

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Video Conference via Zoom	Owain Roberts
Meeting date: 10 November 2021	Committee Clerk
Meeting time: 09.30	0300 200 6388
	SeneddFinance@senedd.wales

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv

- 1 **Introductions, apologies, substitutions and declarations of interest**
(09:30)
- 2 **Paper(s) to note**
(09:30) (Pages 1 – 8)
Minutes of the meeting held on 8, 13 and 18 October 2021
 - 2.1 **PTN 1 – Letter from the Minister for Finance and Local Government: Update on Covid allocations – 14 October 2021**
(Pages 9 – 13)
 - 2.2 **PTN 2 – Letter from the Minister for Finance and Local Government: Landfill Disposals Tax independent review – 14 October 2021**
(Pages 14 – 15)
 - 2.3 **PTN 3 – Letter from the Wales Governance Centre: Further information following on from Committee – 14 October 2021**
(Pages 16 – 18)
 - 2.4 **PTN 4 – Letter from the Chair of the Remuneration Board to the Llywydd: Members of the Senedd pension scheme – 19 October 2021**
(Pages 19 – 21)



**2.5 PTN 5 – Letter from the Scottish Public Services Ombudsman: Annual Report
– 19 October 2021**

(Pages 22 – 23)

**2.6 PTN 6 – Letter from the Commissioner for Budget and Governance: Senedd
Commission Engagement work – 19 October 2021**

(Pages 24 – 25)

**2.7 PTN 7 – Letter from the Minister for Finance and Local Government: Welsh
Government's 'Tax Policy Framework Update' and 'Tax Policy Work Plan for
2021–2026' – 3 November 2021**

(Pages 26 – 29)

3 Audit Wales – Scrutiny of the Estimate 2022–23 and Interim Report: Evidence session

(09:30 – 10:30)

(Pages 30 – 113)

Adrian Crompton, Auditor General for Wales

Lindsay Foyster, Chair of the Wales Audit Office

Kevin Thomas, Executive Director of Corporate Services, Audit Wales

Supporting documents:

FIN(6)–09–21 P1 – Estimate of Income and Expenses for Audit Wales for the
year ended 31 March 2023

FIN(6)–09–21 P2 – Supporting information for the Estimate of Income and
Expenses for Audit Wales for the year ended 31 March 2023

FIN(6)–09–21 P3 – Interim Report – An assessment of progress made against
our 2021–22 Annual Plan during the period 1 April to 30 September 2021

FIN(6)–09–21 P4 – Letter from Audit Wales: Updates on the Travel &
Subsistence review, and Five year Strategic Plan – 1 November 2021
Research Service brief

- 4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting and the meeting on 19 November 2021.**

(10:30)

- 5 Audit Wales – Scrutiny of the Estimate 2022–23 and Interim Report: Consideration of evidence**

(10:30 – 10:45)

- 6 Public Services Ombudsman for Wales (PSOW) – Scrutiny of the Estimate 2022–23: Consideration of draft report**

(10:45 – 11:15)

(Pages 114 – 158)

Supporting documents:

FIN(6)–09–21 P5 – Letter from the PSOW: Estimates 2022/23 – 21 October 2021

FIN(6)–09–21 P6 – Revised Estimate 2022–23

FIN(6)–09–21 P7 – Draft report

Technical break (11:15 – 11:30)

- 7 Welsh Revenue Authority – Introductory session**

(11:30 – 12:00)

Dyfed Alsop, Chief Executive, Welsh Revenue Authority

Sam Cairns, Chief Operating Officer, Welsh Revenue Authority

Melissa Quignon–Finch, Chief People Officer, Welsh Revenue Authority

Adam Al–Nuaimi, Head of Data Analysis, Welsh Revenue Authority

- 8 Oversight of the Public Services Ombudsman for Wales – Terms and conditions of appointment**

(12:00 – 12:10)

(Pages 159 – 167)

Supporting documents:

FIN(6)-09-21 P8 – Terms and conditions of appointment

9 Tertiary Education and Research (Wales) Bill: Consideration of approach

(12.10 – 12.20)

(Pages 168 – 172)

Supporting documents:

Research Service paper

Concise Minutes – Finance Committee

Meeting Venue:

This meeting can be viewed

Video Conference via Zoom

on [Senedd TV](#) at:

Meeting date: Friday, 8 October 2021

<http://senedd.tv/en/12536>

Meeting time: 09.28 – 11.01

Remote

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Rhianon Passmore MS
Witnesses:	Manon Antoniazzi, Chief Executive and Clerk Nia Morgan, Director of Finance Ken Skates MS, Commissioner
Committee Staff:	Owain Roberts (Clerk) Mike Lewis (Deputy Clerk) Martin Jennings (Researcher)



In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv

Private pre-meeting – Informal (09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

1.1. The Chair welcomed Members to the virtual meeting of the Finance Committee.

2 Paper(s) to note

2.1. The papers were noted.

2.1 PTN 1 – Letter from Chief Executive and Permanent Secretary, HMRC: New HMRC Additional Accounting Officer for the Welsh Rates of Income Tax – 24 September 2021

2.2 PTN 2 – Letter from the Minister for Finance and Local Government: UK Government's announcement on increasing National Insurance – 27 September 2021

2.3 PTN 3 – Letter from the Convener of the Finance and Public Administration Committee, Scottish Parliament: Collaborative working – 29 September 2021

3 Scrutiny of the Senedd Commission Draft Budget 2022–23: Evidence session

3.1. The Committee took evidence from Ken Skates MS, Commissioner for Budget and Governance; Manon Antoniazzi, Chief Executive and Clerk of the Senedd; and Nia Morgan, Director of Finance on the Senedd Commission's Draft Budget 2022–23.

3.2 The Senedd Commission agreed to write to the Committee on plans to reach out to cohorts that do not traditionally engage with the Senedd.

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting

4.1 The motion was agreed.

**5 Scrutiny of the Senedd Commission Draft Budget 2022–23:
Consideration of evidence**

5.1 The Committee considered the evidence received.

Concise Minutes – Finance Committee

Meeting Venue:

This meeting can be viewed

Video Conference via Zoom

on [Senedd TV](#) at:

Meeting date: Wednesday, 13 October
2021

<http://senedd.tv/en/12446>

Meeting time: 09.30 – 12.16

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS
Witnesses:	Nick Bennett, Public Services Ombudsman for Wales Chris Vinestock, Public Services Ombudsman for Wales Katrin Shaw, Public Services Ombudsman for Wales David Phillips, Institute for Fiscal Studies Ed Poole, Wales Governance Centre Guto Ifan, Wales Governance Centre Kevin Thomas, Audit Wales Laurie Davies, Wales Audit Office
Committee Staff:	Owain Roberts (Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Second Clerk) Mike Lewis (Deputy Clerk)



	Ben Harris (Legal Adviser) Owain Davies (Researcher)
--	---

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv

Private pre-meeting – Informal (09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the hybrid meeting of the Finance Committee.

1.2 Apologies were received from Rhianon Passmore MS.

2 Public Services Ombudsman for Wales (PSOW) – Scrutiny of Annual Report and Accounts 2020–21, and Estimate 2022–23: Evidence session

2.1 The Committee took evidence from Nick Bennett, Public Services Ombudsman for Wales; Chris Vinestock, Chief Operating Officer & Director of Improvement; and Katrin Shaw, Chief Legal Adviser & Director of Investigations on the PSOW's Annual Report and Accounts 2020–21, and Estimate 2022–23.

3 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting and the meeting on 18 October 2021.

3.1 The motion was agreed.

4 Public Services Ombudsman for Wales – Scrutiny of Annual Report and Accounts 2020–21, and Estimate 2022–23: Consideration of evidence

4.1 The Committee considered the evidence received.

5 Informal briefing: Understanding the financial position in Wales

5.1 The Committee received a briefing from David Phillips, Associate Director, Institute of Fiscal Studies; Dr Ed Poole, Senior Lecturer, Wales Governance Centre; and Guto Ifan, Research Associate, Wales Governance Centre.

6 Oversight of Audit Wales – External Audit Services of the Wales Audit Office's Accounts

6.1 The Committee agreed its approach to the procurement of the external auditors of the Wales Audit Office.

Concise Minutes – Finance Committee

Meeting Venue:

Video Conference via Zoom

Meeting date: Monday, 18 October 2021

Meeting time: 09.30 – 10.01

Remote, Private

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Rhianon Passmore MS
Witnesses:	
Committee Staff:	Owain Roberts (Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Second Clerk) Mike Lewis (Deputy Clerk) Martin Jennings (Researcher)

On 13 October 2021, the Committee resolved to exclude the public from today's meeting in accordance with SO 17.42.

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the virtual meeting of the Finance Committee.



2 Scrutiny of the Senedd Commission Draft Budget 2022–23: Consideration of draft report

2.1 The Committee agreed the draft report with minor changes.

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

Agenda Item 2.1



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths
Chair – Finance Committee
Peredur.OwenGriffiths@senedd.wales

14 October 2021

Dear Peredur,

I would like to take this opportunity to update the Committee on the recent allocations which I have been making from the Welsh Government's Covid Reserve.

Annex 1 provides details of the latest areas set to receive support together with the allocations which have previously been made as part of the Draft, Final and Supplementary Budgets for 2021-22. The next Supplementary Budget will be used to formalise the transfers from reserves.

We have recently received confirmation of additional consequentials being transferred to Wales. The amounts are up to £320 million resulting from increases to NHS budgets in England, and on the 30 September the UK Government announced their Household Support Fund which has resulted in a further consequential of up to £25 million. The precise amounts will be confirmed later this financial year as part of the Supplementary Estimate process. This delay in confirming precise amounts demonstrates some of the uncertainty which I outlined to the Finance Committee on the 29 September. It should also be noted that the picture on consequentials does change regularly due to various UK Government announcements which we are not always given advance warning of.

Over the coming months we will continue to monitor expenditure and emerging pressures as part of our normal budget monitoring processes and make additional allocations to budgets as necessary. I will provide further updates to the Committee should further significant allocations be made prior to the next Supplementary Budget.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Yours sincerely,

Rebecca Evans.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol

Minister for Finance and Local Government

Annex 1

*Previous allocations were made in the Draft and Final Budgets for 2021-22 and as part of the first in-year Supplementary Budget

MEG/Item	Previous* £m	New £m	Total £m	Comments
Health and Social Services				
Contact Tracing	60		60	
NHS Support	380	411	791	
NHS Recovery	100	100	200	
Social Care Recovery		48	48	
Child Development Fund		4.5	4.5	
Support for Children and Play		5	5	Capital
NHS Recovery		40	40	Capital
Children and Young People	2		2	
CYP Play, Sport and Culture		20	20	
Total	542	628.5	1,170.5	
Finance and Local Government				
Free School Meals	23.3		23.3	
LA Hardship Fund	206.6		206.6	
Self Isolation Support		4	4	
Early Help Programme		7	7	
LA Hardship Fund – Social Care		25.5	25.5	
NDR Relief	352.2		352.2	
Total	582.1	36.5	618.6	
Climate Change				
Homelessness	4	10	14	
Bus Support	37.2		37.2	
Rail Support	70		70	
Total	111.2	10	121.2	
Education and Welsh Language				
Schools Catch Up	51.2		51.2	
Children and Young People	4.5		4.5	
FE Catch Up	33		33	
Outdoor Education	2		2	
Education Renew & Reform	19.3		19.3	
Qualifications		3.6	3.6	
Newly Qualified Teachers		1.7	1.7	
Youth Mental Health		2.5	2.5	
Education Research		1.7	1.7	
FE – FSM		4.2	4.2	
Flying Start		15	15	Capital

MEG/Item	Previous £m	New £m	Total £m	Comments
CO2/Ozone Units		6	6	Capital
Outdoor Education	2		2	
Qualifications		8	8	
Student Support Grants		13.4	13.4	
Post 16 Learners		5	5	
Personal Learning Accounts		5	5	
Covid Secure Environment		6.3	6.3	
ALN		10	10	
Welsh Language		2.2	2.2	
Eisteddfodd		0.2	0.2	
Total	112	84.8	196.8	
Economy				
Children and Young People	0.5		0.5	
Apprenticeships	16.5		16.5	
Communities for Work	6		6	
Culture Fund	30		30	
ERF	55		55	
ERF	141		141	
Sport and Leisure Fund		4	4	
Total	249	4	253	
Social Justice				
Discretionary Assistance Fund	10.5		10.5	
Third Sector Support	6		6	
Wales for Africa		1.5	1.5	
VAWDASV		1	1	
Advocacy and Advice		1.5	1.5	
Equalities		1	1	
Total	16.5	5	21.5	
Total Allocations	1,612.8	768.8	2,381.6	

Agenda Item 2.2

Rebecca Evans MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Peredur Owen Griffiths
Chair
Finance Committee
Welsh Parliament
Cardiff Bay
CF99 1SN

14 October 2021

Dear Peredur

Landfill Disposals Tax independent review

Thank you for your response on the proposed scope of the independent review of Landfill Disposals Tax.

I appreciate the Committee taking the time to consider this. I am pleased that you agree with our three broad themes relating to revenue and rates, behaviour change and environmental impacts.

Unauthorised Disposals rate: There is some scope for exploring how the behavioural influence of the rate may be used to drive down levels of waste crime prevalent in the sector, helping to create a level playing field for legitimate waste businesses.

The unauthorised disposals provisions are intended primarily as a deterrent to tax evasion but also they are intended to dissuade those tempted to ignore their environmental obligations.

The WRA is about to launch the first live test of its powers to charge tax on unauthorised disposals of waste. This is the next stage in a careful process to set up arrangements to integrate the WRA's role and approach with existing environmental powers to tackle waste crime.

Testing the powers to tax unauthorised disposals is necessary to ensure the WRA makes the most effective use of them, and to build a clear picture of the longer-term opportunities and benefits. It will also enable the WRA to ensure it has the necessary resources and capability to implement new processes and ways of working.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

As testing gets underway, this work is not yet at a stage where the WRA has evidence to show how effective the enforcement regime can be. Of course, the evidence will grow as the WRA undertake further testing, and this process will take time. Therefore, I am proposing that the focus of the independent review in relation to the unauthorised disposals rate is limited to measuring its deterrent effect. Once more data is available and the WRA has operationalised the regime, we can begin to assess more robustly other aspects such as whether the rate for unauthorised disposals is at an optimum level.

Landfill Disposals tax Communities Scheme (LDTCS): A separate review of the LDTCS is being progressed by the Minister for Climate Change. The review started in August and is due to report by March 2022. Despite both reviews being conducted separately, I recognise the importance of aligning the outcomes of both reviews, in particular in light of any proposed future provision, including where relevant, options for the future use of funding available.

The proposed scope of the review is now being finalised, taking account of your suggestions, I hope to commence the process of procuring an independent reviewer shortly.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

Agenda Item 2.3



Dadansoddi
Cyllid Cymru
Wales Fiscal
Analysis

Cardiff University
School of Law and Politics
Museum Avenue
Cardiff CF10 3AX
PooleEG@cardiff.ac.uk

Prifysgol Caerdydd
Ysgol y Gyfraith a Gwleidyddiaeth
Rhodfa'r Amgueddfa
Caerdydd CF10 3AX
PooleEG@caerdydd.ac.uk

Peredur Owen Griffiths AS/MS
Cadeirydd, Y Pwyllgor Cyllid
Senedd Cymru
Bae Caerdydd
Caerdydd
CF99 1SN

Annwyl Gadeirydd,

14 Hydref 2021

Session on Understanding the Financial Position in Wales

Thank you for the invitation to meet members of the Finance Committee for the Sixth Senedd. Because there was (as always) so much to discuss, I suggested that I would send a short letter to sum up some final points that we did not have chance to consider, namely those issues that colleagues at Wales Fiscal Analysis and I believe are likely to deserve the most scrutiny and attention during the forthcoming Senedd term. Other matters potentially deserving of committee attention such as Covid-19 funding and potential reforms to Council Tax were discussed during the session so are not included below.

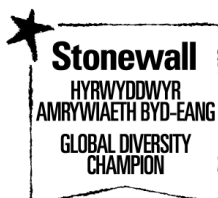
The Fiscal Framework and Devolved Taxes

Wales' fiscal framework has been tested by the coronavirus pandemic in a manner that could not have been imagined during the negotiations in 2016. It is to the credit of everyone involved in those negotiations that the complex mechanisms for implementing devolved taxes have proved more than fit for purpose. Not only have the block grant adjustment mechanisms protected the Welsh budget from a serious UK-wide economic shock in the way in which they were designed, but the new devolved-taxes-plus-block-grant system has increased funding to public services in Wales relative to the previous block grant-only system.

