

# The National Assembly for Wales

## Resource Accounts 2010-11

### **respect, probity, good governance**

The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people.

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



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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. In addition to the detailed financial statements from page 29, the following information might be of particular interest:

- the remuneration of the Assembly's office holders and senior staff (page 12);
- the arrangements in place to help safeguard the public funds and assets of the National Assembly for Wales Commission ("the Commission") and to support the achievement of its policies, aims and objectives (page 34);
- the comparison of actual spend against budget headings for the year (page 39);
- salary and related costs of Assembly Members and Assembly staff and numbers employed by the Assembly Commission (page 42);
- Members' travel and other allowances costs (page 47);
- Losses and special payments (page 58);

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 is Chairman, and four other Assembly Members are 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 the 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. To support this, the Strategy for the Third Assembly 2007-2011 set the following goals:

- To promote and widen engagement in devolution;
- To show unity, leadership and a bold response to constitutional change;
- In all our work, to demonstrate respect, probity and good governance;
- To work sustainably;
- To ensure that the Assembly has the best service, provided in the most effective way.

## 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. For 2010-11, these were as follows:

**Lord Elis Thomas – Chair of the Commission** - with special responsibility for promoting democratic engagement; excellent leadership; developing the Assembly's future legislative powers and external relations.

**Lorraine Barrett – Commissioner for the Sustainable Assembly** - this portfolio includes responsibility for equality; language; environment and carbon neutrality; sustainable procurement and estate management.

**Peter Black – Commissioner for the Assembly and the Citizen** - this portfolio includes looking at the quality of scrutiny and the legislative process; external communication; ICT; citizenship education; legal matters and Freedom of Information.

**Christopher Franks – Commissioner for the Improving Assembly** - this portfolio includes looking at improving services to Members and citizens; involving stakeholders; strategic planning; and considering value for money.

**William Graham – Commissioner for Assembly Resources** - this portfolio includes considering the management of Assembly assets; Assembly people (including employees, contractors, services provided to support Assembly Members' Support Staff); the Commission's budget; Members' salaries and allowances; efficiency and good governance.

## **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.

## 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.

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

	<u>31 March 2011</u>	<u>31 March 2010</u>
Employed staff	322.9	362.4
Seconded staff	3.8	2.8

The significant change from the 31 March 2010 position arises largely from the voluntary severance scheme which resulted in 25 staff leaving the organisation between October and December 2011.

The overall sickness absence rate for the year was 3.19% (3.23% 2009-10) against a target for the year of 3.18% (equating to 7 days).

## Review of the Financial Year

This fourth year of operation for the Commission – and final year of the third Assembly – saw continued development and achievements, as set out in the [Annual Report](#). As well as supporting the Assembly in its full legislative and scrutiny programme, other highlights were as follows:

The National Assembly for Wales Remuneration Measure was agreed by the Assembly and given Royal approval in July 2010, establishing an independent statutory board, the National Assembly for Wales [Remuneration Board](#), to decide upon the system of financial support for Assembly Members. This delivered a key recommendation from [‘Getting it Right for Wales’](#),

the report published in July 2009 of the independent panel appointed by the Commission in 2008. The Remuneration Board met for the first time in October 2010 and published its report [Fit for Purpose](#) and accompanying [Determination on Members' Pay and Allowances](#) in March 2011.

Following Royal approval of The National Assembly for Wales Commissioner for Standards Measure in December 2009, an independent statutory [Commissioner for Standards](#) was appointed in November 2010 to oversee standards of conduct of Assembly Members. The office is held by Gerard Elias QC, a leading QC with many years of experience in criminal law and the field of professional discipline at a UK level. The [Register of Assembly Members' Financial and Other](#) interests continues to be updated and published on the Assembly's website. A [record](#) is also published of Assembly Members who at any time, with the support of Commission funds, employs, either directly or indirectly, a person whom that Member knows to be a family member of that Member or of another Member.

The Commission administered the process to nominate a new Auditor General for Wales, for appointment by Her Majesty the Queen. Huw Vaughan Thomas took up post in October 2010 following that appointment.

The Commission agreed its e-democracy strategy, setting out how it would use new technologies to engage further with the people of Wales; and the Vote 2011 campaign was run to encourage people to vote in the 3 March 2011 Referendum on further law-making powers for the Assembly and in the 5 May 2011 Assembly election. Additionally, a major internal programme started during the year to ensure a successful transition to the fourth Assembly and the best possible support for Members returned at the election. Alongside this, the Assembly undertook a wide-ranging review of its Standing Orders and approved new Standing Orders in readiness for May 2011.

A significant project (Unification of the Network for the Organisation or UNO) was delivered during the year at a cost of £4.6million. This created a unified information technology network for Members and Assembly staff, separate from that of the Welsh Government, with longer-term benefits for managing information, public engagement, IT procurement and enhancing business continuity.

Against the backdrop of public sector spending restraint, the Commission approved a budget strategy for the fourth Assembly that would deliver real-terms reductions in spend, including a reduction in the overall headcount of staff employed by the Commission. The Commission's [budget for 2011-12](#), approved in December 2010, sought separate authorised sums ('ambits') for Assembly services and Assembly Members. This was done to reflect the spending on Assembly services that will continue to be under the Commission's direct control, and pay and allowances for Assembly Members that is now determined by the independent Remuneration Board.

In order to accelerate savings in staff costs, the Commission ran a voluntary severance scheme during the year, leading to 25 staff leaving the organisation at a one-off cost of

£0.9m with recurring annual savings of £0.7m. An organisational restructuring was also undertaken in order to strengthen service delivery as the Commission prepared to support the fourth Assembly over its five year term.

The Commission must exercise its functions in accordance with the principles of: equality of opportunity for all; promoting sustainable development; and, treating English and Welsh languages on the basis of equality. The Legacy Report, the Annual Report, these Accounts and the Assembly's website combine to give a comprehensive insight into the Commission's approach to these duties and the successes achieved, with the following particular highlights from 2010-11:

- an independent panel [reported](#) on the future of bilingual services in the Assembly, leading to the introduction of Cofnod Cryno (Concise Record) - providing a more citizen-friendly approach to accessing Assembly proceedings;
- The Commission was named the most sustainable public sector organisation at government level in the UK by the Sustainable Facilities Management Awards; retained accreditation for environmental management practices under Green Dragon, Level 5; published the [Annual Environmental Report](#) for the Assembly;
- The Commission achieved Investors in People Gold standard recognition, one of only 25 public bodies in the UK to reach this standard, and the only UK legislature;
- The Commission improved its rating to 42<sup>nd</sup> top UK employer in the Stonewall Index for lesbian, gay and bisexual staff.

During the year the Commission received 66 requests under the Freedom of Information Act (58 requests in 2009-10). The Commission did not charge for responses or refuse to respond to any on the grounds of cost.

The third Assembly was dissolved at midnight on 31 March 2011 which ended the terms of office of Assembly Members elected in May 2007.

