

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Video Conference via Zoom	Bethan Davies
Meeting date: 21 May 2020	Committee Clerk
Meeting time: 13.30	0300 200 6565
	SeneddFinance@senedd.wales

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

- 1 Introductions, apologies, substitutions and declarations of interest**
(14:00)
- 2 Paper(s) to note**
(14:00) (Pages 1 – 3)
Minutes of the meeting held on 12 March 2020
- 3 COVID–19: Evidence session with the Minister for Finance and Trefnydd**
(14:00–15:00) (Pages 4 – 28)
Rebecca Evans MS, Minister for Finance and Trefnydd
Margaret Davies, Deputy Director of Strategic Budgeting
Andrew Jeffreys, Director Treasury

Supporting papers:

Paper 1 – Response from the Minister for Finance and Trefnydd – Financial response to COVID–19 pandemic – 24 April 2020

Paper 2 – Response from the Secretary of State for Wales, COVID–19: Support for Wales – 9 April 2020

Research Brief

- 4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of this meeting**
(15:00)
- 5 COVID-19: Consideration of evidence**
(15:00–15:20)
- 6 Senedd Commission's First Supplementary Budget 2020–21**
(15:20–15:30) (Pages 29 – 39)
Supporting paper:
Paper 3 – Senedd Commission's First Supplementary Budget 2020–21
- 7 Public Services Ombudsman for Wales's First Supplementary Budget 2020–21**
(15:30–15:40) (Pages 40 – 41)
Supporting paper:
Paper 4 – Public Services Ombudsman for Wales's First Supplementary Budget 2020–21
- 8 Welsh Government's Draft Budget 2021–22: Approach to scrutiny**
(15:40–15:50) (Pages 42 – 49)
Supporting paper:
Paper 5 – Approach to scrutiny of the Welsh Government's Draft Budget 2021–22

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: Thursday, 12 March 2020

Meeting time: 09.03 – 11.10

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/5983>

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Alun Davies AM Siân Gwenllïan AM Mike Hedges AM Rhianon Passmore AM Nick Ramsay AM Mark Reckless AM
Witnesses:	Professor Kent Matthews, Cardiff Business School Dr Long Zhou, Cardiff Business School Rebecca Evans AM, Minister for Finance and Trefnydd Anna Adams, Welsh Government Tom Nicholls, Welsh Government
Committee Staff:	Georgina Owen (Second Clerk) Christian Tipples (Researcher) Gemma Gifford (Deputy Clerk)



1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members and witnesses to the meeting.

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN1 – Letter from the Minister for Finance and Trefnydd – Vacant Land Tax – 3 March 2020**

2.2 **PTN2 – Letter from the Minister for Health and Social Services – Health and Social Care (Quality and Engagement) (Wales) Bill – 4 March 2020**

3 Impact of variations in national and sub-national income tax: Evidence session 4

3.1 The Committee took evidence from Professor Kent Matthews, Sir Julian Hodge Professor of Banking and Finance, Cardiff Business School and Dr Long Zhou, Research student, Cardiff Business School on the impact of variations in national and sub-national income tax.

4 Impact of variations in national and sub-national income tax: Evidence session 5

4.1 The Committee took evidence from Rebecca Evans AM, Minister for Finance and Trefnydd; Anna Adams, Deputy Director, Head of Tax Strategy Policy and Engagement, Welsh Government and Tom Nicholls, Economic Adviser, Welsh Government on the impact of variations in national and sub-national income tax.

4.2 The Minister agreed to provide details of the number of higher rate earners in Wales employed in the public sector.

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

5.1 The motion was agreed.

6 Impact of variations in national and sub-national income tax: Consideration of evidence

6.1 The Committee considered the evidence received.



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref MA/RE/1341/20

Llyr Gruffydd AM,
Chair Finance Committee,
The National Assembly for Wales,
Cardiff Bay,
Cardiff
CF99 1NA

24 April 2020

Dear Llyr,

Thank you for your letter regarding COVID-19 support for Wales.

Over recent weeks we have seen a fast-moving and evolving situation. To keep members updated therefore, I will make an oral statement to the Senedd bringing together the fiscal implications for Wales of the impact of, and response to, COVID-19 on 13th May.