Three factors are worth considering when assessing the impact of the fiscal framework since its introduction. First, Wales' population relative to England's has stopped falling, with estimates for the year to mid-2020 suggesting that Wales' population grew more rapidly than every other UK country. Population decline was one of the areas in which the Welsh Government (unlike the Scottish Government) agreed to take on budgetary risk; so far this decision has paid off. Second, partly in return for accepting this risk (and the so-called Comparable Model for calculating block grant adjustments),¹ a 105% multiplier termed the Needs Based Factor was added to the Barnett Formula. Given the extraordinary increases to the Welsh budget required to respond to Covid-19, this multiplier alone has boosted the Welsh budget by approximately £471 million over recent years, based on our analysis of Block Grant Transparency data published in June 2021. Third, because the latest forecasts suggest devolved revenues are performing better than initial forecasts, we currently expect positive budget reconciliations with respect to income tax of approximately £30 million in 2023-24 and £66 million in 2024-25.



THE QUEEN'S
ANNIVERSARY PRIZES
FOR HIGHER AND FURTHER EDUCATION
2017



UK Quality Assured
Sicrwydd Ansawdd y DU

Registered Charity, no. 1136855
Elusen Gofrestredig, rhif 1136855

Despite this strong performance, the Welsh Treasury and Finance Committee will need to remain vigilant in probing tax forecasts and the operations of Welsh taxes. Both the OBR and HMRC are under Welsh Government contracts to respectively forecast taxes and operate the Welsh income tax system, and these operations should necessitate at least annual scrutiny. For example, confirming that OBR's tax forecasts reflect factors specific to the Welsh economy, and that HMRC continue to ensure that all Welsh taxpayers are correctly identified with a C tax code (including hard-to-reach and transient populations). The Committee may also wish to continue to scrutinise the innovative tax collection approaches that have been adopted by the Welsh Revenue Authority, the body responsible for collecting Land Transaction Tax and Landfill Disposals Tax.

Finally, the Committee will also want to keep under review the upcoming renegotiation of the Scottish Fiscal Framework. While the Welsh Government and Senedd are not involved in this bilateral negotiation, if there are changes agreed to Scotland's fiscal framework these may set precedents which may influence future Welsh arrangements.

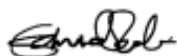
Social Care

On 7 September 2021 the UK Government announced plans to reform how people pay for adult social care in England, and the following week Parliament passed plans for a 1.25 percentage point National Insurance increase, termed the Health and Social Care Levy. Because the amount of National Insurance raised in Wales is smaller than Wales' share of the UK population, the Welsh Budget stands to benefit from the decision to raise taxes at a UK-level (and to subsequently transfer funds via the Barnett Formula) rather than by using devolved tax levers. Moreover, because there is already a more generous asset threshold in place in Wales (£50,000 compared with £23,250 in England), and because self-funders constitute a smaller percentage of care home residents compared with the rest of the UK, the Barnett share of Health and Social Care Levy funding may go further than it will do in England.

However, the committee may wish to note several remaining challenges. Although the new levy is expected to raise approximately £36 billion for English services in the first three years, during this period only £5.4 billion will be directed at social care, while the remaining £30.3 billion will be directed at the NHS.² This would leave social care underfunded because the announced reforms in England are expected to require up to an additional £5 billion per year by the second half of the 2020s.³ In the Welsh context, it will be important to ensure that additional funding allocated to local authorities and providers covers the cost of any proposed Welsh reforms, especially given the apparent funding gap that might be anticipated in England.

If you would like to discuss topics raised during the meeting or in this letter, or arrange any other meeting or briefing session, please don't hesitate to contact us.

Yr eiddoch yn gywir,



Dr Ed Gareth Poole
Uwch Ddarlithydd, Prifysgol Caerdydd

cc. Owain Roberts, Clerc, Y Pwyllgor Cyllid

¹ For full details on this method please see Poole, E.G., Ifan, G, and Phillips, D., *Fair Funding for Taxing Times? Assessing the Fiscal Framework Agreement*, February 2017. [Fair-Funding-for-Taxing-Times-Assessing-the-Fiscal-Framework-Agreement.pdf \(cardiff.ac.uk\)](https://cardiff.ac.uk/fair-funding-for-taxing-times-assessing-the-fiscal-framework-agreement.pdf)

² Oung, C. *How much of the health and care levy will social care receive and what is this intended to do?* Nuffield Trust, 10 September 2021. <https://www.nuffieldtrust.org.uk/resource/chart-of-the-week-how-much-of-the-health-and-care-levy-will-social-care-receive-and-what-is-this-intended-to-do>

³ Ogden, K., Phillips, D. and Sion, C. *What's happened and what's next for councils?* IFS Green Budget chapter, 7 October 2021. <https://ifs.org.uk/publications/15673>

To: Elin Jones MS
Llywydd and Chair of the Senedd Commission

19 October 2021

Annwyl Lywydd,

The Public Service Pensions and Judicial Offices Bill (the Bill) was introduced to the UK Parliament in July 2021 and makes provision about public service pension schemes. In August 2021, the Counsel General laid a legislative consent memorandum before the Senedd on the basis that a number of the Bill's provisions are within the legislative competence of the Senedd.

While legislation on occupational and personal pension schemes is reserved to the UK Parliament,¹ there is a specific exemption that enables the Senedd to legislate for the pension scheme for Members of the Senedd. However, the function of approving changes to this devolved pension scheme remains with HM Treasury.² While the Bill does not currently propose to change this function of HM Treasury, I understand that discussions have taken place between the Welsh and UK Governments in relation to this matter, and that the UK Government intends to bring forward amendments to the Bill to remove the approval function from HM Treasury.

Following correspondence between the Counsel General and the then Chief Secretary to the Treasury (extract annexed), HM Treasury officials have been in contact with the secretariat of the Independent Remuneration Board of the Senedd as a result of proposals to amend the pension scheme rules for Members of the Senedd. Given that the Board is responsible for determining the Members' pension scheme rules, the Board's secretariat has been approached to confirm who should be invited to engage in dialogue with HM Treasury officials.

¹ Paragraph 134 of Schedule 7A to the Government of Wales Act 2006.

² Section 30 of the Public Service Pensions Act 2013.

The Board is of the view that the question of how the function should be exercised in future relates to the constitutional framework within which the Board operates. The Board therefore does not believe it to be appropriate for it to take a view on any legislative policy decisions about whether or not this function should be transferred or removed altogether.

However, the Board is content to express its views to HM Treasury, via its secretariat, on the technical workability of a proposed amendment and any legal implications which would need to be considered in forming policy advice on the matter. It is content for these discussions between officials to proceed on the basis that these are without prejudice to the Senedd Commission or Senedd's view on the matter.

Any discussions would be solely related to the impact in relation to the Members of the Senedd pension scheme.

Please do let me know if you wish to discuss this matter further.

Yours sincerely,



Dr Elizabeth Haywood

Chair, Independent Remuneration Board of the Senedd

cc Mick Antoniw AS/MS, Counsel General and Minister for the Constitution

Jenny Rathbone MS, Chair, Equality and Social Justice Committee

Huw Irranca-Davies MS, Chair, Legislation, Justice and Constitution Committee

Peredur Owen Griffiths MS, Chair, Finance Committee

The Rt Hon Simon Clarke MP, Chief Secretary to the Treasury, UK Government

Jill Youds, Chair, Pension Board for the Members of the Senedd Pension Scheme

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.

Annex

Extract from correspondence from Mick Antoniw AS/MS, Counsel General and Minister for the Constitution, to Rt Hon Steve Barclay MP, then Chief Secretary to the Treasury, regarding the Public Service Pensions and Judicial Offices Bill, 11 August 2021

"I note that the Bill as introduced does not make provision in relation to the pension scheme for members of the Senedd. In the context of that scheme, I note the proposed amendments to the Bill to introduce measures removing the requirement for HM Treasury consent to matters within the Senedd's legislative competence. Legislation governing Senedd members' pensions is taken forward in Wales by the Senedd Commission, and so UK Government officials should liaise with officials from the Commission on the potential effect and drafting of any amendments. It would then also be for the Commission to advise Members on the impact of those amendments. However, it remains the responsibility of a member of the Welsh Government to lay any Legislative Consent Motions that are required, and so on that basis and subject to the relevant provisions being made available to my officials and those in the Commission, I will consider laying a supplementary Legislative Consent Memorandum before the Senedd. I therefore hope that all necessary officials can liaise as amendments are prepared and before they are taken forward."

Bridgeside House
99 McDonald Road
Edinburgh
EH7 4NS

Tel 0800 377 7330
Fax 0800 377 7331
Web www.spsso.org.uk

19 October 2021

Annual Report from the Scottish Public Services Ombudsman

I am very pleased to enclose my 2020-21 Annual Report and Accounts.

In addition to the attached PDF document, there is also a web version at <https://www.spsso.org.uk/annual-report/2020-21.html> which is easy to navigate digitally.

To say 2020-21 was a challenging year for the SPSO (and all of us) is an understatement. On the one hand, SPSO's investigative capacity was affected because of our own reduced staffing resource, reduced availability of some clinical advisers and because of delays in obtaining information from public bodies who themselves were struggling to maintain services. On the other hand, we adapted and accelerated the improvement of our processes and policies. So, while lockdown presented the SPSO with significant challenges, it equally offered opportunities to develop our business and approach.

And amongst all of this, we prepared for the launch of our new Independent National Whistleblowing Officer role (which went live on 1 April 2021), including working with NHS boards on the implementation of the National Whistleblowing Standards, developing training materials and resources as well as defining our own processes.

This report features our performance across all our functions and our significant achievements during 2020-21.

Some highlights include:

- we received **3,130** public service complaints (4,226 in total when including complaints carried over from last year) and closed **3,176**
- of all investigated public service complaints we **upheld 61%**
- we made **740** recommendations to public bodies, **52%** being about learning and improvement
- we launched our new online training courses and delivered **11** complaints handling courses in just the last quarter of the year alone
- our Scottish Welfare Fund independent review service took on review applications for council decisions of the new **Self-Isolation Support Grants**, and we **met or exceeded** all of our SWF KPIs
- we successfully prepared for the launch of our new Independent National Whistleblowing Officer service on **1 April 2021**.



Detailed statistical information about public service complaints is available here:
www.spsso.org.uk/statistics

Moving into 2021-22, we continue to learn from our experience and to build on the positive learning and improvements for ourselves and public services generally. Our values remain at the heart of what we do and inform how we balance the needs of our users, with supporting colleagues, driving complaint handling improvements and being as efficient and effective as we can.

If you would like to talk to us about our work, I and my SPSO colleagues welcome feedback on this report, or on any aspect of our work.

Yours sincerely

A handwritten signature in black ink that reads "Rosemary Agnew". The signature is written in a cursive style.

Rosemary Agnew
Scottish Public Services Ombudsman

Tel: 0131 240 8850 (Fiona Paterson, Personal Assistant)
Email: Fiona.Paterson@spsso.gov.scot

Senedd Cymru
Cymru / Wales

Agenda Item 2.6

Welsh Parliament
Senedd Commission

Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

19 October 2021

Dear Peredur

Following our appearance at your Committee on 8 October, I am writing to provide you with further information to add to the responses we provided during the meeting. The information is set out in the attached annex.

We would like to thank the Committee for its scrutiny. The Commission's approach is always to try to operate with openness, transparency and clarity. So if there is anything else that we can provide you with to assist the Committee, please do not hesitate to let me know.

Yours sincerely





Ken Skates

cc Senedd Commissioners, Manon Antoniazzi, Nia Morgan



Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

 Sulafa.Thomas@senedd.cymru
 0300 200 6227

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

 Sulafa.Thomas@senedd.wales
 0300 200 6227

Senedd Commission: Additional information following 8 October 2021 appearance at Finance Committee

The Senedd Commission's plans to reach out to cohorts that do not traditionally engage with the Senedd.

Engaging with those who do not usually take an interest in our work is one of the main priorities for our communications and engagement teams. During the pandemic we have had to move much of our engagement work online and turn to virtual meetings and education sessions.

The number of people taking part in each engagement session has increased from an average of 34 per session pre pandemic, to 72 per session from April 2021. As we increasingly return to face-to-face engagement we will also ensure we maintain the quality of the virtual engagement work, which has already reached more people who would not normally be interested in our work.

We will shortly be holding our second set of Welsh Youth Parliament elections in November 2021, where 285 young people will be standing for election. Those elected will work with other young people across Wales to discuss and debate issues important to them.

We know that social media offers great opportunities to reach out to younger, as well as more disengaged, voters and we have strengthened our teams to improve our work in this area. Over the past year we've seen a 20% increase in followers across our social media platforms and we will be placing more emphasis on reflecting the lived experience of those who give evidence to committees. This "case-study" approach will improve engagement as well as increase interest in our work.

We will also be investing in online engagement tools which will make it far easier for the public to take part in committee inquiries, which we see as the driver to much of our engagement and communications work. Officials are also actively involved in working with committees to look for opportunities to involve young people in their work.



Agenda Item 2.7

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1NA

3 November 2021

Dear Peredur,

I am writing to draw the Committee's attention to the attached Written Statement I have issued today, referencing publication of the Welsh Government's 'Tax Policy Framework Update' and our 'Tax Policy Work Plan for 2021-2026'. Taken together, these two documents set out our strategic priorities for tax policy development over the course of this Senedd term, and how we will go about working with our partners to progress them.

I would be happy to discuss the documents with the Committee at its convenience.

Yours sincerely,

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE Tax Policy Framework Update and Tax Policy Work Plan 2021-2026

DATE 03 November 2021

BY Rebecca Evans MS, Minister for Finance and Local Government

I have published, today, the Welsh Government's [Tax Policy Framework Update](#) and our [Tax Policy Work Plan 2021-2026](#). Taken together, these two documents set out our strategic priorities for tax policy development over the course of this Senedd term, and how we will go about working with our partners to progress them.

Our inaugural *Tax Policy Framework (2017)* was widely endorsed. It sets out the legal framework underpinning our devolved tax powers together with the Welsh Government's tax principles.

Our *Tax Policy Framework Update (2021)* recognises the progress we have made in developing tax policy in Wales since the enactment of the Wales Act 2014 and seeks to build on this. In the *Tax Policy Framework Update* we take the opportunity to situate and integrate tax policy into the wider Welsh Government national strategic policy context. We also set out 'our tax approach', which is the distinct way in which we in Wales develop and deliver tax policy with our partners.

Our tax approach reflects our commitment to continue to work *collaboratively* to *co-produce* and *co-deliver* our tax policy objectives. It explains how we will ensure we continue to embed sustainability, fairness and equality considerations in the way in which we undertake and deliver our priorities.

The *Tax Policy Work Plan* spans the term of this Senedd. This is in line with our commitment to transparency and engagement. In setting out our tax policy priorities, it ensures stakeholders are informed and able to work with us in the development and delivery of the Welsh Government's tax policy priorities, building on the commitments set out in the *Programme for Government*.

I will report on progress against the work plan annually through the *Tax Policy Report* to be published alongside the Draft Budget. Pack Page 27

Agenda Item 3



Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2023

October 2021

Jointly prepared and laid before the Senedd for Wales
under Section 20(1) of the Public Audit (Wales) Act 2013

Adrian Crompton
Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

For each financial year, Section 20 of the Public Audit (Wales) Act 2013 requires the Auditor General and Audit Wales jointly to prepare an estimate of the income and expenses of Audit Wales and to lay that estimate before the Senedd at least five months before the beginning of the financial year to which it relates.

In accordance with Section 20 of the Act, each estimate must cover (amongst other things) the resources required by the Auditor General for the exercise of his statutory functions.

The Finance Committee of the Senedd may make any modifications to the estimate which it considers appropriate, but no modification can be made unless:

- the Auditor General and Audit Wales have been consulted; and
- any representations that either may make have been taken into account.

The Welsh Ministers must each year move a motion in the Senedd under Section 125 of the Government of Wales Act 2006 that includes authorisation of the resources to be used (including accruing resources) and payments to be made by Audit Wales. This Estimate sets out the amounts to be included in respect of Audit Wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

Foreword	4
Budget Ambit 2022-23	6



Foreword

Audit Wales exists to give the Senedd and the people of Wales confidence in a high-performing and accountable public sector.

Our Estimate for 2022-23 is the Budget Ambit contained in this document. We will provide separately supporting information on the Estimate for Finance Committee to understand how we will use the funding requested.

The Minister for Finance and Local Government set out the continuing uncertainty around future spending in her letter of 2 August 2021. We recognise this; but are also cognisant of recent UK-wide reviews of audit which have potential wide-ranging implications for the whole audit profession, increasing expectations of audit and of the quality of that audit.

For these reasons, our Estimate is seeking to limit the increase in our call on WCF for Audit Wales to 3.1%. This will allow us to fund essential additional investment in audit quality as well as meeting pay and price pressures and the cost of the recently announced increase in employer's National Insurance contributions.

