funds. In discharging this duty, I am responsible for maintaining a sound system of internal control that supports the achievement of the Welsh Government's policies, aims and objectives, and facilitates the effective exercise of the functions of Welsh Ministers which includes effective arrangements for the management of risk.

During 2023-24 we have continued to support Ministers in delivering the Programme for Government objectives and tracking progress and reporting through to Cabinet. We have taken forward our WG2025 Programme to support change across the organisation and I have outlined some of the tangible outcomes we have achieved in the Performance Report. We have continued to support the COVID-19 inquiry with detailed statements and supporting evidence

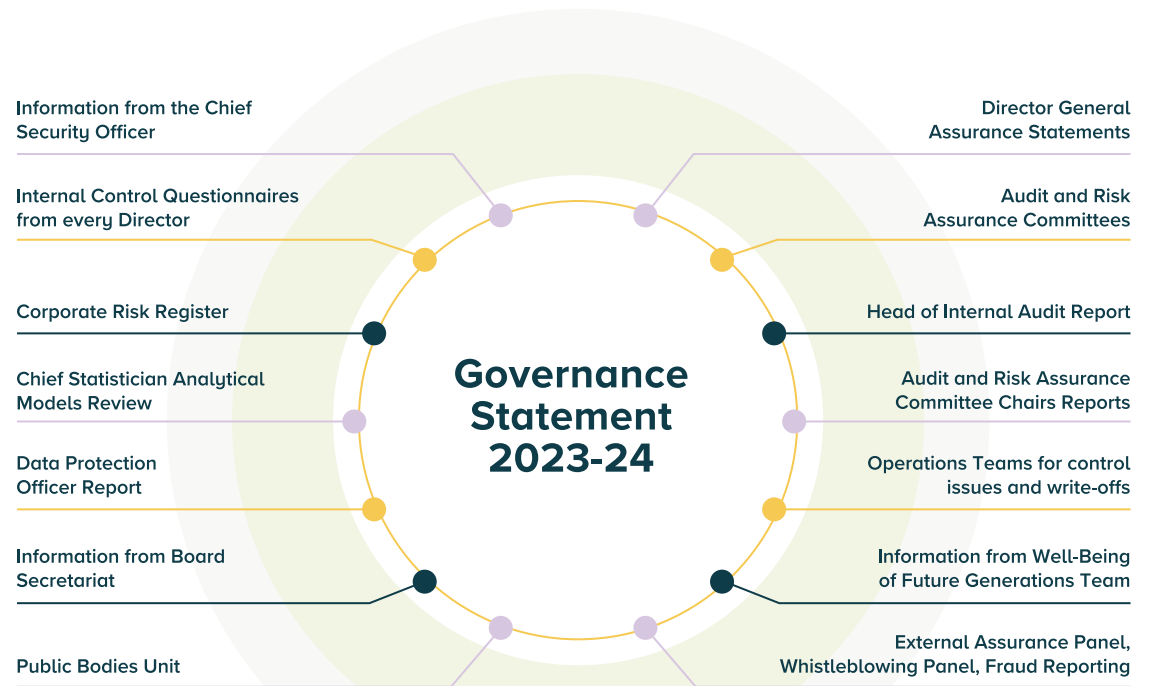
provided across a range of modules and have supported the first Welsh Government witness attendances for Module 1 and Module 2(b), the latter module held in Wales over a three-week period. We have stepped up to some of the expectations for us to lead and act as an exemplar for Wales, including our approach to the Anti-Racist Wales Plan; I was pleased to see recognition of this in the UK civil service awards during the year.

We have managed difficult financial and budget pressures arising from inflation and cost of living pressures through our internal processes and governance mechanisms, including supporting Cabinet decision-making. This included a rapid shift from in-year financial management through to the prospective budget-setting process for 2023-24. We also ended the year supporting the transition to a new First Minister and professionally supporting the machinery of government changes put in place at the end of a busy financial year.

As always, our staff professionally supported Ministers through their portfolio responsibilities and Group structures even in the difficult context we have operated in over the last year. I am very grateful for the manner in which they have delivered for Ministers and for the organisation and we take seriously our wish to be a responsive, supportive employer. I hope our staff survey results and some reflection of that, but we need to ensure that we maintain our social partnership model with our staff and enable them to be at their most effective.

The principal sources of information that I consider when preparing this Governance Statement are set out at Figure 1.

Figure 1: Sources of Assurance Contributing to the Annual Governance Statement



External sources of information are also used to inform the Governance Statement. These include but are not limited to reports from:

- **Audit Wales**
- **Regulators**
- **European Commission**
- **External Assessors.**

The Governance Framework

The Governance Framework comprises the systems, processes, culture and values by which the Welsh Government is directed and controlled and the activities through which it accounts to the Senedd Cymru and engages with stakeholders. It enables the organisation to monitor the achievement

of its policies, aims and objectives and whether value for money has been obtained. The Framework includes both those bodies through which Government priorities and commitments are delivered and also the internal decision-making arrangements within the Welsh Government. Further detail on the Governance Framework is contained within my Accounting Officer’s System Statement.

Well-being of Future Generations (Wales) Act 2015

I am committed to supporting Welsh Ministers in discharging their duty to promote sustainable development (Government of Wales Act 2006) and well-being (Well-being of Future Generations Act (Wales) 2015) (WFG Act). The WFG Act puts sustainable development as the central organising principle of government and public bodies, and it follows that the operation, governance and mechanics of government, and the advice and support provided by the Welsh civil service should continually improve to respond to these requirements. Through WG2025, our three-year programme for organisational development, we are putting the sustainable development principle of the Well-being of Future Generations Act at the heart of how we behave and everything we do.

In February 2023, we published the Welsh Government's [Well-being of Future Generations Continuous Learning and Improvement Plan 2023-25 \(WFG CLIP\)](#), which brings together over 50 actions that are designed to deepen the understanding and application of the sustainable development principle in Welsh Government. We have committed to publishing an annual update on our progress and the first of these was [published](#) in May 2024.

Over the course of 2023-24, the Executive Committee was engaged on the development of the progress update and the arrangements for its publication. We also reported our progress to the Board for assurance purposes. We believe our approach will send an important signal to other public bodies in Wales that the Well-being of Future Generations agenda requires continuous improvement and reflection.

The Plan provided a timely and welcome opportunity for us to take stock, reflect on what we have achieved so far, and to help us seize new opportunities to deepen the understanding and application of the sustainable development principle at the heart of how Welsh Government works. The report highlights the significant progress we have made in embedding the WFG Act in how we work and recognises the progressive nature of this legislation and our maturity as an organisation leading the change, while also identifying areas where we can improve.

The WFG CLIP set out key actions to strengthen the information and insight I require to provide assurance that we are promoting and carrying out sustainable development and acting in accordance with the sustainable development principle under GOWA 2006 and WFGA 2015. This is an innovative and evolving

approach recognising the role that the Permanent Secretary has in the sustainable development and well-being of future generations agenda.

In August 2023, I appointed three Well-being of Future Generations Board Champions to constructively challenge and help relevant teams understand how the Act applies for the particular policy/project etc being considered by the Board. Each candidate is spending six months as the Board Champion, six months supporting the Shadow Board in a similar way and a further six months as part of a support network for the other candidates and helping create a Future Generations Alumni network to more broadly support the organisation, as we apply the Act.

These additional measures have enabled me to receive strengthened assurance and provided the organisation with deeper insights and wider evidence to support our decision making and our learning and continuous development. Actions are being taken forward with Directors to improve Well-being of Future Generations assurance across the organisation and to better embed and embody our values across the organisation as part of WG2025.

We will also continue to use, develop, and embed performance in applying the sustainable development principle within the Welsh Government Performance Framework.

Welsh Public Bodies

The Welsh Government delivers some of its aims and objectives through a number of Public Bodies, including Welsh Government Arm's Length Bodies (ALBs), subsidiary companies and other government-funded public bodies. Accounting Officers are appointed for each body with executive functions and are responsible for their organisation's management of public finances and delivery of its objectives. Accounting Officers are required to sign a governance statement which is published in their body's annual accounts. The relationship with the Welsh Government is defined in written documentation for each body.

The Public Bodies Unit (PBU) continues to develop relationships between the Welsh Government and its public bodies via regular meetings. Meetings of the Public Leaders Forum (aimed at Chairs, Chief Executives and unions) restarted in November 2023 and take place twice a year. The Chair of the Public Leaders Forum, Dame Elan Closs Stephens, is a member of the Social Partnership Council and is the conduit for feedback between the two meetings. A quarterly Chairs meeting began in January 2024 and is chaired by the Director of People and Places.

Meetings with Chief Executives are chaired by the Chief Operating Officer and take place every two months. The Devolved Sector Group, chaired jointly by the Director of People and Places and the PCS National Officer for Wales and the West, meets quarterly. It is attended by employer and union representatives from ALBs and companies, and focuses on workforce issues and the pay parity agenda. The Devolved Sector Group has a 'dotted line' relationship to the Workforce Partnership Council and, through his role on the WPC Joint Executive Committee, the Director of People and Places will cascade agreements and good practice from the WPC to DSG and similarly convey the DSG's views and agreements to WPC.

The Tailored Review of Amgueddfa Cymru was published in July 2023 [National Museum Wales: tailored review | GOV.WALES](#) and a Tailored Review of board recruitment was published in June 2024 [Public body board recruitment: thematic review | GOV.WALES](#). A Tailored Review of royal charters of public bodies has been undertaken.

The Unit continues to lead the delivery of over 100 public appointments each year. A small team within PBU are responsible for ensuring all regulated Public Appointments are made in compliance with the Governance Code on Public Appointments and on the

implementation of the Welsh Government's Diversity and Inclusion Strategy for Public Appointments in Wales.

PBU also lead on the pay parity agenda across ALBs, subsidiary companies and other government-funded public bodies; having reached agreement staff across the sector are now paid at least the same minimum level as the starting salary rate within Welsh Government.

PBU is within the portfolio of the Welsh Government's Chief Operating Officer who chairs a Public Bodies Reference Group of senior officials who have responsibility for public bodies in Wales. The Group was established to review and develop Welsh Government's work with partnership teams in relation to appointments, tailored reviews and other aspects of sponsorship and governance. Directors who have partnership teams in their remit attend the Public Bodies Reference Group as well as providing an assessment of their assurance on public bodies they fund via the Internal Control Questionnaire.

Welsh Government Internal Arrangements

The system of internal control is a significant part of the Governance Framework and is designed to mitigate unacceptable risk. The Welsh Government's Scheme of Delegations sets out the standard delegations which operate across all parts of the Welsh Government. The Scheme of Delegation is one of the key elements of the Welsh Government's corporate governance framework and allows the Principal Accounting Officer (PAO) to discharge his responsibilities effectively. It provides the PAO with clear lines of reporting and accountability to ensure the delivery of Welsh Government purpose and achievement of Ministers' policies, aims and objectives.

The Scheme of Delegation was updated in March 2024 incorporating changes including:

- Aligning the workforce delegation with the 'Workforce Delegation and Accountability Framework';
- Changing the threshold for declaring gifts received to £20;
- Making it clear that Directors General have responsibility for approving the creation and management of joint arrangements, including the establishment of new Welsh Government subsidiaries.

Any proposals should then be reported to the Executive Committee for information;

- Communications, public engagement and publicity, whether delivered in-house or externally, now have additional approval requirements; and
- The external legal spend section has been added to strengthen the delegation around using internal and external legal advisors.

Following the launch of the Scheme of Delegation in March 2024, the Corporate Governance Centre of Excellence communicated the changes across the Welsh Government through a news article, via Heads of Finance and the Corporate Governance Community of Practice.

The Corporate Governance Community of Practice and information published on the intranet, such as bulletins and guidance, are the key mechanisms used to disseminate good governance practices across all Welsh Government Groups.

The Governance Framework and internal control system are also supported by an ongoing process of risk management, designed to identify and prioritise the risks to the achievement of the Welsh Government's policies, aims and objectives, to evaluate the likelihood

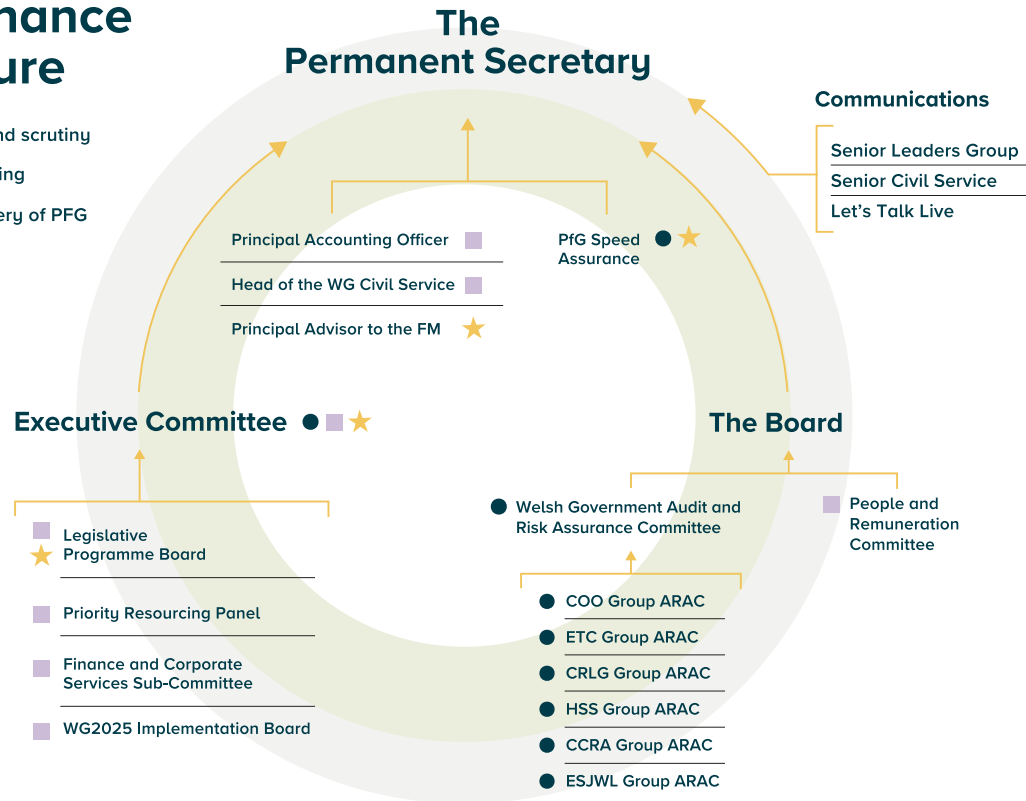
and impact of those risks being realised and then to manage them efficiently, effectively and economically. Advice and assurance is provided by Internal Audit to inform the continuous improvement of the Framework. The governance framework has been developed to comply with the requirements of good governance and is supported by Managing Welsh Public Money, which sets out the principles for dealing with resources in Welsh public sector organisations.

The Corporate Governance Centre of Excellence continues to review and refresh corporate guidance. We have very recently identified resource to support the team in undertaking the update to Managing Welsh Public Money. This piece of work is in its initial planning stage.

In January 2024 the previous Education, Social Justice and Welsh Language (ESJWL) Group and Covid Recovery and Local Government (CRLG) Group were merged to form the new Public Services and Welsh Language Group (PSWL). After the appointment of the new First Minister, a restructure of the organisation was announced to better reflect the new Cabinet portfolios and this was put in place from 1 April 2024. The diagram overleaf reflects the governance structure that operated for the majority of 2023-24.

Governance Structure

- Assurance and scrutiny
- Decision making
- ★ Driving delivery of PFG



Key Performance Indicators

The Welsh Government Performance Framework on page 60 is a holistic tool that provides an overview of organisational performance for the last year. The Framework has been used to continue to track performance over time and recognise where improvements can be made. We are currently in the process of refreshing our approach

to measuring performance for 2024-25, building on what we have learned from the existing Performance Framework. This will help us to ensure that our key performance indicators remain relevant as our organisation changes and adapts to new challenges, and will allow us to continue to take action to improve our performance in a timely and effective way.

Corporate Governance Code

The Welsh Government will continue to follow the principles outlined in the Corporate Governance Code for Central Government Departments as far as practicable. Areas where Welsh Government practice diverges from the Code (as the Code is designed for Departments rather than Devolved Administrations) include:

- the First Minister of Wales does not attend and chair the Welsh Government Board meetings; and
- the number of executives exceed the number of non-executive directors.

The Board

As Permanent Secretary and PAO, I am supported by the Welsh Government Board, which consists of 16 Members, both Non-Executive and Executive Directors. The Lead Co-Chair of the Shadow Board attends as a participative observer. The Board advises me in taking key strategic decisions about how the Welsh Government Civil Service is developed to support the First Minister and Ministers to deliver its [Programme for Government](#) and Ministerial priorities. I chair the Board meetings and after each Board I meet with the Non-Executive Directors. The Non-Executive Directors

continue to pay particular attention to specific portfolio areas as requested by the First Minister. The First Minister met with the Non-Executive Directors in July 2023 and a further meeting is planned for summer 2024.

During the year the Board considered the following matters as part of its agenda:

- Programme for Government
- Independent Commission on the Constitutional Future of Wales
- Wellbeing of Future Generations Act
- Anti Racist Wales Action Plan
- Equality, Diversity, and Inclusion

- WG Performance Framework
- WG2025
- Senedd Reform
- Artificial Intelligence in Welsh Government
- Policy Innovation in Welsh Government
- The NHS and winter preparedness
- Budget planning
- Staff Survey Results
- The Corporate Risk Register
- The Board Review
- Finance Updates.

Board Membership and Attendance

There have been changes to the membership of the board over the year. Professor Meena Upadhyaya and Gareth Lynn have come to the end of their standard term and stood down at the end of February and March 2024 respectively. Mike Usher and Mutale Merrill joined the Board in February and April 2024 respectively. Peter Kennedy left Welsh Government in October 2023 and Helen Lentle left in December 2023. Dom Houlihan joined the Board in October 2023 and Nia James in January 2024. Reg Kilpatrick and Jo-Anne Daniels' temporary Director General posts ended in December 2023 and Sioned Evans took up the post of Director General Education, Culture and Welsh Language in January 2024. Des Clifford stepped down as the Board Welsh Language Champion in January 2024.



Membership during 2023-24	Meeting Attendance
Andrew Goodall, Permanent Secretary	8/8
Gareth Lynn, Non-Executive Director	7/8
Meena Upadhyaya, Non-Executive Director	6/7
Aled Edwards, Non-Executive Director	8/8
Carys Williams, Non-Executive Director	7/8
Mike Usher, Non-Executive Director	1/1
Andrew Slade, Director General, Economy, Treasury and Constitution Group	7/8
Tracey Burke, Director General, Climate Change and Rural Affairs	6/8
Judith Paget, Director General, Health and Social Services/Chief Executive NHS Wales	6/8
Tim Moss, Director General, Chief Operating Officer	8/8
Reg Kilpatrick, Director General, Covid Response and Local Government	4/6
Jo-Anne Daniels, Director General, Education, Social Justice and Welsh Language Group	6/6
Sioned Evans, Director General, Public Services and Welsh Language	2/2
Des Clifford, Director, Office of the First Minister	4/5
David Richards, Director, Propriety and Ethics	8/8
Peter Kennedy, Director, Human Resources and Corporate Services	4/4
Dom Houlihan, Director, People and Places	3/3
Gawain Evans, Director, Finance	6/8
Helen Lentle, Director, Legal Services	5/6
Nia James, Interim Director, Legal Services	1/2
Amelia John, Board Equalities Champion	6/8

Board Self-Assessment of Performance

An Annual Board Review survey was circulated to Board members on 12 December 2023. The results were analysed by the Corporate Research Team and a findings report was brought to the Board in May 2024.

Overall, Board members were positive about their role on, and experience of, the Board, which generally echoed the sentiments of the 2022 review. Board members were clear about the role and purpose of the Board and felt that the breadth of priorities discussed, as well as the opportunity afforded to members to challenge and scrutinise, added value. Board meetings were described as open and inclusive, and members felt able to fully participate and be heard. The Board membership was felt to have the right skills and experience, as well as a diverse range of perspectives, with the inclusion of the Shadow Board and Non-Executive Directors highlighted as making notable contributions here. Board members felt equipped to carry out their role and were generally positive about the training and development available to them. The review did identify some areas for improvement and action has been taken to address these matters.

The Shadow Board was established in November 2021 and the membership was refreshed in January 2024. The role

of the Shadow Board is to assist the Welsh Government Board in its role to oversee the governance and organisational strategy for the Welsh Government and provide strategic advice, challenge and assurance for the organisation. Shadow Board members are appointed with my agreement as Permanent Secretary, following a selection process in line with Civil Service best practice. The Shadow Board meets formally two days prior to Board meetings.

Board Sub-Committees

I was also advised by two Non-Executive led Board Sub-Committees (the Audit and Risk Assurance Committee and the People and Remuneration Committee).

Board Sub Committee: Audit and Risk Assurance Committee (ARAC)

The Welsh Government's ARAC supports me on assurance matters. This Committee was chaired by a Board Non-Executive Director (NED), whose tenure ended 31 March 2024. A successor was appointed in early February 2024 to ensure a smooth and orderly transition. ARACs also operated at Group-level during 2023-24 with their Chairs making up the remainder of the membership of the Welsh Government ARAC. An additional ARAC was established during the year to provide scrutiny, challenge and

oversight for the Chief Operating Officer's Group, which met first in May 2023. Membership consists of the Chairs of the Group ARACs.

The ARAC advised me, throughout the year, in my capacity as PAO, on the operation of internal control and the capacity of the organisation to manage risk. All Group ARACs met through the year in line with their quarterly meeting schedule.

The UK Civil Service Head of Audit Profession has introduced a programme of training and support to all ARAC members in bodies across the UK and these have been well attended by WG ARAC members.

Board Sub Committee: People and Remuneration Committee

The Board's second sub-committee is the People and Remuneration Committee. For part of the year this operated as the SCS Remuneration Committee which was responsible for Senior Civil Service (SCS) pay and conditions, senior succession planning, recruitment and all SCS personnel cases. In November 2023 the Remuneration Committee was repurposed as a strategic advisory body and renamed People and Remuneration Committee. Its newly defined purpose is to provide challenge, direction and assurance on people related strategies and initiatives, key risks and opportunities, and deal with less operational

detail. In order to move away from some of the SCS operational matters that sat with the Remuneration Committee, the Workforce Delegation and Accountability framework was amended to extend delegated recruitment and resourcing decisions and accountability to Directors General. The new People and Remuneration Committee will retain statutory responsibilities for, and oversight of, the application of SCS terms and conditions including the performance management framework, pay strategy and pay awards and will be updated on regular analysis of workforce trends for our SCS.

The Permanent Secretary's salary on appointment must be approved by the Chief Secretary to the Treasury. All Permanent Secretary appointments and remuneration are managed centrally by the UK Cabinet Office. They are also in scope of the Treasury senior pay control.

Below Permanent Secretary level, the Treasury's senior pay control does not apply to appointments made or approved by Ministers in Devolved Administrations. In general, the UK Cabinet Office expect the salaries of all Director General (DG) appointments to be agreed by the Permanent Secretary (PAO).

For internal appointees, any cases where DG salary on appointment exceeds either the pay band minimum or 10% pay on promotion increase, approval from both the relevant Head of Profession and the PAO is required in addition to approval from the People and Remuneration Committee. DG salaries which are within the 10% pay on promotion threshold do not require these approvals unless they are in excess of £140,000, in which case they need the approval of the Permanent Secretary (PAO).

A Non-Executive Director chairs the Committee. The Committee, in both iterations met eight times during the year and I attended all the meetings except one.

Executive Committee (ExCo)

ExCo is the strategic decision-making forum supporting me as Principal Policy Advisor to the First Minister, Principal Accounting Officer and Head of the WG Civil Service. ExCo meets weekly and consider a range of operational and strategic issues.

Throughout 2023-24, I was supported by a leadership team consisting of Directors General, each leading a Welsh Government Group, together with the Directors covering key corporate functions, those being Governance and Ethics, Finance, HR/Corporate Services and Legal Services.

The Directors General on the Executive Committee are designated as Additional Accounting Officers (AAOs) in respect of the budgets delegated to them in order to give them personal responsibility and accountability for the proper and regular use of public finances and the achievement of value for money on my behalf. Certain specific Directors are also designated as AAOs to further clarify corporate governance and accountability arrangements, both for the use of public funds and in accounting to the Public Accounts and Public Administration Committee. These Director designations are reviewed to ensure they remain appropriate and relevant.

Finance and Corporate Services Subcommittee

Finance and Corporate Services Subcommittee is a subcommittee of ExCo. Chaired by the Chief Operating Officer, the subcommittee meets monthly to advise ExCo on the financial, governance, assurance and commercial management of the organisation, and the management and development of the organisation's workforce. The subcommittee also aims to drive continuous improvement in the management, skills, and capabilities within these areas. Membership includes a Non-Executive Director, finance and

operations leads from each Group together with the Director of People and Places, Director of Commercial and Procurement, Director Treasury, Director of Continuous Improvement, Chief Digital Officer, and the Deputy Director Assurance (Head of Internal Audit and DPO).

ExCo Sub Committee: Legislative Executive Committee (LExCo)

The Legislative Executive Committee (LExCo) co-ordinates and oversees at official level the delivery of the Government's programme of legislation. During the Sixth Senedd it has supported a Cabinet Sub-Committee, the Standing Committee for Cabinet on the Legislative Programme. LExCo is chaired by the Permanent Secretary and usually meets every six weeks.

Welsh Government 2025 – the Governance Structure

As outlined in Part one, our WG2025 workstreams have refocused into three workstreams, ReSize, ReSpace and ReShape. Each workstream is led by a Director. To support these workstreams, there is a programme governance structure, headed up by the Chief Operating Officer who is Senior Responsible Owner (SRO) for the Programme. The Programme reports directly to ExCo.

A core WG2025 Phase 2 Programme Board meets fortnightly to provide steering and direction on the Programme aims. It consists of the Programme SRO and workstream leads. A Director Reference Group has also been established to provide challenge and assurance to the work of the Programme. This comprises of a number of Directors from across the Welsh Government providing a mix of skills and experience.

Covid Inquiry

The COVID-19 inquiry was formally set up in June 2022 and since that time the Welsh Government has continued its commitment to support and engage with the work of the inquiry. Under governance arrangements, regular updates continue to be provided to ExCo. It is the first time the Welsh Government has been involved in an inquiry of this scale, regular lessons learnt reviews have taken place and processes and procedures adapted as part of a continuous improvement approach.

The Welsh Government continues to respond to multiple requests from the inquiry for statements and evidence, involving many staff from across the organisation. We continue to offer administrative, legal and wellbeing support and have increased our wellbeing support to those staff who

are required to provide written or oral evidence. During the 2023-2024 a number of Welsh Government witnesses have given oral evidence to the inquiry both in Cardiff and London; this is expected to continue as the inquiry presses on with its timetable. The Welsh Government welcomed the publication of the inquiry's first interim report and is preparing its response.

COVID-19 Support for Businesses

During the year we have continued to monitor and review the funds used to provide business support during the pandemic, providing six monthly updates to the Public Accounts and Public Administration Committee (PAPAC). For the Welsh Government delivered schemes there have been no significant issues identified or identified instances or recoveries as a result of fraud. For the Local Authority delivered schemes, the fraud rate remains consistent with that previously reported. We are currently in the process of developing an Exit Strategy that examines the cost versus benefit of continuing Economic Resilience Fund (ERF) Post Competition Monitoring (PCM) activity, recognising that there will be diminishing returns the longer PCM continues.

Assurance Arrangements



As Principal Accounting Officer, I have responsibility for ensuring the effectiveness of the governance framework, including the system of internal control, for which I take assurance from a wide range of activities. In this, I am informed by the work of the Internal Audit Service and those Welsh Government officials with responsibility for the development and maintenance of the internal control framework. I take assurance from the agreement and delivery of action

plans by management in response to issues identified by Internal Audit, the External Auditor (the Auditor General for Wales) in his reports and in reports published by the Public Accounts and Public Administration Committee and other Senedd Scrutiny Committees undertaking their own inquiries. Both Group and Welsh Government ARACs monitor progress of the implementation of any recommendations arising from these reports.

I am also advised on the effectiveness of the system of internal control by the Board and the Audit and Risk Assurance Committee.

Led by the First Minister and the Cabinet and other Ministers which he appointed, the Welsh Government's responsibilities cover key areas of public life. A wide range of internal controls are in place to provide for the sound stewardship of resources.

Internal Audit Service

The programme of audit work undertaken during the year, which drives the overall assurance opinion given, produced the following opinions for the audit reports issued:

Assurance Opinion	2023-24	2022-23	2021-22	2020-21	2019-20
Substantial Assurance	8	10	14	12	19
Reasonable Assurance	26	18	25	22	15
Limited Assurance	4	7	3	3	5
No Assurance	1	1	0	0	1
Advisory (no opinion given)	9	6	2	0	0
Total	48	42	44	37	40

The Head of Internal (HIA) has provided “reasonable” assurance overall that arrangements to secure governance, risk management and internal control within those areas reviewed are suitably designed and applied effectively. Some matters require management attention in control design or compliance with moderate risk exposure until resolved.

