



Comisiynydd
**Cenedlaethau'r
Dyfodol**
Cymru

**Future
Generations**
Commissioner
for Wales

Annual Report and Accounts for the period 1 February 2016 to 31 March 2017

“What Wales is doing today, we hope the world will do tomorrow – action more than words is the hope for our future generations,” United Nations

futuregenerations.wales

Performance Report

Foreword

I am pleased to present my first Annual Report for 2016-17 setting out my achievements since taking up post, my financial accounts and the work I will do over the coming year. The role of Future Generations Commissioner for Wales was established by the Well-being of Future Generations (Wales) Act 2015.

The legislation defines my role as to:

Promote the sustainable development principle; in particular, to act as a guardian of the ability of future generations to meet their needs and encourage public bodies to take greater account of the long-term impact of the things they do.

And for that purpose, to monitor and assess the extent to which well-being objectives set by public bodies are being met.

Sustainable development has been a part of the policy-making agenda in Wales for a long time but lasting change has yet to be delivered. There are still challenges in making the connections between the protection of our planet and what actually matters to people both here and now and in the future. The Future Generations Act provides a renewed emphasis and indeed a legal imperative for us to make those connections and to ensure that the decisions made today do not compromise the ability of future Generations to meet their own needs.

My first year of office has centered around engagement with public bodies and those who work with them as well as hundreds of other groups, organisations and individuals. My key message has been that to drive real change towards the Wales we want we must embrace the ethos and principles of the Act and not view it as a tick box compliance exercise.

We should embrace innovation and accept that in doing so we must be less risk averse. Government, public bodies and those who audit them must encourage well managed risk taking. To make the most of our public services we must not just work together but think together – this means a fundamental rethink about how policy making and public service delivery create the right environment to prevent problems from occurring and to promote well-being.

People provide the answers to many of these challenges and applying the involvement principle in the Act in a way which facilitates a better understanding of the lives people lead and what effects their well-being is crucial to meeting the other aspirations of the Act.

I have engaged in a number of pieces of work over the last year to support and challenge public bodies to properly implement the legislation but I am committed to championing the need to focus on the outcomes achieved. This year, and the following two years as the various first milestones of the Act are met, will be crucial in laying the foundations for the cultural change that is needed. I am keen to support those who want to make that change and not afraid to challenge those who do not. I hope however that those who take decisions on behalf of the people of Wales will be as determined as me to ensure that those decisions are fit for both our current and future generations.

Sophie Howe
Future Generations Commissioner for Wales

What we did in Year One

Listening and involving people in planning the journey

Involving people in the decisions that affect them is crucial to achieving long-lasting change. Alongside this an understanding of the key issues and challenges facing those trying to implement the Act is crucial and I therefore committed to meeting with the leadership of all 44 public bodies within the first six months to listen from the start to what they felt were the main challenges and opportunities presented by the Well-being of Future Generations Act.

During the first six months I also met with frontline professionals and held community workshops across Wales. I have personally carried out around 640 public engagements in my first year, including key note speeches or presentations at around 80 major events, with my team taking on many more –promoting and raising awareness of the Act and setting out the challenge to public sector bodies to adopt new ways of working. I have held sessions with Directors of Planning, Directors of Education, Chief Executives and Chairs of Health Boards, Directors of Public Health and Environmental Health Officers. I have attended a number of Public Services Board meetings and have engaged directly with support officers from all 19 of the PSBs across Wales. In the coming months I will be aiming to have sessions with all PSBs as part of my engagement with them as they undertake their well-being planning.

This has been the first important step towards building relationships, establishing a partnership approach and a better understanding of the journey ahead.

Planning our approach

This first phase of engagement has been an essential part of informing my approach over the term of my office.

The conversations with senior leaders, frontline staff, third and private sector and the wider public, as well as my own team, helped me to establish our organisational purpose as to:

- Highlight the big issues, challenges and opportunities facing future generations
- Support and challenge public bodies to think about the long-term impact of the things they do
- Work with others to drive the changes needed
- Walk the talk – be the change we want to see in others

This has been used to set out how we plan to make a difference over the next seven years. You can read more [here](#)

Highlighting the big issues, challenges and opportunities facing future generations

Setting priorities

The United Nations has said, "What Wales is doing today, we hope the world will do tomorrow – action more than words is the hope for our future generations".

The wide scope of the Act, covering almost every possible policy area, provides the opportunity to deliver the Wales we want. But without a clear focus on action, there is a risk people will continue to talk in vague terms about sustainable development and the changes needed will not be delivered.

To have a real impact that leads to real, long-lasting change, and to make the most of my limited resources, I set out a rigorous process of setting priority areas for action which engaged with over 1,300 people, representatives from public bodies and policy experts as well as specific groups such as homeless young people, migrant women and domestic abuse survivors. Working with the New Economics Foundation a set of criteria was developed to assess those areas which would make the biggest contribution towards the seven well-being goals and embed the ways of working in the Act with a particular focus on the long term.

Following this process, I have identified six areas that I will focus on which relate to two broad themes of:

Creating the right infrastructure for future generations within which the focus will be

- Housing
- Energy
- Transport

Equipping people for the future within which the focus will be

- Skills
- Adverse childhood Experiences (ACEs)
- New approaches to facilitating physical and mental well-being – often described as social prescribing

These are the areas that my Office will proactively pursue in terms of highlighting the issues and the potential solutions at national and local level and will be the way in which I will maximise my own contribution to the well-being goals. By definition these issues are amongst the most significant issues facing Wales but it is important to note that these areas must not limit the issues that public bodies will need to consider as part of their duties under this Act.

I built on my initial engagement to establish this approach and to develop a conversation to ensure as many people as possible have been part of the priority setting

process. We have used this as an opportunity to test out innovative and collaborative methods and develop our approach. This has included:

- Face to face sessions and workshops run by team members with a wide range of organisations and groups
- Working with the Wales Audit Office and the Cynefin Centre to develop a survey using the SenseMaker® application which gathered just under 1,000 responses from members of the public and people with an interest in achieving the well-being goals
- Four workshops across Wales with over 250 delegates
- Information gathered during the review of Well-being Assessments and issues identified
- Working with public bodies who helped share the conversation through their networks and communication channels
- Reviewing correspondence from members of the public
- Expert sounding board
- Survey of experts on the best opportunities for interventions

I am extremely grateful to everyone who took the time to respond and to the organisations who worked with us to reach beyond the usual audiences. More information about the process can be found [here](#)

Championing Future Generations and the Wales approach to Sustainable Development

I have set out why it is important to listen first and take time to get the longer-term approach right but during my first year I have been determined to identify opportunities to promote and champion the Sustainable Development principle and the five ways of working within it.

In my first year, I have therefore promoted Sustainable Development through:

Future Generations Framework

I have worked with the New Economics Foundation (NEF) to develop a **Future Generations Infrastructure Framework** to demonstrate how organisations can make better decisions using the five Ways of Working when planning and designing major infrastructure programmes. I am currently testing the framework with a range of stakeholders in order to assess its usefulness before rolling out further. Transport for Wales are using it in respect of the Metro system and the Swansea City Region Deal are using it in relation to proposed City Deal projects. I intend to review the framework following stakeholder feedback and will seek to publish a final version in the Autumn. Further work is planned to build on the framework through the development of a tool to assist public bodies in planning and designing non-infrastructure programmes and policies

Recommendation: Once this framework is finalised the Welsh Government should consider how the newly created Infrastructure Commission could use it to support their work

City Deals

The Cardiff Capital Region City Deal is a £1.2 billion programme over 20 years, affecting a population which is expected by then to be 1.8m across the 10 local authorities involved. As a 20-year programme, the City Deal offers an unusual and valuable opportunity for the authorities involved to work to a longer time frame, in particular in relation to budgeting. It is also an opportunity to show how applying the Act to a major public investment programme could deliver transformational change in well-being and address persistent challenges such as climate change, poverty, inequality, social cohesion, jobs and skills in a truly long-term and preventative way – using the Sustainable Development principle.