With the vast increase in public expenditure in response to the global COVID-19 pandemic, our work is more important than ever. Ensuring that the Welsh taxpayer is obtaining the best possible value from the public pound and that services are provided seamlessly and efficiently with the service user at the forefront will be even more important as we recover from the COVID pandemic. Our work will play an important part in supporting public bodies in Wales to achieve this.

Our wide-ranging programme of value for money work is vital to robust parliamentary accountability through the Senedd Public Accounts and Public Administration, Finance and other Committees. We audit the accounts and governance of over 800 public bodies across Wales, providing the principal means of assurance about how public money in Wales is being managed. From the Welsh Government itself to the smallest community council, through almost every area of public service delivery, the Auditor General can follow the public pound wherever it is spent.

We are acutely aware of our responsibility to other parts of the public sector to contain our own operating costs and the fees we charge, provided that does not risk audit quality and the assurance we can provide. Our supporting information sets out details of our own value-for-money programme and the savings targets set by the Board to fund our medium-term financial outlook.

In 2022-23 we have set challenging savings targets from both staff vacancy management and other areas of expenditure including our travel costs.

We are in the process of finalising a significant review of our travel scheme which we expect to deliver savings in future years. We are also reviewing our use of office accommodation in the light of lessons learned from the COVID pandemic. We will continue to update the Committee on progress with, as well as the outcome from, these exercises.

Our [Annual Report and Accounts for 2020-21](#) sets out our record of achievement for the last financial year. In March this year we laid our [Annual Plan for 2021-22](#) at the Senedd. This Estimate secures funding for our forward priorities for 2022-23, and our Annual Plan for that year will then be laid before the Senedd in March 2022.

We look forward to discussing our Estimate with the Finance Committee in due course.



Lindsay Foyster

Chair, Wales Audit Office



Adrian Crompton

Auditor General for Wales

Budget Ambit 2022-23

Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2023

- 1 Under Section 125 of the Government of Wales Act 2006, Ministers must move a Budget Motion in the Senedd to authorise the use of resources, retention of income and drawings of cash from the WCF for certain relevant persons, including the Wales Audit Office.
- 2 In respect of the services and purposes of the Wales Audit Office and the Auditor General in the year ending 31 March 2023, the Budget Motion will authorise:
 - the amount of resources which may be used in the financial year by the Wales Audit Office (in line with the budget for the year);
 - the amount of resources accruing to the Wales Audit Office in the financial year, which may be retained rather than being paid into the WCF; and
 - the amount which may be paid out of the WCF to the Wales Audit Office.
- 3 These requirements, which due to the variability of income streams can only be estimates, are summarised in **Exhibit 1**.
- 4 Details of how we propose to use this funding to deliver public audit in Wales in 2022-23 are set out in our supporting information.

Exhibit 1: summary of the estimated 2022-23 budget requirements

	£'000
Resources, other than accruing resources, for use by the Wales Audit Office on the discharge of the statutory functions of the Wales Audit Office and the Auditor General and on the administration of the Wales Audit Office:	
• Revenue	8,298
• Capital	310
Accruing resources from fees and charges for audit, grant certification and related services; other recoveries of costs associated with the functions of the Auditor General or Wales Audit Office; miscellaneous income such as from publications, conferences, provision of administrative, professional and technical services and recoveries of costs incurred for a third party – all for use by the Wales Audit Office on the discharge of the functions of the Auditor General and on related services and the administration of the Wales Audit Office.	15,082
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office.	9,078

- 5 **Exhibit 2** provides a reconciliation of the Wales Audit Office's total resource request with its net cash requirement for the year ended 31 March 2023.

Exhibit 2: reconciliation of resource requirement to cash drawing requirement from the WCF

	£'000
Net request for resources – revenue and capital	8,608
Non-cash adjustment – depreciation	(280)
Non-cash adjustment – movements in working capital	750
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office	9,078



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales



Supporting information for the Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2023

October 2021

Contents

Estimate summary	3
Overview of Estimate 2022-23	3
Value for money at Audit Wales	4
Our performance to date	4
Future Savings	6
Cost pressures	7
Funding Audit Wales	10
Revenue	10
Capital investment at Audit Wales	15
Potential changes to this Budget	17
Pay and price inflation	17
Recruitment and retention	17
Travel and subsistence	17
Fee income	18
New reporting standards	18
Future considerations	19
Local Performance Audit work	19
Appendices	21
1 Revenue budget 2022-23	22

Estimate summary

Overview of Estimate 2022-23

Our Budget 2022-23

- 1 With this Estimate we are requesting to increase our overall call on Welsh Consolidated Fund (WCF) funding in 2022-23 by 3.1%, after allowing for increased investment and the bi-annual funding increase for the National Fraud Initiative (NFI) as set out in **Exhibit 1**. Our detailed budget for the year is attached in **Appendix 1**.
- 2 All capital investment is funded from the WCF through this Estimate. Our Estimate for 2021-22 anticipated major capital investment for 2022-23 due to an expected move from our Cardiff office. We have decided to delay this for a year as we seek to develop our working practices and stakeholder requirements post COVID. Further details are set out in **paragraphs 11 to 13 and 61 to 64**.

Exhibit 1: changes in our call on the WCF 2021-22 to 2022-23

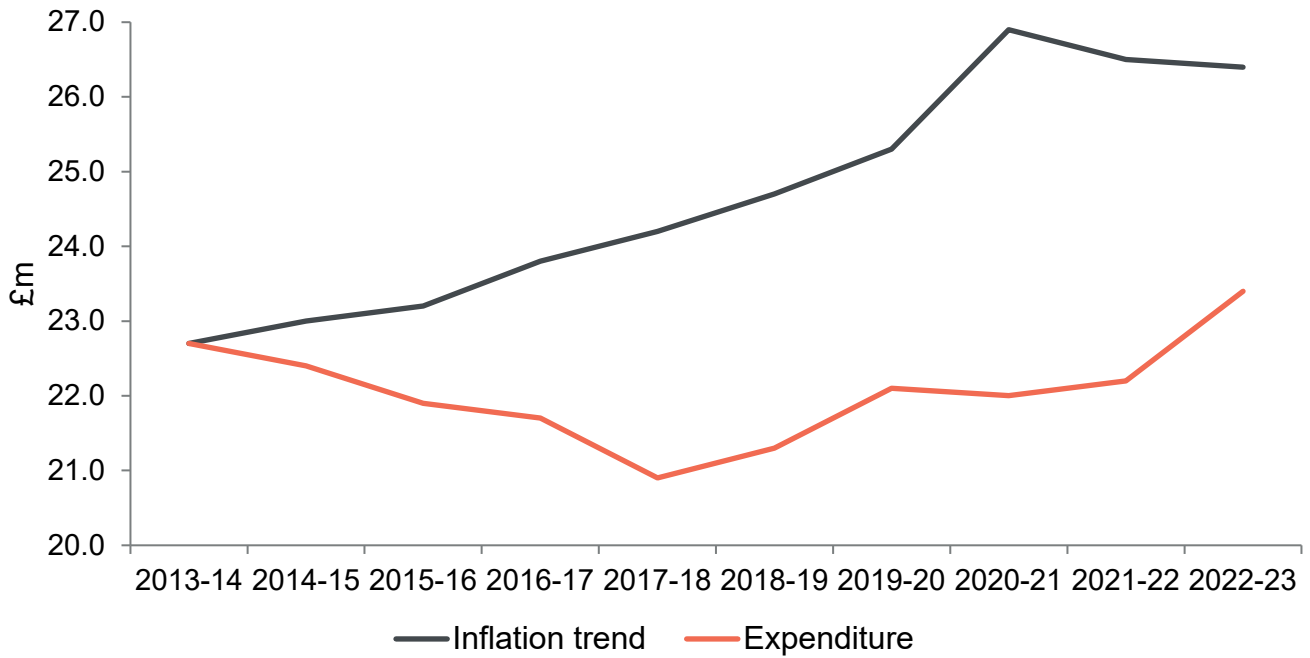
	Revenue £'000	Capital £'000	Total £'000
WCF 2021-22	7,798	350	8,148
Changes for 2022-23			
Increased cost of audit work	74		74
Increased Audit Quality requirements	80		80
Staff travel time	70		70
National insurance increase	51		51
Contribution to operating costs	15		15
Increase 2022-23	290	(40)	250
National Fraud Initiative	210	–	210
Total WCF 2022-23	8,298	310	8,608

Value for money at Audit Wales

Our performance to date

- 3 At Audit Wales, we continually strive to provide world class public audit for the Welsh public sector in the most cost-effective way.
- 4 Since 2013-14, we have reduced the cost of public audit in Wales by 11% in real terms¹ despite an increase in the scope of our work, increased requirements for audit quality and an increase in the number of audits we must undertake. This is represented in **Exhibit 2**. The cumulative savings generated across those years amounts to almost £26 million.
- 5 We have achieved this reduction by:
 - significantly changing the shape of our workforce – investing in a graduate training programme to provide opportunities for graduates in Wales as well as providing future financial managers for the Welsh public sector. In 2013-14, Directors and Managers accounted for 24% of our workforce. By 2021-22 this has reduced to 17%.
 - in-sourcing our audit work. From 2021-22 we no longer use private sector firms to carry out our audit work. This has allowed us to maintain audit quality, whilst benefiting from efficiencies of scale as well as protecting us from price increases for this work that are being experienced by other UK audit agencies.
 - using technology and data analytics to carry out our audit work as efficiently as possible and minimise our travel across Wales.

Exhibit 2: the cost of public audit 2013-14 to 2022-23



Future savings

- 6 Our Estimate for 2022-23 requires that we make in-year savings of over £1.4 million to balance the budget; this includes £940,000 of savings from expected staff turnover and a further £500,000 savings from other cost reductions including travel and subsistence.

Travel and subsistence

- 7 During 2020-21, and in response to a value for money review carried out by RSM UK LLP, the Board established a staff 'task and finish' group to consider how we replace the annual travel allowance paid to our mobile staff with more cost effective and sustainable reimbursement for staff travel.
- 8 In response to the Group's recommendations, the Board is currently consulting with Trade Unions and staff on the transition arrangements as we remove the travel allowance from 2024-25. We will be asking the Finance Committee to consider a Supplementary Estimate for 2021-22 to enable an early buy out of the travel allowance. If supported, this will allow us to deliver savings earlier than would otherwise have been the case.
- 9 Our budget as set out in **Appendix 1** makes no assumption for any reduction in travel allowance in 2022-23 as the staff consultation period is still open. Any agreement on an early buy-out will result in potential savings which may result in a reduction in the amount of WCF required in the year. If this is significant, we will submit a Supplementary Estimate during 2022-23 to reduce our budget accordingly.
- 10 Given our experience of working through the COVID pandemic, we also expect to see an overall reduction in the amount of travel required to deliver our audit work. The pattern for this is still evolving and we will need to work closely with our audited bodies over the coming year to establish a model that works for all concerned. Some savings have been anticipated for 2022-23 but we think there is scope for future savings as new working patterns become embedded.

Our office accommodation

- 11 A major project to review our office accommodation requirements was started in 2019, prior to the COVID pandemic. The requirement for all of our staff to work remotely from March 2020 has provided us with an opportunity to fundamentally re-think what our future workplaces will look like.
- 12 We have learnt some important lessons over the last 18 months, and we are continuing to explore different ways of working. Alongside this, uncertainty about the availability of accommodation at audited bodies means that we have extended the lease on our Cardiff office by a year to allow for a better understanding of our accommodation needs in a post-COVID world.
- 13 As a result, the capital expenditure anticipated for 2022-23 has been moved to 2023-24. Any savings from reduced office accommodation are now expected to be delivered from 2024-25.

Cost pressures

Audit quality

- 14 Recent UK-wide reviews² of audit have potential wide-ranging implications for the whole audit profession. These various reviews reflect increasing expectations of audit and of the quality of that audit.
- 15 In response, audit regulators have issued new and complex auditing and quality standards for our accounts audit work that we need to introduce by 2023. We are also adopting the international INTOSAI³ standard for our performance audit work to ensure that all our work continues to be carried out in line with best professional practice.
- 16 At the same time the way bodies organise themselves, eg new partnership and group structures, brings added complexity while we are also seeing increasing demand for public services as society attempts to recover from the effects of the COVID-19 pandemic.
- 17 We need to invest further in audit quality if we are to respond to these various challenges and have increased our budget by £230,000 per year for the next two years to do this.
- 18 We are requesting that a relevant proportion of this funding (£80,000) be provided from the WCF with the balance being met from fees charged to audited bodies.

2 Competition and Markets Authority Review; Kingman Review; and Brydon Review

3 The International Organisation of Supreme Audit Institutions (INTOSAI) issues professional standards and best practice guidelines for performance audit.

Travel in work time

- 19 Historically Audit Wales staff, when travelling to do audit work at our client sites, have been expected to absorb the first hour of travel both there and back in their own time.
- 20 Recent case law has determined that this expectation is unlawful and that all travel for work purposes, other than a regular commute, should be included within the working day. Whilst we expect our requirement for staff to travel to reduce significantly in the future, we have calculated that we will need to employ additional resource to the value of £200,000 to address this shortfall.
- 21 Again, we are requesting that a relevant proportion of these additional costs are met from WCF (£70,000) with the balance being met through fees.

National Insurance increase

- 22 In September 2021, the UK Government announced a 1.25% increase in National Insurance contributions for both employees and employers from April 2022.
- 23 The total additional cost of this change for Audit Wales is £145,000, of which we need to seek a relevant proportion (£51,000) from WCF with the balance being met from fees. We understand that additional funding will be made available from the UK Government to the Welsh public sector to meet the cost of this increase.

COVID-related audit work

- 24 We are aware that the national audit institutions have been awarded significant additional funding in 2021-22 to address the additional audit work associated with the unprecedented and largely unplanned increase in public expenditure associated with the pandemic.
- 25 To date, we have managed to contain our expenditure by re-scoping our audit work to address these new pressures. We are therefore not currently seeking additional funding for 2022-23 to address this.

Pay and price increases

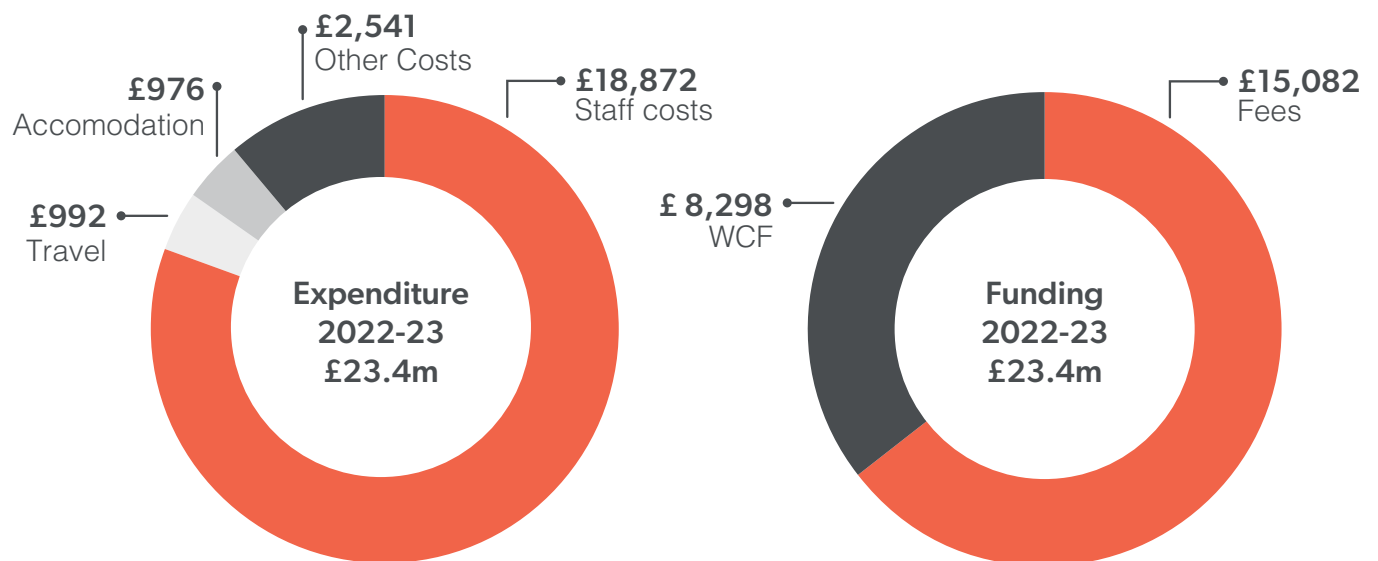
- 26 We have made minimal provision for pay and price increases in 2023-24 and have assumed that any other cost pressures will be managed within existing budgets.
- 27 As notified by the Minister for Finance and Local Government, we are aware that the OBR is predicting pay and price increases of 2.4% in 2022-23 but we have assumed that this is unlikely to result in equivalent pay increases in the public sector.

