Accountability report

In this section I report on key accountability requirements to Welsh Ministers along the lines of a Directors’ report that is prepared by a private company. These reporting requirements have been adapted to fit the public sector context.

Alan Morris chairs my Audit Risk and Assurance Committee and his perspective on governance arrangements in my office at the end of the second year of operation can be found here.

My accountability report is required to have three sections: a Corporate Governance report, a Remuneration and Staff Report and a certificate of audit from the Auditor General for Wales who is responsible for reviewing my accountability report for consistency with other information in my financial statements and providing an opinion on the following disclosures within this report:

- Regularity of expenditure
- Remuneration and CETV pension disclosures for me and members of my senior management team
- Payments to past directors, if relevant
- Payments for loss of office, if relevant
- Exit packages, if relevant
- Fair pay disclosures
- Analysis of staff numbers and costs

Corporate Governance Report

Information on my governance structure and who is responsible for and influences what happens in my office is set out on my website and in my Governance Statement. I am also required to disclose any significant interests held by me and my senior management team which may conflict with our management responsibilities. A summary register of interests for my senior management team is available to view here. Any potential or actual conflicts of interest arising during the year were managed in accordance with my conflicts of interest policy.

Format of the accounts

My 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 my appointment as the first Commissioner. These accounts cover the period from 1 April 2017 to 31 March 2018 and reflect the assets, liabilities and resource outturn of my office. The financial statements that follow this report 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 Office of the Future Generations Commissioner for Wales is independent of, but funded by the Welsh Government. In 2017-2018, £1.48 million was received to fund activities (£1.556 million was received in the previous accounting period).
Results for the period

The Statement of Comprehensive Net Expenditure shows expenditure, for the year, of £1,433 million, a thirty per cent increase on the previous period (£1,102 million for the 14 months to 31.3.17). The general fund balance as at the year-end increased slightly to £501,000 (£454,000 at 31.3.17). £316,000 of this balance is committed to fund the continuing work on my foundational Art of the Possible Programme in partnership with six partners from the public, private and voluntary sectors in Wales. This Programme will be concluded in 2019-20.

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

Complaints

My office did not receive any complaints during the period.

Disclosure of information to the auditors

So far as I am aware, there is no audit information of which the auditors are unaware and my team have 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 my auditors for non-audit work.

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
5 July 2018

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 in place or under development during the year ended 31 March 2018 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—

The Children's Commissioner for Wales;

The Welsh Language Commissioner;

The Commissioner for Older People in Wales;

The member of staff of the Welsh Government designated by the Welsh Ministers as the Chief Medical Officer for Wales;

The chairperson of the Natural Resources body for Wales or another non-executive member of that body selected by the chairperson;

An officer of the body representing trade unions in Wales known as Wales TUC Cymru, nominated by that body;

The chairperson, director or similar officer as the Welsh Ministers may appoint of a body representing persons carrying on business in Wales;

Such other person as the Welsh Ministers may appoint.

It has met once in 2017-2018 to advise and discuss my first Annual Report and in my second year I have drawn on individual members’ experience to inform my organisation’s work programme.

Audit and Risk Assurance Committee

I have appointed an Audit and Risk Assurance Committee (ARAC) 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 for Wales and Chair of their ARAC, trustee of Care and Repair Cymru, non-executive board member of the Welsh Revenue authority;
- John Dwight, retired Auditor, trustee and honorary treasurer for City Hospice Care and member of the CIPFA-Cymru branch executive;
- 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, Chair of the Public Services Ombudsman’s ARAC

All are independent and do not work for the Commissioner. All members had a 100% attendance record at the four Committee meetings held during 2017-2018.

The Chair of the Committee has provided me with a report covering the 15-month period from its establishment to 31 March 2018 in which he concludes that the Committee can provide me with assurance that the governance, financial management and risk assurance arrangements in place, whilst still evolving, are appropriate and have operated effectively during 2017-2018.
Senior management team

I restructured my organisation during the year and as at 31 March 2018 my senior management team (SMT) comprises myself and three directors. We meet at least monthly with other members of my wider team to discuss progress, operational and strategic issues. SMT members are responsible and accountable to me for executing the approved strategic plan for my seven-year term of office. 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

My governance framework was largely developed during the first accounting period covering the 14 months to 31 March 2017. During 2017-2018 the initial office policies have been updated to reflect a restructurering of accountabilities for people and project management in my team and to reflect our evolving working practices as we continue to embed the five ways of working recommended by the Well-being of Future Generations Act into day to day working arrangements. Internal Audit has been in place throughout the year and has delivered a full programme of work and the ARAC has been fully operational.

