

Agenda – Finance Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 14 February 2019

Meeting time: 09.00

For further information contact:

Bethan Davies

Committee Clerk

0300 200 6372

SeneddFinance@assembly.wales

1 Introductions, apologies, substitutions and declarations of interest

(09.00)

2 Paper(s) to note

(09.00)

(Pages 1 – 5)

2.1 Letter from the Chair of the Climate Change, Environment and Rural Affairs Committee to the Minister for Environment, Energy and Rural Affairs: Draft budget 2019–20 – Welsh Government response

(Pages 6 – 7)

2.2 Letter from the Chair of the Climate Change, Environment and Rural Affairs Committee to the Minister for Economy and Transport: Draft budget 2019–20 – Welsh Government response

(Pages 8 – 9)

3 Welsh Government Second Supplementary Budget 2018–19: Evidence session

(09.00–11.00)

(Pages 10 – 67)

Rebecca Evans AM, Minister for Finance and Trefnydd

Matthew Denham–Jones, Deputy Director Financial Controls

Sharon Bounds, Head of Budgetary Control & Financial Policy

Paper 1 – Second Supplementary Budget 2018–19 Budget Motion



4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting and the meetings on 20 February and 7 March 2019.

(11.00)

**5 Welsh Government Second Supplementary Budget 2018–19:
Consideration of evidence**

(11.00–11.20)

**6 Second supplementary budget 2018–19 – Public Services
Ombudsman for Wales: Explanatory Memorandum**

(11.20–11.30)

(Pages 68 – 72)

Paper 2 – Second supplementary budget 2018–19 – Public Services

Ombudsman for Wales: Explanatory Memorandum

Paper 3 – Letter from the Chair of the Finance Committee to the Public
Services Ombudsman – 14 January 2019

Paper 4 – Letter from the Public Services Ombudsman to the Chair of the
Finance Committee – 17 January 2019

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: Thursday, 17 January
2019

Meeting time: 09.02 – 09.55

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

<http://senedd.tv/en/5143>

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Rhun ap Iorwerth AM Mike Hedges AM Nick Ramsay AM Rhianon Passmore AM
Witnesses:	Jeremy Miles AM, Counsel General and Brexit Minister Dylan Hughes, Welsh Government Claire Fife, Welsh Government
Committee Staff:	Georgina Owen (Clerk) Bethan Davies (Deputy Clerk) Owen Holzinger (Researcher) Ben Harris (Legal Adviser)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.



- 1.2 The Chair welcomed Rhianon Passmore and Alun Davies as new members of the Committee.
- 1.3 The Chair thanked David Rees and Jane Hutt for their contributions to the Committee.
- 1.4 Apologies were received from Alun Davies AM and Neil Hamilton AM.

2 Paper(s) to note

- 2.1 The papers were noted.
- 2.1 **PTN1 – Response from the Wales Audit Office to the Finance Committee's Annual Scrutiny of the Wales Audit Office and the Auditor General for Wales Report – 10 January 2019**
- 2.2 **PTN2 – Letter from Paul Davies AM – Autism (Wales) Bill – 10 January 2019**

3 Financial implications of the Legislation (Wales) Bill: Evidence session

- 3.1 The Committee took evidence from Jeremy Miles AM, Counsel General; Dylan Hughes, First Legislative Counsel, Welsh Government; and Claire Fife, Policy Advisor to the Counsel General, Welsh Government.

4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting

- 4.1 The motion was agreed.

5 Financial implications of the Legislation (Wales) Bill: Consideration of evidence

- 5.1 The Committee considered the evidence received.

6 Legislative budget process: approach to scrutiny

- 6.1 The Committee agreed its approach.

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Wednesday, 23 January
2019

Meeting time: 09.00 – 11.50

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

<http://senedd.tv/en/5136>

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Rhun ap Iorwerth AM Alun Davies AM Neil Hamilton AM Mike Hedges AM
Witnesses:	Adrian Crompton, Auditor General for Wales, Wales Audit Office, Auditor General for Wales, Wales Audit Office Richard Harries, Wales Audit Office Gareth Lucey, Wales Audit Office Jim Harra, HMRC Katy Peters, HMRC
Committee Staff:	Bethan Davies (Clerk) Alex Hadley (Deputy Clerk) Martin Jennings (Researcher) Owen Holzinger (Researcher) Christian Tipples (Researcher)



1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.