### **Financial performance for the year**

The Commission's expenditure is financed from the Welsh Consolidated Fund. The net resource outturn for 2010-11 was £43.7million (£48.9million 2009-10). This included a credit to the account of £2.692million in respect of the Assembly Members' Pension scheme. Under Treasury budgeting rules, it would not have been possible to use the savings for non-pension related expenditure. This resulted in an under spend of £0.322million or 0.7% for the year (£0.8million or 1.7% under spend in 2009-10). 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 £12.7million (£12.6million 2009-10). The salary and related costs of staff employed by the Commission was £14.0million (£13.9million 2009-10); accommodation, ICT and other running costs amounted to some £16.6 million (£15.8 million 2009-10); and rental income and merchandise sales from the Assembly Shop amounted to £0.1million (£0.1million for 2009-



10). Within the ICT costs is £2.9million expenditure for the completion of the Commission's major IT project, UNO. The Commission submitted a £1.95million Supplementary Budget during the year to cover the majority of these costs. This budget was approved 21 June 2010.

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 2010-11, the total cost for these was £0.6million (£0.6million 2009-10).

At 31 March 2011, the Commission's net assets amounted to £67.8million (£60.4million at 31 March 2010).

## **Future Developments**

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 more 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's membership changed at the start of the fourth Assembly. The new Commissioners will wish to consider the [Legacy Report](#) of the outgoing Commission and how to take forward its recommendations; revisit governance principles and the Commission's delegation to the Chief Executive and Clerk of the Assembly; and review and develop strategies to build on the strong foundations put in place over the last four years. This will include agreement of new strategic goals to guide the organisation through the next five years.

A targeted programme of induction and on going professional development has been prepared to support all Members in fulfilling their demanding roles.

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 every £ wisely. 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.

## **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.

## **Supplier Payment Policy**

One of the Commission's key performance target for 2010-11 was to pay all suppliers within 10 working days of receipt of invoices not in dispute. Payments performance for the year averaged 92 % paid within 10 days (93% average for 2009-10).

## **Audit Committee**

The Commission has an Audit Committee to support the Commission and the Principal Accounting Officer in monitoring and reviewing corporate governance, risk management and control systems, advising on the annual accounts and internal and external audit reports. Membership of the Committee consists of three independent advisers and one Assembly Commissioner. Its membership is Richard Calvert (Chair), Tim Knighton, Professor Robert Pickard and William Graham, who was Commissioner for Assembly Resources. Following the May 2011 elections Angela Burns AM has been appointed as a commissioner, and will replace William Graham on the Audit Committee. The Committee's work in 2010-11 included advising on the 2009-10 annual accounts; reviewing progress on recommendations from Internal Audit Reports on procurement and contract management; considering the Commission's Information Management Strategy; and, giving advice on the assurances supporting the Statement on Internal Control within these Accounts. The Committee presents an Annual Report to the Assembly Commission.

## **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 2010-11 accounts is £59,450 (£61,400 2009-10).

## **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: 11 July 2011**

# REMUNERATION REPORT

## Remuneration Policy

Until April 2009 the basic salary for Assembly Members was directly linked to that of Members of Parliament. Following the Independent Review Panels' report, Getting it Right for Wales, published in July 2009, that link was broken with future financial support, including salaries, available to Assembly Members being decided by an independent Remuneration Board.

The Board was established by the National Assembly for Wales Remuneration Measure 2010 which received Royal Approval on 21 July 2010. 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. Seven Members opted not to draw their full entitlement for the 2010-11 financial year (ten Members 2009-10).

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

	From 1 April 2009	From 2 Nov 2009	From 1 April 2010
Presiding Officer and Leader of the largest opposition party	£41,370	£41,370	£41,950
Deputy Presiding Officer	£26,022	£26,022	£26,385
Opposition Chief Whip and Assembly Commissioners	£11,543	£12,000	£12,168
Leader of opposition parties other than the largest. Chairs of scrutiny committees <sup>1</sup> and Finance and Public Accounts Committees.	£11,543	£12,000	£12,168
Chairs of other committees <sup>2</sup>	£6,039	£8,000	£8,112

This table was subject to audit

<sup>1</sup> Scrutiny committees were Communities and Culture; Enterprise and Learning; Health, Wellbeing and Local Government; Sustainability; Constitutional Affairs; 5 Legislation committees.

<sup>2</sup> Other committees were Children and Young People; Equality of Opportunity; European and External Affairs; Petitions; Standards of Conduct.

Of those entitled to such additional salaries, 15 Members did not draw their full entitlement in 2010-11 (ten Members 2009-10).

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 £12,168 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 2010/11	Salary 2009/10	Real increase in pension and related lump sum at age 65	Total accrued pension at age 65 and related lump sum at 31/3/11	CETV at 31/3/10	CETV at 31/3/11	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Office holders</b>							
Lord Elis Thomas AM – <i>Presiding Officer</i>	90-95	90-95	2.5-5	35-40	736*	789	27
Rosemary Butler AM – <i>Deputy Presiding Officer</i>	75-80	75-80	0-2.5	15-20	317*	352	22

<b>Senior Management</b>							
<b>Name and title</b>	<b>Salary 2010/11</b>	<b>Salary 2009/10</b>	<b>Real increase in pension and related lump sum at age 60</b>	<b>Total accrued pension at age 60 and related lump sum at 31/3/11</b>	<b>CETV at 31/3/10</b>	<b>CETV at 31/3/11</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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 165-170	958*	1,035	-1
Dianne Bevan - <i>Chief Operating Officer</i>	115-120	115-120	0-2.5	50-55	752*	820	1
Adrian Crompton - <i>Director of Assembly Business</i>	100-105	95-100	0-2.5 plus lump sum of 0-5	25-30 plus lump sum of 85-90	335*	385	20
Keith Bush - <i>Director of Legal Services</i>	110-115	115-120	0-2.5	15-20	318*	351	22

This table was subject to audit

\* The actuarial factors used to calculate CETV's were changed in 2010/11. The CETV's at 31/03/2010 and 31/03/2011 have both been calculated using the new factors, for consistency. The CETV at 31/03/2010 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

## Salary

Salaries in the above table are the amount earned in the financial year and include all remuneration payable. They do not include National Insurance or Superannuation contributions. 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.

## 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are 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.

## Benefits in kind

No benefits in kind were paid to the Chief Executive & Clerk, Directors, the Presiding Officer or the Deputy Presiding Officer.

## 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>	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
	£	£	£	£	£	£	£	£
Car mileage	-	-	4	-	54	-	-	43
Taxi/Car hire	-	26	-	-	175	70	-	9
Air travel	99	33	71	-	320	-	-	356
Public transport	368	103	946	608	300	390	70	-
Accommodation	160		85	205	105	192	-	183
Subsistence/expenses	-	-	17	11	89	170	-	-
<b>TOTAL</b>	<b>627</b>	<b>162</b>	<b>1,123</b>	<b>824</b>	<b>1,043</b>	<b>822</b>	<b>70</b>	<b>591</b>

This table was subject to audit



## Pensions

Pension benefits for Assembly staff are provided through the Principal Civil Service Pension Scheme (PCSPS) arrangements. The PCSPS is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme 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 2010-11, employer contributions at one of the four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

From 1 October 2002, employees may be in one of four statutory based 'final salary' defined benefit schemes (classic, premium, classic plus and nuvos). The schemes are unfunded with the cost of benefits met by monies voted by the UK Parliament each year. Pensions payable under these schemes are increased annually in line with changes to the Retail Price Index. Please note that index linking for Civil Service pensions will be according to the Consumer Prices Index (CPI) from 1st April 2011, instead of the Retail Price Index (RPI). New entrants joining between 1 October 2002 and 29 July 2007 opted between membership of premium or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account). New entrants on or after 30 July 2007 may join the Nuvos scheme or opt for a 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. Benefits in Classic accrue at the rate of 1/80<sup>th</sup> of the pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum. Classic plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic. Nuvos is a career average scheme where benefits accrue at a rate of 2.3 per cent of salary in each year, revalued in line with the Retail Prices Index at the end of each year

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).

