



The Government's
Expenditure Plans 2001-02 to 2003-04

Departmental Report by the

WALES OFFICE

(Office of the Secretary of State for Wales)

Presented to Parliament by the Secretary of State for Wales
And by the Chief Secretary to the Treasury
By Command of Her Majesty

March 2001

This is part of a series of departmental reports and Main Estimates which, accompanied by the document *Public Expenditure: Statistical Analyses 2001-02*, present the Government's expenditure plans for 2001-2004. The plans were published in summary form in the Budget documentation.

The complete series is also available as a set at a discounted price.

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Explanatory Note

This Report on public expenditure presents to Parliament the Government's forward expenditure plans. The Wales Office was established on 1st July 1999 following devolution and is now able to report against its first full year's plans.

Arrangements prior to the Comprehensive Spending Review in 1998, under which spending plans were reviewed each year through the Public Expenditure Survey (PES), have been replaced with fixed three year spending plans controlled directly by departments (the Departmental Expenditure Limits - DEL), with greater freedom to carry forward unspent provision. This gives departments more certainty and flexibility for long-term planning and management of resources. Other spending which cannot be reasonably subject to firm three year limits, or that should have special control regimes, is included in Annually Managed Expenditure (AME) and will be reviewed as part of the annual Budget process. DEL and AME together form an overall total known as Total Managed Expenditure (TME).

Decisions on allocations between current and capital will be based on sound fiscal principles and must be consistent with the Government's two strict fiscal rules: the golden rule that over the economic cycle the Government will borrow only to invest and not to fund current spending; and the sustainable investment rule, that net public debt as a proportion of GDP will be held over the economic cycle at a stable and prudent level.

Figures which round to zero are denoted by a dash (-) in tables. Because of rounding conventions, individual components may not always sum to the totals shown. With the introduction of Resource Accounting and Budgeting (RAB) the Main Estimate (in resource terms) for 2001-02 is published in this report. Treasury will separately publish a *Summary Request for Supply* for 2001-02 Main Estimates. From 1999-00 the expenditure of the Wales Office and the grant to the National Assembly for Wales is contained within a single vote. All European Union receipts are treated as current receipts even though they may be used for current or capital expenditure by the National Assembly for Wales.

If you have any general comments or queries about the report please forward them to the Head of Finance & Administration, Wales Office, Gwydyr House, Whitehall, LONDON, SW1A 2ER (Tel: 020 7270 0557 or e-mail at wales.office@wales.gov.uk). Alternatively further information can be obtained at our website: www.walesoffice.gov.uk

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Foreword by the Secretary of State for Wales

Almost two years have passed since devolution and we have now embarked upon what I consider our greatest challenge yet - that of putting theory into practice and making the settlement for Wales really deliver for the Welsh people.

This is the true test: to make devolution succeed in Wales. And it is not simply a matter of saying that devolution has occurred, so there is nothing further to be done. Devolution is an on-going and evolving partnership between the National Assembly for Wales and the United Kingdom Government, and the Wales Office forms a very important part of that partnership.

Devolution has meant constitutional change in the United Kingdom on a huge scale, and has brought many challenges. Of course, it has not been without its up and downs and during the early months the new arrangements did not always operate as smoothly as they might have. But, looking back, all parties to the settlement agree that this has been an invigorating and successful year for Wales, and one in which the partnership between the Assembly and the UK Government has proved it can deliver for the people of Wales.

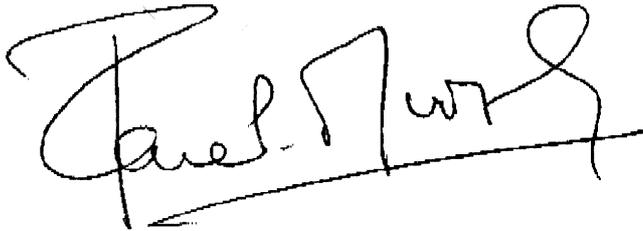
One important effect of devolution has been to strengthen the ability of each part of the UK to find solutions which meet its particular needs. Over the past year the Government and the Assembly have worked together to realise the full benefit of this opportunity for Wales. A key function of my office has been to liaise with the Assembly and other Government departments to make sure that a number of important policies for Wales, which have been developed by the Assembly and which need primary legislation to bring them into force, were incorporated in Government legislation.

There have been some notable successes. During the last parliamentary session important provisions for Wales were included in the Care Standards Act, the Learning and Skills Act and the Local Government Act, to name but a few. The current parliamentary session has seen the introduction of the Children's Commissioner for Wales Bill, the first Wales only Bill since devolution.

It has also been an excellent year for Wales in terms of resources. The Spending Review 2000 provided a tremendous boost to public services in Wales which will mean a real and positive impact on the quality of life for all Welsh people. Importantly, this settlement included cover, outside the Barnett formula, for the Structural Funds Programmes in Wales. The Government made good on its commitment not to let Wales down over Objective 1 and recognised the special needs of Wales, where Objective 1 covers around 65 per cent of the population. In the light of the Spending Review, the Assembly Cabinet and the Government made the commitment that no worthwhile Objective 1 project would be held back by lack of resources.

DEPARTMENTAL REPORT

I am confident that we will continue to make a success of devolution through the partnership, trust and good communication which have built up between the Government and the Assembly. This report sets out for Parliament and the public the work which the Wales Office has done in the past year towards realising this goal.

A handwritten signature in black ink, appearing to read 'Paul Davies', written over a horizontal line.

Chapter 1

Wales Office Aims and Achievements

This section sets out the aim, objectives and forward vision which guide the work of the Wales Office. It sets out our key achievements in 2000-2001 and shows how these have contributed to our objectives.

1.1 Statement of Purpose

The overarching purpose of the Wales Office is: “To provide the best possible support to the Secretary of State in discharging his role”.

1.2 Aim

The overall aim of the Wales Office is: “To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales, and ensuring the smooth working of the devolution settlement for Wales”.

1.3 Forward Vision and Objectives

In support of the Wales Office’s Statement of Purpose and Aim, the Department has five specific objectives:

Figure 1	2001-02 Objectives ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
Objective 1	To maintain effective working relationships with the Assembly and to ensure that the devolution settlement continues to operate equitably in the best interests of Wales.
Objective 2	To work with other Government departments and the Assembly to ensure that the interests of Wales are fully taken into account in primary legislation which affects the Assembly’s responsibilities.
Objective 3	To work with other Government departments to promote Welsh interests in functions retained by the UK Government.
Objective 4	To work with other Government departments and the Assembly to promote effective communication and co-ordination of policy in areas which straddle the boundary between transferred and retained functions.
Objective 5	To keep under review, with Treasury and the Assembly, the operation of the funding policy for the devolved administrations.

(1) Forward objectives are consistent with the Policy and Strategy section of the Wales Office Service Delivery Agreement. They replace the objectives set out in the first Wales Office Departmental Report, which focused on developing expertise and building a working framework to deliver our aim and functions during our first year, and which are reported on in Figure 3 of this Report.

(2) The 2001-02 objectives build on the office’s 2000-01 objectives which are reported on in Figure 3 below.

(3) The Wales Office is a small policy department with no executive functions. Our work is largely dictated by external demands, and does not consist of supplying measurable and routine services.

(4) Progress against these revised objectives will be reported in future Departmental Reports.

1.4 Service Delivery Agreement

The Wales Office Service Delivery Agreement (SDA) was published in November 2000. It sets out the Wales Office's agreed strategy for delivering its objectives and the necessary internal procedures to achieve best value for money. The Service Delivery Agreement can be viewed on our website at: www.walesoffice.gov.uk

1.5 Key Achievements in 2000-01

The Wales Office is a small policy department with no executive functions and our work is largely dictated by external demands. For ease of reference, our progress in the past year is presented against our Key Performance Targets in terms of each individual achievement and is set out in broader terms against our departmental objectives.

Figure 2	Progress against Key Performance Targets ⁽¹⁾
Key Performance Target	Progress to date
<p>Target 1 Represent Welsh interests in primary legislation, the financial settlement and across those functions retained by the UK Government.</p>	<p>Achievement 1 – Spending Review 2000 On 18th July 2000, the Secretary of State for Wales announced the funding settlement for the Assembly for 2001-2004, following the Chancellor's announcement of the Spending Review 2000. Further details can be found in Chapter 4 of this report</p> <p>Achievement 2 – consultation of Assembly on legislative programme The Secretary of State consulted the Assembly on the Government's legislative proposals for 2000-2001 on 18th December 2000, following Her Majesty's speech on the State Opening of Parliament on 6th December. The Wales Office will continue to work closely with the Assembly and lead Whitehall departments to ensure that the Assembly's views are taken into consideration as the Government's legislative programme is taken through Parliament.</p> <p>Achievement 3 – response to "Lost in Care" "Lost in Care", the report of the Tribunal of Inquiry into allegations of abuse of children in care in North Wales, was presented to Parliament by the Secretary of State for Wales on 5th February 2000. Close co-operation between the Wales Office, Assembly and Department of Health meant that provision for a Children's Commissioner for Wales, the first recommendation of the tribunal, was included in the Care Standards Act 2000. The Children's Commissioner took up post on 1st March 2001, just over 12 months after the publication of "Lost in Care".</p> <p>Achievement 4 – Children's Commissioner for Wales Bill Further co-operation between the Assembly, the Wales Office and central Government departments has resulted in the first Wales-only Bill since devolution to extend the powers of the Children's Commissioner. The Children's Commissioner for Wales Bill was introduced in the House of Commons on 11th December 2000. Wales Office officials and secondees from the Assembly form the Bill team supporting Ministers in taking the Bill through Parliament during this session.</p> <p>Achievement 5 – Learning and Skills Act 2000 The Wales Office worked closely with the Assembly and Department for Education and Employment on the Learning and Skills Act 2000, to ensure that the Assembly could implement the Education Training Action Group proposals in Wales. The Act established a National Council for Education and Training for Wales (CETW), now known as ELWa and an education inspectorate, Estyn, to assume responsibility for all provision which is funded by ELWa. Provisions on youth support services for 11 to 25 year olds in Wales will allow the Assembly to introduce a distinctive Wales approach to support services for young people.</p>