1.2 Apologies were received from Rhinanon Passmore AM and Nick Ramsay AM.

2 Paper(s) to note

2.1 The papers were noted.

2.1 PTN1 – Letter to and response from the First Minister – engagement with Member bills

3 Devolution of fiscal powers to Wales: Evidence session 3 (Wales Audit Office)

3.1 The Committee took evidence from Adrian Crompton, Auditor General for Wales; Richard Harries, Director, Financial Audit, Wales Audit Office; and Gareth Lucey, Audit Manager, Wales Audit Office.

4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: items 5 to 8, and 10 to 12

4.1 The motion was agreed.

5 Devolution of fiscal powers to Wales: Consideration of evidence

5.1 The Committee considered the evidence received.

6 Consideration of proposals to amend the Public Audit (Wales) Act 2013

6.1 The Committee agreed to undertake an inquiry, considering the case for amending the Public Audit (Wales) Act 2013.

7 The Income Tax (Pay As You Earn) (Amendment No. 2) Regulations 2018

7.1 The Committee noted the Income Tax (Pay As You Earn) (Amendment No. 2) Regulations 2018.

8 An analysis of draft Budget Scrutiny

8.1 The Committee reviewed its approach to scrutiny of the 2019–20 draft Budget.

9 Devolution of fiscal powers to Wales: Evidence session 4 (HMRC)

9.1 The Committee took evidence from Jim Harra, Second Permanent Secretary, HMRC and Katy Peters, Deputy Director, Personal Taxes, Knowledge Analysis and Intelligence, and Head of Professions for Economics, HMRC.

10 Devolution of fiscal powers to Wales: Consideration of evidence

10.1 The Committee considered the evidence received.

11 Wales Audit Office Fee Scheme 2019–20

11.1 The Committee approved the Wales Audit Office Fee Scheme 2019–20, under Standing Orders 18.10(x) in accordance with section 24(7) of the Public Audit (Wales) Act 2013.

12 Draft report on the Wales Audit Office Board Appointments

12.1 The Committee agreed the report.

Agenda Item 2.1

Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs

7 February 2019

Dear Lesley

At the Climate Change, Environment and Rural Affairs Committee meeting on 24 January, the Committee agreed that I should write to you to express our disappointment over the timing of your response to our report on the Welsh Government's draft budget 2019–20.

In our letter dated 27 November 2018, we requested that you respond to our report either by 8 January 2019, or in advance of the Plenary debate on the final budget, whichever was sooner. This was on the basis that Members would have adequate time to consider your response in order to further inform the Plenary debate.

We are aware of the time pressures associated with the draft budget scrutiny process, with often limited time available for Assembly committees to scrutinise proposals, and for the Welsh Government to respond to committee reports. However, on this occasion, the Committee did not receive your response to our report until the afternoon of the Plenary debate, which was most unsatisfactory.



We seek assurance from you that this will not be repeated when responding to future draft budget reports.

I am copying this letter to Llyr Gruffydd AM, Chair of Finance Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive style with a large initial 'M'.

Mike Hedges AM

Chair of Climate Change, Environment and Rural Affairs Committee

cc Llyr Gruffydd AM, Chair of Finance Committee



Agenda Item 2.2

Ken Skates AM
Minister for Economy and Transport

7 February 2019

Dear Ken

At the Climate Change, Environment and Rural Affairs Committee meeting on 24 January, the Committee agreed that I should write to you to express our disappointment over the timing of your response to our report on the Welsh Government's draft budget 2019–20.

In our letter dated 30 November 2018, we requested that you respond to our report either by 17 January 2019, or in advance of the Plenary debate on the final budget, whichever was sooner. This was on the basis that Members would have adequate time to consider your response in order to further inform the Plenary debate.

We are aware of the time pressures associated with the draft budget scrutiny process, with often limited time available for Assembly committees to scrutinise proposals, and for the Welsh Government to respond to committee reports. However, on this occasion, the Committee did not receive your response to our report until after the Plenary debate, which was most unsatisfactory. We seek



assurance from you that this will not be repeated when responding to future draft budget reports.

I am copying this letter to Llyr Gruffydd AM, Chair of Finance Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive style with a large initial 'M'.

Mike Hedges AM

Chair of Climate Change, Environment and Rural Affairs Committee

cc Llyr Gruffydd AM, Chair of Finance Committee



Supplementary Budget Motion 2018-19

Laid Before the National Assembly for Wales by the Minister for Finance and Trefnydd

February 2019

Supplementary Budget Motion**1. The Assembly is asked to agree the following:**

- This resolution for the year ending 31 March 2019 is made by the National Assembly for Wales (“the Assembly”) pursuant to Section 126 of the Government of Wales Act 2006 (“the Act”).
2. This Supplementary Budget Motion should be read alongside supporting budget documentation published on 5 February 2019.

