

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Committee Room 2 – Senedd	Bethan Davies
Meeting date: 7 December 2017	Committee Clerk
Meeting time: 09.30	0300 200 6372
	SeneddFinance@assembly.wales

- 1 Introductions, apologies, substitutions and declarations of interest**
(09.30)
- 2 Paper(s) to note**
(09.30) (Pages 1 – 5)
 - 2.1 Letter from the Chair of the Public Accounts Committee – Welsh Government Draft Budget 2017–18 – Welsh Government Supporting People Programme – 24 November 2017**
(09.30) (Pages 6 – 21)
 - 2.2 Auditor General for Wales Fee Scheme 2018–19**
(09.30) (Pages 22 – 47)
- 3 Public Health (Minimum Price for Alcohol) (Wales) Bill: Evidence session**
(09.30–10.30) (Pages 48 – 60)

Vaughan Gething AM, Cabinet Secretary for Health and Social Services
Tracey Breheny, Deputy Director Substance Misuse Policy, Government & Corporate Business
Janine Hale, Principal Research Officer (Health Economics)

[Public Health \(Minimum Price for Alcohol\) \(Wales\) Bill](#)
[Explanatory Memorandum](#)



4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting and the start of the meeting on 13 December 2017

(10.30)

**5 Public Health (Minimum Price for Alcohol) (Wales) Bill:
Consideration of evidence**

(10.30–10.45)

6 Remuneration Board's Determinations Underspend – Scoping paper

(10.45–11.15)

(Pages 61 – 68)

Paper 1 – Remuneration Board's Determinations Underspend – Scoping paper

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Thursday, 23 November
2017

Meeting time: 09.01 – 14.36

This meeting can be viewed
on [Senedd TV](#) at:

<http://senedd.tv/en/4428>

Attendance

Category	Names
Assembly Members:	Simon Thomas AM (Chair) Neil Hamilton AM Mike Hedges AM Jane Hutt AM Steffan Lewis AM Nick Ramsay AM David Rees AM
Witnesses:	Sophie Howe, Future Generations Commissioner Kate Carr, Office of the Future Generations Commissioner for Wales Mark Drakeford AM, Cabinet Secretary for Finance Margaret Davies, Welsh Government Andrew Jeffreys, Welsh Government Rebecca Evans AM, Minister for Housing and Regeneration Ian Williams, Welsh Government Ian Walters, Welsh Government



Committee Staff:	<p>Bethan Davies (Clerk)</p> <p>Catherine Hunt (Second Clerk)</p> <p>Georgina Owen (Deputy Clerk)</p> <p>Martin Jennings (Researcher)</p> <p>Owen Holzinger (Researcher)</p> <p>Ben Harris (Legal Adviser)</p> <p>Gareth David Thomas (Researcher)</p>
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1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.

1.2 The Chair welcomed Jane Hutt AM as a permanent member of the Committee.

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN1 – Letter from the Minister for Housing and Regeneration – Abolition of the Right to Buy and Associated Rights (Wales) Bill – 14 November 2017**

3 Welsh Government draft budget 2018–19: Evidence session 7 (Future Generations Commissioner for Wales)

3.1 The Committee took evidence from Sophie Howe, Future Generations Commissioner for Wales and Kate Carr, Director for Partnerships, Engagement and Communication, Office of the Future Generations Commissioner for Wales on the Welsh Government’s draft budget 2018–19.

3.2 The Commissioner agreed to provide the Committee with further details on her feedback in relation to the Welsh Government’s participatory budgeting pilots.

4 Welsh Government draft budget 2018–19: Evidence from the Cabinet Secretary for Finance

4.1 The Committee took evidence from Mark Drakeford AM, Cabinet Secretary for Finance; Andrew Jeffreys, Director, Welsh Treasury; and Margaret Davies, Deputy Director, Strategic Budgeting on the Welsh Government’s draft budget 2018–19.

4.2 The Cabinet Secretary agreed to provide the Committee with an update on how much the Welsh Government will receive in terms of Barnett consequential and the multiplier agreed in the fiscal framework, as a result of the UK Government’s budget announcements.

5 Regulation of Registered Social Landlords (Wales) Bill: Evidence session

5.1 The Committee took evidence from Rebecca Evans AM, Minister for Housing and Regeneration; Ian Williams, Welsh Government; and Ian Walters, Welsh Government on the Regulation of Registered Social Landlords (Wales) Bill.

6 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting and all of the meeting on 29 November 2017

6.1 The motion was agreed.

7 Regulation of Registered Social Landlords (Wales) Bill: Consideration of evidence

7.1 The Committee considered the evidence received.

8 Welsh Government draft budget 2018–19: Consideration of evidence

8.1 The Committee considered the evidence received.

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 4 – Tŷ Hywel

Meeting date: Wednesday, 29 November
2017

Meeting time: 10.34 – 11.59

This meeting can be viewed
on [Senedd TV](#) at:

<http://senedd.tv/en/4429>

Private

Attendance

Category	Names
Assembly Members:	Simon Thomas AM (Chair) Neil Hamilton AM Mike Hedges AM Jane Hutt AM Nick Ramsay AM David Rees AM
Committee Staff:	Bethan Davies (Clerk) Georgina Owen (Deputy Clerk) Martin Jennings (Researcher)

The Committee resolved on 23 November 2017 to exclude the public from the meeting.

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.

1.2 Apologies were received from Steffan Lewis AM.



2 Welsh Government draft budget 2018–19: Consideration of draft report

2.1 The Committee agreed the report with minor changes.

Rebecca Evans AM
Minister for Housing and Regeneration
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

24 November 2017

The Welsh Government's Supporting People Programme

Dear Rebecca,

At its meeting on 20 November 2017 the Public Accounts Committee took evidence from Community Housing Cymru (CHC) and Cymorth Cymru on the Welsh Government's Supporting People Programme.

During the evidence session the witnesses raised significant concerns regarding the Welsh Government's budget proposals which describe how the Welsh Government is considering creating a single grant in the area of early intervention, prevention and support to replace a number of existing grants. The Committee were presented with compelling evidence to retain the current hypothecated funding arrangements for the programme.

The Committee note that the Welsh Government's Budget Proposals set out that:

“A single grant could enable local authorities and public service board partners to better align services in pursuit of their wellbeing objectives. Such a move would support service re-design in line with the principles and aims of the Well-being of Future Generations Act. With a larger, single grant, individual smaller grant constraints could be lifted and funds used to meet locally determined needs in a way that makes sense at a local level. This would remove artificial barriers to effective service delivery. Greater alignment and simplification of administration would also



enable a reduction in the bureaucracy associated with grants helping to deliver the needed efficiency savings of £13.4m.”

In written evidence to the Public Accounts Committee, CHC state that:

“Welsh Government is working, via the funding flexibilities pathfinder project, to roll Supporting People into one grant, along with other Tackling Poverty funds, across 7 LAs and in the other LAs to provide 15% flexibility between grant streams. While CHC welcomes any approach which will allow for alignment of strategic priorities and reduction in bureaucracy, we remain concerned about what this move means for the long-term protection of housing-related support in Wales.”

In oral evidence, CHC and Cymorth Cymru outlined in further detail their concerns that the proposal to merge Supporting People Programme with Families First, Flying Start and Communities First in year 2, has been undertaken without consultation with the Supporting People sector. This they believe risks the value of the Supporting People Programme to some of the most marginalised groups in Wales, which will have a serious consequences for the most vulnerable members of our society.

Given the strength of concern expressed by the witnesses with regards to the future of the Programme the Committee wish to draw your attention to the evidence provided to us and ask that you give thorough consideration to the issues raised as part of your deliberations in setting the final budget.

I attach a link to the [transcript](#) of the Committee’s meeting of the 20 November 2017 and enclose copies of both organisations supporting papers.

Yours sincerely,



Nick Ramsay AM

Chair

cc. Mark Drakeford AM, Cabinet Secretary for Finance

John Griffiths AM, Chair of the Equality, Local Government and Communities Committee

Simon Thomas AM, Chair of the Finance Committee





Community Housing Cymru response to the findings of the Wales Audit Office's report into The Welsh Government's Supporting People Programme

About us

Community Housing Cymru (CHC) is the representative body for housing associations and community mutuals in Wales, which are all not-for profit organisations. Our members provide over 158,000 homes and related housing services across Wales. In 2015/16, our members directly employed 9,109 people and spent nearly £2bn (directly and indirectly) in the economy, with 89% of this spend retained in Wales. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

Our objectives are to:

- Be the leading voice of the social housing sector.
- Promote the social housing sector in Wales.
- Promote the relief of financial hardship through the sector's provision of low cost social housing.
- Provide services, education, training, information, advice and support to members.
- Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.