Figure 2	Progress against Key Performance Targets ⁽¹⁾ (Continued)
<p>Target 1 Represent Welsh interests in primary legislation, the financial settlement and across those functions retained by the UK Government.</p>	<p>Achievement 6 – Local Government Act 2000 The Wales Office ensured that the views of the Assembly and the Welsh Local Government Association were taken into account in drafting and passing the Local Government Act 2000. Additional provisions included powers for the Assembly to consider a variety of executive and political models and Assembly powers with regard to referenda on elected mayors.</p> <p>Achievement 7 – Transport Act 2000 Close working between the Wales Office, Assembly and Department of the Environment, Transport and the Regions, resulted in provisions requiring the Strategic Rail Authority to consult the Assembly on the appointment of its Welsh member and before formulating or reviewing its strategy. The Assembly was also granted several important powers to make secondary legislation under the Act. The role of the Wales Office in representing the interests of Wales was crucial given that policy responsibility for rail transport is largely retained by the UK Government.</p>
<p>Target 2 Represent the UK Government in Wales.</p>	<p>Achievement 8 – Developing Welsh interests in retained matters⁽²⁾ The Wales Office has developed good working relationships with a wide range of Whitehall departments, including those that exercise a large number of functions in respect of Wales.</p> <p>Relations with the Home Office have been particularly important in respect of its responsibilities for crime and policing in Wales. Senior Wales Office officials have recently been involved in delivering devolution awareness training to Home Office officials, along with colleagues from other relevant departments. Wales Office staff are in regular contact with Home Office officials on issues such as crime, policing and police funding, youth justice, asylum seekers, racial equality, drugs policies and fire and emergency services.</p> <p>Relations with the Treasury are of equally high importance and Wales Office officials are in regular contact with a dedicated spending team at the Treasury. More information about the 2001-02 to 2003-04 funding settlement for Wales is given in Chapter 4 of this report.</p> <p>Wales Office officials are also in regular contact with officials of the Foreign and Commonwealth Office, Lord Chancellor's Department and Cabinet Office on a range of reserved matters affecting Wales.</p> <p>Achievement 9 – To promote UK Government policies in Wales With the agreement of colleagues, the Secretary of State has always presented the UK Government's policy on matters that are of significance to Wales, even if lead responsibility is formally with one of his colleagues. The Secretary of State has held regular meetings of the Welsh Grand Committee, to keep Welsh MPs fully informed of relevant initiatives, the most recent of which, to consider the March 2001 Budget, was held in Wales on 12th March 2001.</p> <p>Wales Office Ministers also keep Welsh MPs and MEPs informed of UK Government announcements of particular importance to Wales, for example, the European Commission's approval of the UK's Assisted Areas map in July 2000, and a variety of New Deal and Welfare to Work announcements.</p> <p>In addition, the Secretary of State visits Wales very regularly to meet a wide range of people and organisations, and to discuss a variety of matters, including UK Government policy.</p>

Figure 2	Progress against Key Performance Targets ⁽¹⁾ (Continued)
<p>Target 3 To ensure the smooth working of the devolution settlement for Wales.</p>	<p>Achievement 10 – Development of written protocol around devolution The Wales Office has developed excellent links with constitutional specialists at the Cabinet Office and in the Assembly and with colleagues at the Scotland Office. The Wales Office has been actively involved in the development of a written protocol around devolution.</p> <p>In the last 12 months, the Wales Office has contributed to the development of:</p> <ul style="list-style-type: none"> • Publishing a Concordat between the Wales Office and the Assembly. • Contributing to the review of the Memorandum of Understanding and supplementary agreements. • Contributing to the development of guidance on the handling of primary legislation for Wales. • Facilitating discussions between the Assembly and the UK Government on a number of issues. <p>(More detail about these activities can be found in Chapter 3 of this Report.)</p> <p>Achievement 11 – Centre of expertise on devolution and constitutional change In addition to developing procedures around devolution in Wales, the Wales Office has developed its role as a centre of expertise on devolution and constitutional change as it affects Wales. The office has been involved in a number of valuable exchanges of information and best practice with those interested in regional government in other countries, including Spain, Germany, Belgium, Slovakia, Ecuador and the Four Motor Regions.</p>

(1) The Wales Office Key Performance Targets relate directly to the three key components of the office's Departmental Aim, stated in last year's Departmental Report (Chapter 1), the Service Delivery Agreement (Section B) and this Departmental Report (Section 1.2).

(2) The Wales Office both represents the UK Government in Wales (Target 2) and Wales in the UK Government (Target 1) in carrying out the work which counts towards Achievement 8.

1.6 Progress against Departmental Objectives for 2000

Figure 3		
Progress against Departmental Objectives for 2000 ⁽¹⁾		
	2000-01 Objectives	Progress against Objective
Objective 1	To develop a clear understanding of Welsh interests across the range of retained matters and to develop effective working relations with Whitehall departments and the Assembly.	<p>The Wales Office has developed good working relationships with a wide range of Whitehall departments, including those which exercise a large number of functions in respect of Wales.</p> <p>The Wales Office has placed particular emphasis on developing relationships with the Treasury, Home Office, and the Department of Social Security, although officials are in daily contact with officials across Whitehall on a wide range of retained functions affecting Wales.</p>
Objective 2	To maintain a forward looking, proactive strategy for the effective operation of the devolution settlement.	<p>The Wales Office has been actively involved in the continuing development of a written protocol around devolution.</p> <p>The office has developed its role as a centre of expertise on devolution and constitutional change as it affects Wales, building excellent relationships with specialists across Whitehall and in the Assembly and engaging in national and international exchanges of information and best practice on regional government.</p>
Objective 3	To develop a programme for promoting links between the National Assembly for Wales and the UK Parliament.	To mark key events in the year, such as the Spending Review and the Queen's speech, the Secretary of State has made parallel addresses to the Welsh Grand Committee in the Commons and to Assembly plenary, helping to promote cross debate on key issues.
Objective 4	To act promptly and effectively when necessary under the Government of Wales Act.	<p>On 18th July 2000, the Secretary of State for Wales announced the funding settlement for the Assembly for 2001-2004, following the Chancellor's announcement of the Spending Review 2000.</p> <p>The Secretary of State consulted the Assembly on the Government's legislative proposals for 2000-2001 on 18th December 2000, following Her Majesty's speech on the State Opening of Parliament on 6th December. The Wales Office will continue to work closely with the Assembly and lead Whitehall departments to ensure that the Assembly's views are taken into consideration as the Government's legislative programme is taken through Parliament.</p> <p>The Secretary of State is required to prepare a written statement for each financial year setting out the details of the amount of funding to be passed to the Assembly. The Statement of Assembly Funding contains details of how the totals have been derived, and the total provision for expenditure falling within the Assembly's Departmental Expenditure Limit and those items classified as Annually Managed Expenditure. The Assembly also needs to be informed of provision for items outside its Assigned Budget which cannot be used for other purposes.</p>

(1) These objectives focused on developing expertise and building a working framework to deliver the office's aim and functions during its first year.

A survey of regular contacts within other UK departments has contributed to the monitoring of these objectives and Key Performance Targets, particularly in relation to Wales Office dealings with other departments and the Assembly.

Figure 4	Summary of Survey of Regular Contacts					
Regular contacts judged the Wales Office on:	Excellent	Good	Satisfactory	Fair	Poor	Bad
Working relations with the Wales Office:		✓				
The Wales Office's handling of work:			✓			
Promotion of devolution:		✓				
Presentation of the Assembly's views on UK Government policy to Government departments/Ministers:		✓				
Presentation of the UK Government's policies to the Assembly:				✓		
Facilitation of communication between the Assembly and Government departments/Ministers:			✓			
	Much improved	Improved	Same	Worse	Much worse	
How did working relations with the Wales Office develop in the last year?		✓				

1.7 Progress against Additional Targets

The Wales Office does not deliver services directly to the public but does deal with correspondence, telephone and press enquiries about the work of the department.

The office is committed to providing high quality and efficient services. Our Service Delivery Agreement therefore set five additional targets aimed at ensuring efficiency and quality in our dealings with the public.

Figure 5

Additional Targets		
Target	Indicator	Performance January – December 2000
We will respond to correspondence within 15 working days of receipt; or we will send an interim reply explaining the reasons for any delay and indicating when a full reply will be sent.	Percentage of correspondence replied to within 15 working days.	50%
We will provide readily available free published information held by us within 5 working days of receipt of a request, or provide details of where published information may be obtained.	Proportion of requests for free published information, held by us, met within 5 working days.	The only free information published by the Wales Office is the Service Delivery Agreement 2000. The document is freely accessible on our website and no other requests for copies have been received.
We will deal with requests for other information in accordance with the Government's Code of Practice on access to Government information. Information will normally be sent within 20 working days of receipt of a request.	Proportion of requests for other information met within 20 working days.	The Wales Office has not received any formal requests for information under the Government's Code of Practice on access to Government information. Ad hoc requests for information by post, telephone or through our central e-mail address are replied to within 15 working days.
We will ensure that accounts are paid promptly. Where a contract applies, we will make payments in accordance with the applicable timetable. We will otherwise pay accounts within 30 days of receipt of a valid invoice.	Percentage of invoices paid within target time.	68.2%
We will establish a formal complaints procedure and we will investigate and respond to any complaint within 10 days.	Complaints procedure established?	Yes. The Wales Office complaints procedure can be accessed on the departmental website at: www.walesoffice.gov.uk
	Percentage of complaints dealt with within 10 days.	The Wales Office has not received any formal complaints.