I will regularise the total package of adjustments through a supplementary budget, at the earliest opportunity. In these exceptional circumstances, I propose to publish the supplementary budget on 27 May. I propose to move the motion on 23 June (or 24th June subject to the plenary timetable at that time) to allow four weeks of scrutiny (one more than required under Standing Orders). This would provide an acceptable balance of adequate scrutiny time whilst still providing early assurance to stakeholders of the changes to the Welsh Government's spending plans in response to COVID-19. I would be grateful for the Committee's view on this timescale.

In normal circumstances, I would have written to you shortly following the UK Government's Budget in March to advise you of the Barnett consequentials for Wales. However, within a short period of the UK Budget, there were further changes to our settlement for 2020-21 as a result of consequentials arising from UK Government spending announcements in respect of COVID-19 interventions for England. With that in mind, I considered it more helpful to write to you once I was able to provide consolidated details of the financial implications for Wales.

Attached at Table 1 is a detailed list of all Barnett consequentials resulting from the UK Budget expected to be received in the UK Main Estimates.

As I outlined in my written statement on 11 March, the additional funding for Wales does not take into account the £100m capital reduction the UK Government made to our budget at

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

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

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

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

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

the end of the 2019-20 financial year. This is expected to be reflected in the UK Main Estimates and the first supplementary budget.

Table 2 provides details of COVID-19 consequential announced since the UK Budget and which are expected to be received in the UK Main Estimates. Further consequential in respect of COVID-19 are expected to be received later in the year in the UK Supplementary Estimates.

Finally, I can confirm that the use of section 128 powers were not required at the end of the 2019-20 financial year.

I hope you find this update helpful.

Yours sincerely,

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

Rebecca Evans AC/AM
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Table 1: UK Government Budget 2020 consequentials expected to be received in the 2020-21 Main Estimates

Capital DEL - Measure	2020-21
	£m
Funding 'excellent' research, across all regions and nations of UK	22.784
Specialist Institutions	0.589
Cultural Investment Fund	2.224
British Library Business and IP Centres	0.012
Parklife Football Facilities	0.471
Natural History Museum at Harwell	0.155
Youth Investment Fund	1.766
National Museums Maintenance	1.590
British Library at Leeds and Boston Spa	0.202
Nature for Climate Fund	2.414
Fly-tipping innovative solutions	0.029
Flood defences	8.242
Winter flood defence fund	3.415
Water management assets	1.295
Nitrogen dioxide emission reduction	8.654
Potholes Fund	29.437
Hospital Car Parking	12.728
DHSC Capital	40.210
Health Infrastructure Plan	6.123
Diagnostics	5.887
NIHR- Prevention and translational research	0.706
Covid-19 R&D - 'Fighting Fund'	1.766
Covid-19 - NHS/PHE Diagnostics	0.589
VOA - Business System Transformation Programme	0.169
Rough Sleeping	2.061
West Yorkshire Devolution Deal	0.559
Building Safety Fund	58.873
Brownfield Housing Fund	4.710
ESA10	-2.484
Changing Places Fund	1.766
Heritage Fund (part of West Yorkshire Devolution Deal)	1.472
General Capital Total¹	218.416
Help to Buy (FT)	3.238
Nature for Climate Fund	0.412
Financial Transactions Total	3.650

¹ Does not reflect reduction of £99,985m notified at end of 2019/20 and deferred to 2020/21

Revenue DEL – Measure	2020-21
	£m
Elimination of negative RSG in 2020-21	9.002
Increased Business Rates Retention in Devolution Deal areas and the Greater London Authority (AME cost)	7.300
Increased Business Rates Retention in Devolution Deal areas and the Greater London Authority (DEL cost)	13.011
Business rates retail discount (DEL cost)	9.125
Business rates retail discount (exchequer loss)	5.593
Business rates pubs discount (DEL cost)	0.648
Business rates pubs discount (exchequer loss)	0.380
Immigration Health Surcharge	-7.428
Reforming Regulation Initiative	0.035
Additional Funding for Growth Hubs	0.589
Additional Funding for Be the Business	0.294
Cultural Investment Fund	0.371
British Library Business and IP Centres	0.200
Youth Investment Fund	2.237
Natural Environment Impact Fund	0.029
Nature for Climate Fund	0.500
Flood defences	1.472
Place-based resilience schemes	0.059
Winter flood defence fund	3.650
Nature Recovery Fund	0.029
PE and Sports funding	0.595
Learning Disability and/or Autism fund	1.189
NHS Nurse recruitment, training and retention	37.591
General Practice workforce	19.758
Hospital Car Parking	4.604
Immigration Health Surcharge - DHSC adjustment	9.273
Immigration Health Surcharge	-2.479
VOA - Business System Transformation Programme	0.508
Making the most of knowledge assets	0.294
Rough Sleeping	0.883
West Yorkshire Devolution Deal	1.678
Building Safety Fund	1.177
Commonwealth Games, Trade, Tourism & Investment Programme	0.210
Vulnerable Children and Family Hubs	0.049
Commission for an independent economic review in the Western Gateway	0.006
Adults with Multiple Complex Needs	0.353
Revenue Total	122.787
Total Consequentials	344.853