Last year, the HIA issued one report with a ‘no assurance’ opinion relating to the Welsh Government’s conformance with best practice strategic frameworks for project delivery, where insufficient assurance was obtained. A programme was implemented in response to this internal audit to strengthen the

Programme and Project Management (PPM) Framework. Insufficient progress in delivering the priority projects and workstreams of this Programme have led to a further “no assurance” this year. High residual risk exposure remains until the issues identified are resolved.

Good progress has been made in implementing the management actions arising from the limited assurance audit reports issued last year. Of the 18 actions agreed, 12 have been implemented and Internal Audit is satisfied they mitigate the risk(s) identified on a timely basis. The remaining six actions relate to an audit of Sustainable Procurement; progress has been made but the Function

is first concentrating on raising capabilities and capacity in this area to then address the actions needed.

Last year’s PPM audit covered only the overarching PPM framework; it did not cover the delivery of individual projects and programmes. This year, specific aspects of PPM practice were reviewed and, considering the value added by a strong Framework, it was unsurprising only ‘limited assurance’ was given for audits of Business Planning and Benefits Realisation, where inconsistencies and weaknesses were identified. In addition, a piece of advisory work was also undertaken to support the improvement of Business Case development.

The HIA also issued two other limited assurance reports. In the case of Payroll, there were issues with the calculation and processing of non-standard payroll payments (regular monthly pay was found to be satisfactory). In the case of Learning and Development, a lack of effective data, inconsistencies in approach and a lack of strategic direction were identified.

While ‘fundamental’ and ‘significant’ weaknesses were identified in specific audits, even when aggregated the Head of Internal Audit is content the deficiencies identified are outweighed by positive assurances which support the overall opinion. The HIA is also content with the positive management response to the observations made by Internal Audit. Where weaknesses were identified, management action plans have been agreed to enhance the control framework and address the risks and issues identified and these action plans are monitored by the WGs Audit and Risk Assurance Committees.

European Funds Audit Team (EFAT) Assurances

The collected body of audits of EC funded projects and audits of key control systems operated by the Wales European Funding Office (WEFO) and its two Intermediary

Bodies provides assurance on the compliance of Structural Funds and other EC funded programmes with EC Regulations on the recognition and claiming of costs from the EC.

2014-2020 Structural Funds (ESF and ERDF)

The Annual Control Report (ACR) for 2022-23 was submitted to the European Commission (EC) on 13 February 2024. An unqualified opinion and error rate of 0.83% were reported, which is below the 2% materiality threshold. The ACR has been reviewed by the EC and was accepted on 25 March 2024 with no follow-up action required.

2014-2020 Ireland – Wales European Territorial Co-operation Programme

The ACR covering 2022-23 was submitted on 12 February 2024. An unqualified opinion and error rate of 0.00% were reported. The ACR was accepted by the EC on 5 March 2024 with no further follow up action required.

2014-2020 European Maritime and Fisheries Fund (EMFF) Programme

EFAT undertakes audit work on funds received in Wales at the request of the UK Audit Authority. For 2022-23, the claim for one Welsh EMFF operation as deemed

100% ineligible, leading to a correction (penalty) for the Programme of £103,009.

Common Agricultural Policy (CAP)

EFAT delivers the five-year internal audit strategy for the CAP programme. Five audits were finalised during the audit year, all with “Category 1 (Works well; no or only minor improvements needed)” opinions. The Programme closed on 31 December 2023. Therefore, there are no further internal audit obligations in relation to this Programme.

EFAT Systems Audits (ESF/ERDF/Ireland-Wales)

EFAT undertook an audit of WEFO’s preparedness for closure of the 2014-2020 Structural Funds Programmes during 2023, giving a “Category 2 (Works, but some improvements needed)” opinion. Actions agreed with Management will be followed up in July 2024.

European Court of Auditors (ECA) Audit of 2014-2020 Programme – ESF/ERDF

The European Commission confirmed closure of its follow-up of the ECA audit during 2023 with no outstanding issues.

Audit and Risk Assurance Committee (ARAC) Annual Report

Based on its work throughout 2023-24 the Committee is able to provide overall reasonable assurance on the adequacy of audit arrangements for the Welsh Government and also on the arrangements for governance, risk management, and internal control that have been established, based on the range of assurances presented to the Committee and the information provided to it by Officials.

Annual Internal Control Questionnaires and Assurance Statements

One of my sources of assurance is the annual Internal Control Questionnaire (ICQ) process. This year given the unprecedented pressure on teams, at the request of ExCo to reduce the burden on Directors, an incremental approach was adopted for the 2023-24 ICQ process. This involved building on the results of the 2022-23 ICQ returns previously provided by Directors.

All Directors were given access to their 2022-23 ICQ return as a basis to assess and provide an update for their 2023-24 scores. This has also enabled Directors General

to prepare their own personal Statement of Assurance, to provide me with their assessment of the effectiveness of their Group's internal control framework.

Through the ICQ process, the Directors have provided me with their self-assessment of the effectiveness of the system of internal control during the financial year within their area of responsibility. Directors General, through their Assurance Statements have provided an overview of their Group's governance, control and risk management assessment which operated during 2023-24.

As part of the challenge process Senior Management within Groups have held a session to discuss the ICQ and Group ARACs have held a dedicated session to consider the ICQ. Following submission of the ICQ returns, a "heatmap" has been produced and this year was considered by functional leads, such as the Head of Procurement and the Head of IT Security. Following this Directors were given access to the functional leads feedback to provide them with an opportunity to consider and if required, to revise their scores.



Overall, the 2023-24 ICQ scores show a 'reasonable' assessment of the system of internal control which is consistent to previous years, with Project Delivery and Staffing Matters scoring the lowest confidence levels. Going forward we will draw on the lessons learnt from this year's ICQ process to inform the 2024-25 ICQ.

Raising Concerns Panel

The Whistle-Blowing Panel has been renamed as the Raising Concerns Panel and met on five occasions throughout the year to consider

concerns raised, to ensure that action was then taken promptly but with care to maintain confidentiality wherever possible. The Panel deals with concerns raised by staff about possible wrongdoing, and which would be likely to fall under the Whistleblowing legislation (Public Interest Disclosure Act 1998). The Welsh Government has a separate process for staff to raise concerns about matters such as their employment terms or inappropriate behaviour, and those concerns are not included in the statistics here.

The Whistle-Blowing and Civil Service Code policy explains what staff should do if they suspect wrongdoing within the organisation and how it will be dealt with. Information is also published on the Intranet. Raising Concern arrangements in the Welsh Government are transparent and align with good practice.

Seven cases were considered by the Panel during the year; this included two cases that were brought forward from previous years, and two cases which were not considered to fall within the policy and referred onto HR to take forward. All cases were closed during the year.

Concerns Raised	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Not substantiated	4	2	4	3	3	4
Resolved internally (staff-related matters)	-	-	1	1	6	-
Not a matter for the Welsh Government	-	-	1	-	-	-
Advice provided to the Whistleblower	2	-	-	1	2	-
Still under investigation	-	2	2	5	-	3
Substantiated and action taken	1	-	2	1	-	-
Not enough evidence to pursue	-	-	1	-	-	-
Total	7	4	11	11	11	7

External Assurance Panel and Counter Fraud

In addition to the Raising Concerns Panel dealing with internal cases, the External Assurance Panel, which met on nine occasions during the year, provides advice to Additional Accounting Officers and policy officials on responding to concerns raised in respect of Welsh Government funds awarded to external bodies. Many, but not all, of these cases are fraud allegations, and not all cases dealt with by the Counter Fraud Unit need to be brought to the Panel (hence the difference in numbers of cases dealt with by the Panel and by Counter Fraud). The Panel provides expert professional advice and independent scrutiny, seeks to ensure consistency of treatment across the Welsh Government, and can identify lessons learned and best practice which can be disseminated to policy officials.

In March 2024 the terms of reference of the Panel were amended to include the consideration of concerns raised where the organisation in question is not directly funded by WG. No such cases were dealt with for 2023-24. In addition, the Panel sponsored the development of a new WG Protocol which advises officials on the appropriate responses to allegations received about



bodies funded by the WG, including concerns other conduct and matters other than financial irregularity.

There were fourteen new cases in the year reported to the Panel in addition to the three cases which carried forward from 2022-23. The Panel resolved twelve cases in year, two of which were carried

forward from the previous year. Five cases carried forward into 2024-25, one of which is currently being reviewed by the external auditors.

Counter Fraud

The table below provides the number of suspected frauds reported to the Head of Counter Fraud for the past financial year, with 25 new cases referred to Counter Fraud and three carried over from the previous year.

Counter Fraud	2023-24	External Assurance Panel Cases	2023-24
Carried forward from 2022-23	3	Carried forward from 2021-22	8
New cases arising	25 ⁵¹	New cases arising	5
Cases resolved	20	Cases resolved	10
Cases remaining and under investigation	8	Cases remaining (included in 3 are the below)	3
– Court Case in Progress	0	– Court Case in Progress	0
– Under police investigation	4	– Under police investigation	1
– Under repayment monitoring	0	– Under repayment monitoring	0
– In review by an independent fraud agency	1	– In review by an independent fraud agency	0
– Investigation ongoing	3	– Investigation ongoing	2
Total outstanding	8	Total outstanding	3

Figures relate to financial years. The below table indicates how the 11 cases dealt with concluded.

The 20 cases resolved in 2023-24 are identified in the below categories	2023-24
Fraud proved	2
Not pursued criminally by police or financial recovery was the preferred option	2
No fraud found	16

⁵¹ The previous years statistics 2022-23 showed the lowest levels of fraud recorded over the previous 13 years. The numbers of alleged or suspected frauds reported during the past year, 2023-24 have returned to normal pre-pandemic levels.

Each case is reviewed for lessons to be learnt and these are disseminated to the appropriate teams and discussed with the Grants Centre of Excellence and the External Assurance Panel.

Fraud and Corruption Risk Assessments are prepared by the directorates within each policy area, monitored and reviewed during the year and submitted to the Head of Counter Fraud every six months.

National Fraud Initiative (NFI)

The Welsh Government continues to demonstrate its commitment to identifying fraud and error in the public sector by again participating in the bi-annual National Fraud Initiative. The original date for producing the summary report was delayed due to a need to prioritise other areas within the Internal Audit Service. Additional resources are now available and the outstanding NFI work will be completed by the end of September 2024.

Conflicts of Interest

Ensuring effective management of any conflicts of interest is a key aspect of any effective governance framework and system of internal control. Within the Welsh Government the controls in place to deal with this include corporate

policies and procedures covering conflicts of interest registers and an annual return from all relevant staff published on the Welsh Government Internet site (disclosing all board and similar memberships of third party organisations held by Welsh Government officials).

The Board and each Audit and Risk Assurance Committee (ARAC) also have Conflict of Interests Registers. Conflicts of interest linked to specific agenda items are also requested at each meeting and formally recorded. The requirements placed on Board and ARAC members are also set out in appointment letters and the Terms of Reference.

The Welsh Government has undertaken an extensive review of the Conflict of Interest policy and procedures, following an Internal Audit Review and in response to UK Civil Service concerns about senior civil servants holding outside appointments which are not compatible with the Civil Service Code. We introduced a declaration of interest form for all permanent and temporary recruitments into Welsh Government in 2022 and having completed our consultations and engagements with trade unions, staff networks and relevant stakeholder, we are now considering further guidance issued by UK Cabinet Office in Spring 2023 for publishing staff registers of interests.

I remain comfortable our existing policies and procedures are effective, but will expect to see a strengthened, clearer and more robust policy for all staff and enhanced activity to further raise and maintain awareness of the standards expected from civil servants with regard to external interests, coupled with a stronger reporting mechanism thanks to good progress being made on an electronic solution for recording and reporting interests.

Business Critical Analytical Models

An annual assurance exercise has been undertaken by the Welsh Government's analytical Head of Profession to assess our business critical analytical models and provide me with assurance on these models. This year is the seventh year the exercise has been carried out. To supplement the annual exercise, a peer review exercise was also carried out for a small number of models.

Welsh Government's exposure to analytical modelling risk has continued to increase this year due to more widespread use of modelling. 27 business critical models were reviewed this year, increasing from 21 when the assurance process was established in 2017-18. Two new models were included this year – the UKHSA short term projections

model and the Local Housing Market Assessments tool (LHMA).

It was decided following a peer review session last year that the Datatank council tax and council tax support model did not meet the business critical model definition and has therefore not been included in this year's review.

To improve transparency on the use of analytical modelling, this year the Welsh Government will publish its list of business critical models.

During the annual assurance exercise, each model is scored on its risk and impact. No model had its ratings increased this year and a small number had their ratings decreased. This is a marked change from previous years, where the pandemic and other societal and economic challenges often led to increased risk or impact. Overall, risk exposure largely continues to be driven by:

- Direct and indirect impacts from economic or social factors, including the ongoing impact of the pandemic, which add uncertainty to data and assumptions.
- Dependency on external expertise for large complex models, with a limited in-house capability from model commissioners.

Analytical capacity remains an ongoing challenge in ensuring there are sufficient resources devoted to business critical models and their assurance. Many teams are reliant on a small number of analysts with specialist skills, making them vulnerable to loss of capacity and knowledge. Recent years have demonstrated reasonable levels of contingency, with analysts from across the modelling community, both within and outside the Welsh Government, supporting each other to address critical gaps where necessary.

Models increasingly rely on highly specialised skills and knowledge, with external expertise being used for some models. In some areas there are well-established processes for understanding and, where necessary, challenging externally produced forecasts (e.g. on the Welsh rates of income tax). In other areas, there may be risks around the lack of a suitable 'intelligent client' function internally to offer that same challenge and assurance. This year we are preparing training materials to hold workshops during summer aimed at model senior responsible owner, to help develop those skills.



Internal Control Issues



The positive assurances I have received provide me with confidence the Welsh Government has, in general, well-designed and sound frameworks of governance and internal control. However, some notable issues have been revealed in the course of the year which have been, or are being, addressed and improvements made, which are set out below.

Losses, Write-Offs and Special Payments

Optimised RetroFit Programme

As part of the Welsh Government's commitment to reduce carbon emissions in Wales, the Optimised RetroFit Programme (ORP) was launched which offers a whole house, approach to decarbonising existing homes. During 2023-24 it was identified that a number of devices previously procured as part of the ORP had become defunct

due to technological changes and needed to be upgraded to ensure continuity of IES data provided to the programme.

Not all of the units are able to be upgraded and for 2023-24 this has resulted in a loss (fruitless payment) relating to their original purchase. The fruitless payment is £2,270,000. The cost to upgrade the remaining units will be recognised as a constructive loss in the 2024-25 consolidated accounts.

Grant Funding – Write Off

In 2018-19 there were three grants totalling £0.455 million, paid to the same individuals for the refurbishment of hotel and leisure facilities at two separate premises, which were subject to a fraud investigation by the Welsh Government's Head of Counter Fraud. Although referred to Dyfed Powys Police, there was a larger fraud allegation against a bank and the bank in question declined to make a complaint to the police. As the police didn't investigate no fraud was proven and the Welsh Government's External Assurance Panel recommended this amount was written off.

Strategic Road Network (SRN) projects – Special Payment

Special payment of £13.1 million (ex VAT) was made to a supplier as part of an agreement to settle a series of contractual

claims on SRN projects which had arisen due to inflationary pressures which affected the availability and affordability of building materials.

Pandemic flu stocks, Covid Medicine and Lateral Flow Test Write-offs

Pandemic flu stocks, Covid Medicine and lateral flow tests were written-off in the year to the value of £1,196,419, £1,670,803 and £1,837,913 respectively. Stocks of antivirals, antibiotics and consumables are held by the Welsh Government in accordance with UK-wide public health planning. Stock levels required, drug types and reprocessing of drugs are planned and managed nationally and consequently can be volatile. Write-offs occur as a consequence of adjusting national supplies to meet planned need. The write-offs reported relate to

expired drugs and lateral flow tests which are not suitable for use in core NHS services or for treatment of COVID-19. It is an accepted risk of making proper preparations for pandemic flu outbreaks that some stocks are likely to be written off.

Other Matters In-Year

VAT Arrangements/Tax Planning and Management

HMRC has the following three ongoing compliance reviews:

- IR35 Review;
- Employer Compliance Review; and
- VAT Inspection.

Due to HMRC resource issues, only the VAT Inspection has progressed during this period.

A review of the A487 and A465 road schemes found that WG has been under recovering VAT and as such has received the following repayments:

- A487 – £1,958,464
- A465 – £2,527,623



Information Governance

As PAO, I am responsible for ensuring appropriate arrangements are in place to comply with the core set of mandatory minimum measures to protect information in Government Departments. I am required to assess the risk and ensure that appropriate mitigation strategies are in place.

Where third parties handle information for which the Welsh Government is legally responsible, it is important that advice and guidance is provided to them about how that information must be handled. Supplier assurance with respect to cyber security is assessed prior to contract award, where personal information is processed by third parties and information assurance clauses are included as standard as a part of contract clauses. We also verify that those who process our sensitive information are subject to an independent IT Health Check

and meet the appropriate best practice standard e.g. Cyber Essentials/ISO27001.

The Welsh Government has policies and procedures in place to proactively manage cyber security risk, working with the National Cyber Security Centre to secure

our digital assets and ICT infrastructure. Security risks (including cyber) are discussed at the Security Board and on a regular basis by the Senior Information Risk Owner (Board level security nominee) and the Chief Security Officer. ExCo and I receive security briefings throughout the year.

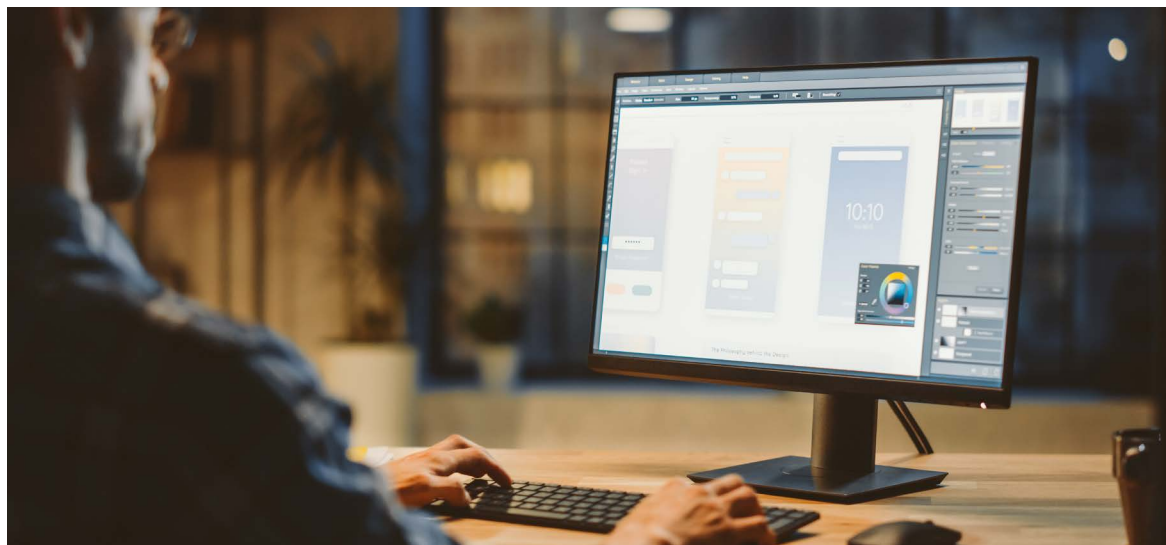


Table 1: Incidents Falling Within the Criteria for Reporting to the ICO (Reported)

Year	Incidents Reported to ICO	Action Taken by ICO
2023/24	2	0
2022/23	2	0

Table 2: Summary of Other Protected Personal Data Related Incidents

Incidents deemed by the Data Controller not to fall within the criteria for reporting to the ICO but recorded centrally are set out in the table below:

Type	Nature of incident	2023-24	2022-23
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0	1
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	1	0
IV	Unauthorised disclosure e.g. email sent to the wrong person	134	81
V	Other	0	1
Total		136	83

All unauthorised data disclosures are logged and investigated. The Welsh Government maintains a robust internal reporting process covering all types of incident. After each breach is reported, remedial actions are agreed with management and action tracking is used to monitor completion of those actions. All data breaches are reported to the relevant Director General.

Where necessary, lessons to be learnt across the organisation form part of the regular all-staff Security Bulletin.

As outlined in Table 2 the number of personal data related incidents has increased by 64% (from 83 to 136).

This increase is due to a rise in unauthorised disclosures. Of the 134 unauthorised disclosures 80 (60%) were logged as

information sent/emailed to the wrong recipient. However, to put this increase in context the Welsh Government sends approximately 1.3-1.5 million emails every month (in 2022/23 it was on average 1.23 million per month).

By the end of December 2023, 99.9% of Welsh Government staff completed the mandatory Security and Data Protection

training. The training included information on data breaches and what constitutes personal data. It is therefore likely that improved awareness has driven some additional reporting by staff.

Business emails that contain OFFICIAL information, but which are sent to the wrong recipient and include email addresses of other work colleagues, are also likely to be logged as a low level data breach. These are a personal data breach, however, there is little or no risk to the person's rights and freedoms.

Data Protection Officer Report

Data protection metrics during 2023-24 continue to suggest the Welsh Government's technical and organisational measures operate effectively to protect personal data and support accountability. While data protection incidents cannot be eliminated completely, they have been well managed and responded to and have been mostly minor in nature.

Nevertheless, one particular incident, relating to the Pobl HR System, highlighted the importance of effective and consistent 'industry standard' change control measures operating across all parts of the Welsh Government; the pattern of dispersed implementation and management of digital systems outside the core corporate function means this has not been the case. A number of systemic and structural data protection

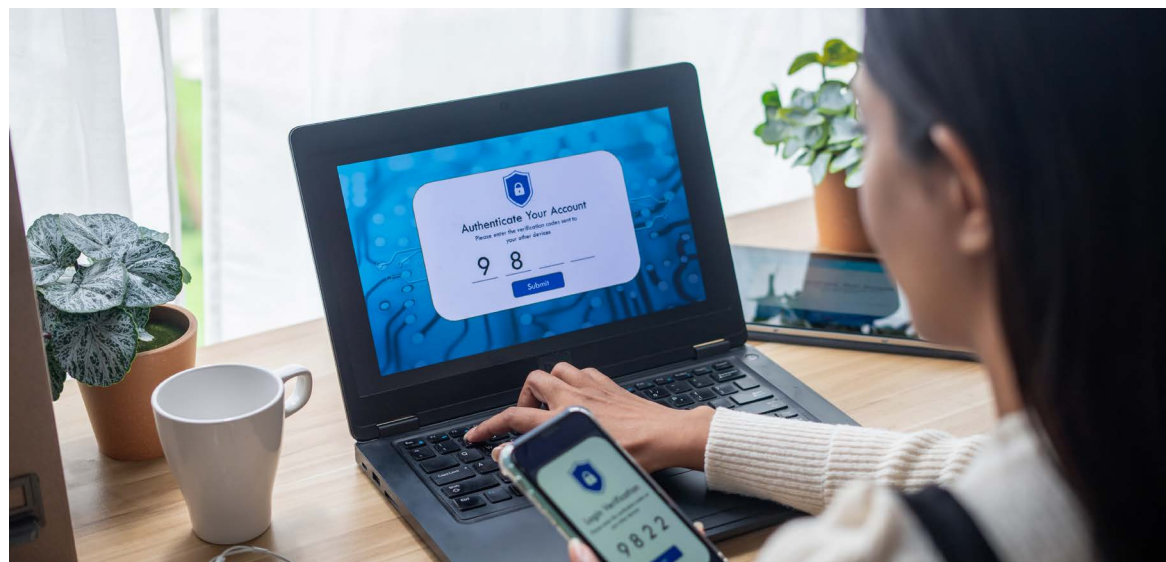
risks remain, including the impact of legacy systems and data, which have been identified but which remain to be addressed. The compartmentalised management of data assets and the number of legacy data systems and assets all remain barriers to effective data risk management and, thereby, to data protection compliance.

Pobl Data Breach

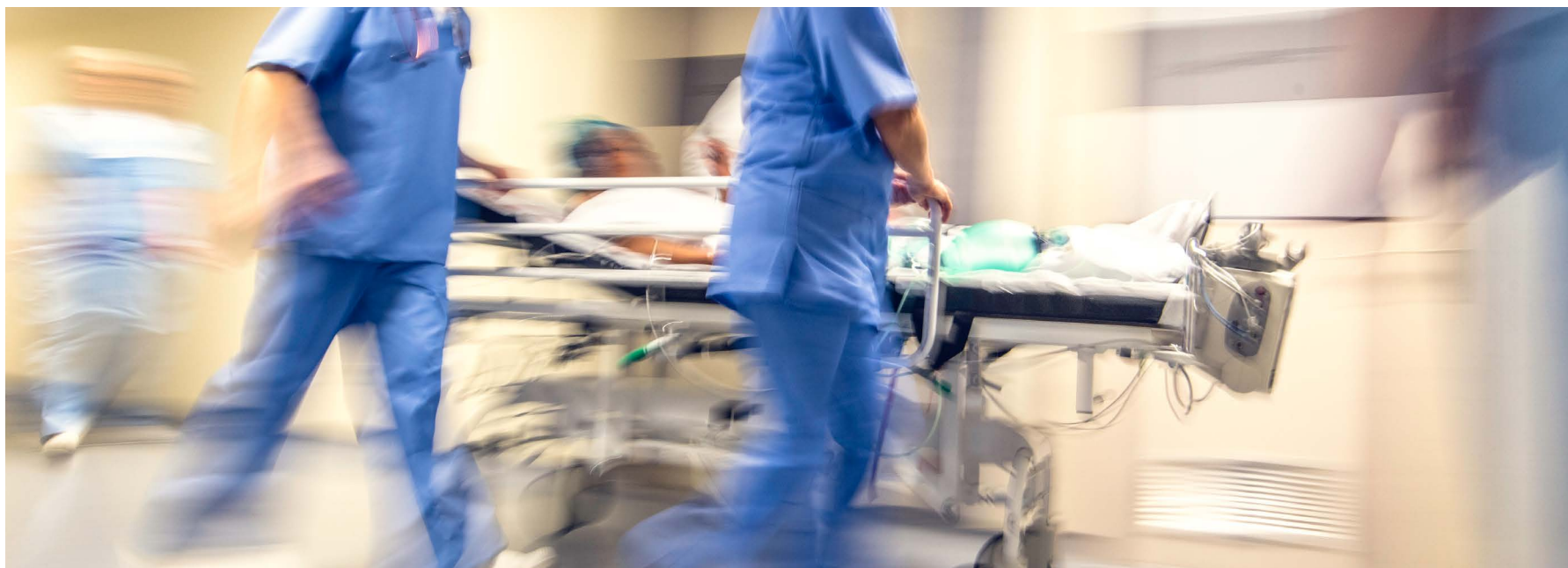
An investigation into the Pobl data breach concluded that it arose from lack of governance and control in the Pobl support environment, with the root cause being the system going live without appropriate support resources and a lack of understanding of the impact of the customisations made during development.

While the breach did not lead to any serious consequences, Pobl was removed from service as soon as the issue came to light and was only returned to service when the technical fix to the breach was fully resolved. Further development was paused until the underlying governance and controls issues were resolved.

The breach was fully investigated both internally by the Welsh Government's Chief Security Officer (CSO) and an independent specialist and a prioritised action plan developed. Substantial progress taking forward the recommendations has been achieved, a prioritised outline plan has been produced for the future development of Pobl and there will be ongoing reviews involving the Chief Security Officer.



Local Accountability



A considerable proportion of the expenditure of the Welsh Government is distributed to Welsh Local Authorities and NHS Wales bodies to deliver policy objectives and a range of front-line services, including health, social care and education. The Director General of the Health and Social Services Group within the Welsh Government is also the Chief Executive of NHS Wales.

Local Authorities

Grant funding is provided to Unitary Authorities, Fire and Rescue Authorities and Police and Crime Commissioners in Wales. The largest single component of grant funding is the annual un-hypothecated settlement for Unitary Authorities which comprises Revenue Support Grant (RSG) and a share of non-domestic rates income. The quantum of funding is set as part of the Welsh Government's annual budget

round. It is distributed using a formula which reflects the factors which drive authorities' need to spend to deliver a wide range of services, including education and social care. The formula is maintained, updated and improved through an ongoing programme of work with local government. The bulk of the funding is distributed on the basis of data updated annually. With the ongoing publication of results work is underway on the formula to reflect the Census 2021 data where appropriate.

Funding is also provided to authorities through grants which can be used only for the specific purposes for which they are provided. Additionally, Unitary Authorities receive some specific grants from UK Government Departments for non-devolved functions, from locally set council tax, fees, charges, and other sources of income. Unitary Authorities also receive Welsh Government grants for capital spending and support for borrowing. This is complemented by authorities' own borrowing capacity, grants from other bodies and capital receipts.

Similar arrangements apply to the revenue provision for Police and Crime Commissioners, who are funded through a mix of RSG and non-domestic rates income from the Welsh Government, Police Grant from the Home Office, specific grants and from council tax. Other authorities are funded through arrangements such as specific grants, levies, and precepts.