Please note, this is a brief response ahead of our full response to the public accounts committee's forthcoming consultation, in which we anticipate examining some of the key issues in greater depth.

Community Housing Cymru's members deliver support to all of the variety of groups that the report mentions, using Supporting People funding to pay, fully or in part, for this support. These services range from housing associations working with support providers to find housing solutions for armed services veterans and people with long-term learning disabilities to working directly to keep elderly people in safe, secure accommodation with appropriate levels of assistance. Without this programme, our members would be unable to provide crucial services, which benefit not only housing association tenants but wider society, with research indicating that every £1 invested in Supporting People services delivers £2.30 of savings to housing, health, social care and community safety, thus reducing pressure on a range of other public services. The programme helps over 60,000 of the most vulnerable and marginalised people to avoid homelessness and live independently in their communities. This includes older people, vulnerable young people, care leavers,



families fleeing domestic abuse, people with mental health problems, people with learning disabilities, people with substance misuse problems and more. Often those in receipt of support have multiple needs.

The Wales Audit Office report raises some points around governance and measurement that need exploring. However, it is vital that this fund is protected due to the positive impact it has on people and services, and also because it encourages people to engage with education, training and employment opportunities.

CHC's response to the committee's inquiry must be considered in the context of the expected changes to the Supporting People programme. Welsh Government is working, via the funding flexibilities pathfinder project, to roll Supporting People into one grant, along with other Tackling Poverty funds, across 7 LAs and in the other LAs to provide 15% flexibility between grant streams. While CHC welcomes any approach which will allow for alignment of strategic priorities and reduction in bureaucracy, we remain concerned about what this move means for the long-term protection of funding for housing-related support in Wales. The report notes (2.43) "We found near unanimous support for the Welsh Government's decision to retain the ring-fencing" and we agree that this reflects the outlook of our members. Following the release of the Detailed Draft Budget Proposals 2018-19, CHC understands that Welsh Government proposes to remove the budget ring fence for Supporting People in April 2019. Whatever form the Supporting People Programme takes in the future, Welsh housing associations need commitment that the services they provide to support vulnerable people will receive sufficient funding in the long-term and a sustainment of the ring-fence is the surest way to guarantee that commitment.

The context in which response to the WAO report is considered also includes a change in the manner in which funding for supported housing is delivered. The new funding model aims to secure supply of supported housing now and into the future; Welsh Government must ensure that the services, currently funded by SP, which are so often responsible for enabling people to move on from short-term supported accommodation, are appropriately funded in the long-term.

We are broadly supportive of the report's findings and recommendations, within the context noted above, and have responded below to the points we feel are most relevant to the work of our members.

We share the Auditor General's concerns (page 10, paragraph 10) as to the lack of explicit reference to prevention of homelessness in the programme's stated purpose and aims, though we are clear as to the transformative effect that Supporting People funded services have on enabling people to live independently and retain tenancies. The programme is unique among tackling poverty grants for its housing-related focus



and we call for this specialist focus on enabling people to access and maintain housing to be retained in future.

On the Auditor General's concerns about the RCC system (page 10, paragraph 13) we feel that these groups provide mixed outcomes from the perspective of housing representatives and we share the concerns about their impact. While there are examples of positive practice (see, for example the Gwent RCC's service user website), fundamentally the housing representatives on RCCs have limited powers to challenge the decisions made by local authorities. Although our members' input into RCCs has resulted in some examples of collaborative decision making, there are also instances we are aware of when the RCC has had no impact at all (or indeed not even been consulted) on local authority decision making with regard to SP procurement. As an example, Neath Port Talbot County Borough Council cut Tenant Support Scheme funding for three of CHC's members by 50% in January 2016 without any reference to the RCC; without going into the detail of this decision, the fact that they felt comfortable doing so without reference to the RCC is indicative of the level of consideration that some LAs give to the RCCs.

To address the points made about outcomes (page 11, paragraphs 14 and 15), we agree that developing a solid understanding of the impact of the programme is vital and has been a weakness, to date. However, we feel that the SAIL data linkage study demonstrated some initially very positive findings as to the impact that SP services have on reducing usage of health services. CHC would welcome further investment in similar data linkage research into the impact of the programme on other statutory services. We are concerned that the Welsh Government's decisions about the future of the SP programme, with regard to the funding flexibilities pilots, will be made without consideration of the outcomes of the full, four-year study into the programme's impact on health services.

Members report detrimental effects on staff of the heavy burden of monitoring which is currently expected of them. While we are firmly in favour of effective monitoring, which demonstrates the impact that SP funded support is having, given that the report states that it is still "difficult to form a comprehensive judgment of the success of the Programme" then we would be supportive of any work which enables easier collation of monitoring evidence 'in the field'.

On the points raised about the ring-fence and concerns as to the impact of budget reduction (page 11, paragraph 16), we welcome the ring-fencing of the budget over the next two years, but our members need longer-term assurance to enable the delivery of efficient and effective services. The fact that the size of the fund has been frozen once again, means that as costs go up, providers of services will continue to have to find efficiencies. Our members have noted concerns, previously, as to the limited size of the fund leading to procurement teams moving from prioritising quality of service to cost of service, which ultimately risk reducing the programme's impact.



Another area of concern is how our members can meet the rising cost of the Living Wage from a frozen grant fund.

Response to the Report's Recommendations

Recommendation 1

As with the local authorities (page 11, paragraph 18) CHC's members would welcome longer term indicative budgets, to enable our members to better plan services and provide certainty to investment decisions. This situation would remain the case in light of any new arrangement for funding of what are currently SP services. We thus welcome the Auditor General's first recommendation of indicative 3-year allocations being provided at the earliest opportunity and the suggested introduction of 3-year rolling LA spend plans.

Recommendation 2

We agree with the second recommendation of the report, that Welsh Government review whether the Regional Collaborative Committee arrangements remain fit for purpose in the context of other collaborative governance arrangements, such as the new statutory public service boards. In future, we would like to see Public Service Boards placing housing at the centre of their strategies, with a focus on how this results in better quality health and patient care and we feel that a report as to the lessons learned through the experience of the RCCs (and of the data linkage study) would be of significant benefit to the future of the Public Service Boards.

Recommendation 3

We agree that Recommendation 3, regarding the new formula for distribution of funds, should take into account the shifting political priorities, which affect the programme. Particularly, the fund's role in preventing homelessness must be considered in this redistribution, with specific weight placed on addressing areas of significant homelessness need. The role of current SP projects' in preventing homelessness also needs to be taken into account when considering the distribution formula as effective current projects will already be reducing homelessness need in their area of operation.

However, the shifting of funds to areas of greater need should be considered cautiously: concentrating services in high-need areas may attract people with those needs to locations with high support provision, creating pockets of mental ill health, substance dependency etc. We need clarity on how this calculation will be carried out as well as long-term certainty for both providers and service users.

Welsh Government should demonstrate clearly, if funds are redistributed, that all alternative approaches have been considered; aligning current SP services with new



strategic objectives may be more effective than redistributing funds across geographical areas, for example. This can be agreed by amending a project's SLA. The sector's response to the 2010 Aylward Review demonstrates that this is achievable.

Finally, we are clear that our members' views must be considered, whether via SPNAB or the RCCs, in any work that is done on this issue.

Recommendation 4

We support recommendation 4, on re-tendering and the need to minimise any uncertainty on the part of either contract holder or tendering authority. Clarity on the reasons for re-tendering and the legitimacy of such decisions is crucial for our members.

There is concern from our members that unnecessary re-tendering can lead to the diminution of providers' ability to effectively deliver support, with procurement teams, in some cases, not looking beyond reduced up-front cost to the long-term cost savings of providing sufficiently well-resourced support, which will result in fewer costs to the public purse further down the line. We are thus clear that the reasons for any such decisions to be made by local authorities must be transparent and that RCCs should be consulted on them. Welsh Government guidance should be updated to consider sustainable procurement of services which are sufficiently resourced to deliver effective service and have sufficiently long contracts to affect meaningful change, in tandem with other, related services.

Recommendation 5

We are supportive of recommendation 5, that the Welsh Government should identify and clearly communicate the implications of major policy reforms for the programme. As noted, the future of the programme hangs in the balance and we need urgent clarity as to the long-term role it plays in Welsh Government's plans, with regard to tackling homelessness and enabling vulnerable members of society to maintain secure accommodation.