With both devolved bodies covered by the Act and the UK Government (who are not), there are some challenges in ensuring that the outcomes being sought are not purely focused on the measure of Gross domestic product. I have been clear that the public bodies covered by the Well-being of Future Generations Act must demonstrate that they are using it as a framework for decision making at strategic and individual investment levels. I have liaised with local authority leaders and chief executives and the Government leader as well as the Chair of the Growth and Competitiveness Commission to seek to ensure that any recommendations or decisions being made on the City Deal programme fully reflect the requirements of the Act and enables the City Deal to maximise contribution to the goals and improves the well-being of communities (read more [here](#)). I am pleased that the Swansea City Region Deal is currently using my Future Generations Infrastructure Framework to assess their proposed projects (see above). Moving forward I am working with a PHD student from Cardiff University to explore the potential impact on the Cardiff City Region City Deal on young people.

There is more work to be done as city deal programmes develop.

Recommendation: As city deals and other economic development programmes across Wales move forward the local authorities involved and the Welsh Government must themselves demonstrate how they are applying the Well-being of Future Generations Act, in particular reflecting the statutory definition of a prosperous Wales as well as making the case to the UK Government for this more progressive framework to be adopted.

M4 Relief Road

The Act requires public bodies to make decisions today that do not compromise the needs of Future Generations. I am concerned that proposals to build a new section of

M4 motorway around Newport did not consider the needs of Future Generations; large scale infrastructure projects such as this are significant given both the proposed level of expenditure and the need for proposals to maximise contribution to all well-being goals. I wrote to the Cabinet Secretary last Summer to outline initial concerns, and submitted evidence to the Public Inquiry earlier this year(read more [here](#)). Key points were:

1. Building a new road is not in the best interests of future generations
2. The decision-making process has not adequately taken into account the five ways of working (SD principle)
3. The proposed scheme does not adequately support the seven well-being goals
4. I believe there are alternative ways to spend £1bn that would have greater benefits for future generations.

The Act has been used extensively in evidence to the Inquiry and I have raised concerns directly with the Cabinet Secretary for Economy and Infrastructure. In order to ensure that any new assessments of transport schemes best meet the aim of the Future Generations Act my office is working directly with Transport Officials on the review of WeITAG guidance which is used to assess the need for and design of transport infrastructure programmes.

Recommendation: The Government should review the decision making on the M4 with a view to ensuring that future decisions on transport infrastructure are taken using the framework of the Well-being of Future Generations Act at the outset, rather than retrofitting when the decision has been taken.

The revised WeITAG guidance should fully integrate the duty to apply the Sustainable Development principle (the five Ways of Working: long term, prevention, collaboration integration and involvement) both in its design and content and the duty to maximise contribution towards the seven Well-being goals. We will continue to support officials with the development of this work.

South Wales Metro

I have worked directly with Transport for Wales on the process for developing the approach to procuring the new metro for South East Wales and wanted to ensure that the Goals and Ways of Working are embedded into the project from the beginning. I have provided advice and support to help them do this resulting in them reflecting how social, economic, environmental, cultural, ethical and innovation considerations can underpin the procurement process to encourage development of local jobs, skills, training and supply chain opportunities, involvement of local communities and promotion of culture, and positive action on environmental issues such as waste, air pollution and carbon emissions. This work is promising and I welcome the willingness of Transport for Wales to use the Act as a framework for procuring the new metro system.

Recommendation: The work so far is promising but must also be matched with a clear Government commitment to securing a zero-carbon metro system over time which must be built into the procurement requirements for the scheme.

Climate Change and Decarbonisation

Throughout my first year in office, I've been highlighting the fact that climate change is a key issue for Future Generations. The Welsh Government has a duty under the Environment (Wales) Act 2016 to develop carbon budgets for Wales which will set out how we achieve a reduction of at least 80% in our greenhouse gas emissions by 2050. My team are working with them to ensure they take a holistic approach rather than follow the most cost-effective pathways (as done for the UK carbon budget). I want to ensure that the policies and proposals are being developed using the five Ways of Working, to maximise contribution to social, environmental, economic and cultural well-being of Wales and will continue to monitor progress in this area. As the Government move towards the implementation of carbon budgets I have also asked the Cabinet Secretary for Finance and Local Government to challenge his Cabinet colleagues on the extent to which they have taken into account carbon emissions in their departmental spending plans.

Recommendation: In developing their approach to carbon budgeting the Government must demonstrate that their approach considers not just the mechanics of producing a carbon budget but also identifies ways in which the approach to decarbonisation maximises positive impacts across all the Well-being Goals. The Government must also demonstrate how their spending plans for next year's budget reflect these emerging commitments.

The ACE (Adverse Childhood Experience) Hub

Having identified ACEs as a potential priority area and a test bed for applying the Well-being of Future Generations Act to an emerging Welsh Government priority, I have worked with Public Health Wales and other partners through Cymru Well Wales to support the development of an ACE Hub which will provide support to PSBs and individual public bodies to prevent and mitigate adverse childhood experiences. The Hub, which was established in April 2017 will include a secondment from my team. Part of the Team which is funded by Public Health Wales and Welsh Government will be housed in my office in order to promote day to day engagement and joint working. Early work will focus on identifying best practice for tackling ACEs which will feed into the advice and support I provide to PSBs as part of their well-being planning.

Support for Public Bodies and Public Services Boards

The first 14 months has been about building relationships and working with public bodies and the new Public Services Boards to support them as they begin implementing the Act.

I am grateful for the way they have worked with me and my team.

The challenge of providing advice and support in terms of the culture change required by the Act as well as across all areas covered by the Well-being Goals, with a small team and a budget of less than £1.5million is not to be underestimated. It is therefore vital that other bodies' programmes and funding streams, particularly those funded by the government which are designed to support leadership development and innovation in the public sector are assisting in supporting this cultural change programme.

Recommendation: All Government funded programmes which focus on providing leadership development for public sector should be explicitly required to have support for implementation of the Act as a core part of their remit or programme criteria.

Review of Public Services Board Well-being Assessments

I took an early decision to provide individual feedback to each Public Services Board. I commissioned a review of all PSB well-being assessments designed to identify areas in which PSBs were making good progress in applying the Ways of Working in the Act and areas where there are challenges and they may require additional support. The knowledge gathered and the learning from developing the first wave of Well-being Assessments has been an important first step in the life of the Act and has also informed the development of my Priorities. With input from other bodies such as the other Commissioners, Sport Wales, the Sustainable Development Alliance and Natural Resources Wales I will shortly be producing an overview report which highlights the challenges faced and the aim of the report is to provide insight and share learning to build on the work so far.

Key findings from this work have identified:

Public Services Boards have taken an important first step in the right direction. They are to be congratulated for the positive approach taken to completing the assessments. PSBs are one of the biggest opportunities for the public sector in Wales to help deliver services that will make people's lives better and benefit future generations. The review of the assessments highlights the challenges faced and the aim of the report is to provide insight and share learning to build on the work so far.