Each authority is accountable for how it uses the available funding in delivering the functions for which it is responsible. Unitary Authorities, police bodies and fire and rescue authorities must have an appointed officer under Section 151 of the Local Government Act 1972 who has statutory duties to ensure there is

proper administration of financial affairs. Authorities are held to account through their scrutiny functions and through direct accountability to their local electorate. Their financial affairs are governed by a statutory accounting and audit framework and their accounts are subject to full annual external audits.

County and county borough councils are required by the Local Government and Elections (Wales) Act 2021 to keep their performance under review including undertaking, consulting upon, publishing and acting upon annual self – assessments and five yearly peer reviews.

In respect of funding provided for specific purposes, individual grant terms and conditions are the responsibilities of the relevant policy departments. These terms and conditions must have due regard to the Grants Centre of Excellence Minimum Standards for Grant Funding. Adherence to these standards should ensure compliance with the Welsh Government's governance and financial arrangements, relevant law, policy, and good practice. The Group provides relatively few of these but the number of revenue grants and amount of funding through specific grants from Welsh Government as a whole is considerable. Work begun in 2022-2023 to review the administrative

burdens on local authorities under the Welsh Government's Programme for Government and has continued in 2023-2024 including a focus on the administrative overhead caused by grant funding. A number of grants across Welsh Government were consolidated or transferred into the un-hypothecated Settlement. With regard to funding provided by the UK Government in respect of non-devolved functions, the arrangements for accountability are agreed between the local authorities and the relevant UK Government Department.

Health

Local Health Boards (LHBs) are funded to commission and provide Hospital and Community Health Services and to meet the costs of drugs prescribed by GPs for their resident populations. Funding is also provided to cover payments to independent contractors including GPs, General Dental Practitioners and Pharmacists. Additional targeted funding is used to support the achievement of Welsh Government objectives. Capital funding is provided to support the All Wales Capital Programme and other Welsh Government discretionary capital funding is also provided to support locally identified priorities.

Escalation and Intervention Arrangements

As at 31 March 2024 Betsi Cadwaladr University Health Board was in Special Measures having been returned to this status

by the Minister for Health and Social Services on 27 February 2023. The decision to escalate the Health Board related to serious concerns about board effectiveness, organisational culture, quality service and reconfiguration, governance, patient safety,

operational delivery, leadership and financial management. For the remaining NHS Wales bodies as at 31 March 2023 the following table⁵² sets out their escalation and intervention status compared to 31 March 2024.

NHS Organisation	Escalation and Intervention Status as at 31 March 2023	Escalation and Intervention Status as at Status 31 March 2024
Aneurin Bevan UHB	Level 1 (routine arrangements).	Level 4 (targeted intervention) for finance, strategy and planning. Level 3 (enhanced monitoring) for performance and outcomes related to urgent and emergency care at The Grange hospital.
Betsi Cadwaladr UHB	Level 5 (special measures) (since February 2023).	Level 5 (special measures).
Cardiff and Vale UHB	Level 3 (enhanced monitoring) for finance, strategy and planning.	Level 3 (enhanced monitoring) for finance, strategy and planning.
Cwm Taf Morgannwg UHB	Level 3 (enhanced monitoring) planning and finance. Level 4 (targeted intervention) for maternity and neonatal services. Level 4 (targeted intervention) for quality and governance. Level 4 targeted intervention for performance and outcomes.	Level 3 (enhanced monitoring) for finance, strategy and planning. Level 4 (targeted intervention) for maternity and neonatal services. Level 4 (targeted intervention) for quality and governance. Level 4 targeted intervention for performance and outcomes.
Hywel Dda UHB	Level 4 (targeted intervention) for finance and planning Level 3 (enhanced monitoring) for quality and performance.	Level 4 (targeted intervention).
Powys THB	Level 1 (routine arrangements).	Level 3 (enhanced monitoring) for finance, strategy and planning.

⁵² A revised Oversight, Assurance and Escalation Framework was launched in January 2024.

The escalation status of NHS bodies at 31 March 2023 was part of the previous framework (which did not have the same levels of escalation)

NHS Organisation	Escalation and Intervention Status as at 31 March 2023	Escalation and Intervention Status as at Status 31 March 2024
Swansea Bay UHB	Level 3 (enhanced monitoring) for performance and outcomes.	Level 3 (enhanced monitoring) for maternity and neonatal. Level 3 (enhanced monitoring) for finance, strategy and planning. Level 4 (targeted intervention) for performance and outcomes.
Public Health Wales NHS Trust	Level 1 (routine arrangements).	Level 1 (routine arrangements).
Velindre University NHS Trust	Level 1 (routine arrangements).	Level 1 (routine arrangements).
Welsh Ambulance Services NHS Trust	Level 1 (routine arrangements).	Level 1 (routine arrangements).
Digital Health and Care Wales	Level 1 (routine arrangements).	Level 1 (routine arrangements).
Health Education and Improvement Wales	Level 1 (routine arrangements).	Level 1 (routine arrangements).

Further detail can be found in the individual accounts of the organisation or in the NHS Summarised Accounts or the NHS Escalation pages [NHS Wales escalation and intervention arrangements | GOV.WALES](#)

Assurances and Compliance

The annual assurance opinions for the Head of Internal Audit assessment on the overall adequacy of each organisation's governance, risk management and control processes are provided within a range from 'No Assurance' to 'Substantial Assurance'. All NHS Wales organisations, with the exception of Betsi Cadwaladr University Health Board and Powys Teaching Health Board, received a 'Reasonable Assurance' opinion. Both bodies received a limited assurance assessment from the Head of Internal Audit assessment.

AGW Audit Opinions on financial statements and regularity

The Auditor General for Wales issued qualified regularity opinions for all seven LHBs in 2023-24. The qualified opinions were issued on the basis that the health boards did not achieve their statutory financial duty set out in the National Health Service (Wales) Act 2006 section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years.

Betsi Cadwaladr University Health Board's regularity opinion was further qualified in respect of payments made by the Health Board without appropriate authority, as they failed to comply with paragraph 14.1.4 of the Standing Financial Instructions issued by Welsh Government when appointing an Interim Executive Director of Finance at a pay point that was higher than that set out by the Welsh Government.

The NHS Wales Summarised Accounts have also received a qualified regularity opinion, this qualification does not reflect the preparation and summarisation process

of the Summarised Account, or the ‘true and fair’ opinion, it arises as a consequence of all seven LHBs generating financial deficits over the statutory duty assessment period 2021-22 to 2023-24 and the Betsi Cadwaladr University Health Board qualification due to irregular payments to an Executive Director.

All three NHS Trusts in Wales met their financial duty under Schedule 4 Paragraph 2 of the National Health Service (Wales) Act 2006 to ‘ensure that its revenue is not less than sufficient, taking one financial year with another’ measured over a rolling three year period. However, Velindre University NHS Trust received a qualified opinion on regularity. The Trust made an ex-gratia payment to its former Chief Operating Officer without appropriate authority when it failed to obtain Welsh Government approval for the payment.

Both Special Health Authorities met their annual duty and did not exceed their respective allocated revenue resource limits.

All seven LHBs, all three NHS Trusts in Wales and both Special Health Authorities received unqualified true and fair audit opinions from the Auditor General for Wales in respect of their financial statements for 2023-24.

NHS Wales Planning Framework 2023 to 2026

In November 2021, the Welsh Government reinstated the NHS Wales Integrated Medium Term Plan (IMTP) Planning Framework. The Framework provides the clarity that is needed to put in place the building blocks to harness the learning and innovation from the pandemic and to develop sustainable services for the future.

The Minister for Health and Social Services agreed the IMTPs from the following three bodies which consequently met their second financial duty:

- Velindre NHS Trust
- Public Health Wales NHS Trust
- Welsh Ambulance Services NHS Trust.

Although not a statutory requirement, HEIW and DHCW both submitted satisfactory IMTPs.

All seven LHBs failed to meet their statutory duty to submit an approvable integrated three-year plan for the period 2023 to 2026 in the financial year 2023-24. Therefore, annual plans, rather than three year plans, are subject to ongoing monitoring through a range of mechanisms, including discussions involving the Cabinet Secretary for Health and Social Care, Chief Executives, Integrated Quality, Planning and Delivery meetings and the national Performance Board.



Risk Profile



The risk profile of the Welsh Government is extensive and varied, as would be expected from the broad range of different activities in which it is involved. Operational risks arise in the course of delivering key policy objectives and are

managed and mitigated on a day-to-day basis across the organisation. In addition, the Welsh Government also carries a number of contingent risks (high impact but unlikely to be realised) which arise from its regulatory responsibilities.

Examples of these are its responsibilities in the event of an outbreak of human or animal disease in Wales and its obligations under the guarantees it enters into from time to time to support businesses in Wales.

The Corporate Risk Register sets out the “across the organisation” risks that could threaten the Welsh Government’s core business and the way it operates. It is an internally facing document.

Outlined below is an overview of the Corporate Risk Register changes in year.

Risk scoring:  **Score: 20 – 25**
Level: Very High
Nature of risk: Critical risks

 **Score: 13 – 19**
Level: High
Nature of risk: Material risks

 **Score: 5 – 12**
Level: Medium
Nature of risk: Manageable risks

 **Score: 1 – 4**
Level: Low
Nature of risk: Negligible risks

Change in year (residual risk):  **Up**  **Stayed the same**  **Down**

Corporate Risk	Residual risk Score April 2023	Change in year	Residual Risk score April 2024
European Transition	16	Removed April 2023	
Financial Risk	15	↑	20
Business Delivery and Planning	12	Removed September 2023	
Workforce Capacity	20	↔	20
Workforce Capability and Flexibility	16	↔	16
Wellbeing of staff	20	↔	20
ICT Systems Resilience	15	↔	15
Legislative Programme	20	↔	20
Project Delivery	20	↔	20
Digital Risk	16	↔	16
HR System	15	Removed September 2023	
Cyber Security	20	↔	20
Disruption/ Business Continuity Event	15	↓	12
UK GDPR	6	Removed April 2023	
Responding to the UK-wide COVID-19 Public Inquiry	20	↓	16
State of the Strategic Road Network (SRN)	20	Removed September 2023	

Corporate Risk	Residual risk Score April 2023	Change in year	Residual Risk score April 2024
Affordability of the Ukraine funding commitment	15	Removed November 2023	
Equality, Diversity and Inclusion	20	↔	20
Welsh Language	15	↑	20
End of Structural Funds Programme	16	↓	15
Core Valley Lines (CVL)	9	Removed April 2023	
Failure by UK Government to adhere to fundamental constitutional principles	New Risk	Added April 2023	20
Sunsetting of retained EU law by 2023 in accordance with UK Government Retained EU Law Bill	New Risk	Added April 2023 but removed Nov 2023 ^a	
Emergency Response	New Risk	Added April 2023	16
Border Control	New Risk	Added November 2023	16
Climate Change	New Risk	Added November 2023	20
Future of Public Transport in Wales	New Risk	Added November 2023	12
Health and Safety	New Risk	Added November 2023	12

^a This risk was previously included on the CRR because the UK Government’s approach risked removing the entire block of retained EU law from the statute book at the end of 2023. Since that point the UK Government have changed their approach so that retained EU law will be kept unless it has been specifically revoked, and they have consulted WG on its plans for revocation.

All corporate risks on the Corporate Risk Register have been reviewed by Finance and Corporate Services Committee, ExCo, The Board and ARAC as part of our ongoing management of corporate risk. Outlined below is further detail on new risks, risks that have been removed in year and an update on those risks I have previously drawn attention to.

One of our most significant pressures in year has been financial and budgetary pressures and this risk has impacted those risks to the workforce including issues around capacity and staff well-being. Effective mechanisms have operated to monitor and provide support to staff, as needed, but our risk around staff well-being, and resourcing capacity has continued to feature on the corporate risk register. Mitigations in the area have been monitored and updated to reflect changes such as the implementation of the new resourcing accountability framework.

During the year six new risks were added to the Corporate Risk Register that remained at the year end.

- Failure by UK Government to adhere to fundamental constitutional principles
- Emergency Response
- Border Control

- Climate Change
- Future of Public Transport in Wales
- Health and Safety.

Capacity to Handle Risk

The Welsh Government adheres to the “Main Principles” for risk management in government set out in HM Treasury’s *The Orange Book; Management of Risk – Principles and Concepts (2019, updated 2020)*.

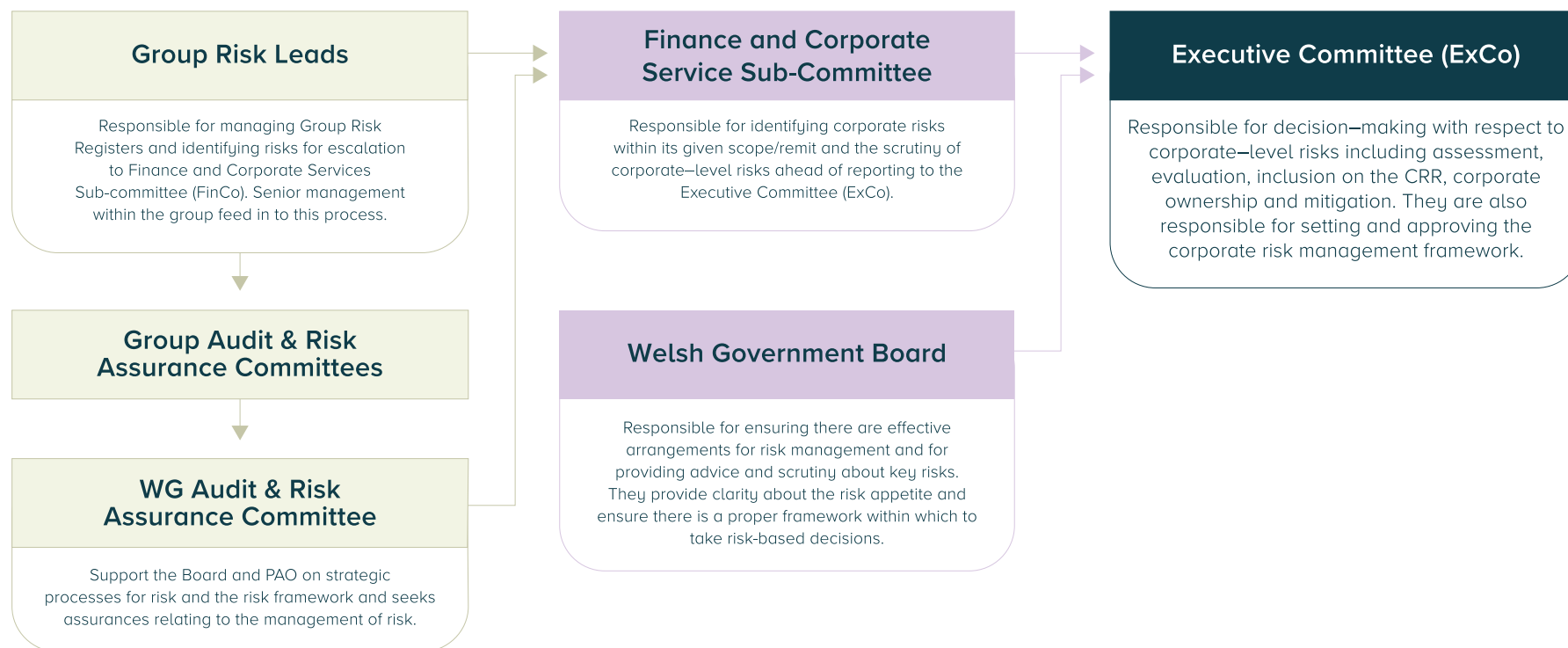
The Welsh Government’s risk management policy has the key objective of ensuring there is a consistent process in place for measuring, controlling, monitoring and reporting risk across the organisation. Managing risk effectively should not lead the Welsh Government to be unduly risk averse and, in pursuit of its objectives, it is prepared to take risks which have been properly assessed, evaluated and managed to encourage more effective exploitation of opportunities as they arise, whilst accepting some failures may occur.

Corporately, the Board is responsible for overseeing the implementation of the risk management policy and process and for oversight and scrutiny of the mitigations

for key risks facing the Welsh Government which might otherwise prevent or hinder the organisation from achieving its strategic objectives. Principally, these are those risks which are so critical they cannot be managed at Group level, together with those of a corporate nature whose impact would be felt across the whole organisation. Corporate risks have been reviewed by the Board twice in the year and by the Finance and Corporate Services Committee, ExCo and Welsh Government’s Audit and Risk Assurance Committee quarterly.

Day-to-day management and mitigation of risk is a management responsibility and each Director General has been responsible for managing risk and opportunity in respect of their Group’s key objectives. Group risks were reviewed regularly by senior management teams and by the Group Audit and Risk Assurance Committees and were informed by risk registers maintained by projects and programmes, and risk assessments and risk registers at Divisional level.

The diagram below shows the route map for risk escalation.



During summer 2023 a sub-group of Finance and Corporate Services Committee met to discuss the Corporate Risk Register and undertake a “root and branch” review of the Register. A number of risks were significantly amended, some were removed and new risks were added, as outlined in the table above. In addition a new suite of reports was provided as part of the Corporate Risk Register package, they included reporting

the top Group Risks and a horizon scanning report, which proactively identifies any emerging risks.

It is recognised across the Welsh Government that we depend heavily on aging IT systems which do not give us the depth and breadth of reliable MI we need and which would allow us to manage operations more efficiently and effectively. Whilst we currently manage this through “work around” solutions that

provide compensating controls, this could still compromise our ability to identify risks as they emerge and, potentially, limits the range and effectiveness of mitigations which might otherwise be put in place to address risk. One of the fundamental aims of WG2025 is to ensure our operations are sound and improve our resilience to cope with the speed and scale of change, in addition to future proofing our systems.

Conclusion



Dr Andrew Goodall CBE

Permanent Secretary
and Principal Accounting Officer

The system of internal control has been in place in the organisation for the year ending 31 March 2024 and up to the date of approval of the Annual Report and Consolidated Accounts. It accords with HM Treasury guidance. I have reviewed the evidence provided to me by my review of the effectiveness of the governance framework and can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with moderate risk exposure until resolved.

My three-year plan, Welsh Government 2025, will continue to build on our existing robust processes and procedures, enhancing and improving our governance and assurance arrangements to help us become the exemplar public service organisation we want to be.

27 November 2024

Losses, Special Payments and Gifts

The following is the statement of losses and special payments as required by the Government Financial Reporting Manual, with individual disclosures where the total amounts incurred are over the limits prescribed in Managing Welsh Public Money of £300,000.

Losses

	2023-24	2022-23
Total number of losses	159	131
Total value of losses (£000's)	9,401	13,184

Details of losses over £300,000:

Store losses	Writing off Pandemic Flu (Antibiotics) medical stock	£364,675
Store losses	Writing off Pandemic Flu (Antivirals) medical stock	£831,744
Store losses	Writing off Covid medicines that have passed their expiry date	£1,670,803
Store losses	Writing off Lateral Flow test kits that have passed their expiry date	£1,837,913
Waived and abandoned claim	Waived claim for recovery of grants paid for the refurbishment of hotel and leisure facilities	£455,450
Fruitless Payments	Purchase of IES units due to subsequent technical obsolescence	£2,270,000

Special Payments

	2023-24	2022-23
Total number of special payments	16	21
Total value of special payments (£000's)	13,287	2,285

Details of special payments over £300,000:

Special Payment	Special payments made to reach contractual settlement agreements for Strategic Road Network Projects	£13,143,000
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More details on the individual losses and special payments disclosed can be found in the Annual Governance Statement on pages 110 to 111.

Gifts made

	2023-24	2022-23
Total number of gifts made	1	3
Total value of gifts (£000's)	5	1,400

Details of gifts over £300,000:

Nil

Remuneration and Staff Report 2023-24

Remuneration Policy

The remuneration of Senior Civil Servants⁵³ (SCS) is set at UK Government level following independent advice from the Review Body⁵⁴ on Senior Salaries. The Welsh Government has delegated responsibility for the remuneration of non-SCS staff.

The pay and pensions of Ministers are determined by the Independent Remuneration Board of the Senedd⁵⁵ Determination on Members' Pay and Allowances⁵⁶.

Service Contracts

The Constitutional Reform and Governance Act 2010, requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Welsh Government Annual Pay Policy Statement

In line with the 'Transparency of senior remuneration in the devolved Welsh public sector'⁵⁷ principles published on 7 December 2015 the Welsh Government has published a pay policy statement on its website.⁵⁸

The Pay Policy Statement covers the Welsh Governments definition of both "senior posts" and "lowest-paid employees" and the relationship between the remuneration of senior posts and that of the lowest-paid employees.

53 Civil Service Pay Remit guidance, 2023 to 2024 - GOV.UK (www.gov.uk)

54 Senior Salaries Review Body Report: 2023 - GOV.UK (www.gov.uk)

55 Remuneration Board

56 Determination (remunerationboard.wales)

57 Transparency of senior remuneration in the devolved Welsh public sector [HTML] | GOV.WALES

58 Welsh Government pay policy statements | GOV.WALES

It also covers:

- a) demonstrable evidence of affordability and value for money,
- b) the number of senior posts within the body with a remuneration package of more than £100,000 in bands of £5,000,
- c) the approach to internal talent management,
- d) the approach to performance related pay,
- e) the approach to providing support for lower paid staff,
- f) the highest and lowest pay points, and
- g) the severance policies operated and how and in what circumstances these can be varied.



Remuneration (including salary) and pension entitlements

This section is subject to audit and is covered by the Auditor General for Wales' audit opinion.

The following sections provide details of the remuneration and pension interests of the Ministers and the Senior Officials. Senior Officials for the purposes of the Remuneration Report are all substantive members of the Welsh Government Board and Executive Committee for the financial year.

Remuneration

The remuneration of the First Minister and his Cabinet team who served during the year, is noted below. These costs are reflected in the accounts of the Senedd Commission and not the Welsh Government. Ministerial salaries include their salaries as Members of the Senedd of £69,958 (2022-23: £67,920). The salary payable to Ministers is the salary payable under the Government of Wales Act 2006 as set by the Independent Remuneration Board of the Senedd.

Benefits in kind related to Members of the Senedd responsibilities are not included in the table overleaf.

Single total figure of remuneration – Ministers

Ministers	Salary 2023-24 £	Salary 2022-23 £	Benefits in kind 2023-24 £	Benefits in Kind 2022-23 £	Pension Benefits 2023-24 (to nearest £1000) £	Pension Benefits 2022-23 (to nearest £1000) £	Total 2023-24 (to nearest £1000)	Total 2022-23 (to nearest £1000)
Mark Drakeford First Minister to 20 March 2024	148,508	148,575	-	-	8,000	8,000	156,000	156,000
Vaughan Gething Welsh Minister to 20 March 2024 then First Minister from 21 March 2024	110,718	106,124	-	-	15,000	2,000	125,000	108,000
Rebecca Evans Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	109,308	106,124	-	-	28,000	17,000	137,000	123,000
Lesley Griffiths Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	109,308	106,124	-	-	14,000	(20,000)	123,000	87,000
Jane Hutt^a Welsh Minister and Chief Whip to 20 March 2024 then Trefnydd and Chief Whip from 21 March 2024	109,308	106,124	-	-	(22,000)	(73,000)	87,000	33,000
Julie James Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	109,308	106,124	-	-	28,000	18,000	138,000	124,000
Jeremy Miles Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	109,308	106,124	-	-	35,000	36,000	144,000	142,000
Eluned Morgan Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	109,308	106,124	-	-	35,000	36,000	144,000	142,000
Mick Antoniw Counsel General and Welsh Minister to 20 March 2024 then Counsel General from 21 March 2024	109,308	106,124	-	-	13,000	(23,000)	122,000	83,000
Hannah Blythyn Deputy Minister to 20 March 2024 then Minister from 21 March 2024	92,913	90,206	-	-	30,000	30,000	123,000	120,000
Dawn Bowden Deputy Minister to 20 March 2024 then Minister from 21 March 2024	92,913	90,206	-	-	30,000	30,000	123,000	120,000

Ministers	Salary 2023-24 £	Salary 2022-23 £	Benefits in kind 2023-24 £	Benefits in Kind 2022-23 £	Pension Benefits 2023-24 (to nearest £1000) £	Pension Benefits 2022-23 (to nearest £1000) £	Total 2023-24 (to nearest £1000)	Total 2022-23 (to nearest £1000)
Julie Morgan^b Deputy Minister to 20 March 2024	90,415	90,206	-	-	-	-	90,000	90,000
Lynne Neagle Deputy Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	93,398	90,206	-	-	8,000	(22,000)	102,000	69,000
Lee Waters Deputy Minister to 20 March 2024	90,415	90,206	-	-	9,000	30,000	100,000	120,000
Jayne Bryant Minster from 21 March 2024	2,747	-	-	-	19,000	-	22,000	-
Huw Irranca-Davies Cabinet Secretary from 22 March 2024	2,938	-	-	-	19,000	-	22,000	-
Ken Skates Cabinet Secretary from 21 March 2024	3,232	-	-	-	27,000	-	30,000	-

a. This member is no longer building up pension as a Member of the Senedd, they are building up pension as a Cabinet member. The pension benefit figure for 2022-23 has been revised as the underlying pension calculation has been amended.

b. This member is no longer contributing to the pension scheme and so did not build up any additional pension this year.

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.

A “Welsh Minister” is a person appointed under section 48 of the Government of Wales Act 2006. In the Cabinet appointed on 21 March 2024 a “Welsh Minister” is referred to as a “Cabinet Secretary”. A “Deputy Welsh Minister” is a person appointed under section 50 of the Government of Wales Act 2006. In the Cabinet appointed on 21 March 2024 a “Deputy Welsh Minister” is referred to as a “Minister”.

‘Office holder’ salaries as Cabinet members are payable in respect of the post held, for the period the post is held.

The Full Time Equivalent salaries for 2023-24 are:

First Minister	£153,033
Counsel General	£109,308
Welsh Minister/Cabinet Secretary	£109,308
Deputy Minister/Minister	£92,913

Pension details – Ministers

Ministers	Accrued pension as at 31/03/2024 £000	Accrued pension as at 31/03/2023 £000	Real increase in pension at age 65 at 31/03/2024 £000	CETV as at 31/03/2024 £000	CETV as at 31/03/2023 £000	Real increase in CETV at 31/03/2024 £000
Mark Drakeford First Minister to 20 March 2024	35-40	35-40	0-2.5	690	650	3
Vaughan Gething Welsh Minister to 20 March 2024 then First Minister from 21 March 2024	40-45	35-40	0-2.5	545	486	4
Rebecca Evans Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	30-35	25-30	0-2.5	385	332	12
Lesley Griffiths Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	50-55	45-50	0-2.5	981	878	11
Jane Hutt^a Welsh Minister and Chief Whip to 20 March 2024 then Trefnydd and Chief Whip from 21 March 2024	75-80	80-85	(2.5)-0	1,161	1,147	-18
Julie James Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	30-35	25-30	0-2.5	574	516	25
Jeremy Miles Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	15-20	15-20	0-2.5	251	202	20
Eluned Morgan Welsh Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	15-20	15-20	0-2.5	274	220	23
Mick Antoniw Counsel General and Welsh Minister to 20 March 2024 then Counsel General from 21 March 2024	40-45	35-40	0-2.5	742	699	8
Hannah Blythyn Deputy Minister to 20 March 2024 then Minister from 21 March 2024	15-20	10-15	0-2.5	175	141	11

Ministers	Accrued pension as at 31/03/2024 £000	Accrued pension as at 31/03/2023 £000	Real increase in pension at age 65 at 31/03/2024 £000	CETV as at 31/03/2024 £000	CETV as at 31/03/2023 £000	Real increase in CETV at 31/03/2024 £000
Dawn Bowden Deputy Minister to 20 March 2024 then Minister from 21 March 2024	10-15	10-15	0-2.5	273	217	27
Julie Morgan^b Deputy Minister to 20 March 2024	10-15	10-15	(2.5)-0	170	179	(11)
Lynne Neagle Deputy Minister to 20 March 2024 then Cabinet Secretary from 21 March 2024	40-45	40-45	0-2.5	735	665	0
Lee Waters Deputy Minister to 20 March 2024	10-15	10-15	0-2.5	180	155	2
Jayne Bryant Minster from 21 March 2024	15-20	-	0-2.5	167	157	10
Huw Irranca-Davies Cabinet Secretary from 22 March 2024	10-15	-	0-2.5	243	228	15
Ken Skates Cabinet Secretary from 21 March 2024	25-30	-	0-2.5	342	326	16

a. Jane Hutt's CETV as at 31 March 2023 has been revised as the underlying pension calculation for 2022-23 has been amended.

b. This member is no longer contributing to the pension scheme and so did not build up any additional pension this year.

The Senedd 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 Members of the Senedd and Office Holders. All Members of the Senedd are members of the Scheme from the date they enter the Senedd unless they opt specifically not to be. Members do not receive an automatic lump sum, they have the option to commute part of their pension into a lump sum in exchange for a reduced pension.

A Career Average Pension Scheme was introduced from 6 May 2016. Members aged 55 or over on 1 April 2012 were subject to 'Transitional Protection' and continued to have their benefits calculated on a final salary basis for an additional five years until 5 May 2021.

In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' schemes, gave rise to unlawful discrimination. On 15 July 2019, the Chief Secretary to the Treasury made a written ministerial statement confirming that, as 'transitional protection'

was offered to members of all the main public service pension schemes, the difference in treatment needed to be removed from all schemes for members with relevant service.