Table 2. Barnett consequentials aggregates announced since the UK budget on 11 March in respect of COVID-19 expected to be received in the UK Main Estimates

Revenue DEL – Measure	2020-21
	£m
Measures being funded at Main Estimates from response fund	
Quicker NHS discharge	76.535
Local authority support package	94.197
Purchasing independent sector capacity	81.245
Shielding - food packages	12.363
Shielding - pharmacy deliveries etc	17.250
Emergency Management Agreements for railway services (20-21)	170.733
Personal Protective Equipment (PPE)	5.887
Call centre for the National Shielding Centre	3.270
<i>Sub-total</i>	<i>461.480</i>
Other measures being funded at Main Estimates	
LA hardship fund	29.437
Business support grants (total cost)	730.853
Business rates reliefs (total cost)	634.537
<i>Sub-total</i>	<i>1,394.827</i>
Total for consequentials announced since the UK budget on 11 March in respect of COVID-19 expected to be received in the UK Main Estimates	1,856.307

Ref: 154SOS20

T: 0292 092 4216
E: Correspondence@ukgovwales.gov.uk

Llyr Gruffydd AM

Chair of the Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

9 April 2020

Dear Llyr,

Covid-19: Support for Wales

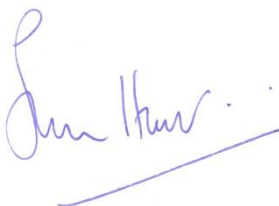
I am writing in response to your letter of 23 March, requesting an update on the UK Government's response to the COVID-19 outbreak.

We have a plan to deal with the impact of the coronavirus pandemic, based on the expertise of world-leading scientists. Our primary goal is to protect life from this virus, especially protecting the most vulnerable and the NHS through the Contain, Delay, Research, and Mitigate stages.

Annexed to this letter are details of the UK Government's Covid-19 response, including the support available to businesses in Wales. Full information on the Barnett consequential available to the Welsh Government in 2020/21 will be announced through the Main Estimates process, with Block Grant Transparency data published later in the Spring.

I would ask that we revisit your request for oral evidence at a later date, and I look forward to cooperating with your Committee in the future.

Best wishes,



Rt Hon Simon Hart MP
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

Ref: 154SOS20

T: 0292 092 4216
E: Correspondence@ukgovwales.gov.uk

Written Evidence from the Secretary of State for Wales to National Assembly for Wales Finance Committee

Funding to Support Wales During the Covid-19 Pandemic

The UK Government has acted promptly to put in place an unprecedented package of support to help businesses and individuals in Wales, and across the UK, through the Covid-19 pandemic.

The Prime Minister has said that the UK Government will do whatever it takes to win the fight against the pandemic. We are determined to protect lives and to protect livelihoods. During this turbulent time, the Prime Minister has said we will take every step that we can to ensure that businesses are protected, that the economy remains strong, and that no-one, whether employed or self-employed, is penalised for doing the right thing.

Most of the UK Government's measures to support business are UK-wide, including providing £330 billion in business loans and guarantees, paying 80% of the wages of furloughed workers for three months, VAT and tax deferrals, support for the self-employed, and covering the cost of statutory sick pay.

We have made significant changes to the operation of statutory sick pay, universal credit, and employment and support allowance to ensure that people have quicker and more generous access to a support system, and we have taken further immediate steps to give businesses access to cash to pay rents, salaries, or suppliers.

The Prime Minister has given important instructions to enforce social distancing to reduce the chance of transmission. To help this vital effort, the UK Government announced the closure of all shops selling non-essential goods, including clothing and electronic stores. Comprehensive guidance has been published on staying at home and away from others, including advice for those whose work cannot be done from home.

Commercial tenants who cannot pay their rent because of coronavirus will be protected from eviction. Measures, included in the emergency Coronavirus Act, will mean no business will be forced out of their premises if they miss a payment in the next three months.