Active leadership will continue to be important. There is a need for a clearer demonstration of the willingness to do things differently, to continue to breakdown silos and shift focus from the short to the longer-term. PSB members must make sure these assessments are viewed as an opportunity to develop and embed intelligence-led problem-solving on an on-going basis rather than something that is done once every five years.

More work is needed to build a better understanding of people's lives. The assessments showed clear efforts had been made to work with the public but more needs to be done

to move away from traditional consultation towards an on-going conversation about the future, to draw on the information held by partner organisations and day-to-day intelligence gathered by services working at the heart of communities.

The assessments highlight a number of alarming trends. These include childhood obesity, health inequalities, climate change and persistent inter-generational poverty. PSBs need equipping with the skills, resources and expertise to better understand future trends, the needs of future generations and how to respond to these. PSBs, the Commissioner and Welsh Government must work together to meet this challenge.

We need to dig deeper into data. The assessments should not just be a collection of data, they should be an opportunity to make connections between key issues and ask 'so what' as a result of the data we have. The understanding and skills to do this across organisations is limited and needs to be further developed.

Issues are often still being tackled in isolation. PSBs need to demonstrate a broader understanding of well-being - rooted in all seven Well-being Goals and recognising the connections between issues. PSBs need to show how they are identifying and exploring tensions between different issues and priorities to enable an honest discussion about new approaches that need to be taken and collaborate to do things differently.

This information together with the ongoing dialogue we are having has allowed me to develop a good understanding of their needs and will help me decide where support and challenge to business as usual can have most impact. Needs identified include:

- Understanding how to use the five Ways of Working to maximise their contribution to the Well-being Goals'
- Overcoming system barriers such as conflicting performance frameworks, funding streams and approaches to audit that inhibit their ability to do this
- Recognising how the Act can assist in making sense of the other statutory responsibilities and duties on public bodies, for example through my work with the Children's Commissioner (see below)
- Connecting people and bodies with knowledge and support to help experiment, constructively challenge and disrupt traditional approaches whilst identifying innovative solutions
- Support in developing their confidence in applying new ideas and approaches

This work has led to a commitment within my seven-year plan to develop a Fit for Future Generations approach, focused on providing targeted support and guidance to help public bodies take greater account of the impact our actions today have for future generations.

Working with others to drive the changes needed

Working with the Auditor General for Wales (AGW) and Wales Audit Office (WAO)

Both the Auditor General and I recognised at an early stage that we would increase the positive impact of our statutory duties by working together to providing a consistent approach to public bodies and Public Services Boards in setting out expectations. We made an early commitment to do this, providing joint-messaging around expectations and staging the "Shaping the Accountability" event at which we set out the need for a transformational not tick box approach.

I have provided advice and support to AGW's planned approach to gathering a commentary from public bodies on their first year of setting Well-being objectives and input into the planned pilot methods and areas for audit during 2017-18.

I am grateful to the WAO's Good Practice Exchange team for working with us on shared learning events and to support our approach to innovative involvement as I set my priorities through which I will focus my support and advice for public bodies.

I have also collaborated with WAO, Welsh Local Government Associations (WLGA), the Welsh Government and NHS Confederation in writing to local authorities and, on a separate occasion, to NHS Trusts and local health boards to clarify the statutory duties of the Act and timescales attached to setting individual well-being objectives for their public body.

Working with elected representatives

Alongside meetings directly with AMs and Councillors I have worked with the WLGA and Sustainable Development Co-ordinators' Cymru network, to provide advice on the induction material for newly-elected members in the local government elections of May 2017. I am also providing support and information to WLGA for the regional events aimed at elected members in Autumn 2017. This is with the intention of giving all locally elected members an understanding of their role and supporting them to implement the Act. I have written to all Assembly Members with an invitation to meet. My team and I have delivered training and briefing sessions at the Senedd. I have also given evidence before the National Assembly for Wales' Equality, Local Government and Communities Committee and to the Finance Committee.

Embedding Children's Rights for Future Generations Working with the Children's Commissioner for Wales through a jointly funded member of staff we have developed a framework which will help public bodies think about how they embed rights and sustainable development in their work to make best use of the United Nations Convention on the Rights of the Child and the Well-being of Future Generations Act. The framework will be piloted shortly.

Correspondence

Members of the public write to me about a wide range of issues and my approach has been to provide advice and guidance on the application of the Act. Whilst I do not have a case-work function under the Act I see this as another opportunity to promote the Sustainable Development principle and empower people to use the Act to be more involved and contribute to the improvement of local decision-making.

Most importantly, I regularly monitor and review correspondence received to identify any system wide issues on which I can provide challenge, support and advice to public bodies.

Much of the correspondence I received during 2016-17 related to planning. I have met with senior officials in Welsh Government and the Planning Inspectorate for Wales as well as addressed local authorities' officers and planning professionals to ensure the Act is best implemented and to highlight the issues and challenges reported to me. I will continue to monitor correspondence and issues highlighted elsewhere in considering whether further interventions are needed in this area.

Walking the talk - the approach to setting up my Office

Applying sustainable development principles to office set up - I was offered a shared space with the Welsh Language Commissioner. Collaborating in this way allows for a good use of public money with the added benefit of being able to work in close proximity to another Commissioner. The space needed to be refurbished and allowing for the limitations of the existing infrastructure, my aim was to keep costs to a minimum and where possible build in energy efficiency into the redesign. Therefore, fixtures and fittings and furniture were upcycled from Welsh Government stores and existing partitions were repurposed and repositioned; thermostatically-controlled valves were put on all the radiators, energy-saving light bulbs are used, and movement-sensitive lighting installed in some areas within the office environment. By taking this approach I was able to reduce the set-up spend on these areas significantly.

Reflecting the lived experiences of people - I am committed to identifying ways in which my work can take account to reflect the lived experiences of people. I have developed lunch and learn sessions for staff where individuals or representatives of organisations share their experiences with the whole team once a month. Contributors so far have included: feedback on the 2016 Sustainable Development conference; healthcare from patients' perspective; how the Act has helped the Welsh Government Smart Innovation initiative streamline EU grant applications; an insight into the lives of refugees and asylum seekers in Cardiff; an insight into the life of some who experienced the long term effects of adverse childhood experiences and equipping the public sector to deal with electric cars and procurement challenges.

Sustainability in practice

On a day to day basis we have put in place a range of things to minimise our impact on the environment.

I am a Real Living Wage accredited employer.

Paper management – we operate a cloud-based system and a paperless record management system. These allow a wide range of information to be accessed without the need for paper distribution systems.

Procurement - all our suppliers are required to use environmentally-friendly products and this was stipulated as an essential condition in our office cleaning contract. Environmentally sound paper products such as recycled paper and envelopes and fair trade consumables are used in the office.

Waste Disposal – we recycle our paper, cardboard, plastics and our food waste.

I ask my team to consider the 'greenest', most cost-effective and the most efficient means of carrying out our business. For example, using public transport and car sharing when travelling on official business and avoiding unnecessary travel. Having established IT infrastructure which supports agile working and having acquired recycled videoconferencing equipment remote working has become a regular feature of how we work contributing to fewer carbon emissions from traveling and a better work life balance for staff.