◀ Funding Audit Wales

Revenue

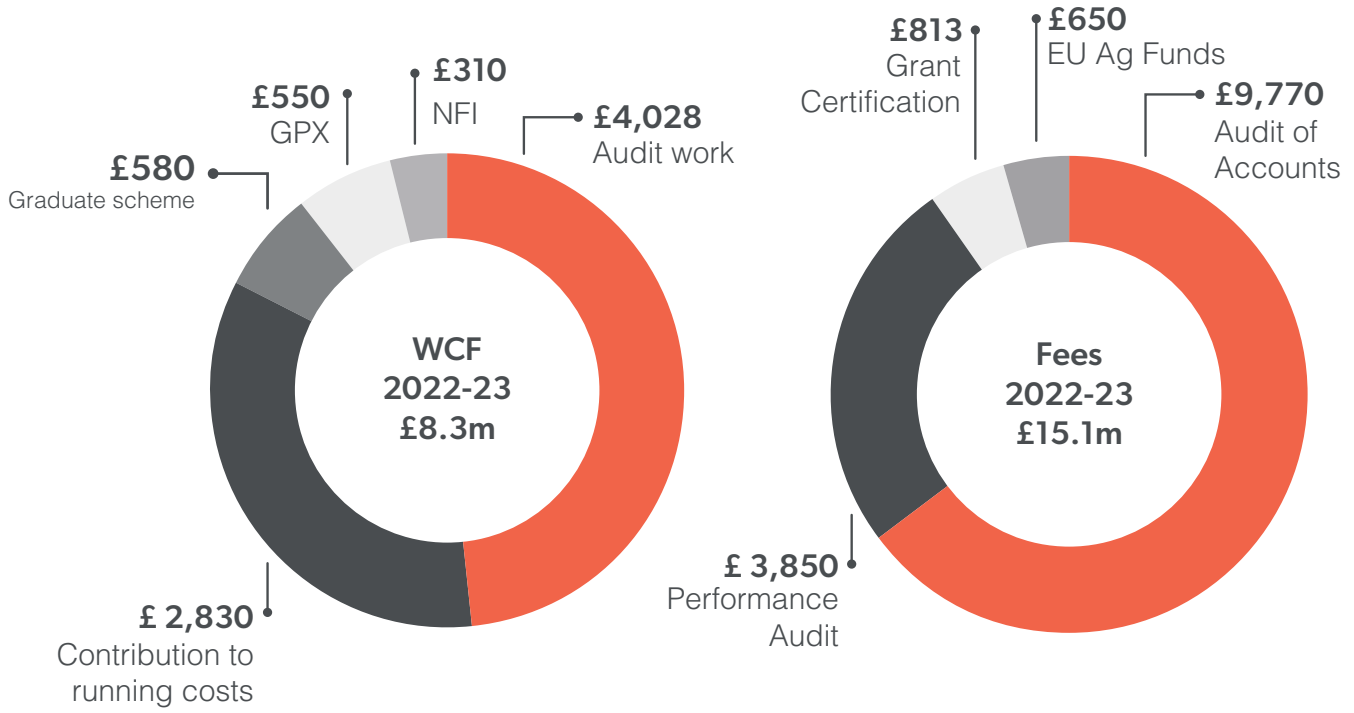
- 28 Around 35% of the running costs of Audit Wales are met from WCF, with the balance of 65% being funded from the fees charged for our audit work.
- 29 **Exhibit 3** summarises our planned expenditure and funding for 2022-23 - a detailed breakdown of our budget for 2022-23 is set out in **Appendix 1**.

Exhibit 3: our expenditure and funding 2022-23



- 30 **Exhibit 4** provides a breakdown of how we plan to use this funding to deliver our work in 2022-23.

Exhibit 4: our use of funding 2022-23



31 Further detail on how we use this funding is provided below.

Audit work funded from WCF

National and Local Government Studies

- 32 The Auditor General’s programme of national value for money studies is undertaken to provide support to the scrutiny work of the Senedd. These studies are reported to the Senedd’s Public Accounts and Public Administration Committee (PAPAC) and described in our Annual Plan for 2021-22.
- 33 This funding is also used to help discharge the Auditor General’s duties under the Well-being of Future Generations (Wales) Act 2015 for the relevant central government bodies.
- 34 The PAPAC is one of the key mechanisms for the Senedd to hold to account the organisations which it funds directly or through the Welsh Government. We therefore aim to ensure that the Committee is well supported by us in its work.
- 35 We have increased funding for these areas of work for 2022-23 in line with our expectations for pay and price increases.

Other audit related work

- 36 As agreed in previous Estimates, we also use WCF funding to:
- undertake annual pieces of work to explore themes arising from our accounts work;
 - carry out necessary development associated with our performance audit work in Local Government; and
 - investigate and respond to issues brought to our attention by members of the public and their elected representatives.
- 37 Again, we have increased funding for these areas of work for 2022-23 in line with our expectations for pay and price increases.

WCF Contribution to operating costs

- 38 Funding from WCF is used to meet costs of Audit Wales which are not passed on through fees to audited bodies.
- 39 For 2022-23, we have applied a small increase of just £15,000 to this contribution being the impact of potential pay increases on these budgets.

WCF Funding for wider public sector benefit

Pan-Wales financial skills development

- 40 Funding from WCF is used to provide ongoing support to our successful programme providing graduate and apprentice opportunities to students from across Wales.
- 41 We currently employ around 60 graduate trainees and apprentices, providing them with world class training opportunities and ensuring a supply of future finance professionals for the Welsh public sector.
- 42 We use the WCF funding to:
- provide secondment opportunities for our graduate trainees in other Welsh public sector bodies;
 - target our recruitment to improve social diversity and inclusion within our workforce and the wider finance profession in Wales; and
 - support the training costs for our graduate training programme, reducing costs which would otherwise be recovered from fees.

Good Practice Exchange

- 43 We use funding provided by WCF to run our highly regarded Good Practice programme free of charge to public bodies and the third sector across Wales.
- 44 In response to the COVID-19 pandemic, we have targeted resources away from running on-site shared learning events to sharing outputs from our newly established real-time learning project, capturing the good practice of public bodies responding to the pandemic. This is being shared via our website and through social media to maximise the reach of our work.
- 45 We continue to provide online resources, facilitation and webinar learning while our on-site events are suspended.

National Fraud Initiative

- 46 Since 2015, the Finance Committee has supported the principle of participation in [NFI](#) for all public bodies in Wales at no cost to those bodies. Our last biennial report identified potential savings and over-payments of £8 million across Wales's public services, increasing cumulative savings to £42.9 million since 1996 – a significant return on investment.
- 47 Without this funding, the costs of carrying out this work would instead need to be passed on directly to participating bodies as additional fees, potentially resulting in a significant reduction in the number of bodies who opt to take part.
- 48 As set out in previous Estimates, for 2022-23, there will be an alternate year increase of **£130,000** to meet Cabinet Office costs for data checking.
- 49 The NFI is a UK wide basis and NFI matching operates on a largely common basis across the four UK nations. However, policy divergence has resulted in an increasing need to develop data-matching to address fraud risks which are specific to Wales. This involves designing data-matching approaches to address these risks and developing the data-analytic tools to identify transactions which have a high fraud risk. We propose to design and run one Wales-specific fraud data-matching exercise each year.
- 50 The UK NFI Team has developed data-matching products to enable public bodies to undertake bank verification and trading status checks on organisations which have applied for grant funding. These products have been piloted by a number of local authorities across the UK to check the eligibility of organisations in receipt of COVID-19 business support funding.

- 51 These pilots have been successful and have helped detect high numbers of fraudulent or erroneous applications. The products use information provided through a credit reference agency to inform the data-matches. Credit reference agencies are commercial organisations and therefore charge to access the data they hold. As a consequence, providing the bank verification and trading status products to public bodies in Wales will result in additional costs.
- 52 We propose making these products available for a one-year period. We would then review the usage and outcomes of the products to determine whether there is merit in their continuing use.
- 53 The cost to Audit Wales of this additional work will be £80,000 in 2022-23 and we are seeking additional funding from WCF to support this. We anticipate that this will result in the detection of fraud running to the many millions of pounds, hence providing a very significant return on investment.

Audit work funded from fees

- 54 As shown in **Exhibit 3**, around 65% of the funding for Audit Wales is from the fees that we charge to audited bodies. We are required by legislation to charge 'no more than the full cost' of the audit work at each audited body. We calculate this full cost based both on our budget for the year and the contribution from WCF towards our running costs and for that audit work which is funded from WCF.
- 55 There is therefore a direct relationship between this Estimate and the fees that we charge to our audited bodies.

Our fee income 2022-23

- 56 Our budget for 2022-23 (see **Appendix 1**) requires an increase in fee income of 4.3% subject to the approval of this Estimate.
- 57 This increase is required to fund the additional investment in Audit Quality and the legal requirement for our staff to carry out business travel in work time as well as anticipated pay and price increases and the increase in employer's National Insurance contributions.
- 58 As was the case for 2021-22, we will consult widely on our proposed fees once this Estimate has been considered by Finance Committee and then lay our Fee Scheme for Finance Committee consideration early in 2022.

Capital investment at Audit Wales

- 59 Our capital investment priorities for 2021-22 to 2025-26 are set out in **Exhibit 5**.
- 60 Capital investment is targeted at projects that will deliver future efficiencies and savings; ensuring that our ICT provision makes the best use of available technology and that our workplaces meet our changing requirements in a post-COVID-19 world.

Exhibit 5: capital investment 2021-22 to 2025-26

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000
Change Programme	200	200	650	400	400
ICT Strategy	150	110	110	110	110
Total	350	310	760	510	510

Our Change Programme

- 61 As referenced above, we have established a transformational change programme within Audit Wales to provide effective management of upcoming change projects. Some of these will require capital investment as set out below.

Future workplaces

- 62 The leases on our three office buildings in Cardiff, Swansea and Abergele will be due for renewal or ending over the next few years. Our capital programme provides an early indication of the estimated costs associated with potential moves and as agreed with Finance Committee in November 2019, we will continue to keep the Committee updated as our work progresses, and we are able to confirm costs.
- 63 There is also a potential requirement for additional non-cash resource funding to allow for the impact of International Financial Reporting Standard 16 (IFRS 16) on any new lease commitments. This cannot currently be estimated.
- 64 The pause in this project will allow us to consider our future office requirements, particularly in the light of an expected reduction in the number of audit rooms available to us at client sites. It may be that we are not able to realise the savings previously anticipated, if we have to accommodate more of our audit staff at our own offices.
- 65 It is difficult to estimate costs at this time, but we continue to anticipate an investment requirement for 2023-24 as indicated in **Exhibit 5**.

Our Digital Strategy

- 66 We continue to invest in digital tools to ensure that we can deliver our work as efficiently and effectively as possible. Planned investment for 2022-23 includes:
- completing the development of new audit platform software for both our Financial and Performance audit work; and
 - the proposed development of automated audit quality tools to ensure we continue to meet stringent audit quality requirements.

Our ICT Strategy

- 67 We have established a rolling programme of PC/IT equipment renewal to ensure business continuity and that equipment remains fit for purpose and reliable. This has also allowed us to transition seamlessly to home working during the course of the pandemic.
- 68 We continue to invest in equipment to allow more of our staff to work remotely in a post-COVID-19 world. This investment being closely linked to our Future Workplaces project.

Potential changes to this Budget

Pay and price inflation

- 69 In line with the guidance received from the Minister for Finance and Local Government, we have made only minimal provision for pay and price increases in 2022-23.
- 70 If inflationary pressure is significantly greater than Office for Budget Responsibility predictions, then this position may not be sustainable in terms of our ability to attract and retain staff, and it could become necessary for us to revisit this with the Finance Committee.

Recruitment and retention

- 71 There is a growing, UK-wide, shortage of audit professionals partly in response to the increased quality requirements being placed on both corporate and public sector audit.
- 72 Our graduate and apprentice training programme has provided us with some protection from this pressure to date. We are, however, starting to experience high levels of staff turnover as our staff are able to attract higher salaries elsewhere.
- 73 If this trend continues, we may need to review our pay and reward strategy during 2022-23.

Travel and subsistence

- 74 As indicated earlier, our proposed budget for 2022-23 currently makes no assumptions about a potential reduction in travel costs if staff choose to accept the proposed up-front payment in lieu of travel allowance later this year. As an example, if 50% of staff choose to accept the up-front payment, we would expect our costs in 2022-23 to reduce by around £300,000.

- 75 Any resulting underspend in 2022-23 would be returned to WCF; if the impact is likely to be significant then we will submit a Supplementary Estimate in the year to reflect this.

Fee income

- 76 There is significant uncertainty in our estimates for the volume of audit work that will be required in 2022-23, and we may need to return to Finance Committee to adjust the amount of accruing resources we are able to utilise if the amount of work required exceeds our current expectations.

New reporting standards

- 77 IFRS 16 on accounting for leases is to be introduced from 2022-23.
- 78 The impact of accounting for the depreciation and interest associated with the capitalisation of existing leases as compared to the annual running costs of those leases is not significant for Audit Wales, due to the short amount of time remaining on our property leases. No adjustment is therefore required to our budget for this change in 2022-23.
- 79 There will potentially be a change to our capital expenditure requirement in 2023-24, as shown in **Exhibit 4**, if we enter into a new lease arrangement. It is not possible to estimate this impact at present.

Future considerations

Local Performance Audit work

- 80 As part of our emerging five-year strategy to support our ambition to “fully exploit our unique perspective, expertise and depth of insight”, we will be asking Finance Committee to switch the funding for some of our performance audit work in Local Government and Health from fee to WCF funding in our Estimate for 2023-24.
- 81 The elements of the fee that we are seeking to switch to WCF relate to the delivery of “thematic” or topic specific reviews that typically involve audit work across a number of audited bodies – this work could be at the all-Wales and/or regional level, often with a cross-sector or whole-system focus; we also tend to want to look at issues such as the Welsh Government’s system leadership on the particular theme we are examining, which cannot be funded from the fee.
- 82 The current way we fund these types of reviews can also lead to some inflexibility in the way we disseminate our findings; with each individual audited body involved contributing something from their fee, there is an understandable expectation that there will be some form of specific output for that individual audited body from the work – there are times where we will want to do that but also times where we may choose to have a different range of outputs from the review which may not be locally focused and it would be good to have the flexibility to choose the most appropriate outputs in each instance.
- 83 We see such pieces of work as key in adding value to our audit regime with their ability to give a whole system view, helping improve the quality of services provided to taxpayers, and also helping to achieve the Welsh Government’s ambition of ‘One Public Sector’ – making their delivery as flexible and efficient as possible will help achieve these aims.
- 84 Currently, when we deliver these pieces of work, we take a proportion of the audit fee from of all the relevant audited bodies to make up the overall project budget, and where we want to look at the Welsh Government’s role in the topic we are examining, we also need to add in separate WCF funding to cover that; we then need to create numerous timesheet codes for auditors to use that reflect the various work in different audited bodies involved in review.

- 85 This creates a significant transactional complexity in planning these pieces of work and charging the time back to individual audited bodies; in addition, the requirement within the Public Audit (Wales) Act 2013 to 'charge no more than the full cost' means we have to be careful that there is no cross subsidisation from one body to the another when we pool budgets across audited bodies to fund the development, design and delivery of such projects.
- 86 We have discussed this approach with Welsh Government officials, and they broadly support our proposal and would be prepared to make the necessary adjustments to funding allocations to audited bodies so that the overall call on WCF is held harmless.
- 87 We will also be discussing this approach with the affected audited bodies over the coming months and would welcome Finance Committee's thoughts on whether this switch is something that they would be prepared to support in a future Estimate.

Appendices

1 Revenue budget 2022-23

1 Revenue budget 2022-23

	Estimate 2022-23 £'000	Estimate 2021-22 £'000	Increase/ (Reduction) £'000	
Expenses	Staff costs	18,932	18,214	718
	Vacancy management	(939)	(911)	(28)
	Short-term contract staff	579	311	268
	Travel allowance	746	746	–
	Travel and subsistence	246	257	(11)
	Accommodation	976	964	12
	Irrecoverable VAT	500	500	–
	ICT	633	602	31
	Audit Wales governance	300	295	5
	External training	278	278	–
	Translation	120	120	–
	Legal and professional fees	374	222	152
	Depreciation	280	280	–
	Other supplies and services	595	731	(136)
	Savings target	(500)	(400)	(100)
	TOTAL	23,120	22,209	911
	National Fraud Initiative	260	50	210
Expenses total	23,380	22,259	1,121	
Income	Audit Fees	13,619	13,021	584
	EU Agricultural Funds Audit	650	650	–
	Grant certification fees	813	790	23
	INCOME TOTAL	15,082	14,461	621
Total to be funded from WCF	8,298	7,798	500	



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales

Interim Report

An assessment of progress made
against our 2021-22 Annual Plan during
the period 1 April to 30 September 2021

October 2021

This Interim Report covers the period from 1 April to 30 September 2021. It has been jointly prepared, and is laid before the Senedd, by the Auditor General for Wales and the Chair of the Wales Audit Office, in accordance with the requirements of the Public Audit (Wales) Act 2013.