Welsh Government**3. The Welsh Government is authorised-**

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2019 for the services and purposes specified in Column 1 of Schedule 1, up to a maximum of the corresponding amounts specified in Column 2 of that Schedule;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of each Part of Schedule 2, during the financial year ending 31 March 2019, for use on the services and purposes specified in Column 2 of each Part of that Schedule, up to the limit specified for each Part of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Schedule 1, up to the net cash requirement limit specified in Schedule 5.

4. Despite paragraphs 2(a) and (b), the resources which may be used for the services and purposes specified in Column 1 of Schedule 1 (or, as the case may be, in Column 2 of each Part of Schedule 2), may exceed the amount specified in the corresponding entry in Column 2 of Schedule 1 (or, as the case may be, in each Part of Schedule 2) if-

(a) in the case of resources other than accruing resources, the first condition is met, or

(b) in the case of accruing resources, the second condition is met.

5. The first condition is that the total resources (other than accruing resources) used during the financial year ending 31 March 2019 for all services and purposes specified in Column 1 of Schedule 1 does not exceed the total of the sum of the amounts specified in Column 2 of that Schedule.

6. The second condition is that the total accruing resources used during the financial year ending 31 March 2019 for all services and purposes specified in Column 2 of Schedule 2 does not exceed the total of the sum of the amounts specified for each part of that Schedule.

Assembly Commission

7. The Assembly Commission is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2019 for the services and purposes specified in Column 1 of Part 1 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 1 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 1 of Schedule 4, during the financial year ending 31 March 2019, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 1 of that Schedule, up to the limit specified for Part 1 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 1 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Public Services Ombudsman for Wales

8. The Public Services Ombudsman for Wales is authorised –

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2019 for the services and purposes specified in Column 1 of Part 2 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 2 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 2 of Schedule 4, during the financial year ending 31 March 2019, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 2 of that Schedule, up to the limit specified for Part 2 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 2 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Wales Audit Office

9. The Wales Audit Office is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2019 for the services and purposes specified in Column 1 of Part 3 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 3 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 3 of Schedule 4, during the financial year ending 31

March 2019, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 3 of that Schedule, up to the limit specified for Part 3 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 3 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Specification of Categories of Accruing Resources

10. The categories of accruing resources listed in Column 1 of each Part of Schedule 2, and in Column 1 of each part of Schedule 4, are specified categories for the purposes of section 120(2)(a) of the Act.”

Summary of Resource and Capital Requirements
Welsh Ministers

Ambit	Resources (£000)	Accruing Resources (£000)
Health and Social Services	7,988,889	68,844
Housing and Local Government	4,418,317	33,825
Economy and Transport	1,301,053	67,714
Education	2,549,389	251,271
International Relations and the Welsh Language	167,278	16,048
Environment, Energy and Rural Affairs	283,131	392,223
Central Services and Administration	372,112	412,719
Total Resources Requested and Accrued Income relating to Welsh Ministers	17,080,169	1,242,644

Direct Funded Bodies

Ambit	Resources (£000)	Accruing Resources (£000)
National Assembly for Wales Commission	55,088	300
Public Services Ombudsman for Wales	4,480	62
Wales Audit Office	7,261	14,644
Total Resources and Accrued Income for Direct Funded Bodies	66,829	15,006

Schedule 1 – Ambits for expenditure incurred by Welsh Ministers

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Health and Social Services</p> <p>For use by Welsh Ministers to spend on Health and Social Services including promoting, improving or supporting economic, social or environmental well-being.</p> <p>Delivery of core and targeted NHS services including impairments & provisions; supporting education & training of the NHS workforce, mental health policies & legislation, hospices and delivery of the substance misuse strategy implementation plan; sponsorship of public health bodies, the Food Standards Agency; public health programmes; effective health emergency preparedness arrangements; developing & implementing research & development for patient & public benefit; social care and support, partnership & integration, sustainable social services, Social Care Wales; funding for the Older People Commissioner; funding for the Children’s Commissioner and CAFCASS; expenditure on supporting children and any related expenditure and non fiscal resource use.</p>	<p>7,988,889</p>