Resourcing my work

Partnership working and collaboration has been the starting point for all my resourcing decisions. In line with the principles of collaboration, integration and involvement in the Act, I believe that the broad range of powers and duties conferred on me are best met by working with others where we can draw on knowledge, broader resources of other organisations who share our aims. I have taken a prudent approach to set up costs and in many cases have been able to reduce the back-office costs originally allocated by taking innovative resourcing decisions for sharing back office costs and posts as well as frontline posts with other bodies. For example:

- Securing free office accommodation within Bangor University for the North Wales office base
- Payroll undertaken by the Public Services Ombudsman
- Shared HR function with the Children's Commissioner
- Shared Finance function with the Children's Commissioner
- Shared policy staff with Fair Trade Wales, Wales Probation, Mid and West Wales Fire and Rescue, Public Health Wales (ACE Hub), South Wales Police, Children's Commissioner
- Secondments from RCT Council, Welsh Government, Renewables UK
- Work placements and partnerships with a PHD Student from Cardiff University, University of South Wales, Constructing Excellence Wales

In addition to this I offer collaborative working space for other organisations which facilitates joint working with my team. These include: Constructing Excellence Wales; the ACE Hub, Wales Audit Office Good Practice Exchange team, and University of Cardiff PHD Students.

I intend to continue and enhance this partnership approach in 2017-18 by investing in a programme working with a range of private sector third sector and public sector partners which will explore and explain the definitions of each of the seven Well-being Goals and provide practical advice and guidance to public bodies on the steps they can take to maximise their contribution to them.

What we will do in the next 12 months

Continuing my early work

As well as developing work in respect of the new priority areas, I will build on the work started in my first year. In particular, I will continue to work on

- Supporting Transport for Wales on the procurement of the South Wales metro
- the review of the WelTAG guidance
- consideration of further interventions on the M4
- Guidance for public bodies in tackling adverse childhood experiences, working with the ACE hub
- Further development of the Future Generations Infrastructure Framework

Highlight the big issues, challenges and opportunities facing future generations

The work I have undertaken on setting priorities was finalised in mid July. This has already drawn on the views of a wide range of key stakeholders and academic experts. This year I will expand these networks with a focus on the final priority areas and will put in place mechanisms for securing input from people who have lived experience of the issues identified through the piloting of a people's placement in my team.

Having set my priority areas for action (referenced above), I will demonstrate how the Act can be used as a framework for change and will develop a network of experts and series of future focused briefings to guide and support public bodies on actions needed.

I will gather information and evidence on how well public bodies are meeting their well-being objectives to prepare the way for the first Future Generations report in 2020. This report will set out how public bodies can improve the way they think and plan for the future.

Support and challenge public bodies to think about the long-term impact of the things they do

Well-being in Wales: planning today for a better tomorrow:

I will provide support and challenge to Public Services Boards (PSBs) as they set their well-being objectives, plan the steps they will take to meet these objectives and put together their well-being plans to be published by May 2018. I will publish a detailed report of the findings of the review and host an innovative event to help PSBs learn from each other. The learning from the review will also be used to help to develop wider support and advice.

Fit for Future Generations:

I will work with public bodies over the next seven years to develop support that encourages their work to be 'Fit for Future Generations', taking better account of longer term impact of their decisions and supporting them to meet their statutory duties to maximise their contribution to the seven Well-being Goals. I will do this through three key pieces of work

1. **The Art of the Possible** - Develop and deliver a programme of collaborative work that draws on the collective intelligence of people and organisations across Wales to explain and explore the practical implications, for the public service in Wales, of using the five ways of working to maximise its contribution to each of the well-being goals. This will be a significant piece of work which will lay the foundations for public bodies' interpretation of and action on the wellbeing goals.
2. **Live Labs** - Drawing on expertise from a range of stakeholders, develop and test methods to equip public bodies to 'walk through' an area or issue to build a vision for the future and apply the five Ways of Working in the Act. We will continue our work on procurement and decarbonisation, and will develop a three-year programme for Live Labs based on the emerging priority areas.
3. **Cloud of Innovators** - connecting public bodies to each other and to experts and academic institutions through organisational development, change management and transformation programmes. We are developing a network of 'innovators' to connect future generations champions and innovators in their field, equipped and willing to advise and assist public bodies on using the five Ways of Working to challenge business as usual.

Work with others to drive the changes needed

In addition to plans for collaborative-working as outlined above, I will use my priority areas for action to work with the people and organisations best placed to drive the

changes needed. We will start to build insight into each of these priorities and develop case studies around how the act can be used as a framework for transformational change.

Work with the Auditor General for Wales I will continue to work with the Auditor General for Wales and Wales Audit Office (WAO), as we ensure audit is used to support better outcomes. We will work together to ensure the key processes set out within the Act are implemented but recognise that a pure compliance approach will fail to result in the transformational change required. My team is supporting the people planning and delivering the pilot work for audit during 2017-18, which is testing possible methods of auditing public bodies under the Act. We have also advised colleagues in WAO on the method and messaging around the first year commentary the AGW is gathering from public bodies on setting and taking steps towards their individual well-being objectives.

My team will continue to work with the Good Practice Exchange team to share learning and innovation across Wales.

Embedding Children's Rights for Future Generations

I will continue to work with the Children's Commissioner for Wales and public bodies to roll out the guide to implementing Children's Rights using Sustainable Development principle.

Walk the talk – be the change we want to see in others

I will build on the work started in 2016-17 by:

Developing Organisational Culture in line with the five Ways of Working – In April 2017 I took stock of how well we were walking the talk and embedding the five ways of working into our working practices. This has given me and the team an action plan for to build on as we move into year two of operations. In May 2017, I held a whole team session to look at our well-being policies and how we could shape them to maximize both a positive experience of working for me and make a contribution to the seven well-being goals. This has produced some exciting ideas which focus on the wellbeing of staff and opportunities to maximise our contribution to the wellbeing goals. I will be seeking to implement proposals in relation to this piece of work in 2017-18 and beyond.

Review of our procurement practices-We will draw on the knowledge within the team to build on existing work in applying the Act to consider ways in which our operations can be more sustainable.

Extending our partnership and collaborative working arrangements even further-
In 2017 we expect to add new partners to our existing list from public, third and private sectors in Wales.

Sophie Howe
Future Generations Commissioner for Wales
17th July 2017

Accountability Report

Statement of Accounts

Format of the Accounts

These financial statements have been prepared in accordance with Paragraph 20 Schedule 2 of the Well-being of Future Generations (Wales) Act 2015 and any Accounts Direction issued by Welsh Ministers.

The office of Future Generations Commissioner for Wales came into existence on 1 February 2016 with the appointment of Sophie Howe as the first Commissioner. These accounts therefore cover the period from 1st February 2016 to 31st March 2017 and there are no comparative figures. The accounts reflect the assets, liabilities and resource outturn of the Future Generations' Commissioner. These financial statements have been prepared in accordance with the Government's Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Accounting Standards (IFRS) as adopted or interpreted for the public-sector context.

Funding

The Future Generations Commissioner for Wales is independent of, but funded by the Welsh Government. In the first period of account to 31 March 2017, the Commissioner received £1.5 million to fund the Commissioner's activities. This included £30,000 by way of initial set up costs covering the period 1 February 2016 to 31 March 2017.

Results for the period

The Statement of Comprehensive Net Expenditure shows expenditure, for the period, of £1,102 million. The general fund balance as at the year-end is £454,000 and will be used to cover continued set up costs for my Office which are expected to be completed in 2017-18. Actual staff costs are lower than estimated in my budget for 2016-17 due to the length of the time it took to recruit staff on the Office coming into being. Moving into 2017-18 current underspend is allocated to resourcing an 18-month piece of work which will set out guidance for public bodies on implementing each of the well-being goals (see above)

A reasonable level of reserves is also retained to exercise the statutory functions within the Act and to allow for any unplanned, urgent and important matters brought to the

Commissioner’s attention. Such additional costs are likely to be associated with legal proceedings and additional staff resources.