The Interim Report includes an assessment of the extent to which:

- the exercise of the functions of both the Auditor General and the Wales Audit Office has been consistent with the Annual Plan prepared for 2021-22;
- progress has been made towards achieving the priorities set out in the Plan; and
- progress has been made towards achieving our key performance indicator targets.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions. Audit Wales is not a legal entity. Consequently, in this Report, we make specific reference to the Auditor General or Wales Audit Office in sections where legal precision is needed.

If you require this publication in an alternative format and/or language, or have any questions about its content, please contact us using the details below. We welcome correspondence in Welsh and English and we will respond in the language you have used. Corresponding in Welsh will not lead to a delay.

Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

Telephone 02920 320 500
Email info@audit.wales
Website www.audit.wales
Twitter [@WalesAudit](https://twitter.com/WalesAudit)

Mae'r ddogfen hon hefyd ar gael yn Gymraeg

Contents

Foreword	4
Audit delivery	5
Running the business	13
Key performance indicators	19
Appendices	
1 Local audit work	24
2 National value for money examinations and studies	25
3 Supporting effective scrutiny and accountability	27

Foreword

This Interim Report describes the progress we have made to date towards delivering our Annual Plan for 2021-22.

In the Report, we focus on progress made over the period 1 April to 30 September 2021 towards delivering our planned programmes of work and associated areas of focus, and on achieving our key performance indicator targets.

During the reporting period, the delivery of our work has been underpinned by our four overarching ambitions. These are to:

- fully exploit our unique perspective, expertise, and depth of insight.
- strengthen our position as an authoritative, trusted, and independent voice.
- increase our visibility, influence, and relevance.
- be a model organisation for the public sector in Wales and beyond.

We confirm that there has been no need to deviate significantly from the work programmes laid out in our 2021-22 Plan, and are pleased to report that nearly all planned work has either been delivered or is progressing to plan. This is a credit to the professionalism, dedication and hard work of our staff and the co-operation that we receive from the bodies that we audit.

Guided by our four ambitions and through using our unique remit to follow the public pound, we are committed to building on this momentum for the remainder of the year in our role as a driver of improvement at the heart of Welsh public services.



Adrian Crompton
Auditor General for
Wales



Lindsay Foyster
Chair of the Wales
Audit Office

Audit delivery

Core work



Undertaking audit work at over **800** public bodies



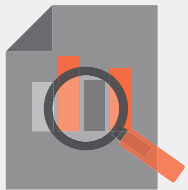
Delivering a programme of **value for money** examinations and studies



Certifying grant schemes worth approaching **£1.5 billion**



Approving around **£1 billion** of payments out of the Welsh Consolidated Fund every month



Supporting effective scrutiny including the work of the Senedd Committees



Sharing the **good practice** we see across Wales's public services



Facilitating the **detection of fraud and error** through the National Fraud Initiative



Participating with **observer status** on a range of key policy working groups

Local audit work

- 1 The COVID-19 pandemic has continued to cause interruptions to our on-site audit work, but we have been able to manage the position by adopting flexible working arrangements across teams as well as extending some of our planned completion deadlines. We have continued to work and engage remotely with the public bodies that we audit, primarily using technology and video communication platforms.

- 2 We are pleased to report that we remain on track to deliver our full programme of audit of accounts work in 2021-22. Since the completion of all NHS bodies' 2020-21 accounts audits in mid-June, audit teams have made good progress on both central government and local government accounts work. By the end of September, most central government 2020-21 audits were complete, as well as several local government audits.
- 3 We have also continued to shape our governance and value for money audit plans at individual NHS and local government audited bodies to concentrate on issues of most relevance to the current and evolving situation.
- 4 A comprehensive list of the public bodies that we audit, and the types of audit work carried out at those bodies, is provided in **Appendix 1**.

National value for money examinations and studies

- 5 As outlined in greater detail in our [Annual Plan](#) in March, we consider the following to be the main factors in our operating environment that will influence the way we deliver our work over the next few years:
 - impacts of the COVID-19 pandemic
 - the implications of Brexit
 - climate emergency
 - embedding the sustainable development principle
 - socio-economic challenges
 - an increasingly networked society
- 6 Our national work programme has always retained a degree of flexibility to respond to changing circumstances, priorities, and issues of public or parliamentary concern. With the continuation of the COVID-19 pandemic, we have continued to exercise that flexibility more than ever over the reporting period and have published several reports with a COVID-related primary focus. These include:
 - [Procuring and supplying PPE for the COVID-19 pandemic](#); and
 - [Rollout of the COVID-19 vaccination programme in Wales](#).
- 7 An up-to-date list of work completed, work already in progress and new work that we plan to commence later in 2021-22 as part of our national programme is provided in **Appendix 2**.

Supporting effective scrutiny and accountability

- 8 Our work continues to play a key role in supporting the work of the new Public Accounts and Public Administration Committee (PAPAC) in its consideration of the use of resources and the discharge of public functions in Wales
- 9 Similarly, most public bodies in Wales have adapted to the challenges of the pandemic and we have continued to attend their Audit and Scrutiny Committee meetings using video communication platforms to provide regular briefings and report on our audit work.
- 10 In **Appendix 3**, we provide more detail on how we have supported the PAPAC evidence sessions, other committees and more generally on our support of effective scrutiny and accountability in the first half of 2021-22.

Areas of focus

- 11 In response to our operating environment and to help us in delivering our strategic ambitions, we identified nine areas of focus for our audit delivery in 2021-22. The progress we have made towards delivering each of these during the first half of the year is summarised in the following table.

Area of focus	What has been delivered so far
<p>Deliver a programme of relevant and timely audit work that recognises and is sympathetic to the pressures faced by public bodies in their ongoing response to, and recovery from, the coronavirus pandemic.</p>	<p>Over the course of the reporting period, we have continued to monitor, recognise and be sympathetic to the pressures faced by audited bodies. Taking these pressures into account, alongside ongoing constraints to our own capacity arising from the impact of the pandemic, we have adjusted the timetable for delivery of some audit projects.</p> <p>However, our overall audit work programme remains broadly on track and has continued to include coverage of issues relevant to the impact of, and recovery from, the pandemic. This has included, for example, our reports on <u>Personal Protective Equipment</u> and on the <u>Vaccination programme in Wales</u>, and a new 'Springing Forward' project as part of our local government audit programme. Detailed planning and additional scoping work for some of the new national studies set out in our Annual Plan will be undertaken over the autumn/winter period.</p>

Area of focus	What has been delivered so far
<p>Place particular emphasis on the importance of sound financial management and good governance across the public sector, in light of the increased risks associated with public expenditure during the pandemic.</p>	<p>For 2020-21 audits of accounts, we have taken account of new considerations for financial statements arising directly from the pandemic. These considerations have included risk areas such as:</p> <ul style="list-style-type: none"> • potential breakdown in audited body quality monitoring arrangements and the impact of remote working; • appropriate accounting for the increased funding streams and expenditure in 2020-21 to deal with the COVID-19 pandemic; • appropriate accounting for field hospitals; • potential year-end valuation uncertainty of property, plant, and equipment; • estimation of accrued annual leave and bad debt provisions; • verification of existence of property, plant, and equipment inventory; and • fraud, error and regularity risk associated with increased expenditure. <p>In May we published the findings from our review of <u>Governance arrangements at the Welsh Health Specialised Services Committee</u> which included recommendations for both the Welsh Government and the Committee.</p> <p>In June, we published an updated version of our <u>NHS Wales Finances Data-Tool</u>, including details about COVID-19 related expenditure. Similar data featured in the web-based infographic we released in September following completion of the <u>NHS (Wales) Summarised Accounts for 2020-21</u>.</p> <p>We also published a national summary report on the <u>Financial sustainability of local government</u>, which reflected on the impact of the pandemic and future challenges. In addition, our <u>Picture of Public Services</u> outputs (one national report and five supporting sector commentaries) incorporated commentary on COVID-19 spending and on some of the related challenges arising from the pandemic.</p>

Area of focus	What has been delivered so far
<p>Develop a streamlined approach for examining how public bodies have acted in accordance with the sustainable development principle when setting their wellbeing objectives and when taking steps to meet those objectives.</p>	<p>Over the past six months we refreshed our internal guidance for how we approach this work and rolled out training for most of our performance audit staff. We will continue to deliver this training throughout the second half of the year for other staff. In collaboration with the Office of the Future Generations Commissioner for Wales, additional training on understanding the sustainable development principle will also be provided.</p> <p>The Auditor General has written to the relevant Welsh Government sponsored bodies confirming that he intends to embed delivery of sustainable development examinations in this reporting cycle within his wider programme of national value for money studies. This reflects the overall approach we are taking to embed our sustainable development examinations across other sectors within our audit work programmes.</p>
<p>Ensure that the development of our audit approach keeps pace with changes in best professional practice, fully exploits advances in technology and delivers high quality audits that meet the needs of our stakeholders.</p>	<p>During the reporting period, we have restructured and recruited to our Audit Development and Guidance (AD&G) team, who undertake detailed and ongoing horizon scanning and analysis of developments in accounting and auditing quality standards to ensure that we can respond to the significant changes taking place.</p> <p>The AD&G team make sure that our internal guidance, methodologies and learning and development evolves to keep pace with these important changes in the audit profession and, through membership of professional forums and bodies, that we influence, where we are able, the development of accounting standards and codes.</p>

Area of focus	What has been delivered so far
<p>Refine all aspects of the way we collect, analyse and present data, including through sourcing larger quantities on a more regular basis, greater use of automation, and improved methods of visualisation and storytelling.</p>	<p>During the 2021-22 audit of accounts work, we trialled a new electronic accounts platform and, for the first time, used a data analytics application on NHS audits. Through both of these projects, we seek to place data at the centre of our audit of accounts work and maximise our use of technology alongside our approach to developing audit quality.</p> <p>In a related development, we have put in place a data storage solution to securely hold large scale external data and we are also working on a project to assess the feasibility of building an internal data warehouse for greater automation and improved visualisation of our internal management information and data.</p>
<p>Improve how we communicate our audit work to achieve greater impact, including through expanding the range and reach of the channels we use, and the skills with which we equip our staff.</p>	<p>Over the last six months, we have continued to expand our use of different and novel methods of communicating our findings, including through data tools, interactive reports, infographics and blogs. Examples over the reporting period have included:</p> <ul style="list-style-type: none"> • infographics and data tools on the NHS (Wales) Summarised Accounts setting out the combined financial results of all 11 Welsh NHS bodies as at 31 March 2021. • Regenerating Town Centres in Wales data tool. • blogs on Student money worries: key facts and figures, How we'll support Wales in rising to the climate change challenge and Emergency services work best when they work together. <p>Internally, we commenced a review of our end-to-end publishing process, to identify where the biggest impact changes can be made, especially from the perspective of the end users of our products. By streamlining and improving the process we aim to free up resources to develop new and more innovative ways of communicating our audit work.</p>

Area of focus	What has been delivered so far
<p>Proactively engage with the Senedd following the May elections and refresh our relationship with members of the new Public Accounts Committee and other committees to raise awareness of, and seek their views on, our work programmes.</p>	<p>Following the Senedd elections in May 2021, the Auditor General and Audit Wales staff have maintained regular contact with the new Public Accounts and Public Administration Committee (PAPAC) clerking team to discuss our work programme. We supported two formal meetings of the Committee (held via a video communication platform) as it considered its own emerging work programme and ways of working.</p> <p>We have provided responses to five consultations launched by other Senedd scrutiny committees to support consideration of their work programme priorities. In our responses, we drew attention to previous, ongoing and planned audit work that could potentially be relevant to the work of the Committees. As we develop our longer-term five-year strategy and work programme for 2022-23, we anticipate inviting views from committees as part of our wider stakeholder engagement.</p>
<p>Build on lessons from our COVID Learning Project to enhance the way that we share good practice, mainstreaming new approaches to capture learning on an ongoing basis and strengthen support for audit delivery.</p>	<p>During 2020-21, through our <u>Covid Learning Project</u>, we developed a new approach to sharing good practice in a more innovative, inclusive, and accessible way. We have subsequently taken the learning from this project when developing more recent sessions on integrated working and the <u>regeneration of town centres</u> and will continue to build on these approaches to support future events, including our upcoming work on climate change.</p> <p>In addition, a newly constituted steering group for our future programme has been established with colleagues across Audit Wales to identify and maximise learning opportunities at every stage of our audit projects and studies, not just at the end once the final report has been published.</p>

Area of focus	What has been delivered so far
<p>Develop a more diverse and effective range of mechanisms for capturing the views of our stakeholders on the value and impact of our work.</p>	<p>In July 2021, Beaufort Research presented their recommendations to the Wales Audit Office Board on our future approach to gathering stakeholder feedback and how we could improve our communication with stakeholders to better gauge the impact of our work. We have subsequently commenced work on broadening the pool of stakeholder organisations that we obtain feedback from, introducing greater flexibility in the methods we utilise for gathering such feedback, and aligning our programme of engagement at key stages in the delivery of our five-year strategy.</p> <p>Over the first half of this year, we have also considered options for how we can better engage with our stakeholders as users of our audit products. We anticipate that this work will be a key strand of our emerging five-year strategy and will serve to inform the ongoing development of our work programme.</p>

Running the business

Core work



Setting the overall budget of **£22 million** and charging fees for audit work



Employing around **270 staff** and managing a diverse range of physical and information assets



Providing **strong leadership** and embedding our values and behaviours



Monitoring the exercise of the Auditor General's functions and providing him with advice

- 12 Over the last six months, we have continued to closely monitor the evolving COVID-19 situation and operate in accordance with guidance issued by the Welsh Government.
- 13 Our offices reopened from early April 2021 to a limited number of individuals who were prioritised after taking account of safety and wellbeing considerations. We have gradually increased the numbers of staff that may attend an office through such a prioritised return, but most staff continue to carry out the majority of their work remotely from home.
- 14 The Board, its Committees and the Executive Leadership Team have operated effectively over the reporting period using online meeting platforms.
- 15 Our priorities in terms of running the business have continued to include adapting and minimising disruption to our audit work and the operation of our corporate service functions, while ensuring we do the right thing by our people, keeping them safe and monitoring their wellbeing. Throughout the reporting period, our maxim has continued to be 'self, family, work ... in that order'.

- 16 To this end, a new team of wellbeing ‘champions’ was formed earlier in the year, who have subsequently engaged with all teams across the organisation. The insight gathered by this team, alongside that from our longstanding health and safety committee, has informed the recent development of a new Audit Wales Wellbeing Strategy.
- 17 Central to our response to the pandemic has been the use of technologies that allow us to connect, work and collaborate remotely and flexibly among our teams and with the public bodies that we audit.
- 18 Another critical element has been the increased use of a wide variety of media and mechanisms to engage with our employees. These mechanisms have included:
 - weekly messages to all staff from the Auditor General;
 - the posting of regular blogs from staff, members of the Board and Executive Leadership Team;
 - undertaking periodic ‘pulse’ surveys;
 - hosting all-staff briefings and question and answer sessions via video communication platforms; and
 - providing regular information cascades to line managers.
- 19 In addition, at the time of publishing this Report, we are running our annual all-staff survey. We are again using the same core survey questionnaire as used in the Civil Service People Survey to enable effective benchmarking and year-on-year comparison. There is also a short additional section exploring individuals’ experiences of working at Audit Wales during the coronavirus (COVID-19) pandemic.
- 20 Approximately two-thirds of our funding come from fees charged to audited bodies in accordance with a scheme of fees approved by the Senedd. Most of the remainder comprises approved financing from the Welsh Consolidated Fund, our use of which is subject to scrutiny from the Board at regular intervals during the year. The key priorities for our use of resources in 2021-22 were originally laid out in an Estimate, which was considered and approved by the Senedd Finance Committee in November 2020.

Areas of focus

- 21 In response to our operating environment and to help us in delivering our strategic ambitions, we identified six areas of focus for our running of the business in 2021-22. The progress we have made towards delivering each of these during the first half of the year is summarised in the following table.