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Housing and Local Government</p> <p>For use by Welsh Ministers to spend on housing, local government and communities including promoting, improving or supporting economic, social or environmental well-being.</p> <p>Funding to support local government including general capital funding and valuation services; building local democracy; supporting collaboration, reform and improvement. Funding for planning and regulation and housing to Increase the Supply and Choice of Affordable Housing and Market Housing; to support people to live independently in their homes through the Supporting People, Independent Living and Integrated Care Fund and to prevent homelessness. Funding to support communities including Regeneration; Financial Inclusion and Digital Inclusion; the Community Facilities Programme; Fire and Rescue Services and Resilience; and Community Support Officers. To manage and implement the waste strategy and waste procurement, National Parks, Academi Wales, Care Inspectorate Wales, Healthcare Inspectorate Wales and Estyn. Also includes any related expenditure and non fiscal resource use.</p>	4,418,317

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i> <i>Services and purposes</i>	<i>Column 2</i> <i>Amount £000</i>
<p>Economy and Transport</p> <p>For use by Welsh Ministers on Economy and Transport including promoting and supporting economic, social or environmental well-being for businesses, individuals, communities and places in Wales.</p> <p>Expenditure on sectors and regional business development; entrepreneurship & business information; major events; delivering ICT and property related infrastructure; corporate & strategy programmes; Development Bank of Wales; motorway & trunk road operations; improving & maintaining the trunk road network; road, rail, air and sea services and investment; sustainable travel; improving road safety; work based learning; delivering support for skills; skills policy; employment & skills; educational and careers choice and any related expenditure and non fiscal resource use that provides broader economic benefit to Wales.</p>	1,301,053

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Education</p> <p>For use by Welsh Ministers to spend on Education including promoting, improving or supporting economic, social or environmental well-being.</p> <p>Expenditure on education and training standards including literacy and numeracy, curriculum, teaching & leadership, qualifications, post-16 education, higher education, pupil deprivation grant, ICT & information management systems and estate & IT provision; youth engagement & employment; well-being of children & young people; post-16 learner support; pupil engagement; Welsh medium and bilingual education; delivery support; innovation; science; life sciences; and any related expenditure and non fiscal resource use.</p>	2,549,389

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>International Relations and the Welsh Language</p> <p>For use by Welsh Ministers on International Relations and Welsh Language including promoting and supporting economic, social or environmental well-being for businesses, individuals, communities and places in Wales.</p> <p>Expenditure on trade and inward investment, tourism and major events to promote Wales; supporting culture and the arts via the Arts Council of Wales, the National Museum of Wales, the National Library of Wales; creative industries and other; strategic leadership for museum, archive and library services; media and publishing; supporting the historic environment via Cadw, the National Botanic Gardens and the Royal Commission for the Ancient and Historic Monuments of Wales; promoting sport and physical activity via Sports Wales and others; supporting the Welsh Language and the Welsh Language Commissioner; promoting international development and relations and any related expenditure and non fiscal resource use that provides broader economic, social and environmental benefit to Wales.</p>	167,278

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Environment, Energy and Rural Affairs</p> <p>For use by Welsh Ministers on Environment, Energy and Rural Affairs, including promoting, improving or supporting economic, social or environmental well-being.</p> <p>Developing and delivering overarching policy and programmes on sustainable development and natural resources management agriculture, environment, food and marine; develop and implement climate change policy, energy efficiency, Green Growth, green infrastructure, environmental protection, flood & coastal risk, water and sewage policy and legislation; landfill disposal communities scheme; deliver nature conservation and forestry policies; sponsor and manage delivery bodies; developing an appropriate evidence base to support the work of environment and rural affairs; protecting animal, plant and bee health and developing GM policies; promote and support protected landscapes and wider access to green space; administration and delivery of the Common Agricultural Policy; delivering programmes within the Rural Development Plan; supporting new farm entrants, farmers and rural communities in Wales; evidence based development for rural affairs; developing and managing Welsh marine, fisheries and aquaculture including the enforcement of Welsh fisheries; developing and marketing Welsh food & drink and any related expenditure and non fiscal resource use.</p>	283,131

Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p>Central Services and Administration</p> <p>For use by Welsh Ministers to spend on Central Services and Administration and promoting equality; the prevention of violence; advice and advocacy; resilience and civil contingency; youth justice; and supporting the voluntary sector.</p> <p>Expenditure on Welsh Government running costs (including staff costs; general administration; asset management; capital and capital charges; IT costs; business improvement; and provisions for early retirement and pensions); the cost of elections and referendum: statistical information and research; funding of external bodies; fiscal responsibilities (including devolved taxation and borrowing); (pan-Wales) procurement services; events and corporate communications; inquiries and investigations; the Invest-to-Save fund; managing the delivery of European funding in Wales; preventing violence against women, domestic abuse and sexual violence; advice and advocacy; resilience and civil contingency; youth justice; supporting the voluntary sector; and establishing and maintaining Gypsy/Traveller sites and any related expenditure and non fiscal resource use.</p>	372,112