The Independent Remuneration Board of the Senedd is responsible for the rules of the Members Pension Scheme. Having considered the view of the Pension Board, the Board agreed that a remedy should be adopted to remove the discrimination in the rules of the Members

Pension Scheme as a result of the transitional protection provisions they contained. The Board consulted with the affected Members and the Senedd Commission on a proposed remedy. Affected Members will be offered an immediate choice to remain in the CARE Scheme or to return to the Final Salary section for the Remedy period 6 May 2016 – 6 May 2021. From the start of the Sixth Senedd all members are in the Career Average Scheme.



An actuarial valuation was carried out as at 1 April 2023. Following completion of the valuation the employer contribution rate payable by the Senedd reduced from 19.9% to 18% of Members' aggregate salaries with effect from 1 April 2024. This reflected improvements in the scheme funding level and changes in market outlook. The Member contribution is 10.5% of salary.

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.

Register of Interests

The Welsh Ministers' Register of Interests disclosing relevant interests is published on the Welsh Government Internet.

[Ministerial private interests | GOV.WALES](#)

The declaration of interests, identification of potential or actual conflicts of interest and the management of any such conflicts is undertaken in accordance with the Ministerial Code <https://gov.wales/ministerial-code>

Single total figure of remuneration

The Financial Reporting Manual (FReM) requires that all central Government Departments include a Single Total Figure of Remuneration along with a prior year comparative within the remuneration report. Total remuneration includes salary including allowances subject to UK taxation, bonus payments and benefits in kind plus the addition of a pension benefit figure. This report is based on accrued payments made by the Welsh Government and recorded in these accounts. Pension benefits have been calculated using the methodology used to derive pension values for tax purposes. As a result, the figures can be influenced by other factors such as an individual deciding to make additional contributions or valuation factors that impact the pension scheme as a whole. The amounts disclosed therefore in the Single Total Figure of Remuneration do not reflect pension contributions made for or pensions paid to an individual in any one year. This methodology applies to all government departments including NHS bodies.



Single total figure of remuneration – senior officials of the Welsh Government

Senior officials	Salary ^a 2023-24 £000	Salary 2022-23 £000	Pension benefits ^b 2023-24 £000	Pension benefits 2022-23 £000	Total 2023-24 £000	Total 2022-23 £000
Andrew Goodall^c Permanent Secretary	230-235	215-220	5-10	-	240-245	215-220
Judith Paget^d Director General	225-230	215-220	(85)-(90)	(10)-(15)	140-145	205-210
Tracey Burke Director General	135-140	125-130	50-55	45-50	185-190	175-180
Andrew Slade Director General	135-140	125-130	40-45	(10)-(15)	175-180	110-115
Sioned Evans^e Director General	30-35	-	25-30	-	55-60	55-60
Jo-Anne Daniels^f Director General	95-100	125-130	(0)-(5)	85-90	90-95	210-215
Tim Moss^g Director General and Chief Operating Officer	130-135	70-75	90-95	45-50	220-225	120-125
Reg Kilpatrick^h Director General	95-100	125-130	(10)-(15)	(15)-(20)	80-85	105-110
Des Cliffordⁱ Director of the Office of the First Ministers	110-115	110-115	(35)-(40)	(45)-(50)	70-75	65-70
David Richards^j Director, Propriety and Ethics	55-60	55-60	20-25	(105)-(110)	80-85	(50)-(55)
Helen Lentle^k Director of Legal Services	90-95	105-110	60-65	(0)-(5)	150-155	105-110
Nia James^l Director of Legal Services	20-25	-	75-80	-	100-105	-
Natalie Pearson^m Head of Organisational Development and Engagement	10-15	75-80	0-5	(35)-(40)	10-15	35-40
Amelia John Board Equality Champion	95-100	20-25	45-50	0-5	145-150	20-25
Peter Kennedyⁿ Director of HR	80-85	100-105	25-30	(15)-(20)	105-110	85-90

Senior officials	Salary ^a 2023-24 £000	Salary 2022-23 £000	Pension benefits ^b 2023-24 £000	Pension benefits 2022-23 £000	Total 2023-24 £000	Total 2022-23 £000
Dom Houlihan^o Director of HR	35-40	-	85-90	-	125-130	-
Gawain Evans Director of Finance	110-115	105-110	25-30	(25)-(30)	140-145	75-80
Andrew Jeffreys^p Director of Treasury	15-20	100-105	5-10	0-5	20-25	105-110
Glyn Jone^q Chief Digital Officer	15-20	100-105	5-10	20-25	25-30	120-125
Ellen Donovan^r Non-Executive Director	-	10-15	-	-	-	10-15
Gareth Lynn^s Non-Executive Director	10-15	10-15	-	-	10-15	10-15
Meena Upadhyaya^t Non-Executive Director	10-15	10-15	-	-	10-15	10-15
Aled Edwards Non-Executive Director	10-15	5-10	-	-	10-15	5-10
Carys Williams Non-Executive Director	10-15	0-5	-	-	10-15	0-5
Mike Usher^u Non-Executive Director	0-5	0	-	-	0-5	-

- a All Senior Officials on Welsh Government terms and conditions received a 5.5% pay award for 2023-24.
- b 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. Typically, where there are negative values this is because the individual is a final salary scheme member (classic/classic plus/premium) who has transitioned to alpha. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.
- c Andrew Goodall is seconded from Aneurin Bevan University Health Board and consistent with the terms of that secondment arrangement has remained on the Terms and Conditions of the Health Board. His secondment to the Welsh Government commenced in his previous post as Director General HSSG and Chief Executive NHS Wales from 8 June 2014. On appointment as Permanent Secretary, consistent with advice from Cabinet Office who lead on all Permanent Secretary recruitment exercises, a new secondment agreement was put in place with the Health Board which is due to end on 31 October 2026. Andrew Goodall opted back into the NHS Pension arrangements from 1 July 2023. Following Welsh Health Pay Circular 01/2024 for NHS Executives, Andrew Goodall received a 5% pay award for 2023-24.
- d Judith Paget was appointed Director General, Health and Social Services Group on 1 June 2023 after an externally competed appointment, prior to which she was undertaking the role on a temporary basis. Judith Paget was seconded from Aneurin Bevan University Health Board and remained on the Terms and Conditions of the Health Board until transferred to Welsh Government terms and conditions as an employee on 1 December 2023. Following Welsh Health Pay Circular 01/2024 for NHS Executives, Judith received a 5% pay award for 2023-24 to 30 November 2023. Her comparable Welsh Government Full Time Equivalent salary is £215,000-£220,000pa. Pension benefits for Judith Paget relate to NHS Pension arrangements to 30 November 2023, and Civil Service Pension arrangements from 1 December 2024.

- e Sioned Evans was appointed Director General, Public Services and Welsh Language after an externally competed appointment from 1 January 2024, her comparable Full Time Equivalent salary is £125,000-£130,000pa.
- f Jo-Anne Daniels was Temporary Director General, Education, Social Justice and Welsh Language to 31 December 2023, her comparable Full Time Equivalent salary is £125,000-£130,000pa.
- g Reg Kilpatrick ceased to be Temporary Director General, Covid Coordination on 31 December 2023, his Full Time Equivalent salary is £125,000-£130,000pa.
- h Tim Moss was appointed as Director General, Chief Operating Officer after an externally competed appointment process on 1 September 2022, his comparable Full Time Equivalent salary for 2022-23 is £125,000-£130,000pa.
- i Des Clifford stepped down as Board Welsh Language Champion on 31 December 2023, he remained a member of ExCo until 31 March 2024.
- j David Richards applied for and had approved partial retirement from 1 September 2021 from which date his salary and working hours have been reduced, his comparable Full Time Equivalent salary is £115,000-£120,000pa.
- k Helen Lentle retired from the Welsh Government on 31 December 2024, her comparable Full Time Equivalent salary is £115,000-£120,000pa.
- l Nia James was appointed as temporary Director of Legal services after an internal Temporary Promotion recruitment exercise from 1 January 2024, her comparable Full Time Equivalent salary is £95,000-£100,000pa.
- m Natalie Pearson applied for and had approved partial retirement from 4 October 2022 from which date her salary and working hours have been reduced. Natalie Pearson ceased to be a member of ExCo on 31 May 2023 due to a revision to the membership of ExCo, her Full Time Equivalent salary is £95,000-£100,000pa.
- n Peter Kennedy retired from Welsh Government on 3 January 2024, his Full Time Equivalent salary is £105,000-£110,000pa.
- o Dom Houlihan was appointed Director of HR from 20 November 2023 after an externally competed appointment, his Full Time Equivalent salary is £105,000- £110,000pa.
- p Andrew Jeffreys ceased to be a member of ExCo on 31 May 2023 due to a revision to the membership of ExCo, his Full Time Equivalent salary is £110,000-£115,000pa.
- q Glyn Jones ceased to be a member of ExCo on 31 May 2023 due to a revision to the membership of ExCo, his Full Time Equivalent salary is £105,000-£110,000pa.
- r Ellen Donovan's fixed term appointment as a Non-Executive Director ended on 6 March 2023.
- s Gareth Lynn's fixed term appointment as a Non-Executive Director ended on 31 March 2024.
- t Meena Upadhyaya's fixed term appointment as a Non-Executive Director ended on 29 February 2024.
- u Mike Usher was appointed as Non-Executive Director to the Welsh Government Board on 1 February 2024.

Register of Interests

The Welsh Government Register of Interests for Senior Officials disclosing relevant interests is published on the Welsh Government Internet.

[Senior officials: register of interests | GOV. WALES](#)

The declaration of interests, identification of potential or actual conflicts of interest and the management of any such conflicts is undertaken in accordance with the Civil Service Code, the Welsh Government Declaration of Interests Policy,

the contractual terms of Non-Executive Director appointments and the Board Terms of Reference⁵⁹. Further information on the management of interests is set out in the Governance Statement on page 108.

⁵⁹ [Welsh Government Board terms of reference \[HTML\] | GOV.WALES](#)

Pension details – senior officials of the Welsh Government

Senior officials	Accrued Pension at pension age as at 31/03/2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/2024 £000	CETV at 31/3/2023 (revised) ^a £000	Real increase in CETV at 31/3/2024 £000
Andrew Goodall^b Permanent Secretary	65-70- plus a lump sum of 185-190	0-2.5 plus a lump sum of 7.5-10	1,569	1,359	31
Judith Paget^c Director General – NHS Pension	120-125 plus a lump sum of 335-340	(2.5)-(5) plus a lump sum of (20)-(25)	0	0	45
Judith Paget^c Director General – Civil Service Pension	0-5	0-2.5	28	0	22
Tracey Burke Director General	45-50	2.5 - 5	805	677	41
Andrew Slade Director General	50-55 plus a lump sum of 140-145	2.5-5 plus a lump sum of 0	1,215	1,088	23
Sioned Evans Director General	35-40 plus a lump sum of 90-95	0-2.5 plus a lump sum of 2.5-5	873	827	25
Jo-Anne Daniels Director General	55-60	0-2.5	1,084	1,019	(13)
Tim Moss Director General and Chief Operating Officer	35-40 plus a lump sum of 95-100	2.5-5 plus a lump sum of 5-7.5	893	736	83
Reg Kilpatrick Director General	55-60 plus a lump sum of 160-165	0-2.5 plus a lump sum of 0	1,451	1,396	(26)
Des Clifford Director of the Office of the First Minister	45-50 plus a lump sum of 10-15	2.5-5 plus a lump sum of 0	1,063	1,054	(47)
David Richards Director, Propriety and Ethics	0-5 plus a lump sum of 0-5	0-2.5 plus a lump sum of 0	54	30	18
Helen Lentle Director of Legal Services	50-55 plus a lump sum of 140-145	2.5-5 plus a lump sum of 2.5-5	1,252	1,112	57
Nia James Director of Legal Services	40-45	2.5-5	810	725	72
Natalie Pearson Head of Organisational Development and Engagement	25-30 plus a lump sum of 60-65	0-2.5 plus a lump sum of 0	630	612	2

Senior officials	Accrued Pension at pension age as at 31/03/2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/2024 £000	CETV at 31/3/2023 (revised) ^a £000	Real increase in CETV at 31/3/2024 £000
Amelia John Board Equalities Champion	25-30 plus a lump sum of 70-75	2.5-5 plus a lump sum of 0-2.5	697	624	42
Peter Kennedy Director of HR	40-45 plus a lump sum of 110-115	0-2.5 plus a lump sum of 0	1,026	955	17
Dom Houlihan Director of HR	20-25	2.5-5	309	252	51
Gawain Evans Director of Finance	50-55 plus a lump sum of 145-150	0-2.5 plus a lump sum of 0	1,336	1,208	17
Andrew Jeffreys Director of Treasury	30-35 plus a lump sum of 85-90	0-2.5 plus a lump sum of 0	712	697	4
Glyn Jones Chief Digital Officer	30-35 plus a lump sum of 85-90	0-2.5 plus a lump sum of 0-2.5	640	623	7

Certain disclosure required by Employer Pension Notice 679 has been omitted in accordance with Article 21 UK GDPR.

- a Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022-23, but are reported in the legacy scheme for the same period in 2023-24. The calculation of benefits (and associated CETVs) as at 31 March 2023 and 31 March 2024 reflects the fact that service between 1 April 2015 and 31 March 2023 was 'rolled back' into the Principal Civil Service Pension Scheme on 1 October 2023. [How the public service pensions remedy affects your pension - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/how-the-public-service-pensions-remedy-affects-your-pension).
- b Andrew Goodall opted back into the NHS Pension arrangements from 1 July 2023.
- c Pension benefits for Judith Paget relate to NHS Pension arrangements to 30 November 2023, and Civil Service Pension arrangements from 1 December 2024. No CETV figure is provided for Judith Paget at 31 March 2024 and 2023 for the NHS Pension arrangements as she has passed retirement age.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Welsh Government with the exception of Ministers as noted above.

Senior Civil Servants within the Welsh Government are contractually entitled to be considered for a performance related variable payment. Any payments made are paid at the end of July each year, but no payments were made. It is the role of the People and Remuneration Committee to ensure the UK Government's senior pay policy is applied and approve any awards and oversee the application of the SCS performance management framework. The People and Remuneration Committee consists of the Permanent Secretary, the Directors General, the non-executive Directors and the HR Director.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument, is disclosed to the nearest £100. Benefits in kind assessed for the year 2023-24 were £nil.

Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values)(Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Pay multiples

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

The banded remuneration of the highest paid director (the Permanent Secretary) in the Welsh Government in the financial year 2023-24 was £230,000–£235,000 (2022–23: £215,000–£220,000). This was 5.6 times (2022-23: 5.5) the median remuneration of the workforce, which was £41,675 (2022-23: £39,690).

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments employer pension contributions and the cash equivalent transfer value of pensions.

The relationship between the highest paid director remuneration and the lower, median and upper quartiles are shown below:

Year		25th Percentile	Median	75th Percentile
2023-24	Pay Ratio (:1)	7.2	5.6	4.5
	Quartile remuneration	32,141	41,675	51,839
2022-23	Pay Ratio (:1)	7.1	5.5	4.4
	Quartile remuneration	30,610	39,690	49,370

Reporting bodies are also now required to set out the percentage remuneration change from the previous financial year for the highest paid director; and the average percentage change from the previous financial year in respect of the employees of the entity taken as a whole.

	Remuneration percentage change – highest paid director	Remuneration average percentage change – employees as a whole
2023-24	6.90%	3.76%
2022-23	0.0%	5.43%

The required calculation for the highest paid director percentage compares the mid-point of the remuneration banding 2023-24 £230,000-£235,000 (2022-23: £215,000-£220,000), rather than the percentage change in actual salary. Using the mid-point of the band for calculation can distort the calculation compared to the actual award received. The remuneration average percentage change for employees as a whole is lower than the 5% pay award for 2023-24 as the calculation includes seconded and temporary staff, the mix of which year to year can vary as well as the pay awards applicable

to such individuals. The average percentage change for employees on Welsh Government payroll for 2023-24 is 5.88%.

Further information on Pay Policy, decision-making and Senior Pay can be found in the Welsh Government Pay Policy Statement.

Staff Numbers and Costs

The average number of full-time equivalent persons employed (including senior management and special advisers) during the period is as follows:

	Permanently employed staff	Other staff	Special Advisers	Total 2023-24	Total 2022-23
Total	103,451	6,663	14	110,128	106,026
Of which:					
Welsh Government	5,380	386	14	5,780	5,695
LHBs and NHS Bodies	92,955	6,277	-	99,232	95,619
Subsidiaries	5,116	-	-	5,116	4,712
Of the Welsh Government total:					
Regulatory and delivery bodies	757	-	-	-	-
Tribunals	34	-	-	-	-

Gender Breakdown of Welsh Government staff (unaudited)

	Male	Female
Board members	60%	40%
Senior Civil Service	57%	43%
All Staff	40%	60%

Women make up 60% of the Welsh Government workforce, but remain under-represented in senior positions, both at Board-level and in the Senior Civil Service.

Our Workforce, Equality, Diversity and Inclusion Strategy 2021-2026 sets out clear targets and actions to redress this imbalance, as outlined in more detail in the 'Fairness and Inclusion' section' from page 76.

Staff costs

Welsh Government	Permanently employed staff* £m	Other Staff £m	Year ended 31 March 2024 Total £m	Year ended 31 March 2023 Total £m
Salaries	275	23	298	274
Social Security Costs	33	-	33	30
Other Pension Costs	76	-	76	74
Total	384	23	407	378
Recoveries from secondments	(3)	-	(3)	(2)
Net staff costs	381	23	404	376

Consolidated	Permanently employed staff* £m	Other Staff £m	Year ended 31 March 2024 Total £m	Year ended 31 March 2023 Total £m
Salaries	4,763	488	5,251	4,838
Social Security Costs	488	23	511	467
Other Pension Costs	832	23	855	758
Total	6,083	534	6,617	6,063
Recoveries from secondments	(3)	-	(3)	(2)
Net staff costs	6,080	534	6,614	6,065

* Although stated in a different category in regards to staff numbers, Special Advisers salary, social security and pension costs are included within the Other Staff costs figures.

Salaries include gross salaries, performance bonuses payable, reserved rights to London Weighting or London allowances, recruitment and retention allowances, and private office allowances.

Special Advisers were paid a total of £1,772,135 (2022-23: £1,332,824) for the year, inclusive of pension and social security costs, and have been included within the figures above. Due to the departure of the (former) First Minister Mark Drakeford MS on 20 March 2024 the contracts for all Special Advisers ceased. Included within the total amount above severance payments of £479,715 were incurred in line with the terms of the Model Contract for Special Advisers (this includes payments for annual leave not taken at contract cessation). On reappointment of certain Special Advisers £189,079 severance payments will be recovered and were accrued for recovery at the year-end within the figures above. There were 18 Special Advisers in post for all or part of the 2023-24 financial year, equating to 14 average full-time equivalents, as set out in the table above.

The Welsh Government Register of Interests for Special Advisers disclosing relevant interests is published on the Welsh Government Internet.

[Declarations of interests | GOV.WALES](#)

The declaration of interests, identification of potential or actual conflicts of interest and the management of any such conflicts is undertaken in accordance with the Civil Service Code, the Welsh Government

Declaration of Interests Policy and the contractual terms of Special Adviser appointments. Further information on the management of interests is set out in the Governance Statement on page 108.

The social security and pension costs for temporary and seconded staff under the core figures for other staff have been included in salaries as they are invoiced on a gross basis. Salaries of Welsh Ministers are paid by Senedd Commission and are reflected in those accounts.

In respect of the number of senior staff whose salary is above £100k, there were 60 staff whose FTE salary was above £100k as at 31 March. Of these, 7 were part-timers whose actual earnings therefore fell below the £100k threshold. The target rate for Director level within the Welsh Government is £108,500. This is an increase of 5.5% from 2022-23. Most Welsh Government Senior Civil Servants had a 5.5% pay award in 2023-24, with some lower paid Deputy Directors receiving slightly more (8% depending on their position in the pay range). Most Welsh Government staff below the Senior Civil Service had a 5% pay award in 2023-24.

Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – **classic, premium, and classic plus** provide benefits on a final salary basis, whilst **nuvos** provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and **alpha** are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the **partnership** pension account.

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **alpha** from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or **alpha** – as appropriate. Where a member has benefits in both the PCSPS and **alpha**, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were

transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to **alpha**. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy⁶⁰ is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should

count towards PCSPS or **alpha** benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

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

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

Employees of the Welsh Government belong to the Principal Civil Service Pension Scheme, with the exception of a small number of staff who have elected to retain membership of other public sector schemes.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'Alpha' – are unfunded multi-employer defined benefit scheme but the Welsh Government is unable to identify its share

60 www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office.

For 2023-24, employers contributions of £71,274,576 were payable to the PCSPS/Alpha (2022-23: £66,044,110) at one of four rates in the 26.6 to 30.3 range per cent (2022-23: 26.6 to 30.3) of pensionable earnings based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, an occupational defined contribution pension with an employer contribution. Employer's contributions of £280,682 (2022-23: £258,282) were paid to the appointed stakeholder pension provider. Employer contributions are age-related and range from 8 to 14.75 per cent of pensionable earnings. Employers also match employee contributions up to 3 per cent of earnings. In addition, employer contributions of £9,429, 0.5% (2022-23: £8,760, 0.5%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2022-23: nil). Contributions prepaid at the date were £nil (2022-23: £nil).

Four (2022-23: Two) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £2,975 (2022-23: £18,094).

A small number of former Welsh Development Agency employees elected to retain their existing terms and conditions and pension arrangements. They participate in the Local Government Pension Scheme, which is a multi-employer funded scheme providing pension and related benefits, which is now

on a career average basis rather than a final salary basis. The assets of the scheme are held separately from the assets of the Welsh Government and are administered by Rhondda Cynon Taf County Borough Council. Welsh Government liabilities in relation to this scheme are shown in note 13 to the accounts 'Other Liabilities'. Additional retirement benefits are granted in accordance with the Local Government (Compensation for Premature Retirement) Regulations 1982 and these benefits are provided on a pay-as-you-go basis. Details of Local Health Board and NHS bodies Pensions are contained in their accounts.



Reporting of Civil Service and other compensation schemes – exit packages

There was no flexible early retirement, approved early retirement or flexible early severance in 2023-24 or 2022-23 and only individual exits were in place. For each individual voluntary exit case a payback period is calculated which is then approved by the Director of HR.

For 2023-24, 10 (2022-23: 7) employees have left or agreed to leave for voluntary exit or other reasons between 31 March 2023 and 31 March 2024. Compensation payments agreed are £141,361 (2022-23: £144,850).

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972, or where applicable in accordance with Cabinet Office

guidance on Efficiency Compensation 2016. Where the department has agreed early retirements, the additional costs are met by the Welsh Government and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band 2023-24	Total number of exit packages by cost band 2022-23
<£10,000	-	4	4	3
£10,000 – £25,000	-	5	5	1
£25,000 – £50,000	-	1	1	3
£50,000 – £100,000	-	-	-	-
£100,000 – £150,000	-	-	-	-
£150,000 – £200,000	-	-	-	-
£200,000+	-	-	-	-
Total number of exit packages by type	-	10	10	7
Total resource cost £	-	141,361	141,361	144,850

The table above shows the total cost of exit packages agreed and accounted for in 2023-24 (2022-23 comparative figures are also given). Total exit costs paid during 2023-24 were £141,361 (2022-23: £202,850).

The costs included in the table provide the total cost to the organisation of any exit. However, in some instances individuals on exit may have used their compensation

payments to provide early access to an unreduced pension, or to buy an increased pension.

Sickness absence (unaudited)

	2023-24	2022-23	2021-22	2020-21	2019-20
Days Lost (short term)	19,074	22,329	21,018	12,103	18,321
Days Lost (long term)	23,110	21,408	20,109	14,315	17,291
Total Days Lost (12month period)	42,184	43,737	41,127	26,418	35,612
Total staff years	5,679	5,435	5,390	5,235	5,186
Total staff employed in period (headcount)	6,339	6,245	6,160	5,861	5,920
Total staff employed in period with no absence (headcount)	3,486	3,001	3,259	3,979	2,977
% staff with no sick leave	55%	48%	53%	68%	50%
Average working days lost	7.4	8.0	7.6	5.1	6.9

The average working days lost to sickness absence during 2023-24 were considerably lower than the previous year and fell below pre-pandemic levels also. This was largely because of the impact of the COVID-19 pandemic declining significantly. During the year, absence due to COVID-19 accounted for only 5% of all days lost, compared to 13% in 2022-23. A 65% reduction in the number of days lost to COVID-19 year-on-year, from 5,605 days to 1,986 days, is a positive change but the pandemic remains a cause for absence that must continue to be addressed. The Welsh Government will

continue with the measures it has taken to reduce the risks associated with the pandemic to ensure that absence related to this cause continues to fall.

Amongst the leading causes of absence, there were significant decreases in absences due illness related to the respiratory system and related to the musculoskeletal system. There was minor increase in absence related to mental health issues but this was offset by decreases elsewhere. Issues related to mental health will be one of the key areas that we will focus on during the coming year.

During 2023 we published internally our 'Welsh Government Health, Safety and Well-being Strategy 2025', part of the broader WG2025 strategy which aims to deliver a wide range of change and continuous improvement to make the organisation fit to meet the challenges of the future. Our Health, Safety and Well-being Strategy aims to keep people well in the workplace, with the organisation being a safe and supportive place for everyone to work, driven by a holistic and integrated approach to safeguarding the health, safety and well-being of our staff.

For the purposes of the Strategy well-being has been conceptualised as a system; it's the extent to which an individual connects with themselves, their communities and their environments.

Underpinning the Strategy is a new Action Plan for 2023-2025, which sets out a range of actions we are taking over the coming years, targeted at a series of specific themes. Some of these actions include:

- **Learning and development** – staff are being equipped with the necessary skills and knowledge to look after their own well-being; carry out their roles safely and support their teams. Managers are being upskilled to discuss well-being more confidently.
- **Growing capability** – ensuring that senior leaders are provided with the necessary learning opportunities to further develop their skills and knowledge around leadership, behaviour and values.
- **Support and resources** – contracts for the Employee Assistance Programme, Occupational Health and Specialist Counselling Services reviewed and new contracts introduced to ensure that staff have the highest possible quality support.

- **Office equipment and environment** – making the workplace a safe, comfortable and productive working environment.
- **Home environment** – providing staff with the knowledge and support to put interventions in place to mitigate any issues they are experiencing whilst working at home.
- **Working safely** – staff are able to undertake all aspects of their roles safely by making sure that all hazards are regularly assessed, and risks mitigated or reduced wherever possible.
- **Support and resources** – enhanced financial well-being support and resources through the introduction of a Financial Well-being Policy to tackle one of the key causes of stress outside the workplace.

Alongside these actions, we will be continuing to develop our approach to our hybrid way of working. We will be reviewing working patterns to ensure that the way that our staff work remains beneficial for both our staff and the organisation. This will include consideration of whether we need to encourage staff to work in an office-based location more often, to encourage cultural engagement and tackle the isolation that some staff feel if they are living alone.

Staff Turnover

The turnover figure is calculated as the number of leavers within that period divided by the average number of staff in post over the period and for 2023-24 is 5.21% (2022-23 5.10%) for the Welsh Government. Staff are included as leavers if they leave the Welsh Government with no planned return e.g. retirement, early severance. Staff on secondments or loans outside the Welsh Government are not included in the average number of staff in post for the time they are on loan or secondment.

Summary of Resource Outturn

AMBIT	Budget 2023-24 Net expenditure £m	Outturn 2023-24 Net expenditure £m	Outturn compared with Budget Variance £m
Health & Social Services	11,898	11,695	203
Finance & Local Government	5,060	5,029	31
Education & Welsh Language	3,591	3,036	555
Economy	532	432	100
Climate Change	3,692	3,167	525
Rural Affairs	407	406	1
Central Services & Administration	349	341	8
Social Justice	189	181	8
Electoral Commission	1	1	0
Total Resource & Capital requirements	25,719	24,288	1,431
Income	1,868	1,608	260
Gross expenditure	27,587	25,896	1,691

Of the total £1,431m resource underspend for 2023-24, 87% (£1,252m) relates to underspends for Non-Fiscal Resource DEL and Annually Managed Expenditure principally in relation to valuations of financial assets and liabilities linked to market indices such as Welsh Risk Pool liabilities, Help-to-Buy Wales assets, the Strategic Road Network and the Student Loans portfolio.

The Summary of Resource Outturn sets out the Welsh Government outturn against the control totals approved in the Second Supplementary Budget motion of 2023-24 'Summary of Resource and Capital Requirements'. As noted on page 11 a more detailed report of final outturn against the lower lever controls operated and enforced by HM Treasury and the Wales Reserve balance including carry forward from the Wales DEL outturn is provided annually after the publication of the Welsh Government Consolidated Accounts by Welsh Ministers to the Senedd Finance Committee and published on the Welsh Government website [Government finance | Sub-topic | GOV.WALES](#).