The forthcoming changes to the manner in which supported housing is funded are of clear interest in the context of SP and we would welcome confirmation from Welsh Government that the fund will continue to be ring-fenced in light of these changes.

Recommendation 6

Regarding recommendation 6, which addresses the issue of variety of cost between similar services, we urge a cautious approach when reviewing and comparing services; no two services are identical and due to the complex needs of service users the support provided is often tailored to the individual, so comparison of like



with like is difficult. Factors that will result in varied costs, such as location (in rural areas, a support worker spends more time travelling, for instance so delivery of the same level of support as an urban equivalent takes longer), should be taken into account when making any such comparison. Transparency on costs is important, however, and though disparities may be understood as being appropriate, they should be explained in an open manner which ultimately demonstrates value for money.

Recommendation 7

On the point made in the report about the introduction of the new outcomes framework, we re-state the point made earlier in our response: the current monitoring requirements are burdensome and apparently not providing sufficiently high quality data to emphatically demonstrate the worth of the programme (although we are in absolutely no doubt as to its effectiveness, nor its transformational impact on the lives of vulnerable people). In line with our earlier call for the programme's governing documents to explicitly reference SP's impact on homelessness we would value Welsh Government consideration of how SP is used to support the homelessness prevention agenda. While we have no doubt that this is the case, we are concerned that the fact that homelessness data collection focusses on the 56 day window of prevention noted in the legislation means that SP's vital contribution is missed. We absolutely agree that WG should work with partners to embed and clarify any new arrangements. We are clear that Housing Associations need to be fully consulted on proposed changes.

Recommendation 8

Regarding the concerns raised about the issues of eligibility for support of (and disparities in the level of support provided to) some people with learning disabilities, we are in agreement that RCCs should ensure that SP funded services are being appropriately used. If this is found not to be the case we would expect that RCCs work with Welsh Government, as appropriate, to ensure that suitable services are delivered instead.

National Assembly for Wales
Public Accounts Committee
The Welsh Government's
Supporting People Programme



8 November 2017

Dear members of the Public Accounts Committee,

Thank you for the invitation to give evidence before the committee on 20 November 2017. Please see below for supporting information in advance of the committee session.

1. About Cymorth Cymru

1.1 Cymorth Cymru is the umbrella body for providers of homelessness and housing-related support services in Wales. We have over 100 members, including charities, registered social landlords and local authorities who support people to avoid homelessness and live independently in their communities. Cymorth Cymru acts as the 'voice of the sector', influencing the development and implementation of policy and legislation that affects our members and the people they support. We work in partnership with members and other stakeholders to prevent and reduce homelessness and improve the quality of life for people who are marginalised or at risk of housing crisis across Wales.

2. Cymorth Cymru's initial response to WAO report

2.1 On 31 August 2017 Cymorth Cymru provided an initial response to the publication of the Wales Audit Office report about the Welsh Government's management of the Supporting People Programme:

"We are pleased that the Auditor General recognises that the Supporting People Programme 'provides important support to those who need it the most'. As the Welsh Government develops its budget for 2018/19, we urge Ministers to show leadership and protect SP funding so that it can continue to transform the lives of 60,000 vulnerable people each year.

"We welcome the report's recommendation that the Welsh Government should re-introduce indicative three year funding allocations, as the current annual funding cycle results in uncertainty and instability, limiting both local authorities and providers' ability to plan for the long term. Although we recognise the financial constraints on Ministers, we believe that supporting vulnerable people to avoid homelessness and live independently should be a priority and given longer term assurances."

"It is important to recognise that this report does not criticise the services provided by the many dedicated staff across Wales, but makes a series of points about the governance and management of the programme.

"We welcome recommendations to provide more clarity, consistency and certainty about government priorities, procurement processes and data collection. I frequently speak to people using these services and know that it transforms and saves lives. We are committed to working with our members and the Welsh Government to demonstrate this impact.

"The Wales Audit Office is right to recognise the ongoing threats of welfare reform, particularly the UK Government's plans to apply the Local Housing Allowance rate to supported accommodation. We urge the UK Government to abandon these plans, which put the viability of supported accommodation projects at risk."

3. WAO recommendations

3.1 Recommendation 1: In recent years, the Welsh Government has provided local authorities with annual budget allocations for the financial year ahead, without providing any indicative budgets for future years. Reflecting the recommendations that we have made in some of our previous reports, and while recognising the uncertainties facing the Welsh Government's own revenues, we recommend that:

- the Welsh Government re-introduce indicative three-year Supporting People funding allocations at the earliest opportunity to assist local authorities in their planning; and
- at the same time, consider the merits of moving to three-year annual rolling local authority spend plans, to assist local authorities in planning services and to allow greater scrutiny by Regional Collaborative Committees.

3.1.1 We strongly agree with this recommendation. Annual funding allocations create huge uncertainty for a sector that is responsible for providing support to 60,000 of the most vulnerable people in Wales. Each year, local authority teams, support providers and landlords wait to hear whether they will receive the funding they need to continue running these services. This can hinder long term, strategic planning for all stakeholders at a time when welfare reform, homelessness and increasingly complex needs pose significant challenges to the most vulnerable people in Wales.

3.1.2 The uncertainty associated with annual budgets also has a negative impact on the wellbeing of frontline staff. This can result in skilled and committed support workers, team leaders and senior managers leaving the sector for employment that gives them and their families more certainty. Additionally, this uncertainty can impact directly on the people using services, as it increases the likelihood of changes to the service and their support workers. This was reflected by people at our service user engagement events in January 2017, who spoke of concerns about funding cuts and losing staff members with whom they had built trusting relationships. Given that stability can be vital to a person's recovery, the increased certainty offered by three year indicative funding and spend plans could also be beneficial to the people these services support.

3.1.3 While we appreciate that the Welsh block grant is dependent on UK Government allocations, we believe Ministers could and should give longer term assurances to Programmes such as Supporting People. This would provide more certainty and stability, enabling longer term strategic planning by both commissioners and providers, which could deliver better outcomes for vulnerable people.

3.2 Recommendation 2: The Welsh Government is proposing greater regional planning and delivery of services as part of its reforming local government policy. However, the Supporting People Regional Collaborative Committees have struggled to deliver at the scale and pace the Welsh Government would have liked. We recommend that the Welsh Government:

- identify and apply lessons learned from the experience of the Regional Collaborative Committees to inform its proposals for local government reform; and
- review whether the Regional Collaborative Committee arrangements remain fit for purpose in the context of other collaborative governance arrangements, such as the new statutory public service boards and its wider plans for regional working in local government.

3.2.1 We recognise that some Regional Collaborative Committees (RCCs) operate more effectively than others, but believe that the existing structure is of value and should be strengthened rather than removed altogether. With the UK Government proposals to devolve housing benefit funding for supported accommodation, and Welsh Government plans for further regionalisation, this may be the appropriate time to consider strengthening the powers and responsibility of RCCs to plan and commission the support and rent elements of Supporting People services on a regional basis. Strengthening the powers and responsibilities of RCCs may also help them to become more effective in their efforts to facilitate regional planning and commissioning.

3.2.2 **Housing expertise:** Retaining housing and homelessness expertise in the regional planning and commissioning of Supporting People services is absolutely essential, especially when homelessness is becoming an increasing challenge throughout the UK. Although RCCs vary in effectiveness, it is recognised that the housing expertise within their membership is a key strength.

3.2.3 **Links with Public Service Boards:** We would value stronger links between Regional Collaborative Committees and Public Service Boards (PSBs) and would also welcome an increased focus on housing by PSBs. However, PSBs have very broad ranging responsibilities and we therefore believe that the planning and commissioning of SP services must remain firmly rooted in bodies/structures dedicated to housing and homelessness. Another challenge is that the Public Service Boards are currently set up along local authority boundaries – this seems entirely out of step with the Welsh Government's regional agenda. If PSBs were regional, there could be a stronger link between RCCs and PSBs; RCCs could even report to PSBs in the future.

3.3 Recommendation 3: The Supporting People National Advisory Board has recognised the need for a new formula to help redistribute Programme funds to geographical areas of greatest need. The Welsh Government is also consulting on the strategic objectives for the Programme. We recommend that, once it has finalised the new strategic objectives for the Programme, the Welsh Government prioritise developing a new funding formula to redistribute funding in a way that most effectively delivers those objectives. In doing so, we recommend the Welsh Government give consideration to any transitional arrangements and wider policy developments that may impact on the Programme.