My strategic 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 throughout my term of office.

Approach to risk management

My approach to risk management is consistent with my strategic plan and is in line with the 2015 Act and what it is intended to achieve. 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 informed.

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 are not 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.

During 2017-2018 I have updated my strategic risk register in consultation with staff and the Audit and Risk Assurance Committee. This was facilitated by an all staff meeting held in January 2018. The strategic risk register identified appropriate 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 continue to 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
- Cyber Security
- Data Protection Act

Deloitte’s Annual Report for 2017-2018 confirms that “Based on the work we have undertaken during the year, we are able to conclude that the Commissioner has a basically sound system of internal control, which should provide moderate assurance regarding the achievement of the Commissioner’s objectives”. Substantial assurance can be taken from the design of corporate governance controls and risk management arrangements. The timing of the audits for Cyber Security and Data Protection came part way through implementation of a new Information Governance Framework and consequently only gained a limited assurance rating and 11 recommendations were made. Follow up work in May 2018 confirmed that significant progress had been made and 8 recommendations had been fully addressed and arrangements were in place for addressing the remaining 3. I have asked for an updated assurance rating for my office’s cyber security and data protection arrangements to be provided in 2019-2020.

Information assurance

I have completed a substantial review of my information governance arrangements in 2017-2018 in readiness for the introduction of the new General Data Protection Requirements which came into force in May 2018. A new information governance framework has been put in place with a suite of underpinning policies that set out the security arrangements and principles of good information governance, together with the responsibilities and behaviours I expect of all those that work for me.

There have been no data breaches during the year. No personal data related incidents were formally reported to the Information Commissioner’s Office during the period.

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 during the year and up to the date of approval of the Annual Report and Accounts did not contain any significant weaknesses.

For 2018-2019 where necessary I will continue to update my staff structure to ensure I have the most efficient and effective staffing arrangements to deliver the wide range of functions and I will continue to walk the talk of the Act and develop the governance and internal control arrangements in my office in a sustainable way.

Sophie Howe
Future Generations Commissioner for Wales
5 July 2018
Remuneration and staff report

This part of my Accountability report provides information on my remuneration policy for me and my Senior Management Team.

- Payments to past directors, if relevant
- Payments for loss of office, if relevant
- Exit packages, if relevant
- Fair pay disclosures
- Analysis of staff numbers and costs

Remuneration of senior members of the senior management team

I was appointed on 1 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 my Senior Management Team, I took remuneration advice from civil service recruitment specialists.

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

Number and analysis of senior staff costs by band (audited)

<table>
<thead>
<tr>
<th>Salary £000</th>
<th>Benefits in Kind (to nearest £100)</th>
<th>Pension Benefits (to nearest £1000)</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.17 to 31.3.17</td>
<td>1.17 to 31.3.17</td>
<td>1.17 to 31.3.17</td>
<td>1.17 to 31.3.17</td>
</tr>
<tr>
<td>Sophie Howe – Future Generations Commissioner for Wales, from 1 February 2016. Full time</td>
<td>90-95</td>
<td>90-95</td>
<td>-</td>
</tr>
<tr>
<td>Mike Palmer – Director of Policy Performance and Implementation, from 11 July 2018. Retired on 31 October 2017. Full time</td>
<td>40-45 (FTE 65-70)</td>
<td>40-45 (FTE 65-70)</td>
<td>-</td>
</tr>
<tr>
<td>Kate Carr – Director of Engagement, Partnerships and Communications, from 19 July 2016. Full time</td>
<td>55-60</td>
<td>55-60</td>
<td>-</td>
</tr>
<tr>
<td>Marie Brousseau-Navarro - Director of Policy, Legislation and Innovation, from 12 September 2016. Part time 0.6 FTE.</td>
<td>45-50 (FTE 55-60)</td>
<td>45-50 (FTE 55-60)</td>
<td>-</td>
</tr>
<tr>
<td>Helen Verity – Director of Finance and Governance, from 6 June 2016. Part time 0.6 FTE.</td>
<td>40-45 (FTE 55-60)</td>
<td>40-45 (FTE 55-60)</td>
<td>-</td>
</tr>
</tbody>
</table>