Electoral Commission Ambit: The Senedd and Elections (Wales) Act 2020 (SEWA) provides for the Electoral Commission to be funded from the Welsh Consolidated Fund for activities in relation to devolved elections

in Wales. Section 129 of the Government of Wales Act 2006 sets out the law in relation to drawing payments out of the Welsh Consolidated Fund. Subsection 129(4) does not include the Electoral Commission as a payee body. Therefore, one of the bodies listed in subsection 129(4) must be administratively responsible for paying the Electoral Commission from the funds it receives from the Welsh Consolidated Fund. As Welsh Ministers agreed that the Welsh Government would do so, the budget is voted to the Welsh Ministers but ring-fenced for the Electoral Commission.

Explanation of Variances

Health & Social Services – Underspend of £203m (1.7%)

The underspend includes a Revenue DEL underspend of £22m, a Capital DEL underspend of £36m, a Capital FT overspend of £7m, a Non-Fiscal Resource DEL underspend of £22m and an Annually Managed Expenditure (AME) underspend of £130m.

The Revenue DEL underspend of £22m net position is made up of a range of underspends across many areas, offset by budget deficits in others.

The outturn position of the NHS for 2023-24 included in this position was a combined revenue overspend of £183m with six of the seven Health Boards being in deficit. Following an in-year budget reprioritisation exercise across the HSS MEG and Welsh Government, further funding was allocated to the HSS MEG, and this deficit was managed within the overall HSS MEG position, resulting in the outturn against Delivery of Core NHS budgets of a £6m overspend. This included a shortfall in expected income of £4m, relative to the revised plan, from the Voluntary Pricing Access and Growth (VPAG) scheme – previously known as the Pharmaceutical Price Regulation Scheme (PPRS).

The main areas of Revenue DEL underspend outside of Delivery of Core NHS budgets comprised £15m underspend on Supporting Children Budgets – mainly due to demand for the Childcare offer being lower than originally planned and an underspend on the Children & Communities Grant; £4m on the Social Care Reform Fund from programme delays; £4m across Technology, Digital and Innovation budget, where there were delays in new programmes and £2m across mental health and substance misuse budgets, again, mainly down to delays in NHS recruiting to new programmes.

The main capital programmes in the HSS MEG, including the All-Wales Capital programme, were broadly break even for 2023-24. The Capital DEL underspend of £36m relates, in the main, to an underspend against the ringfenced IFRS 16 budget due to slippage of lease arrangements across a number of NHS organisations.

The Capital FT overspend relates to investment made via the Development Bank for Wales in a project equity stake for the Velindre Cancer Centre being constructed under the Mutual Investment Model (MIM). This was not initially budgeted within the HSS MEG as Capital FT payments.

The Non-Fiscal Resource underspend of £22m includes £16m for NHS owned assets relating to variances for PPE revaluations (£8m), delays in the commencement of NHS capital schemes and technical adjustments such as accelerated depreciation (£7m). The IFRS 16 lease underspend of £6m is due to variances in lease activity across NHS organisations, resulting in actual costs being lower than those originally budgeted.

Of the £130m AME underspend the majority related to LHB impairments (£78m) and NHS provisions (£46m). The impairment underspend was mainly due to over-estimations of impairments relating to reinforced autoclaved aerated concrete

(RACC) and variances arising between in-year impairment estimations and District Valuer year-end revaluations, along with some general project slippage. The provision underspend was in relation to a slower than estimated transfer of contingent liability claims in the Welsh Risk Pool to provisions and lower than forecast AME provision charges for other NHS provisions.

Finance and Local Government – Underspend of £31m (0.6%)

The underspend is in relation to £31m Revenue DEL.

The Revenue DEL underspend is principally related to a saving of £18m against the NDR Rates Relief BEL; and a saving of £11m against the Emergency Financial Assistance Budget Expenditure Line (BEL).

The saving against the NDR Rates Relief BEL is due to take-up of the relief scheme being lower than anticipated. Final payments are based on actual claims received from local authorities. The final cost of the scheme was not known until April 2024 once all claims had been received, up to that point estimates for budget and forecast were based on the authorities' NDR tax base information.

The saving against the Emergency Financial Assistance BEL includes the Ukraine Emergency Response budget, primarily where a reduction in costs for initial

accommodation, wrap around and food which were realised as a result of significant efforts to transition individuals and families from emergency accommodation to more suitable longer-term accommodation.

Education & Welsh Language – Underspend of £555m (15.5%)

The overall net underspend of £555m includes a Revenue DEL overspend of £6m, Capital DEL overspend of £1m, Capital FT overspend of £1m Non-Fiscal Resource DEL underspend of £455m and an AME underspend of £108m. There was a surplus on Ambit income of £10m.

The £6m Revenue DEL overspend primarily relates to additional expenditure on Personal Learning Accounts (PLAs), offset at a Welsh Government level through an underspend on the Apprenticeships budget within the Economy MEG. There were also overspends of £2m on student support grants and £2m for post-16 programmes of study at specialist Further Education (FE) establishments, due to the demand led nature of both grants.

The majority of the Non-Fiscal Resource DEL underspend of £455m is in relation to Student Loans, the portfolio valuation of which is significantly impacted by economic factors.

The underspend was primarily due to the impact of the application of the HMT discount rate for the 2023-24 financial year-end of -1.05% until 2030 and -0.05% from 2030 on the Student Loan model (Scholastic Earnings Path – StEP) increasing the fair value of the Student Loan portfolio.

The AME underspend of £108m is made up of underspends of £94m against Resource AME and £14m against Capital AME. The Resource AME underspend is mainly due to RPI at March 2024 used for the year-end StEP valuation of Student Loans being higher than the RPI estimate for the final budgetary forecasts in January 2024. Underspends also arose from the final Student Loans Company return for the financial year with tuition fee and maintenance loans issued lower than forecast.

Economy – Underspend of £100m (18.8%)

The underspend comprises a Revenue DEL underspend of £54m; Capital DEL underspend of £16m; Capital FT overspend of £8m; Non-Fiscal Resource DEL overspend of £2m; and an AME underspend of £40m.

Half of the Revenue DEL underspend relates to the Development Bank Wales (DBW), £27m, with further underspends on the Employability budget including the Young Persons Guarantee (£2m),

and Apprenticeships (£13m) programmes, due to the demand led nature of these activities and the maximisation of EU income drawdown from WEFO. A £6m underspend for Business Wales was also mainly due to EU income maximisation, together with cost savings as the EU programmes are wound down. Income from increased interest rates resulted in an underspend across the Business & Regional Development portfolio, with slippage on the Border Control Posts project generating additional savings of £5m. Underspends were offset by £9m overspends including; the National Museum Wales (£2m), Arts Council of Wales (£2m), National Library of Wales (£1m), Sport Wales (£3m), Public Sector Broadband Aggregation due to higher than anticipated Bandwidth requirements and £2m overspends on for Trade and Investment, Visit Wales and Cymru Wales brand digital platform delivery.

The Capital DEL underspend includes £24m on ICT Infrastructure, mainly for Super-Fast Broadband Grant clawbacks and the slippage of the UK Governments Voucher scheme. A £10m underspend on the Science programmes arose as EU funding was maximised, a £6m saving on Property Infrastructure projects and £3m on Tourism programmes arose due to slippage. These were offset by additional DBW utilisation of £19m with the National Library

Wales (£1.5m) and the Arts Council of Wales (£3.5m) also requiring additional funds. Additional allocations on a number of key capital projects across the Culture, Sport & Tourism portfolio led to overspends on Events Wales £2m and Sport Wales £3m.

Capital FTR overspend is for additional DBW funding of £3m and a £5m overspend on Business Development following the extension of a loan agreement.

The Non-Fiscal Resource DEL overspend mainly relates to impairment and depreciation charges within the Property portfolio (£2m) offset by ALB underspends totalling £1m.

The AME underspend of £40m is as a result of the final requirements the sponsored bodies being lower than anticipated principally in relation to the pension valuation for Careers Wales (£17m) which can be highly volatile year on year – being a member of eight different Welsh local government pension schemes. Lower than anticipated impairment charges within the property portfolio contributed £16m with underspends also arising on provision forecasts.

Climate Change – Underspend of £525m (14.2%)

The underspend of £525m included Revenue DEL overspend of £10m, Capital DEL underspend of £45m, Capital FT underspend of £2m, Non-Fiscal Resource DEL underspend of £115m, and AME underspend of £373m.

The £10m Revenue DEL overspend primarily arises from the offset of £9m of savings and a £19m overspend due to additional cash requirements of Welsh Government Sponsored Bodies not designated in the Ambit (who score in the Ambit on a cash grant basis). The savings arose across the Environment & Energy and Housing & Regeneration Directorates respectively. The underspend in Environment & Energy was driven by reduced funding for local environment quality and resourcing gaps. The underspend in Housing & Regeneration was the result of an unexpected sale of land and slippage in a small number of projects.

Several elements contributed to the £45m Capital DEL underspend. The most significant variances are against Resource Efficiency and Circular Economy (£20m), Bus Support (£9m), Sustainable Travel (£5m), Transport for Wales (£4m) and Building Safety (£4m). The underspends in respect of Resource Efficiency and Circular Economy, Bus Support,

Sustainable Travel and Building Safety are largely due to slippage in projects caused by procurement delays and economic factors. The Transport for Wales underspend is in relation to delays on the commencement date for rolling stock leases.

The Non-Fiscal Resource DEL underspend of £115m for the Climate Change MEG includes depreciation charges calculated by statistical models. The main elements included in the modelling are depreciation of the trunk roads network and Core Valleys Line rail assets. The outturn on these assets differed from the budgeted assumptions, driving the variance.

The £373m AME underspend primarily relates to Transport (£148m) and Housing (£225m). The Transport budget includes the initial write-down of new construction works when first valued as part of the trunk road network, it was anticipated certain road schemes would transfer to network in year however transfers were delayed, now expected in 2024-25. The Help-to-Buy loan book valuation is subject to market changes, during 2023-24 there was an expectation the market would take a downturn impacting the valuation however the year-end valuation reported a gain.

Rural Affairs – Underspend of £1m (0.2%)

The underspend includes Revenue DEL overspend of £5m, a Capital DEL underspend of £5m, and a Non-Fiscal Resource DEL underspend of £1m.

The Revenue DEL overspend of £5m, representing 1% of the budget was largely due to the direct and indirect cost of demand-led statutory compensation for TB and Avian Influenza and additional domestic match funding to ensure the available EC budget for Wales was maximised.

The Capital DEL underspend of £5m mainly arose on rural investment schemes and Rural Development Programme due to a lower than expected take up, partly offset by additional capital costs for ICT development regarding Rural Payments Wales, Multi Species Wales and European Maritime Fisheries Fund.

Central Services & Administration – Underspend of £8m (inclusive of £3m Consolidated Funds Extra Receipts adjustment) (2.3%)

Excluding the CFER adjustment of £3m, the £5m underspend comprised a Revenue DEL overspend of £5m, offset by a Non-Fiscal Resource DEL underspend of £4m and an AME underspend of £6m.

The £5m Revenue DEL overspend is principally related to an overspend on staff costs of £11m offset by £5m of credits arising from a targeted good-practice review of aged accruals. Lower than expected requirement for depreciation funding resulted in a £4m Non-Fiscal Resource DEL saving against budget.

The Annually Managed Expenditure in the MEG includes valuation changes in pension liabilities subject to complex annual actuarial valuation and can be volatile. The variance of £6m underspend arises from differences between forecast and detailed actuarial pension scheme valuations which are provided after the financial year end to inform the statutory accounts and final outturn.

Social Justice – Underspend of £8m (4.2%)

The underspend is relation to £4m Revenue DEL and £4m Capital DEL.

The Revenue DEL underspend is principally related to a £2m saving against the Equality, Inclusion and Human Rights BEL which was caused by delays in recruiting staff that had a consequential impact on the delivery of a number of activities. A saving of £2m arose on the Discretionary Assistance Fund (DAF), whilst the DAF spent its core budget, a contingency held to meet the risk of increased demand over the winter months was not needed.

The Capital DEL underspend is principally related to £5m within the Community Facilities Programme. Additional funding was provided during the year to support a Community Asset Loan Fund, the planned investment did not conclude in year, resulting in the saving, however options to deliver the fund remain under consideration. This was offset by a £1m pressure related to the use of additional capital by the Citizen Voice Body (Llais) during the financial year.

Income – £260m under budget

The variance on the income Ambit is principally due to European Programmes income £186m, Health income £30m, Transport for Wales £28m and a surplus of £10m on Student Loans.

The majority of the income variance to budget is related to European Programme receipts. Timing of receipts from the EU on multi-year programmes make the outturn difficult to forecast. The budgets are therefore set to ensure they provide more than adequate cover in any year. Failure to do so could result in a loss of funding to Wales.



Glossary of budget terminology

Departmental Expenditure Limit (DEL):

The multi-year budget limit for the Welsh Government set by HM Treasury in Spending Reviews. The DEL is split into classifications including those below.

Fiscal Resource DEL (Revenue):

The Fiscal Resource DEL budget scores most of the Welsh Government's current expenditure and includes staff costs, grants and other expenses.

Non-Fiscal Resource DEL: The Non-Fiscal Resource DEL budget scores the Welsh Government's current expenditure in respect of certain impairments and depreciation. These budgets are ring-fenced and cannot be used to fund Fiscal Resource DEL spending.

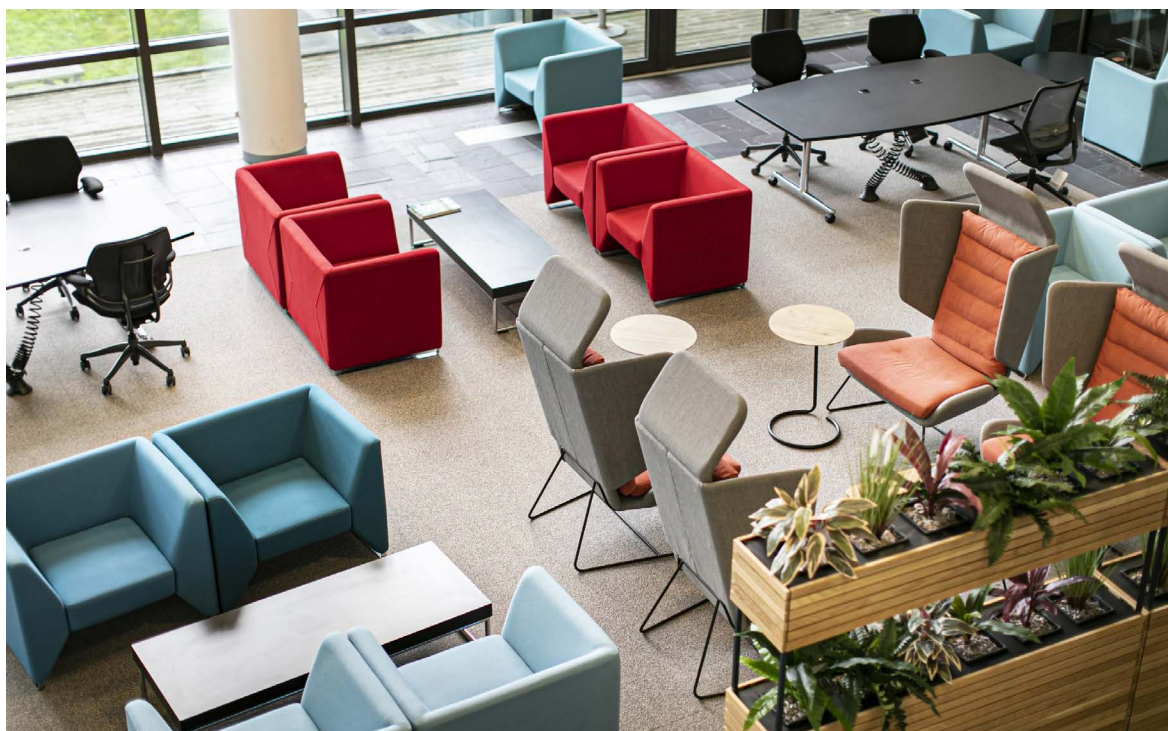
Capital DEL: Capital budgets cover expenditure that in the main results in a physical asset either on the Welsh Government's balance sheet or that of a third party.

Capital Financial Transactions DEL:

Financial Transactions are defined in national accounts as transactions in financial assets and financial liabilities, such as lending or equity transactions. Consequently, financial transactions with bodies outside the budgeting boundary of the Welsh Government scores to the Capital DEL budget to reflect this impact to public sector net debt. Repayments of financial transactions generally result in a subsequent future repayment to HM Treasury.

Annually Managed Expenditure (AME):

These budgets cover expenditure which cannot reasonably be subject to firm, multi-year limits in the same way as DEL and are, therefore, reviewed twice a year as part of the HM Treasury's Budget and Pre-Budget Report processes. AME typically consists of programmes which are large, volatile and/or demand-led.



Notes

Funding drawn from the Welsh Consolidated Fund	Outturn 2023-24 £m	Outturn 2022-23 £m
Authorised for issue from Welsh Consolidated Fund	23,986	22,463
Funding drawn down	23,560	22,237
Undrawn funding	426	226

This note shows the 'Funding drawn down' being the amount drawn in cash from the Welsh Consolidated Fund in year, and any amounts carried forward drawn from the Welsh Consolidated Fund and unused from the prior year 'deemed drawn', against the control total voted in the budget for amounts authorised for payment to the Welsh Government out of the Welsh Consolidated Fund under section 125(1)(c) of the Government of Wales Act 2006.

Reconciliation of Outturn and CSoCNE	Outturn 2023-24 £m	Outturn 2022-23 £m
Net Resource Outturn	24,288	21,995
Less: Capital and loans adjustments	(2,850)	(2,318)
Non-cash excess income adjustment	-	(64)
Other adjustments	(23)	13
Expenditure per the CSoCNE	21,415	19,626

This reconciliation explains the difference between the budgetary outturn in the Summary of Resource Outturn and the financial statements Consolidated Statement of Comprehensive Net Expenditure (CSoCNE), linking the Resource Outturn to the financial statements.

The Summary of Resource Outturn is compiled against the budgeting framework – which is similar to, but different from International Financial Reporting Standards (IFRS) as applied by the HM Treasury Financial Reporting Manual (FRM) which sets out how the CSoCNE has to be prepared.

The Capital & Loans adjustments remove from the Resource Outturn capital resource relating to transactions reported in the Statement of Financial Position that do not pass through the CSoCNE.

Other adjustments principally relate to transactions which are treated differently between the budgeting framework and accounts.

Reconciliation of resources to cash requirement	Budget 2023-24 £m	Outturn 2023-24 £m	Outturn compared with Budget £m	Outturn 2022-23 £m
Net resource outturn	25,719	24,288	1,431	21,995
Less: Bodies designated under s126A of GOWA – Resource only transactions	-	(485)	485	(482)
Less: Non-Cash Transactions				
Depreciation	(738)	(167)	(571)	(228)
Impairments and fair value adjustments	(1,184)	506	(1,690)	857
Non-cash movements in provisions	(253)	(159)	(94)	(30)
Less: Movements in working balances	748	(8)	756	379
Less: Non-cash excess income adjustment	-	-	-	(64)
Other	(306)	(565)	259	(196)
Net cash requirement	23,986	23,410	576	22,231

The Summary of Resource Outturn is compiled against the budgeting framework on a resource expenditure basis, rather than a cash basis. This reconciliation explains the difference between the Resource Outturn to the net cash requirement. The net cash requirement is the amount drawn as funding from the Welsh Consolidated Fund in year (shown in the Funding drawn from the Welsh Consolidated Fund note), less any amounts drawn at the end of the financial year not used.

The adjustment for 'Bodies designated under s126A of GOWA – Resource only transactions' removes from the Resource Outturn the difference between the resources outturn for designated Welsh Government group bodies, and the cash provided to them from the Welsh Consolidated Fund via the Welsh Government.

The 'Non-cash' and 'Movement in Working balances' adjustments relate to the adjustments in the Welsh Government cash-flow statement where transactions are charged to resource but are not incurred in cash.

The 'Other' adjustments for 2023-24 are mainly the difference between Welsh Government capital transactions in the Resource Outturn, and the cashflows relating to them.

Dr Andrew Goodall CBE

Permanent Secretary
and Principal Accounting Officer

27 November 2024

The Certificate and report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of the Welsh Government and the Group for the year ended 31 March 2024 under the Government of Wales Act 2006.

The financial statements comprise, the Summary of Resource Outturn; for each of the Welsh Government and the Group: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity: and related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion, in all material respects the financial statements:

- give a true and fair view of the state of the Welsh Government and the Group's affairs as at 31 March 2024 and of their net cash requirement, net resource outturn and net operating cost, for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with directions made by HM Treasury under the Government of Wales Act 2006.

Opinion on regularity

In my opinion, in all material respects:

- the Summary of Resource Outturn properly presents the outturn against the sums authorised by the Senedd for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my certificate.

My staff and I am independent of the Welsh Government and the Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Principal Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Welsh Government and the Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the Welsh Government Consolidated Accounts other than the financial statements and the Remuneration and Staff Report, and my auditor's report thereon. The Principal Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

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

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government of Wales Act 2006; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and the Accountability Report of the Consolidated Accounts.

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

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

- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

I am reporting by exception that two senior officials did not provide consent regarding disclosure of information specified by HM Treasury regarding remuneration and other transactions. Welsh Government accepted the senior officials' requests and consequently the Remuneration and Staff Report does not include this information.

Responsibilities of the Principal Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Principal Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and the Welsh Government Consolidated Accounts 2023-24 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Welsh Government Consolidated Accounts 2023-24 and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions;
- internal controls as the Principal Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- assessing the Welsh Government and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the Principal Accounting Officer anticipates that the services provided by the Welsh Government and the Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government of Wales Act 2006.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, on matters concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override which is considered a significant risk in all audited bodies.

- Obtaining an understanding of the Welsh Government and Group's framework of authority as well as other legal and regulatory frameworks that the Welsh Government and Group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Welsh Government and Group.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Principal Accounting Officer (as those charged with Governance) about actual and potential litigation and claims;
- reading minutes of meetings of the Board and other relevant Committees; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all of the audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Welsh Government and Group's controls, and the nature, timing and extent of the audit procedures performed.

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

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the Summary of Resource Outturn properly presents the outturn against the sums authorised by the Senedd for the year ended 31 March 2024 and shows that those totals have not been exceeded.

I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Adrian Crompton

Auditor General for Wales

29 November 2024

1 Capital Quarter

Tyndall Street

Cardiff, CF10 4BZ

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

	Note	Year ended 31 March 2024		Year ended 31 March 2023	
		WG Core £m	WG Group £m	WG Core £m	WG Group £m
Income from sale of goods and services	2	(59)	(359)	(50)	(290)
Other operating income	2	(591)	(1,004)	(740)	(1,113)
Total operating income		(650)	(1,363)	(790)	(1,403)
Staff costs	3	404	6,602	376	6,065
Expenditure	3	22,043	15,867	20,286	14,726
Provision expense	3	280	309	202	238
Total operating expenditure		22,727	22,778	20,864	21,029
Net expenditure for the year		22,077	21,415	20,074	19,626
Other comprehensive net expenditure: Items which will not be reclassified to net operating expenditure:					
Net (gain)/loss on revaluation of property, plant, equipment and investments		(121)	(108)	(2,564)	(2,917)
Actuarial (gain)/loss on pension scheme liabilities		12	14	(5)	(56)
Comprehensive net expenditure for the year		21,968	21,321	17,505	16,653

The Notes on pages 171 to 223 form part of these accounts.

Consolidated Statement of Financial Position at 31 March 2024

	Note	At 31 March 2024		At 31 March 2023	
		WG Core £m	WG Group £m	WG Core £m	WG Group £m
Non-current assets:					
Property, plant and equipment	4	23,163	31,133	22,762	30,264
Intangible assets	5	36	115	33	104
Financial assets	6	10,738	9,173	9,533	8,007
Trade and other receivables	8	14	218	31	212
Right-of-use assets	15	42	636	42	409
Total non-current assets		33,993	41,275	32,401	38,996
Current assets:					
Assets classified as held for sale		-	1	-	-
Financial assets	6	292	292	241	241
Inventories	7	222	352	230	358
Trade and other receivables	8	390	792	472	871
Cash and cash equivalents	9	244	1,562	28	1,354
Total current assets		1,148	2,999	971	2,824
Total assets		35,141	44,274	33,372	41,820
Current liabilities:					
Trade and other payables	10	(1,751)	(3,059)	(1,697)	(3,253)
Provisions	11	(348)	(412)	(398)	(463)

Consolidated Statement of Financial Position at 31 March 2024 (continued)

	Note	At 31 March 2024		At 31 March 2023	
		WG Core £m	WG Group £m	WG Core £m	WG Group £m
Other liabilities	13	-	-	-	-
Total current liabilities		(2,099)	(3,471)	(2,095)	(3,716)
Total assets less current liabilities		33,042	40,803	31,277	38,104
Non-current liabilities:					
Trade and other payables	10	(550)	(1,204)	(373)	(729)
Provisions	11	(1,436)	(1,475)	(1,240)	(1,273)
Other liabilities	13	(27)	(28)	(16)	(17)
Total non current liabilities		(2,013)	(2,707)	(1,629)	(2,019)
Total assets less total liabilities		31,029	38,096	29,648	36,085
Taxpayers' equity & other reserves					
General fund		16,873	21,612	15,608	19,627
Revaluation reserve		14,156	16,484	14,040	16,458
Total equity		31,029	38,096	29,648	36,085

The Notes on pages 171 to 223 form part of these accounts.

Dr Andrew Goodall CBE

Permanent Secretary and Principal Accounting Officer

27 November 2024

Consolidated Statement of Cash Flows for the year ended 31 March 2024

	Note	Year ended 31 March 2024		Year ended 31 March 2023	
		WG Core £m	WG Group £m	WG Core £m (Re-presented)	WG Group £m (Re-presented)
Cash flows from operating activities:					
Net operating expenditure		(22,077)	(21,415)	(20,074)	(19,626)
Provisions used	11	(121)	(143)	(173)	(203)
Adjustments for non cash transactions		(17)	504	(424)	92
Movements in working capital other than cash ^a	14	8	(288)	(568)	(572)
Other		(13)	12	(8)	-
Net cash (outflow) from operating activities		(22,220)	(21,330)	(21,247)	(20,309)
Cash flows from investing activities:					
Purchase of property, plant and equipment ^b		(456)	(1,296)	(398)	(1,077)
Purchase of property, plant and equipment – adjustments for non cash additions in respect of on-balance sheet PFI and other service concession arrangements ^b		185	185	189	189
Purchase of intangible assets		(14)	(43)	(10)	(28)
Proceeds from disposal of property, plant and equipment		1	2	6	8
Proceeds from disposal of development assets		20	21	27	27
Purchase of development assets		(13)	(13)	(30)	(30)
Issue of loans and investments		(1,184)	(1,148)	(1,042)	(1,057)
Repayment of loans		411	423	289	313
Net cash (outflow) from investing activities		(1,050)	(1,869)	(969)	(1,844)

Consolidated Statement of Cash Flows for the year ended 31 March 2024 (continued)

	Note	Year ended 31 March 2024		Year ended 31 March 2023	
		WG Core £m	WG Group £m	WG Core £m (Re-presented)	WG Group £m (Re-presented)
Cash flows from financing activities:					
From Welsh Consolidated Fund – drawn in year		23,554	23,554	22,237	22,237
Welsh Consolidated Fund – prior year repaid		-	-	(88)	(88)
Capital element of payments in respect of leases and on-balance sheet PFI and other service concession arrangements		(16)	(95)	(17)	(75)
Net financing		23,538	23,459	22,132	22,074
Net increase/(decrease) in cash and cash equivalents in the period before adjustments for receipts and payments to the Welsh Consolidated Fund		268	260	(84)	(79)
Income payable to Welsh Consolidated Fund		(52)	(52)	(49)	(49)
Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Welsh Consolidated Fund	9	216	208	(133)	(128)
Cash and cash equivalents at the start of the year	9	28	1,354	161	1,482
Cash and cash equivalents at the end of the year	9	244	1,562	28	1,354

- a Movements in working capital other than cash re-presented to clarify the presentation of movements in payables in respect of leases and on-balance sheet PFI and other service concession arrangements.
- b Purchase of property, plant and equipment re-presented to clarify the presentation of adjustments for non cash additions in respect of PFI and other service concession arrangements.

The Notes on pages 171 to 223 form part of these accounts.