Area of focus	What has been delivered so far
<p>Prioritise ongoing support of the health and wellbeing of Audit Wales staff as we move from a 'response' to a 'recovery' approach with regards to the COVID-19 pandemic.</p>	<p>The health and wellbeing of our staff has been a key priority throughout the pandemic. Consequently, a consistent theme in our staff engagement has been the importance of maintaining a healthy and sustainable balance between work and home life.</p> <p>This theme was formalised in the publication of our new Wellbeing Strategy, which the Board endorsed in July 2021.</p> <p>The Wellbeing Strategy consists of three main strands – 'Work Well, Live Well and Mean Well' – which are each underpinned by a suite of goals which set out in more detail what we are striving to achieve.</p> <p>Managers throughout the organisation have been involved in developing a Wellbeing implementation plan, with outcomes, measures and specific actions to deliver the aims of the strategy and ensure our staff are supported as we move forward.</p>
<p>Undertake a review of the equality objectives set out in our Strategic Equality Plan to ensure they remain fit for purpose and fully align with our overall organisational ambitions.</p>	<p>The review of our equality objectives is scheduled to commence in November 2021.</p>

Area of focus	What has been delivered so far
<p>Realise the benefits of a strengthened senior leadership team by developing enhanced working relationships between the Board and the newly constituted Executive Leadership Team.</p>	<p>Following the establishment of our new Executive Leadership Team (ELT) in March 2021, we have updated its terms of reference to clarify the responsibilities of Executive Directors in terms of decision making and the supportive role played by a newly appointed staff panel. Over the last six months, the ELT has been working with an executive coach to support its early development.</p> <p>All ELT members are now invited to attend all Board meetings. This has supported the development of closer working relationships between ELT and the Board, which have played a key role in shaping our response to the pandemic and the development of a new five-year strategy for the organisation.</p> <p>An independent Board effectiveness review has recently been completed. Its remit included exploring ways in which working relationships between ELT and the Board could be further strengthened and developed.</p>
<p>Finalise our work on developing proposals for meeting our future accommodation needs, to enable a Board decision in 2022-23.</p>	<p>In June, the Wales Audit Office Board took the key decision to extend the lease at our Cardiff office for another year, through to March 2024. This will allow us to manage the uncertainties about how we and our clients will work post-pandemic and to continue working with estate agents to review opportunities in the property market. We are keen that any office space we invest in supports our drive to consider social and circular economy thinking. Revised plans will be considered by the Board in 2022.</p> <p>For now, we continue to participate in the wider discussion across the public sector about the use of one public estate and are taking opportunities to pilot new ways of working, including activity settings and hubs, to help inform decisions on future office needs. To provide further clarity, the Executive Leadership Team has published a set of high-level principles on how we will all work with an underpinning philosophy of 'flexible audit services delivered by a flexible workforce'. By producing a single, simple set of principles managers have autonomy and choice to work with their teams on how best to approach the future use of office space.</p>

Area of focus	What has been delivered so far
<p>Embed the sustainable development principle to a greater extent in all our decision-making processes, including when:</p> <ul style="list-style-type: none"> • undertaking a review of our staff travel and subsistence arrangements; • experimenting with and evaluating new more efficient and smarter ways of working; and • determining our route map for moving towards net zero greenhouse gas emissions. 	<p>The Wales Audit Office Board has made a commitment to embed the principle of sustainable development in the way it runs the business and makes decisions, and to explore how it can further apply the five ways of working to ongoing operations.</p> <p>In practice, applying the five ways of working means using them to develop key plans and strategies, ensuring that they are fully embedded in the thinking underpinning day-to-day operations. We are therefore focusing on applying this principle in the development of our five-year strategy, and to the key corporate projects and processes that will support its delivery.</p> <p>Achieving net zero emissions is one of our key aspirations for our future ways of working. All decisions we make about the future, including those relating to the buildings we occupy and how we manage our commuting and business travel, will take account of our commitment to achieving this goal.</p>

Area of focus	What has been delivered so far
<p>Modernise the way we work, including through making better use of digital technology to enable us to be more agile and adaptable in an evolving environment.</p>	<p>Our ‘future ways of working’ principles are underpinned by a desire to be a progressive, digital organisation, and the pandemic has been a catalyst in many ways for modernising the way we work. During the reporting period, the use of technologies has allowed us to connect, work and collaborate remotely and flexibly both internally and with the public bodies we audit.</p> <p>This has included:</p> <ul style="list-style-type: none">• increased remote access to client financial systems.• investment in hybrid laptops to allow staff to continue to work efficiently and effectively.• developing a digital skills framework to strengthen the core digital skills of all staff.• completing cyber security improvement on our website.• placing the various strands of our digital and technological development under the overview of a Digital Steering Group with governance for the whole digital agenda at Audit Wales. <p>Another critical element of modernising the way we work over the reporting period has been the consideration of proposals for revising our travel and subsistence scheme. Proposals developed by a staff task and finish group were approved by Board and the Executive Leadership Team in July 2021 and since then a series of formal staff and trades’ union consultation events have taken place.</p>

Key performance indicators

The position as of 30 September 2021 in terms of achieving our 18 key performance indicator targets is summarised below.

Audit delivery KPIs

No	Indicator	Description	Target	Performance to 30 September
1	Statutory deadlines	Proportion of audit products delivered by the required statutory deadline.	100%	98%
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%	83%
3	Quality	Proportion of reviewed audits that are delivered in accordance with Financial Reporting Council quality standards.	100% of sample assessed as satisfactory or above, and 90% as good or above ¹	Not yet available ²
4	Credibility	Proportion of stakeholders ³ that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	96%

1 Where 'good' is equivalent to FRC audit quality category 2A, and 'satisfactory' is equivalent to category 2B

2 Reviews will be undertaken in the second half of 2021-22.

3 We conducted a survey of Members of the Senedd in March 2021 seeking their views on the value and impact of our work. 19 Members engaged with and responded to our survey. Our performance against indicators 4 to 6 is taken from the results of this survey.

No	Indicator	Description	Target	Performance to 30 September
5	Providing insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise.	At least 80%	89%
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	84%
7	Savings identified	Value of potential savings identified through our work.	At least £30 million during 2019-2022	£35.6 million
8	Good practice events	Proportion of attendees of our seminars and webinars who rated the events useful or very useful.	At least 90%	96%
9	Website visits	Number of visits to our website where at least one action is performed, eg download a report, click on a video.	35,000 each year	19,965
10	Social media	Number of social media engagements, ie interactions with our posts such as a like, a comment, or a retweet/share.	3,000 each year	1,758
11	Sharing audit learning	Number of instances where we present audit learning to key policy working groups or at relevant externally hosted events.	50 each year	26 ⁴

4 This is a provisional figure which will be validated at the end of the year.

Running the business KPIs

No	Indicator	Description	Target	Performance to 30 September
12	Employee engagement	Percent positive annual staff survey engagement index score, aligned with that for the Civil Service People Survey (CSPS). ⁵	At least the top 10% score for the latest CSPS	70%
13	Employee experience	Percent positive annual staff survey thematic employee experience scores.	At least the top 25% scores for the latest CSPS	2 out of 10 themes scored in top 25%
14	Sickness absence	Average working days lost per member of staff per annum.	Less than six days	7 days
15	Financial balance	Level of variance in gross income and expenditure from that set out in our Estimate for the current year.	Within 2% of budget	0.05%
16	Cost savings and efficiencies	Value of cost savings and efficiencies identified throughout the business.	£1.3 million in 2020-21	£1.55 million
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions from sources that we own or control, from consumption of electricity, and that are produced indirectly through our activities.	300 tonnes in 2020-21	39 tonnes

5 The key CSPS employee experience themes are: organisational objective and purpose; leadership and managing change; organisational culture; my manager; my work; my team; inclusion and fair treatment; learning and development; resources and workload; pay and benefits; and taking action.

No	Indicator	Description	Target	Performance to 30 September
18	Trainee success rate	Proportion of trainees achieving first-time passes in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales.	At least 90%	Not yet available ⁶

6 No relevant examination results have been received during the reporting period; the next exams take place in November 2021 and the results will be available in December.



Appendices

- 1 Local audit work**
- 2 National value-for-money examinations and studies**
- 3 Supporting effective scrutiny and accountability**

1 Local audit work

The Auditor General carries out local work at most public bodies in Wales. The programme includes audit of accounts, local performance audit work and well-being of future generations work.

Public body	Audit of accounts	Local performance audit work ¹⁷	Well-being of future generations work
Senedd Commission	✓		
Welsh Government	✓		✓
8 Welsh Government sponsored bodies	✓		✓ ⁸
Welsh Revenue Authority including the tax statement	✓		
4 Welsh Government companies	✓		
8 Commissioners, Inspectorates and Regulators	✓		
7 Local Health Boards	✓	✓	✓
3 NHS Trusts and 2 Special Health Authorities	✓	✓	✓ ⁹
22 Councils (Unitary Authorities)	✓	✓	✓
4 Police and Crime Commissioners and Chief Constables	✓	✓	✓
3 Fire and Rescue Authorities	✓	✓	✓
3 National Park Authorities	✓	✓	✓
9 Pension funds	✓		
Corporate Joint Committees and City Deals	✓	✓	
Several smaller local government bodies including joint committees, drainage districts and harbour authorities	✓		
Over 730 Town and Community Councils	✓ ¹⁰		

7 The Auditor General is not required to conduct a programme of local performance audit work at each central government body. Performance audit work conducted within this sector currently sits within his programme of national value for money examinations and studies.

8 Only for listed bodies under the Well-being of future Generations (Wales) Act 2015.

9 Only for listed bodies under the Well-being of Future Generations (Wales) Act 2015.

10 On a limited assurance basis.

2 National value-for-money examinations and studies

This programme of work includes value for money examinations, local government studies, and the preparation of summary reports of the findings from local audit work across multiple NHS, central government and/or local government bodies.

It also includes examinations undertaken in response to issues of public concern identified through our audit work or raised with the Auditor General through correspondence. The outputs from much of this programme support the work of the Senedd Public Accounts and Public Administration Committee and other Senedd committees.

We keep our plans under regular review, taking account of our audit priorities, the context of our own resourcing and the capacity of our audited bodies to engage with us.

Work completed or substantially completed	
<u>Procuring and Supplying PPE for the COVID-19 Pandemic</u>	<u>At your discretion – Local Government Discretionary Services</u>
<u>Welsh Health Specialised Services Committee Governance Arrangements</u> ¹¹	<u>NHS Wales Finances Data Tool – up to 31 March 2021</u>
<u>Rollout of the COVID-19 vaccination programme in Wales</u>	<u>Student Finances</u>
<u>Regenerating Town Centres in Wales</u>	<u>Picture of Public Services</u> ¹²

11 This piece of work was primarily funded by local fees but supplemented with financing from the Welsh Consolidated Fund to support making additional recommendations to the Welsh Government.

12 This is a package of materials. The main report was published on 15 September 2021 and is followed by a series of five sector commentaries on health, social care, local government, schools, higher and further education.

Work completed or substantially completed

Financial Sustainability of Local Government – COVID Impact, Recovery and Future Challenges

Taking Care of the Carers: Supporting NHS staff well-being during the COVID-19 pandemic

Warm Homes Programme – Arbed and Nest

Work in progress or soon to get underway

Unscheduled Care – Whole System Review

Welsh Government grants management

General Equality Duty – Equality Impact Assessments

Emergency services collaboration

Direct payments

Curriculum reform

Orthopaedic services

Welsh Government workforce

Complex needs and poverty – the challenge for local government

Building community resilience and self-reliance

Social enterprises

Summary commentary from local NHS value for money work

NHS waiting times data tool and planned care commentary

Affordable housing

Flood risk management

Broadband infrastructure

COVID-19 response and recovery

Climate change

Welsh Government accounts commentary

Welsh Government setting of wellbeing objectives

Local government financial sustainability data tool

3 Supporting effective scrutiny and accountability

Supporting the work of the Public Accounts and Public Administration Committee and other Senedd Committees

Committees are one of the key mechanisms that enable the Senedd to fulfil its statutory and constitutional functions. Following the May 2021 elections, new committees were formed for the sixth session of the Senedd. In July, the Auditor General wrote to the Chairs of nine of these committees to raise awareness and further their understanding of the work of Audit Wales.

Our work plays a key role in supporting the work of the new Public Accounts and Public Administration Committee (PAPAC) in its consideration of the use of resources and the discharge of public functions in Wales. We have maintained regular contact with the PAPAC clerking team throughout the reporting period to discuss our work programme and the Auditor General has met with several individual members. We also supported two meetings of the Committee where it considered its own emerging work programme and ways of working.

In September, the PAPAC considered six reports that we had published over the previous seven months on:

- [In-sourcing of the Welsh Government's ICT service](#)
- [Test, Trace and Protect in Wales](#)
- [Procurement and Supply of Personal Protective Equipment](#)
- [Quality Governance Arrangements at Cwm Taf Morgannwg University Health Board](#)
- [Welsh Health Specialised Services Committee Governance Arrangements](#)
- [Roll Out of the COVID-19 Vaccination Programme in Wales](#)

During July and August 2021, the Auditor General and Wales Audit Office Board Chair also met with the Chair and other members of the new Finance Committee, and in September provided a briefing to the Committee in a private session. The briefing covered areas including the Audit Wales strategy and funding position, our experiences of working through the pandemic, and the pressures and key challenges we currently face, including wider developments in the audit profession.

We have also responded to five consultations launched by other Senedd committees, to support consideration of their future work programme priorities. We drew attention to previous and ongoing or planned audit work that could potentially be relevant to issues that emerge from their consultations.

Supporting the work of the audit and scrutiny committees of public bodies

Through the interim reporting period, we have remained unable to attend in person meetings of the audit and scrutiny committees of the principal bodies that we audit. However, public bodies in Wales have adapted to the challenges of the situation and we now routinely attend such meetings using video communication platforms.

We continue to provide briefings and reports on our audit work together with advice and support to strengthen governance effectiveness.

Supporting the public and their local representatives

We regularly receive correspondence from the public, their local and national elected representatives and others that raises potential concerns about the stewardship of public money and assets.

During the reporting period, we received 29 items of correspondence and ensured that we responded to those concerns in a fair, proportionate, and professional manner. In addition, nine individuals contacted us between 1 April and 30 September 2021 indicating that they wished to make a whistleblowing disclosure.

Where audit teams need to do further investigative work in response to any concerns raised through correspondence or whistleblowing disclosures, this work is typically taking a little longer than would normally be expected due to the need to work remotely. If we are not able to provide a final reply to the correspondent/discloser within 30 working days, we will provide an interim response, including an estimate of the timescale for providing a full reply where possible.



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mr Peredur Owen Griffiths MS
Chair of the Finance Committee
The Senedd

Reference: LF21005/AC283/caf
Date issued: 1 November 2021

Dear Peredur

Finance Committee Meeting 29 September 2021 – Scrutiny of Annual Report and Accounts 20-21, Audit Findings Report and Annual Plan

At the Committee's meeting on 29 September where it considered our Annual Report and Accounts 2020-21 and Annual Plan 2021-22, you asked that we provide updates on the following:

A note on current progress with the Travel & Subsistence review

Pre-pandemic, our operating model saw our audit staff routinely travelling to audited bodies. Our mileage had been reducing for many years, however, as we sought to drive down costs, reduce our environmental footprint and developed new ways of working, including our investment in videoconferencing. In 2019 with the support of the Finance Committee, our External Auditors undertook a Value for Money review of our T&S scheme. This found that our payment of a fixed Travel Allowance of £3,350 to many of our staff was costly, did not provide good value for money and was out of step with other public bodies' reimbursement for travel schemes. Our auditors recommended that we seek an alternative arrangement.

Mindful of the sensitivity of change and the financial impact it could have for some staff, we established a staff Task and Finish group to develop proposals for a fit for the future T&S Scheme and transition arrangements. The Task & Finish group operated within parameters set by our Board, including the need to remove the

current fixed Travel Allowance and to achieve at least £1m savings over a 5-year period.

The Finance Committee welcomed both the value for money study and the establishment of the Task and Finish group. It also recognised the direct financial consequences for staff, and the need to ensure that due consideration was given to salaries and staff retention in developing proposals to change the scheme.

The proposals from the Task and Finish Group were presented to the Board in July 2021. The Board were supportive of the proposals which focussed on a transition period of 2 years with no changes being implemented until 2024. From 2024 there would be partial mitigation of the loss of the allowance by reinvesting a portion through a salary uplift. Staff would also have the option of an up-front payment of £7,000 which provides a small incentive of £300 more than the value of two years allowance. This was recommended by the Task and Finish Group to incentivise staff to implement the changes earlier – with savings being delivered from April 2022.

The proposed new scheme would have no fixed allowance and instead provide for all travel to be reimbursed at standard HMRC mileage rates. The Board also supported the Task & Finish group's recommendation that the £26 per month Home Working Allowance, which Audit Wales has paid since early in the pandemic, be continued.

