

# National Assembly for Wales Resource Accounts

2011-12



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

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

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## Management Commentary

These accounts have been prepared in accordance with the Treasury Direction issued under Section 137 of the Government of Wales Act 2006. The financial statements comply with the requirements specified in H M Treasury's Financial Reporting Manual and are supported by explanatory notes.

These accounts set out the financial impact of decisions made by the Commission both within the financial year and arising from previous financial years. To gain a better understanding of what the Commission has achieved over the course of the year, please see the more detailed Annual Report published alongside these accounts. Information about the Assembly and Commission is also available on the Assembly website at [www.assemblywales.org](http://www.assemblywales.org) and [www.cynulliadcymru.org](http://www.cynulliadcymru.org).

### History, statutory background and principal activities

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

The Commission was established in May 2007 under Section 27 of the Government of Wales Act 2006 (the 2006 Act) and has a duty to ensure that the Assembly is provided with the property, staff and services it requires. The Commission is made up of five Commissioners: the Presiding Officer, who chairs the Commission and four other Assembly Members appointed by the Assembly. The Clerk of the Assembly (appointed under Section 26 of the 2006 Act) is the Chief Executive of the Commission and its Principal Accounting Officer. In practice the Commission has delegated its operational responsibilities to the Chief Executive and Clerk, with some exceptions. Its staff, appointed under paragraph 3 of Schedule 2 to the 2006 Act, are referred to as Assembly staff. The Commission is independent of Ministers of the Welsh Government ("Welsh Ministers").

The Commission provides the infrastructure, salaries and allowances which enable Assembly Members to undertake their duties both at the Assembly premises in Cardiff Bay (the Senedd and Tŷ Hywel) and in their local offices. It provides the facilities and staff to allow the Assembly and its committees to meet and encourages public awareness of and engagement with the democratic process. The Commission's purpose is to make the Assembly an accessible and effective parliamentary body that inspires the confidence of the people of Wales.

Building on the work of the previous three Assemblies, the Commissioners' agreed strategy for the Fourth Assembly 2011-2016 sets the following goals:

- Provide outstanding parliamentary support;
- Engage with the people of Wales;

- Promote Wales; and
- Use resources wisely.

## The Assembly Commission

*The Commissioners during 2010-11 were:*

Rt Hon Lord Elis Thomas,  
Presiding Officer to May 2011

William Graham

Lorraine Barrett

Peter Black

Christopher Franks

*Term of office*

9 May 2007 – 11 May 2011

6 June 2007 – 25 May 2011

6 June 2007 – 25 May 2011

6 June 2007 – reappointed 25 May 2011

18 September 2007 – 25 May 2011

*Commissioners appointed in May 2011, by resolution of the Assembly are:*

Rosemary Butler AM  
Presiding Officer from May 2011

Peter Black AM

Angela Burns AM

Rhodri Glyn Thomas AM

Sandy Mewies AM

Elected 11 May 2011

Reappointed 25 May 2011

Appointed 25 May 2011

Appointed 25 May 2011

Appointed 25 May 2011

The Commission has portfolio arrangements whereby Commissioners take a lead interest in specific issues. These are explained in full in the Annual Report.

## Independent Advisers

The Commission has appointed the following independent advisers:

Mair Barnes\*  
(Nov 2007 - Nov 2013)

Tim Knighton#  
(Nov 2007 - Nov 2012)

Richard Calvert#  
(Nov 2007 - Nov 2013)

Professor Robert Pickard#  
(Nov 2007 - Nov 2012)

The advisers provide independent, constructive challenge to the Assembly Commission(\*) and through membership of the Assembly Commission Audit Committee(†) as well as providing input to a range of other areas of the Commission's work.

## Review of the Financial Year

At the March 2011 referendum on the National Assembly for Wales's legislative powers, the people of Wales voted in favour of granting the Assembly further powers to make laws in Wales. The Assembly is now able to pass laws on all subjects in the 20 devolved areas without first needing the agreement of the UK Parliament.

This is a significant constitutional change for the Assembly bringing into effect *Acts of the Assembly*, Part 4 of the Government of Wales Act 2006. The Assembly agreed changes to its Standing Orders to take account of Part 4 of the Act and the Commission has restructured itself and key processes to ensure it delivers the most effective support for Members' exercising these new functions.

With the Assembly in dissolution for the first time prior to the election held in May, the first month of the financial year was a period for finalising the planning and preparation in readiness for the newly elected Assembly Members. As new and re-elected Members' started to arrive in Cardiff Bay following the results of the election held on 5 May 2011, oaths were sworn, photos taken and keys to offices handed over together with advice and guidance to help new and returning members find all they required in these early fourth Assembly days.

The first plenary of the fourth Assembly was held on 11 May 2011 with 23 new Members in office and 37 returning Members. The first item of business for the new Assembly was paying tribute to the former member Brynle Williams who had sadly passed away before the election at the age of 62. Brynle had represented the North Wales region at the Assembly since 2003. At that meeting the Assembly also elected a Presiding Officer, a Deputy Presiding Officer and nominated a First Minister.

After electing these office holders and appointing its Commissioners in May, the Assembly had its formal opening on 7 June 2011. In attendance was Her Majesty The Queen along with other royalty and distinguished guests. Photos and video of the day's events can be found [here](#).

The Assembly also considered the nomination and election of two Members who were subsequently found to be subject to disqualification as a result of being members of organisations listed in the National Assembly (Disqualification) Order 2010. The Assembly resolved that the disqualification be disregarded in relation to one of those Members.

With the new Assembly officially open for business, the next significant step was to establish committees. The structure includes five committees which have a dual role of looking at both policy and legislation in the subject areas: Children and Young People; Environment and Sustainability; Health and Social Care; Communities, Equality and Local Government; and Enterprise & Business.

In addition, there are committees responsible for delivering specific function: Petitions Committee, Public Accounts Committee, Finance Committee, Standards Committee; and a committee overseeing Constitutional and Legislative Affairs.

Speaking about the new structure, the Presiding Officer, Rosemary Butler said “The new committee system means that the detailed subject knowledge of individual Members will be brought to bear on the scrutiny of legislation as well as government policy. And so, at the same time as simplifying the system, the Assembly is also creating the structure and environment for better scrutiny of Bills, policy and finance.”

With a clear strategic direction, new goals, new Committees and new Standing Orders, the procedural guidance for the Assembly, the Commission addressed infrastructure and staff resource changes needed within the organisation.

A new project to refresh the ICT infrastructure in the Senedd commenced in the year. The technology was installed as part of the Senedd building project in 2006. It provides the infrastructure which underpins the multimedia systems used by Assembly staff, Assembly Members, and the public whilst in the Senedd. The software used by Assembly Members, the Welsh Ministers, and Assembly Staff in the Siambr during Plenary meetings, provides an electronic voting and messaging system and acts as a gateway for users to access data and systems used elsewhere on the Assembly estate. It also controls the availability of audio visual and multimedia content on electronic devices spread throughout the Senedd, as well as linking in to the Building Management System to control devices within the committee rooms, such as blinds. This project will be delivered in three phases at an estimated cost of £1.4million including expenditure in the current year.

During the financial year, the Commission invited applications for a Voluntary Exit Scheme, following the one held in 2010. This 2012 Scheme was designed with the ambition of ensuring the staff skills mix were aligned with business priorities. Specifically, the scheme aimed to ensure that the Commission’s staffing complement and structure would be capable of supporting the delivery of outstanding parliamentary support during the Fourth Assembly by

- Allowing the organisation to respond to shifts in our skill requirements;
- Improving workforce efficiency;
- Facilitating organisational change; and
- Delivering long-term savings where possible and/or avoiding additional costs in meeting skill shortages.

## Financial performance for the year

The first Assembly Measure proposed by the Commission established an independent review body (“the Remuneration Board”) to make decisions on all aspects of financial support for Assembly Members, to take account of changing responsibilities in the work of Assembly Members and to review the effectiveness and impact of the uprating process. This meant that the remit of the Commission and the way it organised its budget and aspects of service provision changed.

With effect from 1 April 2011, the Commission identified three separate funding streams. One was for the expenditure which continued to be under the Commission’s direct control, one for expenditure determined by the Remuneration Board, and additionally, a new ambit to cover the accounting provision for the Members’ Pension Scheme under the HM Treasury’s Annually Managed Expenditure heading. The Chief Executive and Clerk of the Assembly remains accountable for all areas of expenditure in her capacity as the Accounting Officer.

The Commission’s expenditure is financed from the Welsh Consolidated Fund. The net resource outturn for 2011-12 in total was £46.2million (£43.7million 2010-11). This breaks down into the three separate sums providing the following detail:

- Resources for use by the National Assembly for Wales Commission under spend for the year totalling £0.331million or 1.0% against a corporate target of 2%.
- Resources in respect of the Remuneration Board decisions under spend for the year totalling £0.881million or 6%.
- Resources for the Members’ Pension Finance Costs - Annually Managed Expenditure under spend for the year totalling £0.088million (£2.192million in 2010-11).

In 2010-11 the Commission reported an under spend of £0.322million or 0.7% against the corporate target 2% in total.

Salaries and allowances of Assembly Members, which included allowances for securing staff and constituency/area based accommodation to assist them in the discharge of their duties, cost £12.2million (£12.7million 2010-11). In addition a one-off budget to cover election costs was provided to the value of £3.460million. Following the election and the confirmation that 23 members had changed against an estimated 30, the Commission laid a supplementary budget during the year returning £1.8million of unused election funds. This reduced the budget to £1.660million against which costs of £1.576million have been charged.

The salary and related costs of staff employed by the Commission remained at £14.0million (£14.1million 2010-11); accommodation, ICT and other running costs amounted to £17.5million (£16.6million 2010-11); and rental income, car parking receipts and merchandise sales from the Assembly Shop amounted to £0.2million (£0.1million for 2010-11).

The above figures exclude the salary related costs of the Presiding Officer and the Deputy Presiding Officer, Auditor General for Wales, Commissioner for Standards and Public Services Ombudsman for Wales. These salaries are paid by the Commission but, by statute, are a direct charge on the Welsh Consolidated Fund. Consequently, they are excluded from the net resource outturn of the Commission. In 2011-12, the total cost for these was £0.6million (£0.6million 2010-11).