Schedule 2 – Use of accruing resources by Welsh Ministers

Part 1: Health and Social Services

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and purposes for which income may be retained</i>
<p>Accruing resources include income under the Pharmaceutical Price Regulation Scheme; income in respect of settlement of legal claims; charges for accommodation, goods and services to private and NHS patients, local authorities and others; repayment of Invest to Save funding from Local Health Boards and Welsh NHS Trusts; income from the Scottish Government, Northern Ireland Executive, Department of Health, other government departments and the European Union; income from fixed penalty notices issued under the Food Hygiene Rating (Wales) Act 2013; income generation schemes; non-operating income from sale of land, buildings, vehicles, equipment and property and recoveries of VAT; income from rebate schemes and agreements.</p>	<p>Services and purposes include expenditure on primary and community health services; the purchase or acquisition of fixed assets by Welsh NHS Trusts, Local Health Boards and associated healthcare providers; supporting the provision and administration of health and social care services.</p>
Overall amount of Income (£000)	68,844

Part 2: Housing and Local Government

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include grant funding direct or indirect from the European Commission, including Interreg; repayment and recovery of grant payments and recoveries of VAT; fees and charges for inspections and regulatory services; income from the sale of capital assets; income from the redistribution of members' interests in investment, income from repayments of Social Housing Grant; provision of training and development events; training provider repayments; charges for dental registration; income from staff secondments; repayment of loans, including staff loans; rental income on property; compensation under commercial and civil settlements and levy of facilitation fees.</p>	<p>Services and purposes include running costs, general administration costs and resource expenditure of Inspectorates and the Valuation Tribunal; the delivery of training interventions for the Welsh Public Service; supporting expenditure on safer communities and regeneration; the payment of grants to local authorities and Third Sector bodies; all European funded projects; and to support all expenditure as identified within the expenditure Ambit.</p>
Overall amount of Income (£000)	33,825

Part 3: Economy and Transport

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
Accruing resources and funding either direct or indirect from the European Commission; property rental and other associated income; business services charges; project contributions from other public sector and private sector organisations; investment income; grant repayments and repayable business finance; income from the sale of capital assets; transport studies receipts; compensation under commercial and civil settlements and levy of facilitation fees; and recoveries of VAT.	All European funded projects and to support all expenditure as identified within the expenditure Ambit.
Overall amount of Income (£000)	67,714

Part 4: Education

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include income from European Projects, research & evaluation; curriculum royalties; recoveries of Student Loans; funding from the Higher Education Research Capital fund; sales of publications and recoveries of VAT. Accruing resources including repayment and recovery of grant payments; income relating to science and life science activities; fees and charges for inspections and regulatory services; provision of training and development events; income from staff secondments; repayments of staff loans; income from the sale of capital assets; recovery of loans made and any interest charges thereon; ad-hoc recoveries and grants from other sources.</p>	<p>Services and purposes include supporting European projects, CQFW, programme development, research & evaluation current expenditure; to support curriculum current expenditure and to support all expenditure as identified within the expenditure Ambit.</p>
Overall amount of income (£000)	251,271

Part 5: International Relations and the Welsh Language

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
Accruing resources and funding either direct or indirect from the European Commission; business services charges; project contributions from other public sector and private sector organisations; investment income; grant repayments and repayable business finance; admission charges and other operational income at Cadw and Royal Commission for Ancient and Historic Monuments sites; and recoveries of VAT and other taxes.	All European funded projects and to support all expenditure as identified within the expenditure Ambit.
Overall amount of income (£000)	16,048

Part 6: Environment, Energy and Rural Affairs

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include funding either direct or indirect from the European Commission including income from European structural funds; income from the EU to support farmers and rural communities in Wales; income from wind farm projects; income from Pwllpeiran Farm; income from the sale of capital assets, including buildings; income from grant recoveries from local authorities, third sector organisations and other public and private sector organisations; civil penalty fines associated with emission trading schemes; income from marine licences; income from the salvage of carcasses from animals slaughtered for disease control, ad-hoc grants from other sources and recoveries of VAT; funding from other central government departments and income related to Environment, Energy and Rural Affairs.</p>	<p>Services and purposes include expenditure relating to Pwllpeiran Farm; grant payments, schemes part supported by other government departments; all European funded projects and to support all expenditure as identified within the expenditure Ambit.</p>
Overall amount of Income (£000)	392,223