3.3.1 We believe that funding should be distributed to areas of greatest need, and that this should be based on robust needs assessment rather than historical spend. It should also ensure that client groups which are less 'politically popular' receive the support services

they need. We understand and appreciate the Welsh Government's decision to pause redistribution during a period of cuts, as this would have led to some areas facing a 'double whammy' of cuts. However, it can also be argued that the delay in redistribution means that other areas continue to face funding shortages that impact on their ability to meet vulnerable people's needs.

- 3.3.2 Any change to the funding formula must be done in collaboration with the sector and should be mindful of any unintended consequences such as the sudden removal of services for particular client groups. At a time when welfare reform and a lack of housing is resulting in increased homelessness, it would be preferable for redistribution to take place within the context of increased SP funding. This would enable more preventative service to be funded without decreasing existing service provision.

3.4 Recommendation 4: The Welsh Government's current and draft revised guidance on the procurement of Supporting People services is potentially misleading as it implies that retendering need only take place where a service review has found the service to be deficient. We recommend that:

- the Welsh Government's ongoing reviews of local authorities' management of the Programme should examine whether contracts are being extended in accordance with Public Contract Regulations; and
- in revising its Programme guidance, the Welsh Government redraft its advice on contract procurement to avoid the scope for any misinterpretation about when to retender for services, and to clearly articulate the rules around contract extensions.

3.4.1 We would welcome clear guidance on the issue of commissioning and procurement that clarifies the legal requirements of Supporting People commissioners but also encourages good practice. Reviewing and recommissioning schemes is an essential part of local authorities' responsibilities, and we know that they are under pressure. However, our members have shared concerns over recent years about some examples of:

- a) Prioritising cost over quality in tender evaluation processes. This risks a race to the bottom which compromises quality and outcomes for people using services.
- b) The trend towards commissioning fewer, much larger contracts, which inevitably results in the loss of some providers - and therefore skills and expertise. Where local authorities have chosen to award a single, large contract there is a risk that any problems encountered by the service will affect all clients and - other providers may no longer exist or be capable of stepping in to provide support.
- c) A lack of engagement with providers about what services are needed and what is possible/viable in advance of procurement. This can lead to the wrong services being commissioned or inadequate funds being available to deliver the service.
- d) A lack of meaningful involvement of people who use services.

e) A lack of clarity about TUPE processes and the impact on existing staff when contracts are awarded to different providers.

3.4.2 Supporting People services are delivered to some of the most vulnerable people in Wales and the unintended consequences of some practices need to be considered.

3.5 Recommendation 5: There have been a number of notable policy changes in recent years that affect the Programme. However, we have identified concerns about the scale of change and the way it has been communicated. In addition, other developments will have an impact on the Programme, for example, the Welsh Government's plans for local government reform and UK government reform of housing benefit. We recommend that the Welsh Government should identify and clearly communicate the implications of such reforms for the Programme.

3.5.1 **Welfare reform:** The UK Government's plans for the funding of supported accommodation have been a significant concern for the sector over the past two years. However, the Welsh Government has been extremely collaborative in their approach to dealing with the possible consequences for Wales and has actively involved representatives from the sector in their policy development process. Cymorth Cymru, Community Housing Cymru and the Welsh Local Government Association are key members of the Welsh Government's stakeholder steering group, along with additional representatives of local authorities, support providers, landlords, older people's provision and domestic abuse refuge providers. Welsh Government officials have engaged positively with events run by Cymorth Cymru and been very receptive to the issues and concerns raised by people working in the supported accommodation sector. The Welsh Government has also been engaged in conversation with the sector about other welfare reforms, such as the UK Government's plans to reduce housing benefit to people under the age of 35.

3.5.2 **Local Government reorganisation:** The lack of clarity regarding local government reorganisation continues to pose challenges to organisations working across a variety of sectors in Wales. The Welsh Government has been discussing this issue for many years, encouraging regional working and voluntary mergers - but very little progress appears to have been made. Our members often feel frustrated by the lack of clarity resulting from different approaches by different Ministers. It is not our place to specify whether the Welsh Government should force local authorities to merge or not – but it would be useful if they could make more progress than they have over the last few years. Our members who operate in several local authority areas often express frustration about the variation in process and practice between different local authorities and would welcome more consistency.

3.5.3 **Other Welsh Government policy and legislation:** With regards to changes in Welsh Government policy and legislation, this is actively discussed by Welsh Government officials and the sector on a frequent basis. The Cabinet Secretary/Minister responsible for SP addresses the Supporting People National Advisory Board (SPNAB) on an annual

basis and outlines his or her intentions for the sector in the context of Welsh Government policy and legislation. The implications of policy and legislation such as local government re-organisation, the Social Services and Wellbeing (Wales) Act, the Wellbeing of Future Generations (Wales) Act and welfare reform are frequently discussed at SPNAB, the Strategic Finance and Research Group and the Regional Collaborative Committees. Cymorth Cymru also runs a series of events throughout the year which include active participation from Welsh Government officials during presentations, discussions and workshops on Welsh policy and legislation such as the Housing Wales Act, Social Services Act, Adverse Childhood Experiences and welfare reform.

3.6 Recommendation 6: While the Welsh Government has identified that there are widespread variations in overall service costs, further analysis is required to understand the reasons for that variation. We recommend that the Welsh Government work with local authorities to examine in more detail whether there are significant variations in the costs of delivering Supporting People services of a similar type and duration.

3.6.1 It is essential that all stakeholders ensure value for money in the delivery of the most effective services to people who need them. However, it is important that the Welsh Government examines why there are variations in costs. Supporting People services vary considerably in order to meet the needs of a variety of client groups, which often include people with needs that vary in complexity and severity. A multi-faceted, flexible and responsive approach is one of the strengths, but this means that costs will vary within and across client groups. Any examination of cost variations must take this into account.

3.7 Recommendation 7: There remain concerns about data quality in the current Outcomes Framework, but with revised data collection arrangements being proposed. We recommend that the Welsh Government work with its partners to ensure that, once introduced, any new arrangements are clearly understood by providers and embedded as part of contractual arrangements.

3.7.1 We are acutely aware of the positive impact that Supporting People services have on people's lives. We often visit projects across Wales and see first-hand how these schemes change and save lives.

3.7.2 For the past few years we have organised service user engagement events on behalf of the Supporting People National Advisory Board. In January 2017 we spoke to approximately 175 people in Newport, Rhyl and Carmarthen about their experiences of Supporting People services. When asked 'Where do you think you'd be if you hadn't been able to access the SP service?' many replied that they would be dead, homeless, sectioned or suicidal. You can read the short report about these engagement events [here](#).

3.7.3 However, we agree that formal data collection to evidence the impact of Supporting People services needs to improve. Our members see the positive impact of their services every day, but are concerned that this is not evidenced clearly. Delays in consulting on

the new outcomes framework has frustrated providers, who are keen to demonstrate the impact of their schemes on people's lives and public services.

- 3.7.4 Homelessness prevention:** In particular, we need to better evidence the impact of Supporting People services on the prevention of homelessness in Wales. The very nature of the Programme – supporting people experiencing homelessness or in need of housing-related support – means that it has a considerable impact on this area. For example, we know that every supported accommodation scheme puts a roof over people's heads and supports them to either remain in those communities, or move on to independent living with their own tenancy. We also know that floating support prevents people from losing their tenancy, or helps them to access a new tenancy. If the Programme is supporting approximately 60,000 people every year, then it would be reasonable to make the assumption that it is preventing homelessness for many thousands of people. However, the extent of SP's contribution to homelessness prevention is not captured in the Welsh Government's official statistics. Data collection varies between different teams in local authorities and many SP interventions happen in advance of the 56 day statutory duty to help prevent homelessness – on which the homelessness prevention statistics are based.
- 3.7.5 Impact on health services:** Despite concerns about data collection, the SAIL data linkage project has provided some very interesting data about the impact of Supporting People interventions on the use of health services in Wales. The feasibility study indicated that interaction with Supporting People services resulted in a reduction in the use of GP services, A&E and emergency hospital admissions. The subsequent project is currently gathering and analysing data on a much greater scale from every local authority in Wales. The sector has welcomed the Welsh Government's commitment to this work.
- 3.8 Recommendation 8:** Welsh Government reviews, and more detailed work at a regional level by two of the Regional Collaborative Committees, have highlighted some issues with the eligibility of support for people with learning disabilities and differences in the level of support provided. We recommend that the Welsh Government encourage all Regional Collaborative Committees to review arrangements for support for people with learning disabilities through the Programme and work with the committees to manage any potential negative consequences for service provision.
- 3.8.1** The Supporting People Programme should be funding housing-related support services. It is therefore absolutely right that the Welsh Government, Regional Collaborative Committees and local authorities do all they can to ensure that this funding is spent as intended. However, if any existing services for vulnerable people are found to be receiving SP funding for non-housing related support, the Welsh Government must ensure that the appropriate funder steps in to fund the service. Vulnerable people must continue to get the support and care they need to live independently in their communities. At a time when all budgets are under pressure, providers are concerned that any removal of SP funding may not be replaced.