At 31 March 2012, the Commission's net assets amounted to £63.5million (£67.8million at 31 March 2011).

## **Future Developments**

Against the continuing backdrop of public sector spending restraint, the Commission approved a budget strategy for the fourth Assembly that delivers real-terms reductions in spend although it recognised that it had not been appropriate to cut too deeply in certain areas. The Commission's budget for 2012-13, approved by the Assembly on 16 November 2011, maintains the status quo of in relation to the Commission's cost compared with total amount of public expenditure controlled by the National Assembly (the 'Welsh Block'). The £47.0 million 2012-13 Budget continues to represent 0.3% of the Welsh Block.

The tightening of public sector funding will continue to feature significantly in coming years, not only in how the Commission delivers value for money through its services, but importantly, in how the Commission ensures that Assembly Members are provided with the tools, advice and support they need in order to fulfil their roles effectively including: greater scrutiny of Welsh Government policy and spending decisions; wider engagement with the people of Wales to ensure the Assembly delivers for them; making good laws for Wales in response to the yes vote in the referendum.

The Commission faces a considerable challenge to balance the increasing expectations on the Assembly and its Members within tighter financial resources. However, a strong culture of success pervades Assembly services as does a strong sense of stewardship of public funds and spending public money wisely. A key policy in demonstrating these values is the Value for Money programme. has three key themes:

- Process simplification;
- Maximising benefits and savings from smarter procurement and robust contract management; and
- Improving management information.

The Commission exceeded its £0.350million target in 2011-12 so it has set a more challenging £0.5m target for 2012-13. The majority of these savings will delivered through staff restructuring following the recent exit schemes. Another growing area of savings arises from IT system enhancements and the impact on our business processes. The Commission

will continue in its drive for efficiencies and value for money but will not compromise on the quality of essential services the Assembly rightly needs to deliver for the people of Wales.

The Commission will need to balance its future investment decisions within its constrained budget. Specifically, its ICT resources and structure are an instrumental part of the Commission's ability to deliver services. The Commission is developing its ICT and Information Strategy for the Assembly and plans for future service delivery. To further strengthen the ICT resource, the Commission appointed David Tosh to the newly created role, Director of ICT.

In planning for its future provision of ICT Services, the Commission needs to ensure it is ready for change arising from the expiry of the £2.3million per annum ICT contract. The Future Service Analysis project team is to undertake the evaluation and business case preparation work, with the aim of having the options analysis finished by the end of 2012.

### **Environmental Matters**

The Commission recognises that its activities may have positive and negative environmental impacts in Wales and further afield. During 2011-2, the Commission continued to implement its environmental policy as measured by its targets. Further information on our achievements is in the Annual Report.

### **Senior Management and Assembly staff**

The senior management team (the Chief Executive and her Directors) employed by the Commission through the year and to the date of signing the accounts, were:

Claire Clancy	Chief Executive and Clerk of the Assembly, Principal Accounting Officer
Dianne Bevan	Chief Operating Officer
Adrian Crompton	Director of Assembly Business
Keith Bush	Director of Legal Services and Chief Legal Adviser

The Remuneration Report within these accounts contains information about the salary and pension entitlements of the named individuals, and their travel and subsistence claims for the year. The senior management hold their appointments on a continuing basis.

### **Staff numbers**

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

	<u>31 March 2012</u>	<u>31 March 2011</u>
Employed staff	341.8	322.9
Seconded staff	4.6	3.8

### **Investors in people**

The Commission continues to utilise the Investors in People Standard as a framework of best practice against which to benchmark its people policies and practices and we continue to use the feedback from the external assessment against the standard to ensure that we retain the Gold Standard awarded in 2010 when next assessed in early 2013.

During the year a People Strategy for the Fourth Assembly has been developed and launched. The strategy reflects the Assembly's new constitutional position and new law making powers and provides a framework to help ensure the Assembly continues to receive outstanding support. The strategy includes clear links between our people policies and practices and our strategic objectives to ensure focus to our work and help demonstrate the wise use of resources.

### **Employee Relations and Communication**

During the year the Commission has enhanced relationships with the recognised trade Union's following a review of our partnership working arrangements and the policies underpinning these.

Building on the learning opportunities arising from our IIP assessment in 2010 a staff survey was launched during the year and a task and finish group has been established to build on existing communication methodologies that include a staff Intranet page, electronic Informal staff news magazine (the Slate) team and all staff meetings.

### **Equality and Diversity**

Our vision is to be a leading organisation in our commitment to promoting equality, valuing diversity and respecting human rights in our capacity as an employer and as an organisation that provides support for Assembly Members and interacts with the public.

Our [Equality Scheme](#) sets out the Assembly Commission's approach to meeting its equality duties in its role as an employer and provider of services to Assembly Members, their staff and members of the public. The Scheme covers the period November 2008 to March 2012.

Since our Scheme was published in 2008, we have increased our engagement with under-represented groups across Wales, developed inclusive staff policies and have improved the mechanisms in place to support Assembly Members. When developing our Equality Plan 2012-2016 we consulted widely with a range of diverse groups across Wales. You can find further information including our annual equality reports on our website,

<http://www.assemblywales.org/abthome/equalities.htm>

## **Learning and development**

The Assembly Commission are committed to developing a learning culture where the skills, knowledge and behaviours of our staff are continuously developed to deliver outstanding parliamentary support. Through the creation of a learning culture where employees are engaged in building capabilities for the future; where learning is about sharing knowledge and experience to drive improvement and deliver business strategies we are developing a workforce that is expert in supporting the business of the National Assembly.

In pursuit of these aims, in 2011-12, the Commission introduced an in-house Leadership and Management Development programme and delivered coaching and mentoring opportunities through our own in-house trained coaches. This latter activity built on the 2010-11 success in developing staff to be coaches or mentors.

## **Health and Safety**

Health and Safety cover the practical elements of ensuring the health, safety and welfare of all staff, AMs and their support staff, contractors and visitors to the Assembly estate in Cardiff Bay and Colwyn Bay. The team ensures the organisation's statutory compliance with current legislation. This includes producing policies and procedures, carrying out risk assessments and organising relevant training opportunities.

During the year specialist training was provided for manual handling, first aid at work defibrillators and evacuation chairs. Events to raise awareness included blood pressure and stress topics.

## **Sickness absence data**

The overall sickness absence rate for the year was 6.78 average working days per person 3.08% (7.01 working days 3.19% 2010-11) against a target for the year of 7 working days per person.

## **Pension Liabilities**

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

## **Personal Data Related Incidents**

There have been no investigations into personal data related incidents during 2011-12.

## **Supplier Payment Policy**

Since 2009, the Commission's target is to pay all suppliers within 10 working days of receipt of invoices not in dispute. Payments performance for the year averaged 96.7% paid within 10 days (92% average for 2010-11).

## **Audit**

The Accounts are audited by the Auditor General for Wales in accordance with Section 137 of the 2006 Act. The agreed cost for the audit of the 2011-12 accounts is £59,450 (£59,450 2010-11).

## **Disclosure of Relevant Audit Information**

As Principal Accounting Officer, I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information.

## **Events Occurring After Year End**

There were no significant events occurring between the year-end and the completion of these accounts.

**Claire Clancy**  
**Chief Executive and Clerk of the Assembly**

**Date: 09 July 2012**

# REMUNERATION REPORT

## Remuneration Policy

The Remuneration Board (the Board) established by the National Assembly for Wales Remuneration Measure 2010 has responsibility for setting Members' Pay and Allowances. The Board became operational in September 2010. The four members of the Board, Sandy Blair CBE, Mary Carter, Stuart Castledine, and Professor Monojit Chatterji, receive a day rate of £185 and the Chair of the Board the Rt Hon George Reid receives a day rate of £243. The appointments are for a five year term.

The Board's report, Fit for Purpose published in March 2011, concluded that the 2010-11 salary of £53,852 should be fixed for four years from the start of the 4<sup>th</sup> Assembly. This level of salary was confirmed in the Determination on Members' Pay and Allowances (No.2) published in July 2011. Four Members opted not to draw their full entitlement for the 2011-12 financial year (nine Members 2010-11).

The following Members were entitled to additional annual salaries as follows:

	From 1 April 2011	From 1 April 2010
Presiding Officer	£41,949	£41,950
Deputy Presiding Officer	£26,385	£26,385
Assembly Commissioners	£12,420	£12,168
Chairs of committees <sup>1</sup>	£12,420	£12,168
Chairs of other committees <sup>2</sup>	£8,280	£8,112

This table was subject to audit

From April 2011 the Leader of the political group without an executive role will receive an additional office holders allowance calculated using a base level of £12,420 plus an additional £1,000 for every Member of the group to a maximum salary of £41,949. The resulting range of office holders' allowance is £17,420 - £26,420.

The new position of Business Managers for political groups started from April 2011. Business Managers receive an additional office holders' salary calculated using a base level of £6,210 plus an additional £250 for every Member of the group to a maximum salary of £12,420. The resulting range of office holders' allowance is £7,460 - £12,420. There are no comparative figures for 2010-11.

<sup>1</sup> Committees were Children and Young People; Environment and Sustainability; Health and Social Care; Communities, Equality and Local Government; Enterprise and Business; Constitutional and Legislative Affairs; Finance Committee; Public Accounts.

<sup>2</sup> Other committees were; Petitions; Standards of Conduct.

Of those entitled to such additional salaries the following did not draw their full entitlement in 2011-12.: 6 for the full year, 5 until the time of the elections, and 5 from the time of the election. (16 Members 2010-11)

The Commission does not provide any benefits-in-kind.

Assembly Members are members of the National Assembly for Wales Members' Pension Scheme for which separate annual accounts are published via the Assembly website [www.assemblywales.org](http://www.assemblywales.org).

The Commission pays the salaries and related costs of Welsh Ministers and these are disclosed as a note within the Welsh Government Consolidated Resource Accounts although they are charged to the Commission's resource accounts.