Part 7: Central Services and Administration

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include income from administrative activity such as: the sale of goods or services; the sale of land or buildings; the recovery of costs; staff secondments and fees; repayment of staff loans; recovery of grant payments; the refund of statutory PAYE deductions; recoveries of tax including VAT; the sub let of properties; the sale of administrative assets; income from ICT services provided; training provider repayments; recovery of costs shared with other public sector bodies; receipts of recoverable grants including Invest-to-Save receipts; and direct and indirect from the European Commission.</p>	<p>Services and purposes include funding of: running costs and general administrative expenditure; supporting capital expenditure on the Welsh Government's estate and asset base; supporting equality; preventing violence; providing advice; resilience and contingency; youth justice; supporting the voluntary sector; and any European funded projects.</p>
Overall amount of Income (£000)	412,719

Schedule 3 – Expenditure Incurred by Direct Funded Bodies (excluding accruing resources)

Part 1 – National Assembly for Wales Commission

<i>Column 1</i>	<i>Column 2</i>
<i>Services and Purposes</i>	<i>Amount £000</i>
Resources other than accruing resources for use by the Assembly Commission on resource and capital costs associated with the administration and operation of Assembly Services to support the National Assembly for Wales ('the Assembly'); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Assembly or functions of the Assembly Commission. Resources other than accruing resources for use by the National Assembly for Wales Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.	55,088

Part 2 – Public Services Ombudsman for Wales

<i>Column 1</i>	<i>Column 2</i>
<i>Services and Purposes</i>	<i>Amount £000</i>
Resources other than accruing resources for use by the Public Services Ombudsman for Wales ('the Ombudsman') on resource and capital costs associated with the administration of the Ombudsman's office; payments to the British and Irish Ombudsman Association; payments to the International Ombudsman Institute and associated non fiscal items.	4,480

Part 3 – Wales Audit Office

<i>Column 1</i>	<i>Column 2</i>
<i>Services and Purposes</i>	<i>Amount £000</i>
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.	7,261

Schedule 4 – Use of accrued resources by Direct Funded Bodies

Part 1 – National Assembly for Wales Commission

<i>Column 1</i>	<i>Column 2</i>
<i>Category of accruing resource</i>	<i>Services and purposes for which income may be retained</i>
Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Assembly Commission from the disposal of fixed assets and other capital income; rental income; gifts; grant support; recharges; income from commercial sales and other services provided to the public or others.	For use on the purchase or acquisition of fixed assets and for use on administrative costs of the Assembly.
Overall amount of Income (£000)	300

Part 2 – Public Services Ombudsman for Wales

<i>Column 1</i>	<i>Column 2</i>
<i>Category of accruing resource</i>	<i>Services and purposes for which income may be retained</i>
Income from commercial sales and other services provided to the public or others.	For use on related services and the administration of the Ombudsman service.
Overall amount of Income (£000)	62

Part 3 – Wales Audit Office

<i>Column 1</i>	<i>Column 2</i>
<i>Category of accruing resource</i>	<i>Services and purposes for which income may be retained</i>
Accruing resources from fees and charges for audit, grant certification and related services; grants received to fund audit 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; recoveries of costs, such as staff loans, car leasing payments; recoveries of any costs incurred for a third party; and interest received on working balances.	For use by the Wales Audit Office on the discharge of functions of the Auditor General and on related services and the administration of the Wales Audit Office.
Overall amount of income (£000)	14,644

Schedule 5: Resource to Cash Reconciliation 2018-19 (£000)**Table 1: Resource to cash Reconciliation for 2018-19 included in the June 2018 Annual Budget Motion (£000)**

	Welsh Ministers	Assembly Commission	Public Services Ombudsman	Wales Audit Office
Net Resource Requirement	14,917,523	55,588	4,455	6,981
Net Capital Requirement	1,353,630	500	25	280
Adjustments:				
Capital Charges	-393,516	-2,400	-70	-200
Impairments	-112,234	0	0	0
Movements in Provisions	-40,939	-2,000	-20	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	0	350	20	0
Use of Provisions	0	0	0	0
Devolved Taxes – time lag in collection of receipts in year 1 only	0	0	0	0
Other	0	0	0	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	15,724,464	52,038	4,410	7,061

Table 2: Changes to the Resource to cash Reconciliation included in this Supplementary Budget Motion (£000)

	Welsh Ministers	Assembly Commission	Public Services Ombudsman	Wales Audit Office
Net Resource Requirement	546,762	-1,000	-204	0
Net Capital Requirement	262,254	0	204	0
Adjustments:				
Capital Charges	31,839	0	0	0
Impairments	-224,870	0	0	0
Movements in Provisions	-87,999	500	0	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	50,000	0	0	0
Use of Provisions	0	0	0	0
Devolved Taxes – time lag in collection of receipts in year 1 only	11,100	0	0	0
Other	0	0	0	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	589,086	-500	0	0