4. Welsh budget: Supporting People funding

- 4.1** Although this inquiry is focused on the WAO report and not the draft budget, we feel it is important to raise our concerns about the possible future funding of the Supporting People Programme.
- 4.2** We are deeply concerned that the Supporting People budget line has disappeared from the Welsh draft budget for 2019/20 and appears to have been merged with funding streams that have no direct link to homelessness and housing-related support. The removal of the ring-fence has had a disastrous impact on many Supporting People services in England and we fear that over time, this could happen in Wales. It removes all accountability from Ministers about the amount they spend on housing-related support and risks the loss of vital services that support some of the most vulnerable people in Wales.
- 4.3** It is likely that the resulting merged grant will sit outside of the housing directorate of Welsh Government and housing departments of local authorities, resulting in the loss of housing expertise at a time when homelessness is an increasing challenge and concern. The focus on this issue will be diluted and the funding for SP client groups (particularly those who are less 'politically popular') could be lost, resulting in increased homelessness, particularly for people with the most complex needs.
- 4.4** In addition, the anticipated devolution of housing benefit funding for supported accommodation means that this is the wrong time to remove the ring-fence around the Supporting People budget and dismantle the mechanisms for distributing the support element of supported accommodation funding. Supported housing is in a state of flux and it is vital that Supporting People funding is maintained alongside the housing benefit element to ensure stability for landlords and lenders.
- 4.5** An alternative solution: While we understand the Welsh Government's intention to rationalise grant funding streams, we believe that placing Supporting People in a budget line with non-housing programmes is a huge mistake. However, we have made it clear to Welsh Government Ministers and officials that we are happy to engage constructively and discuss grant alignment in the context of other homelessness and housing-related support funding streams, such as the homelessness prevention grant and the devolution of housing benefit funding for supported accommodation. We believe that this is a much more sensible and appropriate approach to grant alignment within the context of housing and homelessness.

We look forward to seeing you on 20 November,

Katie Dalton
Director, Cymorth Cymru

Rhian Stone
Chair, Cymorth Cymru

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Fee Scheme 2018-19



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

This is a fee scheme prepared by the Wales Audit Office under section 24 of the Public Audit (Wales) Act 2013.

This fee scheme is laid before the National Assembly under section 24(4)(c) of the Public Audit (Wales) Act 2013.

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

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Huw Vaughan Thomas
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Fee Scheme

Introduction

- 1 This Fee Scheme has been prepared by the Wales Audit Office under section 24 of the Public Audit (Wales) Act 2013 (the Act) ([Appendix 1](#)). The Fee Scheme, following approval by the National Assembly's Finance Committee, provides the basis on which the Wales Audit Office charges fees.
- 2 The Board has listened carefully to stakeholder feedback in relation to our cost-efficiency agenda and the fee rates we set. In seeking the National Assembly's support for our Estimate for 2018-19, we proposed in the Estimate:
 - A small (less than 1%) increase in fee rates to be offset by reductions in audit days and skills mix in order to deliver reductions in the median fee scales for most audited bodies. In real terms this represents a reduction of 5.6% since our rates were set in 2014-15.
 - To continue in line with previous National Assembly agreement to fund National Fraud Initiative (NFI) work from our charge on the Welsh Consolidated Fund rather than through fees charged to participating bodies. Feedback told us that audited bodies welcome this approach.
 - To design our performance audit work at Local Government and Health bodies to concurrently discharge the requirements of the Well-being of Future Generations (Wales) Act 2015 so as not to increase the overall amount of performance audit work required.
 - To charge a fee for this work for Central Government bodies from April 2018; this fee to be discussed in advance with those bodies.
 - To continue to provide public sector secondment opportunities for our accounting trainees, without impacting on fees charged for audit work.
 - To maintain capacity for transformational thinking in our approaches to audit work. Feedback reinforced the need for us to do more developmental work as part of balancing the overall cost of audit on public bodies.

- 3 This Fee Scheme reflects the approved Estimate and in broad terms sets out:
- The enactments under which the Wales Audit Office charges audit fees.
 - The arrangements for setting those fees, which comprise either:
 - fee scales that set out fee ranges for particular areas of audit work in local government; or
 - fee rates for work not covered by fee scales.

List of enactments

- 4 **Appendix 2** sets out the enactments under which the Wales Audit Office may and must charge fees.

Fee rates and fee scales

- 5 Broadly, 68% of our expenditure is funded through fees charged to audited bodies. The remaining 32% is provided directly from the Welsh Consolidated Fund through vote of the National Assembly. Further information about our expenditure and funding is contained in annual estimates of income and expenditure which are laid before the National Assembly.
- 6 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees we charge may not exceed the full cost of exercising the function to which the fee relates. Our fee rates are set at a level to recover that full cost.

- 7 There is a tension between providing audited bodies with an up-front fee for the work to be undertaken on specific audits and having a sufficiently flexible regime that recognises the inevitability of variances. We set our audit fees based on our estimated expenditure, the estimated skills mix and the estimated number of days required to complete the work. Where the required work is significantly greater than that originally estimated, as a result of complexities experienced during the audit, we may charge a higher fee, as permitted by legislation.
- 8 During 2017-18 we consulted widely on legislation governing the fee regime in Wales which is more complex than in other parts of the UK and creates inefficiency and additional cost for the public sector in Wales. **The outcome of this consultation** has been submitted to the Finance Committee and we await their response.
- 9 We went beyond the statutory fee consultation requirements and, in August 2017, consulted all audited bodies and other stakeholders on our fee scales and fee rates for 2018-19. We received responses from across the sectors we audit. Those responses told us that:
- Audited bodies value free participation in the National Fraud Initiative. Our Estimate includes provision for its continuation.
 - There was concern from central government bodies about the need for us to charge for work under the Wellbeing of Future Generations Act. The Regulatory Impact Assessment of the legislation included evidence from us in relation to potential audit costs so we encourage those bodies to discuss further with their sponsoring departments.
 - Audited bodies acknowledge the real terms reduction in our fee rates since 2014-15 but pointed to the significant reductions in their own funding due to austerity. As a result of audit efficiencies, our Fee Scheme reduces the median fee scales despite the proposed increase in hourly rates.

- 10 The Board welcomed the feedback and responds to it through this Fee Scheme and our Estimate.
- 11 **Exhibit 1** sets out the hourly fee rates for audit staff .

Exhibit 1 – Fee rates for audit staff

Grade	Proposed fee rate (£ per hour) 2018-19	Current fee rate (£ per hour) since 2014-15
Engagement director	159	162
Audit manager	112	111
Performance audit lead	93	93
Financial audit team leader	76	75
Performance auditor	66	65
Financial auditor	57	56
Graduate trainee	44	43

- 12 We are required to prescribe fee scales for:
- work relating to the audit of local government bodies;
 - work under the Local Government (Wales) Measure 2009; and
 - data-matching work (NFI).
- 13 Fee scales for the audit of 2017-18 financial accounts and 2018-19 improvement audits and assessments are provided in **Appendix 3** in relation to work conducted at unitary authorities, fire and rescue authorities, national park authorities, police and crime commissioners and chief constables, town and community councils and local government pension funds. A separate fee scale is provided in relation to the NFI.