The appointments of the four independent advisors to the Commission made in November 2007 (for an initial three year period) were extended in November 2010 (in accordance with the terms relating to these appointments). As a result, two appointments were extended until November 2012 and two until November 2013, thus providing an element of continuity in the arrangements. The advisors receive non-pensionable emoluments of £5,000 per annum (£7,000 per annum for the Chair of the Audit Committee).

## **Remuneration Committee**

The Commission has a Remuneration Committee of three independent members to assist the Commission and Chief Executive in ensuring that we meet the highest standards of probity and accountability for the use of public funds and specifically, for appraisal and remuneration policies and systems.

Its membership is Tony Morgan (Chair of Audit at Geldards and retired partner at PricewaterhouseCoopers), and two of the Commission's independent advisers: Professor Robert Pickard and Tim Knighton. The Chair of the Remuneration Committee (appointment runs until January 2014) receives a non pensionable emolument of £1,250 per annum.

During the year the committee's work involved considering the remuneration of the Chief Executive and Directors and ensuring that the terms and conditions of Assembly staff are broadly in line with those applying to Welsh Government staff (per Paragraph 3 of Schedule 2 to the Government of Wales Act 2006). With effect from 1 April 2008, following the Remuneration Committee's consideration of the proposal and agreement /consultation with the Commission, a unified pay scale was created for all staff employed by the Commission including Directors and the Chief Executive.

## Service contracts

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

Unless otherwise stated below, Assembly staff 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.

## Salaries and pension entitlements

The following sections provide details of the remuneration and pension interests of office holders and senior staff. These are presented in banding ranges for salary and pension.

The Assembly Commissioners, other than the Presiding Officer, are entitled to an annual salary of £12,420 in addition to their Assembly Member pay. Their pension details are not included below because only part of their remuneration relates to their roles as Commissioners. Their accrued pension and CETV as Commissioners cannot be disaggregated from the total amounts accrued.

Name and title	Salary 2011/12	Salary 2010/11	Real increase in pension and related lump sum at age 65	Total accrued pension at age 65 and related lump sum at 31/3/12	CETV at 31/3/11	CETV at 31/3/12	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Office holders</b>							
Lord Elis Thomas AM - <i>Presiding Officer (service ended 11/5/11)</i>	10-15	90-95	2.5-5	40-45	789	796	(1)
Rosemary Butler AM - <i>Presiding Officer (service started 12/5/11) service as Deputy Presiding Officer ended 11/05/11)</i>	80-85	75-80	0-2.5	20-25	356	399	12
David Melding AM - <i>Deputy Presiding Officer (service started 12/5/2011)</i>	70-75	0	0-2.5	15-20	212	259	8

Senior Management							
Name and title	Salary 2011/12	Salary 2010/11	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 and related lump sum at 31/3/12	CETV at 31/3/11	CETV at 31/3/12	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Claire Clancy - <i>Chief Executive and Clerk of the Assembly</i>	135-140	135-140	-0-2.5 plus lump sum of -- 0-5	55-60 plus lump sum of 170-175	1,048*	1,114	(25)
Dianne Bevan - <i>Chief Operating Officer</i>	115-120	115-120	-0-2.5	55-60	857*	913	(18)
Adrian Crompton - <i>Director of Assembly Business</i>	105-110	100-105	0-2.5 plus lump sum of 0-5	30-35 plus lump sum of 90-95	427*	479	15
Keith Bush - <i>Director of Legal Services</i>	95-100	110-115	0-2.5	15-20	349*	371	8

This table was subject to audit

\* The actuarial factors used to calculate CETV's were changed in 2011/12. The CETV's at 31/03/2011 and 31/03/2012 have both been calculated using the new factors, for consistency. The CETV at 31/03/2011 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Dianne Bevan will leave under Voluntary Exit terms on 8 August 2012. She will receive a compensation payment of £187,662 which has been accrued in these accounts.

## Salary

Salaries are the amount earned in the financial year and include all remuneration payable. They do not include Employer's National Insurance or Superannuation contributions. There are no benefits in kind or performance related bonuses payable in 2011-12 (none 2010-11). The salary costs for the Presiding Officer and Deputy Presiding Officer were a direct charge on the Welsh Consolidated Fund with effect from May 2007.

	2011-2012		2010-2011
	Salary		Salary
	£'000		£'000
Band of highest paid Director	135-140		135-140
Median Total Remuneration	27,897		27,830
Ratio	4.8		4.8

The relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the workforce has remained the same in 2011-12 and 2010-11.

The banded remuneration of the highest-paid director in the National Assembly for Wales Commission in the financial year 2011-12 was £135k-£140k (2010-11 £135k-£140k) This was 4.8 times (2010-11 4.8) the median remuneration of the workforce, which was £28k (2010-11 £28k)

In 2011-12, and 2010-2011 there was no remuneration received in excess of the highest-paid director. Remuneration ranged from £17.4k to £117k

### **Cash Equivalent Transfer Values (CETV)**

This 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 pension benefits they have 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 to the pension scheme, not just their current appointment as a Minister. CETVs are calculated 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 is the element of the increase in accrued pension funded by the Commission. It excludes increases due to inflation and contributions paid by the Member (including the value of any benefits transferred from another pension scheme or arrangement) and is worked out using common market valuation factors for the start and end of the period.

## Travel and subsistence

Claims made by and on behalf of the Chief Executive and Directors for travel and subsistence and other business expenses over the last two years were as follows:

	Claire Clancy <i>Chief Executive &amp; Clerk</i>		Dianne Bevan <i>Chief Operating Officer</i>		Adrian Crompton <i>Director of Assembly Business</i>		Keith Bush <i>Director of Legal Services</i>	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	£	£	£	£	£	£	£	£
Car mileage	-	-	-	4	-	54	-	-
Taxi/Car hire	22	-	10	-	-	175	-	-
Air travel	335	99	296	71	-	320	-	-
Public transport	7	368	381	946	532	300	-	70
Accommodation	255	160	376	85	-	105	-	-
Subsistence/ expenses	180	-	21	17	49	89	-	-
<b>TOTAL</b>	<b>799</b>	<b>627</b>	<b>1,084</b>	<b>1,123</b>	<b>581</b>	<b>1,043</b>	-	<b>70</b>

This table was subject to audit

## Pensions

Pension benefits for Assembly staff are provided through the Principal Civil Service Pension Scheme (PCSPS) arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2012. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 7 and 15% (depending on the age of the member) into a stakeholder pension product chosen by the employee. 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 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the PCSPS arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

## **Statement of the Commission's and the Principal Accounting Officer's Responsibilities**

The Chief Executive and Clerk of the Assembly is, by virtue of Section 138 of the Government of Wales Act 2006, the Principal Accounting Officer for the Commission. The Principal Accounting Officer has prepared the statement of accounts in accordance with the Direction issued by the Treasury and with the accounting principles and disclosure requirements set out in the Financial Reporting Manual. The Resource Accounts are prepared on an accruals accounting basis and give a true and fair view of the Commission's state of affairs at the year-end and of its net resource outturn, resources applied to objectives, statement of comprehensive net expenditure, statement of financial position, cash flows and statement of changes in taxpayers' equity for the financial year.

In preparing the accounts the Chief Executive and Clerk has:

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

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

**Claire Clancy**  
**Chief Executive and Clerk of the Assembly**

**Date: 09 July 2012**

## 2011-12 GOVERNANCE STATEMENT

**This Statement sets out the basis on which the National Assembly for Wales Commission has been established; the way in which it is governed and managed; and how it is accountable for what it does.**

### **Role of the Commission**

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

### **Purpose of the governance framework**

2. The governance framework comprises the systems and processes, and culture and values, by which the organisation is directed and controlled and the activity through which it accounts to and engages with the Assembly and the people of Wales. It enables the Commission to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
3. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an on-going process designed to identify and prioritise risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide only reasonable and not absolute assurance of effectiveness.
4. The governance framework has been in place for the year ended 31 March 2012 and up to the date of approval of the statement of accounts.

### **Governance framework**

5. The Commission comprises the Presiding Officer as its Chair together with four other Assembly Members appointed by the Assembly. Its Chief Executive and Principal Accounting Officer is the Clerk of the Assembly. Assembly staff are employees of the Commission.
6. The Commissioners are charged with the governance of the organisation and are accountable to the Assembly. The responsibilities of the Commissioners as the "governing board" include setting the organisation's strategic aims, providing the leadership to put them into effect, overseeing the delivery of those strategic aims and reporting and being accountable to the Assembly on their stewardship.

7. At its first meeting following the May 2011 election, the Commission adopted revised governance principles and supporting provisions. These are consistent with the UK Corporate Governance Code and the Good Governance Code for Public Services having regard to the Commission's status within the Welsh public sector. These principles and provisions are underpinned by a number of policies that govern the work of the organisation and its behaviours.
8. The Commission has established an Audit Committee comprising three experienced independent advisers, one of whom acts as Chair, and the Assembly Commissioner responsible for budget and governance. This Committee operates in accordance with the Treasury's Audit Committee Handbook. Alongside the Audit Committee, assurance is provided through the Commission's internal audit process which is headed by the in-house Head of Internal Audit and supported by a contract awarded to KPMG.
9. The Commission has also established a Remuneration Committee which is an advisory body with no executive powers to consider and make recommendations on matters regarding the remuneration and terms of service of the Chief Executive and Clerk of the National Assembly for Wales (Chief Executive). The Committee also considers and comments on any recommendations or proposals from the Chief Executive regarding pay and other matters of remuneration and reward for the Directors. The Committee also considers recommendations and proposals on the pay and reward strategy for other staff of the Assembly Commission. The Committee assists the Commission and Chief Executive in ensuring that the Assembly Commission meets the highest standards of probity and accountability for the use of public funds by advising on request, the Commission and the Chief Executive as Accounting Officer, on their responsibilities for appraisal and remuneration policies and systems.
10. Details of Assembly Commission, the Remuneration Committee and the Assembly Commission's Audit Committee meetings and attendance records can be found in the Annual Report of which this statement forms a part.
11. At its meeting on 14 July 2011 the Commission adopted the following strategic goals for the Fourth Assembly (2011-16):

- *Provide outstanding parliamentary support*

The Assembly is in a new constitutional position and we will provide fitting support to enable Assembly Members to meet the new challenges as they represent the interests of Wales and its people, make laws for Wales and hold the Welsh Government to account.

