

Agenda – Finance Committee

Meeting Venue:

Video Conference via Zoom

Meeting date: 2 November 2020

Meeting time: 14.20

For further information contact:

Bethan Davies

Committee Clerk

0300 200 6372

SeneddFinance@senedd.wales

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

**Informal pre-meeting – Feedback on the UK Internal Market Bill
(14.20–14.30)**

1 Introductions, apologies, substitutions and declarations of interest

(14.30)

2 Paper(s) to note

(14.30)

(Pages 1 – 3)

Minutes of the meeting held on 12 October 2020

2.1 PTN 1 – Letter from the Minister for Housing and Local Government: Local Government and Elections (Wales) Bill – 21 October 2020

(Page 4)

2.2 PTN 2 – Letter from the Chair of the Equality, Local Government and Communities Committee to Audit Wales: Local Government and Elections (Wales) Bill – section 118 – 27 October 2020

(Page 5)



2.3 PTN 3 – Letter from the Chair of the Legislation, Justice and Constitution Committee to the Llywydd: Scrutiny of Covid-19 regulations – 22 October 2020

(Pages 6 – 8)

2.4 PTN 4 – Letter from the Public Services Ombudsman for Wales to the Minister for Health and Social Services: NHS Complaints data – 27 October 2020

(Pages 9 – 10)

3 Oversight of the Wales Audit Office – Scrutiny of the Estimate 2021–22 and Interim Report: Evidence session

(14.30–15.30)

(Pages 11 – 94)

Adrian Crompton, Auditor General for Wales

Lindsay Foyster, Chair of the Wales Audit Office

Nicola Evans, Head of Finance, Audit Wales

Supporting papers:

FIN(5)–20–20 P1 – Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2022

FIN(5)–20–20 P2 – Supporting information for the Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2022

FIN(5)–20–20 P3 – Interim Report – An assessment of progress made against our 2020–21 Annual Plan during the period 1 April to 30 September 2020

FIN(5)–20–20 P4 – Letter from Audit Wales – Finance Committee Annual Scrutiny of the Wales Audit Office – 1 October 2020

Research Brief

BREAK (15.30–15.40)

4 Welsh Government Second Supplementary Budget 2020–21: Evidence session

(15.40–16.40)

(Pages 95 – 196)

Rebecca Evans MS, Minister for Finance and Trefnydd

Andrew Jeffreys, Director Treasury

Matthew Denham-Jones, Deputy Director Financial Controls

Supporting papers:

FIN(5)-20-20 P5 – Welsh Government Second Supplementary Budget 2020–21

FIN(5)-20-20 P6 – Main expenditure group allocations

FIN(5)-20-20 P7 – Explanatory Note

Research brief

5 UK Internal Market Bill: Evidence session

(16.40–17.00)

(Pages 197 – 216)

Rebecca Evans MS, Minister for Finance and Trefnydd

Andrew Jeffreys, Director Treasury

Matthew Denham-Jones, Deputy Director Financial Controls

Supporting papers:

FIN(5)-20-20 (p8) Legal advice note

Research brief

6 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting and for items 1 and 2 at the Committee meeting on 9 November

(17.00)

7 UK Internal Market Bill: Consideration of evidence

(17.00–17.10)

8 Welsh Government Second Supplementary Budget 2020–21: Consideration of evidence

(17.10–17.20)

**9 Oversight of the Wales Audit Office – Scrutiny of the Estimate
2021–22 and Interim Report: Consideration of evidence
(17.20–17.30)**

Concise Minutes – Finance Committee

Meeting Venue:

Video Conference via Zoom

Meeting date: Monday, 12 October 2020

Meeting time: 14.30 – 16.20

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/6555>

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd MS (Chair) Alun Davies MS Siân Gwenllïan MS Rhianon Passmore MS Nick Ramsay MS Mark Reckless MS
Witnesses:	Adam Al-Nuami, Welsh Revenue Authority Dyfed Alsop, Welsh Revenue Authority Sam Cairns, Welsh Revenue Authority Rebecca Godfrey, Welsh Revenue Authority Guto Ifan, Wales Governance Centre Ed Poole, Wales Governance Centre
Committee Staff:	Bethan Davies (Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Second Clerk) Mike Lewis (Deputy Clerk)