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

Assembly Members belong to the National Assembly for Wales Members' Pension Scheme which is a defined benefit scheme and applies to the total salary entitlement of members including amounts paid to office holders and Welsh Ministers. The Scheme is administered by Trustees, and is wholly independent to the Assembly Commission. The Scheme's accounts are available at [www.assemblywales.org](http://www.assemblywales.org)

The main benefits of the scheme are an immediate pension of either 1/50<sup>th</sup> or 1/40<sup>th</sup> of final salary for each year of service on retirement at age 65. Pensions are increased annually in line with changes in the Retail Price Index. Members pay a contribution equivalent to 6% of their total salary (including any additional elements receivable for office holders and Welsh Ministers) for an accrual rate of 1/50<sup>th</sup> or 10% of their total salary for an accrual rate of 1/40<sup>th</sup>, with the Commission contributing an employer contribution representing 23.8% of their total salary from 1 April 2010 (23.0% until 31 March 2009).

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

**Date: 11 July 2011**

## **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: 11 July 2011**

# Statement on Internal Control

## Scope of responsibility

As Principal Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the National Assembly for Wales Commission, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me by the Treasury. It is incumbent on me, as the Principal Accounting Officer, to combine these duties with my duty to serve the Commissioners, to whom I am responsible and from whom I derive my authority.

The Assembly Commission sets the strategic aims, objectives, policies and values for the organisation and, in accordance with the provisions of paragraph 7 of Schedule 2 to the Government of Wales Act 2006, has delegated its functions, including its responsibility for the management of staff, to me as Chief Executive and Clerk of the Assembly, subject to certain exceptions and conditions. The work of the Assembly and the Commission attracts significant public interest and media coverage, and has wide-ranging political sensitivities. This has been particularly true in a year which has seen both a referendum on further powers for the Assembly and the lead up to the May 2011 Assembly election.

During 2010-11 I, as the Principal Accounting Officer, was advised by:

- the Assembly Commission, and the Commission's four independent advisers, in terms of policy, values and strategic direction;
- my three Directors (the Chief Operating Officer, the Director of Assembly Business and the Director of Legal Services) and the Head of Corporate Unit (until the end of December when we revised the organisational structure) in terms of service development, delivery and capacity to achieve;
- the Management Board (which includes Directors and Heads of Service);
- the Assembly Commission's Audit Committee, consisting of one Commissioner and three independent advisers to the Commission, one of whom is the Chairman; and
- the Commission's external and internal auditors - the Wales Audit Office, and my in-house Head of Internal Audit (supported by KPMG).

The National Assembly for Wales (Remuneration) Measure 2010 established a statutory, independent Remuneration Board in September 2010 to determine remuneration and resources for Assembly Members. The Measure removed responsibility for making such determinations from the Assembly Commission and National Assembly for Wales. The Board also has responsibility for ensuring probity, accountability, value for money and transparency in respect of the decisions that it makes concerning expenditure of public funds. The Assembly Commission remains responsible for securing budgetary provision to meet the costs of the Board's decisions, and expenses incurred by Assembly Members are charged to

the Assembly Commission's account and administered in-house through the system of internal control for which I am responsible.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. 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. The system accords with Treasury guidance, and was in place for the year ending 31 March 2011 and up to the date of approval of the annual report and accounts.

### **Internal Control Framework and Capacity to Handle Risk**

Our Risk and Benefits Management Framework is a key foundation block in the Commission's system of internal control and corporate governance arrangements. My Directors and I are confident that this framework is widely understood and applied throughout the organisation, with examples of effective risk management taking place at operational, strategic, programme and project levels. There is evidence of a culture in which opportunities are realised through improved handling of risks, though there have also been examples of activity falling short of the expectations set out in the framework. Key elements of our 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 at our meetings;
- staff awareness of risk management, weakspots and how to suggest improvements; and
- the escalation of significant risks to Directors, to me as Principal Accounting Officer, and to the Assembly Commission as necessary.

The Risk and Benefits Management Framework forms part of a wider system of internal control to support effective corporate governance and service delivery. Internal controls cover the totality of our activity, from how we recruit staff, support Assembly business, make decisions, and manage and report on the public funds at our disposal.

During the year I strengthened planning, co-ordination and oversight of internal control and governance arrangements by bringing together strategy, governance and compliance roles with the current resource services of Finance and HR. This has created a centre of expertise able to support the whole business cycle, ensure a joined-up approach and build capacity to report on activity against outcomes.

## Assembly Members

The period leading into the referendum and Assembly election created pressures within the Commission and with Members which tested our systems and staff during a period of intense public scrutiny.

For the first time, Members ceased to be Assembly Members well in advance of the election as a result of formal dissolution of the Assembly on 31 March 2011, although those Members who were standing for re-election continued, under the relevant legislation, to be treated as if they were still Members for the purposes of salaries and some allowances. This differed from the previous arrangement where Members held office until the day before the election. Planning for the longer period of dissolution was complex and time consuming in order to balance the wishes of Members (who were keen to manage the impact on constituents and the support staff whom they directly employ) with the need to secure and demonstrate fairness for all candidates for election.

During the year I planned the reorganisation of Assembly services to give particular focus to communication and engagement with Members and their staff and to offer them new opportunities for continuous professional development. This structure is now in place in readiness for the start of the fourth Assembly. Senior staff have also invested time and effort in improving the level of information available to Members and in explaining it at every opportunity. I am confident that these steps will enhance our services to Members.

The Remuneration Board published its first report on 14 March 2011 - Fit for Purpose - together with a new Determination on Assembly Members' Pay and Allowances to take effect from 6 May 2011. Determinations are supplemented with more detailed guidance to support Members and staff in applying the requirements. A Determination entitles Members to financial and other support, such as employing staff, and allows reimbursement for permissible expenses that they incur in carrying out their role. The Commission publishes Members' expense claims monthly, three months in arrears. This has significantly enhanced transparency of and access to expense claims covered by the Determination. There are controls in place to help verify that costs reimbursed have actually been incurred by the Member and the allowances system is subject to annual review by the Wales Audit Office. This arrangement has been in place for three years and a sample of claims covering all 60 Members of the third Assembly has now been subjected to such examination. Responsibility for ensuring that expenses are reasonable and have been properly incurred in order to enable Members to undertake their work effectively remains with the Members. There is therefore an accepted and unavoidable limit to the effectiveness of internal controls put in place by the Commission under these arrangements.

The proper use of Assembly resources by Members, either directly or via the allowances system, falls within the remit of the Assembly's Commissioner for Standards. The first statutory Commissioner for Standards was appointed by the Assembly in November 2010 to replace the previous regime which operated under the Assembly's Standing Orders. The

Commissioner provides advice and assistance on any matters of principle relating to the conduct of Assembly Members, and is an independent investigator of complaints that Members of the Assembly have breached any Code, Protocol or Resolution of the Assembly. The Commissioner draws my attention to any relevant issues which arise in the course of his investigations and has a specific duty to notify the Principal Accounting Officer of any relevant issues that come to light during the course of an investigation, such as ambiguity in the relevant rules or weaknesses in the system of control.