1.8 Reviews of Internal Procedures

The Wales Office is still a relatively new office and our systems for monitoring and reporting on quality and efficiency in our dealings with the public are still developing. In order to address this problem, we have undertaken several actions in the course of the reporting year.

Correspondence Handling Review

The office has conducted a thoroughgoing review of internal procedures for handling of correspondence from Members of Parliament and the public.

Wales Office staff visited Departments with similar functions in order to identify best practice in correspondence handling. Drawing on this, written guidance on correspondence handling has been developed which will improve current handling procedures. The database to monitor response times has been revised to distinguish between various categories of correspondence, and to improve the tracking of items as they move around the Department.

A review of the office's electronic document management system (DMS) will be undertaken in the near future. The use of the DMS has been selected as a specific topic for the consideration of internal auditors during their ongoing review of Wales Office procedures.

Review of Payment Procedures

For resource reasons, the Wales Office continues to use the services of the Assembly's finance division in checking and enacting its payments. The office is currently reviewing the way invoices are handled in order to improve the transparency of handling for Wales Office financial managers. This will allow tighter control of budgets and improve efficiency in processing invoices.

Complaints Procedure

The Wales Office complaints procedure can be viewed on our website: www.walesoffice.gov.uk

Chapter 2

Departmental Organisation

The functions, structure and organisational context within which the Wales Office aims to achieve its forward vision and aims is set out in this chapter.

2.1 Functions

The primary functions of the Department are:

- To promote the devolution settlement for Wales;
- To promote the interests of Wales in policy formation by the UK Government;
- To promote UK Government policies in Wales;
- To consult the National Assembly for Wales on the Government's legislative programme;
- To steer through Parliament primary legislation giving specific powers to the National Assembly for Wales;
- To operate the financial mechanisms of the constitutional settlement;
- To undertake Parliamentary business; and,
- To deal with Royal Matters.

The Wales Office has a key role as the conduit between the Assembly and the Government. It is responsible for ensuring that Government departments are aware of the role played by the Assembly and for ensuring that the Assembly's views are taken into account in policy formulation and implementation. The Wales Office is also responsible for ensuring the smooth running of the devolution settlement.

Most of the executive functions which were the responsibility of the Secretary of State for Wales before 1st July 1999 have been transferred to the National Assembly for Wales, which is responsible for secondary legislation in the areas covered by those functions. Areas that remain the responsibility of the UK Government include the constitution, foreign affairs, defence, the civil service, law and order, financial and economic matters, social security benefits and pensions.

The Government of Wales Act 1998, the Memoranda of Understanding 1999 and 2000 and the National Assembly for Wales (Transfer of Functions) Orders 1999 and 2000, give a more detailed description of those functions which are now the responsibility of the National Assembly, and those which remain with the UK Government. Further details are given in Chapter 3 of this Report.

2.2 Ministerial Responsibilities

The Secretary of State for Wales is responsible for representing the interests of Wales in Whitehall, and representing the UK Government in Wales. He is assisted by the Parliamentary Under Secretary of State in ensuring that the interests of Wales are recognised in the primary legislative programme of the UK Government. Figure 6 below shows how policy responsibilities are shared between the Secretary of State and the Parliamentary Under Secretary of State.



Figure 6

Ministerial Responsibilities ⁽¹⁾⁽²⁾⁽³⁾	
Secretary of State for Wales	Parliamentary Under Secretary of State
The Rt Hon Paul Murphy MP	David Hanson Esq. MP
Overall strategic direction, Assembly liaison, other Constitutional issues, Finance, Europe, Agriculture, Economic Development, Public Appointments, Environment, and Welsh Heritage.	Regional Development, Social Services, Housing, Health, Education and Training, Transport, Information Age Government, Local Government, Crime Prevention, Women's issues and Green issues.

- (1) Both Ministers also monitor Assembly policies to ensure liaison between the appropriate interested parties.
- (2) The UK Parliament is responsible for all primary legislation affecting Wales and Wales Office Ministers are responsible for taking Welsh clauses of Bills through the House of Commons.
- (3) The Secretary of State is a member of the Cabinet, which provides the means to reflect Welsh interests in legislation, and those areas which remain the responsibility of the UK Parliament.

2.3 The Work of Wales Office Ministers

Wales Office Ministers sit on twenty-five cabinet committees, nineteen ad hoc committees and five Joint Ministerial Committees, allowing Welsh interests to be represented at a detailed level. The two Ministers attend on average five Cabinet Committee meetings per week between them.

Wales Office Ministers also liaise regularly with members of the Assembly Cabinet. The Secretary of State meets the First Secretary weekly, and the Parliamentary Under Secretary meets Assembly Secretaries quarterly. Ministers consult the full Assembly on the Government's legislative programme.

Wales Office Ministers are responsible for taking primary legislation for Wales through the House, including any Welsh clauses in England and Wales Bills. The Parliamentary Under Secretary sat on the Bill committees of three Bills during the 1999-00 parliamentary session. The 2000-01 parliamentary session promises to be equally busy, with the first Wales-only Bill since devolution, the Children's Commissioner for Wales Bill, making its passage through the House, along with a number of England and Wales Bills with Welsh clauses.

In addition to Bill work, Ministers have been engaged in a substantial programme of other parliamentary work in the course of the parliamentary year 1999-00, including seven sessions of Welsh First Order Parliamentary Questions, four appearances before the Welsh Affairs Committee, four Welsh Grand Committees and seven other debates in the House.

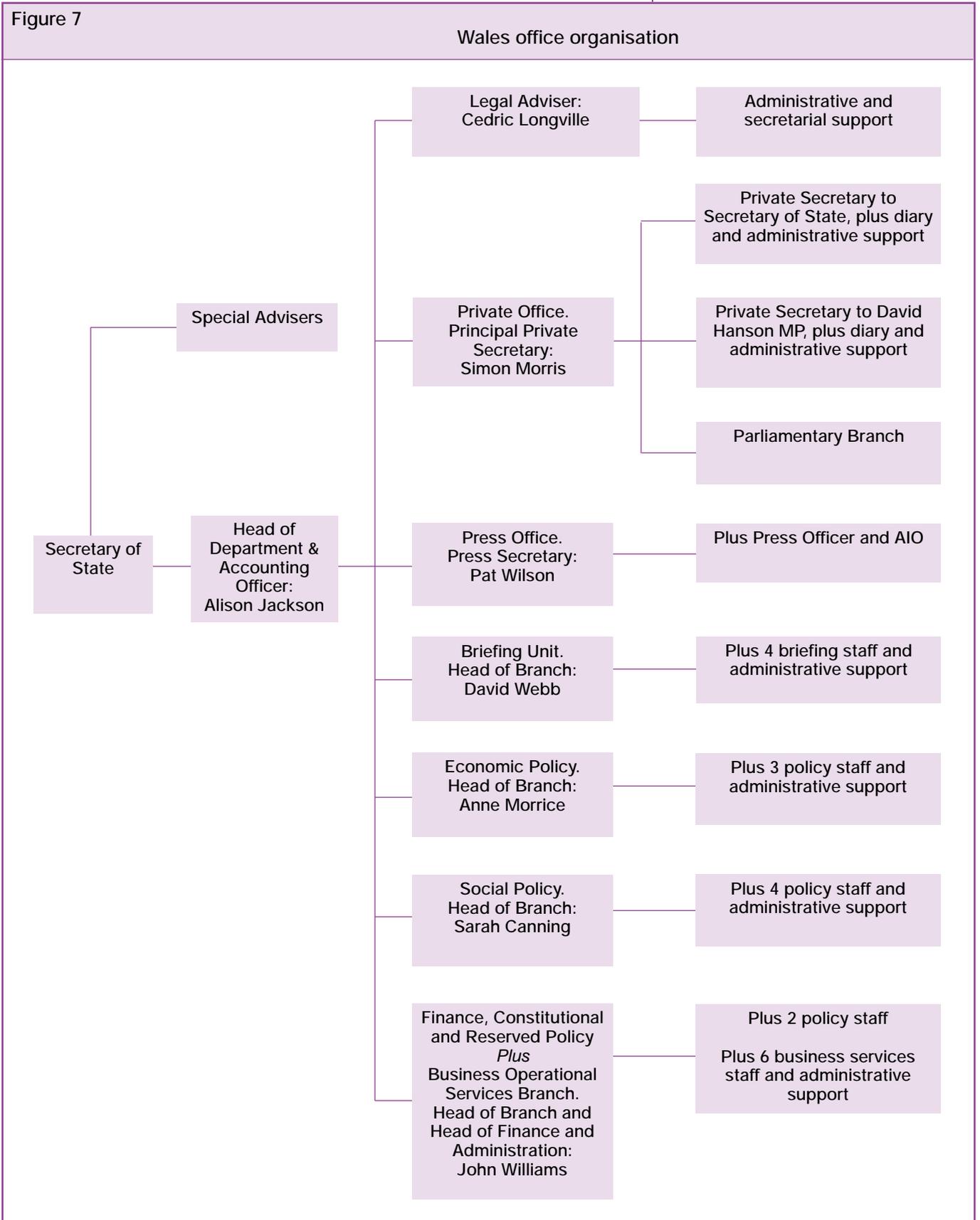
Both Ministers also undertake a busy programme of meetings, visits and functions with a wide range of organisations in Wales, including local government, the police, health groups, the Welsh Development Agency, charities and voluntary organisations.