- *Engage with the people of Wales*

We will create an environment that encourages interest in the work of the Assembly and facilitates engagement in the Assembly's roles of legislating, scrutiny and representation. We will engage actively and widely, and ensure that the Assembly benefits from the creative energy generated by such engagement.

- *Promote Wales*

Acting as an ambassador for Wales in the wider world, we will make the most of opportunities in the UK and abroad to promote Wales and the work of the Assembly and play our part in the development of parliamentary democracy elsewhere in the world.

- *Use resources wisely*

We will make the necessary investments to ensure that the Assembly is fully equipped to operate effectively as a parliament with new law-making powers. At the same time, we will reinforce the confidence of Assembly Members and the people of Wales in the way we deliver services and manage costs by making good use of tax-payers' money. We will manage our resources to deliver a vital public service with improved efficiency and value for money.

12. The Chief Executive is accountable to the Commission for the delivery of the strategic goals. As Principal Accounting Officer she is personally accountable to the Assembly for the organisation and quality of management in the Assembly Commission, including its use of public money and the stewardship of its assets. In working to deliver the Commission's goals, staff are expected to:

- act with integrity, fairness and impartiality, respecting everyone and treating people equally;
- strengthen the bilingual ethos of the Assembly;
- deliver all aspects of the Commission's responsibilities with pace, professional expertise and a strong service ethos;
- set high standards and keep their promises;
- be open and transparent, expose themselves to the most intense scrutiny, and provide measurable evidence of their achievements;
- invest in sustainability and efficiency-enhancing technology; and
- demonstrate their absolute commitment to Welsh parliamentary democracy and pride in the Assembly.

### **Decision taking and business management**

13. The Commission has delegated most of its functions to the Chief Executive with the exception of:

- the appointment, terms and conditions and remuneration of the Chief Executive and Clerk, non-executive advisers to the Commission, and members of the Audit Committee; and
- the authorisation of expenditure under paragraph 6 of Schedule 2 to the 2006 Act (provision of financial assistance to the Electoral Commission).

14. The Chief Executive is also required to consult the Commission before:

- making appointments to the posts of Chief Operating Officer, Director of Assembly Business and Chief Legal Adviser;
- changing the remuneration and terms and conditions for the staff occupying those posts;
- creating new director posts or abolishing existing director posts;
- authorising capital expenditure for projects in excess of £1 million; and
- authorising expenditure on matters that could be regarded as novel or contentious.

15. Delivery of services within the Commission is managed through three Directorates (Assembly Business, Operations and Legal services), and two service areas (Communications and Commission and Member Support) that report directly to the Chief Executive. The Directors and Heads of Service make up the Management Board which coordinates policy and operational matters relating to the delivery of all the services within the National Assembly for Wales. The Management Board meets formally every month and weekly on an informal basis to review and coordinate activity. The Board is required to act corporately in the interest of the Assembly as a whole.

16. Decision-making and business management within the Directorates and Service areas has been co-ordinated through formal and informal arrangements. Within the Assembly Business Directorate, the four Heads of Service have met regularly to plan and coordinate the way in which Assembly business is carried out and supported to meet the requirements of Members. Within the Operations Directorate Service delivery is managed in a similar way through regular meetings of the Heads of Service.

17. The Assembly's Directors attend meetings of the Assembly Commission which is responsible for ensuring the provision of property, staff and services for the Assembly. Legal support, and professional advice and guidance, is provided across the Commission by the Legal Services Directorate.

18. Alongside these Directorates, for most of 2011-12, were the Communications team and the Commission and Member Support team. These reported directly to the Chief Executive and Clerk but towards the end of the year an internal reorganisation moved the bulk of the Communications team to the Assembly Business Directorate.

19. Financial management is controlled through a system of delegated budgets with control of particular activities strengthened and coordinated by central support teams. The Management Board reviews expenditure against budgets on a monthly basis and this is supported by regular meetings between Finance staff and budget holders.

20. Management is further supported by the Governance and Audit team which was established to strengthen and coordinate procurement, risk management, internal audit and the Investment Programme. It also advises on project management.

## Performance

21. During the first year of the Fourth Assembly, the Assembly Commission has focused on a number of significant activities. This has included agreement of the Commission's budget for 2012-13 and indicative budget for 2013-14, improvement of the Commission's ICT services, introduction of the National Assembly for Wales Official Languages (Wales) Bill and agreement of the Assembly Commission Equality Plan 2012-16.
22. In line with the issues considered by the Commission, the Management Board has discussed arrangements for ICT services from 2014, bilingual services and the National Assembly for Wales Official Languages (Wales) Bill, and the budget strategy for the Fourth Assembly. Assembly services, and each Head of Service, have undergone a process of external challenge, involving the Commission's independent advisers and other experts.
23. The Management Board has also considered the Reward Strategy for Commission employees, the People Strategy which will provide a focus to the Commission's people policies and procedures over the life of the Fourth Assembly, and the partnership framework with Assembly trade unions.
24. In line with its governance principles, the Commission has agreed to undertake an evaluation of its effectiveness. This will be based on evidence from: Commissioners, independent advisers, a sample of Assembly Members and other stakeholders, including the Remuneration Board and staff. The review will examine correspondence, oral and written Assembly questions to the Commission, Freedom of Information requests and relevant media coverage. The Assembly Commission's Corporate Governance adviser will agree the specific approach, review the evidence and present the findings and conclusions to the Commission. The aim is for the first evaluation to be completed by December 2012.
25. During the year the **Remuneration Committee** reviewed the Executive Team's pay and performance and the draft Reward Strategy for Assembly Staff that sets out the approach for delivery of reward arrangements from 1 April 2012 when the current pay deal expires.
26. The Assembly Commission's **Audit Committee** met five times during the year. The Committee acts in an advisory capacity and has no executive powers. Its activity during the year focused on Internal and External Audit reports, the Assembly Commission's Annual Report and Accounts, reports on risk management, and the Governance and internal control arrangements. During the year the Committee was kept up to date with progress in response to recommendations made in Audit reports; these included a presentation from Assembly Commission's new Head of Procurement.
27. During the year **Internal Audit** undertook an extensive programme of reviews and provided positive assurance in a large number of areas. Weaknesses were however identified in relation to Information Security and Data Protection Governance and speedy action was taken by senior managers to address the key issues. However, during 2011-12 there were no reported data losses. Internal Audit also identified ways in which the

Commission's risk management process could be strengthened and a simpler and more-streamlined approach is now being developed.

## **Compliance**

28. The Assembly Commission has complied with the agreed governance principles and supporting provisions, other than the review of effectiveness, which will be undertaken for the first time towards the end of 2012.

## **Risk identification and management**

29. The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of the Assembly's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

30. The Risk and Benefits Management Framework is a key foundation block in the Commission's system of internal control and corporate governance arrangements. It is widely understood and applied throughout the organisation, with examples of effective risk management taking place at operational, strategic, programme and project levels. The Framework facilitates the realisation of opportunities through improved handling of risks, as well as the identification of where activities might fall short of expectations. Key elements of the approach to handling risk are:

- a risk management forum (consisting of Risk Champions from each service area) which meets regularly;
- clarity on accountability for the identification and management of risks;
- regular review and reporting of movements and occurrences of all risks;
- in-depth Management Board reviews of individual strategic risks;
- staff awareness of risk management, weak spots and how to suggest improvements; and
- the escalation of significant risks to Directors, to the Chief Executive as Principal Accounting Officer, and to the Assembly Commission as necessary.

31. Internal controls cover the totality of the organisation's activity, from recruiting staff, supporting Assembly business, making decisions, and managing and reporting on the public funds at the organisation's disposal.

32. In the course of the year we closely monitored the risks we faced in delivering the Assembly's strategic goals. The risks and the action to mitigate them have evolved in the period in response to our needs and circumstances. The consequences and uncertainties arising from the election and the establishment of a new Assembly Commission led to an increase in focus on the risks associated with these. These included delivery of services for members, particularly new members, and funding in the initial period until the new budgets were determined. The risks in relation to Members were increased, particularly in the early part of the year, due to the requirement to deal with matters relating to outgoing Members as well as the induction of Members elected in 2011. The risks which

have declined during the year were those associated with procurement and contract management as the action we took towards the end of 2010-11 began to take effect.

33. The Risk and Benefits Management Framework has been reviewed for 2012-13 to reflect the Strategic Goals for the Fourth Assembly. It has also been refocused on the basis of recommendations from internal audit to provide a simpler and more streamlined approach to managing risks. The new approach will be kept under review during the year to ensure it fully meets the Assembly's needs.

### **Review of effectiveness**

34. The Principal Accounting Officer's review of the effectiveness of the risk management arrangements is informed by the work of the internal auditors, the Directors who have responsibility for the development and maintenance of the internal control framework, the Audit Committee, and recommendations made by the Wales Audit Office in its management letter and other reports.
35. The core of the review of effectiveness of the governance arrangements was a self-review process completed by the Management Board in January 2012. This covered the governance and planning frameworks, leadership and business management arrangements, and awareness of the control environment and engagement with it. The review was considered by the Audit Committee after the end of the financial year prior to signing the financial statements.
36. The Statement on Internal Control for 2010-11 noted that positive progress had been made during the year in relation to improving budgetary control and reporting arrangements, engaging and communicating more effectively with all stakeholders, and improving our ability to respond to disruptions from unexpected events through strengthening business continuity planning.
37. That statement noted that there was scope to strengthen governance further within the Commission and identified a number of areas in which a sharper emphasis was needed. During the year I have strengthened financial management and forward planning in a number of ways. This included the development of stronger systems, a programme of training and a review of delegations. Following the latter we have now introduced a new and stronger system of formal delegation. An Efficiency and Value for Money programme was agreed in Sept 2011 with all of the 2011-12 £0.35million target delivered before the end of the financial year.
38. The Commission's procurement and contract management arrangements have been strengthened with the appointment of a new Head of Procurement who has reviewed our systems and drawn up a business plan for the next two years. He will be taking this forward with the help of an action plan which will move support for procurement from an advisory service to become a more centralised function. The Chief Legal Adviser has identified procurement and contract management arrangements as areas in which all public sector organisations are exposed to increasing risks and I have strengthened our protection against these risks with enhanced legal support (both internal and external) during the coming year. We have provided high-quality support to the Remuneration

Board to ensure its relationship with the Commission and Assembly is on a sound footing. We have also during the year appointed a Director of Information and Communications Technology to strengthen the way in which these services are planned and developed, and to reduce the wide range of risks that are related to them.