During the period the Commissioner’s staff consisted of 17.84 whole time equivalent members of staff, which includes full time and part time employees and those on secondment from other organisations.

Equal Opportunities

As an organisation we collect workforce statistics in relation to all the protected characteristics detailed in the Equality Act 2010. These statistics will then be used to contribute to the development of positive actions in relation to equality each year.

Not all of these statistics are published due to the small size of our workforce and subsequent difficulty in maintaining our obligations to protect the anonymity of sensitive data.

Workforce Gender Statistics

HEADCOUNT ON 31ST MARCH 2017 BY GENDER AND COMPARISON AGAINST CENSUS POPULATION DATA 2014: WALES (3,092,000)

GENDER	FGCW		WALES		% DIFFERENCE AGAINST POPULATION
	Total No.	%	No.	%	
Male	6 (of which 2 are paid secondees and 3 are unpaid)	23	1,500,000	49	-26
Female	20 (of which 4 are secondees and 2 are unpaid)	77	1,560,000	51	26

Workforce Age Statistics

HEADCOUNT BY AGE ON 31st MARCH 2017

16-24	25-34	35-44	45-54	55-64	65 & Over	Undisclosed
2	2	8	7	1	1	5

Workforce Leavers Statistics

Apart from the Commissioner, all members of the team were new in post between 1st April 2016 and 31st March 2017. There have been 3 leavers in this period: 2 unpaid secondees and 1 part time paid secondee.

Workforce Gender and Pay Statistics

HEADCOUNT BY GENDER, PAY-BAND, CONTRACT TYPE, WORKING PATTERN ON 31ST MARCH 2017:

Pay level (or equivalent for secondees)	F/T male perm	F/T male temp	P/T male perm	P/T male temp	F/T female perm	F/T female temp	P/T female perm	P/T female temp	Totals
Grade 1 £17 - 21k pa						1			1
Grade 2 £23 – 27k pa					3				3
Grade 3 £30 – 35k pa				1		2	1		4
Grade 4 £38 – 43k pa				1	2	3		2	8
Grade 5 £49 – 53k pa									0
Grade 6 £58 - £62 pa	1				1		2		4
Commissioner £90 - 95k pa					1				1
Non remunerated secondee		3					2		5
Total	1	3		2	7	8	3	2	26

Workforce Pregnancy, Adoption and Maternity Statistics

PREGNANCY ADOPTION MATERNITY BETWEEN APRIL 2016 AND MARCH 2017	
Number of pregnant employees in 2016 -2017	0
Number of employees taking Adoption and/or Maternity Leave in 2016 - 2017	1

Workforce Training and Development Statistics

The reporting of employees who engaged in externally delivered training by gender, pay band, contract type and working pattern is deferred to the next financial year.

All applications for employment with the Future Generations Commissioner for Wales are considered on the grounds that all should have equal opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work. I employed higher than the Welsh census national rates of Asian and mixed multiple ethnic groups and am actively exploring ways in which I can provide broader opportunities to under represented groups and work on this will be developed in the coming year.

Staff Consultation and Engagement

The Commissioner regularly consults with her team on organisational development and strategic priorities. In year one the Commissioner has experimented with a range of consultation and engagement mechanisms including monthly whole team meetings, weekly ten minute briefings, specific sessions on organisational culture as well as using an all staff online chat facilities.

Staff Absences

During the period of account, the sickness absence rate within the Commissioner's office was 0.6 percent, based as a percentage of the total available working days.

Complaints

No formal complaints were received during the period.

Disclosure of Information to the Auditors

So far as the Commissioner is aware, there is no audit information of which the auditors are unaware of and her Office has taken all the steps that it ought to have taken to

make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

During the period no remuneration was paid to the auditors for non-audit work.

Events since the End of the Financial Year

There have been no events since the end of the financial year that affect the understanding of these financial statements.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Schedule 2 of the Well-being of Future Generations (Wales) Act 2015, Welsh Ministers have directed the Future Generations Commissioner for Wales to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Future Generations Commissioner for Wales and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Commissioner is the Accounting Officer for her office by virtue of paragraph 18 of Schedule 2 to the Well-being of Future Generations (Wales) Act 2015. The responsibilities of the Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Future Generations Commissioner for Wales' assets, are set out in an Accounting Officers' Memorandum issued by HM Treasury.

Sophie Howe
Future Generations Commissioner for Wales
17th July 2017

ANNUAL GOVERNANCE STATEMENT

Purpose

As Accounting Officer, I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of my policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible.

This Governance Statement follows HM Treasury Guidance. It sets out the governance structures for my office, and the internal control and risk management procedures that have been developed since I took up the office of Future Generations Commissioner for Wales on 1 February, 2016, and up to the date of approval of the Annual Report and Accounts.

The systems in place as outlined in this statement are designed to manage risk to an acceptable level rather than to eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. Given the ground-breaking nature of the work of my office, I concluded that it is necessary to adopt a “hungry” risk appetite for much of my outward facing work as a more traditional minimalist or cautious approach would, in my view, not succeed in bringing about the beneficial change that my office was set up to achieve. This is explained further below.

Nature of my office and accountability

The Well-being of Future Generations (Wales) Act 2015 established the office of Future Generations Commissioner for Wales as a corporation sole. This means that all the functions (powers and duties) are vested in the office holder and there is no traditional “board” that is corporately responsible for the performance and governance of the organisation. I am independent of Ministers and, subject to the 2015 Act, responsible for setting the strategic direction of my office. I am accountable to the National Assembly for Wales for the actions of my office, and to its Public Accounts Committee in particular for matters such as the arrangements for governance, financial management and internal control.

Advisory panel

The 2015 Act established a panel to provide me with advice on the exercise of my functions. The members of the advisory panel are— (a) the Children’s Commissioner for Wales; (b) the Welsh Language Commissioner; (c) the Commissioner for Older People in Wales; (d) the member of staff of the Welsh Government designated by the Welsh Ministers as the Chief Medical Officer for Wales; (e) the chairperson of the Natural Resources Body for Wales or another non-executive member of that body selected by the chairperson; (f) an officer of the body representing trade unions in Wales known as Wales TUC Cymru nominated by that body; (g) the chairperson, director or similar officer as the Welsh Ministers may appoint of a body representing persons carrying on business in Wales; (h) such other person as the Welsh Ministers may appoint. It has met on two occasions in 2016-17 initially to discuss scope and remit of advice and to set frequency of contact and meetings, and secondly to consider the draft strategic plan and proposed policy priority areas for my term of office.

Audit and Risk Assurance Committee

I have appointed an Audit and Risk Assurance Committee to provide constructive advice and challenge on matters of governance, financial management and audit, and the arrangements for internal control – including risk identification and management. The Committee comprises:

- Alan Morris, retired Auditor and committed sustainable development champion who chairs the Committee;
- Jocelyn Davies, former Plaid Cymru AM and former member of PAC and chair of Assembly's Finance Committee, member of Advisory Panel to Children's Commissioner and trustee of Care & Repair Cymru;
- John Dwight, retired Auditor, trustee and honorary treasurer for George Thomas Hospice Care and branch secretary for CIPFA in Wales;
- Gareth Madge, former Chief Officer and Chief Legal Adviser with South Wales Police, member of the Board of Directors of ACPO, Chair of Association of Police Lawyers; and
- Jonathan Morgan, former conservative AM and chair of PAC and Assembly's Health, Well-being and local government committee and currently Director of Practice Solutions.