- 14 Fee scales are a means of regulating the cost of public audit, through setting limits and by reviewing fees against those limits. Fee scales also provide a framework for auditors to assess the amount of annual audit work necessary and the fee to be charged for that work at a particular audited body.
- 15 Audited bodies not covered by the statutory requirement for a fee scale have their estimated audit fees calculated in the same way as for those which are covered – that is, through applying the fee rates published in this Fee Scheme to the estimated team mix and hours of input required for the audit.
- 16 Auditors undertake grant certification work on behalf of the Auditor General. The amount of grant certification work undertaken in any year is dependent on the number of schemes subject to audit and the number of audited bodies participating in those schemes. Charges for this work are calculated using the fee rates and reflecting the size, complexity or any particular issues in respect of the grant in question.
- 17 The fee rates apply to all audit work that the Wales Audit Office will charge for, except to the extent that the fee scales, where applicable, regulate the amount to be charged (or in the case of work done by agreements prior to 1 April 2014, rates are in terms as agreed). If it subsequently appears to the Wales Audit Office that the work involved in a particular audit differs substantially from that originally envisaged, the Wales Audit Office may charge a fee which differs from that originally notified.
- 18 In the case of the provision of other administrative, professional or technical services provided, fees will be charged in accordance with the relevant agreement, subject to such amounts being capped at the full cost of providing the service. To meet their statutory responsibilities, it is sometimes necessary for auditors to carry out work which goes beyond their general duties. Additional work can include reports in the public interest, extraordinary audit, special inspections and further work in relation to electors' questions and objections, and the prevention of unlawful expenditure. Charges for this type of work will reflect the nature of the work required.
- 19 Where specialist support or legal or other professional advice is required, this will be charged to audited bodies in addition to the cost of Wales Audit Office staff.

The Well-being of Future Generations (Wales) Act 2015

- 20 The Well-being of Future Generations Act requires specified public bodies to set and publish well-being objectives, take steps to meet those objectives and report annually on their progress. It also requires the Auditor General to carry out examinations into the extent to which those public bodies set objectives and take steps to meet them in accordance with the sustainable development principle.
- 21 During 2017-18, we are working with audited bodies named in the Act and the Future Generations Commissioner for Wales as we develop and test audit approaches to fulfil the Auditor General's duty under the Act.
- 22 For Local Government and Health bodies we will be designing our performance audit work to concurrently discharge the requirements of the Well-being of Future Generations (Wales) Act 2015 so as not to increase the overall amount of performance audit work required.
- 23 For Central Government bodies, we will however need to charge fees for this additional WFG work. As highlighted in our Fee Scheme for 2017-18, we cannot incorporate the work in to other aspects of our performance audit work, as we do not currently undertake such work for central government bodies. Engagement directors will discuss the work required and associated fees with individual bodies as appropriate.

Charging of fees

- 24 Each body's Engagement Director will explain that body's skills' mix for the audit and the factors influencing the overall fee. Charging arrangements are agreed with audited bodies and may encompass one-off, periodic, regular or annual charging, as appropriate in the circumstances.
- 25 Audited bodies are expected to pay the Wales Audit Office's invoices within their performance target for creditor payments, usually 10 days in the public sector. We may charge for the administrative costs incurred in pursuing late payments.
- 26 On completion of audit assignments, we will assess the actual costs incurred in undertaking the assignment in comparison with the fee charged. We will refund any excess of fee over cost and, conversely, we may charge additional costs where the fee falls short. We will process refunds and additional charges in a manner which seeks to minimise administrative costs, such as through offsetting against future fees or fees for other aspects of audit activity.

Appendix 1 – Public Audit (Wales) Act 2013 – full text of section 24

- (1) The Wales Audit Office must prepare a scheme relating to the charging of fees by the Wales Audit Office.
- (2) The scheme must include the following:
 - a a list of the enactments under which the Wales Audit Office may charge a fee;
 - b here those enactments make provision for the Wales Audit Office to prescribe a scale or scales of fees, that scale or those scales;
 - c where those enactments make provision for the Wales Audit Office to prescribe an amount to be charged, that amount; and
 - d where no provision is made for a scale or scales of fees or for an amount to be prescribed, the means by which the Wales Audit Office is to calculate the fee.
- (3) The scheme may, amongst other things:
 - a include different provision for different cases or classes of case; and
 - b provide for times at which, and the manner in which, payments are to be made.
- (4) The Wales Audit Office:
 - a must review the scheme at least once in every calendar year;
 - b may revise or remake the scheme at any time; and
 - c must lay the scheme (and any revision to it) before the National Assembly.

(5) Where the Welsh Ministers prescribe a scale or scales of fees under:

- a section 64F of the Public Audit (Wales) Act 2004 (fees for data matching); or
- b section 27A of the Local Government (Wales) Measure 2009 (Welsh Ministers' power to prescribe a scale of fees)

to have effect instead of a scale or scales prescribed by the Wales Audit Office, the Wales Audit Office must revise the scheme to include the scale or scales prescribed by the Welsh Ministers instead of those prescribed by the Wales Audit Office.

- (6) If a revision made in accordance with subsection (5) is the only revision to a scheme, it does not require the approval of the National Assembly.
- (7) The scheme takes effect when approved by the National Assembly or, in the case of a revision made in accordance with subsection (5), once it has been laid before the National Assembly.
- (8) The Wales Audit Office must publish the scheme (and any revision to it) as soon as reasonably practicable after it takes effect.

Appendix 2 – List of enactments under which the Wales Audit Office may and must charge fees

Nature of work	Enactments
The Wales Audit Office may charge fees for the following activities	
<ul style="list-style-type: none"> Audit of accounts by the Auditor General (other than local government accounts). 	<ul style="list-style-type: none"> Section 23(2) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Value for money studies undertaken by agreement. 	<ul style="list-style-type: none"> Section 23(3)(a)-(c) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> An examination, certification or report under section 31 of the Tax Collection and Management (Wales) Act 2016 in respect of the Welsh Revenue Authority's Tax Statement. 	<ul style="list-style-type: none"> Section 23(3)(ba) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> An examination under section 15 of the Well-being of Future Generations (Wales) Act 2015 (anaw 2) (examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle). 	<ul style="list-style-type: none"> Section 23(3)(ca) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Any functions of a relevant authority exercised by the Wales Audit Office or the Auditor General and undertaken by agreement, and any administrative, professional or technical services to be provided by the Wales Audit Office or the Auditor General by arrangement under section 19 of the Public Audit (Wales) Act 2013. 	<ul style="list-style-type: none"> Section 23(3)(d) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> An extraordinary audit of the accounts of a local government body. 	<ul style="list-style-type: none"> Section 37(8) of the Public Audit (Wales) Act 2004
<ul style="list-style-type: none"> Data-matching exercises. 	<ul style="list-style-type: none"> Section 64F(A1) of the Public Audit (Wales) Act 2004 A fee scale must be prescribed for this work
<ul style="list-style-type: none"> Advice and assistance provided by the Auditor General for registered social landlords. 	<ul style="list-style-type: none"> Section 145D(2) of the Government of Wales Act 1998
The Wales Audit Office must charge fees for the following activities	
<ul style="list-style-type: none"> Work under the Local Government (Wales) Measure 2009. 	<ul style="list-style-type: none"> Section 27 of the Local Government (Wales) Measure 2009 A fee scale must be prescribed for this work

Nature of work	Enactments
<ul style="list-style-type: none"> Grant certification services. 	<ul style="list-style-type: none"> Section 23(4)(a) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Studies at the request of educational bodies under section 145B of the Government of Wales Act 1998. 	<ul style="list-style-type: none"> Section 23(4)(b) Public Audit (Wales) Act 2013
<ul style="list-style-type: none"> Auditing the accounts of a local government body and undertaking studies by agreement with a local government body. 	<ul style="list-style-type: none"> Section 20(A1)(a)-(b) of the Public Audit (Wales) Act 2004 A fee scale must be prescribed for the audit of the accounts of local government bodies
<ul style="list-style-type: none"> Benefit administration studies for the Secretary of State. The Auditor General may conduct, or assist the Secretary of State in conducting, a benefit administration study only if the Secretary of State has made arrangements for the payment to the Wales Audit Office of a fee in respect of the study. The amount of the fee must be a reasonable amount agreed between the Secretary of State and the Wales Audit Office. 	<ul style="list-style-type: none"> Section 45 of the Public Audit (Wales) Act 2004
<ul style="list-style-type: none"> Assisting Her Majesty's Chief Inspector of Education and Training in Wales with inspections of local authorities. The Auditor General for Wales shall not provide such assistance unless, before he does so, the Chief Inspector has agreed to pay the Wales Audit Office a fee. 	<ul style="list-style-type: none"> Section 41A of the Education Act 1997
<ul style="list-style-type: none"> Programmes of studies relating to registered social landlords undertaken by agreement between the Welsh Ministers and the Auditor General. It shall be a term of every such programme that the Welsh Ministers must pay to the Wales Audit Office a sum in respect of the costs incurred. 	<ul style="list-style-type: none"> Section 145C(3) of the Government of Wales Act 1998