These proposals sit alongside some related travel policy changes and were shared with TUs and staff in August 2021. The consultation period included a large amount of staff engagement including three all staff meetings, specific sessions for trainees, managers' briefings and supporting materials, dedicated space on the intranet with FAQs and direct individual feedback from a dedicated inbox. Throughout this process management has been sympathetic and empathetic around the detrimental financial impact consistent with views expressed by the Finance Committee, and the transition arrangements are designed to support staff to make necessary adjustments by not rushing to implement early. Due to starting the consultation during the summer period it was extended to cover six weeks so that all staff could have their say. Consultations concluded on 24th September 2021.

We are now in a period of negotiations with our trade union partners. Subject to those negotiations, we hope that the TUs will ballot their members on final proposals in November. We will be in a position to provide greater detail to the Committee once those negotiations have been concluded, and the ballot has been held.

If agreement is reached through this process, our aim will be to implement any up-front payments in April 2022 and fully implement the new arrangements from April 2024.

To fund the up-front payment, Audit Wales would require a Supplementary Estimate for the current financial year of up to £1.48m. This is the maximum cost of all eligible staff opting to receive an up-front payment rather than continuing to receive travel allowance for the next two years. Any unused balance would be returned to WCF.

Savings would start to be delivered from April 2022 with the cost of the up-front payments recovered in full within just over two years from savings on travel allowance. The changes to the T&S Scheme would then deliver ongoing annual savings in line with the Board's intention. Savings delivered from these changes will be reflected in future Estimates both as a reduced call on WCF and reduced fees for audited bodies.

We would be grateful if the Finance Committee would indicate whether it is prepared to support the rationale for the Supplementary Estimate in principle. Should the Committee not support the Supplementary Estimate, we would continue to pay the allowance to eligible staff until 1 April 2024 at which point the new arrangements, and the generation of savings, would commence.

A note on “the 5-year strategic plan we’re currently finalising to prioritise the key points of organisational change/transformation.”

During the Spring and Summer of 2021, our Executive Leadership Team has been working to articulate a long-term 5-year strategy for Audit Wales to support the annual planning process. The focus for this strategy is to create a clear vision for our organisation, and a roadmap for staff and external stakeholders on how we will reach the four ambitions to:

- Fully exploit our unique perspective, expertise and depth of insight;
- Strengthen our position as an authoritative, trusted and independent voice;
- Increase our visibility, influence and relevance; and
- Be a model organisation for public sector in Wales and beyond.

Over the Autumn of 2021 we will be engaging with our internal stakeholders to make sure the strategy is right and in early 2022 we will start to share our thinking externally ahead of launching the strategy in April 2022. This is not a big bang, new set of aspirations – this is the opportunity to ensure we are clear about what we need to do to succeed and deliver our purpose.

Themes running through the strategy will be the development of a more holistic and impactful audit programme, enhancing the impact of our communication and ensuring we create the organisational environment in which we can thrive now and in the future.

Please do not hesitate to contact us if there is any further clarification we can helpfully provide.

Yours sincerely



LINDSAY FOYSTER
Chair, Wales Audit Office



ADRIAN CROMPTON
Auditor General for Wales

By virtue of paragraph(s) ix of Standing Order 17.42


Document is Restricted

Agenda Item 6




Our ref: NB/CV

Ask for: Chris Vinestock

 01656 641173

Date: 21 October 2021

 Chris.Vinestock@ombudsman.wales

Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru / Welsh Parliament

By email only:
SeneddFinance@senedd.wales

Dear Mr Owen Griffiths

Public Services Ombudsman for Wales: Estimates 2022/23

Thank you for your letter of 14 October following the Committee's consideration of our Annual Report & Accounts for 2020/21 and our Estimate for 2022/23. I am happy to clarify our submission and respond to your concerns.

Increased staff costs

The service we provide is a people-based service and we have been working to make efficiencies to reduce non-staff costs, where we can, so we can maximise staff resources to meet the pressures of our complaints workload. This, together with a move to rely on in-house staff rather than contractors (e.g. for translation services and human resource support) will inevitably increase our expenditure on staff when comparing one year with another. Our pay scales also include annual incremental progression until staff reach the top of the scale, so staff retention means that salary costs will increase year to year, whether or not there is a pay award.

The letter refers to an increase in staff costs between the **2020/21** budget and the **2021/22** Estimate submitted in September 2020. There was an increase of £96,000 (2.5%) and you refer to the April 2020 pay award of 2.75% that fed into this.


In September 2020 CPI inflation was around 0.5% and at that time (and later in the year) there was an expectation of a public sector pay freeze. When we submitted our

Page 1 of 3

Ombwdsmon Gwasanaethau Cyhoeddus Cymru / Public Services Ombudsman for Wales, 1 Ffordd yr Hen Gae, Pencoed CF35 5LJ
www.ombwdsmon.cymru / www.ombudsman.wales

 01656 641150

 01656 641199

 holwch@ombwdsmon.cymru / ask@ombudsman.wales

Bydd pob galwad yn cael ei recordio ar gyfer dibenion hyfforddi a chyfeirio / All calls are recorded for training and reference purposes

Rydym yn hapus i dderbyn ac ymateb i ohebiaeth yn Gymraeg. Ni fydd hyn yn arwain at oedi. Mae ein holl ddogfennau ar gael yn Gymraeg ac yn Saesneg
We are happy to accept and respond to correspondence in Welsh. This will not lead to a delay. All our documents are available in both Welsh and English

Estimate for 2021/22, we anticipated that there might be no pay award, and that if there was one it would be small and could therefore be met from efficiencies. As we indicated, the current offer from local government employers is 1.75% - this has been rejected by trade unions but it therefore seems likely that the pay award will be at least 1.75%. The Estimate submission for 2022/23 anticipates that part of this (1%) will be accommodated through efficiencies, with the balance sought as an increase in resources. On reflection, the intention to meet the pay award from efficiencies should have been qualified, rather than absolute, and this will be borne in mind for future submissions.

Caseload

The complaints handling and investigation part of our service is reactive and incoming case numbers are outside our direct control. For budgeting and planning purposes we do look ahead and include our estimate of future caseload in our submission to the Committee.

In **September 2020** we estimated that we would receive 7,936 enquiries and complaints in 2021/22 and then we revised that estimate in **September 2021**, in the light of the first half of the year, to 7,919. Whilst this is still an estimate, the revised figure reflects experience so far this year. The breakdown shows a significant increase in Code of Conduct complaints and small reductions in enquiries and public body complaints.

At the start of the current financial year, we revisited our forecast of complaints and enquiries in the light of 2020/21 **actual** workloads and we forecast 7,200 for the 2021/22 year. The table on page 7 of our Estimate submission shows this, but also shows our latest forecast of 7,919. Our forecast now is 7,919, which is 10% more than we anticipated on 1 April 2021, but similar to our September 2020 forecast. However, it is 28% more than 2020/21 actuals, which is the comparison we have used in the past. A column was included for the 2021/22 Budget because of the difference this year between the financial budget and our financial forecast, but I will ensure that the presentation in my revised submission is clearer about this.

You ask specifically about how these forecasts affect the resources sought for 2021/22 and 2022/23. In our 2021/22 Estimate submission, in September 2020, we forecast 7,936 and we now forecast 7,919 enquiries and complaints. The difference of 17 is not material in terms of the resources sought for 2021/22. I would add that the additional resources I propose to seek through a Supplementary Budget this year are not related to caseload, but rather to IT security, performance and resilience and to the pay award referred to above.

For next year (2022/23), I am forecasting a further 10% increase in caseload and am seeking funding for two additional staff. Whilst caseload forecasts for 2022/23 are inevitably estimates, they are based on current levels and on information from public bodies on the trends they are experiencing. I will amend the Estimate as requested by the Committee but am satisfied that the resources sought in the revised submission are justified by current and forecast caseload.

I remain very grateful to the Senedd and to the Finance Committee for the support given to my office. I would welcome the opportunity to meet with you and your researchers to tell you more about our work, our finances and our operations. Please let me know if you would be happy to meet, at the Senedd or in our offices.

We will submit a revised Estimate by 29 October, and we will respond formally to the Committee's recommendations when we receive them. Please let me know if you need any further information in the meantime.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Bennett', with a stylized flourish at the end.

Nick Bennett
Ombudsman

Public Services Ombudsman for Wales Estimate 2022/23

Introduction

This Estimate submission is intended for consideration by the Senedd Cymru Finance Committee. We normally include extracts from our Annual Report & Accounts in our Estimate submission, but since the Committee is considering our Annual Report & Accounts for 2020/21 at the same meeting and to avoid undue repetition, we have reduced references to our Annual Report in this submission. We have included information on the 2021/22 year so far.

Whilst the presentation of our Estimate is therefore changed from last year, financial analysis is consistent. This Estimate should be considered in the context of the Annual Report & Accounts.

2021/22 Update

In May 2021 we published, following consultation, our new Guidance on the Code of Conduct for members of County and Community/Town Councils.

In June 2021 our model complaints handling policy for health boards and trusts came into full effect. This followed the local authority model complaints handling policy which took effect in September 2020.

In July 2021 we published a Public Interest Report on serious failings by Cwm Taf Morgannwg University Health Board.

In August 2021 we published a Public Interest Report on misdiagnosis and significant failings by Betsi Cadwaladr University Health Board and Denbighshire County Council.

In the same month we launched 'Our Findings' on our website. This new facility provides browsable and searchable summaries of all cases we investigate. This replaces the previous Casebooks and should help public bodies in their improvement work and encourage learning from others. Cases can be searched by date range, relevant body, subject or outcome.

In September 2021 I published a Public Interest Report on the handling of prostate cancer cases by Betsi Cadwaladr University Health Board. This resulted from a single complaint, but I used the powers granted to me by Senedd Cymru to extend the investigation to consider other patients in a similar position. The report identified concerning and systemic issues with patients referred for treatment in England facing delays in treatment without appropriate monitoring and review.

In September we also published, for the first time, data on complaints handled by each local authority in Wales.

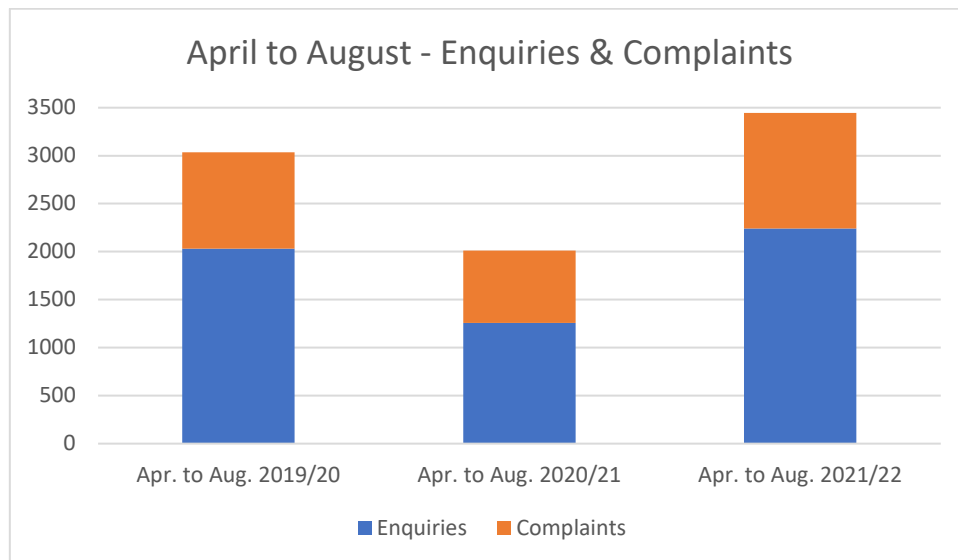
In October 2021 we also plan to publish the report of our own initiative investigation into homelessness.

2021/22 Update - Workload

The coronavirus pandemic has presented real challenges for everyone. For us, our initial priority last year was to put in place arrangements to support staff to work safely and effectively at home, whilst allowing service users to access our services as normally as possible. I am proud of what we achieved, and we have continued to accept new complaints and handle enquiries throughout the pandemic. The Finance Committee's previous support for investment in IT and telephony to allow this has proved invaluable.

We saw reductions in enquiries and complaints in 2020/21 (particularly in the early months), and this allowed us to complete our work on older cases and to reduce our year-end open caseload by 16% (from 489 in 2019/20 to 410 in 2020/21).

However, this year (figures to the end of August) new enquiries are 79% higher and complaints are 60% higher than for the same period last year. If we look back to the same period in 2019/20 as a more 'normal' year, our new complaints workload this year is up 20.5%. This is shown in the chart below.



Whilst we do not, of course, know what future months will bring, comments from health board colleagues to my Complaints Standards team suggest that numbers will remain high for the remainder of the year. Complaints require considerably more staff time and resource than enquiries, and health complaints are, almost invariably, more complex than local authority or housing complaints. An indication of the impact of these pressures is that our open caseload in mid-September 2021 stands at 611, 49% higher than in April. As a result, the ongoing increases in new complaints are of particular concern.

2021/22 Update – Cost pressures

When we submitted our Estimate in September 2020, the GDP deflator for 2021/22 suggested that pay and prices would be static, and there was talk of a public sector pay freeze.

Our staff employment contracts link staff pay awards to those agreed for local government staff in England, Wales and Northern Ireland by the National Employers organisation. The current offer (which would be backdated to 1 April 2021) is for an increase of 1.75%. Whilst the offer has not been accepted by the relevant trade unions (and so may increase), this 1.75% figure represents the lowest likely increase.

We do not link our estimates to CPI increases, but CPI influences future local government pay negotiations as well as affecting our non-staff costs. CPI for the 12 months to August 2021 was 3.2%. Our Estimate submission therefore also includes an estimated pay award, from April 2022, of 1.5%. If CPI continues at a high rate, the April 2022 pay award agreed by local government employers may be higher.

Supplier contracts, including IT, typically include annual CPI indexation to reflect inflation. Whilst we will continue to seek best value prices from other suppliers, cost pressures make price increases likely.

Ofgem's recent approval of 12% increase in standard electricity tariffs are indicative of future cost pressures on customers.

Business rates have been frozen for the current year but may increase for 2022/23.

We pay our clinical advisers an hourly rate, which has not increased in recent years. Continuing increases in cost of living and in general rates of pay for such work will create pressure for rates to be increased in the year ahead.

Recent announcements indicate that there will be a 1.25% increase in employer's national insurance contributions in 2022/23. This equates to an annual cost of approximately £38,000. Like the Senedd Commission, **we have not included this late additional cost pressure in our estimate.** In previous years, such changes have been handled in the aggregated Welsh budget through in-year supplementary budget allocations.

2021/22 Update - Performance

We monitor and report our performance against key performance indicators. The August 2021 position is shown below. The results show pleasing improvement in investigated cases closed within 12 months (KPIs 2 and 4), though we are not quite reaching our targets. KPI 1c., which shows how quickly we are able to complete our assessments on few complaints and start an investigation is affected by case volumes and staff resources. We continue to work to improve this, but there remains a gap between our performance and our target.

KPI 1: Complaints - Decision Times	Target	August 2021	March 2021
a. Decision that a complaint is not within jurisdiction < 3 weeks	90%	90%	94%
b. Where we seek Early Resolution, decision within 9 weeks	90%	93%	88%
c. Decision to investigate and start investigation within 6 weeks of the Date Sufficient Information is Received (DSIR)	80%	66%	65%
d. Decision taken not to investigate a complaint (after making initial enquiries) < 6 weeks	90%	85%	85%
KPI 2: Complaints of maladministration/service failure which are investigated – cases closed	Target	August 2021	March 2021
12 months	85%	80%	52%
KPI 3: Code of Conduct Complaints - Decision Times	Target	August 2021	March 2020
a. Decision taken not to investigate within 6 weeks	90%	100%	90%
b. Decision to investigate and start investigation within 6 weeks of the Date Sufficient Information is Received (DSIR)	90%	89%	76%
KPI 4: Code of Conduct Complaints which are investigated - Cases Closed	Target	August 2021	March 2021
Within 12 months	90%	82%	50%

Financial Management

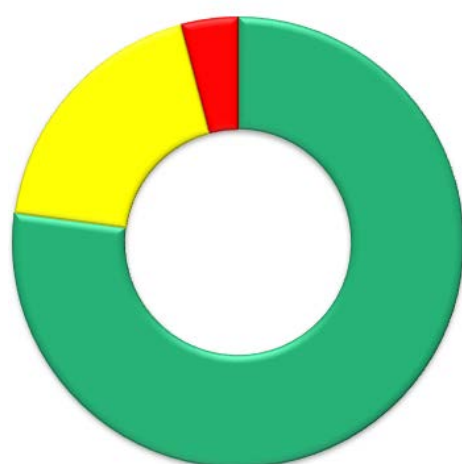
As reported in our 2020/21 Annual Report & Accounts, overall resource expenditure increased compared to 2019/20, whilst our overall cash requirement was reduced by the repayment of the £974,000 pension fund surplus in December 2020.