	<p>Martin Jennings (Researcher)</p> <p>Christian Tipples (Researcher)</p>
--	---

1 Welsh Revenue Authority: annual accounts 2019 to 2020 – Technical briefing

1.1 The Committee received a technical briefing on the Welsh Revenue Authority's Performance Report – 2019 to 2020 from Dyfed Alsop, Chief Executive; Rebecca Godfrey, Chief Strategy Officer; Sam Cairns, Operating Officer; and Adam Al-Nuami, Head of Data Analysis.

2 Introductions, apologies, substitutions and declarations of interest

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

2.1 Apologies were received from Mike Hedges MS.

3 Paper(s) to note

3.1 The papers were noted.

3.1 PTN 1 – Letter from the Minister for Housing and Local Government: Local Government and Elections (Wales) Bill – 2 October 2020

4 Inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework: Evidence session 3

4.1 The Committee took evidence from Dr Ed Poole, Senior Lecturer, Wales Governance Centre and Guto Ifan, Research Associate, Wales Governance Centre on its inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework.

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 Scrutiny of the Senedd Commission Draft Budget 2021–22: Consideration of draft report

6.1 The Committee agreed the draft report with minor changes.

7 Consideration of information from HMRC in relation to Welsh Rates of Income Tax

7.1 The Committee noted the Welsh Rates of Income Tax HMRC Annual Report 2020 and Service Level Agreement.

8 Scrutiny of the Welsh Government's Draft Budget 2021–22: Consideration of approach

8.1 The Committee considered its approach to scrutiny of the Welsh Government's Draft Budget 2021–22.

9 Consideration of Internal Market Bill

9.1 The Committee considered a Research Service paper and correspondence regarding the Internal Market Bill.

9.2 The Committee agreed that the Chair, Llyr Gruffydd MS and Alun Davies MS will attend the Legislation, Justice and Constitution Committee's session on 2 November, to take evidence from the Counsel General on the EU withdrawal arrangements.

Agenda Item 2.1

Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Llyr Gryffydd MS / AS
Cadeirydd y Pwyllgor Cyllid / Chair of the Finance Committee
Senedd Cymru / Welsh Parliament
Bae Caerdydd / Cardiff Bay
Caerdydd / Cardiff
CF99 1SN

21 October 2020

Dear Llyr

I write to you regarding the Local Government and Elections (Wales) Bill and the potential costs and benefits of Corporate Joint Committees.

In my letter to you of 2 October I noted that we were preparing, for consultation, draft regulations to establish the first Corporate Joint Committees and committed to share with the Finance Committee a copy of the Regulatory Impact Assessment which would accompany the regulations.

I am pleased to inform you that on the 12 October I launched the consultation on the draft regulations to establish the first Corporate Joint Committees. The consultation documents are available on the Welsh Government web site <https://gov.wales/regulations-establish-corporate-joint-committees>. The consultation includes a Regulatory Impact Assessment setting out the potential costs and benefits of the proposed CJsCs. I enclose a copy of the Regulatory Impact Assessment for the Finance Committees attention.

Yours sincerely

Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

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

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Julie.James@llyw.cymru
Correspondence.Julie.James@gov.Wales

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.

Martin Peters
Head of Law and Ethics
Audit Wales

27 October 2020

Local Government and Elections (Wales) Bill – section 118

Dear Martin,

Thank you for your letter of 30 September in which you further set out your views relating to the Senedd's legislative competence in relation to section 118 of the Local Government and Elections (Wales) Bill. This was further to the concerns raised by the Auditor General for Wales in his letter of 5 December 2019 and subsequent correspondence on this matter.

The Committee considered your letter at its meeting on 9 October and noted your concerns.