Statement of Changes in Taxpayers' Equity at 31 March 2024

Welsh Government Group	General Fund £m	Revaluation Reserve £m	Total Reserves £m
Balance at 31 March 2022	16,885	13,653	30,538
IFRS 16 Transition	3	-	3
Welsh Consolidated Fund – funding drawn	22,237	-	22,237
Welsh Consolidated Fund – funding deemed drawn	-	-	-
Welsh Consolidated Fund (payable)/receivable adjustment ^a	(6)	-	(6)
Net expenditure for the year	(19,626)	-	(19,626)
Revaluation gains and losses	-	2,926	2,926
Transfers between Reserves	115	(115)	-
Other adjustments	19	(6)	13
Balance at 31 March 2023	19,627	16,458	36,085
IFRS 16 Transition	(34)	-	(34)
Welsh Consolidated Fund – funding drawn	23,554	-	23,554
Welsh Consolidated Fund – funding deemed drawn	6	-	6
Welsh Consolidated Fund (payable)/receivable adjustment ^a	(150)	-	(150)
Net expenditure for the year	(21,415)	-	(21,415)
Revaluation gains and losses	-	108	108
Transfers between Reserves	87	(87)	-
Other adjustments	(63)	5	(58)
Balance at 31 March 2024	21,612	16,484	38,096

Statement of Changes in Taxpayers' Equity at 31 March 2024 (continued)

Welsh Government Core	General Fund £m	Revaluation Reserve £m	Total Reserves £m
Balance at 31 March 2022	13,446	11,546	24,992
IFRS 16 Transition	(8)	-	(8)
Welsh Consolidated Fund – funding drawn	22,237	-	22,237
Welsh Consolidated Fund – funding deemed drawn	-	-	-
Welsh Consolidated Fund (payable)/receivable adjustment ^a	(6)	-	(6)
Net expenditure for the year	(20,074)	-	(20,074)
Revaluation gains and losses	-	2,564	2,564
Transfers between Reserves	70	(70)	-
Other adjustments	(57)	-	(57)
Balance at 31 March 2023	15,608	14,040	29,648
Welsh Consolidated Fund – funding drawn	23,554	-	23,554
Welsh Consolidated Fund – funding deemed drawn	6	-	6
Welsh Consolidated Fund (payable)/receivable adjustment ^a	(150)	-	(150)
Net expenditure for the year	(22,077)	-	(22,077)
Revaluation gains and losses	-	121	121
Transfers between Reserves	5	(5)	-
Other adjustments	(73)	-	(73)
Balance at 31 March 2024	16,873	14,156	31,029

^a Welsh Consolidated Fund (payable)/receivable adjustment comprises funding drawn not spent in 2023-24 of £150m (2022-23: £6m).

The Notes on pages 171 to 223 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

The consolidated financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Welsh Government for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the Welsh Government (for the reportable activity) are described in Appendix A or as footnotes to the relevant note. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Welsh Government to prepare additional primary statements. The Summary of Resource Outturn which shows actual outturn against budget and supporting notes which reconcile outturn to net operating expenditure, and resources to cash requirement are included in the Accountability Report.

1.1 Accounting Convention

These accounts have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of property, plant and equipment, development assets and certain financial assets and liabilities.

1.2 Basis of Consolidation

The accounts reflect the consolidated assets and liabilities and the results of entities within the Welsh Government consolidation accounting boundary. The consolidation accounting boundary includes subsidiary undertakings as required by the FReM where they are designated for consolidation by statutory instrument, and are above a de minimis threshold for materiality.

All the entities within a subsidiary group will be consolidated, if:

- The parent entity of the subsidiary group is subject to a designation order applicable for the financial year; and
- The subsidiary group as a whole is above the consolidation de minimis threshold for materiality.

The consolidation accounting boundary also includes subsidiary undertakings above the de minimis threshold which had been consolidated on the basis of IFRS Group Accounting Standards prior to the introduction of Designation Orders in Wales (effective from 2017-18), and for which the designation process has not yet been concluded. This is to maintain consistency of the Group consolidation presentation whilst the Welsh Government alignment project progresses.

Since the introduction of Designation Orders, entities are added to the consolidation accounting boundary only if designated and material.

Subsidiaries are consolidated from draft accounts where final accounts are not available. Transactions between entities included in the consolidation are eliminated.

Further information about the entities within the consolidation boundary is provided within the Performance Report accompanying these Financial Statements see pages 55 to 58.

2. Operating Income

	Year ended 31 March 2024		Year ended 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m (Re-presented)	WG Group £m (Re-presented)
Income from sale of goods and services:				
Income from property and investments	50	57	41	40
Transport for Wales income ^a	-	260	-	211
Other	9	42	9	39
	59	359	50	290
Other non-EU operating income:				
Health income ^b	190	589	194	536
Other	26	40	36	66
	216	629	230	602
Other EU operating income:				
European Structural Funds Programme	333	333	440	440
Common Agricultural Policy	37	37	67	67
Other EU income	5	5	3	4
	375	375	510	511
Total	650	1,363	790	1,403

a Transport for Wales income has been re-presented to provide greater clarity on income sources.

b Included within Core non-EU operating income 'health income' is £36.7m (2022-23: £55.4m) of income in relation to the receipt of COVID-19 consumables including vaccines, lateral flow test kits and medicines transferred to the Welsh Government from other UK Government Departments for nil consideration, as part of the wider COVID-19 pandemic response and distribution of certain supplies procured by the UK Government.

3. Expenditure

	Year ended 31 March 2024		Year ended 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m (Re-presented)	WG Group £m (Re-presented)
Expenditure				
Grants ^a	21,879	10,175	20,433	9,534
Goods and services ^b	433	5,456	451	5,289
Staff costs	404	6,602	376	6,065
Net fair value (gains)/losses on financial assets at fair value through SOCNE ^c	(508)	(500)	(862)	(818)
Student loan policy write-offs	28	28	30	30
PFI and other service concession arrangements	27	37	24	33
Fixed asset depreciation	156	563	213	590
Amortisation	11	32	15	36
(Profit)/Loss on disposals	(13)	(22)	(21)	(36)
Impairments	30	91	6	68
Other non cash items ^d	-	7	(3)	-
	22,447	22,469	20,662	20,791
Provisions				
Increase in provisions	280	309	202	238
Total	22,727	22,778	20,864	21,029

a Grant expenditure includes unhypothecated and hypothecated grants, and different types of grant schemes. Further information on grant expenditure and the types of grants administered by Welsh Government can be found on pages 24 to 26 of the Performance Report.

b Included within Core Goods and Services is £36.7m (2022-23: £55.4m) of expenditure in relation to the utilisation of COVID-19 consumables including vaccines, lateral flow test kits and medicines transferred to the Welsh Government from other UK Government Departments for nil consideration, as part of the wider COVID-19 pandemic response and distribution of certain supplies procured by the UK Government. Also included within Goods and Services are rentals which have been re-presented to simplify the presentation of trivial amounts.

c Student loans and Help to Buy Wales financial assets are measured as fair value through Statement of Comprehensive Net Expenditure. The majority of the fair value gain reported for 2023-24 relates to student loans, further details on this can be found at Note 6.

d Included within other non cash items are donated and government granted assets, pension finance, release of EU grant and bad debt provision which have been re-presented to simplify the presentation of trivial amounts.

Staff Costs

A full breakdown of staff costs, including staff numbers and associated information, is provided within the Accountability Report of this document on pages 141 to 148.

Audit Fees

The amount payable to the Auditor General for Wales for placing an opinion on the consolidated financial statements of the Welsh Government for 2023-24 is £487,000 (2022-23: £471,000^a). This has been included within Goods and Services disclosed above. Also included above are fees levied by the Auditor General for Wales in respect of other accounts prepared by Welsh Ministers as follows:

	Year ended 31 March 2024 £	Year ended 31 March 2023 £ (Restated)
NHS Summarised Account ^a	34,500	32,445
National Non Domestic Rate Account ^a	9,500	8,958
Whole of Government Account ^a	15,000	6,000
Welsh Consolidated Fund ^a	23,300	21,900

Audit fees of Consolidated bodies are disclosed within their individual accounts.

a Restated from prior year to reflect actual costs incurred rather than fee estimates.

4. Property, Plant and Equipment

	Infrastructure Assets ^a £m	Land £m	Buildings including Dwellings £m	Plant and Equipment ^b £m	Payments on account & Assets under Construction £m	Total £m
Cost or valuation for the year ended 31 March 2023						
At 1 April 2022	24,387	433	3,573	1,641	1,538	31,572
Additions	116	-	32	91	1,028	1,267
Disposals	(92)	(1)	(5)	(116)	-	(214)
Transfers	-	-	-	2	(14)	(12)
Impairments	-	(18)	(92)	(14)	(19)	(143)
Revaluations	3,136	6	(144)	-	-	2,998
Reclassified to held for sale	-	-	-	(8)	-	(8)
Reclassifications	-	(4)	162	53	(216)	(5)
Reclassified to right-of-use assets	-	(13)	(48)	(139)	-	(200)
At 31 March 2023	27,547	403	3,478	1,510	2,317	35,255
Depreciation for the year ended 31 March 2023						
At 1 April 2022	3,286	-	501	963	-	4,750
Charged in year	248	-	118	155	-	521
Disposals	(92)	-	-	(107)	-	(199)
Transfers	-	-	-	-	-	-
Impairments	-	-	(79)	(1)	-	(80)
Revaluations	422	-	(351)	(1)	-	70
Reclassifications	-	-	-	(8)	-	(8)
Reclassified to right-of-use-assets	-	-	(6)	(57)	-	(63)
At 31 March 2023	3,864	-	183	944	-	4,991
Carrying amount at 31 March 2023	23,683	403	3,295	566	2,317	30,264
Carrying amount at 31 March 2022	21,101	433	3,072	678	1,538	26,822
Asset financing for the year ended 31 March 2023						
Owned	23,047	400	3,203	566	2,050	29,266
On-balance sheet PFI and other service concession arrangements	636	3	92	-	267	998
At 31 March 2023	23,683	403	3,295	566	2,317	30,264

4. Property, Plant and Equipment (continued)

	Infrastructure Assets ^a £m	Land £m	Buildings including Dwellings £m	Plant and Equipment ^b £m	Payments on account & Assets under Construction £m	Total £m
Cost or valuation for the year ended 31 March 2024						
At 1 April 2023	27,547	403	3,478	1,510	2,317	35,255
Additions	130	-	36	98	1,032	1,296
Disposals	(130)	(1)	(2)	(88)	-	(221)
Transfers	-	-	-	-	-	-
Impairments	-	(3)	(43)	(13)	(2)	(61)
Revaluations	(18)	(13)	96	-	-	65
Reclassified to held for sale	-	(1)	(1)	(6)	-	(8)
Reclassifications	283	-	204	84	(580)	(9)
Reclassified to right-of-use assets	-	-	(1)	-	-	(1)
At 31 March 2024	27,812	385	3,767	1,585	2,767	36,316
Depreciation for the year ended 31 March 2024						
At 1 April 2023	3,864	-	183	944	-	4,991
Charged in year	198	-	124	154	-	476
Disposals	(130)	-	(1)	(87)	-	(218)
Transfers	-	-	-	-	-	-
Impairments	-	-	(10)	-	-	(10)
Revaluations	(35)	-	(8)	-	-	(43)
Reclassifications	-	-	-	(6)	-	(6)
Reclassified to right-of-use assets	-	-	(1)	(6)	-	(7)
At 31 March 2024	3,897	-	287	999	-	5,183
Carrying amount at 31 March 2024	23,915	385	3,480	586	2,767	31,133
Asset financing for the year ended 31 March 2024						
Owned	23,279	382	3,384	586	2,287	29,918
On-balance sheet PFI and other service concession arrangements	636	3	96	-	480	1,215
At 31 March 2024	23,915	385	3,480	586	2,767	31,133
Core department at 31 March 2024	21,663	34	107	30	1,329	23,163
Health Bodies and subsidiaries at 31 March 2024	2,252	351	3,373	556	1,438	7,970
Core department at 31 March 2023	21,549	39	107	34	1,033	22,762
Health Bodies and subsidiaries at 31 March 2023	2,134	364	3,188	532	1,284	7,502

a Infrastructure assets includes Network Assets as set out in Note 4.1 for Road and Rail Networks, and other Infrastructure assets such as the Fibrespeed asset.

b Plant and Equipment includes Information Technology, Fixtures and Fittings, Plant and Machinery and Transport Equipment.

Land and Buildings, including Dwellings

Land and Buildings, including Dwellings and Freehold land and buildings, are held at valuation being assessed at fair value/market value for existing use. Within that category specialised assets are valued by reference to a depreciated replacement cost approach. Assets held for sale are at market value.

External professional valuations are undertaken every five years for the majority of the Welsh Government estate, and annually for specific assets (usually assets in the strategic sites portfolio). In intervening financial years, between the formal five yearly valuations, freehold land and buildings are adjusted using the latest available indices at March in each financial year to provide a reasonable estimate of valuation. However, where assets are acquired or are significantly altered it is usual that a current valuation is commissioned.

The majority of Welsh Government Core freehold land and buildings had a five year valuation assessment at 31 March 2020,

largely by Avison Young Chartered Surveyors. The valuations subject to annual review were predominantly prepared at 28 February 2024 by Alder King. All assets are valued in accordance with the RICS standards for financial reporting as published in their (Red Book) global standards UK supplement.

The Welsh Government Group figures include the Local Health Board (LHB) & NHS Trust Land and Buildings which were revalued by the Valuation Office Agency with an effective date of 1 April 2022. The valuation has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th edition. LHBs & NHS Trusts apply the revaluation model set out in IAS 16 as adapted by the FReM.

Land and non-specialised buildings are held at market value for existing use, specialised buildings are held at depreciated replacement cost. Indexation is applied in the years between five yearly valuations.

4.1 Property, Plant and Equipment Network Assets

	Road Network £m	Network Assets Rail Network £m	Total £m
Cost or valuation for the year ended 31 March 2024			
At 1 April 2023	25,375	2,135	27,510
Additions	130	-	130
Disposals	(130)	-	(130)
Transfers	-	-	-
Impairments	-	-	-
Revaluations	147	(166)	(19)
Reclassified to held for sale	-	-	-
Reclassifications	-	283	283
At 31 March 2024	25,522	2,252	27,774
Depreciation for the year ended 31 March 2024			
At 1 April 2023	3,841	1	3,842
Charged in year	138	57	195
Disposals	(130)	-	(130)
Transfers	-	-	-
Impairments	-	-	-
Revaluations	22	(57)	(35)
Reclassifications	-	-	-
At 31 March 2024	3,871	1	3,872
Carrying amount at 31 March 2024	21,651	2,251	23,902
Carrying amount at 31 March 2023	21,534	2,134	23,668
Core department at 31 March 2024	21,651	-	21,651
Health Bodies and subsidiaries at 31 March 2024	-	2,251	2,251

Road Network

The Welsh Government road network is made up of major A-roads known as trunk roads, and motorways. It is treated as a single infrastructure asset and is valued at Depreciated Replacement Cost using the Road Authorities Asset Valuation System (RAAVS) model. The last full valuation of the network was in 2019-20 and is undertaken on a five-yearly interval. Interim valuations use a series of standard costs to value the individual components of the road network and indices to revalue these on an annual basis.

The key indices in the RAAVS model valuation are sensitive to macroeconomic uncertainties.

Future fluctuations in those indices may affect the valuation of these assets in subsequent reporting periods. The sensitivity analysis below reflects the impact on the Depreciated Replacement Cost valuation of a percentage point change in the key indices.

	Depreciated Replacement Cost (-) £m	Depreciated Replacement Cost (+) £m
Baxter index - 1% / +1%	(204)	204
BEAMA index - 1% / +1%	(1)	1

Rail Network

Transport for Wales (TfW) manages the rail network asset known as the Core Valley Lines which comprises the Aberdare, Coryton, Merthyr Tydfil, Rhymney and Treherbert Lines. It is treated as a single infrastructure asset and is valued at Depreciated Replacement Cost using a valuation model undertaken by TfW with support from Atkins Limited (professional valuers) using data provided by TfW. The last full valuation of the network was at 31 March 2022 and is undertaken on at least a five-yearly interval, with input indices applied to a standard price list of the network's components in interim periods.

To produce this valuation requires the use of assumptions, estimates and professional judgement. The key assumptions within the valuation are considered to be; asset lives and remaining asset lives of the network components, land compensation adjustment and risk factor. Full details of these assumptions and estimation uncertainty are contained within the accounts of TfW.

The following sensitivity analysis reflects the key sources of estimation uncertainty in the valuation, showing the impact of changes in assumptions on the overall value of the CVL asset.

- **Scenario 1** shows the impact of increasing or decreasing the remaining asset lives of the components of the modern equivalent railway network by 10%.

- **Scenario 2** shows the impact if the land compensation adjustment (normally 45%) were to increase or decrease by 10%; i.e. a compensation adjustment of 35% or 55% respectively.
- **Scenario 3** shows the impact of an adjustment to the risk factor applied to the overall DRC valuations, currently 37.8% by an increase or decrease of 10%, effectively showing risk factors of 47.8% and 27.8%.

Type	Depreciated Replacement Cost (-) £m	Depreciated Replacement Cost (+) £m
Scenario 1	(163)	163
Scenario 2	(42)	42
Scenario 3	(118)	118

The model applies indexation to unit rates in years in between full unit rate reassessment. The non-land index has been changed this year from RPI to CPI as TfW believes CPI is a more appropriate rate for applying to infrastructure spend based on the basket of goods used to calculate the index. This change has been treated as a change in accounting estimate and applied prospectively from 2023-24.

For more information on the valuation and depreciation of Network Assets see Appendix A – Accounting Policies A.4 and A.5.

5. Intangible Assets

	Information Technology			
	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Cost or valuation				
At 1 April	99	263	89	243
Additions	14	43	10	28
Disposals	-	(17)	-	(10)
Reclassifications	-	3	-	2
At 31 March	113	292	99	263
Amortisation				
At 1 April	66	159	51	132
Charged in year	11	32	15	36
Disposals	-	(13)	-	(9)
Reclassifications	-	(1)	-	-
At 31 March	77	177	66	159
Net Book Value at 31 March	36	115	33	104
Net Book Value at 1 April	33	104	38	111

6. Financial Assets – Investments and Loans

	Student Loans £m	NHS Trust Public Dividend Capital £m	Other Financial Assets £m	Total £m
Balance at 31 March 2022	5,467	-	1,280	6,747
Additions	893	-	164	1,057
Disposals/write-offs	-	-	-	-
Loan repayments	(183)	-	(130)	(313)
Impairments	-	-	(18)	(18)
Fair value adjustment	-	-	-	-
Net fair value gains/(losses) on financial assets at fair value through SOCNE (see note 3 Expenditure) ^b	905	-	(87)	818
Policy write-offs	(30)	-	-	(30)
Reclassification	-	-	(16)	(16)
Adjustments	-	-	3	3
Balance at 31 March 2023^a	7,052	-	1,196	8,248
Additions	914	-	234	1,148
Disposals/write-offs	-	-	-	-
Loan repayments	(225)	-	(198)	(423)
Impairments	-	-	(3)	(3)
Fair value adjustment	-	-	-	-
Net fair value gains/(losses) on financial assets at fair value through SOCNE (see note 3 Expenditure) ^b	492	-	37	529
Policy write-offs	(28)	-	-	(28)
Reclassification	-	-	-	-
Adjustments	(27)	-	21	(6)
Balance at 31 March 2024^a	8,178	-	1,287	9,465
WG Core only				
At 31 March 2024	8,178	258	2,594	11,030
At 31 March 2023	7,052	237	2,485	9,774

^a Included within the balance carried forward is £292m (2022-23: £241m) due within one year.

^b Student loans are measured at fair value through Statement of Comprehensive Net Expenditure. The fair value gain on student loans in 2023-24 of £492m (2022-23: £905m) is attributable to the Welsh Government models used being updated to apply the split discount rate applicable to financial instruments that has been provided by HM Treasury. In 2022-23 a discount rate of minus 1.3% was used and in 2023-24 this was updated to minus 1.05% to 2030 and minus 0.05% onwards. This change, along with the decrease in RPI, increased the carrying value of the student loan balance as the future value of student loan repayments, in real terms, rose. Further details of the student loans fair value measurement and exposure to risks is set out below. Help to Buy Wales financial assets are measured at fair value through Statement of Comprehensive Net Expenditure. Further information on the opening and closing balance of the Help to Buy Wales financial asset and the fair value measurement hierarchy level can be found in the accounts of the [Development Bank of Wales PLC](#).

Face Value

The table below provides a reconciliation between the carrying value and the face value of student loans issued.

	Student Loans £m
Balance at 31 March 2022	7,052
Additions	892
Repayments	(183)
Interest	346
Policy write-offs	(29)
Balance at 31 March 2023	8,078
Additions	914
Repayments	(225)
Interest	605
Policy write-offs	(28)
Balance at 31 March 2024	9,344
Closing fair value adjustments/impairments:	
At 31 March 2024	(1,166)
At 31 March 2023	(1,026)
Carrying value:	
At 31 March 2024	8,178
At 31 March 2023	7,052

The Group's exposure to various risks associated with the financial instruments is discussed in the accounting policies. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

Policy write-offs include amounts written-off by the Student Loans Company in respect of partial cancellation, age, death, bankruptcy and inability to work.

6.1 Student Loans

Loans for students in higher and further education are originated and recognised by the Welsh Government.

Student loans

Under IFRS 9, student loans are recognised at fair value through the Statement of Comprehensive Net Expenditure (SOCNE). In determining the fair value of student loans, the Welsh Government has used a discounted cash flow model (see below) that includes all expected cash flows, including the interest that is expected to be received. As a result, a single fair value movement is now recognised in the Statement of Comprehensive Net Expenditure.

On consideration of the reliability of the inputs used in determining fair value, student loans have been classified as having 'Level 3 inputs' under the accounting standards, defined as: *If one or more of the significant inputs is not based on observable market data, the instrument is included as level 3.* The fair value of student loans is therefore calculated using the Stochastic Earnings Path (StEP) financial model provided by the Department for Education.

The fair value of new loans issued is also calculated using the StEP model which uses data on the demographics of higher education students in order to predict their likely repayments of loans. There are several variations of the model, adapted for borrowers taking different loan types: pre-2012 and post-2012 loans (Undergraduate, Part Time and Postgraduate Masters & Doctoral loans). These models all depend on a complex set of assumptions, particularly on borrowers' earnings. The models are long term in nature, but use the latest available (at time of modelling) OBR short- and long-term forecasts for RPI, base rates and earnings growth. By their nature, the valuation of the student loan books is uncertain as they are highly dependent on macroeconomic circumstances and graduate earnings over the next 30 years, as well as a number of

other complex assumptions. The assumptions used in the repayment models are formally reviewed each year and the amounts reflect the estimate at 31 March 2024. Due to technical issues with updated data provided by the Student Loans Company the borrower data set within the model for the 31 March 2024 is one year lagged compared to the usual valuation estimate, Welsh Government has made a judgement that in doing so the valuation estimate remains reasonable.

Welsh Government uses a 1 percentage point increase/decrease for all economic conditions for the student loans sensitivity analysis. The use of a 1 percentage point increase or decrease, for example for a 9% variable, the impact of 8% or 10% applied for each variable we consider provides a clearer and simpler analysis of the impact of movements in the variables, particularly in years with high volatility in economic conditions.

Key Variables

Key **variables** and assumptions used within the model are detailed below. Additionally, the sensitivity of the student loan net book value, at 31 March 2024, to each variable is quantified:

Discount rate: The Welsh Government has considered the principles under IFRS 9 and have used the higher of the rate intrinsic to the student loan or the rate as set out in the latest HM Treasury Public Expenditure System (PES) paper, being RPI minus 1.05% (2022-23: minus 1.3%). For the first time, a split discount rate was used, with minus 0.05% being used from 2030-31. From 2022, the discount rate was divided into two distinct values, one applicable to the period prior to 2030, and another for the period following 2030. The model required updating to incorporate two distinct discount rates and Department for Education incorporated the split discount rate in their model for 2022-23. Due to timescales, it was not possible for the Welsh Government to update the model until 2023-24. This is HM Treasury's long term discount rate representing the Government's long-term cost of borrowing. A 1 percentage point increase in HM Treasury's Discount Rate will result in a fall in the net book value of the student loan book by £879.1m; a 1 percentage point decrease will result in an increase of £895.4m.

RPI Inflation: The model uses RPI rates in line with OBR short-term forecasts (March 2024) until 2028-29, and OBR long-term economic determinants from 2029-30 onwards. Previously the October RPI was used, however, in 2022-23 this was changed and the rate is now taken at March to closer align with other Administrations. The long-term

RPI forecast stabilises at a rate of 2.00% from 2030-31. A higher RPI will increase interest for most loans, which will result in a reduction in carrying amount. In periods experiencing high levels of RPI, legislative provisions can be enabled to temporarily reduce the maximum interest payable on Plan 2 and Plan 3 student loans. A 1 percentage point increase in the predicted RPI will result in a fall in the net book value of the student loan book by £951.3m; a 1 percentage point decrease will result in an increase in net book value of £855.4m.

Graduate earnings: The model assumes short-term average nominal earnings growth will be in line with OBR short-term forecasts (March 2024) until 2028-29 and OBR long-term economic determinants from 2029-30 onwards. Long-term earnings growth is assumed to stabilise at a rate of 3.71% from 2031-32 to 2035-36, and 3.83% from 2036-37. An increase in Graduate Earnings will increase the carrying value of student loans. A 1 percentage point increase in graduate earnings will result in an increase in the net book value of the student loan book by £715.7m; a 1 percentage point decrease will result in a fall of £1,163m in the net book value of student loans.

Graduate earning threshold: The repayment threshold for all post 2012 loans was uplifted from 1 April of each year from 2018-19 to 2021-22 in line with earnings growth.

On 15 February 2022 the Welsh Government announced that the repayment threshold (for tax year 2022-23) on post 2012 loans (Plan 2) will be maintained at £27,295pa, the same rate as it was in tax year 2021-22. A subsequent announcement on 5 December 2022 announced the Plan 2 threshold would be frozen for a further two years until April 2025. For pre-2012 loans (Plan 1), the 2023-24 earnings threshold was £22,015pa. As a policy decision this has not been subject to sensitivity analysis.

Graduate Income Distribution: The model assumes future graduate income distributions will be similar to those of past graduates and are based on historical data for the Labour Force Survey, the British Household Panel Survey and administrative data held by the Student Loans Company. This is not subject to sensitivity analysis.

Partial cancellation: Partial cancellation is a Welsh Government policy applicable to maintenance loans, whereby a cancellation of up to £1,500 may be applied on receipt of the first repayment against the loan if the student does not have any outstanding charges, costs, expenses or penalties in relation to the loan or if they are in breach of the loan agreement. As a policy decision this is not subject to sensitivity analysis.

Base rates: The model assumes that Bank of England base rates will be in line with OBR forecasts (March 2024) for the entire forecast horizon. A base rate cap is applied to Plan 1 interest rates when the base rate is low and the RPI rate is comparatively high; an increase in the base rate forecast will increase the carrying value in this case.

A 1 percentage point increase in the base rate will result in an increase in the net book value of the student loan book by £14.2m, a 1 percentage point decrease will result in a £11.1m fall.

Historical data over the last ten years show how recent changes to earnings growth, RPI rates and base rates compare to current levels and long-term forecasts:

- The long term OBR assumption for **earnings growth** is currently 3.83%. The OBR forecast for the financial year average of earnings growth in 2023-24 was 6.47% at the time of modelling; in the previous ten financial years, the ONS outturn figures varied between 1.23% and 6.59%.
- The long term OBR assumption for **RPI** is currently 2.00%. The March RPI in 2023-24 was 4.3% at the time of modelling; in the previous ten financial years, the ONS outturn figures varied between 0.90% and 13.50%.

- The long term OBR assumption for **base rates** is currently projected to rise to 4.19% in 2071-72. At the time of modelling, the OBR forecast for the base rate was an average of 5.01% during 2023-24; in the previous ten financial years, the outturns varied between 0.10% and 3.86%.
- Recent years have seen the **discount rate** change from 3.7% in 2015, to 0.7% for use as at 31 March 2021. For use as at 31 March 2022 the discount rate was published for the first time in two parts minus 1.1% up to 2030 and minus 0.2% from 2030 onwards, for use as at 31 March 2023 the discount rate was minus 1.3% up to 2030 and minus 0.2% onwards, and for use from 31 March 2024 minus 1.05% up to 2030 and minus 0.05% onwards.

There are a number of other assumptions used in the model, but changing these to other reasonable outcomes does not have a significant impact on the value of the loan books. Many of the assumptions are independent of each other, although could change at the same time.

Data on the above key variables, including historical, can be found on the Office for National Statistics (www.ons.gov.uk); Office of Budget Responsibility (www.obr.uk); and the Bank of England (www.bankofengland.co.uk) websites. Statistical information on Student

Loans can be found on the Student Loans Company website (latest statistical release: [Student Loans in Wales: Student loans for higher and further education – GOV.UK \[www.gov.uk\]\(http://www.gov.uk\)](https://www.gov.uk/government/statistics/student-loans-in-wales)).

6.2 NHS Trusts Public Dividend Capital

The Welsh Government's investment in NHS Trusts is represented by Public Dividend Capital (PDC). PDC is held in accordance with the FReM interpretation of IFRS 9 at historic cost less impairments, consistent with prior years. On consolidation of the NHS Trusts, the PDC investment is eliminated.

6.3 Other Financial Assets

The Welsh Government issues financial instruments, in particular loans, to other public sector bodies in Wales and repayable finance and loans to businesses to support economic development. This lending occurs as part of its normal course of activities and the Welsh Government does not undertake any trading activity in these financial instruments. As simple debt instruments the majority of Welsh Government Core financial assets are held for contractual cash flow collection, and therefore are held at amortised cost under IFRS 9. Help to Buy Wales financial assets are held at fair value through Statement of Comprehensive

Net Expenditure and are eliminated from the Welsh Government Core account on Development Bank of Wales consolidation. There are no material financial assets held at fair value through Other Consolidated Net Expenditure in the Welsh Government Core account.