Table 3: Resource to cash Reconciliation included in this Supplementary Budget Motion (£000)

	Welsh Ministers	Assembly Commission	Public Services Ombudsman	Wales Audit Office
Net Resource Requirement	15,464,285	54,588	4,251	6,981
Net Capital Requirement	1,615,884	500	229	280
Adjustments:				
Capital Charges	-361,677	-2,400	-70	-200
Impairments	-337,104	0	0	0
Movements in Provisions	-128,938	-1,500	-20	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	50,000	350	20	0
Use of Provisions	0	0	0	0
Devolved Taxes – time lag in collection of receipts in year 1 only	11,100	0	0	0
Other	0	0	0	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	16,313,550	51,538	4,410	7,061

Notes:

1. This table content and format complies with Section 125(1) (c) and 126(2) of the Act which states that for the purposes of authorising the motion there shall be a statement authorising ‘the amount which may be paid out of the Welsh Consolidated Fund in the financial year to the relevant persons, or for use pursuant to a relevant enactment, for the purposes so specified’. Payments made out of the Welsh Consolidated Fund are made in cash; therefore this table shows the relevant cash requirements in support of the resources requested in support of Schedules 1 to 4 which state the relevant purposes for which resources may be used.
2. This table content and format also complies with Standing Order 20.28(v), which states that the budget motion must include reconciliation between the resources to be authorised under section 125(1) (a) and (b) of the Act and the amounts to be authorised for payment out of the Welsh Consolidated Fund under section 125(c) of the Act.

Schedule 6: Reconciliation of resources requested in the budget motion to resources made available by the Treasury for the Welsh Block for 2018-19

Table 1: Reconciliation of Resources Requested in the June 2018 Annual Budget Motion to the resources made available by the Treasury for Wales (£000)

	2018-19 (£000)				Total
	Resource DEL	Capital DEL	Resource AME	Capital AME	
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	14,847,177	689,414	70,346	664,216	16,271,153
- Assembly Commission	53,588	500	2,000	0	56,088
- Ombudsman	4,435	25	20	0	4,480
- Wales Audit Office	6,981	280	0	0	7,261
Total Resources Requested in the Annual Budget Motion	14,912,181	690,219	72,366	664,216	16,338,982
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	14,108	0	5,413	0	19,521
(ii) Grants	-995,961	995,961	0	0	0
(iii) Supported Borrowing	0	88,800	0	0	88,800
(iv) Direct Charges on the Welsh Consolidated Fund	2,374	0	1,050,000	0	1,052,374
(v) Other	14,807	0	0	0	14,807
Welsh Ministers & Direct Funded Bodies Total Managed Expenditure	13,947,509	1,774,980	1,127,779	664,216	17,514,484
- Wales Office	4,650	30	0	0	4,680
- Borrowing	0	-125,000	0	125,000	0
- Devolved Taxes	-275,384	0	275,384	0	0
- Unallocated Reserve	267,798	253,475	0	0	521,273
Total Managed Expenditure (Block)	13,944,573	1,903,485	1,403,163	789,216	18,040,437

Table 2: Changes to the Reconciliation of Resources Requested in the June 2018 Annual Budget Motion to the resources made available by the Treasury for Wales (£000)

	2018-19 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	497,518	251,336	49,244	10,918	809,016
- Assembly Commission	-500	0	-500	0	-1,000
- Ombudsman	-204	204	0	0	0
- Wales Audit Office	0	0	0	0	0
Total Resources Requested in the Supplementary Budget Motion	496,814	251,540	48,744	10,918	808,016
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	65	0	0	0	65
(ii) Grants	-95,978	95,978	0	0	0
(iii) Supported Borrowing	0	0	0	0	0
(iv) Direct Charges on the Welsh Consolidated Fund	-36	0	0	0	-36
(v) Other	0	0	0	0	0
Welsh Ministers & Direct Funded Bodies Total Managed Expenditure	400,865	347,518	48,744	10,918	808,045
- Wales Office	0	0	0	0	0
- Borrowing	0	49,000	0	-49,000	0
- Devolved Taxes	-10,496	0	10,496	0	0
- Unallocated Reserve	-86,233	-242,542	0	0	-328,775
Total Managed Expenditure (Block)	304,136	153,976	59,240	-38,082	479,270