2.4 Divisional Responsibilities

The Wales Office employs 46 staff, 41 of whom work full-time and 5 part-time, most of them based at the London headquarters of the Department at Gwydyr House in Whitehall. Some staff are based in the National Assembly building in Cardiff Bay.

The Head of Department and Accounting Officer, Mrs Alison Jackson, is responsible for leading the delivery of the Wales Office aims and objectives. Work within the Department is organised between two private offices – one supporting each Minister – a press office, three branches providing policy advice, one of which also provides business operational services support to the Department, and one branch providing briefing support. In addition, the Head of Department has a small team consisting of a lawyer and administrative support.

Figure 7 below shows how work is organised within the Wales Office and gives the names of Heads of Division responsible.



2.5 Service Level Agreements with the National Assembly for Wales

The Wales Office has a number of informal Service Level Agreements (SLAs) with the National Assembly for Wales for the delivery of key services which it is not resourced to provide in-house. These are not legally binding. These services include:

Personnel Matters

All recruitment, pay, performance and development, health, safety and welfare issues are co-ordinated for the Wales Office by the Assembly's personnel division through a formal SLA. The Wales Office Business Operational Services branch acts as a central liaison point for personnel issues.

Financial Services

For resource reasons, the Wales Office continues to use the services of the Assembly's finance division. Aspects of the relationship between the Assembly's finance procedures and the Wales Office's budgeting, reporting and service responsibilities are currently under review.

Information and Communication Technology

Maintenance of the networked IT system, telephony and specialised IT support are all provided by the Assembly's Business Services Division. The Wales Office Business Operational Services branch acts as a central liaison point between the Assembly and external providers and manages day to day operation of these services.

Translation Services

All of the Wales Office's Welsh translation requirements are currently met by the Assembly's translation unit.

Internal Audit

Internal audit facilities are provided by the Assembly. An audit of Wales Office accounts and procedures is currently ongoing.

Facilities Management

The Wales Office is exploring the possibility of a Service Level Agreement for facilities management, which could include office services, postal services, maintenance services and specialist advisors such as surveyors, planners and architects. At present, building and maintenance services for the Wales Office are covered by the Assembly's Management Service division through an informal agreement with Business Operational Services branch. All other office services are provided in-house.

Communications Directorate

This includes marketing, publicity services and print procurement services.

Library Services

Wales Office staff have access to the Assembly libraries and related services.

Records Management Service

A formal agreement with the Assembly's Records Management Unit is nearing completion. A review of registry facilities for the Wales Office is nearing completion and the office expects to establish a new registry, records management and storage system in the near future.

Chapter 3

The Devolution Framework

3.1 Memorandum of Understanding and Overarching Agreements

On 1st October 1999 the Government published a Memorandum of Understanding and supplementary agreements (MoU)⁽¹⁾ between the UK Government and the devolved administrations. As well as an agreement on the Joint Ministerial Committee, the supplementary agreements included four overarching concordats on:

- Co-ordination of European Policy issues
- International Relations
- Financial assistance to industry
- Statistics

These documents set out the framework within which the UK Government and the devolved administrations will conduct business, and they have been agreed by the UK Government and the devolved administrations. They cover areas where it makes sense to have a common approach and their basic purpose is to facilitate good relations between the administrations. They are not legally binding but there is nevertheless a clear expectation that the spirit and letter will be observed by all parties.

3.2 Review of the Memorandum of Understanding and Overarching Agreements 2000

The Joint Ministerial Committee agreed at its meeting on 1st September 2000 to a joint review of the workings of the MoU and supplementary agreements in the light of their first year of operation. The remit of the review was to identify best practice in dealings between the four administrations, to recommend ways of strengthening the handling of business in accordance with the principles set out in the MoU and to recommend any amendments required to the texts themselves.

All four administrations agreed that the focus of the review should not be on redrafting the MoU texts themselves. Rather, it should be on reaffirming the principles of the MoU and ensuring wide-spread dissemination of best practice in working arrangements under devolution.

As a result, the four administrations are producing a practical guide to devolution for use by officials as one of the main outputs of the review. The guide draws out lessons of best practice from the eighteen months of working under the devolution arrangements.

(1) The Memorandum of Understanding was updated in July 2000 (Cm 4806) to include the restored administration in Northern Ireland.

3.3 Joint Ministerial Committee

The Memorandum of Understanding provided for the establishment of a Joint Ministerial Committee (JMC) – a consultative forum for Ministers of the UK Government and the devolved administrations. The JMC is able to meet in a variety of different functional formats depending on the matter(s) for discussion. The JMC is not a decision making body and the UK Government must take final decisions on functions which it retains as the devolved administrations must do in functions which have transferred. However, the expectation is that the participating administrations will support the positions that the JMC has agreed. Four subject committees have so far been set up under the Joint Ministerial Committee, on Health, Poverty, the Knowledge Economy and Europe. Wales Office Ministers are invited to attend all of these subject committees as well as the main Joint Ministerial Committee.

3.4 Bilateral Concordats

Twelve bilateral concordats have been agreed between the National Assembly and individual UK departments, including the Wales Office. Work on concordats with other government departments is in hand and they are expected to be agreed in the reasonably near future.

These concordats set the framework for dealings between the National Assembly and individual Whitehall departments on matters of mutual concern. Taken together, the MoU, JMC and the various concordats provide a solid foundation for communication and co-operation between the UK Government and the devolved Welsh administration.

The Wales Office concordat can be viewed at: www.walesoffice.gov.uk and all the concordats agreed so far with the National Assembly for Wales can be viewed on the Assembly website at: www.wales.gov.uk

3.5 The Role of the Secretary of State in promoting the Devolution Settlement

The Secretary of State for Wales has responsibility, within the UK Government, for promoting the devolution settlement, for ensuring effective working relationships and good relations between the Government and the Assembly, and for helping to resolve any disputes which may arise. The Secretary of State will also continue to ensure that the interests of Wales are properly represented and considered within the UK Government.

3.6 Devolution in Practice

The first full meeting of the JMC in September 2000 recognised the scale of constitutional change in the UK that the introduction of devolution has involved. Devolution has brought a new level of democratic accountability to government in Wales and with it, a new balance of individual rights and responsibilities. While there have inevitably been instances where the new arrangements have not operated as smoothly as they might, there have been

few real difficulties given the scale of change, and all parties are committed to addressing weaknesses and making a continuing success of devolution.

The Assembly has established uniquely open processes of government and policy making and in several key areas the Assembly has developed policies for Wales which reflect their own priorities. For example, the Assembly has introduced free bus travel for the elderly, free milk in schools and, following the passing of the Learning and Skills Act in 2000, is developing a distinctive and separate youth service in Wales.

Co-operation has played a key role in the success of devolution in Wales. Working together, the Assembly and the Secretary of State have realised an ambitious policy aim for Wales in strengthening the rights of children in care through a Children's Commissioner for Wales. The JMC also recognised that crucially, the achievements of the Assembly over the past year have been brought about in a way which maintains the integrity of the UK and respects the common interests and traditions of the four constituent countries.

Government Expenditure in Wales

Chapter 4:

4.1 Funding the National Assembly for Wales

The arrangements for the financial relationship between the UK Government and the National Assembly for Wales are set out in the second edition of the *Statement of Funding Policy* which was published on 18th July 2000 by the Treasury, following consultation with the devolved administrations. The Statement of Funding Policy can be viewed on the Treasury website at: www.hm-treasury.gov.uk/docs/2000/sfp1807.htm

The arrangements represent, for the most part, the continuation of long-standing conventions that have guided funding for Wales (together with Scotland and Northern Ireland) prior to devolution.

Responsibility for United Kingdom fiscal policy, macroeconomic policy and public expenditure allocation across the United Kingdom remains with the Treasury. As a result, the Assembly's budget continues to be determined within the framework of public expenditure control in the United Kingdom. However, once overall public expenditure budgets have been determined, the Assembly has freedom to make its own spending decisions, within the overall total, on programmes for which it is responsible.

United Kingdom Government funding for the Assembly's budget is normally determined within spending reviews alongside departments of the United Kingdom Government. Changes in the budgetary provision of the devolved administrations are generally linked to changes in planned spending on comparable public services by departments of the United Kingdom Government. The linkage is generally achieved by means of a population-based formula (the "Barnett" formula). The United Kingdom Parliament votes the necessary provision to the Secretary of State. He makes payments to the Assembly from time to time out of money provided by Parliament of such amounts as he may determine, as set out in the Government of Wales Act 1998. The costs of the Wales Office are also met out of the money provided by Parliament.

The Government continues to work closely with the Assembly to promote the Welsh economy. More information about the Government's investment in Wales in SR 2000 is available in the Treasury's summary leaflet *Spending Review 2000: New Public Spending Plans 2001-2004*, available online at: www.hm-treasury.gov.uk/sr2000/leaflet.htm

Chapter C of the full report on the March 2001 Budget, **Table C13: Departmental Expenditure Limits – resource and capital budgets**, shows the most up-to-date spending plans for Wales following the Budget announcements. This is available on-line at: www.hm-treasury.gov.uk/budget2001/fsbr/chapc.htm

4.2 Spending Review 2000

Wales received a very good settlement in the 2000 Spending Review. The Welsh Departmental Expenditure Limit, which was just over £7 billion a year in 1999–2000 is now set to rise to just under £10 billion a year by 2003–2004. This represents a 5.4 per cent annual average real terms increase in provision over the next three years. It provides a real boost to public services in Wales, and will have a real and positive impact on the quality of life for all Welsh people.

This settlement, which increases the size of the Welsh Departmental Expenditure Limit by around £2 billion by 2003–2004, shows the reality of the Government's commitment to improving and modernising public services, both in Wales and throughout the UK.