CETV pension disclosures for me and members of my senior management team (audited)

<table>
<thead>
<tr>
<th></th>
<th>Total accrued pension</th>
<th>Real increase in pension</th>
<th>CETV at 31.3.18</th>
<th>CETV at 31.3.17</th>
<th>Real increase/ (decrease) in CETV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sophie Howe – Future Generations Commissioner for Wales, from 1st February 2016. Full time</td>
<td>0-5</td>
<td>0-2.5</td>
<td>38</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td>Mike Palmer – Director of Policy Performance and Implementation, from 11 July 2018. Retired on 31 October 2017. Full time</td>
<td>35-40</td>
<td>0-2.5</td>
<td>715</td>
<td>694</td>
<td>5</td>
</tr>
<tr>
<td>Kate Carr – Director of Engagement, Partnerships and Communications, from 19 July 2016. Full time</td>
<td>0-5</td>
<td>0-2.5</td>
<td>23</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Marie Brousseau-Navarro - Director of Policy, Legislation and Innovation, from 12 September 2016. Part time 0.6 FTE.</td>
<td>0-5</td>
<td>0-2.5</td>
<td>15</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Helen Verity – Director of Finance and Governance, from 6 June 2016. Part time 0.6 FTE.</td>
<td>0-5</td>
<td>0-2.5</td>
<td>19</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multi-employer defined benefit schemes but our office is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2017-2018, employers’ contributions of £137,732 were payable to the PCSPS (2016-17 £97,496) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-2018 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. None of the employees at this office took up the option.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 65; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age...
on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022.  All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/80th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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 8% and 14.75% (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% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.) Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

(i) Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

(ii) Real increase in CETV

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

Reporting of Civil Service and other compensation schemes – exit packages

A Cash Equivalent Transfer Value (CETV) is the cash equivalent transfer value of pensions. The median point has dropped for 2017-2018 because of a decrease in the number of Directors from four to three and the introduction of two fixed term paid policy research work posts given to PhD students in 2017-2018 at the base of my pay scale.

Payments to past directors

No payments were made to past directors.

Fair pay disclosures

I am required to disclose the relationship between the remuneration of the highest-paid individual and the median remuneration of employees. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The median point has dropped for 2017-2018 because of a decrease in the number of Directors from four to three and the introduction of two fixed term paid policy research work posts given to PhD students in 2017-2018 at the base of my pay scale.
Gender pay gap (not subject to audit)

The Equality Act 2010 does not require me to report on the gender pay gap in my organisation. Gender pay analysis is an important marker in our move toward a more Equal Wales. For 2017-2018 I am therefore opting to report on the gender pay position for people that work in my team. The first table below shows the median and the mean hourly rate of pay for those in my team that I have direct control over their remuneration rates. The second table shows the median and mean hourly rate when team members from partner organisations are included.

<table>
<thead>
<tr>
<th>Gender pay gap:</th>
</tr>
</thead>
<tbody>
<tr>
<td>directly employed only</td>
</tr>
<tr>
<td>2017-18</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Median hourly rate of pay (£)</td>
</tr>
<tr>
<td>Mean hourly rate of pay (£)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender pay gap:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid secondees included</td>
</tr>
<tr>
<td>2017-18</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Median hourly rate of pay (£)</td>
</tr>
<tr>
<td>Mean hourly rate of pay (£)</td>
</tr>
</tbody>
</table>

Staff costs (audited)

For the year staff costs consist of:

<table>
<thead>
<tr>
<th>2017-18</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>641</td>
</tr>
<tr>
<td>Social Security costs</td>
<td>68</td>
</tr>
<tr>
<td>Pension costs</td>
<td>136</td>
</tr>
<tr>
<td>Sub Total</td>
<td>845</td>
</tr>
<tr>
<td>Inward secondments and agency staff</td>
<td>225</td>
</tr>
<tr>
<td>Less recoveries in respect of outward secondments</td>
<td></td>
</tr>
<tr>
<td>Total Net Costs</td>
<td>1,070</td>
</tr>
</tbody>
</table>

The analysis of staff costs for 2016-17 has been corrected. Corrections: Wages and salaries £131,472 increase; social security £103,962 decrease; pensions £27,510 decrease. Net effect nil. The breakdown as disclosed in 2016-17 Staff Report was incorrect. The total staff costs figure was correct and remains unchanged.