39. During the course of the year concerns arose about a number of issues that will require specific action during the course of 2012-13:

- strengthen our Information Governance arrangements and awareness of these;
- further develop and strengthen our approach to procurement and contract management;
- Develop the way in which we ensure we continue to support the developing work of the Assembly as a legislature whilst, at the same time, improving efficiency and value for money, in accordance with the budget strategy agreed by the new Assembly Commission. improve the read across from Service Plans to the Strategic Plan and the development of a range of outcome measures and systems to monitor delivery of these;
- completion of the Assembly's Business Continuity Plan; and
- take forward the work needed to determine the future provision of ICT services so that the Commission is able to take an informed decision by the end of 2012.

40. A plan setting out the actions needed to address these issues will be prepared and progress will be monitored regularly by the Assembly Commission's Audit Committee.

**Claire Clancy**

**Chief Executive and Clerk of the National Assembly for Wales**

Date: 09 July 2012

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

I certify that I have audited the financial statements of the National Assembly for Wales Commission for the year ended 31 March 2012 under the Government of Wales Act 2006. These comprise the Statement of National Assembly for Wales's Supply, the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Principal Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government of Wales Act 2006 and HM Treasury directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

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

In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Opinion on Financial Statements**

In my opinion the financial statements:

- give a true and fair view of the state of the National Assembly for Wales Commission's affairs as at 31 March 2012 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- have been properly prepared in accordance with HM Treasury directions issued under the Government of Wales Act 2006.

## **Opinion on regularity**

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

## **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government of Wales Act 2006; and
- the information included within the Annual Report is consistent with the financial statements.

## **Matters on which I report by exception**

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

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit

## **Report**

I have no observations to make on these financial statements.

**Huw Vaughan Thomas**  
**Auditor General for Wales**  
24 Cathedral Road  
Cardiff  
CF11 9LJ  
10 July 2012



**b) Net cash requirement 2011-12**

				2011-12 £'000	2010-11 £'000
	Note	Budget	Outturn	Net total outturn compared with budget: saving/(excess)	Outturn
Net cash requirement	5	44,918	42,175	2,743	43,306

**c) Summary of income payable to the Welsh Consolidated Fund**

The income payable to the Welsh Consolidated Fund is derived from bank interest received. During 2011-12 and 2010-11, no interest has been received on balances held.

# Statement of Comprehensive Net Expenditure

For the year ended 31 March 2012

	Note	2011-12 £'000	2010-11 £'000
<b>Administration Costs</b>			
Members', Office holders and staff salary costs	7a	20,485	19,925
Members' Other Costs	7b	7,923	7,445
Members' Pension Finance Cost		412	(2,192)
Other administration costs	8	17,522	16,629
<b>Gross Administration Costs</b>		<b>46,342</b>	<b>41,807</b>
Operating income	6	(190)	(112)
<b>Net Operating Costs for the year ended 31 March 2012</b>		<b>46,152</b>	<b>41,695</b>
<b>Other Comprehensive Expenditure</b>			
<b>Net loss on revaluation of Property Plant and Equipment</b>		-	(3,854)
<b>Total Comprehensive Expenditure for the year ended 31 March 2012</b>		<b>46,152</b>	<b>37,841</b>

All activities are continuing.

# Statement of Financial Position

As at 31 March 2012

		31 March 2012	Restated 31 March 2011	01 April 2010
	Note	£'000	£'000	£'000
<b>Non-current assets:</b>				
Property, plant and equipment	9	68,784	72,016	70,064
Intangible assets	10	1,390	1,276	441
<b>Total non-current assets</b>		<u>70,174</u>	<u>73,292</u>	<u>70,505</u>
<b>Current Assets</b>				
Inventories	11	10	24	27
Trade and other receivables	12	1,350	1,355	1,151
Cash and cash equivalents	13	924	99	675
<b>Total current assets</b>		<u>2,284</u>	<u>1,478</u>	<u>1,853</u>
<b>Total assets</b>		<u>72,458</u>	<u>74,770</u>	<u>72,358</u>
<b>Current liabilities</b>				
Trade and other payables	14	(5,063)	(4,397)	(5,953)
<b>Total current liabilities</b>		<u>(5,063)</u>	<u>(4,397)</u>	<u>(5,953)</u>
<b>Non-current assets plus net current assets</b>		67,395	70,373	66,405
<b>Non-current liabilities</b>				
Other Payables		-	-	(163)
Provisions	15	(3,892)	(2,554)	(5,878)
<b>Total non-current liabilities</b>		<u>(3,892)</u>	<u>(2,554)</u>	<u>(6,041)</u>
<b>Assets less liabilities</b>		<u>63,503</u>	<u>67,819</u>	<u>60,364</u>
<b>Taxpayers' Equity</b>				
General Fund		59,315	62,255	61,833
Pension Fund Reserve		(3,686)	(2,310)	(5,873)
Revaluation Reserve		7,874	7,874	4,393
Donated Asset Reserve		-	-	11
		<u>63,503</u>	<u>67,819</u>	<u>60,364</u>

**Claire Clancy**  
Chief Executive and Clerk of the Assembly

**Date: 09 July 2012**

# Statement of Cash Flows

For the year ended 31 March 2012

	Note	2011-12 £'000	2010-11 £'000
<b>Cash flows from Operating Activities</b>			
Net operating cost	3	(46,152)	(41,695)
<b>Adjustments for non-cash transactions:</b>			
Depreciation and amortisation	8	3,781	3,704
Decrease in inventories	11	14	3
Decrease/(increase) in trade and other receivables	12	5	(204)
Loss on Sale of Asset		22	-
<i>Less movements in receivables relating to items not passing through the Operating Cost Statement</i>		-	-
Increase/(decrease) in trade and other payables	14	666	(1,719)
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(825)	576
Utilising of Provision	15	(38)	-
Pension Finance Costs & other provisions	15	412	(1,953)
<b>Net cash outflow from Operating Activities</b>		<b>(42,115)</b>	<b>(41,288)</b>
<b>Cash flows from Investing Activities</b>			
Purchase of property plant and equipment	9	(564)	(2,512)
Purchase of intangible assets	10	(131)	(125)
Proceeds from sale of assets		10	-
<b>Net cash outflow from Investing Activities</b>		<b>(685)</b>	<b>(2,637)</b>
<b>Cash flows from Financing Activities</b>			
From the Welsh Consolidated Fund (Supply)		43,099	43,405
From the Welsh Consolidated Fund (direct charges)		625	619
Payments to the Welsh Consolidated Fund		(99)	(675)
<b>Net cash inflow from Financing Activities</b>		<b>43,625</b>	<b>43,349</b>
Net decrease in cash and cash equivalents	4	825	(576)
Cash and cash equivalents at beginning of year	13	99	675
<b>Cash and cash equivalents at end of year</b>	<b>13</b>	<b>924</b>	<b>99</b>

# Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2012

	Note	Restated General Fund £'000	Revaluation Reserve £'000	Donated Asset Reserve £'000	Pension Reserve £'000	Restated Total Reserves £'000
<b>Balance at 31 March 2010</b>		61,833	4,393	11	(5,873)	60,364
<b>Changes in taxpayers' equity for 2010-11</b>						
Pension Fund Reserve Movement		-	-	-	1,371	1,371
Comprehensive Expenditure for the year		(37,841)	-	-	-	(37,841)
<b>Total recognised income and expense for 2010-11</b>		(37,841)	-	-	1,371	(36,470)
<b>Movement in Reserves Recognised in Statement of Comprehensive Expenditure</b>		(3,854)	3,854	-	-	-
<b>Transfer between reserves</b>		(1,819)	(373)	-	2,192	-
<b>Welsh Consolidated fund -</b>						
Supply		43,405	-	-	-	43,405
-Direct Charges		619	-	-	-	619
<b>Amount payable to the Welsh Consolidated Fund</b>						
<b>-Supply</b>		(99)	-	-	-	(99)
<b>Balance at 31 March 2011</b>		62,244	7,874	11	(2,310)	67,819
<b>Change in Accounting Policy -</b>						
Donated Assets		11	-	(11)	-	-
<b>Balance at 31 March 2011 Restated</b>		62,255	7,874	-	(2,310)	67,819
Pension Fund Reserve Movement		-	-	-	-	-
Pension Fund cost	15	-	-	-	(964)	(964)
<b>Total recognised income and expense for 2011-12</b>		(46,152)	-	-	-	(46,152)
<b>Transfer between reserves</b>	15	412	-	-	(412)	-
<b>Welsh Consolidated fund</b>						
-Supply		43,099	-	-	-	43,099
-Direct Charges	3	625	-	-	-	625
<b>Amount payable to the Welsh Consolidated Fund</b>						
<b>-Supply</b>	5	(924)	-	-	-	(924)
<b>Balance at 31 March 2012</b>		59,315	7,874	-	(3,686)	63,503

# Notes to the Resource Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2011–12 Financial Reporting Manual (FReM) suitably adapted for the constitution of the National Assembly for Wales and the Commission as specified by the Government of Wales Act 2006. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector.

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

### 1.1 *Accounting convention*

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

### 1.2 *Property, Plant & Equipment*

The minimum level for capitalisation of a tangible asset is £5,000 inclusive of irrecoverable VAT. The IT threshold is where the grouped value of related asset purchases exceeds £5,000. Professional valuations are obtained for Land & Buildings every three years as a minimum. Other tangible assets are not revalued as, in the opinion of the Commission; the amounts involved would not be material.

### 1.3 *Asset impairment*

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

### 1.4 *Assets under construction*

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

### 1.5 *Intangible Assets*

Software licences are capitalised as intangible fixed assets and amortised on a straight line basis over the expected life of the asset (3 or 5 years).