The Spending Review announcements will also make an impact on the quality of peoples' lives in Wales beyond just cash for the Assembly. The provision for police in England and Wales will rise by £1,600 million by 2003–2004, and there is also a good increase for the Fire Service in England and Wales.

In addition to this, Wales received an extra £12 million in the Pre Budget Report announced in November 2000, and an additional £100 million over the next three years announced in the March 2001 Budget. Taken all together, this represents an unmatched investment in public services in Wales.

4.3 The Assembly Budget

The Assembly has recently published its annual report 1999–2000, which includes details of how the Assembly allocated its budget in 1999–2000 and its expenditure plans for 2000–01 to 2002–03. You can access this document at: www.wales.gov.uk/annualreport

Further information about the Assembly budget and the Assembly's strategic plans for the future can be viewed at the Assembly's budget and strategic planning website: www.wales.gov.uk/themesbudgetandstrategic/content/budget2000/budget_e.htm

You can access the Assembly's Strategic Plan for Wales at: www.betterwales.com. It is the intention of the Assembly Cabinet to update the strategic plan in the light of its new partnership agreement '*Putting Wales First*'.

4.4 Government Expenditure in Wales

In 1999–00 government expenditure which can be identified as having been incurred for the benefit of Wales totalled £14,838 million. This is £5,052 per head of population, around 13 per cent higher than the UK average. Expenditure within the Welsh Block, i.e. excluding in particular social security, law and order and protective services, amounted to around half of all identifiable government expenditure in Wales.⁽¹⁾

(1) Based on the Territorial Analysis of Public Expenditure, published in Chapter 8 of the Public Expenditure Statistical Analyses (PESA) 2000–01 (Cm 4601).

4.5 Resource Accounting and Budgeting

Following the introduction of Resource Accounting and Budgeting (RAB) in April 2000, there has been a number of changes to the core tables in the annexes to this year's departmental report. RAB provides a more accurate measure of departmental expenditure by matching costs to time, measuring the full cost of government activity, including non-cash expenditure such as depreciation, cost of capital charges, and provisions.

The aim of the Annexes in this Report is to provide a detailed analysis of departmental expenditure plans in resource terms, showing: resource consumption and capital investment; Voted and non-Voted expenditure; expenditure in three year Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME).

Following the decision to introduce resource budgeting in two stages, the major non-cash items – depreciation, cost of capital charges, and provisions – score in AME for the 2000 Spending Review years (2001-02 to 2003-04). Throughout the Annexes, non-cash expenditure in AME is distinguished from annually managed programme expenditure for the department. In Stage 2 resource budgeting, which is scheduled for the 2002 Spending Review, these items will score in DEL.

Because RAB data is at present available only from 1998-99, the scope of the resource Annexes is restricted to 1998-99 to 2003-04, the last year covered by the 2000 Spending Review. However, Annex 4 sets out DEL in cash terms from 1995-96 to 2001-02, whilst Annex 5 shows the cash to RAB reconciliation for DEL numbers for 1998-99 to 2000-01.

4.6 Whole of Government Accounts

The Wales Office is a participant in the Whole of Government Accounts project which is being driven by HM Treasury. Whole of Government Accounts will treat the Government as if it were a single accounting entity, by eliminating all significant transactions and amounts owed between public sector entities. It is intended that this will present a "true and fair" view of the Government's activities.

The main purpose is to provide better quality (audited) data to underpin the operation of the Golden Rule, and will allow the public sector balance sheet to be used more directly in fiscal management.

Preparing Whole of Government Accounts will meet the commitment in the Code for Fiscal Stability to produce accounts for the whole public sector on a consolidated basis.

4.7 Wales Office Expenditure

The Wales Office budget forms part of the Welsh Block, but separate running costs limits for the Wales Office have to be agreed with Treasury. Table 1 below sets out the provision for the Wales Office which was set as part of the 2000 Spending Review. The Wales Office has agreed to operate within a flat budget over the period, and will make efficiency savings to absorb the effects of inflation.

The Wales Office running costs budget encompasses staff costs including travel and subsistence, accommodation, and general administrative expenditure.

Table 1 Planned and Outturn figures for Wales Office expenditure. ⁽¹⁾						
	£ million					
	1998-99 outturn	1999-00 outturn	2000-01 provision	2001-02 plans	2002-03 plans	2003-04 plans
Spending in Departmental Expenditure Limits (DEL)						
Central Government Spending <i>Voted</i>						
Wales Office		1.911	3.362	3.612	3.066	3.066
<i>Of which: running costs</i>		1.593	2.780	2.846	2.300	2.300
<i>Non-Voted</i>						
Welsh Office & National Assembly for Wales ⁽²⁾	7,445.575	7,070.800	7,791.726	8,139.584	8,847.855	9,496.400
Total Wales DEL	7,445.575	7,072.711	7,795.088	8,143.196	8,850.921	9,499.466
Welfare to Work spending in DEL						
Central Government Spending <i>Non-Voted</i>						
Welsh Office & National Assembly for Wales ⁽²⁾	1.659	3.213	3.064	1.200	0.000	0.000
Main Department programmes in Annually Managed Expenditure (AME)						
Central Government Spending <i>Voted</i>						
Wales Office		0.096	0.096	0.135	0.135	0.135
<i>Non-Voted</i>						
Welsh Office & National Assembly for Wales ⁽²⁾	1,081.220	1,192.069	1,197.229	1,218.381	1,237.523	1,265.802
Total Wales AME	1,081.220	1,192.165	1,197.325	1,218.516	1,237.658	1,265.937
Other spending outside DEL						
<i>Non-Voted</i>						
Welsh Office & National Assembly for Wales ⁽²⁾	0.000	0.000	-100.594	-161.746	-196.795	-208.890

(1) This table is shown in resource terms.

(2) These figures are for the Welsh Office up to 30 June 1999 and the National Assembly for Wales from 1 July 1999.

Delivering Efficient And Modern Government

Chapter 5

5.1 Efficient use of Resources

The Department came into existence on 1st July 1999 following devolution in Wales. Delivering efficient and modern public services is a key part of the Government's agenda for improving productivity. The Wales Office does not have any executive functions but is nevertheless committed to achieving efficiency and effectiveness in all areas of activity. The devolution settlement itself has now had time to bed down and the role of the Wales Office has become more clearly defined. The Wales Office is implementing a number of internal planning and review systems to ensure that productivity and quality of output is measured and delivered within the running costs expenditure limits. These include implementation of an annual departmental business planning exercise, to prepare forward work plans and allocate resources appropriately, and encompassing financial budgeting. The system will also include a financial monitoring and management system tailor-made for the Wales Office. The office is also reviewing correspondence handling and the records management systems.

Following the recommendations of the Turnbull report on statements of internal control, the Wales Office has set up an Audit Committee to prepare a Statement for inclusion in the Wales Office accounts. The principal activities of the committee will be objective setting, time-tabling of production of accounts, preparation for compliance with Corporate Governance requirements and assessment and quantification of risk. The Committee is composed of the Head of Department, the Head of Finance and Administration, and an external member who is a senior civil servant in another department. The Head of Internal Audit in the Assembly, and National Audit Office officials are also invited to attend all meetings where they are able, except where an agenda item requires their exclusion.

5.2 Modernising Government and Civil Service Reform

Constitutional change has placed Wales at the forefront of the thrust to modernise Government. The devolution of extensive powers and responsibilities to the National Assembly for Wales is an essential part of the Government's radical programme of constitutional reform.

As noted above (section 5.1) the Wales Office has prepared an annual business planning exercise to focus on the key actions that contribute to delivery of our business plans and make us operate efficiently, effectively and economically. Central to that is a commitment to teamwork, with effective internal communication and continual self-improvement. This will help the office to address the relevant elements in the Modernising Government White Paper and the more detailed proposals for Civil Service Reform.

The office continues to give high priority to developing its financial and management information systems through comprehensive reviews of the procedures which have grown up since devolution. The office also intends to pursue accreditation under IiP and to develop our expertise and access through participation in the Knowledge Network project. The annual business planning exercise itself is a working document and will therefore be subject to monitoring and adjustment as progress is made.

5.3 Information Age Government

A number of initiatives and developments are taking place under the “Information Age Government” umbrella, to conduct the business of Government, and to deliver Government services, electronically. The work of the Wales Office does not involve the provision of services to either businesses or the public, but does involve significant liaison with the National Assembly, and other Government departments. As a result, the Wales Office primarily deals with information, and makes very significant use of information technology.

Increasing use is being made of more modern media, such as computer networks, and e-mails, for communications and the exchange of information between departments, and with the Houses of Parliament. All staff have access to the Internet. The Wales Office is also pioneering the use of a Document Management System – the most up-to-date information technology software. This is being used to create an electronic library of related policy papers and correspondence, which is available to all staff at the touch of a button. The office is reviewing its use of this system as part of an internal audit of the department.

5.4 Wales Office Website

The Wales Office has its own website, at www.walesoffice.gov.uk which has a facility for members of the public to contact us by e-mail (at wales.office@wales.gov.uk). The office was able to produce a presentable site quite early in its history, but it has become clear that the site needs a complete overhaul, which the office is currently undertaking. As a part of this overhaul, the office hopes to launch a bilingual website, with the revised structure being mirrored in Welsh.

5.5 Public Appointments

The Secretary of State for Wales does not have sole responsibility for making any public appointments. Where he appoints jointly with others, the Department follows procedures which ensure that only the most suitably qualified candidates are selected for public appointments. Public appointments are made in accordance with the guidelines set out in the Commissioner For Public Appointments’ Guidance on Appointments to Public Bodies, published in July 1998.