Appendix 3 – Fee scales for work undertaken at local government bodies

Unitary authorities

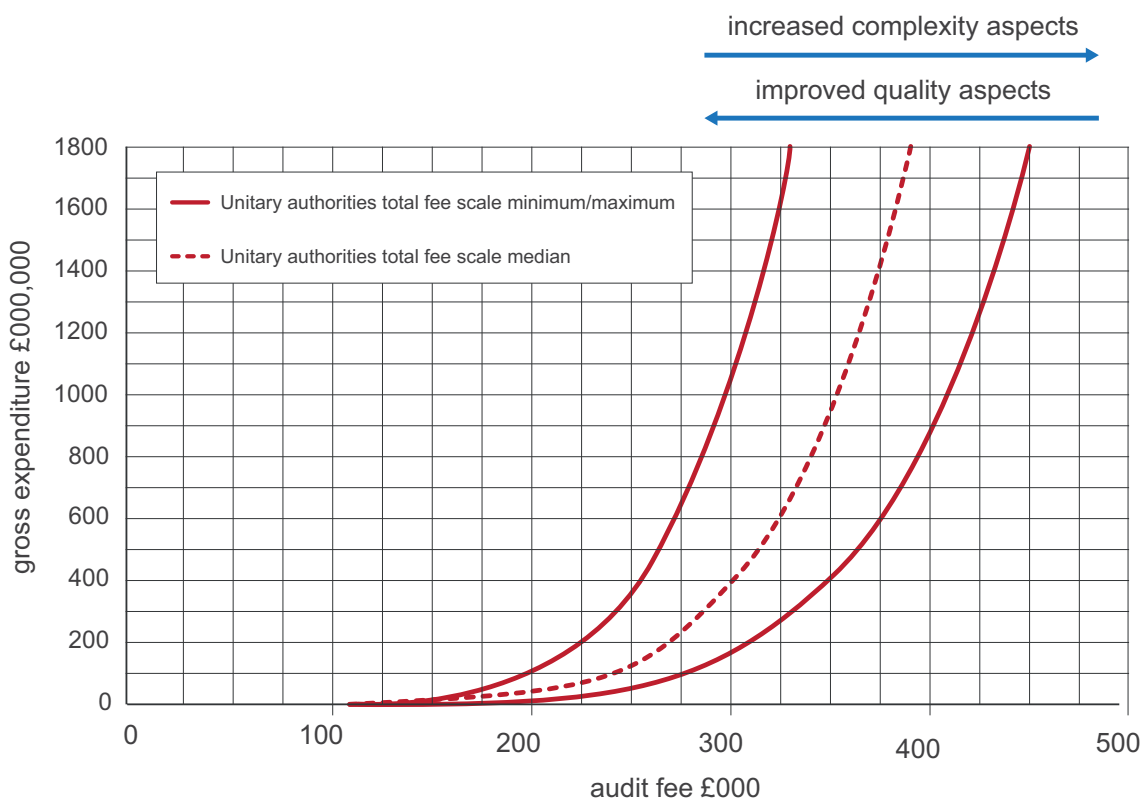
Fee scale for audit of 2017-18 accounts

Gross expenditure £000,000	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
100	117	138	158	139
200	141	166	191	167
300	157	185	212	186
400	169	199	229	201
500	180	211	243	213
600	189	222	255	224
700	197	231	266	233
800	204	240	276	242
900	210	247	284	249
1,000	216	254	292	256
1,100	222	261	300	263
1,200	227	267	307	269

Fee scale for 2018-19 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All unitary authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	83	99	115	112

Graphic of total fee scale for unitary authorities



Fire and rescue authorities

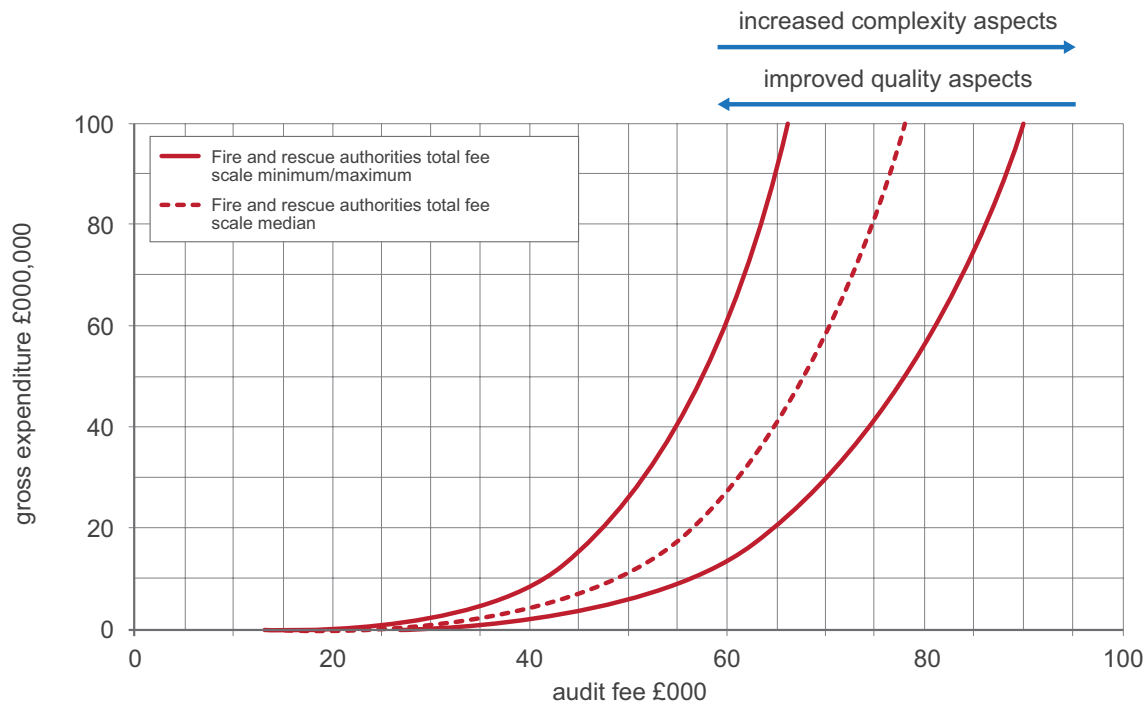
Fee scale for audit of 2017-18 accounts

Gross expenditure £000,000	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
20	34	40	46	41
40	41	49	56	49
60	46	54	62	55
80	50	58	67	59
100	53	62	71	63

Fee scale for 2018-19 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All fire and rescue authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	14	16	19	16

Graphic of audit total fee scale for fire and rescue authorities



National park authorities

Fee scale for audit of 2017-18 accounts

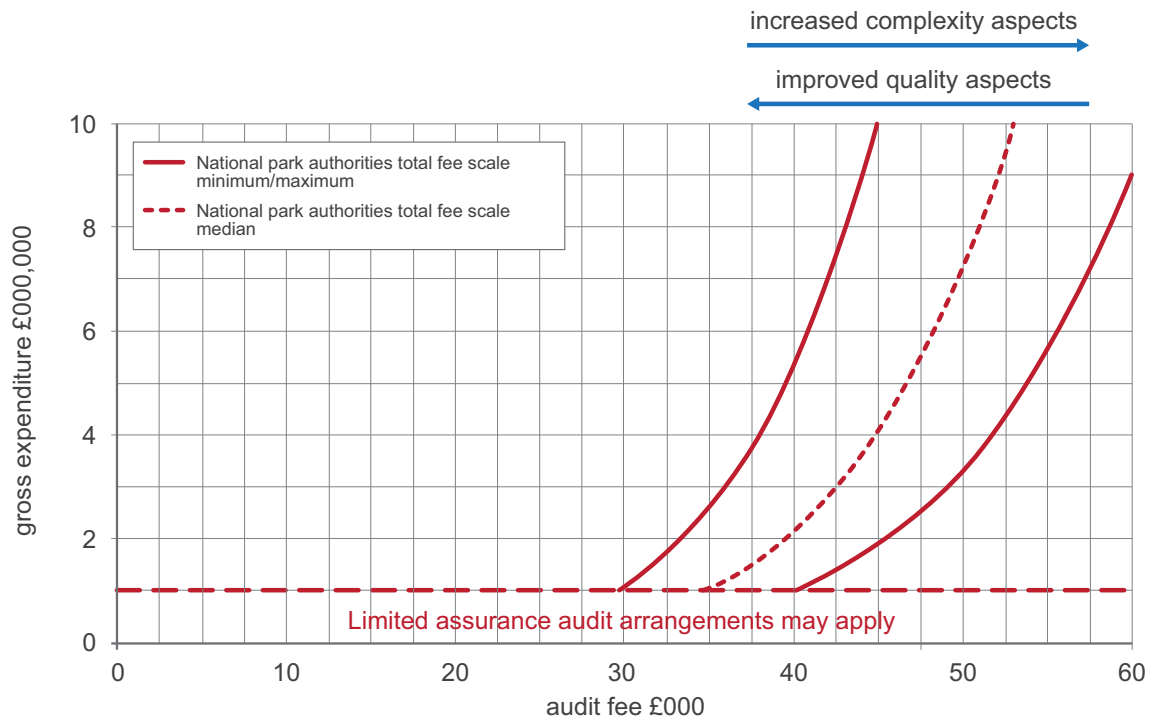
Gross expenditure £000,000	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
2	21	25	29	25
4	26	30	35	30
6	29	34	39	34
8	31	36	42	37
10	33	38	44	39

Fee scale for 2018-19 for performance audit work (including improvement audits, assessments and special inspections under the Local Government (Wales) Measure 2009)

All national park authorities	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	14	17	19	17 ¹

¹ Actual fee charged to all Parks for 2017-18. This is not expected to change for 2018-19.