## 1.6 Donated Assets

Donated assets are capitalised at current value on receipt and are normally revalued in the same way as purchased assets. The value of donated assets is credited with the value of the original donation and subsequent revaluations. From 2010/11, the value of Donated Assets will cease to be charged to the Donated Asset Reserve but will instead be included within the General Reserve in accordance with HM Treasury's decision under the Clear Line of Sight Programme

## 1.7 Depreciation

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

Buildings:	50 years or an alternative period provided by a qualified valuer.
Fixed plant:	10 years, or an alternative period provided by the supplier at the time of purchase or valuation.
ICT, Audio Visual & Broadcasting equipment:	4-6 years
ICT Infrastructure:	10 years
Intangible assets (software):	3 or 5 years
Motor Vehicles:	4 years
Donated assets:	Assessed on receipt of asset

### *Realised Element of Depreciation from Revaluation Reserve*

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

### *1.8 Statement of Comprehensive Expenditure*

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

### *1.9 Inventories*

Inventories, including goods held for resale, are stated at the lower of cost and net realisable value.

### *1.10 Foreign Exchange*

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

### *1.11 Pensions*

The Principal Civil Service Pension Scheme (PCSPS) - Staff employed directly by the Commission and staff seconded to the Commission are eligible for membership of the Principal Civil Service Pension Scheme (PCSPS). It is an unfunded multi-employer defined benefit scheme and the Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

The Assembly Members' Pension Scheme (AMPS) - A pension scheme for the Members of the Assembly was originally established under the Government of Wales Act 1998 and continues in force under the Government of Wales Act 2006. The scheme is a defined benefit scheme, and applies to the salary of Members and to any Office Holder salary. The cost of pension cover provided for the Members is by payment of charges calculated on an accruing basis, with liability for payment of future benefits charged to the accounts of the AMPS. Any liabilities of the fund arising from a deficit on assets will be met through increased funding by the Commission. In reporting on the assets and liabilities of the Scheme, the Commission has followed International Accounting Standard 19. The AMPS prepares its own Annual Accounts, separate to the Commission's Accounts, and these are available on the Assembly website.

### *1.12 Operating Lease Charge*

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

### *1.13 Value Added Tax*

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

#### *1.14 Cash and Cash equivalents*

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

#### *1.15 Employee Benefits*

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

1.16 There has been a change in our Accounting Policies during 2011/12, following HM Treasury's decision under the Clear Line of Sight Programme to cease to charge Donated Assets in the Donated Asset Reserve within our financial statements. They are now to be reflected within the General Reserve. We have restated our 2010/11 position to take account of the change as required under IAS1.

1.17 We have reviewed our management reports and are satisfied that under the requirements of IFRS 8 we have no additional disclosure to make.

## 2. Analysis of net resource outturn 2011-12

	Outturn £'000	Analysis of Revised Budget £'000	Outturn compared with Revised Budget £'000	Restated Outturn 2010-11 £'000
<i>Revenue expenditure</i>				
Staff salaries and related costs	13,954	14,031	(77)	14,089
Staff travel and subsistence costs	92	132	(40)	86
Recruitment/other HR costs	107	86	21	109
Voluntary Severance Scheme Costs	928	1,093	(165)	873
ICT costs	3,964	3,519	445	3,597
Accommodation and facilities costs	6,909	6,787	122	6,640
Election Costs	442	655	(213)	-
Training and development costs	194	295	(101)	156
Promoting awareness and understanding	170	399	(229)	332
Other administrative costs	951	1,221	(270)	1,132
Depreciation and amortisation charges	3,781	3,254	527	3,704
<b>Gross Revenue Expenditure</b>	<b>31,492</b>	<b>31,472</b>	<b>20</b>	<b>30,718</b>
<i>Revenue Income</i>				
Sales - the Assembly Shop	(8)	(40)	32	(10)
Accommodation rental income	(88)	(90)	2	(80)
Miscellaneous income	(94)	(130)	36	(22)
<b>Gross Revenue Income Applied</b>	<b>(190)</b>	<b>(260)</b>	<b>70</b>	<b>(112)</b>
<b>NET REVENUE EXPENDITURE</b>	<b>31,302</b>	<b>31,212</b>	<b>90</b>	<b>30,606</b>
<b>CAPITAL EXPENDITURE CREATION OF FIXED ASSETS</b>	<b>695</b>	<b>1,116</b>	<b>(421)</b>	<b>2,637</b>
<b>RESOURCE OUTTURN</b>	<b>31,997</b>	<b>32,328</b>	<b>(331)</b>	<b>33,243</b>
<b>Members' salaries allowances and related costs</b>	<b>12,237</b>	<b>13,034</b>	<b>(797)</b>	<b>12,662</b>
<b>Election Costs</b>	<b>1,576</b>	<b>1,660</b>	<b>(84)</b>	<b>-</b>
<b>Members' total Costs</b>	<b>13,813</b>	<b>14,694</b>	<b>(881)</b>	<b>12,662</b>
<b>Members' Pension Finance Costs</b>	<b>412</b>	<b>500</b>	<b>(88)</b>	<b>(2,192)</b>
<b>Net Resource Outturn</b>	<b>46,222</b>	<b>47,522</b>	<b>(1,300)</b>	<b>43,713</b>

### Analysis of net resource outturn - notes

The overall net resources outturn was £1.300 million less than the total of the authorised budgets. Commission services under spent by £0.331 million or 1.0%. The budget for use by the Commission in respect of Remuneration Board decisions under spent by £0.881 million or 6%. The remaining under spend relates to Members' Pension Finance Costs of £0.088 million or 18%.

The Commission services approved budget included £0.655 million for election costs. There was also an original budget of £3.460 million available to meet the costs associated with members leaving the Assembly either by standing down before the election or not being returned.

It was apparent after the election that not all the funding earmarked for Members' election costs would be required. £1.8 million was returned to the Welsh Consolidated Fund via a supplementary budget approved by the Assembly on 6 March 2012.

This was the first year that the Assembly was dissolved prior to the election and this impacted on the outturn. There was a reduction in promoting awareness, training and development and other administrative costs.

Accommodation and facilities costs increased by £0.1million as a result of further investment in the Assembly's estate. ICT costs increased due to higher contract services, and licence and maintenance costs.

The depreciation charge increased by £0.527million as a result of ICT past investment and adjustments to useful life of assets.

A further voluntary severance scheme was operated during the financial year to address skills deficits identified at the start of the 4<sup>th</sup> Assembly and to restructure the security operation in the Assembly. This will enhance the service to Members by providing additional resources in key areas.

The period of dissolution also impacted on member costs with expenditure on Assembly Member staff costs, office and additional allowances £0.9million lower than originally budgeted.

### 3. Reconciliation of resource outturn to net operating cost

	Note	2011-12 £000	2010-11 £'000
Net Resource Outturn	2	46,222	43,713
Capital expenditure	9 & 10	(695)	(2,637)
Direct charges on the Welsh Consolidated Fund		625	619
<b>Net operating cost</b>		<b>46,152</b>	<b>41,695</b>

The direct charges on the Welsh Consolidated Fund £625,080 (£619,325 for 2010-11) are in respect of the salary costs of the Presiding Officer, Deputy Presiding Officer, Auditor General for Wales, Standards Commissioner and Public Services Ombudsman for Wales. These salaries are paid by the Commission but, as a direct charge on the Fund, are excluded from the net resource outturn.

### 4. Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	31 March 2012 £'000	31 March 2011 £'000
Net cash requirement	(42,175)	(43,306)
From the Consolidated Fund (Supply) – current year	43,099	43,405
From the Consolidated Fund (Supply) – prior year	-	-
Amounts paid to the Consolidated Fund	(99)	(675)
<b>Increase/(decrease) in cash</b>	<b>825</b>	<b>(576)</b>

## 5. Reconciliation of net resources to cash requirement

	Note	Budget £'000	Outturn £'000	Net total outturn compared with budget: saving/ (excess) £'000	Outturn 2010-11 £'000
Net cash outflow from operating activities	2	47,522	46,222	1,300	43,713
<u>Accruals adjustments</u>					
Non-cash items	See below	(3,754)	(4,193)	439	(5,652)
Changes in working capital other than cash		1,150	146	1,004	5,245
<b>Net cash requirement</b>		<b>44,918</b>	<b>42,175</b>	<b>2,743</b>	<b>43,306</b>

	Note	Budget £'000	Outturn £'000	Outturn compared with budget 2011-12 £'000	Outturn 2010-11 £'000
<i>Non-cash items</i>					
Depreciation and amortisation	9 & 10	(3,254)	(3,781)	527	(3,704)
IAS 19 Pension Finance Cost and other provision movements		(500)	(412)	(88)	(1,948)
		(3,754)	(4,193)	439	(5,652)

## 6. Analysis of income payable to the Welsh Consolidated Fund

	Budget 2011-12 £'000	Outturn 2011-12 £'000	Outturn 2010-11 £'000
Retainable operating income	260	190	112
Non-Retainable operating income (bank interest)	-	-	-
Subtotal	260	190	112
Amount retained	260	190	112
Amount payable to the WCF	-	-	-

There has been no other operating income in 2011-12 (£nil 2010-11)

## 7a. Members and staff numbers and related costs

Staff costs comprise:

	Staff	Members & Office Holders	Total 2011-12	Total 2010-11
	£'000	£'000	£'000	£'000
Salaries				
Staff, Members and Office Holders	10,812	5,074	15,886	15,253
Seconded staff	150	-	150	251
Social security costs				
Staff, Members and Office Holders	887	456	1,343	1,301
Other pension costs				
Staff, Members and Office Holders	2,105	985	3,090	3,120
Members, Office holders and staff salary costs	<b>13,954</b>	<b>6,515</b>	<b>20,469</b>	<b>19,925</b>
Election costs	16	-	16	-
Total Members, Office holders and staff salary costs and election costs	<b>13,970</b>	<b>6,515</b>	<b>20,485</b>	<b>19,925</b>

The Commission pays the salary and related costs of Welsh Ministers, as explained in the Remuneration Report within these accounts. Amounts paid to the Welsh Ministers are disclosed within the Welsh Government's [Consolidated resource accounts](#).