All are independent and do not work for the Commissioner. The Committee first met on 24 January 2017 for an induction session and has had one further meeting on 28 March

2017. All members attended both meetings. It will normally meet four to five times a year in future.

Senior management team

The SMT and I meet fortnightly to discuss progress, operational and strategic issues. SMT members are responsible and accountable to me for executing the approved operational plans for their teams. I take key decisions after discussion with SMT members. I have also given authority to certain staff to authorise financial transactions.

Development of governance framework

The early part of the first accounting period ended 31 March 2017 was taken up by appointing staff, securing accommodation and engaging with public bodies and other stakeholders to help me decide how best to focus the work of my Office to support public bodies as they make the changes required by the Act. The office accommodation secured by the Welsh Government prior to my appointment needed refurbishment and was not available for occupation until the end of November 2016. This protracted delay with my team working in temporary accommodation delayed the set-up of structures and systems and the appointment of the full complement of staff. However, by the end of December 2016, I had put the following key elements of my governance framework in place:

- Agreement of initial office policies and procedures for HR and finance including whistleblowing, and declarations of interest.
- Appointment of internal auditors
- Appointment of the Audit and Risk Assurance Committee

I have also drafted and consulted on a strategic plan for my period of office. That plan sets out what I hope to deliver by way of beneficial change for the people of Wales and how I intend to go about doing it in collaboration with other public bodies in Wales. It is an ambitious document that will require public bodies to challenge the ways in which they work and adapt long-standing practices to achieve what was envisaged by the Welsh Government when it decided to bring forward what is now the 2015 Act. This plan is dynamic and will be adapted as necessary in response to changing circumstances.

The operational plans or work programmes for each area of work have followed on from the development of my strategic plan and provide more detail on the nature and timing of individual tasks needed to deliver the strategic plan. These are largely complete but again will be adapted as necessary to respond to changing circumstances.

Approach to risk management

My approach to risk management followed on from the development of the strategic plan. My risk management policy, which has been endorsed by the Audit and Risk Assurance Committee makes it clear that I want to create and maintain an environment that will allow the effective management of risk to flourish. This will include ensuring that staff are kept fully in the loop about our plans and the approach that I and the SMT will take to managing the associated risks.

The policy makes it clear that I am not averse to taking risks. On the contrary, to achieve the objectives in my strategic plan and deliver what is expected will often necessitate an open or hungry risk approach which is not the norm for most other public bodies. I have concluded that adopting such an approach for my outward facing work with other public bodies is the only realistic way of securing the change needed across the Welsh public sector. To do otherwise might well mean failing to capitalise on opportunities when they occur and will run a high risk of failure to achieve the challenging objectives that I have set in the strategic plan and what is expected of me by my stakeholders. Similarly, I have decided that my organisation needs to 'walk the talk' of the Act and be open and innovative and try new approaches to the way we work. However, such risks will not be taken recklessly but managed appropriately and carefully with the aim of maximising successful delivery.

I have taken a more traditional and cautious approach to my internal processes concerned with financial management, compliance with laws and regulations and security of information.

My first strategic risk register identified 7 strategic risks relating to my statutory duties and the role my organisation will play in helping public bodies deliver the aims of the act. Actions to address these risks will be embedded within my operations.

Internal audit

The work of internal audit is one of the key assurances that I require as Accounting Officer. I have appointed Deloitte to act as my internal auditors and they have produced the following reports during the year:

- Corporate Governance and Risk Management
- Financial Systems

Deloitte's Annual Report for 2016-17 did not provide an overall opinion for the whole accounting period as much of the governance and risk management framework was only put in place towards the end of 2016. However, Deloitte were able to conclude that 'Based on the work undertaken during the year the Commissioner has a basically sound system of internal control, which should provide moderate assurance regarding the achievement of the Commissioner's objectives'.

Information Assurance

I have a Freedom of Information and data protection policy in place. Access to Data is confined to those with appropriate authority. There have been no data breaches during the year.

Summary of effectiveness

From the assurances provided by my SMT, my knowledge of the work of my office, and the reports provided by internal and external audit, I am able to report that the system of internal control in place at the end of the year did not contain any significant weaknesses. I am not able to provide an assurance that these arrangements were in place for the whole of the period as much of it was taken up with securing accommodation, appointing staff, planning my work and putting governance and risk management arrangements in place.

For 2017-18, I will be strengthening the governance and internal control arrangements still further by:

- Ensuring that the governance and risk management arrangements are fully embedded into the day to day working practices of my office and operating effectively through further development of my operational plan and addressing the strategic risks identified in my risk register.
- Further embedding the 5 ways of working into my work and that of my Office.

Reviewing my staff structure to ensure I have the most efficient and effective staffing arrangements to deliver the wide range of functions.

Sophie Howe

Future Generations Commissioner for Wales

17th July 2017

Remuneration Report

Remuneration of Senior Members of the Senior Management Team

The Future Generations Commissioner for Wales was appointed on 1st February 2016 and other senior members of staff were appointed between June and September 2016.

The Welsh Ministers determine the remuneration of the Future Generations Commissioner for Wales in accordance with Schedule 2 paragraph 5 to the Well-being of Future Generations (Wales) Act 2015.

For other members of the Senior Management Team, remuneration was determined by the Future Generations Commissioner for Wales based on guidance from civil service recruitment specialists.

Remuneration of Audit and Risk Assurance Committee Members

The Commissioner's Audit and Risk Assurance Committee comprises five independent members, appointed by the Commissioner. Members receive a daily allowance of £250 and the Chair receives a daily allowance of £300. In 2016-17 the following payments were made:

	1.2.16 to 31.3.17 (£)
Alan Morris (Chair)	600
Jonathan Morgan	500
John Dwight	500
Gareth Madge	500
Jocelyn Davies	500
Total	2,600

The following sections, which have been subjected to audit, provide details of the remuneration and pension benefits of the most senior officials within the Commissioner's office:

	Salary £000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1000)	Total £000
	1.2.16 to 31.3.17	1.2.16 to 31.3.17	1.2.16 to 31.3.17	1.2.16 to 31.3.17
Sophie Howe – Future Generations Commissioner for Wales, from 1st February 2016.	100-105	-	35	135-140
Helen Verity – Director of Finance and Governance, from 6th June 2016.	30-35	-	14	45-50
Kate Carr – Director of Engagement, Partnerships and Communications, from 19th July 2016.	40-45	-	16	55-60
Marie Brousseau-Navarro - Director of Policy, Legislation and Innovation, from 12th September 2016.	20-25	-	10	30-35
Mike Palmer – Director of Policy Performance and Implementation, from 11th July 2016.	50-55	-	13	60-65

Whole Time Equivalent Remuneration

The Whole Time Equivalent remuneration of my senior management team for the period 1st April 2016 to 31st March 2017 was as follows:

	Whole Time Equivalent Remuneration 2016-17 (£000)
Sophie Howe – Future Generations Commissioner for Wales.	90-95
Helen Verity – Director of Finance and Governance.	45-50
Kate Carr – Director of Engagement, Partnerships and Communications.	55-60
Marie Brousseau-Navarro - Director of Policy, Legislation and Innovation.	45-50
Mike Palmer – Director of Policy Performance and Implementation.	65-70

Median Remuneration

Band of highest paid individual's remuneration (£000)	90-95
Median total (£)	43,050
Ratio	1:2.15

I am required to disclose the relationship between the remuneration of the highest-paid individual and the median remuneration of employees. The banded remuneration of the highest-paid individual in 2016-17 was £90,000-95,000. This was 2.15 times the median remuneration of employees. Total remuneration includes salary and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits – Civil Service Pension Scheme