5.6 Welsh Language

The Wales Office is committed to treating the Welsh and English languages on a basis of equality. Office publications, such as this Departmental Report and the Service Delivery Agreement, are already made available in both languages. The office will always reply in Welsh to anyone who writes in Welsh and telephone calls in Welsh are always transferred to a Welsh speaker where available. If no Welsh speaker is available at the time of the call, the call can be returned later by a Welsh speaker. However, the Wales Office is committed to doing more to provide a fully bilingual service to the people of Wales. To that end, the office plans to publish a draft Welsh Language Scheme for consultation during 2001.

5.7 Recruitment of Wales Office Staff

Recruitment and selection of Wales Office staff is administered by the Assembly's Personnel Division under a Service Level Agreement.

The policy of the Wales Office is to recruit staff in accordance with the Civil Service Order In Council 1995. Every individual appointed is selected on merit on the basis of fair and open competition, apart from cases where exceptions are permitted under Articles 6 and 7 of the Order. To this end:

- Prospective candidates are given equal and reasonable access to adequate information about the job and its requirements and about the selection process;
- Applicants are considered equally on merit at each stage of the selection process;
- Selection is based on relevant criteria applied consistently to all candidates;
- Selection techniques are designed to be reliable and guard against bias;
- Equal opportunities policies apply throughout the recruitment process.

5.8 Staff Numbers

Staff Years-Full Time Equivalent ⁽¹⁾⁽²⁾	1999-00 actual	2000-01 estimated outturn	2001-02 Plans	2002-03 Plans	2003-04 Plans
Permanent Staff	29	39	40	41	42
Casual Staff	6	4	3	2	1
Overtime	1	1	1	1	1
TOTAL	36	44	44	44	44

- (1) The figures are shown on a "staff-year" basis, so the figures for 1999-00 have been calculated pro rata because the Wales Office was only in existence for three-quarters of that year (1 July 1999 – 31 March 2000). For years 2000-2004, staff figures are calculated on a staff year basis so part time staff do not count as one full member of staff. There are currently five part time members of staff in the Wales Office.
- (2) The Wales Office has not as yet estimated robust staff plans for 2001-02 onwards. The department will be two years old on 1 July 2001, and before that time a detailed assessment will be made of forward work plans and the resources needed to accomplish that, under the annual business planning exercise which is about to be implemented. The staff plans may be subject to change following that exercise. The Secretary of State has given a commitment that he will personally approve the need for any increases in staffing.

5.9 Refurbishment of Gwydyr House

The refurbishment of Gwydyr House which mainly took place last summer is now complete subject to final finishing works on some minor items. Some extra works were added, for example the redecoration of the stairwell and work to improve the flooring in several rooms.

5.10 Wales Office Equal Opportunities Policies

5.10.1 Ethnic Minorities

Approximately nine percent of the Department's staff are of Ethnic Minority origin.

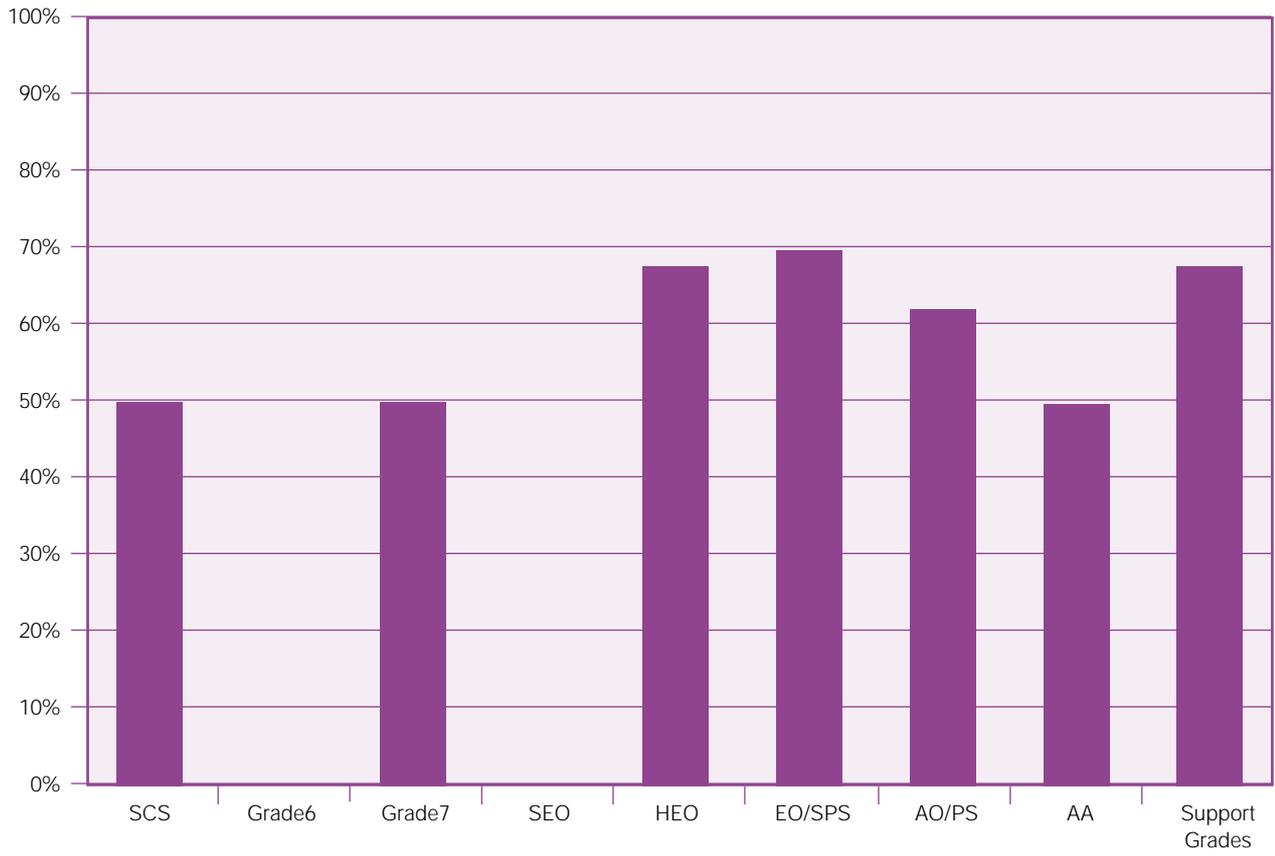
5.10.2 People with Disabilities

The Wales Office does not currently employ any staff with disabilities. However, the office is committed to improving the facilities at Gwydyr House for people with disabilities. Disabled toilet facilities were installed as part of the refurbishment of Gwydyr House during the summer and autumn of 2000. Due to the Grade II listed status of Gwydyr House there have been additional considerations with regard to provision of wheelchair access to and within the building. The office has worked closely with English Heritage in planning this work, and hopes to be able to make progress in the near future.

5.10.3 Women

Women are represented strongly at all grades within the Wales Office. The table below shows the percentage of women in each grade as at 31st October 2000.

Table 3 Percentage of Women at each grade in the Wales Office



ANNEXES

- Annex 1:** Resource Plans Summary
- Annex 2:** Departmental Voted Cash Requirement
- Annex 3:** Administration Costs
- Annex 4:** Departmental Expenditure Limits and Annually Managed Expenditure Cash Plans 1995-96 to 2000-01
- Annex 5:** Reconciliation of Grant payable to the National Assembly for Wales with Total Managed Expenditure in Wales
- Annex 6:** Senior Civil Service Salaries
- Annex 7:** Wales Office Estimate 2001-02
- Introduction
 - Part I
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 - Forecast Operating Cost Statement
 - Forecast Cashflow Statement
 - Forecast Reconciliation between Net Resource Outturn, Net Operating Cost and Resource Budget Outturn
 - Explanation of Accounting Officer Responsibilities
 - Analysis of Appropriations in Aid
 - Analysis of Extra Receipts payable to the Consolidated Fund
 - Notes to the Estimate
 - Symbols used in Estimates

ANNEX 1	Resource Plans Summary				£000
	1999-00	2000-01	2001-02	2002-03	2003-04
Total Spending in DEL	1,911	3,362	3,612	3,066	3,066
Total Spending in AME⁽¹⁾	96	96	135	135	135
<i>Of which non-cash</i>	96	96	135	135	135
CONSUMPTION - THE RESOURCE BUDGET					
Resource DEL					
RfR 01: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales, and ensuring the smooth working of the devolution settlement in Wales.	1,593	2,780	2,846	2,300	2,300
Resource AME					
RfR 01: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales, and ensuring the smooth working of the devolution settlement in Wales.	96	96	135	135	135
<i>Of which:</i>					
Programme Spending					
Non-cash items in Resource AME	96	96	135	135	135
<i>Of which:</i>					
Depreciation	22	22	35	35	35
Cost of Capital Charges	74	74	100	100	100
Timing adjustments					
Total Resource Budget	1,689	2,876	2,981	2,435	2,435
Adjustment to reach operating costs	0	0	0	0	0
Net Operating Costs	1,689	2,876	2,981	2,435	2,435
Adjustment to reach voted total	0	0	0	0	0
Net Total Resources(Voted)	1,689	2,876	2,981	2,435	2,435

(1) Spending in AME is non-cash resource accounting adjustments, including depreciation, capital charges and timing adjustments.