I am copying this letter to the Minister for Housing and Local Government and the Chairs of the Senedd's Finance and Public Accounts Committees.

Yours sincerely



John Griffiths MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Senedd Cymru

Bae Caerdydd, Caerdydd, CF99 1SN

✉ SeneddCymunedau@senedd.cymru

☎ 0300 200 6565

Welsh Parliament

Cardiff Bay, Cardiff, CF99 1SN

✉ SeneddCommunities@senedd.wales

☎ 0300 200 6565

Elin Jones MS
Y Llywydd and Chair of the Business Committee

22 October 2020

Dear Elin

Scrutiny of Covid-19 regulations

Thank you for your letter of 8 October 2020, which we considered at our meetings on 12 and 19 October 2020.

Your letter sought to ascertain whether it would be appropriate for “the Welsh Government to flag new Regulations where the underlying principle had already been scrutinised, to enable a decision to be taken by the Business Committee about the level of further scrutiny which might be required before the debate.” As a consequence, you asked for our views on whether there was a possibility of enabling certain Covid-related Regulations to be prioritised for debate in such circumstances.

We do not believe the option suggested by the Business Committee to be appropriate for several reasons. In our view, approval for any form of legislation should not be on an ‘in principle’ basis. We do not therefore see ourselves having a role in endorsing (or rejecting) any assessment by the Welsh Government that a particular set of regulations were in principle the same as a previous set. Moreover, the value of such an assessment would in our view be questionable, given that while a new set of regulations may follow a similar policy objective, they could still be subject to reporting points under Standing Orders 21.2 or 21.3.

We believe our scrutiny of all Covid-19 regulations has been efficient and timely. We have reported on most regulations subject to the made affirmative procedure within 14 days of the instrument having been laid. In the majority of cases, this has enabled the Senedd to vote on whether the regulations should remain in force well before the 28 days permitted by the *Public Health (Control of Disease) Act 1984* and the 40 days permitted by the *Coronavirus Act 2020* (which the Senedd consented to in March this year). We



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

✉ SeneddDCC@senedd.cymru

☎ 0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

✉ SeneddLJC@senedd.wales

☎ 0300 200 6565

would also wish to highlight that the majority of made affirmative regulations have been laid on a Friday; this coupled with our Monday morning meeting slot means that there has inevitably been a week's gap between laying and committee scrutiny, irrespective of the work needed to prepare reports for committee consideration. We also draw attention to the comments of the Minister for Health and Social Services, Vaughan Gething MS, in Plenary on 6 October 2020, which we welcome:

"I also welcome the fact that the committee has, from time to time, helped us with consistency in legislative provisions. That's part of the point of the scrutiny. We're making these regulations in a rapid manner because of the fast-changing picture with coronavirus, and I think there's value in having the committee undertaking its scrutiny function before the legislature is then able to exercise its function in determining whether these regulations can continue or not."

Nevertheless, we have considered a range of options to facilitate an even quicker scrutiny process. We discussed whether meeting more than once a week would facilitate the scrutiny of regulations laid by the Welsh Government at different points during the previous working week. Given the Welsh Government's practice of laying the majority of made affirmative regulations on a Friday, we also considered whether it would be feasible to move our Committee's regular meeting slot to a Wednesday morning, in order to consider regulations made on the previous Friday and to lay a report in time for a debate that afternoon. We also discussed whether we could give a formal commitment to report on made affirmative regulations within a 14-day deadline.

However, we concluded that such approaches are very likely to give rise to significant timetabling issues for the Welsh Government and Senedd Members. Furthermore, given the complexity of this legislation, any formalisation of our existing arrangements for the scrutiny of Covid-related legislation needs to be considered alongside the backdrop of an increasing volume of legislation to deal with the UK's exit from the EU, not least because such formalisation could potentially require additional resource or different working patterns. This latter point is particularly relevant given that our remit means that our work programme is currently heavily constrained by the necessary and important scrutiny of subordinate legislation related to EU exit and legislative consent memoranda for UK EU exit related Bills, including the constitutionally significant UK Internal Market Bill.