### **Assembly services – delivering in a difficult climate**

During this year we have faced the challenges of planning for and the impact of budget reductions and future financial constraints. This included in-year reductions in staffing following a voluntary severance scheme; in-year changes to budgets to accommodate revised costs from the Unified Network (UNO) major IT project; and introducing car parking charges for all who drive to work on the Assembly estate in Cardiff Bay as a cost-cutting measure. Furthermore, we have also had to plan and roll-out the UNO project; establish and support the work of the new Remuneration Board; and invest a significant amount of time in preparation for dissolution of the third Assembly on 31 March and for welcoming new Members following the election on 5 May. Creative and effective deployment of staff effort and skills, communication with stakeholder groups, as well as re-prioritisation of resources has helped us to meet these challenges whilst also achieving financial savings.

The Commission's annual budget session with the Finance Committee (November 2010 for the 2011-12 budget) was constructive and included positive endorsement of the approach we had taken with the voluntary severance scheme. However, we have had to plan and manage the consequences of the departure of some staff under this scheme, whereby resources have been stretched and expertise and experience has been lost. The position will need to be managed closely in the coming months to ensure that resources are sufficient for key services to be delivered.

Careful management, during the year, of the major UNO project resulted in no cost overruns on the revised budget, and the Commission's approach to re-prioritising in order to reallocate funds to the project earlier in the year helped lay foundations for constructive work in managing with more restricted budgets going forward.

### **Review of effectiveness**

As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of its effectiveness 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 Assembly Commission's Audit Committee, and recommendations made by the Wales Audit Office in their management letter and other reports to me.

The Assembly Commission's Audit Committee works in compliance with the best practice model for an Audit Committee and reports to the Assembly Commission annually.

The core of my review of effectiveness was a self-review process, completed between December 2010 and March 2011. This covered the Corporate Governance and Corporate Planning frameworks, leadership and business management arrangements, and awareness of the control environment and engagement with it. Directors provided me with an interim Assurance Statement for their area of responsibility, followed up with a final Assurance Statement at the year-end.

We have received external recognition of the strength of our systems and practices from our auditors. The audit of Members' expenses during the year was positive and, for the third consecutive year, the Commission's accounts for 2009-10 received an unqualified opinion from the Auditor General.

The Internal Audit Annual Report 2010-11 reported an opinion that the National Assembly for Wales had adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives.

This was the first year of operating the Internal Audit function with an in-house Head of Internal Audit which has enabled a more in-depth review of systems and processes. The internal audit reports produced during the year recorded:

- satisfactory assurance for: Payroll and Core Financial Controls
- reasonable assurance for Risk Management;
- that improvements were needed in Contract Management controls and processes; and
- adequate progress on the follow up review of previous audits.

There has also not been any evidence of fraud or corruption. It is also notable that the Commission has been awarded Gold Standard Investors in People recognition, acknowledging the culture of staff engagement and ownership underpinning the way we work here.

I am satisfied that, during 2010-11, we made good progress in achieving the sharper focus identified as necessary in the following areas:

- Improving budgetary control and reporting arrangements;
- Embedding the Change Programme and developing benefits realisation, though further work is still needed;
- Engaging and communicating more effectively with all stakeholders, particularly in connection with the Fourth Assembly Programme, and the Finance Committee in scrutinising the Commission's budget plans;
- Improving our ability to respond to disruptions from unexpected events by securing resources to develop our business continuity planning.



Considerable effort has been invested in improving the accuracy of profiling and planning our spending. While performance has improved, concerns remain, particularly on major projects and we need to ensure we are equipped to make best use of our limited resources during the period of fiscal austerity over the term of the fourth Assembly.

Information security remains an important issue and during the year the Commission adopted an Information Management Strategy to guide activity in improving how we plan for, manage, and meet the Assembly's information needs.

We have also developed a new draft official languages plan and implemented other recommendations made by the independent panel on the review of bilingual services.

There have been examples where our controls have not been as effective as we would want in terms of procurement, contract management and financial delegations. These have not been widespread, but we need to address the lessons from these instances thoroughly. Comprehensive internal examinations have been completed and action is being taken as a result of the recommendations of those reviews in order to prevent the same issues arising in more significant circumstances. The Management Board considered the strategic approach to procurement and contract management in April 2011. The issuing of delegated authorities will be reviewed and tightened during 2011-12 and supplemented with guidance to ensure understanding.

Excellent standards have been established in terms of responding to Freedom of Information requests, not just of bare compliance but of standards of transparency that go beyond the minimum that the law requires, under challenging circumstances, given the politically sensitive nature of many requests. There are risks that those standards will be difficult to maintain due to resource constraints and consequent changes within the organisation. We will be monitoring this closely and making adjustments to resources in this area if necessary.

## **Forward Look**

Maintaining and further enhancing standards and services to the Assembly and its Members within a tighter fiscal setting will be demanding. The referendum result has raised the bar for expectations of what the Assembly will achieve. It will remain crucial for us to demonstrate prudent and value-for-money spending, to have strong and effective risk management, financial management and governance arrangements which, for the longer term, ensure we remain able to support growth in the Assembly's activity as a legislature. We will need to continue to achieve an appropriate balance between meeting the growing demands placed on us, coping with the resources available to us, and delivering increased efficiencies.

The key strategic risks we face in the year to come are likely to be around:

- delivering quality Assembly services within tight financial resources;
- maintaining our credibility and meeting higher expectations of what the Assembly can achieve with increased powers; and
- responding to the impact of our highest turnover of Members to date.

This year's review has identified the following areas in which we need a sharper emphasis:

- Further strengthening of financial management and forward planning to ensure that our financial and management information is always up to date and accurate, linked to developing a longer-term programme of change to enable effective and flexible use of resources;
- Agree and implement an approach to increasing efficiency and effective use of resources for the fourth Assembly;
- Agree and implement a robust strategic approach to procurement and contract management;
- Conduct a fundamental review of delegated authorities after the 2011 election to take account of re-organisation;
- Ensure high quality support to the Remuneration Board and effective management of its relationship with the next Commission and Assembly; and
- Review the Governance framework in readiness for the new Commission.

In summary, I am satisfied that the weaknesses that have been identified through the review process have been addressed, or are in the process of being addressed, and that the system of internal control has developed effectively over the course of the year.

**Claire Clancy**

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

Date: 11 July 2011

# **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 2011 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 2011 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 Statement on Internal Control 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**  
**13 July 2011**

# Statement of National Assembly for Wales's Supply

## a) Summary of Outturn 2010-11

		Budget			Outturn			2010-11 £'000	Outturn 2009-10 £'000
		Gross Expend	Income	Net Total	Gross Expend	Income applied	Net Total	Net total outturn compared with budget: saving/ (excess)	
Note									
Revenue	2	44,562	(210)	44,352	41,188	(112)	41,076	3,276	44,447
Capital	2	2,375		2,375	2,637	-	2,637	(262)	4,405
<b>Total</b>		<b>46,937</b>	<b>(210)</b>	<b>46,727</b>	<b>43,825</b>	<b>(112)</b>	<b>43,713</b>	<b>3,014</b>	<b>48,852</b>

Explanations of variances between budget and outturn are provided in note 3.