Table 3: Reconciliation of Resources Requested in this Supplementary Budget

	2018-19 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	15,344,695	940,750	119,590	675,134	17,080,169
- Assembly Commission	53,088	500	1,500	0	55,088
- Ombudsman	4,231	229	20	0	4,480
- Wales Audit Office	6,981	280	0	0	7,261
Total Resources Requested in the Supplementary Budget Motion	15,408,995	941,759	121,110	675,134	17,146,998
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	14,173	0	5,413	0	19,586
(ii) Grants	-1,091,939	1,091,939	0	0	0
(iii) Supported Borrowing	0	88,800	0	0	88,800
(iv) Direct Charges on the Welsh Consolidated Fund	2,338	0	1,050,000	0	1,052,338
(v) Other	14,807	0	0	0	14,807
Welsh Ministers & Direct Funded Bodies Total Managed Expenditure	14,348,374	2,122,498	1,176,523	675,134	18,322,529
- Wales Office	4,650	30	0	0	4,680
- Borrowing	0	-76,000	0	76,000	0
- Devolved Taxes	-285,880	0	285,880	0	0
- Unallocated Reserve	181,565	10,933	0	0	192,498
Total Managed Expenditure (Block)	14,248,709	2,057,461	1,462,403	751,134	18,519,707

Notes:

1. The total resource requirement for the Welsh Government is equivalent to the total of the allocations included in the Ambits of Schedule 1.
2. Standing Order 20.28(ii) states that the annual budget motion should include the resources agreed by the Treasury for the Welsh block budget for the financial year covered by the motion. Schedule 6 satisfies this requirement.

3. Standing Order 20.28(iii) states that the annual budget motion must include a reconciliation between the resources allocated to the Welsh block budget by the Treasury and the resources to be authorised for use in the budget motion. Schedule 6 satisfies this requirement.
4. The schedules above show variations authorised for the financial year under S126 of the Act and SO20.31.
5. Direct charges on the Welsh Consolidated Fund are:

Item	2018-19 £000
Payments to the National Loans Fund – Interest ^{Note}	1,625
Salaries and related pension costs of the Presiding Officer and the Deputy Presiding Officer	263
Salaries and related pension costs of the Ombudsman	201
Salaries and related pension costs of the Auditor General	195
Salaries and related pension costs of the Chair of the Wales Audit Office	27
Salaries and related pension costs of the Commissioner for Standards	27
Redistributable National Non Domestic Rates	1,050,000
Total	1,052,338

Note:

An additional £120,000 is estimated to be directly charged to the Welsh Consolidated Fund in respect of the principal repayment of borrowing to the National Loans Fund. This payment is outside Total Managed Expenditure.

Schedule 7: Reconciliation of cash inflows to the Welsh Consolidated Fund to the cash issues to be requested in the budget motion (£000)

	Previous Provision 2018-19	Changes	Revised Provision 2018-19
Estimated net amounts payable to Welsh Ministers:			
Grant payable by the Secretary of State to the Welsh Consolidated Fund under Section 118 (1)	14,609,008	251,840	14,860,848
Funds borrowed from the National Loans Fund and commercial banks under Section 121	125,000	-49,000	76,000
Payments from Other Government Departments	1,163,325	50,902	1,214,227
Payments from other sources	2,497,156	84,753	2,581,909
Less amounts authorised to be retained by Welsh Ministers and Direct Funded Bodies	-1,171,156	-86,494	-1,257,650
Estimated amounts payable to Welsh Consolidated Fund	17,223,333	252,001	17,475,334
Distributed as follows:			
- Welsh Ministers	15,724,464	589,086	16,313,550
- Assembly Commission	52,038	-500	51,538
- Ombudsman	4,410	0	4,410
- Wales Audit Office	7,061	0	7,061
Cash Released from the Welsh Consolidated Fund in the Motion	15,787,973	588,586	16,376,559
Direct Charges on the Welsh Consolidated Fund	1,052,494	-36	1,052,458
Unallocated Funds	382,866	-336,549	46,317
Total Estimated Payments	17,223,333	252,001	17,475,334

Notes:

1. Section 125(3) of the Act states that the annual budget motion must be accompanied by a written statement made by Ministers showing:
 - i. the total amount of the payments which they estimate will be made for the financial year under Section 118(1);
 - ii. the total amount of the payments which they estimate will be made to the Welsh Ministers, the First Minister or the Counsel General for the financial year by Ministers of the Crown and government departments; and

- iii. the total amount of payments which they estimate will be made to the Welsh Ministers, the First Minister or the Counsel General for the financial year otherwise than by a Minister of the Crown or government department.
2. The schedule above shows variations in these amounts as required under SO20.31.

February 2019

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Agenda Item 6

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