We recognise that matters related to the pandemic have been prioritised in government time during plenary sessions. We also considered whether the Welsh Government could consider using the draft affirmative procedure if at all possible when making Covid-related legislation under section 45C of the 1984 Act. Although we appreciate that this may not be feasible, we would encourage the Welsh Government to consider whether opportunities do exist for its use.



We will continue to do whatever we can to ensure the scrutiny of Covid-related regulations is conducted in a timely manner. However, we do not believe that our scrutiny function should be compromised in any circumstances.

I am copying this letter to the Chairs of all committees.

Yours sincerely

A handwritten signature in black ink, reading 'Mick Antoniw'.

Mick Antoniw AM

Chair

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



Date: 27 October 2020

Mr Vaughan Gething MS
Minister for Health and Social Services
Welsh Government

Dear Vaughan

NHS Complaints data

As you know, the National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011, stress the need for NHS bodies in Wales both to learn from complaints and to record and monitor information about complaints. You will recall that Keith Evans, in his June 2014 Report 'Using the Gift of Complaints' noted variation across Wales in the implementation of the regulations and of 'Putting Things Right' and he recommended better and more consistent recording of complaints and analysis of themes and trends.

The then Minister for Health and Social Services said, in November 2014, 'They have already begun a number of pieces of work, including the development of a national complaints dataset to ensure all NHS organisations publish information in a consistent way, which is easy for the public to understand and allows for meaningful comparisons across Wales.' He went on to say that 'the Evans review contains many practical recommendations, which will help the NHS in Wales to use complaints as an opportunity to improve the way it provides healthcare in the future. Many of the issues it identifies will require a change in culture, which will take time and effort at all levels of the NHS. I intend to pursue the achievement of such cultural shift in the meetings I have with staff at all levels in the NHS so that we can act collectively to bring about a significant improvement in the way concerns are addressed.'

I was delighted to hear such positive support for these important proposals. Whilst I am aware that work has started, including work under the 'Once for Wales' project, nearly six years on there remains inconsistent recording and reporting of complaints data, use of Datix remains variable and inconsistent and there appear to be inconsistent approaches to the publication of complaints data that your predecessor anticipated.

Even before the Public Services Ombudsman (Wales) Act 2019, I was keen to see consistent capture and recording of complaints data, to allow this analysis and to support improvement. With the Complaints Standards powers under the 2019 Act, I will shortly be seeking regular and consistent complaints data from NHS bodies in Wales, and I am concerned that the improvements and standardisation of complaints recording and complaints data, commenced in 2014, has not yet borne fruit.

These are really important matters for the culture and approach in NHS bodies, for accountability of Health Boards and Trusts in Wales and for the Complaints Standards work that my office is now undertaking. I would be most grateful for an update on work commenced in 2014 on consistent recording of complaints and publication of complaints data and I would ask that the work started in 2014 is concluded as a matter of urgency.

This data will be valuable for my Complaints Standards work, but more importantly will help Health Boards and Trusts focus on learning from what has gone wrong, and continuing the work on improvement. I therefore ask for a meeting with you to see how the work started in 2014 can come to fruition.

I am copying this letter to the Chairs of the Finance Committee and the Equality, Local Government & Communities Committee as this was a matter that came up at recent scrutiny sessions with both Committees.

Yours sincerely



Nick Bennett
Ombudsman

Copy: Llyr Gruffydd MS, Chair - Finance Committee

SeneddFinance@senedd.wales

John Griffiths MS, Chair - Equality, Local Government & Communities

SeneddCommunities@senedd.wales



Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2022

October 2020

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

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

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

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

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

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

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

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

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

Contents

Foreword	4
Budget Ambit 2021-22	6



Foreword

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

In response to a request from Finance Committee we have significantly simplified the format of our Estimate for 2021-22. Our Estimate is the Budget Ambit contained in this document. We will separately provide supporting information on the Estimate for Finance Committee to understand how we will use the funding requested.