The average number of whole-time equivalent persons employed by the Commission across the year (including senior management) was as follows:

	2011-12	2010-11
Permanent Staff	327.5	334.6
Seconded Staff	4.2	3.3
Temporary/Casual Staff	4.0	4.3
Fixed Term Appointments	1.3	3.2
Total	<b>337.0</b>	<b>345.4</b>

As at the 31 March 2012 there were 60 serving Assembly Members. At the year-end there were 10 Office Holders (other than Ministers), 1 First Minister, 7 Welsh Ministers, 3 Deputy Ministers and 1 Counsel General.

The Commission consists of the Presiding Officer and four elected Members (see Management Commentary for detail). The role of a Commissioner was remunerable at £12,420 per annum from 1 April 2011 (£12,168 per annum from 1 April 2010). All senior managers and staff are employees of the Commission.

## **Principal Civil Service Pension Scheme**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme in which the Assembly Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation is carried out every four years, with the latest as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2011-12, employer's contributions of £2.085million (£2.074million 2010-11) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (amended from the salary bands in 2008-09). The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £22,000 (£22,000 2010-11) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% per cent of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,100 (£1,100 2010-11) or 0.8% 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 Statement of Financial Position date were £1,800 (£1,800 2010-11). There were no contributions prepaid at that date.

There were no early retirements on ill-health grounds during the year and there were no additional accrued pension liabilities in the year.

## **Assembly Members' Pension Scheme**

The pension scheme for Assembly Members provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Assembly Commission and are managed by an appointed Investment Manager. A full actuarial valuation was carried out at 31 March 2008 and updated to 31 March 2011 by a qualified independent actuary. The scheme is funded.

The amounts recognised in the Statement of Financial Position are as follows:

	31 March 2012 £'000	31 March 2011 £'000
Present value of scheme liabilities	(23,984)	(21,095)
Fair value of scheme assets	20,298	18,785
Net liability	<u>(3,686)</u>	<u>(2,310)</u>
Amount in the Statement of Financial Position		
Liabilities	(3,686)	(2,310)
Assets	-	-
Net liability (Note 15)	<u>(3,686)</u>	<u>(2,310)</u>

Analysis of amount charged to the Statement of Comprehensive Net Expenditure

	2011-12 £'000	2010-11 £'000
Current service cost	1,391	1,495
Interest on pension liability	1,236	1,193
Expected return on scheme assets	(1,285)	(1,132)
	<u>1,342</u>	<u>1,556</u>

Allocated in the account as;

Other pension costs	930	964
Pension finance costs	412	(2,192)
Past service costs	-	2,784
	<u>1,342</u>	<u>1,556</u>

Analysis of the amount recognised in Statement of Change in Taxpayer's Equity (SCITE)

	2011-12 £'000	2010-11 £'000
Actual return less expected return on scheme assets	(497)	618
Actual (losses)/ gains	(436)	617
Changes in assumptions	(31)	136
Net actuarial (losses)/gains recognised in SCITE	<u>(964)</u>	<u>1,371</u>

## Movement in liabilities during the year

	<b>31 March 2012 £'000</b>	<b>31 March 2011 £'000</b>
Liabilities at 31 March 2011	21,095	21,999
Current service cost (net of member contributions)	1,391	1,495
Member contributions (including net transfers- in)	728	474
Past service cost	-	(2,784)
Benefits paid during the year	(933)	(529)
Interest on pension liability	1,236	1,193
Actuarial gains/(losses)	467	(753)
Liabilities at 31 March 2012	<u>23,984</u>	<u>21,095</u>

## Movements in assets during the year

	<b>31 March 2012 £'000</b>	<b>31 March 2011 £'000</b>
Assets at 31 March 2011	18,785	16,126
Expected return on scheme assets	1,285	1,132
Actuarial return less expected return on scheme assets	(497)	618
Contributions by NAFW	930	964
Contributions by Members (including net transfers-in)	728	474
Benefits paid and expenses	(933)	(529)
Closing fair value of scheme assets	<u>20,298</u>	<u>18,785</u>

The Commission expects to contribute £985,466 to the Members' Pension Scheme in 2012-13.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2011-12</b>	<b>2010-11</b>
Equities	79%	83%
Bonds	9%	10%
Other Bonds	5%	-
Cash	7%	7%

The scheme assets do not contain any property directly or indirectly. The scheme assets include, indirectly through investment in unitised funds, gilts issued by the UK government with a fair value of £1,848,834.

The expected rate of return on equities is 3.5% a year higher than the yield on gilts at the reporting date. The expected rate of return on bonds is the redemption yield on the bonds held (indirectly) by the scheme at the reporting date. The expected rate of return on cash is a long term best estimate cash return, on the assumption that interest rates will be in line with the yield available on gilts.

The actual return on scheme assets in 2011-12 was a gain of £0.778 million (£1.75 million gain in 2010-11).

Principal actuarial assumptions at the Statement of Financial Position date:

	<b>31 March 2012</b>	<b>Restated 31 March 2011</b>
Discount rate	4.9%	5.7%
Future salary increases	0.2%	0.4%
Future pension increases	2.3%	2.6%
Expected rate of return on equities	6.2%	7.2%
Expected rate of return on bonds	2.7%	4.2%
Expected rate of return on cash	2.7%	4.2%
Expectation of life at age 65 (years)		
Men	24.9	23.9
Women	26.1	27.1

Amounts for the current and previous four periods are as follows:

	<b>31 March 2012 £'000</b>	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>	<b>31 March 2008 £'000</b>
Defined benefit obligation	23,984	21,095	21,999	12,388	12,661
Scheme assets	20,298	18,785	16,126	10,421	11,351
Surplus/(deficit)	(3,686)	(2,310)	(5,873)	(1,967)	(1,310)
Experience adjustments on scheme liabilities	(436)	617	251	100	Nil
Experience adjustments on scheme assets	(497)	618	3,799	(2,922)	(840)

Further information on the [Assembly Members' Pension Scheme](#) can be found in the annual report and accounts for the scheme for the year ending 31 March 2012.

## 7b. Members' Other Costs

Members' Other Costs of £7.923million (£7.445million 2010-11) in the Statement of Comprehensive Net Expenditure consist of:

	2011-12 £'000	2010-11 £'000
Office Costs allowances	777	699
Additional Costs allowances	198	241
Members' Staff Costs allowances	6,690	6,311
Travel costs	258	194
<b>Total Members' other costs</b>	<b>7,923</b>	<b>7,445</b>

## 7c. Reporting of Voluntary Severance Scheme –exit packages

The Commission met the costs of severance payments under the Voluntary Severance Scheme. The Civil Service Compensation Scheme (CSCS) was revised with effect from December 2010 and there are no longer any future liabilities incurred by CSCS employers under exit schemes since that date.

	Exit package cost band	Total number of exit packages by cost band
1	<£10,000	-
2	£10,000 - £25,000	8
3	£25,000 - £50,000	9
4	£50,000 - £100,000	4
6	£150,000 - £200,000	1
8	<b>Total number of exit packages by type</b>	<b>22</b>
9	<b>Total resource cost (£000's)</b>	<b>928</b>

Redundancy and other departure costs have been paid in accordance with the terms of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Of those departing 8 were exits under the CSCS and 14 were subject to compromise agreements.

## 8. Other Administration Costs

Other administration costs of £17.522 (£16.629million 2010-11) in the Statement of Comprehensive Expenditure consist of:

	2011-12 £'000	2010-11 £'000
Accommodation and facilities	4,578	4,368
Rentals under operating leases	2,331	2,272
Information and communications technology	3,964	3,597
Promoting awareness and understanding	170	332
Training and development	194	156
Other HR/recruitment costs	107	109
Voluntary Severance Scheme costs	928	873
Election Costs	426	-
Staff travel and subsistence	92	86
Other administrative expenses	951	1,132
<i>Non-cash items:</i>		
Depreciation and amortisation	3,781	3,704
<b>Total other administration costs</b>	<b>17,522</b>	<b>16,629</b>

The agreed external audit cost for the audit of these statements is £59,450 (2010-11 £59,450). No costs were charged in 2011-12 for additional non-statutory audit work.

## 8(b). Other Administrative Expenses

Other administrative expenses of £0.951million (£1.132million 2010-11) in the Other Administration Costs consist of:

	2011-12 £'000	2010-11 £'000
Publications	174	249
Translation	116	196
Insurance & Specialist Advice	109	148
Printing Stationery & Postage	181	127
Accounting & Financial Services	126	92
Audit	82	80
Hospitality	31	26
Commonwealth Parliamentary Association	28	34
Committee Advisors	71	43
Uniforms	21	19
Other administrative expenses	12	118
<b>Total other administrative expenses</b>	<b>951</b>	<b>1,132</b>

## 9. Property, plant and equipment

	Land & Buildings	Information Technology	Furniture and Fittings*	Vehicles	Assets under construction	2011-12 £'000 Total
<b>Cost or valuation</b>						
At 1 April 2011	71,345	12,126	1,170	80	705	85,426
Additions	-	310	58	-	196	564
Reclassification	-	416	-	-	(705)	(289)
Disposals	-	(450)	-	-	-	(450)
Revaluations	-	-	-	-	-	-
At 31 March 2012	71,345	12,402	1,228	80	196	85,251
<b>Depreciation</b>						
At 1 April 2011	(8,128)	(4,619)	(623)	(40)	-	(13,410)
Charged in year	(1,522)	(1,827)	(106)	(20)	-	(3,475)
Disposals	-	418	-	-	-	418
Revaluations	-	-	-	-	-	-
At 31 March 2012	(9,650)	(6,028)	(729)	(60)	-	(16,467)
<b>Carrying amount at</b>						
<b>31 March 2012</b>	<b>61,695</b>	<b>6,374</b>	<b>499</b>	<b>20</b>	<b>196</b>	<b>68,784</b>
Carrying amount at 1 April 2011	63,217	7,507	547	40	705	72,016

\* Furniture and Fittings Includes 'donated assets', consisting of the Mace donated by the Parliament of New South Wales for the opening of the Senedd.

The latest revaluation of land and buildings was undertaken by DS Gibbon FRICS of GVA Grimley International Property Advisers, as at 31 March 2011. The Senedd and the Pierhead were revalued at depreciated replacement cost.