The fair value of the Help to Buy Wales shared equity loan book of £355m (31 March 2023: £325m) is calculated by setting out anticipated future cash flows and discounting these at an appropriate rate. This calculation uses a number of assumptions, notably a forecast for future House Price Index (HPI), a discount rate based on a range of comparable housing bonds, and the profile of loan redemptions. The model uses observable transaction data and HPI forecast data, provided by independent market analysis, to forecast the long term HPI rate in Wales. Further detail on the Help to Buy Wales fair value model can be found in the accounts of the Development Bank of Wales PLC.

Included in 'Other Financial Assets' at 31 March 2024 was £21.9m (31 March 2023: £17.8m) investment in Cardiff International Airport Limited (CIAL) via WGC Holdco Limited and £26.3m loan from Welsh Government to CIAL. In addition, £5.7m (31 March 2023: £2.7m) interest is

accrued on the loan which is not yet due to Welsh Government. These balances reflect the investment and loans to the airport net of write-offs and impairments arising as a consequence of the COVID-19 pandemic impact on the aviation industry in 2020-21.

During 2023-24 Welsh Government as the sole investor in the airport via WGC Holdco Limited provided an equity investment on a commercial basis of £6.6m to the airport, as a one-off measure to enable the implementation of Next Generation Security scanners to meet a compulsory regulatory requirement. The overall investment valuation at 31 March 2024 taking account of this additional equity investment was £21.9m, inclusive of a further £2.5m impairment. There have been no changes to the loan principal values in 2023-24.

Group other financial assets excluding those with CIAL noted above comprise: Welsh Government financial interests in joint ventures, other loans and investments, Invest to Save loans with Local Authorities and other public bodies £809m (2022-23: £758m); and, assets held by the Development Bank of Wales PLC £424m (2022-23: £390m) and other group financial assets £6m (2022-23: £4m).

7. Inventories

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m (Re-presented)	WG Group £m (Re-presented)
Development assets	200	200	205	205
Drugs	19	57	22	58
Other consumables ^a	3	95	3	95
Total	222	352	230	358

a Other consumables re-presented for prior year to include road salt to simplify presentation for trivial amounts.

8. Trade and Other Receivables

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group ^a £m	WG Core £m	WG Group ^a £m
Amounts falling due within one year:				
Trade receivables	129	416	196	490
Other tax	14	14	15	16
Prepayments and accrued income	247	362	261	365
	390	792	472	871
Amounts falling due after more than one year:				
Trade receivables	3	185	5	159
Prepayments	-	4	14	18
Other receivables	11	29	12	35
	14	218	31	212
Total	404	1,010	503	1,083

^a Included within the total Group trade receivables is £268m (2022-23: £242m) of loans held at amortised cost by Development Bank of Wales PLC. Inclusion in trade receivables reflects the treatment in the underlying audited accounts as loan transactions for Development Bank of Wales PLC are part of their core business.

9. Cash and Cash Equivalents

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Balance at 1 April	28	1,354	161	1,482
Net change in cash and cash equivalent balances	216	208	(133)	(128)
Balance at 31 March	244	1,562	28	1,354
The following balances were held at:				
Government Banking Service	238	330	26	197
Commercial banks and cash in hand	6	1,232	2	1,157
Total	244	1,562	28	1,354

10. Trade and Other Payables

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Amounts falling due within one year:				
Taxation and social security	11	101	3	128
Trade and other payables	1,120	2,177	1,135	2,311
Deferred European Union income	6	6	-	-
Other accruals and deferred income	435	514	525	730
Amounts payable to the Welsh Consolidated Fund	164	164	19	19
Obligations under PFI and other service concession arrangements	10	18	10	15
Obligations under leases	5	79	5	50
	1,751	3,059	1,697	3,253
Amounts falling due after more than one year:				
Trade and other payables	4	4	-	18
Other accruals and deferred income	-	35	-	14
Obligations under PFI and other service concession arrangements	496	590	322	360
Obligations under leases	50	575	51	337
	550	1,204	373	729
Total	2,301	4,263	2,070	3,982

11. Provisions for Liabilities and Charges

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Balance at 1 April	1,638	1,736	1,632	1,731
Provided in the year	426	472	419	476
Provisions not required written back	(146)	(166)	(217)	(244)
Transfer	(13)	(12)	(23)	(24)
Provisions utilised in year	(121)	(143)	(173)	(203)
Balance at 31 March	1,784	1,887	1,638	1,736
Analysis of expected timing of discounted flows:				
Not later than one year	348	412	398	463
Later than one year and not later than five years	593	612	421	435
Later than five years	843	863	819	838
Balance at 31 March	1,784	1,887	1,638	1,736

WG Group only

	Other £m	Welsh Risk Pool ^a £m	Total £m
Analysis of expected timing of discounted flows:			
Not later than one year	79	333	412
Later than one year and not later than five years	48	564	612
Later than five years	111	752	863
Total	238	1,649	1,887

a The Welsh Risk Pool is hosted as part of NHS Wales Shared Services Partnership by Velindre NHS Trust whose accounts can be found at www.velindre.nhs.wales/about-us/publications/.

11.1 Welsh Government Core Provisions

Welsh Government Core Provisions include:

Health Provisions

The Welsh Government has health related provisions, for the Wales Infected Blood Support Scheme (WIBSS) and expected future re-imbursing of the Welsh Risk Pool (WRP).

WIBSS provides a single, streamlined scheme of ex gratia support payments for individuals and their families affected by hepatitis C and HIV through treatment with contaminated blood in Wales.

On 25 March 2021 additional financial support arrangements backdated to April 2019 (to achieve parity across the four UK schemes) were announced for existing beneficiaries. The balance on the WIBSS provision, as of 31 March 2024, is £115.6m (2022-23: £122.1m).

The WIBSS provisions are based on the new parity payment rates with a CPI inflationary uplift applied to future cash flows. These are then discounted according to the rates published each year in the PES paper.

Since 2021-22, annual payments have been inflated by the CPI inflation rates published in the PES paper issued each December. The change from the CPIH indices

to CPI aligns with the other UK nations since payment parity was introduced. Payments were uplifted to the new rates for the first time in 2021-22 (inclusive of back dated elements from 2018-19 onwards).

On 17 August 2022, following recommendations made in the compensation framework study and the Inquiry's first interim report, the UK Government announced interim compensation payments of £100,000 to be paid to current beneficiaries and bereaved partners in receipt of regular support payments at the time of the announcement. At 31 March 2024, £22.8m had been paid. The final report of the Infected Blood Inquiry was published on 20 May 2024.

WRP assists Welsh NHS bodies with risk management and settlement of disputed claims for alleged medical or employer negligence. WRP balance as of 31 March 2024 is £1,649m (2022-23: £1,499m).

NHS Wales bodies provide for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual top-slice allocation

from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Any shortfall is met directly from members on an agreed risk sharing basis.

Significant estimations are made in relation to on-going clinical negligence and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors.

A provision is made for probable and certain cases in accordance with IAS 37. The provision for probable and certain cases is based on case estimates of individual reported claims received by Legal & Risk Services within NHS Wales Shared Services Partnership. The solicitors estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.25%. Future liabilities for certain and probable cases with a probability of 95%-100% and 50%-94% respectively are held as a provision on the balance sheet. Cases typically take a number of years to settle, particularly for high

value cases where a period of development is necessary to establish the full extent of the injury caused.

The majority of high value (>£1m) claims settle with a Periodical Payment Order (PPO) where part or all of the final settlement value is paid over the lifetime of the claimant.

When cases settle with a PPO arrangement, an individual provision is created by multiplying the claimants' index linked annual payment value by the number of years' life expectancy. The number of years' life expectancy is discounted according to the Ogden table multipliers using HM Treasury's nominal discount rate for general provisions issued annually in the PES paper and an inflation factor.

The Welsh Risk Pool is part of NHS Wales Shared Services, hosted by Velindre NHS Trust and further details regarding the calculation of provisions and the periodical payment orders are contained within the accounts of Velindre University NHS Trust.

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government has taken action to support circumstances where pensions tax rules impacted upon clinical staff who wanted to work additional hours, and have determined that clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement. A corresponding amount will be paid on retirement ensuring that they are fully compensated for the effect of the deduction. This scheme will be fully funded by the Welsh Government with no net cost to NHS Employers. Clinical staff had until 31 March 2022 to opt for this scheme and the ability to make changes up to 31 July 2026. At 31 March 2024, the balance on the provision is £11.8m (2022-23: £11.7m).

11.2 Welsh Government Group Provisions

Welsh Government Group Provisions include the Core provisions noted above, and provisions held by consolidated entities. Principally these are other NHS Provisions including pensions and provisions for the first £25,000 of clinical negligence claims which is not reimbursed by the Welsh Risk Pool.

12. Contingent Liabilities

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Legal Claims – alleged medical/employer negligence	1,161	1,184	1,193	1,216
Potential contractual obligations under the WDA Act 1975	10	10	10	10
Other legal and contractual claims	1,324	1,336	450	458
Ukraine super sponsor scheme	12	12	15	15
Total	2,507	2,542	1,668	1,699

(i) Legal Claims – alleged medical/ employer negligence

This reflects that under the Wales Act 2006 the Welsh Government must meet the liabilities of the Welsh Risk Pool should the NHS bodies cease to exist. Contingent liabilities relating to legal claims under the General Medical Practice Indemnity Existing Liabilities Scheme are also included.

(ii) Other legal and contractual claims

Other legal and contractual claims includes legal and contractual claims in progress and contingent liabilities related to commercial contractual indemnities and guarantees.

At 31 March 2024, a new contingent liability of £901m is included relating to the new Velindre Cancer Centre (nVCC) Mutual Investment Model scheme. Welsh Government has issued a promissory note to Velindre University NHS Trust regarding the proposed issue of Funding Approval Letters for Annual Service Payments over a period of 25 years, expected to commence in 2026-27.

At 31 March 2024, a contingent liability of £311m (2022-23: £351m) is included relating to Education Mutual Investment Model schemes with Rhondda Cynon Taf County Borough Council and Flintshire County Council. The amount of the contingent liability has been reassessed in 2023-24.

Welsh Government issued promissory notes in 2022-23 regarding the proposed issue of Funding Approval Letters for contributions to Annual Service Payments over a period of 25 years, expected to commence in 2024-25.

The majority of the increase of the value of existing contingent liabilities for commercial contractual indemnities or guarantees was due to a reassessment of VAT status of one item resulting in a £14m increase. No new guarantees were issued.

(iii) Ukraine super sponsor scheme

Welsh Government is a super sponsor under the UK Government's Homes for Ukraine scheme. Sponsorship means that Welsh Government supported Ukrainians with

visas issued under the super sponsor scheme to come to Wales to receive accommodation and support during the first six months. At 31 March 2024, Welsh Government has a contingent liability of £12m (2022-23: £15m) in respect of the possible accommodation costs for Ukrainians who hold a visa under the scheme. From 10 June 2022, the scheme has been paused for new applications.

12.1 Unquantified Contingent Liabilities

A465 Mutual Investment Model

On 28 October 2020, Welsh Government entered into a contract with the Future Valleys Project Co Limited (Future Valleys) to design, build, finance and operate a scheme to dual the A465 between Dowlais and Hirwaun (Sections 5 & 6). While substantial risks have been transferred to Future Valleys, as part of the contract, a small number of risks remain with Welsh Government. These include limited additional costs associated with a pandemic, ancillary rights and potential latent defects relating to specific existing structures should any be discovered.

At the balance sheet date of 31 March 2024 a reliable estimate cannot be made to enable a provision to be created and an unquantified contingent liability is disclosed.

Confidential Unquantifiable Contingent Liabilities

Welsh Government has unquantifiable contingent liabilities, disclosure of which is subject to legal confidentiality and privilege. At this stage there is no certainty around the timing or financial outflow, if any, and as such the financial impact is unquantifiable.

12.2 Remote Contingent Liabilities

Contingent liabilities are presented here where the likelihood of a transfer of economic benefit in settlement is judged remote. Because of this, they do not meet the IAS 37 criteria for disclosure in the financial statements, but are presented here for transparency purposes. These predominantly relate to situations where guarantees or indemnities have been entered into by the Welsh Government, but where there are currently no indications that these will be drawn upon. While all mitigating actions have been and will be taken to minimise the risk and exposure, the risk cannot be removed altogether. If considered appropriate contingent liabilities for which the probability of crystallisation is rated as greater than remote are disclosed in Note 12 above.

In 2019 the Welsh Government agreed to quantifiable (disclosed) and unquantifiable assurances, warranties, indemnities and potential losses under the 'Grant Agreement'

with its rail service provider (Transport for Wales Rail Ltd) and the 'Held Harmless Agreement' with the Department for Transport.

Quantifiable Remote Contingent Liabilities:

None.

Unquantifiable Remote Contingent Liabilities: Rail Services

Welsh Government has provided an indemnity to the rail service provider against Department for Transport originated changes to planned track access charges. Welsh Government are similarly indemnified by the Department for Transport.

Welsh Government has provided a guarantee in respect of Network Rail employees joining Transport for Wales and remaining in the Rail Pension Scheme if any deficits are created for the new section of the scheme.

A465 Mutual Investment Model

In 2020, the Welsh Government agreed to unquantifiable assurances, indemnities and potential losses in respect of the following three points under the contract with Future Valleys consortium to design, build, finance and operate a scheme to dual the A465 between Dowlais and Hirwaun (Sections 5 & 6). At the end of the contract,

the Welsh Government has indemnified Future Valleys against redundancy pay if TUPE regulations do not apply and employment offers are not made to Project Co/Service Providers Staff.

The Welsh Government has indemnified Future Valleys against relevant changes in law, on the occurrence of certain defined changes in law, the parties agree to adjust the Annual Service Charge accordingly.

The Welsh Government has indemnified Future Valleys against uninsurable risk; if certain risks become uninsurable, the parties meet to review how the risk will be shared. If no agreement is reached, the agreement can be terminated in a way akin to Force Majeure, or the Welsh Government takes insurance risk. There is no evidence these three areas will be engaged, and therefore an unquantified remote contingent liability is disclosed.

As part of the contract, a risk that remains with Welsh Government is limited additional costs associated with trade tariffs levied on specific goods arising from EU Exit.

Guarantees:

In special circumstances, the Welsh Government acts as guarantor for its sponsored bodies or in relation to public infrastructure works. The value of these guarantees at 31 March 2024 was £53m (2022-23: £61m).

Indemnities:

The Welsh Government has committed to indemnify Housing Stock Transfer organisations against the financial consequences of any future withdrawal of, or amendment to, the VAT Mitigation Scheme.

The liabilities cover ten organisations for £419m and the period of the liability varies. There are no current concerns regarding the continuation of the scheme, and the potential of the liability maturing is considered to be too remote to include as a contingent liability.

The Government indemnity Scheme provides indemnities to enable the National Library of Wales, the National Museum of Wales, and other eligible institutions to borrow objects and artworks. The probability of these guarantees being acted on is counted as too remote to be included as a contingent liability.

The value of these guarantees at 31 March 2024 was £46m (2022-23: £44m).

Letters of Comfort:

The Welsh Government has issued a Going Concern letter of assurance to RIFW to cover future liabilities of £1m. Given the significant level of reserves in RIFW, the probability of this liability materialising is assessed as remote.

The Welsh Government has issued a Going Concern letter of assurance to Transport for Wales (TfW) to cover existing and future liabilities incurred in accordance with the Management Agreement (between Welsh Government and Transport for Wales) and the periodic Remit letters that Welsh Government issue to Transport for Wales.

13. Other Liabilities

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Pension fund deficits	18	18	6	7
National Loans Fund (falling due after 5 years) ^a	9	10	10	10
Other	-	-	-	-
Total	27	28	16	17

- a National Loans Fund balances represent National Loans Funds lent onwards by the Secretary of State for Wales originally to the Mid-Wales Development Corporation. They were then passed to the Development Board for Rural Wales (DBRW) in the 1980s; and to the Welsh Development Agency (WDA) when DBRW was abolished in 1998. Following WDA abolition in 2006, responsibility for the repayment of principal and interest falls on the Welsh Government.

14. Movements in Working Capital other than Cash

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m (Re-presented)	WG Group £m
(Increase)/decrease in inventories (excluding development assets)	3	1	6	32
(Increase)/decrease in receivables:				
Current	83	74	(149)	(261)
Non-current	17	10	6	(16)
Increase/(decrease) in payables:				
Current	54	(199)	(515)	(396)
Non-current	177	443	174	165
Less movements in payables in respect of leases and on-balance sheet PFI and other service concession arrangements ^a	(174)	(466)	(172)	(239)
Other adjustment ^a	(1)	-	(2)	59
Less movements in the Welsh Consolidated Fund supply payable	(144)	(144)	82	82
Less movements in the Welsh Consolidated Fund income payable	(7)	(7)	2	2
	8	(288)	(568)	(572)

^a Movements in payables in respect of leases and on-balance sheet PFI and other service concession arrangements re-presented for clarity.

15. Leases

15.1 Right-of-Use Assets

	At 31 March 2023		
	Land and Buildings £m	Other £m	Total £m
Cost or valuation			
Initial recognition at 1 April 2022	177	28	205
Reclassifications ^a	67	139	206
Additions	12	142	154
Revaluations	(4)	-	(4)
Derecognition	(21)	-	(21)
Remeasurement	-	-	-
At 31 March 2023	231	309	540
Depreciation			
Reclassifications ^a	6	57	63
Charged in year	24	45	69
Revaluations	(1)	-	(1)
At 31 March 2023	29	102	131
Carrying amount at 31 March 2023	202	207	409
Core department at 31 March 2023	42	-	42
Health bodies and subsidiaries at 31 March 2023	160	207	367

- ^a For Welsh Government Core, the carrying amount of reclassifications comprises £13m from Property, Plant and Equipment and £6m from Financial Assets. For Welsh Government Group, the carrying amount of reclassifications comprises £104m from Property, Plant and Equipment related to subsidiary entities that had already applied IFRS 16 prior to 1 April 2022 and £20m from Property, Plant and Equipment for Health bodies.

15.1 Right-of-Use Assets (continued)

	At 31 March 2024		
	Land and Buildings £m	Other £m	Total £m
Cost or valuation			
At 1 April 2023	231	309	540
Reclassifications	1	-	1
Additions	30	293	323
Revaluations	-	-	-
Derecognition	(14)	(1)	(15)
Remeasurement	2	-	2
At 31 March 2024	250	601	851
Depreciation			
At 1 April 2023	29	102	131
Reclassifications	(2)	(1)	(3)
Charged in year	28	59	87
Revaluations	-	-	-
At 31 March 2024	55	160	215
Carrying amount at 31 March 2024	195	441	636
Core department at 31 March 2024	42	-	42
Health bodies and subsidiaries at 31 March 2024	153	441	594

15.2 Lease Liabilities

Maturity analysis

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Land and buildings				
Not later than one year	6	27	6	25
Later than one year and not later than five years	22	85	20	83
Later than five years	31	96	34	103
	59	208	60	211
Less interest element	(4)	(15)	(4)	(14)
Present value of obligations	55	193	56	197
Other				
Not later than one year	-	68	-	37
Later than one year and not later than five years	-	223	-	87
Later than five years	-	230	-	99
	-	521	-	223
Less interest element	-	(60)	-	(11)
Present value of obligations	-	461	-	212
Total present value of obligations	55	654	56	409
Current	5	79	5	57
Non-current	50	575	51	352

15.3 Amounts recognised in Statement of Comprehensive Net Expenditure

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Interest expense	1	10	1	3
Sub-leasing income	(2)	(2)	(16)	(11)
Expense for low value and short-term leases	2	7	1	6

15.4 Amounts recognised in Statement of Cash Flows

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Total cash outflow for leases	6	82	7	65

16. Capital and Other Commitments

16.1 Capital Commitments

This note discloses capital commitments under 'non-cancellable contracts' not otherwise included within these financial statements.

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m	WG Group £m
Property, plant & equipment, and intangible assets	41	461	88	624
Investments and loans	-	-	10	10
Total	41	461	98	634

For consistency, Welsh Government has applied the same definition of 'non-cancellable contracts' to capital commitments in this disclosure as is applied in Note 16.3 for other financial commitments.

16.2 Commitments under PFI and Other Service Concession Arrangements

The Local Health Boards have reported eight PFI contracts within property, plant and equipment, which are on-balance sheet. There are no contracts with an individual total commitment of greater than £500m. Details of the individual schemes are included in the individual Local Health Board statutory accounts.

On 28 March 2024, Velindre University NHS Trust entered into a contract relating to the new Velindre Cancer Centre (nVCC) under the Mutual Investment Model with Acorn Velindre Limited ('Project Co') who will be responsible for building (and financing) the new hospital and then maintaining it over a 25 year concession period. This contractual arrangement meets the definition of a service concession arrangement and is to be accounted for on-balance sheet,

further information can be found on this arrangement within the Velindre University NHS Trust accounts. A Welsh Government Core contingent liability in relation to this arrangement is disclosed in Note 12.

16.2.1 Off-balance sheet

Bute Avenue PFI contract

Since 2000 the Welsh Government has been committed to pay £5.1m annually, index linked, to the primary contractor associated with the Bute Avenue (PFI) project, until November 2025. The private sector partner maintains for 25 years (from 2000-01) the Bute Avenue road network. After this time the road will be transferred to Cardiff County Council. The road is not an asset of the Welsh Government. The total charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet PFI transactions was £12.5m (2022-23: £11.4m); and the payments to which the Welsh Government is committed, are as follows:

	At 31 March 2024 £m	At 31 March 2023 £m
Not later than one year	13	12
Later than one year and not later than five years	13	24
Later than five years	-	-
Total	26	36

16.2.2 On-balance sheet

A55 PFI contract

The A55 road network is maintained by contractors for a period of 30 years (from 1998), after which time the ownership of the A55 will revert to the Welsh Government. The road is treated as an asset of the Welsh Government and unitary payments comprise of two elements – imputed lease charges and service charges.

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet PFI or other service concession transactions was £12.9m (2022-23: £10.4m). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for each of the periods.

	At 31 March 2024 £m	At 31 March 2023 £m
Minimum lease payments		
Not later than one year	12	12
Later than one year and not later than five years	48	48
Later than five years	-	12
	60	72
Less interest element	(5)	(7)
Total	55	65

	At 31 March 2024 £m	At 31 March 2023 £m
Service elements due in future periods		
Not later than one year	7	8
Later than one year and not later than five years	(2)	9
Later than five years	1	(3)
Total	6	14

A465 Mutual Investment Model

On 28 October 2020, Welsh Government entered into a contract with Future Valleys to design, build, finance and operate a scheme to dual the A465 between Dowlais and Hirwaun (Sections 5 & 6). The contract has been entered into under the Welsh Government's Mutual Investment Model.

This contractual arrangement meets the definition of a service concession arrangement and is to be accounted for on-balance sheet.

The project consists of a construction element (split into five phases), during which time Future Valleys will be responsible for converting the A465 from Dowlais Top to Hirwaun to two lanes in each direction. The agreement expires 30 years after the completion of the final construction phase due May 2025, during which time Future Valleys will operate and maintain Sections 5 & 6 of the A465. Annual Service Payments will be payable from Welsh Government to Future Valleys from the date of completion of the first phase of construction in July 2024, through to the end of the agreement.

The total commitments under the A465 MIM service concession arrangement are set out in the table below.

	At 31 March 2024 £m	At 31 March 2023 £m
Annual service payments due in future periods		
Not later than one year	11	-
Later than one year and not later than five years	177	143
Later than five years	1,267	1,312
Total	1,455	1,455

An asset under construction of £452m (2022-23: £267m) and associated liability of £452m (2022-23: £267m) have been recognised at 31 March 2024 (included in Notes 4 and 10).

16.3 Other Financial Commitments

The Welsh Government has entered into 'non-cancellable contracts' (which are not leases, PFI contracts or other service concession arrangements) for services. The payments to which the Welsh Government is committed, analysed by the period during which the commitment expires are as follows:

	At 31 March 2024		At 31 March 2023	
	WG Core £m	WG Group £m	WG Core £m (Restated)	WG Group £m (Restated)
Not later than one year	26	91	24	73
Later than one year and not later than five years	8	62	6	100
Later than five years	-	-	-	-
Total	34	153	30	173

Other financial commitments at 31 March 2023 for WG Core has been restated from £878m to £30m, a reduction of £848m due to a change in accounting policy regarding grant commitments.

The 2022-23 FReM was the first to include specified disclosure requirements for other financial commitments under 'non-cancellable contracts'. For 2023-24, Welsh Government reviewed the application of the new disclosure requirement. As part of the review of approach, a detailed assessment has taken place to ensure that a clear definition of 'non-cancellable contract' has been applied. Consequently, Welsh Government's

accounting policy has changed for 2023-24 to exclude grant commitments (both capital and revenue) from the other financial commitments disclosure. The reason for this change is that grants are statutory agreements in nature and not contractual therefore not within the scope of the requirement relating to non-cancellable contracts in the FReM. More information about grants is available in the Performance Report at page 24.

Included within other financial commitments is £119m (2022-23: £143m) of Transport for Wales Rail Limited (TfWRL) commitments for fixed track, depot and station access charges. TfWRL has assessed these charges as not meeting the definition of a lease under IFRS 16, therefore they are included as other financial commitments.

17. Related Party Transactions

The Welsh Government receives most of its funding from the Welsh Consolidated Fund.

The Welsh Government funds its Welsh Local Authorities, NHS Bodies in Wales, subsidiary companies and Sponsored Bodies. These bodies are regarded as related parties with which the Welsh Government has had various material transactions during the period. In addition, the Welsh Government has had a number of transactions with other government departments and central government bodies, primarily the Welsh Office, the Rural Payments Agency and the Department for Work and Pensions.

None of the Welsh Ministers, key managerial staff or other related parties have undertaken any related party transactions with the Welsh Government during the year, except as noted below:

Mark Drakeford (former First Minister) and Vaughan Gething (First Minister) are members of the Cardiff and Vale Credit Union, which in 2023-24 received £92,432 of grant funding.

Jayne Bryant (Minister for Mental Health & Early Years) is a member of Newport Credit Union, which in 2023-24 received £10,999 of grant funding.

Huw Irranca-Davies (Cabinet Secretary for Climate Change & Rural Affairs) was Vice President of Ramblers Cymru up until he resigned his position upon being appointed Cabinet Secretary for Climate Change and Rural Affairs in March 2024. In 2023-24, Ramblers Cymru received £408,535 of grant funding.

The spouse of Jane Hutt (Chief Whip & Trefnydd) is a Trustee and Director of Cardiff and Vale Citizens Advice which received payment of £17,950 in year for services provided to the Welsh Government. He recuses himself from any discussions on Welsh Government funding.

Jeremy Miles (Cabinet Secretary for Economy, Energy & Welsh Language) is a member of Celtic Credit Union, which in 2023-24 received £242,822 of grant funding.

Julie Morgan (Deputy Minister for Social Services to 20th March 2024) is Vice President of City Hospice which in 2023-24 received £27,545 of grant funding. The former Deputy Minister for Social Services resigned from this position in October 2023.

Lynne Neagle (Cabinet Secretary for Education) is Vice-President of the Torfaen Museum Trust which received £8,000 of grant funding in 2023-24.

Aled Edwards (Non-Executive Director) is Chair of Bannau Brycheiniog National Park Authority which received £7,213,436 principally of grant funding in 2023-24.

Gareth Lynn (Non-Executive Director) is the Independent Chairman of Trustees of the Milford Haven Port Authority Retirement Benefits (pension) scheme. The appointment is made by Milford Haven Port Authority and is remunerated. Milford Haven Port Authority received £232,307 including grants and services purchased in 2023-24.

Meena Upadhyaya (Non-Executive Director) is a Trustee of Race Equality First which received £132,231 grant funding in 2023-24, Meena is a Trustee of Race Council Cymru which received £530,278 including grant funding in 2023-24 and a Fellow and Council Member of the Learned Society of Wales which received £33,700 grant funding in 2023-24.

Mike Usher (Non-Executive Director) is a Board Member of Newport City Homes which received £18,483,331 principally grant funding in 2023-24. Welsh Government received £948,823 of income (principally rental income) from Newport City Homes in 2023-24.

The partner of Tracey Burke (Director General) is a governor of Cardiff and Vale College which received £72,302,659 in 2023-24. Her partner is also the Chair of the Board of Governors of Cardiff Metropolitan University which received £7,704,558, including grant and funding under the EU's Common Agricultural Policy, in 2023-24. Welsh Government also received £4,200 of income from Cardiff Metropolitan University in 2023-24 principally in relation to room hire and public sector training events.

Peter Kennedy (HR Director) is an Independent Governor of Cardiff Metropolitan University which received £7,704,558, including grant and funding under the EU's Common Agricultural Policy, in 2023-24. Welsh Government also received £4,200 of income from Cardiff Metropolitan University in 2023-24 principally in relation to room hire and public sector training events.

Reg Kilpatrick is a non-executive director of Monmouthshire Housing Association which received £12,792,084 of principally social housing grant funding in 2023-24.

Whilst related party transactions have been identified and disclosed above for Ministers and Senior Officials, being transactions between Welsh Government and entities with which the individuals have a related party relationship, they would have not been directly involved with either the procurement exercise to award contracts nor in the process of awarding any grants.