Staff Report

Staff numbers and related Costs

On 31 March 2018 the Commissioner’s staff complement was 32 people (25.06 whole time equivalent) including the Commissioner. As at 31 March 2017 comparative figures were 26 people (17.84 whole time equivalent)

<table>
<thead>
<tr>
<th>2017-18</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTE</td>
<td>WTE</td>
</tr>
<tr>
<td>Directly Employed</td>
<td>16.57</td>
</tr>
<tr>
<td>Paid Secondees</td>
<td>3.88</td>
</tr>
<tr>
<td>Total</td>
<td>19.45</td>
</tr>
</tbody>
</table>

The number of whole-time equivalent paid and unpaid secondees for the period was as follows: (not subject to audit)

<table>
<thead>
<tr>
<th>2017-18</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTE</td>
<td>WTE</td>
</tr>
<tr>
<td>Paid Secondees</td>
<td>3.88</td>
</tr>
<tr>
<td>Unpaid Secondees</td>
<td>1.04</td>
</tr>
<tr>
<td>Total</td>
<td>4.92</td>
</tr>
</tbody>
</table>

Remuneration of Audit and Risk Assurance Committee Members

(not subject to audit)

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 2017-18 the following payments were made:

<table>
<thead>
<tr>
<th>Name</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Morris (Chair)</td>
<td>2,400</td>
<td>600</td>
</tr>
<tr>
<td>Jonathan Morgan</td>
<td>1,250</td>
<td>500</td>
</tr>
<tr>
<td>John Dwight</td>
<td>1,500</td>
<td>500</td>
</tr>
<tr>
<td>Gareth Madge</td>
<td>1,375</td>
<td>500</td>
</tr>
<tr>
<td>Jocelyn Davies</td>
<td>2,000</td>
<td>500</td>
</tr>
<tr>
<td>Total</td>
<td>8,525</td>
<td>2,600</td>
</tr>
</tbody>
</table>
Staff composition

We collect workforce statistics in relation to all the protected characteristics detailed in the Equality Act 2010. Not all of these 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 and pay statistics
(not subject to audit)

Headcount by gender, pay band, contract type and working pattern on 31 March 2018: (temp includes staff employed on fixed term contracts and secondees from partner organisations).

<table>
<thead>
<tr>
<th>Pay level (or equivalent for secondees)</th>
<th>Organisation</th>
<th>F/T male perm</th>
<th>P/T male temp</th>
<th>F/T female perm</th>
<th>P/T female temp</th>
<th>P/T female temp</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 1</td>
<td>£19 - 22k pa</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade 2</td>
<td>£23 – 27k pa</td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade 3</td>
<td>£30 – 35k pa</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade 4</td>
<td>£38 – 43k pa</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Grade 5</td>
<td>£49 – 53k pa</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade 6</td>
<td>£58 - £62 pa</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner</td>
<td>£90 - 95k pa</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnership workers</td>
<td></td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>

Workforce gender statistics
(not subject to audit)

This table shows 32 employees on 31st March 2018 by gender along with comparison against the previous year and Census Population date 2014: Wales (3,092,000)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total No.</td>
<td>%</td>
<td>Total No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Male</td>
<td>4</td>
<td>12.5</td>
<td>6</td>
<td>23</td>
<td>1,580,000</td>
</tr>
<tr>
<td>Female</td>
<td>28</td>
<td>87.5</td>
<td>20</td>
<td>77</td>
<td>1,580,000</td>
</tr>
</tbody>
</table>

Workforce age statistics
(not subject to audit)

Headcount by Age on 31st March 2018

<table>
<thead>
<tr>
<th>Age Group</th>
<th>16-24</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65 &amp; Over</th>
<th>Undisclosed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>4</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>7</td>
</tr>
</tbody>
</table>

Workforce leavers statistics
(not subject to audit)

There have been 7 leavers in the year.