Companies House is offering firms a three-month extension for filing their accounts to businesses hit by coronavirus.

Ref: 154SOS20

T: 0292 092 4216
E: Correspondence@ukgovwales.gov.uk

The Chancellor of the Exchequer has announced unprecedented support for business and workers to protect them against the current economic emergency including:

- A Coronavirus Job Retention Scheme, where small and large employers will be eligible to apply for a government grant of 80% of workers' salaries up to £2,500 a month. The scheme will be backdated to March 1 and available for at least three months, with first grants to be paid within weeks.
- Deferral of the next quarter of VAT payments for firms, until the end of June, representing a £30bn injection into the economy.
- £330bn worth of government-backed and guaranteed loans to support businesses.
- A Self-Employed Income Support Scheme will help eligible freelance workers receive up to £2,500 per month in grants for at least three months.

We are seeing fantastic levels of cooperation between all political parties and between all four governments in the UK as we work together to tackle this crisis. This is the biggest challenge the UK has faced in our lifetimes, and the UK Government, the Welsh Government, and indeed all the Devolved Administrations are working together seamlessly to provide the leadership this country needs and expects. We have acted at unprecedented speed because we know that businesses, communities, and individuals all need help urgently.

The UK Government announced several programmes that were England-only in the 2020 Budget to respond to the COVID-19 outbreak. These included:

- A local authority hardship fund;
- Business rates reliefs;
- £3,000 small business grants; and
- A £5 billion response fund to support public services.

The response fund to support public services included funding of:

- Enhanced NHS discharge/suspension of means test;
- A local authority COVID support package;
- Purchasing private sector healthcare capacity; and
- Shielding, including food packages and DHSC elements.

Ref: 154SOS20

T: 0292 092 4216
E: Correspondence@ukgovwales.gov.uk

Subsequent to the Budget, several further programmes and extensions to the above have been announced. These include:

- Extended business support grants (£10,000); and
- Extended business rates reliefs, including for nurseries and non-essential retail.

Consequential, to the above the UK Government has provided over £5.3 billion to the devolved administrations through Barnett in relation to COVID-19, including £2.73 billion for the Scottish Government, £1.65 billion for the Welsh Government, and £0.92 billion for the Northern Ireland Executive.

Further information on the Barnett consequentials provided to the Welsh Government in 2020/21 will be announced through the Main Estimates process and with the publication of Block Grant Transparency later in the Spring.

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

Document is Restricted

Llyr Gruffydd MS
Chair of Finance Committee
Welsh Parliament
Tŷ Hywel
Cardiff Bay
CF99 1SN

13 May 2020

Dear Llyr

I am writing to bring to the Committee's attention the Commission's proposed change to its approved 2020-21 budget through the Supplementary budget process. The Commission is proposing to decrease its resource budget by £1.836 million. There is no proposed change to its 2020-21 net cash requirement.

International Financial Reporting Standard (IFRS) 16 – Leases

As noted within the Commission's 2020-21 budget, laid in November 2019, it was anticipated that IFRS 16 - Leases, a new financial reporting standard, would come into effect on 1 April 2020.

The Commission's budget reflected the implementation of IFRS 16 from 1 April 2020. This significantly changed the Commission's budget. Two columns were included in the budget document showing the effect of the new standard, which increased the Commission's resource requirement by £1.836 million. IFRS 16- Leases did not increase the Commission's net cash requirement.



In March 2020, the Commission was informed by HM Treasury that it has agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 Leases until 1 April 2021. This is because of the circumstances caused by Covid-19.

The Commission's 2020-21 Budget does not therefore require an adjustment for IFRS 16. A supplementary budget is required for 2020-21 to reverse the changes made to reflect the implementation of IFRS 16 in 2020-21.



The supplementary budget will amend the laid budget to show "pre IFRS 16" figures. The Commission's revised total budget for 2020-21 will therefore be **£59.575 million**. The cash requirement will stay the same at £56.075 million.