Related party transactions of the NHS Bodies in Wales and other subsidiary companies are disclosed in their own published accounts.

17.1 Results of Consolidated Wholly Owned Companies

	Year Ended 31 March 2024		Year Ended 31 March 2023	
	Profit/(Loss) £m	Share Capital and Reserves £m	Profit/(Loss) £m	Share Capital and Reserves £m
Development Bank of Wales Group ^a	38	356	(24)	313
Regeneration Investment Fund for Wales LLP	2	50	1	48
WGC Holdco Limited	(3)	22	-	18
Careers Choices Dewis Gyrfu Limited	2	6	(5)	24
Transport for Wales Group	(33)	1,478	(26)	1,619

a Investment of 49,999 ordinary £1 shares, 25p part paid.

These accounts have been consolidated using draft figures where final accounts are not available, being not materially different to those disclosed.

17.2 Other Minor Subsidiaries and Interests

The following Welsh Government Joint Ventures are included in the consolidated accounts:

- International Convention Centre Wales Limited – The Welsh Government owns 50% of the issued share capital of the International Convention Centre Wales Limited, with the other 50% being held by The Celtic Manor Resort Limited.
- Airbus Endeavr Wales (formerly EADS Foundation Wales) – a joint interest in a company limited by guarantee. Joint ownership is held with Airbus-Defence and Space Ltd (formerly Cassidian Holdings Limited) and Cardiff University.

The following Welsh Government interests are not included in the consolidated accounts:

Welsh Government – Non Ministerial Departments – subject to a designation order but immaterial for consolidation:

- Welsh Revenue Authority.

Welsh Government Subsidiaries and Arm's Length Bodies – subject to a designation order but immaterial for consolidation:

- Design Commission for Wales Limited (DCFW Ltd)
- Meat Promotion Wales Limited/Hybu Cig Cymru Cyf
- Industry Wales (Sector Development Wales Partnership Limited)
- Life Sciences Hub Wales Limited
- Centre for Digital Public Services Limited
- National Academy for Educational Leadership
- International Business Wales Limited
- Children's Commissioner for Wales
- Future Generations Commissioner for Wales
- Older People's Commissioner for Wales
- Comisiynydd y Gymraeg/Welsh Language Commissioner
- Cwmni Eginio Limited
- GCRE Limited⁶¹ Adnodd Cyfyngedig (Bilingual Educational Resources Company)
- Estyn (His Majesty's Chief Inspector of Education and Training in Wales)

- Qualifications Wales
- Education Workforce Council
- Llais (Citizen Voice Body Wales).

Welsh Government Subsidiaries – not subject to a designation order and immaterial for consolidation:

- Welsh Development Management Limited
- Trydan Gwyrdd Cymru Ltd.

Student Loans Company Limited

Welsh Government holds one share with a nominal value of £1. Joint ownership is held with the Department for Education, Scottish Government and Northern Ireland Government. The share gives the Welsh Government 5% holding in the company.

NHS Charities

NHS Charities in Wales are subsidiaries of the Local Health Boards and NHS Trusts. They are not subject to a designation order and are immaterial for consolidation.

The Statutory Accounts of entities noted in 17.1 and 17.2 can be found either on their own websites or at Companies House www.gov.uk/government/organisations/companies-house

⁶¹ GCRE Limited activities in 2023-24 exceed the materiality level for consolidation, but are immaterial to the WG Group as a whole. Although designated for consolidation, GCRE Limited has not yet been classified by ONS and private financial investment is actively sought for the long-term future of this entity which is anticipated to impact future classification.

18. Events after the Reporting Period

NHS Wales Pay Arrangements

On 28 June 2024, NHS Wales bodies were notified of the revised pay arrangements for employees covered by medical and dental terms and conditions of services in Wales, which will be funded by the Welsh Government. Pay awards for junior doctors, consultants and specialists have not been recognised in 2023-24 because the obligating event was the publication of the pay circular issued on 28 June 2024, post 31 March 2024. These costs will be accounted for in the 2024-25 accounts of NHS Wales bodies. The estimated cost is £77.2m.

Infected Blood Compensation Payments

On 21 May 2024, the UK Government announced the establishment of an Infected Blood Compensation Authority and published details of an outline compensation scheme. The UK Government also announced that a further interim compensation payment of £210,000 would be made to those living infected persons registered with one of the four UK Infected Blood Support Schemes. The WIBSS was asked to administer these payments on behalf of the UK Government.

On 24 June 2024, 176 compensation payments with a total value of £37m were paid.

Medr

On 1 August 2024, the Higher Education Funding Council for Wales (HEFCW) was replaced by Medr, Wales' Commission for Tertiary Education and Research. Medr is responsible for funding and regulating tertiary education and research. Medr will regulate institutions, and fund further education, higher education (including research and innovation), apprenticeships, adult community learning, and local authority maintained school sixth forms. Any future change to the Welsh Government consolidation boundary relating to this new entity will be dependent upon National Accounts classification and any Designation Order required. The transactions of Medr may be above Welsh Government materiality.

Cardiff International Airport Limited (CIAL)

CIAL is a subsidiary of the Welsh Government via WGC Holdco Limited. The Subsidy Advice Unit of the Competition and Markets Authority accepted the referral of the Welsh Government's proposed subsidy to CIAL on

22 August 2024. The Welsh Government is planning to provide the Airport with long-term additional investment funding in support of a long-term strategy to maximise its potential as a means to achieve sustainable economic growth and reduce inequality in the South Wales region, seeking regulatory approval for a package up to a maximum of £206m across a ten year period. The Competition and Markets Authority published its report on the subsidy referral on 2 October 2024⁶², the Welsh Ministers are giving full consideration to the assessment to determine whether any refinement is required to the proposed programme of investment on the basis of that assessment.

19. Authorised for Issue

The Principal Accounting Officer authorised these financial statements for issue on 27 November 2024.

⁶² Referral of the proposed subsidy to Cardiff International Airport Limited by the Welsh Government - GOV.UK

Appendix A – Accounting Policies

A.1 Operating Income

Operating income relates directly to the operating activities of the Welsh Government Group. All Welsh Government revenue which falls within the scope of IFRS 15 Revenue from Contracts with Customers, has been accounted for in accordance with the Standard, as adapted and interpreted by the FReM. Revenue is measured at the fair value of the consideration receivable and is recognised at the point in time when, or over time as, a good or service is provided.

A.1.1 Income from Sales of Goods and Services

TfW passenger revenue is included within income from sales of goods and services. Passenger revenue represents amounts agreed as attributed to TfWRL by the income allocation systems of the Rail Settlement Plan Limited, mainly in respect of passenger receipts. Further information on sources of TfW income can be found in the TfW Group accounts.

A.1.2 Other Non-EU Operating Income

Health income is included within other non-EU operating income. Further information on sources of health income can be found in the NHS Summarised Accounts.

A.1.3 Other EU Operating Income

Revenue from the European Union in respect of the European programmes, funds and initiatives is brought to account in line with grants payable in respect of these amounts and is shown in Note 2. The funds are paid to the Welsh European Funding Office. These funds are then transferred to the relevant department within the Welsh Government and are accounted for within Note 3.

A.2 Expenditure

A.2.1 Grants

Grants payable or paid are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs and include estimates for claims not yet received. Where an intermediary acts as an agent in distributing grant on behalf of Welsh Government, grants payable are recognised when the grant recipient becomes entitled to the grant.

Funding to Welsh Government Sponsored Bodies via Grant-in-Aid is reported on a cash basis in the period in which payments are made. Grant-in-Aid funding provided to consolidated entities within the Welsh Government Group is eliminated at the point of consolidation. The Summary of Resource Outturn includes the results of Welsh Government Sponsored Bodies on a resource outturn basis.

A.2.2 Other Operating Expenditure

Other operating expenditure for goods or services is recognised when, and to the extent that, that the goods or services have been received. This expenditure is measured at the fair value of the consideration payable.

A.2.3 Value Added Tax (VAT)

The Welsh Government recovers some elements of VAT for business services and contracted out services. For other goods and services expenditure these are recorded inclusive of VAT.

A.3 Employee Benefits

A.3.1 Short-Term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

A.3.2 Pensions

The majority of present and past employees of the Welsh Government are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described within the Accountability Report.

The defined benefit elements of the scheme are unfunded. The Welsh Government recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Welsh Government recognises the contributions payable for the year.

All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised through reserves in the period in which they arise.

Some former Welsh Development Agency staff, current Development Bank of Wales PLC staff and Career Choices Dewis Gyrfa Ltd staff participate in a number of Local Government Pension Schemes in Wales which are multi-employer funded schemes.

Some Welsh Government staff contribute to: Department of Health and the Nurses Welfare Trust schemes.

Employees of Health bodies participate in the NHS pension scheme. Information on this scheme can be found in the NHS Summarised Accounts.

Employees of Transport for Wales participate in the Railways Pension Scheme.

Detailed accounting policies and disclosures of the employer pension liabilities/assets included in the Welsh Government Consolidated Account for consolidated entities can be found in the NHS Summarised Accounts (NEST & NHS Pension Scheme), TfW Group accounts (Defined contribution & Railways pension Scheme), DBW Group accounts (Defined contribution and Local Government Pension Scheme) and Career Choices Dewis Gyrfa Ltd accounts (Local Government Pension Scheme).

A.3.3 Early Departure Costs

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

For pre-merger employees and ex-employees of the former Welsh Development Agency in the Rhondda Cynon Taff Pension Scheme, the Welsh Government meets the additional cost of benefits beyond the scheme benefits in respect of employees who retire early.

A.4 Property, Plant and Equipment

A.4.1 Network Assets

Network assets are valued at depreciated replacement cost (DRC) in line with the guidance in the FReM for specialised assets for which market valuations are not available. To produce these valuations requires the use of assumptions, estimates and professional judgement.

For the road network the model used to produce the valuation is the Road Authorities Asset Valuation System (RAAVS).

For the rail network the model used to produce the valuation is undertaken by TfW with support from Atkins Limited (professional valuers) using data provided by TfW.

Full valuations are undertaken of network assets at intervals not exceeding five years. Interim valuations use a series of standard costs to value the individual components

of the network assets and indices to revalue these on an annual basis. The date of last full valuation for Network Assets are included in Note 4.1.

A.4.2 Road Network

The trunk road network is recognised as a single infrastructure asset in accordance with the applicable guidance outlined in the FReM. However, it comprises four distinct elements that are accounted for differently: land; the road pavement; structures (such as bridges and culverts); and communications (such as variable message signs).

The road pavement element is valued using agreed rates determined to identify the gross replacement cost of applicable types of road on the basis of new construction on a green-field site. These rates are re-valued annually using indices to reflect current prices.

Structures are valued using agreed rates determined to identify the replacement cost of applicable types of structure on the basis of new construction on a green-field site where these are available but special structures, which tend to be one off by their nature, are valued using specific costs that are updated to current prices.

Communications are valued using agreed rates determined to identify the replacement cost of applicable types of communications.

Land is valued using rates from the Valuation Office Agency split by Local Authority and rural/urban values, the valuation also includes an assessment of land purchase compensation costs.

All maintenance that maintains the service potential of the road network will be capitalised. Subsequent expenditure that adds to the service or life of the road network is capitalised.

New roads are reclassified from Assets under Construction when the structural details have been provided by the Agent authority to input into model, which may be some time after the road has opened.

Transfers of the responsibility for maintaining sections of the road as part of the trunk road network from or to the Local Authority network are referred to as 'trunkings' or 'de-trunkings' respectively. The trunking or de-trunking of roads from or to Local Authorities is treated as a transfer from or to other government departments. Roads and structures de-trunked are effectively dealt with as disposals in accounting terms at nil consideration. The associated profit or loss is processed through the general fund.

The indexation factors applied to the model are:

Road Pavement and Structures –
Baxter index

Communications – BEAMA index

Land – Land indices produced
by Valuation Office Agency

Upwards movements in value are taken to the revaluation reserve. Downward movements in value are set off against any credit balance held in the revaluation reserve until the credit is exhausted and thereafter expensed in the Statement of Comprehensive Net Expenditure.

A.4.3 Rail Network

The rail network Core Valley Lines (CVL) asset is recognised as a single infrastructure asset in accordance with the applicable guidance outlined in the FReM. However, it comprises six distinct elements that are accounted for differently: earthworks; structures; electrification, plant and signals; operational property; track; and telecoms.

The DRC is calculated by first determining a gross replacement cost for the CVL Network. The gross replacement cost is then adjusted (or “depreciated”) to reflect management’s best estimate of the condition and capacity of the CVL Network; this adjusted gross replacement cost is the depreciated replacement cost.

The gross replacement cost is determined in line with guidelines issued by the Royal Institute of Chartered Surveyors. The guidelines require specific assumptions including:

- a modern equivalent asset which is treated as being a Network identical in function, scale and connectivity, but constructed using modern specifications and methods; and
- instantaneous build on a green-field site.

To arrive at the final DRC valuation, the gross replacement value is adjusted to reflect management’s best estimate of the remaining useful lives of the assets, taking into account the condition and capacity of the Network.

The indexation factors applied to the model are:

Land – The Consumer Prices Index including owner occupiers’ housing costs (CPIH)

Buildings – The Consumer Prices Index (CPI)

The non-land index has been changed this year from RPI to CPI as TfW believes CPI is a more appropriate rate for applying to infrastructure spend based on the basket of goods used to calculate the index. This change has been treated as a change in accounting estimate and applied prospectively from 2023-24.

All renewals that maintain the service potential of the rail network will be capitalised. Subsequent expenditure that adds to the services or life of the CVL asset is capitalised.

Enhancements and renewals of the CVL asset are included as a single amount at cost as assets under construction, until they are brought into use, at which point the asset is transferred into the Rail Network category and valued at DRC.

Upwards movements in value are taken to the revaluation reserve. Downwards movements in value are set off against any credit held in the revaluation reserve until the credit is exhausted and thereafter expensed in the Statement of Comprehensive Net Expenditure.

A.4.4 Land and Buildings (including Dwellings)

The Welsh Government and its related bodies capitalise freehold property where it is retained for use by the organisation itself. Freehold land and buildings are held at open market value for existing use, the exception is properties of a specialised nature held at depreciated replacement cost. Land and buildings are valued using professional valuations either every five years, or annually, with appropriate indices in intervening years for non-annual valuations. The Welsh Government uses the Investment

Property Databank (IPD) Monthly Index for Midlands and Wales indices.

A.4.5 Plant and Equipment

Plant and equipment (which include plant and machinery, transport equipment, information technology and fixtures and fittings), are carried at historical cost as a proxy for current value. As these asset classes have a short useful economic life, reliable revaluations of these assets could only be obtained at prohibitive cost. No significant estimation techniques are used in the valuation of these asset classes.

The minimum level for capitalisation of individual assets and grouped assets is £5,000.

A.4.6 Heritage Assets

The Welsh Government holds a number of non-operational heritage assets where the cultural, educational and historical value is unlikely to be fully reflected in a financial value derived from a market mechanism or price. These assets are of a specialist nature and reliable valuations either cannot be obtained or could only be obtained at a prohibitive cost. The Welsh Government, therefore, does not capitalise these assets in the accounts.

All operational heritage assets are capitalised on the Statement of Financial Position as part of Property, Plant and Equipment (see Note 4).

A.5 Depreciation

A.5.1 Road Network

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

- i. annual maintenance charge;
- ii. 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 non-current assets note above); and
- iii. calculated depreciation of the structures and communications.

Depreciation is accounted for in respect of the road pavement by reference to the service potential assessed by condition surveys that are carried out over the whole network as part of a rolling programme that covers every section of road at least every five years. The annual depreciation charge for the road surface is the value of the service potential replaced through the maintenance programme, plus or minus

any adjustment resulting from the annual condition survey. The Structures and Communications elements are depreciated using the straight line method applied to the re-valued replacement costs, and also inspected every five years to identify any other changes. Land is not depreciated. Road component lives are in the following ranges:

Network surface	up to 20 years
Network structures	20 to 160 years
Network communication	2 to 15 years
Land	is not depreciated

A.5.2 Rail Network

The components of the railway network are depreciated over their estimated remaining useful economic lives; these are typically weighted averages for a range of components, given the complexity of these structures. These weighted averages are summarised below:

Earthworks	93 years
Structures	24 years
Signalling	16 years
Electrification and Plant	37 years
Operational Property	25 years
Track	14 years
Telecoms	6 years

This is a critical judgement based on the available data, careful judgement is required in some cases, especially for components that are rarely replaced, such as structures and earthworks. Some components are capable of very long lives, however for this valuation, lives are capped at 100 years due to inherent uncertainty beyond that period.

Depreciation methods, useful lives and residual values are reviewed at each Statement of Financial Position date.

A.5.3 Other Assets

Depreciation is provided at rates calculated to write-off the value of intangible assets and other property, plant and equipment assets by equal instalments over their estimated useful lives.

Dwellings	Remaining life
Freehold buildings	up to 85 years
Plant, machinery & Transport equipment	5 to 15 years
Information technology	3 to 10 years
Intangible software assets	2 to 10 years
Fixtures & fittings	3 to 20 years

Freehold Land and Assets under Construction are not depreciated.

Impairments of tangible fixed assets are charged to the Statement of Comprehensive Net Expenditure in the period in which they are incurred.

A.6 Financial Assets

Financial assets are recognised when Welsh Government becomes party to the financial instrument contract. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

All financial assets are accounted for in accordance with IFRS 9 Financial Instruments, as adapted and interpreted by the FRoM. On initial recognition, all financial assets are measured at fair value.

A.6.1 Subsequent Measurement – Amortised Cost

Other Financial Assets

Welsh Government issues loans and repayable finance to group companies, including Development Bank of Wales, other public sector bodies and private sector companies for the purpose of economic development or policy implementation objectives. These financial assets are held for the purpose of collecting the contractual payments of the principal and any interest chargeable, and are held at amortised cost in accordance with IFRS 9. Expected credit losses are recognised where material.

Loans made by Development Bank of Wales are accounted for in accordance with IFRS 9 whereby debt instruments held to collect contractual payments of the principal and interest are held at amortised cost. Full details of the Development Bank of Wales accounting policies for financial assets including expected credit losses are set out in the accounts of Development Bank of Wales PLC.

A.6.2 Subsequent Measurement – Fair Value through Statement of Comprehensive Net Expenditure

Student Loans

In accordance with the FReM application of IFRS 9, student loans are classified as Loans and Receivables and are carried at fair value through Statement of Comprehensive Net Expenditure. Detailed explanation of the valuation approach is set out in Note 6.

The Welsh Government's accounting policy is to recognise an addition to the student loan book once the Student Loans Company (SLC) has issued the loan to the student. Student loan repayments are collected by the SLC and His Majesty's Revenue and Customs (HMRC). For repayments made via the SLC, the Welsh Government recognises the repayment when the SLC has received the cash and updated the borrower record. For repayments collected via the tax system, this is recognised when the amounts

which HMRC estimate as being due to the Welsh Government for the financial year are received. Student loans values are shown net of estimated future write-offs in respect of the non-recovery of loans and are reviewed annually.

Help to Buy Wales

Help to Buy Wales loans managed by Development Bank of Wales are shared equity loans and are held at fair value through the Statement of Comprehensive Net Expenditure. Further detail on the Help to Buy Wales fair value model can be found in Note 6 and the accounts of Development Bank of Wales PLC.

A.6.3 Equity Investments

Investments in subsidiary group entities are held at cost in accordance with IAS 27 Separate Financial Statements, as adapted by the FReM. Investments in joint ventures are held at fair value.

Development Bank of Wales equity investments are held at fair value through Statement of Comprehensive Net Expenditure.

A.6.4 NHS Trusts Public Dividend Capital

The Welsh Government's investment in NHS Trusts is represented by Public Dividend Capital which is held at historic cost less

impairments, in accordance with the FReM interpretation of IFRS 9. On consolidation of the NHS Summarised Accounts, the Public Dividend Capital investment is eliminated.

A.7 Financial Instruments

IFRS 7 Financial Instruments requires the disclosure of information which allows the user to evaluate the significance of financial instruments on financial performance, and the nature and extent of its exposure to risks arising from financial instruments.

As the majority of the Welsh Government's resources are met by the Welsh Consolidated Fund, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size.

A.7.1 Credit Risk

The Welsh Government's objective is full recovery of debt, which we actively pursue. The policy is to operate normal credit control procedures for the management of risk of default by trade debtors through the Accounts Receivable function. Due to the nature and value of debtors, the credit risk associated is deemed as minor.

IFRS 9 introduced a forward looking model of expected credit loss, and a three-stage approach to providing for debts. Due to the low credit risk, stage 1 and 2 expected credit losses for Welsh Government are immaterial.

Stage 3 provisions for doubtful debts are made once debts are over 6 months old.

The Welsh Government has a statutory obligation to issue student loans, and is not permitted to withhold loans on the basis of poor credit rating. Exposure to the risk of non-repayment of loans is managed and monitored, and the impact is accounted for in the annual valuation.

A.7.2 Market Risk

The main risks are to the Student Loan portfolio from a downward movement in the economy that could result in an increase in borrowers' unemployment, impacting on their ability to repay student loans. Student loans are also impacted due to the potential resultant negative impact on graduate earnings growth, which lengthens the time period before loans are in repayment and extends the repayment period. This may impact the carrying value in the accounts. It can also lead to an increase in write-offs as it increases the likelihood that some graduates may not repay their loans in full by the end of the loan period.

A.7.3 Foreign Currency Risk

The Welsh Government is exposed to negligible currency risk on its foreign currency transactions, except for funds received from the European Union to

the Welsh European Funding Office.

Private sector mitigation options are not available. However, total funding received from the European Commission is managed to ensure the available funding is flexibly allocated to projects, enabling targeted expenditure levels to be met. Funding claims from the Commission are also prompt to limit delays between incurring expenditure and its reimbursement.

A.7.4 Interest Rate Risk

The Welsh Government's variable rate financial assets are predominantly its student loans which have an interest rate cap set at RPI or the Bank of England base rate plus 1%. The interest rate on pre-2012 loans is the lower of RPI and the Bank of England base rate plus 1%. The amount of interest repayable is therefore subject to fluctuations in the base rate and RPI. The probability of Welsh Government recovering the face value of loans issued is increased when the Bank of England base rate is low and the rate of inflation is comparatively high, because the base rate cap comes into operation for these loans. The impact of the interest rate risk for student loans issued under the pre-2012 scheme is factored into the carrying value as the student loan repayment model calculates the impact of interest rate on expected future cash flows.

There is inherent risk in forecasting the amount of interest payable and if base rates that are lower than RPI are experienced, the future cash flows will be impaired further.

A.7.5 Liquidity Risk

The Welsh Government only borrows from the National Loans Fund, and relies primarily on funding received from the UK Parliament via the Welsh Consolidated Fund for its cash requirements. There is no reason to believe that future funding will not be forthcoming, therefore on this basis it is 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 rate risk other than the risks arising from receipt of funds from the European Commission in Euros.

Where the time value of money is material, provisions are discounted to present value using HM Treasury's real discount rates.

A.8 Inventories

Development assets, comprising land held for future development and built properties not required for own use, which are held with the ultimate intention for resale, are shown at the lower of historic cost and professional asset valuation, any impairment on revaluation being written off to the Statement of Comprehensive

Net Expenditure. Material reversals of prior year impairments are written back to the Statement of Comprehensive Net Expenditure where there is current evidence of increased value resulting from earlier year's expenditure.

Other Inventories are valued at the lower of replacement cost and net realisable value. The Welsh Government does not consider there to be a material difference between the replacement cost and historic cost of stocks. Stocks with a finite useful life are written-off at the end of their lives.

A.9 Trade and Other Receivables

Trade and other receivables are initially recognised at fair value, typically the transaction price. Thereafter, where the time value of money is material, they are held at amortised cost using the effective interest method, less an estimate of likely impairment. Impairment of trade receivables is calculated through an expected credit loss model.

A.10 Cash and Cash Equivalents

Cash and cash equivalents balances are analysed between those held with the Government Banking Service and those held in commercial banks. The carrying amount

of the bank balances approximates to their fair value.

A.11 Trade and Other Payables

Trade and other payables are initially recognised at fair value, typically the transaction price. Thereafter, where the time value of money is material, they are held at amortised cost using the effective interest method.

A.12 Provisions

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions for liabilities and charges are made at the year-end where present legal or constructive obligation exists (i.e. a present obligation arising from past events), the outflow of resources that will be required to settle the obligation is probable and a reasonable estimate of the obligation can be made.

Where the time value of money is material, provisions are discounted to present value using HM Treasury's discount rates.

A.13 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Welsh Government, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

Contingent liabilities are disclosed in Note 12, as required by IAS 37, where the likelihood of a transfer of economic benefit in settlement is judged as greater than remote.

Remote contingent liabilities are disclosed in Note 12.2, as required by the FReM, for transparency. Remote contingent liabilities include guarantees, indemnities and letters of comfort.

A.14 Leases

Welsh Government accounts for leases in accordance with IFRS 16 Leases, as interpreted and adapted by the FReM.

A.14.1 As a Lessee

Where a lease is identified, a right-of-use asset and a corresponding lease liability are recognised at the commencement date.

This is with the exception of short-term leases and leases for which the underlying asset is of low value. For such leases, the lease payments are recognised as an expense on a straight-line basis over the lease term.

Short-term leases are those with a term of twelve months or less. A £5,000 threshold has been set for identifying assets that are of low value.

A.14.2 Initial Measurement

The lease liability is calculated based on the present value of unpaid lease payments over the applicable lease term determined in accordance with IFRS 16 Leases. The lease liability is discounted using the HM Treasury rates promulgated in PES papers as the incremental borrowing rate.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

A.14.3 Subsequent Measurement

The lease liability is adjusted for the accrual of interest, payments, reassessments and modifications, for example reappraisals of the probability of the options given by the existing lease contract, such as where an extension option is no longer expected to be exercised.

Right-of-use assets are depreciated on a straight-line basis over the associated lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Right-of-use assets are subsequently measured using the cost model as a proxy for current value in existing use. The cost model is used as a proxy because there is no material difference between the valuation produced by the cost model as compared to the revaluation model.

A.14.4 As a Lessor

Where Welsh Government acts as a lessor, it is determined at lease inception whether each lease is a finance lease or an operating lease. Lease payments received under operating leases are recognised as income on a straight-line basis over the lease term.

A.15 Capital and Other Financial Commitments

The FReM requires disclosure of capital and other financial commitments.

Capital commitments disclosed in Note 16.1 are capital 'non-cancellable contracts' not otherwise included in the financial statements. Other financial commitments disclosed in Note 16.3 are 'non-cancellable contracts' not already recognised on the

Statement of Financial Position which are not leases, PFI contracts, or other service concession arrangements. Grant commitments are not within the scope of these disclosures.

A.16 Private Finance Initiative and Other Service Concession Arrangements

HM Treasury has determined that government bodies shall account for infrastructure service concession schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement in accordance with the principles of the requirements of IFRIC 12 Service Concession Arrangements.

The service concession asset is recognised as an item of property, plant and equipment together with a liability to pay for it.

The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the service concession asset, including finance costs; and

- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

The fair value of services received in the year is recorded under the relevant expenditure headings within programme costs.

Service concession assets are recognised as property, plant and equipment when:

- a) it is probable that future economic benefits associated with the asset will flow to the organisation; and
b) the cost of the asset can be measured reliably.

The above asset recognition criteria, together with the specific terms and conditions of the binding agreement, are considered when determining whether to recognise the service concession asset during the period in which the asset is constructed or developed.

Service concession assets under construction are recognised and valued in the same way as other non-current assets of the same generic type.

Completed service concession assets are measured initially at fair value when they come into use in accordance with the principles of IFRS 16. Subsequently the assets are measured at fair value, which is kept up to date in accordance with the principles of IAS 16.

The service concession liability is recognised at the same time as the service concession asset. This is measured at the same amount as the fair value of the service concession asset and is subsequently measured as a lease in accordance with IFRS 16. An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period and is charged to the Statement of Comprehensive Net Expenditure. The element of the annual unitary payment that is allocated as a lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

A.17 Newly issued accounting standards not yet effective

A number of revised and new accounting standards and interpretations have been issued but are not yet effective and have therefore not been adopted in these accounts, these are currently being considered by the Financial Reporting Advisory Board (FRAB) for inclusion within a future FReM. The following Standard may have an impact on future Welsh Government Consolidated Accounts when adopted:

A.17.1 IFRS 17 Insurance Contracts – effective 1 April 2025

The International Accounting Standards Board (IASB) has issued IFRS 17 Insurance Contracts which replaces IFRS 4 Insurance Contracts. The new standard sets clearer expectations on the recognition, classification and measurement of assets and liabilities in relation to insurance contracts. IFRS 17 is effective for accounting periods beginning on or after 1 January 2023. HM Treasury has issued guidance on the application of the Standard noting the mandatory adoption for central government bodies of 1 April 2025, with early adoption permitted on a case-by-case basis.

A.17.2 Non-Investment Asset Valuation

During 2023-24 HM Treasury consulted on proposals to change the valuation approach applied to property, plant and equipment and intangible assets. Any changes are expected to take effect from 1 April 2025. As the text of the final amendment to the FReM has not yet been published, it is not yet possible to provide an estimate of the likely impact.