- 2 secondments came to an end
- 2 fixed-term contracts came to an end
- 1 person retired
- 2 people resigned to take up other employment

Pregnancy Adoption Maternity Between April 2017 And March 2018

| Number of pregnant employees in 2017 -2018 | 0 |
| Number of employees taking Adoption and/or Maternity Leave in 2017 - 2018 | 0 |
Workforce training and development statistics (not subject to audit)

Headcount by gender, pay band, contract type and working pattern of team members who engaged in externally delivered training opportunities during the year. Please note that the ‘temporary’ definition includes staff employed on fixed term contracts, or engaged as secondees from partner organisations.

<table>
<thead>
<tr>
<th>Pay level (or equivalent for secondees)</th>
<th>Organisation</th>
<th>F/T male perm</th>
<th>F/T male temp</th>
<th>P/T male perm</th>
<th>P/T male temp</th>
<th>F/T female perm</th>
<th>F/T female temp</th>
<th>P/T female perm</th>
<th>P/T female temp</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 1 £19 – 22k pa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Grade 2 £24 – 28k pa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Grade 3 £31 – 35k pa</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Grade 4 £39 – 43k pa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Grade 5 £47 – 51k pa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Grade 6 £58 – £62 pa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Commissioner £91k pa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Non remunerated secondee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Nine people were supported to participate in external training events as individual team members. Team members across most grades, gender and working pattern were supported to participate as shown above.

In addition, we delivered several team development days for the whole team:

- A team day reviewing our different working styles and the impact of these on our relationships, working methods and behaviours. (Insights Discovery)
- A team day with our Audit and Risk Assurance Committee understanding our risk register.
- A team day reviewing our office processes against the seven well-being goals.
- A team day on strategic planning
- Management team day to explore agile methodologies

Sickness absence data (not subject to audit)

Sickness absence figures are collected, monitored and recorded for directly employed team members. (Nineteen people, 17.8 WTE as at 31 March 2018). Between April 2017 and March 2018 the sickness absence rate was reported at 0.4 per cent. (0.6 per cent 2016-2017). This equates to a total of 15 days of short-term sickness absence for 6 team members. There were no cases of long-term absence in this financial year.

Expenditure on consultancy (not subject to audit)

Consultancy costs of £7,025 associated with provision of objective strategic advice to inform the structural set up of my organisation: Development of an Agile organisational structure £5,400; and Information Governance Framework £1,625.

Sophie Howe
Future Generations Commissioner for Wales
5 July 2018
Report on the audit of the financial statements

The Certificate and independent auditor’s report of the Auditor General for Wales to the National Assembly for Wales

Opinion

I certify that I have audited the financial statements of the Future Generations Commissioner for Wales for the year ended 31 March 2018 under Paragraph 21 of Schedule 2 of the Well-being of Future Generations (Wales) Act 2015. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Cash Flow Statement and Statement of Changes in Tax Payers’ Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury’s Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In my opinion the financial statements:

- are prepared so as to give a true and fair view of the state of the Future Generations Commissioner for Wales’ affairs as at 31 March 2018 and of its net expenditure for the year then ended; and

- have been properly prepared in accordance with Welsh Ministers’ directions issued under the Well-being of Future Generations (Wales) Act 2015.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISASs (UK)). My responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Future Generations Commissioner for Wales has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Future Generations Commissioner for Wales is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor’s report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information 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 report.

Opinion on regularity

In my opinion, 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 made under the Well-being of Future Generations (Wales) Act 2015.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers’ guidance; and

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Report has been prepared in accordance with Welsh Ministers’ guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in Annual Report or the Governance Statement.

Responsibilities

Responsibilities of the Future Generations Commissioner for Wales for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Future Generations Commissioner for Wales is responsible for preparing the financial statements in accordance with the Well-being of Future Generations (Wales) Act 2015 and Welsh Ministers’ directions made thereunder, for being satisfied that they give a true and fair view and for such internal control as the Future Generations Commissioner for Wales determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Future Generations Commissioner for Wales is responsible for assessing the body’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.
Auditor’s responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor’s report.

Responsibilities for regularity

The Future Generations Commissioner for Wales is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence 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.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ
10 July 2018