ANNEX 1	Resource Plans Summary (continued)				£000
	1999-00	2000-01	2001-02	2002-03	2003-04
INVESTMENT - THE CAPITAL BUDGET					
Capital DEL RfR 01: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales, and ensuring the smooth working of the devolution settlement in Wales.	318	582	766	766	766
Total Capital spending in DEL	318	582	766	766	766
Capital AME RfR 01: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales, and ensuring the smooth working of the devolution settlement in Wales.	0	0	0	0	0
Total Capital spending in AME	0	0	0	0	0
Total Capital Budget Net Assets/Liabilities Within the departmental account	318	582	766	766	766
Total Capital Employed Adjustment to reach capital in accounts	318 0	582 0	766 0	766 0	766 0
Capital Expenditure in Accounts Adjustment to reach voted capital	318 0	582 0	766 0	766 0	766 0
Net Capital Expenditure (Voted)	318	582	766	766	766

ANNEX 2	Departmental Voted Cash Requirement			£000
	1999-00	2000-01	2001-02	
Net Operating Costs				
Grant to the National Assembly for Wales ⁽¹⁾	4,677,417	7,595,979	7,904,651	
Wales Office operating costs	1,689	2,876	2,981	
Total Welsh Block	4,679,106	7,598,855	7,907,632	
Capital Expenditure				
Wales Office	318	582	766	
Less Appropriations in Aid ⁽²⁾	9	9	9	
Less non-cash items ⁽³⁾	96	96	135	
Accruals to cash adjustments ⁽⁴⁾				
Departmental Cash Requirement	4,679,319	7,599,332	7,908,254	
Less non-voted cash requirement	0	0	0	
Net Cash Required (Voted)	4,679,319	7,599,332	7,908,254	
Reconciliation of Resource Expenditure between Accounts, Estimates and Budgets				
Net Resource Outturn (Estimates)	1,689	2,876	2,981	
<i>Adjustments for:</i>				
Non-voted expenditure in the Operating Cost Statement	0	0	0	
Consolidated Fund Extra Receipts in the Operating Cost Statement	0	0	0	
Provision voted for earlier years	0	0	0	
Net Operating Cost (Accounts)	1,689	2,876	2,981	
<i>Adjustments for</i>				
Other Consolidated Fund Extra Receipts	0	0	0	
Resource Budget Outturn (Budget)				
Of which Departmental Expenditure Limit (DEL)	1,689	2,876	2,981	
Of which Annually Managed Expenditure (AME)	96	96	135	

(1) The Grant to the National Assembly for Wales in 1999-00 covered only the 9 month period 1 July 1999 to 31 March 2000, and therefore is not comparable with Grant provision in future years.

(2) Rental income from Assembly occupation of space in Gwydyr House.

(3) Depreciation, capital charges, and timing adjustments.

(4) Accruals counts expenditure incurred rather than simply bills which are paid in-year.

ANNEX 3	Administration Costs				£000
	1999-00	2000-01	2001-02	2002-03	2003-04
Gross Costs					
<i>Of which:</i>					
Paybill & General Administrative expenditure	1,330	2,259	2,279	2,279	2,279
Lord Lieutenants expenditure	18	30	30	30	30
North Wales Child Abuse Tribunal wind up costs ⁽¹⁾	254	500	546	0	0
Related Receipts	-9	-9	-9	-9	-9
Net Expenditure	1,593	2,780	2,846	2,300	2,300
Capital Costs	318	582	766	766	766

(1) The Wales Office received a sum of £1.3 million to cover the costs of bringing the North Wales Child Abuse Tribunal to conclusion. When it is fully wound up, any unspent surplus will be passed to the Assembly.

ANNEX 4 Departmental Expenditure Limits and Annually Managed Expenditure Cash Plans 1995-96 to 2000-01

£000

	1995-96 Outturn	1996-97 Outturn	1997-98 Outturn	1998-99 Outturn	1999-00 Outturn	2000-01 estimated
Departmental Expenditure Limit						
Welsh Office ⁽¹⁾	6,346,128	6,473,828	6,498,775	6,674,877	1,786,565	3,353
Wales Office ⁽¹⁾					1,902	7,688,591
National Assembly for Wales ⁽¹⁾					5,298,791	
Welsh Total DEL	6,346,128	6,473,828	6,498,775	6,674,877	7,087,258	7,691,944
Departmental AME						
Welsh Office ⁽¹⁾	376,012	409,824	333,692	357,859	93,233	367,619
National Assembly for Wales ⁽¹⁾					254,993	
Welsh Total AME	376,012	409,824	33,692	357,859	348,226	367,619
Welsh Total Managed Expenditure	6,722,140	6,883,652	6,832,467	7,032,736	7,435,484	8,059,563

(1) This Annex shows the outturn figures for the former Welsh Office, from 1995-96 up to 30 June 1999. Figures for the Wales Office and National Assembly for Wales run from 1 July 1999 to date. Welsh Office accounts for the period 1 April 1999 to 30 June 1999 have been laid before Parliament.

ANNEX 5 Reconciliation of Grant payable to the National Assembly for Wales with Total Managed Expenditure in Wales			
	£000		
	2001-02	2002-03	2003-04
Department Expenditure Limit	8,471,847	9,202,939	9,859,025
Annually Managed Expenditure	1,218,378	1,237,520	1,265,799
Welfare to work	15,820		
TOTAL MANAGED EXPENDITURE	9,706,045	10,440,459	11,124,824
Of which non-voted:			
LA credit approvals	245,872	265,984	275,868
Other	6,079	6,079	6,079
Resource Budgeting Adjustments			
Timing	41,405	41,381	40,417
Depreciation	226,923	226,598	228,923
Capital Charges	634,062	649,086	666,108
Other	11,823	11,823	11,823
Total Resource Budgeting Adjustments	914,213	928,888	947,271
TOTAL NON-VOTED TME	1,166,164	1,200,951	1,229,218
TOTAL VOTED TME	8,539,881	9,239,508	9,895,606
Voted Receipts			
Receipts from the EU	-173,916	-233,789	-241,121
Contribution from the NIF	-315,043	-315,043	-315,043
Receipts from JBEA	-152,587	-150,954	-151,808
Total Voted Receipts	-641,546	-699,786	-707,972
Other Voted non-TME payments	6,316	6,316	1,316
Grant payable to National Assembly for Wales	7,904,651	8,546,038	9,188,950

ANNEX 6		Senior Civil Service Salaries	
Senior Civil Service Salaries ⁽¹⁾			
Annual salary, including Allowances in £5,000 bands			Number of Staff
Under £40,000			
40,000 – 44,999			
45,000 – 49,999			
50,000 – 54,999			
55,000 – 59,999			1
60,000 – 64,999			1
65,000 – 69,999			
70,000 – 74,999			
75,000 – 79,999			

(1) Including all Senior Civil Servants in post on 31 January 2000

In line with the Government's commitment in the *Continuity and Change* White Paper, the Wales Office is publishing details of the salaries of Senior Civil Servants in the Wales Office.

ANNEX 7

Wales Office Estimate 2001-02

Introduction

1. This estimate provides for the salaries of the Secretary of State for Wales and his Minister and payments to support expenditure by the National Assembly for Wales.
2. The Departmental Expenditure Limit (DEL) provision sought for 2001-02 is £3,612,000 of which £2,846,000 relates to Administration Costs. The DEL provision sought for 2001-02 is 7.4 per cent higher than the final net provision for 2000-01 of £3,362,000.
3. Expenditure of £7,904,651,000 in Request for Resources (RfR) 01, Line [C], classified as other expenditure not included in Departmental Expenditure Limits, is in respect of provision for payment of grant to the National Assembly for Wales. Further details are provided in chapter 4 of this report.
4. A detailed analysis of the appropriations in aid and extra receipts payable to the Consolidated Fund can be found in the final two tables of this estimate.
5. Symbols used in this estimate are explained at the end of this estimate.

Part I	Net Cash Requirement			£
RfR1: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales, and ensuring the smooth working of the devolution settlement in Wales				
Net Cash Requirement				
Amounts required in the year ending 31 March 2002 for expenditure by the Wales Office on:				
RfR1: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales, and ensuring the smooth working of the devolution settlement in Wales: administration; Lord Lieutenants' expenditure; the North Wales Child Abuse Inquiry; payments to support expenditure by the National Assembly for Wales and associated non-cash items.				
The Wales Office will account for this estimate.				
	Net Total	Allocated in Vote on Account	Balance to Complete	
	£	£	£	
RfR1 Net Cash Requirement	7,907,632,000 7,908,242,000	3,420,000,000 3,420,000,000	4,487,632,000 4,488,242,000	

Part II										Subhead Detail				£000
Resources						2001-02		2000-01		1999-2000				
						Capital		Provision		Outturn				
1	2	3	4	5	6	7	8	9	10					
Admin	Other Current	Grants	Gross Total	A-in-A	Net total	Capital	Non- operating A-in-A	Net Total Resources	Net Total Resources					
RfR 01: To support the Secretary of State in discharging his role of representing Wales in the UK Government, representing the UK Government in Wales, and ensuring the smooth working of the devolution settlement in Wales														
2,855	135	7,904,651	7,907,641	9	7,907,632	766	-	7,598,855	4,679,106					
SPENDING IN DEPARTMENTAL EXPENDITURE LIMITS (DEL)														
<i>Central Government spending</i>														
A.Wales Office														
2,855	-	-	2,855	9	2,846	766	-	2,780	1,593					
SPENDING IN ANNUALLY MANAGED EXPENDITURE LIMITS (AME)														
<i>Non-Cash items</i>														
B.Wales Office														
-	135	-	135	-	135	-	-	96	96					
OTHER SPENDING OUTSIDE DEPARTMENTAL EXPENDITURE LIMITS														
C.Grant to Support Expenditure by the National Assembly for Wales														
-	-	7,904,651	7,904,651	-	7,904,651	-	-	7,595,979	4,677,417					
2,855	135	7,904,651	7,907,641	9	7,907,632	766	-	7,598,855	4,679,106					