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

 Cysylltu@senedd.cymru
 0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

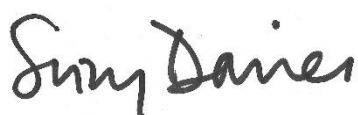
 Contact@senedd.wales
 0300 200 6565

The Commission is therefore proposing a Supplementary budget for its operational Resource Budget of £41.303 million, a reduction from £43.139 million. The effect on the overall Commission budget for 2020-21 is shown in the table below:

	Approved Budget £m	Proposed Supplementary Budget £m	Proposed revised Budget £m
Resource Budget	£43.139	-£1.836	£41.303
Members' budget	£16.172	-	£16.172
Election Budget	£0.500	-	£0.500
AME Budget	£1.600	-	£1.600
Total	£61.411	-£1.836	£59.575

In accordance with Standing Order 20.32, following your Committee's consideration of this request, the Commission will be laying an explanatory memorandum noting this Supplementary Budget request. A copy of this explanatory memorandum is attached for your convenience. If you need further information, please let me know.

Yours sincerely



Suzy Davies

cc Manon Antoniazzi, Nia Morgan

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



Supplementary Budget 2020-21: Explanatory Memorandum

May 2020



The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people. Commonly known as the Senedd, it makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

An electronic copy of this document can be found on the Senedd website:
www.senedd.wales

Copies of this document can also be obtained in accessible formats including Braille, large print, audio or hard copy from:

Welsh Parliament
Cardiff Bay
CF99 1SN

Tel: **0300 200 6565**
Email: **Contact@senedd.wales**
Twitter: **[@SeneddWales](https://twitter.com/SeneddWales)**

© **Senedd Commission Copyright 2020**

The text of this document may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading or derogatory context. The material must be acknowledged as copyright of the Senedd Commission and the title of the document specified.

Supplementary Budget 2020-21: Explanatory Memorandum

May 2020





Contents

1. Background	6
1.1. Explanatory memorandum	6
1.2. International Financial Reporting Standard (IFRS) 16 Leases.....	6
1.3. Budget impact.....	7
2. Budget Ambit	8

1. Background

The Commission's **2020-21 Budget** was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 13 November 2019, following scrutiny by the Senedd's Finance Committee.

The budget motion provided the Commission with £61.411 million of Resource Budget in relation to:

- £43.139 million for Senedd services; and
- £16.172million for the Remuneration Board's Determination for Members of the Senedd;
- £0.500 million for election related costs.

A further £1.600million was provided for non-cash accounting adjustments in respect of the Members of the Senedd Pension Scheme, through the Annually Managed Expenditure budget.

This Explanatory Memorandum is laid in compliance with Standing Order 20.32, in support of changes to be proposed to the Commission's approved budget, via Supplementary Budget Motion.

1.1. Explanatory memorandum

The effect of the Commission's supplementary budget will be to decrease the Senedd Services budget in line with the notification received from HM Treasury that it has agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of International Financial Reporting Standard (IFRS) 16 Leases until 1 April 2021.

1.2. International Financial Reporting Standard (IFRS) 16 Leases

At the time of laying of the Commission's budget on November 2019, the Commission was required to adopt a new Accounting Standard, (IFRS) 16 with effect from financial year 2020-21.

This new standard requires all leases to be accounted for on a consistent basis. Previously, leases classified as "operating leases" were not recognised and were reported "off-balance sheet". This change primarily affects the treatment of the lease of the Tŷ Hywel building in Cardiff Bay which houses the majority of Commission staff.

IFRS 16, as reflected in the Commission's 2020-21 budget, results in an increase to the depreciation and interest finance charges.. These charges are partially offset by a decrease in the office rental cost shown in the budget. The overall Commission budget had increased when compared with pre-IFRS 16 figures..

However, these changes, as shown in the laid budget document, did not increase the cash requirement from the WCF. The same amount of cash rental cost will be incurred but the accounting presentation was shown to be different. Additional columns were added to the tables in Annex 1 of the budget document to illustrate the movement in the Commission budget, pre and post IFRS 16 adjustments.

In March 2020, the Commission was informed by HM Treasury that it has agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 Leases until 1 April 2021. This is because of the circumstances caused by Covid-19.

This means that the Commission Budget for 2020-21 will not need any adjustments for IFRS 16. This Supplementary Budget is therefore presented to reverse the changes made to reflect the implementation of IFRS 16 in 2020-21.

The supplementary budget will amend the laid budget to now show pre-IFRS 16 figures. The Commission's revised budget for 2020-21 will therefore be **£59.575 million**, this is less than the post-IFRS 16 budget of **£61.411 million**.. The cash requirement will stay the same at £56.075 million.

The Commission is therefore proposing a supplementary budget as a result of the change in the implementation date for IFRS 16 - Leases, of £59.575 million.