Graphic of total fee scale for national park authorities



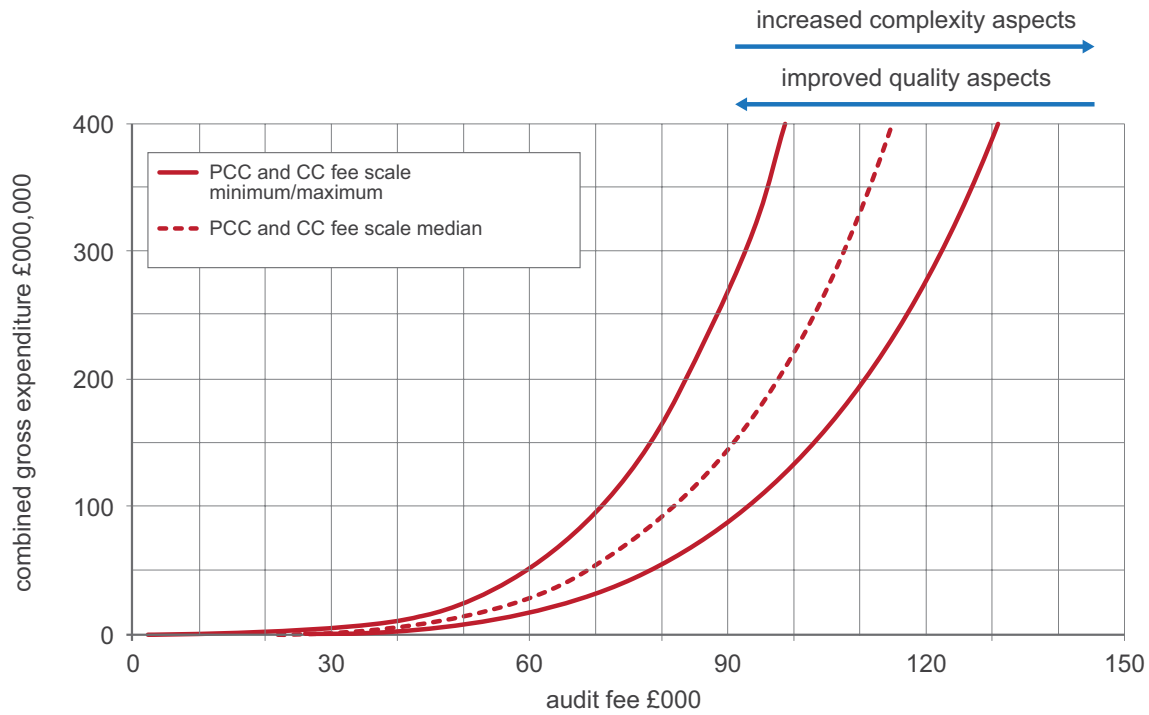
Police and crime commissioners and chief constables

Auditors undertake audits of two statutory bodies in a police area – the Police and Crime Commissioners (PCC) and the Chief Constables (CC). The split of the total fee between the two bodies in a particular police area will be a matter for auditors to determine, based on accounting requirements and the operational arrangements put in place by each of the bodies.

Fee scale for audit of 2017-18 accounts

Combined gross expenditure of PCC and CC £000,000	Combined fee range for PCC and CC £000			Previous year median £000
	Minimum	Median	Maximum	
50	56	66	76	70
100	67	79	91	82
150	74	87	100	91
200	79	94	108	97
250	84	99	114	103
300	88	104	120	107
350	91	108	124	112

Graphic of total fee scale for police and crime commissioners and chief constables



Town and community councils with annual income or expenditure under £2.5 million

Town and community councils in Wales are subject to a limited assurance audit regime. Since 2016-17 we have charged for this work on a time basis rather than the historical basis of a fixed fee according to expenditure/income bands.

The fee rate charges are as set out in [Exhibit 1](#).

In circumstances where the auditor requires further evidence to properly discharge their responsibilities, including following publication of a related public interest report, additional testing will be undertaken to address the auditor's concerns.

It is emphasised that the actual charge made to any particular body will be dependent on the time actually worked on that particular audit. The ranges provided in the table below are for indicative purposes only.

Estimated time charges for audit of 2017-18 accounts of town and community councils

Annual income or expenditure	Indicative baseline charge	Indicative upper range fee
£0 – £5,000	£140	£280
£5,001 – £100,000	£160	£320
£100,001 – £500,000	£200	£380
£500,001 – £2,500,000	£240	£460

Local government pension funds

Fee scale for audit of 2017-18 accounts

All pension funds	Fee range £000			Previous year median £000
	Minimum	Median	Maximum	
	33	40	55	40

Fee rates for other work in local government

The audit of other types of local government body, work which goes beyond the general duties of the Auditor General, and grant certification work

Other than those types of bodies for which fee scales have been prescribed as shown above, there are a small number of other types of local government body where our prescription of the fee scale is a matter of converting the resource requirements into fees directly based on the costs of delivering the work or by applying the fee rates as set out in [Exhibit 1](#). It remains the case that for audits of these bodies we apply a zero-based approach to audit planning.

For all types of local government body to meet his statutory responsibilities, it is sometimes necessary for the Auditor General to carry out work which goes beyond general duties (those set out in section 17 of the Public Audit (Wales) Act 2004). Additional work can include reports in the public interest, extraordinary audit, special inspections and further work in relation to elector challenge and the prevention of unlawful expenditure. Charges for this type of work will reflect the nature of the work required.

Auditors may also undertake grant certification work at local government bodies on behalf of the Auditor General. The amount of grant certification work undertaken in any year is dependent on the number of schemes subject to audit and the number of audited bodies participating in those schemes. Charges for this work are made on a per-hour basis and reflect the size, complexity or any particular issues in respect of the grant in question.

Estimates of the relative proportions of financial audit staff grades to be used for different types of grants work are provided below.

Grade of staff	Complex grants staff mix %	All other grants staff mix %
Engagement director	1 to 2	0 to 1
Audit manager	4 to 6	1 to 2
Team leader	18 to 21	12 to 16
Team member/trainee	77 to 71	87 to 81

Complex grants include:

- BEN01 Housing and council tax benefits scheme
- LA01 National non-domestic rates return
- PEN05 Teachers' pensions return

Fee scales for work undertaken under the National Fraud Initiative (data matching)

In order to support Welsh public bodies in combating fraud, the Auditor General conducts the National Fraud Initiative (NFI) in Wales on a biennial basis. The NFI is also run in England, Scotland and Northern Ireland. The NFI matches data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions. The NFI has been a highly effective tool in detecting and preventing fraud and overpayments. Since its commencement in 1996, NFI exercises have resulted in the detection and prevention of more than £30 million of fraud and overpayments in Wales and £1.3 billion across the UK.

The Auditor General conducts the NFI using his statutory data-matching powers under Part 3A of the Public Audit (Wales) Act 2004.

Since April 2016, the National Assembly has met the costs of running the NFI through payment from the Welsh Consolidated Fund as approved through the Wales Audit Office's Estimate, so ensuring that voluntary participants are not charged a fee for participation. As required by legislation, the fees for mandatory participants are shown below.

Exhibit 2 – NFI fees

Type of body	Fee 2018-19 £
Unitary authority; police and crime commissioners and chief constables; fire and rescue authorities; NHS trusts; local health boards.	Nil
All participants may also be provided with access to the NFI Application Checker (App Check).	Nil

Mandatory participants will also be provided with access to the NFI Application Checker without charge.

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Agenda Item 3

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

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