Part II (continued)			
	Resource to Cash reconciliation		
	£000		
	2001-02	2000-01	1999-00
Net Total Resources	7,907,632	7,598,855	4,679,106
Voted Capital Items			
Capital	766	582	318
Less Non-operating A-in-A	-	-	-
	766	582	318
Accruals to cash adjustment			
Cost of Capital charges	-100	-74	-74
Depreciation	-35	-22	-22
Other non-cash items			
Increase (+)/Decrease (-) in stock	-	-	-
Increase (+)/Decrease (-) in debtors	-	-	-
Increase (+)/Decrease (-) in creditors	-21	-30	-20
Increase (-)/Decrease (+) in provision	-	-	-
Excess cash to be CFERd	-	-	-
Net Cash Required	-156 7,908,242	-126 7,599,311	-116 4,679,308

Part III						
Extra Receipts payable to the Consolidated Fund						£000
In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (<i>cash receipts being shown in italics</i>):						
	2001-02		2000-01		1999-00	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	-	-
Non-operating income not classified as A in A	-	-	-	-	-	-
Other income not classified as A in A	160	160	160	160	33,479	33,479
	160	160	160	160	33,479	33,479

Forecast Operating Cost Statement				£000
	Provision 2001-02	Provision 2000-01	Outturn 1999-00	
ADMINISTRATION COSTS				
Request for Resources 1				
Staff Costs	2,279	2,259	1,330	
Other Administration costs	576	530	272	
Gross administration costs	2,855	2,789	1,602	
Operating Income	-9	-9	-9	
Net Administration Costs	2,846	2,780	1,593	
PROGRAMME COSTS				
Request for Resources 1				
Expenditure	7,904,786	7,596,075	4,677,513	
Income				
Net Administration Costs	7,904,786	7,596,075	4,677,513	
Net Operating Cost	7,904,786	7,596,075	4,677,513	
Net Resource Outturn	7,907,632	7,598,855	4,679,106	
Resource Budget Outturn	2,981	2,876	1,689	

Forecast Cashflow Statement			
	£ 000		
	2001-02 Provision	2000-01 Provision	1999-00 Outturn
Net Cash outflow from operating activities (Note i below)	-7,907,476	-7,598,729	-4,678,990
Capital expenditure and financial investment (Note ii below)	-766	-582	-318
Receipts due to the Consolidated Fund which are outside the scope of the Department's operations	160	160	33,479
Payments of amounts due to the Consolidated Fund	-160	-160	-33,479
Financing (Note iii below)	7,908,242	7,599,311	4,679,308
Increase (+) / decrease (-) in cash in the period	0	0	0
[Inflows = + / Outflows = -]			
Notes to the cashflow statement			
Note i: Reconciliation of operating cost to operating cashflows			
Net Operating Cost	7,907,632	7,598,855	4,679,106
Remove non-cash transactions	-135	-96	-96
Adjust for movements in working capital other than cash	-21	-30	-20
Use of provisions	-	-	-
Net cash outflow from operating activities	7,907,476	7,598,729	4,678,990
[Net outflow = +]			
Note ii: Analysis of capital expenditure and financial investment			
Intangible fixed asset additions	0	0	0
Tangible fixed asset additions	766	582	318
Proceeds of disposal of fixed assets	0	0	0
Loans to other bodies	0	0	0
Adjust for movements in working capital on capital expenditure and financial investment	0	0	0
Net cash outflow for capital expenditure and financial investment	766	582	318
[Net outflow = +]			

Forecast Cashflow Statement (continued)			
	£ 000		
	2001-02 Provision	2000-01 Provision	1999-00 Outturn
Note iii: Analysis of financing and reconciliation to the net cash requirement			
From Consolidated Fund (Supply): current year expenditure	7,908,242	7,599,311	4,679,308
From Consolidated Fund (Supply): prior year expenditure	0	0	0
From Consolidated Fund (Non-Supply)	0	0	0
Net payments from the National Insurance Fund	0	0	286,135
Net payments from the Contingencies Fund	0	0	0
Net loans from the National Loans Fund	0	0	0
Net financing	7,908,242	7,599,311	4,965,443
Increase (-) / decrease (+) in cash	0	0	0
Net cash flows other than financing (net outflow = +)	7,908,242	7,599,311	4,965,443
Adjust for payments and receipts not related to Supply:			
Amounts due to the Consolidated Fund - received in a prior year and paid over	0	0	0
Amounts due to the Consolidated Fund - received and not paid over	0	0	0
NLF loans – net loans made to other bodies	0	0	0
NLF loans – interest received from other bodies	0	0	0
NLF loans – interest paid to other NLF	0	0	0
Consolidated Fund Standing Services - payments	0	0	0
National Insurance Fund financed activities - payments less receipts	0	0	-286,135
Adjust for payments financed from Contingencies Fund advances accounted for in a different year:			
Current year payments accounted for in following year	0	0	0
Prior year payments accounted for in current year	0	0	0
Net cash requirement for the year	7,908,242	7,599,311	4,679,308

Forecast Reconciliation between Net Resource Outturn Net Operating Cost and Resource Budget Outturn			
	£ 000		
	2001-02 Provision	2000-01 Provision	1999-00 Outturn
Net Resource Outturn	7,907,632	7,598,855	4,679,106
- Add non-voted expenditure in the OCS	-	-	-
- Add Consolidated Fund Extra Receipts in the OCS	-	-	-
- Remove provision voted for earlier years	-	-	-
- Remove other adjustments	-	-	-
Net Operating Costs	7,907,632	7,598,855	4,679,106
- Add other Consolidated Fund Extra Receipts	-	-	-
- Remove other expenditure shown in Estimates under the heading "other expenditure outside DEL" that is outside the Resource Budget (Grant to the National Assembly for Wales)	-7,904,651	-7,595,979	-4,677,417
Resource Budget Outturn	2,981	2,876	1,689
<i>Of Which:</i>			
Departmental Expenditure Limit (DEL)	2,846	2,780	1,593
Spending in Employment Opportunities Fund EOF (DEL)	-	-	-
Annually Managed Expenditure (AME)	135	96	96

Explanation of Accounting Officer Responsibilities

The Treasury has appointed the Permanent Head of the Wales Office, Mrs Alison Jackson, as Accounting Officer of the Department with overall responsibility for preparing the Department's Estimate.

The Responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*.

Analysis of Appropriations in Aid ⁽¹⁾				£000
	2001-02	2000-01	1999-00	
Request for Resources 1 Total Operating AinA	-9	-9	-9	
Request for Resources 1 Total Non-operating AinA	0	0	0	
Overall A-in-A	-9	-9	-9	

(1) The amount to be applied as operating appropriations in aid to the net total arises from receipts from rent for use of accommodation in Gwydyr House by the National Assembly for Wales.

Analysis of Extra Receipts Payable to the Consolidated Fund							£000
In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (<i>cash receipts being shown in italics</i>):							
	2001-02		2000-01		1999-00		
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>	
Operating income not classified as AinA	0	<i>0</i>	0	<i>0</i>	0	<i>0</i>	
Non-operating income not classified as AinA	0	<i>0</i>	0	<i>0</i>	0	<i>0</i>	
Other income not classified as AinA	160	<i>160</i>	160	<i>160</i>	33,479	<i>33,479</i>	
	160	<i>160</i>	160	<i>160</i>	33,479	<i>33,479</i>	

Notes to the Estimate

DEL & Administrative Cost Limits

The Wales Office Departmental Expenditure Limit for 2001-02 is £3,075,000.
The Wales Office Administrative Cost Limit for 2001-02 is £2,309,000.

Comparison of provision sought with final provision & forecast outturn

The final provision sought, and the forecast outturn, for 2000-01 for the Wales Office are:

Departmental Expenditure Limit:	£2,862,000
Administrative Cost Limit:	£2,280,000
Grant to the National Assembly for Wales:	£7,791,726,000

Expenditure subject to the passage of legislation

There is no expenditure on this Estimate subject to the passage of legislation.

Expenditure resting on the sole authority of the Appropriation Act

There is no expenditure on this Estimate subject to the Appropriation Act.

Expenditure in the form of adjustable advances

There is no expenditure on this Estimate subject to adjustable advances.

Contingent Liabilities

The Wales Office has indemnified the members of the North Wales Child Abuse Inquiry against any claim arising out of a statement made or opinion expressed by them in the course of that inquiry. The contingent liability is unquantifiable. Parliament has been notified in the Wales Office Resource Accounts for 1999-2000, and will continue to be notified in each Estimate.

All other contingent liabilities of the former Welsh Office were transferred to the National Assembly for Wales.

Symbols used in Estimates

The following symbols are used in Estimates

Public Expenditure:

- ∨ A section of an Estimate which contains discretionary expenditure
- ϕ Income receipts which are classified as negative DEL in respect of income from capital receipts including asset sales and which are, exceptionally, surrendered to the Consolidated Fund as extra receipts rather than taken on to the Estimate as appropriations in aid
- Δ Income receipts which are classified as negative AME in respect of income from capital receipts including asset sales and which are, exceptionally, surrendered to the Consolidated Fund as extra receipts rather than taken on to the Estimate as appropriations in aid
- Extra receipts which are classified as `other spending outside DEL` and are surrendered direct to the Consolidated Fund as extra receipts
- Ω Includes notional expenditure in respect of capital charges offset by matching negative expenditure in Column 2 of the Part II table of the Estimate

Statutory authority for expenditure

- I Items where provision is sought under the sole authority of Part I of the Estimate and of the confirming Appropriation Act

Accounting and audit arrangements for grants in aid and certain subscriptions, etc, to international organisations:

- C The accounts of this body are audited by the Comptroller and Auditor General and presented to Parliament
- ∕ The accounts of this body are audited by auditors appointed by the Secretary of State (or Ministers) and presented to Parliament. The books and accounts are also open to inspection by the Comptroller and Auditor General
- ⊆ The accounts of this body are audited by auditors appointed by the Secretary of State (or Ministers) and presented to Parliament