1.3. Budget impact

The Supplementary Budget Motion proposes the following:

- a decrease to the Senedd Services budget of £1.836 million to £59.575 million.

2. Budget Ambit

This supplementary budget submission is laid in compliance with Senedd Standing Order 20 to assist in the compilation of the Budget Motion required by Section 126 of the Government of Wales Act 2006. This submission seeks to amend the resource and annually managed expenditure requirements of the Senedd Commission for the year ending 31 March 2021.

The Supplementary Budget Motion authorises the net resources to be used for the services and purposes of Members and Senedd Services. The motion includes the maximum income (or accruing resources) that may be retained for use on those services and purposes instead of being paid into the Welsh Consolidated Fund, and the cash amount that will need to be issued from the Welsh Consolidated Fund to meet the anticipated net amounts falling due for payment by the Commission.

The amended 2020-21 Budget for the Senedd Commission, addressing the revised requirements, is set out in Table 1 below.

Table 1	Revised £000
<p>Resources other than accruing resources for use by the Senedd Commission (“the Commission”) on resource and capital costs associated with the administration and operation of services to support the Senedd; promotion of the Senedd 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 Senedd or the Commission.</p> <p>Resources other than accruing resources for use by the Commission in respect of decisions of the Remuneration Board and expenditure in respect of Members of the Senedd Pension provision.</p>	59,575
<p>Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Commission:</p> <ul style="list-style-type: none"> ▪ from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets; or ▪ rental income; gifts; grants; recharges and income from commercial sales and other services provided to the public or others for use on administrative costs of the Senedd. 	220
<p>Amount to be issued from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year in respect of the above services and purposes less expected retainable receipts and recoverable VAT.</p>	56,075

Table 2 below reconciles the net resource requirement to the cash drawing requirement from the Welsh Consolidated Fund.

Table 2: Cash requirement	£'000 2020-21 Revised
Members' net revenue requirement	16,172
Election related expenditure	500
Commission net revenue requirement	40,803
Net capital requirement	500
Annually Managed Expenditure	1,600
Subtotal	59,575
Adjustments	
Depreciation	(2,250)
Movements in provisions	(1,600)
Movement in debtors and creditors	350
Subtotal	(3,500)
Net cash requirement from the Welsh Consolidated Fund	56,075

Agenda Item 7

Public Services Ombudsman for Wales

Supplementary Budget 2020-21

Explanatory Memorandum to the Chair of the Finance Committee

Background

The Estimate for 2020/21 was scrutinised by the Finance Committee in October 2019 and included in the Annual Budget Motion in December 2019.

Included within the Estimate submission were references to the implementation of the new accounting standard, IFRS16, that has now been postponed for 12 months.

Appendix A of the original submission contained two budget proposals – including and excluding the effects of IFRS16. The budget including the impact of IFRS16 was approved. Since adoption has been delayed it is proposed to revert to a budget excluding IFRS16 - the changes overall are minor:

Resource	-£16k
Cash	No change

There are no other changes proposed in this Supplementary Budget as attached at Appendix A.

Appendix A

	2020-21 £000s	2020-21 £000s	2020-21 £000s
PSOW Expenditure	Revised budget - proposed	Previously approved budget	Supplementary Budget changes – due to postponed implementation of IFRS16
Staff salaries and related costs	£3,889	£3,889	0
Premises and facilities	£425	£202	+223
Professional fees	£280	£280	0
ITC costs	£190	£190	0
Office costs	£118	£98	+20
Travel, training and recruitment	£90	£90	0
Communications	£50	£50	0
One-off costs of new powers (revenue)	£0	£0	0
Total Revenue Expenditure	£5,042	£4,799	+243
Total Income	-£17	-£17	0
Net Revenue Expenditure	£5,025	£4,782	+243
Capital Expenditure	£25	£25	0
One-off costs on new powers (capital)	£0	£0	0
Total Operational Resource	£5,050	£4,807	+243
Non-Cash Movements			
Depreciation	£60	£60	0
Depreciation – leased assets	0	£249	-249
Financing charge – IFRS 16	0	£10	-10
Total Resource Expenditure	£5,110	£5,126	-16
Depreciation – total	-£60	-£309	+249
Financing charge – IFRS 16	0	-£10	+10
Change in working capital – IFRS 16	0	£243	-243
Other non-cash movements	£20	£20	0
Cash Requirement from WCF	£5,070	£5,070	0

Agenda Item 8

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

Document is Restricted