## b) Net cash requirement 2010-11

Note	Budget	Outturn	2010-11 £'000 Net total outturn compared with budget: saving/(excess)	2009-10 £'000 Outturn
Net cash requirement	43,405	43,306	(99)	43,626

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

In 2010-11 the Assembly Commission has no outstanding money due or from (£139.23 2009-10) the Welsh Consolidated Fund.

# Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	Note	2010-11 £'000	Restated 2009-10 £'000
<b>Administration Costs</b>			
Members, Office holders and staff salary costs	6a	19,925	20,050
Members' Other Costs	6b	7,445	7,154
Members' Pension Finance Cost	6b	(2,192)	-
Other administration costs	7	16,629	15,828
<b>Gross Administration Costs</b>		41,807	43,032
Operating income	5	(112)	(111)
<b>Net Operating Costs for the year ended 31 March 2011</b>		<b>41,695</b>	<b>42,921</b>

All activities are continuing.

## Other Comprehensive Expenditure

For the year ended 31 March 2011

	Note	2010-11 £'000	2009-10 £'000
<b>Net gain/(loss) on revaluation of Property Plant and Equipment</b>			
		(3,854)	-
<b>Total Comprehensive expenditure for the year ended 31 March 2011</b>		<b>37,841</b>	<b>42,921</b>

All activities are continuing.

# Statement of Financial Position

As at 31 March 2011

		31 March 2011	31 March 2010
	Note	£'000	£'000
<b>Non-current assets:</b>			
Property, plant and equipment	8	72,016	70,064
Intangible assets	9	1,276	441
<b>Total non-current assets</b>		<u>73,292</u>	<u>70,505</u>
<b>Current Assets</b>			
Inventories	10	24	27
Trade and other receivables	11	1,355	1,151
Cash and cash equivalents	12	99	675
<b>Total current assets</b>		<u>1,478</u>	<u>1,853</u>
<b>Total assets</b>		<u>74,770</u>	<u>72,358</u>
<b>Current liabilities</b>			
Trade and other payables	14	(4,397)	(5,953)
<b>Total current liabilities</b>		<u>(4,397)</u>	<u>(5,953)</u>
<b>Non-current assets plus net current assets</b>		70,373	66,405
<b>Non-current liabilities</b>			
Other Payables	14	-	(163)
Provisions	15	(2,554)	(5,878)
<b>Total non-current liabilities</b>		<u>(2,554)</u>	<u>(6,041)</u>
<b>Assets less liabilities</b>		<u>67,819</u>	<u>60,364</u>
<b>Taxpayers' Equity</b>			
General Fund		62,244	61,833
Pension Fund Reserve		(2,310)	(5,873)
Revaluation Reserve		7,874	4,393
Donated Asset Reserve		11	11
		<u>67,819</u>	<u>60,364</u>

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

Date: 11 July 2011

# Statement of Cash Flows

For the year ended 31 March 2011

	Note	2010-11 £'000	Restated 2009-10 £'000
<b>Cash flows from Operating Activities</b>			
Net operating cost	3	(41,695)	(42,921)
<b>Adjustments for non-cash transactions:</b>			
Depreciation and amortisation	7	3,704	2,100
Decrease in inventories	10	3	-
(Increase)/Decrease in trade and other receivables	11	(204)	36
<i>Less movements in receivables relating to items not passing through the Operating Cost Statement</i>		-	-
(Decrease)/Increase in trade and other payables	14	(1,719)	114
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		576	558
<i>Utilising of Provision</i>	15	(5)	-
Pension Finance Costs & other provisions	15	(1,948)	256
<b>Net cash outflow from Operating Activities</b>		<b>(41,288)</b>	<b>(39,857)</b>
<b>Cash flows from Investing Activities</b>			
Purchase of property plant and equipment	8	(2,512)	(4,033)
Purchase of intangible assets	9	(125)	(372)
<b>Net cash outflow from Investing Activities</b>		<b>(2,637)</b>	<b>(4,405)</b>
<b>Cash flows from Financing Activities</b>			
From the Welsh Consolidated Fund (Supply)		43,405	44,301
From the Welsh Consolidated Fund (direct charges)		619	636
Payments to the Welsh Consolidated Fund		(675)	(1,233)
<b>Net cash inflow from Financing Activities</b>		<b>43,349</b>	<b>43,704</b>
Net decrease in cash and cash equivalents		(576)	(558)
Cash and cash equivalents at beginning of year	12	675	1,233
<b>Cash and cash equivalents at end of year</b>	<b>12</b>	<b>99</b>	<b>675</b>



# Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

	Note	Restated General Fund £'000	Revaluation Reserve £'000	Donated Asset Reserve £'000	Pension Reserve £'000	Restated Total Reserves £'000
<b>Balance at 31 March 2009</b>		60,224	4,393	11	(1,967)	62,661
<b>Changes in taxpayers' equity for 2009-10</b>						
Cost of Capital		2,162	-	-	-	2,162
Pension Fund Reserve Movement		-	-	-	(3,906)	(3,906)
Pension fund cost		268	-	-	-	268
Comprehensive Expenditure for the year		(45,083)	-	-	-	(45,083)
<b>Total recognised income and expense for 2009-10 as originally reported</b>		(42,653)	-	-	(3,906)	(46,559)
<b>Balance at 31 March 2009</b>		60,224	4,393	11	(1,967)	62,661
<b>Change in Accounting policy – cost of capital</b>			-	-	-	-
<b>Changes in taxpayers' equity for 2009-2010</b>			-	-	-	-
Pension Fund Reserve Movement			-	-	(3,906)	(3,906)
Pension Fund cost		268	-	-	-	268
Comprehensive Expenditure for the year Restated		(42,921)	-	-	-	(42,921)
<b>Total recognised income and expense for 2009-10 restated</b>		(42,653)	-	-	(3,906)	(46,559)
<b>Net Funding from the Welsh Consolidated Fund</b>						
Supply		44,301	-	-	-	44,301
Direct Charges	3	636	-	-	-	636
<b>Amount payable to the Welsh Consolidated fund</b>						
-Supply		(675)	-	-	-	(675)
<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	15	-	-	-	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	-	-	-
Transfer between reserves		(1,819)	(373)	-	2,192	-
<b>Welsh Consolidated fund – Supply</b>		43,405	-	-	-	43,405
-Direct Charges	3	619	-	-	-	619
<b>Amount payable to the Welsh Consolidated Fund</b>						
-Supply		(99)	-	-	-	(99)
<b>Balance at 31 March 2011</b>		62,244	7,874	11	(2,310)	67,819

# Statement of Operating Costs by Aim and Objectives

The National Assembly is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Assembly Government to account. The Assembly aspires to be an accessible and effective parliamentary body that inspires the confidence of the people of Wales.

The strategic objectives are:

1. To promote and widen engagement in devolution.
2. To show unity, leadership and a bold response to constitutional change.
3. In all our work, to demonstrate respect, probity and good governance.
4. To work sustainably.
5. To ensure that the Assembly has the best service, provided in the most effective way.