	Total Accrued Pension £000	Real increase in pension £000	CETV at 31.3.16 £000	CETV(i) at 31.3.17 £000	Real increase/(dec rease) in CETV £000
Sophie Howe – Future Generations Commissioner for Wales, from 1 st February 2016.	0-5	0 – 2.5	3	20	10
Helen Verity – Director of Finance and Governance, from 6 th June 2016.	0-5	0 – 2.5	0	8	7
Kate Carr – Director of Engagement, Partnerships and Communications, from 19 th July 2016.	0-5	0 – 2.5	0	9	6
Marie Brousseau-Navarro - Director of Policy, Legislation and Innovation, from 12 th September 2016.	0-5	0 – 2.5	0	5	4
Mike Palmer – Director of Policy Performance and Implementation, from 11 th July 2016.	35-40	0 - 2.5	683	694	12

Pension Scheme

Pension benefits are provided through the Civil Service pension arrangements. From 30th July 2007, civil servants may be in one of four defined benefit schemes; either a ‘final salary’ scheme (**classic**, **premium** or **classic plus**); or a ‘whole career’ scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year; and although these are defined benefit schemes it is not possible to disclose the amount of assets and liabilities of the schemes.

Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Consumer Prices Index (CPI). Members joining from

October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

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

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 percent and 12.5 percent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 percent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 percent of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

(i) Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarial assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's

pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme arrangement which the individual has transferred to the Principal Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. 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 drawn.

(ii) Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include any of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme arrangement) and uses common market valuation factors for the start and end of the period.

Changes to the Civil Service Pension Scheme

From 1st April 2015 a new pension scheme, called Alpha, came into effect. The Alpha scheme replaces the **classic**, **premium**, **classic-plus** and **nuvos** schemes. The majority of staff were entered directly into Alpha scheme on joining.

Staff Numbers and Related Costs

a. For the year staff costs consist of:

	1.2.16 to 31.3.17 £000		
	Permanently Employed Staff	Other	Total
Wages and Salaries	337	-	337
Social Security Costs	156	-	156
Pension Costs	131	-	131
Sub Total	624	-	624
Inward secondments and agency staff	185	-	185
Less recoveries in respect of outward secondments	-	-	-
Total Net Costs	809	-	809

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the participating organisations are not able to identify their share of the underlying assets and liabilities. The scheme was last actuarially valued as at 31 March 2007 but since this date, actuarial valuations of the Scheme were suspended pending the implementation of the Hutton Review recommendations. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation – www.civilservice-pensions.gov.uk.

For the period of account, employer's contributions of £97,469 were payable to the PCSPS at one of four rates in the range 16.7 percent to 24.3 percent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £1,024 were paid to one or more of a panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 percent of pensionable pay. Employers also match employee contributions up to 3 percent of pensionable pay. Contributions of £nil were due to the partnership pension providers at 31st March 2017. All these contributions are included in Pension costs in Note 2a above.

- b. The average number of whole-time equivalent persons employed (including senior management) for the period was as follows:

	1.2.16 to 31.3.17 £000		
	Permanently Employed Staff	Other	Total
Directly Employed	13.55	-	13.55
Total	13.55	-	13.55

- c. The average number of whole time equivalent staff for the year includes secondees from other organisations. The organisation, area of work and WTE are:

Organisation	Area of work	WTE
Children’s Commissioner for Wales	Business Support/Policy	0.63
Renewable Cymru	Policy	0.86
Rhondda Cynon Taf County Borough Council	Policy	0.18
South Wales Police	Policy	0.86
Welsh Government	Business Support/Policy	1.71
Total		4.24

Reporting of Civil Service and Other Compensation Schemes – Exit Packages

During the period there was no compensation paid to any member of staff.

Redundancy and other departure costs are 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 Commissioner has agreed early retirements, the additional costs are met by

the Commissioner and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and not included in the table.

The full costs of departure are charged to the Statement of Comprehensive Net Expenditure in the year that the decision is made. Amounts payable in future years are credited to a provision which is utilised when the payments are made.

Sophie Howe
Future Generations Commissioner for Wales
17th July 2017

The Certificate of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the Future Generations Commissioner for Wales for the period 1 February 2016 to 31 March 2017 under paragraph 21 (2) of schedule 2 to the Well-being of Future Generations (Wales) Act 2015. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, the Statement of Cash Flows, Statement of Changes in Taxpayers Equity and 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 Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements, in accordance with the Well-being of Future Generations (Wales) Act 2015 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council'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 Future Generations Commissioner for Wales' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Future Generations Commissioner for Wales 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 and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If

I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the Future Generations Commissioner for Wales' affairs as at 31 March 2017 and of its net expenditure, for the period 1 February 2016 to 31 March 2017; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Well-being of Future Generations (Wales) Act 2015.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements 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 Welsh Ministers' directions issued under the Well-being of Future Generations (Wales) Act 2015; and
- the information in the Annual Report and Accounts is consistent with the financial statements.

Matters on which I report by exception

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

- the Annual Governance Statement does not reflect compliance with Welsh Ministers' guidance;
- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers 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
18th July 2017

24 Cathedral Road
Cardiff CF11 9LJ

Financial Statements

Statement of Comprehensive Net Expenditure for the period 1 February 2016 to 31 March 2017		
		1.2.16 to 31.3.17
Expenditure	Note	£000
Administration costs:		
Staff Costs	Remuneration Report	809
Depreciation	2	6
Other Administration Costs	2	287
		1,102
Income		
Income from Activities		-
Other Income		-
Net Expenditure		1,102
Interest payable/receivable		-
Net Expenditure after interest		1,102

Other Comprehensive Expenditure		
		2016-17
	Note	£000
Net gain/(loss) on revaluation of Plant and Equipment		-
Total Comprehensive Expenditure for the year period		1,102

All income and expenditure is derived from continuing operations. There are no gains or losses other than those reported in the Statement of Comprehensive Net Expenditure.

The Commissioner receives funding from the Welsh Government.

The notes on pages 46 to 53 form part of these accounts

Statement of Financial Position as at 31 March 2017				
		2017		
	Note	£000		£000
Non-current assets:				
Property, plant and equipment	4			11
Current assets:				
Trade and other receivables	5	23		
Cash and cash equivalents	6	607		630
Total assets				641
Current liabilities:				
Trade and other payables	7	(187)		(187)
Total assets less current liabilities				454
Total assets less total liabilities				454
Taxpayer's equity:				
General fund				454

Sophie Howe, Future Generations Commissioner for Wales and Accounting Officer

17th July 2017

The notes on pages 46 to 53 form part of these accounts

Statement of Cash Flows for the period 1 February 2016 to 31 March 2017		
		1.2.16 to 31.3.17
	Note	£000
Cash flows from operating activities		
Net Expenditure	Remuneration Report and 2	(1,102)
Adjustment for non-cash transactions	2	6
(Increase)/decrease in trade and other receivables	5	(23)
Increase/(decrease in trade payables	7	187
Net cash outflow from operating activities		(932)
Cash flows from investing activities		
Purchase of property, plant and equipment	4	(17)
Net cash outflow from investing activity		(17)
Net cash outflow		(949)
Cash flows from financing activities		-
Net Financing		1,556
Net increase/(decrease) in cash and cash equivalents	6	607
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		607

The notes on pages 46 to 53 form part of these accounts

Statement of Changes in Taxpayers' Equity for the period 1 February 2016 to 31st March 2017		
		General Fund
	Note	£000
Balance as at 1st February 2016		-
		-
Changes in Taxpayers' Equity 2016-2017		
Funding from Welsh Government		1,556
Comprehensive net expenditure for the year		(1,102)
Balance at 31st March 2017		454

The notes on pages 46 to 53 form part of these accounts

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government's Financial Reporting Manual (FReM) issued by HM Treasury. The financial statements have been prepared for the first accounting period for the Commissioner from 1st February 2016 to 31st March 2017. There are no comparative figures. The accounting policies contained in the FReM apply International Accounting Standards (IFRS) as adopted or interpreted for the public sector context. 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 Commissioner for the purpose of giving a true and fair view has been selected. They have been applied consistently in dealing with items considered material in relation to the accounts.