	Land & Buildings	Information Technology	Furniture and Fittings*	Vehicles	Assets under construction	2010-11 £'000 Total
<b>Cost or valuation</b>						
At 1 April 2010	66,321	7,650	1,110	80	3,238	78,399
Additions	-	1,747	60	-	705	2,512
Reclassification	(324)	2,743	-	-	(3,238)	(819)
Disposals	-	(14)	-	-	-	(14)
Revaluations	5,348	-	-	-	-	5,348
At 31 March 2011	71,345	12,126	1,170	80	705	85,426
<b>Depreciation</b>						
At 1 April 2010	(5,112)	(2,699)	(508)	(16)	-	(8,335)
Charged in year	(1,522)	(1,934)	(115)	(24)	-	(3,595)
Disposals	-	14	-	-	-	14
Revaluations	(1,494)	-	-	-	-	(1,494)
At 31 March 2011	(8,128)	(4,619)	(623)	(40)	-	(13,410)
<b>Carrying amount at 31 March 2011</b>						
	<b>63,217</b>	<b>7,507</b>	<b>547</b>	<b>40</b>	<b>705</b>	<b>72,016</b>
<b>Carrying amount at 1 April 2010</b>						
	<b>61,209</b>	<b>4,951</b>	<b>602</b>	<b>64</b>	<b>3,238</b>	<b>70,064</b>

## 10. Intangible assets

Intangible assets comprise Software and Software Licences for major systems used by the Commission:

	<b>Software</b>	<b>2012 Total £'000</b>
<b>Cost or valuation</b>		
At 1 April 2011	1,488	1,488
Additions	131	131
Reclassification	289	289
Disposals	-	-
Revaluation	-	-
<b>At 31 March 2012</b>	<b>1,908</b>	<b>1,908</b>
<b>Amortisation</b>		
At 1 April 2011	(212)	(212)
Charged in year	(306)	(306)
<b>At 31 March 2012</b>	<b>(518)</b>	<b>(518)</b>
<b>Carrying amount at 31 March 2012</b>	<b>1,390</b>	<b>1,390</b>
Carrying amount at 1 April 2011	1,276	1,276

	<b>Software</b>	<b>2011 Total £'000</b>
<b>Cost or valuation</b>		
At 1 April 2010	544	544
Additions	125	125
Reclassification	819	819
Disposals	-	-
Revaluation	-	-
<b>At 31 March 2011</b>	<b>1,488</b>	<b>1,488</b>
<b>Amortisation</b>		
At 1 April 2010	(103)	(103)
Charged in year	(109)	(109)
<b>At 31 March 2011</b>	<b>(212)</b>	<b>(212)</b>
<b>Carrying amount at 31 March 2011</b>	<b>1,276</b>	<b>1,276</b>
Carrying amount at 1 April 2010	441	441

## 11. Inventories

	31 March 2012 £'000	31 March 2011 £'000
Inventories for the Commission's Shop	10	24

## 12. Trade receivables and other current assets

	31 March 2012 £'000	31 March 2011 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	3	17
Other receivables	8	3
Prepayments	905	733
Recoverable VAT	434	591
Amounts due from the Welsh Consolidated Fund in respect of direct charges	-	11
	<b>1,350</b>	<b>1,355</b>

There were no debtor amounts falling due after more than one year.

## 13. Cash and cash equivalents

	31 March 2012 £'000	31 March 2011 £'000
Balance at 1 April	99	675
Net change in cash and cash equivalent balances	825	(576)
Balance at 31 March	924	99
The following balances at 31 March were held at:		
Citibank	833	48
Commercial banks and cash in hand	91	51
<b>Balance at 31 March</b>	<b>924</b>	<b>99</b>

#### 14. Trade payables and other current liabilities

	31 March 2012 £'000	31 March 2011 £'000
<b>Amounts falling due within one year</b>		
VAT - Net with Note 12 balance	3	3
Other taxation and social security	563	621
Trade payables	5	1,128
Other payables	1	23
Accruals	3,567	2,523
Amounts due to the Welsh Consolidated Fund	924	99
	<b>5,063</b>	<b>4,397</b>
<b>Amounts falling due after more than one year</b>		
Other payables	-	-
	<b>5,063</b>	<b>4,397</b>

#### 15. Provisions for liabilities and charges

Under International Accounting Standard 19, a liability of £3.686million is recognised for the Assembly Members' Pension Scheme. Further information on this is provided under Note 7.

	AM Pension Scheme £'000	Provision for compensatory payment to staff £'000	2011-12 Total £'000	2010-11 Total £'000
Balance at 1 April	2,310	244	2,554	5,878
Increases in-year	412	-	412	(1,948)
Utilised or released in-year	964	(38)	926	(1,376)
<b>Balance at 31 March</b>	<b>3,686</b>	<b>206</b>	<b>3,892</b>	<b>2,554</b>

## 16. Capital commitments

There were no contracted capital commitments at 31 March 2012 (£0.303million at 31 March 2011).

## 17. Commitments under leases

### (a) Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	31 March 2012 £'000	31 March 2011 £'000
<b>Obligations under operating leases comprise:</b>		
Land and buildings:		
Expiry after 1 year but not more than 5 years	65	107
Expiry thereafter	43,700	46,000
	<b>43,765</b>	<b>46,107</b>
<hr/>		
Other – car, printers and copiers:		
Expiry within one year	5	12
Expiry after 1 year but not more than 5 years	158	165
	<b>163</b>	<b>177</b>

### (b) Finance leases

There are no obligations under finance leases.

## 18. Other financial commitments

Two of the Commission's contracts (which are not leases) are deemed non-cancellable, due to the nature of the contractual arrangements. The contracts relate to the provision of ICT support and services to the Assembly. The payments to which the Commission is committed at the year-end, analysed by the period during which the commitment expires are as follows.

	2011-12 £'000	2010-11 £'000
<b>Obligations under non-cancellable contracts comprise:</b>		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	5,743	65
Expiry thereafter	-	5,060
	<u>5,743</u>	<u>5,125</u>

The Commission's other contracts make reference to early termination but do not quantify charges for such. Early termination would be a breach of contract and the contractor would be entitled to damages representing the loss of profit on the work which would have been done under the contract if it had run its full course. As this figure is variable for each contract, such contracts have not been included in this note.

## 19. Financial Instruments

The Commission does not issue or trade in financial instruments such as loans and has no borrowings. It relies primarily on funding from the Welsh Consolidated Fund for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

## 20. Contingent liabilities

Near the end of the year the Commission received a request for the release of a sum retained as security for full performance of a contract which had been entered into in 2003 with the former National Assembly for Wales corporate body. Although the contract was managed by the Welsh Government, responsibility for any post-completion liabilities has since passed to the Commission under the National Assembly for Wales (Transfer of Property, Rights and Liabilities) Order 2007. The obligation to release the retention is dependent on satisfaction of the contractual requirements and may be reduced by any costs incurred by the Commission in ensuring that outstanding performance issues are resolved. There is therefore insufficient evidence, at the end of the year, to predict when, or in what amount, payment by the Commission may become due contractually.

Assembly Member Support Staff have contractual rights to have the equivalent of 10% of gross annual salary contributed towards a pension, but not all have exercised this right. Liability continues until six years after cessation of employment, and is estimated as follows:

	Amount outstanding 31 March 2012 £'000	Amount outstanding 31 March 2011 £'000	Amount paid out 2011-12 £'000	Comments
Pension contributions for AM Support Staff who:				
Are currently employed but not contributing to a pension scheme	35	98	-	Remote
Have left employment without ever joining a pension scheme	63	36	-	Remote

The Commission has not entered into any quantifiable or unquantifiable contingent liabilities through giving guarantees, indemnities or letters of comfort.

## 21. Losses and special payments

The number and value of losses and special payments made during 2011-12 are as follows:

(a) Losses Statement	2011-12		2010-11	
	<i>No. of cases</i>	Value £'000	<i>No. of cases</i>	Value £'000
Total	19	18	16	1
Fruitless Payments and Constructive Loss	16	2	15	1
Claims Waived/Abandoned	1	-	1	-
Losses of pay, allowances and superannuation benefits	1	1	-	-
Losses of Accountable Stores	1	15	-	-
(b) Special Payments	2011-12		2010-11	
	<i>No. of cases</i>	Value £'000	<i>No. of cases</i>	Value £'000
Total	18	481	19	36
Compensation	7	219*	19	36
Ex-gratia	3	1	-	-
Special Severance Payment	8	261*	-	-

\*These payments are part of the Voluntary Exit Scheme. See note 7c, page 50

## 22. Related-party transactions

The Commission has a number of transactions with the Welsh Assembly Government and with other government departments and public bodies, including HM Revenue & Customs. Additionally, regular transactions take place with the Assembly Members' Pension Scheme, see note 7b. Standing Orders of the National Assembly for Wales require the Assembly, on a motion proposed by the Commission, to elect Trustees to the Members' Pension Scheme.

The Assembly may give special or general directions to the Commission for the purpose of, or in connection with, the exercise of the Assembly Commission's functions.

The Commission has not undertaken any material transactions directly with Commissioners, senior managers or their close family members nor with any organisations where Commissioners, senior managers or members of their close family hold positions of control or influence.

For transparency the following minor transactions are reported:

- Payments of £1,487.71 (£1,794.49 2010-11) were made to the City and County of Swansea for reimbursement of various AMs' office costs. Peter Black AM is a Swansea councillor.
- Payments of £7,080.00 (£2,937.50 2010-11) were made to the Hansard Society for Training and Development and a subscription as a corporate supporter fee. Dianne Bevan is a Director/Trustee of this Society.

The Commission determines the salaries and allowances of all Assembly Members and office holders, and the salary and conditions policies for Commission staff. The Commissioners, as Assembly Members, may employ family members as their support staff; there are no restrictions in place relating to the employment by the Commission of family members of Commissioners or senior management.

A Register of Financial and Other Interests of Assembly Members is available at [www.assemblywales.org](http://www.assemblywales.org). and [www.cynulliadcymru.org](http://www.cynulliadcymru.org).