	Corporate Unit		Legal Services		Business Directorate		Operations Directorate		Total	
	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000	2010-11 £'000	Restated 2009-10 £'000	2010-11 £'000	Restated 2009-10 £'000
Strategic Objective 1	182	184	99	90	1,113	1,101	4,524	3,940	5,918	5,315
Strategic Objective 2	182	184	197	180	1,339	1,311	2,257	1,800	3,975	3,475
Strategic Objective 3	638	644	99	90	596	599	5,348	5,322	6,681	6,655
Strategic Objective 4	273	276	66	60	430	434	3,612	3,759	4,381	4,529
Strategic Objective 5	547	551	197	180	2,313	2,309	5,721	6,624	8,778	9,664
Subtotal of Net Operating Costs	1,822	1,839	658	600	5,791	5,754	21,462	21,445	29,733	29,638

Direct charges on the Welsh Consolidated Fund	619	636
Income payable to the Welsh Consolidated Fund	-	-
Voluntary Severance Scheme costs	873	-
Members' salaries, allowances and related costs	12,662	12,647
Members' Pension Finance Costs	(2,192)	-
Net operating costs	<u>41,695</u>	<u>42,921</u>
See note 3 Reconciliation of Net Resource outturn to Net Operating Costs		

# Notes to the Resource Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010–11 International Financial Reporting Manual (iFReM) 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 and by strategic objectives.

### *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 reflected in the donated asset reserve, which is credited with the value of the original donation and subsequent revaluations.

### 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
Infrastructure:	10 years
Intangible assets (software):	3 or 5 years
Motor Vehicles:	4 years
Donated assets:	Assessed on receipt of asset

During the year a full review of assets useful economic lives was completed. As a result of this exercise depreciation was increased by £1.107m in 2010-11 with a further anticipated increase of £180k in 2011-2012.

#### *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 2010/11, following HM Treasury's decision under the Clear Line of Sight Programme to cease to charge Cost of Capital within our financial statements. We have restated our 2009/10 position to take account of the change as required under IAS1. We have chosen not to restate the Statement of Financial Position as no adjustment would have been required.

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. In order to provide the reader with consistent information over the life of the third Assembly, we have retained the Statement of Operating Costs by Aims and Objectives.

## 2. Analysis of net resource outturn 2010-11

	Outturn £'000	Analysis of Approved Budget £'000	Outturn compared with Approved Budget £'000	Outturn 2009-10 £'000
<i>Revenue expenditure</i>				
Members' salaries, allowances and related costs	12,662	13,380	(718)	12,647
Staff salaries and related costs	14,089	14,476	(387)	13,921
Staff travel and subsistence costs	86	208	(122)	135
Recruitment/other HR costs	109	151	(42)	205
Voluntary Severance Scheme Costs	873	-	873	-
ICT costs	3,597	3,508	89	3,618
Accommodation and facilities costs	6,640	6,881	(241)	7,696
Training and development costs	156	250	(94)	211
Promoting awareness and understanding	332	596	(264)	564
Other administrative costs	1,132	1,456	(324)	1,299
Depreciation and amortisation charges	3,704	3,156	548	4,262
<b>Gross Revenue Expenditure</b>	<b>43,380</b>	<b>44,062</b>	<b>(682)</b>	<b>44,558</b>
<i>Revenue Income</i>				
Sales - the Assembly Shop	(10)	(40)	30	(18)
Accommodation rental income	(80)	(90)	10	(86)
Miscellaneous income	(22)	(80)	58	(7)
<b>Gross Revenue Income Applied</b>	<b>(112)</b>	<b>(210)</b>	<b>98</b>	<b>(111)</b>
<b>NET REVENUE EXPENDITURE</b>	<b>43,268</b>	<b>43,852</b>	<b>(584)</b>	<b>44,447</b>
<b>CAPITAL EXPENDITURE - CREATION OF FIXED ASSETS</b>	<b>2,637</b>	<b>2,375</b>	<b>262</b>	<b>4,405</b>
<b>RESOURCE OUTTURN</b>	<b>45,905</b>	<b>46,227</b>	<b>(322)</b>	<b>48,852</b>
<b>Members' Pension Finance Costs</b>	<b>(2,192)</b>	<b>500</b>	<b>(2,692)</b>	<b>-</b>
<b>NET RESOURCE OUTTURN</b>	<b>43,713</b>	<b>46,727</b>	<b>(3,014)</b>	<b>48,852</b>

The net resource outturn was £3.014million less than the amount authorised by the Assembly. Of this, £2.692million was in respect of a credit to the account for the cost of the Assembly Members' Pension scheme arising from the decision to change the basis for index linking of pensions from the Retail Prices Index to the Consumer Prices Index. Under Treasury budgeting rules, it would not have been possible to use the saving for non-pension related expenditure. The remaining net underspend of £0.322million was within 0.7% of the Approved Budget for the year (2009-10 1.7%).

The Approved Budget shown above reflects the decision the Commission made in early 2010 to manage the increased costs of the project to deliver a unified network for the organisation (UNO) without seeking a supplementary budget. The Commission cancelled internal refurbishment work, some planned project work that was re-assessed as a lower priority and reduced spend in other areas of discretion.

During the year, the announcement of the Comprehensive Spending Review and the need to prepare for more stringent financial times in coming years lead to the Commission decision to offer a voluntary severance scheme for staff. The Commission also commenced project work to improve its broadcasting capability and replace Senedd ICT equipment. These events and the subsequent review of asset lives required additional depreciation charges for the year.

The Commission delivered reductions to accommodate these increased costs. These reductions covered a range of activities for example, through the introduction of the new concise record (Cofnod) following an independent review of the Assembly's bilingual services. A reduction in training, travel, marketing, accommodation and administrative costs also featured heavily as did the reduced demand on Members' travel, subsistence and other allowances. On staffing costs, the robust management of vacant posts delivered savings by holding posts vacant for longer. It is estimated that the voluntary severance scheme will deliver annual recurring savings in the order of £0.7 million.

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

		2010-11	Restated 2009-10
	Note	£000	£'000
Net Resource Outturn	2	43,713	48,852
Capital expenditure	8 & 9	(2,637)	(4,405)
Direct charges on the Welsh Consolidated Fund		619	636
Change in Accounting Policy - Cost of Capital		-	(2,162)
<b>Net operating cost</b>		<b>41,695</b>	<b>42,921</b>

The direct charges on the Welsh Consolidated Fund £619,325 (£636,091 for 2009-10) 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 resources to cash requirement

	Note	Budget Note 2 £'000	Outturn £'000	Net total outturn compared with budget: saving/ (excess) £'000	Outturn 2009-10 £'000
Resource Outturn	3	46,727	43,713	3,014	48,852
<u>Accruals adjustments</u>					
Non-cash items	See below	(3,656)	(5,652)	1,996	(4,518)
Changes in working capital other than cash		334	5,245	(4,911)	(708)
<b>Net cash requirement</b>		<b>43,405</b>	<b>43,306</b>	<b>99</b>	<b>43,626</b>

	Note	Budget £'000	Outturn £'000	Outturn compared with budget 2010-11 £'000	Outturn 2009-10 £'000
<i>Non-cash items</i>					
Depreciation and amortisation	8 & 9	(3,156)	(3,704)	548	(4,262)
IAS 19 Pension Finance Cost and other provision movements		(500)	(1,948)	1,448	(256)
		(3,656)	(5,652)	1,996	(4,518)

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

	Forecast 2010-11 £'000	Outturn 2010-11 £'000	Outturn 2009-10 £'000
Retainable operating income	210	112	111
Non-Retainable operating income (bank interest)		-	-

## 6a. Members and staff numbers and related costs

Staff costs comprise:

	Staff	Members & Office Holders	Total 2010-11	Total 2009-10
	£'000	£'000	£'000	£'000
Salaries				
Staff, Members and Office Holders	10,887	4,366	15,253	15,207
Seconded staff	251	-	251	245
Social security costs				
Staff, Members and Office Holders	856	445	1,301	1,269
Other pension costs				
Staff, Members and Office Holders	2,095	1,025	3,120	3,329
Total Members, Office holders and staff salary costs	<b>14,089</b>	<b>5,836</b>	<b>19,925</b>	<b>20,050</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:

	2010-11	2009-10
Permanent Staff	334.6	339.0
Seconded Staff	3.3	3.0
Temporary/Casual Staff	4.3	7.0
Fixed Term Appointments	3.2	3.3
Total	<b>345.4</b>	<b>352.3</b>

As at the 31 March 2011 there were 59 serving Assembly Members (1 member deceased as at 31 March 2011). At the year-end there were 10 Office Holders (other than Ministers), 1 First Minister, 9 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 £12,168 per annum from 1 April 2010 (£11,543 from 1 April 2009 and £12,000 from 2 November 2009). 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 2010-11, employer's contributions of £2.074million (£2.002million 2009-10) 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 (£21,000 2009-10) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 7% to 15% per cent of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,100 (£1,000 2009-10) 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 2009-10). 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 (Pension Finance Costs £2.192million)**

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 2005 and updated to 31 March 2008 by a qualified independent actuary. The scheme is funded.

In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that , with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension. This has resulted in negative past service costs of £2.784million. This together with a current finance cost of £592k has resulted in a total net pension finance credit of £2.192million.

This change has been accounted for as a past service cost arise when an employer undertakes to provide a different level of benefits than previously promised. There are no other material past service costs which have arisen over 2010-11.

The change from RPI to CPI for the purposes of uprating index-linked features of post employment benefits has been recognised as a negative past service cost in accordance with IAS 19. This accounting treatment has been adopted by all central Government reporting entities where RPI has been used for inflation indexing for many years.

The question of whether, as regards the main public service pensions schemes, there is a legitimate expectation that RPI will be used for inflation indexing is currently before the courts in judicial review proceedings. The Government case is that no legitimate expectation exists and that, in any event, even if there was a legitimate expectation this was overridden by the clear public interest in making very substantial savings at a time when the Government had adjudged that deficit reduction was a fundamental objective for the country. If the Government's case is proven, there would be no change to the accounting treatment adopted in these accounts.

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

	31 March 2011 £'000	31 March 2010 £'000
Present value of scheme liabilities	(21,095)	(21,999)
Fair value of scheme assets	18,785	16,126
Net liability	<u>(2,310)</u>	<u>(5,873)</u>
Amount in the Statement of Financial Position		
Liabilities	(2,310)	(5,873)
Assets	-	-
Net liability (Note 15)	<u>(2,310)</u>	<u>(5,873)</u>

Analysis of amount charged to the Statement of Comprehensive Net Expenditure

	2010-11 £'000	2009-10 £'000
Current service cost	1,495	896
Interest on pension liability	1,193	898
Expected return on scheme assets	(1,132)	(552)
	<u>1,556</u>	<u>1,242</u>

Allocated in the account as;		
Other pension costs	964	974
Pension finance costs	(2,192)	268
Past service costs	2,784	-
	<u>1,556</u>	<u>1,242</u>

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

	<b>2010-11</b>	<b>2009-10</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on scheme assets	618	3,799
Actual gains / losses	617	251
Changes in assumptions	136	(7,688)
Net actuarial gains/(losses) recognised in SCITE	<u>1,371</u>	<u>(3,638)</u>

Movement in liabilities during the year

	<b>31 March</b>	<b>31 March</b>
	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Liabilities at 31 March 2010	21,999	12,388
Current service cost (net of member contributions)	1,495	896
Member contributions (including net transfers- in)	474	548
Past service cost	(2,784)	-
Benefits paid during the year	(529)	(168)
Interest on pension liability	1,193	898
Actuarial (losses)/gains	(753)	7,437
Liabilities at 31 March 2011	<u>21,095</u>	<u>21,999</u>

Movements in assets during the year

	<b>31 March</b>	<b>31 March</b>
	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Assets at 31 March 2010	16,126	10,421
Expected return on scheme assets	1,132	552
Actuarial return less expected return on scheme assets	618	3,799
Contributions by NAFW	964	974
Contributions by Members (including net transfers-in)	474	548
Benefits paid and expenses	(529)	(168)
Closing fair value of scheme assets	<u>18,785</u>	<u>16,126</u>

The Commission expects to contribute £942,487 to the Members' Pension Scheme in 2011-12.

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

	<u>2010-11</u>	<u>2009-10</u>
Equities	83%	82%
Bonds	10%	14%
Cash	7%	4%

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 £1,427,612.

The expected rate of return on equities is 3% 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 2010-11 was a gain of £1.75 million (£4.35 million gain in 2009-10).

Principal actuarial assumptions at the Statement of Financial Position date:

	<u>31 March 2011</u>	<u>31 March 2010</u>
Discount rate	5.7%	5.8%
Future salary increases	0.4%	5.4%
Future pension increases	2.6%	3.9%
Expected rate of return on equities	7.2%	7.4%
Expected rate of return on bonds	4.2%	4.3%
Expected rate of return on cash	4.2%	4.4%
Expectation of life at age 65 (years)		
Men	26.1	26.0
Women	29.2	29.1

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

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000
Defined benefit obligation	21,095	21,999	12,388	12,661	12,859
Scheme assets	18,785	16,126	10,421	11,351	10,273
Surplus/(deficit)	(2,310)	(5,873)	(1,967)	(1,310)	(2,586)
Experience adjustments on scheme liabilities	617	251	100	Nil	(22)
Experience adjustments on scheme assets	618	3,799	(2,922)	(840)	(171)

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 2011.

## 6b. Members' Other Costs

Members' Other Costs of £7.445million (£7.154million 2009-10) in the Statement of Comprehensive Net Expenditure consist of:

	2010-11 £'000	2009-10 £'000
Office Costs allowances	699	702
Additional Costs allowances	241	259
Members' Staff Costs allowances	6,311	5,978
Travel costs	194	215
<b>Total Members' other costs</b>	<b>7,445</b>	<b>7,154</b>

## 6c. Reporting of Voluntary Severance Scheme –exit packages

The Commission meet the additional costs of benefits beyond the normal Principle Civil Service Pension Scheme benefits in respect of employees who retire early by paying the required amounts annually to the Principle Civil Service Pension Scheme over the period between early departure and normal retirement date. The Commission provide for this in full when the early

retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 3.5 per cent in real terms.

	<b>Exit package cost band</b>	<b>Total number of exit packages by cost band</b>
<b>1</b>	<b>&lt;£10,000</b>	<b>-</b>
<b>2</b>	<b>£10,000 - £25,000</b>	<b>15</b>
<b>3</b>	<b>£25,000 - £50,000</b>	<b>7</b>
<b>4</b>	<b>£50,000 - £100,000</b>	<b>2</b>
<b>7</b>	<b>£200,000 - £250,000</b>	<b>1</b>
<b>8</b>	<b>Total number of exit packages by type</b>	<b>25</b>
<b>9</b>	<b>Total resource cost (£000's)</b>	<b>873</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Commission has agreed early retirements, the additional costs are met by the Commission and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. There were no compulsory redundancies made.