We have considered the impact of standards and interpretations which have been issued but are not yet effective and which have not been adopted early by the Commissioner. With the exception of International Financial Reporting Standards (IFRS) IFRS16 Leases, the Commissioner anticipates that the adoption of these Standards and interpretations in future periods will have no material impact on the financial statements. The impact of IFRS16, which has been issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union and will apply from 2019-20, is not reasonably estimable at this stage.

The particular accounting policies adopted by the Future Generations Commissioner for Wales are described below.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention as, in the opinion of the Commissioner, the effect of the revaluation of fixed assets at their value to the organisation by reference to their current cost is considered to be immaterial.

1.2 Funding

The only source of funding for the Commissioner is from the Welsh Government via an annual grant, which is credited to the general fund when the grant is received.

1.3 Property, Plant and Equipment

The Commissioner has valued all non-current assets at historic cost (see 1.1. above). The minimum level for capitalisation of individual assets is £1,000. Large numbers of the same type of asset have been grouped together in determining whether they fell above or below the threshold.

1.4 Depreciation

Depreciation is provided at rates calculated to write off the value of non-current assets by equal instalments over their estimated useful lives, as follows:

- ICT Equipment 3 years

A full year's depreciation is charged in the year of acquisition.

1.5 Statement of Comprehensive Net Expenditure

Operating income and expenditure is that which relates directly to the operating activities of the Commissioner. It comprises charges for goods and services provided on a full cost basis. All expenditure is classed as administration expenditure.

1.6 Value Added Tax

The Commissioner is not registered for VAT. Expenditure and fixed asset purchases are accounted for VAT inclusive, as VAT is irrecoverable.

1.7 Pensions

The Commissioner's staff are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a defined benefit scheme. The cost of the defined benefit element of the scheme is recognised on a systematic and rational basis over the period during which it derives benefit from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the scheme, the Commissioner recognises the contributions payable for the year; these amounts are charged to the Statement of Comprehensive Net Expenditure in the year of payment.

1.8 Leases

Leases of assets where substantially all risks and rewards of ownership of a leased asset are borne by the Commissioner are classified as finance leases. The asset is

recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments. Payments are charged to the Statement of Comprehensive Net Expenditure and a finance charge is made based upon the interest rate implicit in the lease.

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term.

1.9 Segmental Reporting

The Commissioner's Office operates in Wales and deals with issues that impact upon people in Wales and has only one segment.

1.10 Staff Expenses

The Commissioner provides for short term compensated absences such as annual leave that was untaken at the year-end.

1.11 Provisions

The Commissioner provides for legal or contractual obligations which are of uncertain timing or amounts at the balance sheet date, on the basis of best estimate of the expenditure required to settle the obligation.

1.12 Cash and Cash Equivalent

The Commissioner holds cash which is deposited in an account within the Government Banking Service upon receipt. The Commissioner does not hold any petty cash.

2. Other Administration Costs

	1.2.16 to 31.3.17	
	£000	£000
2.1 Administration costs:		
Premises	24	
Office	95	
Training and recruitment	8	
Travel and subsistence	27	
External auditor's remuneration	17	
Internal auditor's remuneration	9	
ICT equipment	25	
Project Work	82	
		287
2.2 Non-cash items:		
- depreciation charge on ordinary assets	6	
- loss on disposal of fixed assets	-	
		6
		293

3. Segmental Information

The Commissioner's office operates in Wales and deals with issues that impact upon people in Wales. It is therefore the Commissioner's opinion that her office only operates in one segment as reported.

4. Property, Plant and Equipment

	ICT Equipment	
	£000	
Cost		
At 1 st February 2016	-	
Additions	17	
Disposals	-	
At 31 st March 2017	17	
Depreciation		
At 1 st February 2016	-	
Charged in year	6	
Disposals	-	
At 31 st March 2017	6	
Net book value at 1st February 2016	-	
Net book value at 31st March 2017	11	
Asset financing:		
Owned		
Net book value at 31 st March 2017	11	
Owned		
Net book value at 1 st February 2016	-	

All assets are owned by the Commissioner, there are no assets financed through a finance lease.

The Commissioner received a number of assets from the Welsh Government as part of the set-up arrangements for her office. These assets were provided to the Commissioner at no cost and the net book value of these assets have been assessed as nil.

5. Trade Receivables and Other Current Assets

	31.3.17
	£000
Amounts falling due within one year:	
Trade and other receivables	-
Prepayments and accrued income	23
	23

6. Cash and Cash Equivalents

	31.3.17
	£000
Balance at 1 st February 2016	-
Net change in cash and cash equivalent balances	607
Balance at 31 st March 2017	607
All balances as at 31 st March 2017 were held in an account within the Government Banking Service.	

7. Trade Payables and Other Current Liabilities

Amounts falling due within one year	31.3.17
	£000
Taxation and social security	-
Trade payables	37
Accruals	150
	187

8. Commitments under Leases

8.1 The Commissioner subleases a floor from the Welsh Language Commissioner at 5-7 Market Chambers, Cardiff. The period of the lease ends on 10th December 2018. The Commissioner is committed to making payments of £54,182 by the end of the sublease; and £33,689 in relation to service costs.

8.2 The Commissioner has a lease agreement for the provision of a photocopier, the lease is for a five-year period, ending on 14th November 2021. The Commissioner is committed to making payments of £2,851 by the end of the lease.

9. Financial Instruments

IFRS7, Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of the Commissioner's activities and the way in which her operations are financed, her office is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS7 mainly applies. The Commissioner has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks she faces in undertaking her activities.

Liquidity Risk

The Commissioner's net revenue and capital resource requirements are financed by the Welsh Government. Her office is not therefore exposed to significant liquidity risks.

Interest-rate Risk

The Commissioner's financial assets and liabilities are not exposed to interest-rate risks.

Foreign Currency Risk

The Commissioner's financial assets and liabilities are not exposed to foreign currency risks.

Fair Values

There is no material difference between the book values and fair values of the Commissioner's financial assets and liabilities as at 31st March 2017.

10. Capital Commitments

There were no capital commitments as at 31st March 2017.

11. Contingent Liabilities

There were no contingent liabilities as at 31st March 2017.

12. Related Party Transactions

The Welsh Government is a related party, the Commissioner received her sole source of funding from the Welsh Government (£1.556 million) during the period. The Commissioner's payroll is outsourced to the Public Service Ombudsman for Wales (POSW) and there have been a small number of material transactions during the period,

relating to the operation of payroll and pensions, with the PSOW, HM Revenue and Customs and the Cabinet Office.

There were no material transactions with organisations in which senior staff, or any of their family, held positions of influence.

13. Events after the Reporting Period

There were no events between the statement of financial position date and the date the accounts were signed that impact upon these statements.

These financial statements were authorised for issue on 18 July 2017 by Sophie Howe