Resource Out-turn	2020/21	2019/20	Change
	£000s	£000s	£000s
Total Resource	5,143	4,871	+272
Cash Requirement	4,096	4,836	-740

The arrangements for financial management and internal control have been independently reviewed by Deloitte as the PSOW's internal auditors. Their Annual Report for 2020/21 stated: 'Based on the conclusions of our work, we can provide the Ombudsman with **substantial assurance** in relation to the organisation's arrangements for risk management, governance and internal control.'

The Auditor General for Wales gave the annual accounts for the year 2020/21 an unqualified audit opinion in keeping with previous years.

The PSOW has worked on the principle that the overheads of the office should be less than 5% of the total expenditure. This is evidenced in the analysis of expenditure on the three Strategic Aims of my Corporate Plan, as set out in the Annual Accounts, where overheads are identified as 4% of total costs.



- Complaints Service 77%
- Improve Public Services 19%
- Accountability and value for money 4%

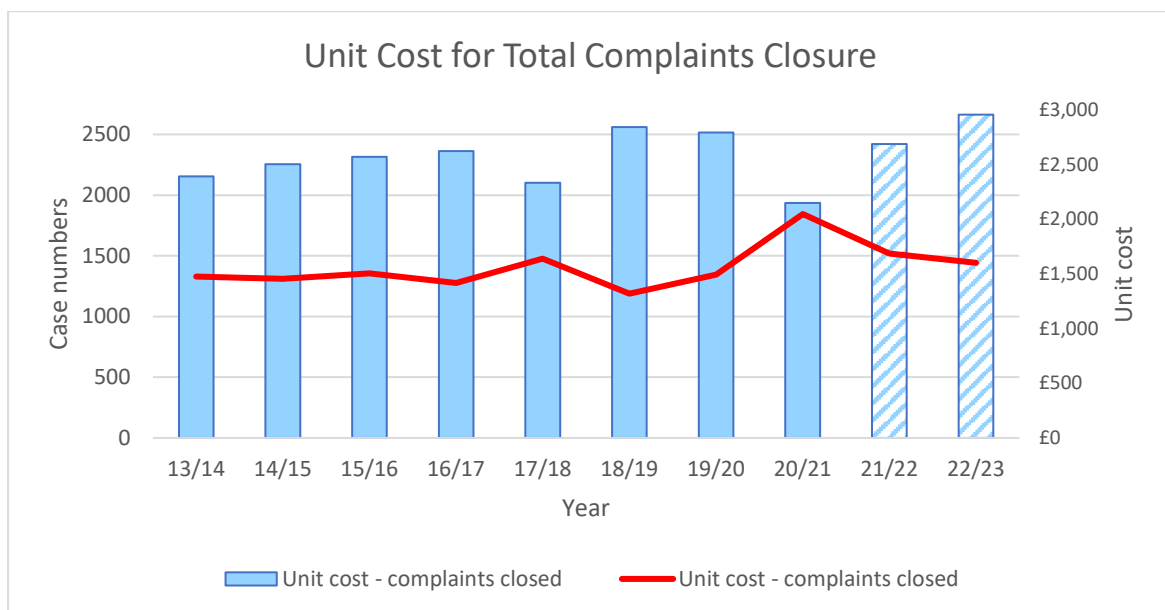
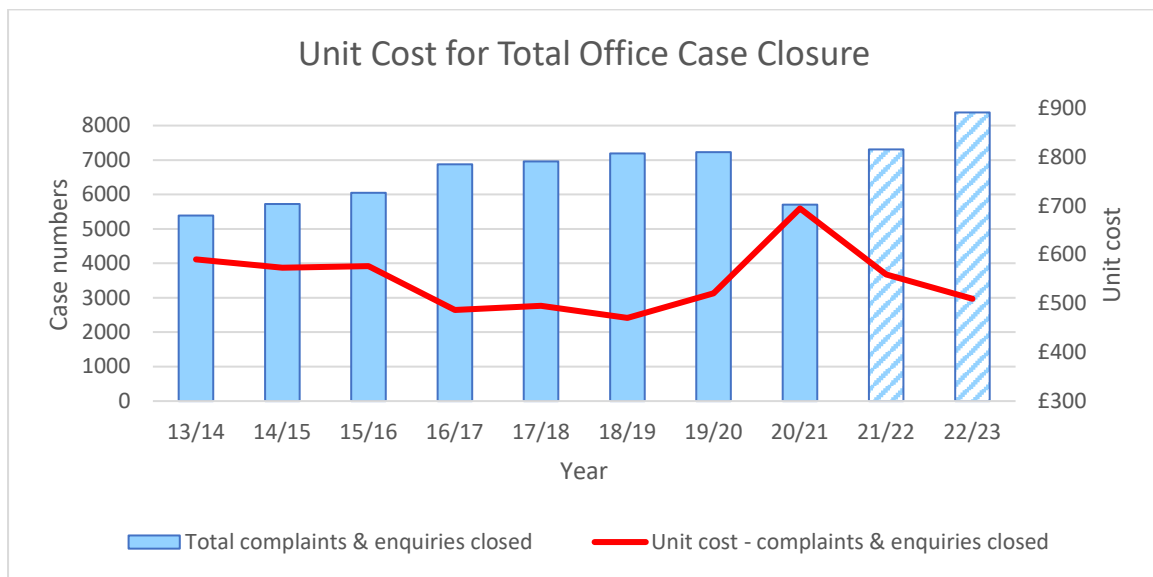
The majority of our resources (77%) continue to be applied to complaints handling.

Our Estimate seeks to allow us to deliver our agreed Strategic Aims, with a focus on providing resources for our complaints handling function and our work to drive public service improvement.

Unit Costs

Our Annual Report & Accounts explains a change in unit cost analysis to provide more meaningful information. We now present unit costs calculated for our main activity – receiving, considering, investigating and responding to enquiries and complaints. This is our activity under Strategic Aim 1, and we will use the figures for Operating Costs by Strategic Aim, presented within the audited accounts.

The graphs below show firstly unit cost for the full enquiry **and** complaints work completed in the year and secondly for complaints cases completed in the year. Projections for the current year and next year are included for completeness.



Projected Casework and Expenditure to 2022/23

Enquiries and Public Body Complaints are projected to increase by 10% over the next year but the continued effect of Covid-19 on casework and expenditure is yet to be fully determined.

	2020/21	2021/22	2022/23
Casework	Actual	Forecast	Estimate
Enquiries	3,774	5,199	5,719
Complaints – Public Body	1,876	2,320	2,552
Complaints - Code	529	400	440
Total	6,179	7,919	8,711
% increase (projected)			10%
Resources	Actual	Budget	Estimate
Resource Expenditure (£000s)	£5,143	£5,110	£5,337
% increase		-1%	+4.4%
Cash requirement from WCF	£4,096*	£5,070	£5,287

* Cash requirement reduced by repayment of the pension fund surplus of £974,000.

We propose to submit a Supplementary Budget for 2021/22 to reflect part of the cost of the larger than expected 2021/22 pay award, as well as priority investment in IT as recommended by PSOW's IT Support provider.

2022/23 Estimate

The Finance Committee of the Senedd has developed a Statement of Principles that Directly Funded Bodies should consider when preparing their annual budget proposals.

The principles are:

- Budget requests should be set in the context of the long-term financial funding situation in Wales and funding pressures in the wider public sector.
- Requests should show how annual and multi-annual objectives will be prioritised, monitored and achieved.
- Bodies should not assume an increase in funding, regardless of the block grant change as any increase to their funding reduces resources available to other devolved public bodies.
- Bodies should continually seek to improve processes and accrue efficiencies.
- Where any increases in funding are requested, these should be backed by evidence both of the need, benefit and attempts that have been made to reduce such costs. Also, the consequences of not obtaining the requested increase in resource should be made clear and quantified.

We have endeavoured to address these points in this submission.

Our assumptions are:

- Staffing levels increase slightly (1 caseworker post) in the light of growth in casework in 2021/22 and 2022/23.
- Our office will be open to staff with a blended mix of home and office working
- Pay award of 1.75% for 2021/22 in line with Local Government pay offer (not accepted by trade unions) and an estimated 1.5% pay award for 2022/23.
- Contractual increments to be funded by PSOW through continued process improvements and other internal efficiency savings
- IT costs include implementation in 2021/22 of recommendations by PSOW's new IT provider (for which a supplementary budget submission is being made). This results in £12k of additional recurring costs.
- IFRS (International Financial Reporting Standards) 16 is scheduled to be implemented from April 2022 but is not reflected in this Estimate as per Welsh Government guidance.
- We will continue to share internal audit services with Commissioners, to provide payroll services to the Future Generations Commissioner and to share resources with other public bodies where appropriate.

The estimate does not include a contingency, so if the pay awards for 2021/22 and/or 2022/23 exceed 1.75% and 1.5% respectively, a Supplementary Budget submission may be required in 2022/23.

Update – Efficiencies

Our enquiries and complaints caseload looks set to increase to around 8,000 this year – an increase of around one third in 6 years. There has not been a commensurate increase in staff numbers dealing with complaints and enquiries. Instead we have successfully worked to increase efficiency and manage the growing caseload. With current increases in both costs and workload, we are no longer able to do this.

We acknowledge and welcome the additional powers under the Public Services Ombudsman (Wales) Act 2019, and the additional posts created and funded as a result. These posts will help improve complaints handling by public bodies and, in time, to turn the curve of increasing complaints to this office.

PSOW has looked to fund most pay and inflation pressures over the past 2 years as a result of process improvements and other internal efficiency savings such as:

- Staff efficiencies through reorganisation and staff turnover
- Making changes to working practices such as working from home
- Bringing services such as translation in-house
- ITC efficiencies following investment in hardware and Case Management System
- Improving our website including introducing self-serve and signposting facilities
- Moving to a paper-light office
- Strict budgetary control of key areas such as professional fees

PSOW did not seek a budget increase last year on the assumption that there would be a public sector pay freeze and that other cost increases would be met by efficiencies. We will continue to seek efficiencies, though pay increases and inflation pressures will need to be resourced.

Consequences of Estimate not being approved

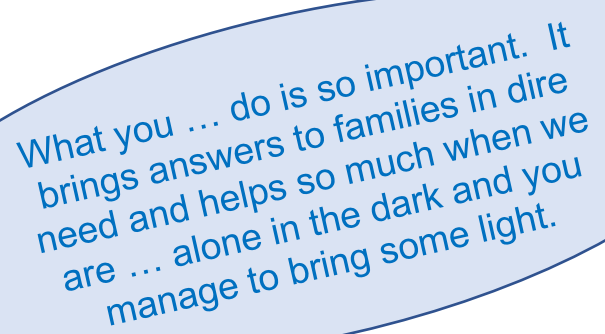
Our estimate takes account of a number of efficiencies, as we seek to maximise the proportion of our budget spent on casework. We are also looking to secure ongoing savings from maintaining some changes in working practices made during the pandemic.

In a people-based organisation, where nearly 80% of our costs relate to staff, if the estimate is not approved, we would have to reduce staff numbers. We would look to do that, as far as possible, through normal staff turnover to minimise potentially significant redundancy costs. Reducing staff numbers would reduce capacity and increase delays. This would be a concern to complainants as well as to staff and Councillors who actions are complained about. We are mindful of the impact that concerns and complaints about public services can have on all those involved. Particularly in health complaints, our involvement tends to come at the end of what can be a long complaints journey. Further delays would be a cause of real concern.

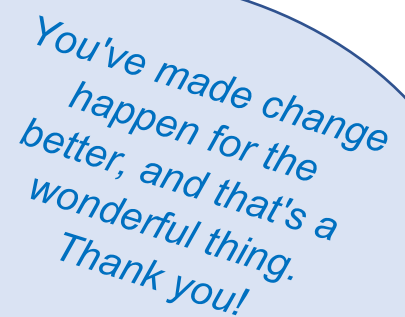
The increases in complaints we receive has increased pressure on staff, with each member of staff carrying a larger caseload than we would wish. This affects the quality and timeliness of the service we can provide, but also affects staff wellbeing. We are acutely aware of our responsibilities, as a responsible employer, to manage stress at work and to avoid putting staff in a position where they cannot succeed, affecting health, attendance and staff turnover.

If the Estimate is not approved, backlogs would quickly develop – and the current workload has already increased significantly since April. Consideration would have to be given to changing our approach so that only the most serious complaints are investigated. For this to be successful, and to avoid debate with complainants as to whether a complaint was sufficiently serious, we would look to increase on-line complaints screening. This would run counter to our efforts, and recent decisions of the Senedd, to make the Ombudsman's services more accessible, for example through acceptance of oral complaints.

In many cases, it is only when we start to investigate that it becomes clear that a single complaint, that might not necessarily be considered very serious, highlights systemic issues that could have very serious consequences for others.



What you ... do is so important. It brings answers to families in dire need and helps so much when we are ... alone in the dark and you manage to bring some light.



You've made change happen for the better, and that's a wonderful thing. Thank you!

In addition to systemic improvement, the feedback we receive makes us acutely aware of the impact of our work on members of the public. We do not wish to deny complainants the opportunity to have genuine concerns investigated, nor to delay resolution or closure.

Estimate Summary

The Estimate for 2022/23 is shown in Appendix A. The Resource and Cash requirements are £5,337k and £5,287k respectively.

Detailed Analysis

Salaries and Related Costs

PSOW staff pay is linked to Local Government NJC pay negotiations. The Estimate builds in a 3.25% pay award over 2 years (representing a forecast 1.75% pay award in 2021/22 and an estimated 1.5% award in 2022/23). £81k of efficiencies elsewhere in the budget meet part of the cost of the 2021/22 pay award.

Caseworker staff numbers will increase by 1 post and we expect to fill staff vacant posts to help manage the projected growth in casework. We are also reducing the number of corporate services support staff by one (part-time) and directing this to a part-time post focusing on improving our service quality and customer service. In the light of public service budget constraints, we have not been able to include cover for staff taking maternity/adoption leave.

The increase in employer's National Insurance contributions from April 2022 is, as indicated above, not included.

Premises and other leases

The major item of expenditure is rental of the premises at Bocam Park that was subject to a rent review in August 2020. Most photocopiers were purchased during 2019/20, reducing future leasing charges. The implication of the implementation of IFRS (International Financial Reporting Standards) 16 Leases are, as indicated above, not included. Premises costs have fallen as home working has meant the North Wales office lease has not been renewed.

Professional Fees

Increased caseload would generally increase the need for professional advice on our casework. The budget for professional fees, which includes clinical advice on our casework, has however been reduced by £12k to £234k. We will work to contain costs within this budget, through focused advice requests and control of costs.

Computer Systems and IT Support

Major investment in our IT hardware and the Case Management System was made in 2018/19 with the aim of increasing efficiencies and resilience. A subsequent review by our new IT Support provider identified further recommendations to improve security and

resilience. These generate one-off costs in 2021/22 and £12k recurring annual costs. Contractually committed price increases of £26k are also included in this Estimate.

Office Costs

The allocation of £119k reflects a predicted return to some office working by April 2022. There continue to be efficiencies in the use of resources such as paper, printing, postage and courier services.

Travel, Training and Recruitment

This budget has been reduced by £15k and we will work to reduce travel associated with casework and meetings.

Communications

The change reflects an increase in translation costs resulting from the Welsh Language Standards and increased outreach work.

Capital

Capital costs have been reduced to reflect investment in IT in 2021/22.

Depreciation

Depreciation has increased, reflecting the capital investment in 2021/22 in new IT equipment to increase security and resilience.

Appendix A – Estimate 2022/23

Estimate	2021/22 £000s	£000s	£000s	2022/23 £000s
PSOW Expenditure	Original Budget	Cost & caseload pressures	Efficiencies	Estimate
Staff salaries and related costs	3,985	+197		4,182
Premises and facilities, including leases	379		-10	369
Professional fees	246	+20	-32	234
IT costs	212	+38		250
Office costs	99	+24	-4	119
Travel, training and recruitment	75		-15	60
Communications	46	+19		65
Total Revenue Expenditure	5,042	+298	-61	5,279
Total Income	(17)			(17)
Net Revenue Expenditure	5,025	+298	-61	5,262
Capital Expenditure	25		-20	5
Total Resources Required	5,050	+298	-81	5,267
Depreciation and amortisation charges	60	+10		70
Total Resource Expenditure	5,110	+308	-81	5,337
Depreciation and amortisation charges	(60)	-10		(70)
Other non-cash movements	20			20
Cash Requirement from WCF	5,070	+298	-81	5,287

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

Document is Restricted

Agenda Item 9

By virtue of paragraph(s) ix of Standing Order 17.42

Document is Restricted