## 7. Other Administration Costs

Other administration costs of £16.629million (Restated £15.828million 2009-10) in the Statement of Comprehensive Expenditure consist of:

	2010-11	Restated 2009-10
	£'000	£'000
Accommodation and facilities	4,368	5,459
Rentals under operating leases	2,272	2,237
Information and communications technology	3,597	3,618
Promoting awareness and understanding	332	564
Training and development	156	211
Other HR/recruitment costs	109	205
Voluntary Severance Scheme costs	873	-
Staff travel and subsistence	86	135
Other administrative expenses	1,132	1,299
<i>Non-cash items:</i>		
Depreciation and amortisation	3,704	2,100
<b>Total other administration costs</b>	<b>16,629</b>	<b>15,828</b>

The agreed external audit cost for the audit of these statements is £59,450(2009-10 £61,400). No addition costs were charged in 2010-11 (2009-10 £4,400) for additional non statutory audit work.

## 8. Property, plant and equipment

	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>Net book value 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>Net book value 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>

\* 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 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	2009-10 £'000 Total
<b>Cost or valuation</b>						
At 1 April 2009	65,731	7,521	1,034	121	-	74,407
Additions	590	129	76	-	3,238	4,033
Disposals	-	-	-	(41)	-	(41)
Revaluations	-	-	-	-	-	-
At 31 March 2010	66,321	7,650	1,110	80	3,238	78,399
<b>Depreciation</b>						
At 1 April 2009	(3,948)	(1,923)	(398)	(41)	-	(6,310)
Charged in year	(1,164)	(776)	(110)	(16)	-	(2,066)
Disposals	-	-	-	41	-	41
Revaluations	-	-	-	-	-	-
At 31 March 2010	(5,112)	(2,699)	(508)	(16)	-	(8,335)
<b>Net book value at</b>						
<b>31 March 2010</b>	<b>61,209</b>	<b>4,951</b>	<b>602</b>	<b>64</b>	<b>3,238</b>	<b>70,064</b>
Net book value at 1 April 2009	61,783	5,598	636	80	-	68,097

## 9. Intangible assets

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

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

	<b>2010</b>
	<b>Total</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 April 2009	172
Additions	372
Disposals	-
Revaluation	-
<b>At 31 March 2010</b>	<b>544</b>
<b>Amortisation</b>	
At 1 April 2009	(69)
Charged in year	(34)
<b>At 31 March 2010</b>	<b>(103)</b>
<b>Net book value at 31 March 2010</b>	<b>441</b>
Net book value at 1 April 2009	103

## 10. Inventories

	31 March 2011 £'000	31 March 2010 £'000
Inventories for the Commission's Shop	24	27

## 11. Trade receivables and other current assets

	31 March 2011 £'000	31 March 2010 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	17	1
Other receivables	3	14
Prepayments	733	734
Recoverable VAT	591	402
Amounts due from the Welsh Consolidated Fund in respect of direct charges	11	-
	<b>1,355</b>	<b>1,151</b>

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

## 12. Cash and cash equivalents

	31 March 2011 £'000	31 March 2010 £'000
Balance at 1 April	675	1,233
Net change in cash and cash equivalent balances	(576)	(558)
Balance at 31 March	99	675
The following balances at 31 March were held at:		
Citibank	48	611
Commercial banks and cash in hand	51	64
<b>Balance at 31 March</b>	<b>99</b>	<b>675</b>

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

	31 March 2011 £'000	31 March 2010 £'000
Net cash requirement	(43,306)	(43,626)
From the Consolidated Fund (Supply) – current year	43,405	44,301
From the Consolidated Fund (Supply) – prior year		
Amounts due to the Consolidated Fund received and not paid over	(675)	(1,233)
Amounts due to the Consolidated Fund received and not paid over		
<b>(decrease)/increase in cash</b>	<b>(576)</b>	<b>(558)</b>

### 14. Trade payables and other current liabilities

	31 March 2011 £'000	31 March 2010 £'000
<b>Amounts falling due within one year</b>		
VAT - Net with Note 11 balance	3	2
Other taxation and social security	621	583
Trade payables	1,128	149
Other payables	23	4
Accruals	2,523	4,540
Amounts due to the Welsh Consolidated Fund	99	675
	<b>4,397</b>	<b>5,953</b>
<b>Amounts falling due after more than one year</b>		
Other payables	-	163
	<b>4,397</b>	<b>6,116</b>

## 15. Provisions for liabilities and charges

Under International Accounting Standard 19, a liability of £2.310million is recognised for the Assembly Members' Pension Scheme. Further information on this is provided under note 6.

	<b>AM Pension Scheme £'000</b>	<b>Provision for compensatory payment to staff £'000</b>	<b>AM Allowance £'000</b>	<b>2010-11 Total £'000</b>	<b>2009-10 Total £'000</b>
Balance at 1 April	5,873	-	5	5,878	1,984
(Decrease)/Increase s in-year	(2,192)	244	-	(1,948)	3,911
Utilised or released in-year	(1,371)	-	(5)	(1,376)	(17)
<b>Balance at 31 March</b>	<b>2,310</b>	<b>244</b>	<b>-</b>	<b>2,554</b>	<b>5,878</b>

## 16. Capital commitments

There were £0.303million contracted capital commitments at 31 March 2011 (£1.767million at 31 March 2010).

## 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 2011	31 March 2010
	£'000	£'000
<b>Obligations under operating leases comprise:</b>		
Land and buildings:		
Expiry after 1 year but not more than 5 years	107	150
Expiry thereafter	46,000	47,775
	<b>46,107</b>	<b>47,925</b>
Other – car, printers and copiers:		
Expiry within one year	12	20
Expiry after 1 year but not more than 5 years	165	158
	<b>177</b>	<b>178</b>

### (b) Finance leases

There are no obligations under finance leases.



## 18. Other financial commitments

Three 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, and to managed servers for the HR and Finance systems used by the Commission. The payments to which the Commission is committed at the year-end, analysed by the period during which the commitment expires are as follows.

	2010-11 £'000	2009-10 £'000
<b>Obligations under non-cancellable contracts comprise:</b>		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	65	28
Expiry thereafter	5,060	5,537
	<u>5,125</u>	<u>5,565</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

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 at 31 March 2011 £'000	Amount outstanding at 31 March 2010 £'000	Amount paid out in 2010-11 £'000	Comments
Pension contributions for AM Support Staff who: Are currently employed but not contributing to a pension scheme	98	125	-	Remote
Have left employment without ever joining a pension scheme	36	32	-	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 2010-11 are as follows:

### (a) Losses Statement

	2010-11		2009-10	
	<i>No. of cases</i>	Value £'000	<i>No. of cases</i>	Value £'000
Total	16	1	13	9
Fruitless Payments and Constructive Loss	15	1	11	9
Claims Abandoned	1	-	-	-
Losses of pay, allowances and superannuation benefits	-	-	2	-

### (b) Special Payments

	2010-11		2009-10	
	<i>No. of cases</i>	Value £'000	<i>No. of cases</i>	Value £'000
Total	19	36	2	17
Compensation	19	36	-	-
Ex-gratia	-	-	1*	1
Special Severance Payment	-	-	1	16

## 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 6b. 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 £1,794.49 (£4,096.99 2009-10) 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 £2,937.50 (Nil 2009-10) were made to the Hansard Society for 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).