The Minister for Finance and Trefnydd set out the unprecedented uncertainty around the future funding availability in her letter of 11 August 2020. We recognise this and are responding by reducing our call on WCF revenue funding by £120,000 in 2021-22 along with a further £80,000 being the bi-annual reduction in funding for the National Fraud Initiative. Further, we recognise the unprecedented pressure being faced by the bodies that we audit and are responding by proposing no increase in our fee rates in 2021-22.

With the vast increase in public expenditure in response to the global COVID-19 pandemic, our work will be more important than ever. Our Interim Report sets out how we have responded to this challenge in 2020-21 – this Estimate explains how we propose to use funding agreed by the Senedd to support our future work.

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

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

In 2021-22 we have set challenging savings targets from both staff vacancy management and other areas of expenditure including our travel costs. This will be tough to achieve but will mean that we can deliver our ambitions whilst reducing our call on WCF and containing the fees that we charge to audited bodies.

The Finance Committee has previously supported our ambitious transformation proposals including our move to greater use of Data Analytics in our work. Our supporting document sets out how we have transitioned this work to 'business as usual' and how we have established a formal Change Programme to drive forward further improvements and efficiencies in the way that we work.

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

We look forward to discussing our Estimate with the Senedd's Finance Committee.



Lindsay Foyster

Chair, Wales Audit Office



Adrian Crompton

Auditor General for Wales

Budget Ambit 2021-22

Estimated budget requirements of the Wales Audit Office for the year ending 31 March 2022

- 1 Under Section 125 of the Government of Wales Act 2006, Ministers must move a Budget Motion in the Senedd to authorise the use of resources, retention of income and drawings of cash from the WCF for certain relevant persons, including the Wales Audit Office.
- 2 In respect of the services and purposes of the Wales Audit Office and the Auditor General in the year ending 31 March 2022, the Budget Motion will authorise:
 - the amount of resources which may be used in the financial year by the Wales Audit Office (in line with the budget for the year);
 - the amount of resources accruing to the Wales Audit Office in the financial year, which may be retained rather than being paid into the WCF; and
 - the amount which may be paid out of the WCF to the Wales Audit Office.
- 3 These requirements, which due to the variability of income streams can only be estimates, are summarised in **Exhibit 1**.
- 4 Details of how we propose to use this funding to deliver public audit in Wales in 2021-22 are set out in our supporting information.

Exhibit 1: summary of the estimated 2021-22 budget requirements

	£'000
Resources, other than accruing resources, for use by the Wales Audit Office on the discharge of the statutory functions of the Wales Audit Office and the Auditor General and on the administration of the Wales Audit Office:	
• Revenue	7,798
• Capital	350
Accruing resources from fees and charges for audit, grant certification and related services; other recoveries of costs associated with the functions of the Auditor General or Wales Audit Office; miscellaneous income such as from publications, conferences, provision of administrative, professional and technical services and recoveries of costs incurred for a third party – all for use by the Wales Audit Office on the discharge of the functions of the Auditor General and on related services and the administration of the Wales Audit Office.	14,461
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office.	8,368

- 5 **Exhibit 2** provides a reconciliation of the Wales Audit Office's total resource request with its net cash requirement for the year ended 31 March 2022.

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

	£'000
Net request for resources – revenue and capital	8,148
Non-cash adjustment – depreciation	(280)
Non-cash adjustment – movements in working capital	500
Net cash requirement from the WCF to meet the net amounts falling due for payment in the year by the Wales Audit Office	8,368



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales



Supporting information for the Estimate of Income and Expenses for Audit Wales for the year ended 31 March 2022

October 2020

Contents

Value for money at Audit Wales	3
Cost of public audit in Wales	3
Our Value for Money (VfM) Framework	4
Changes in our call on WCF 2020-21 to 2021-22	7
Revenue and capital funding 2021-22	7
Revenue funding for Audit Wales	7
Capital investment at Audit Wales	12
Income from fees 2021-22	14
Potential changes to this budget	15
Appendix	16
1. Budget 2021-22	17

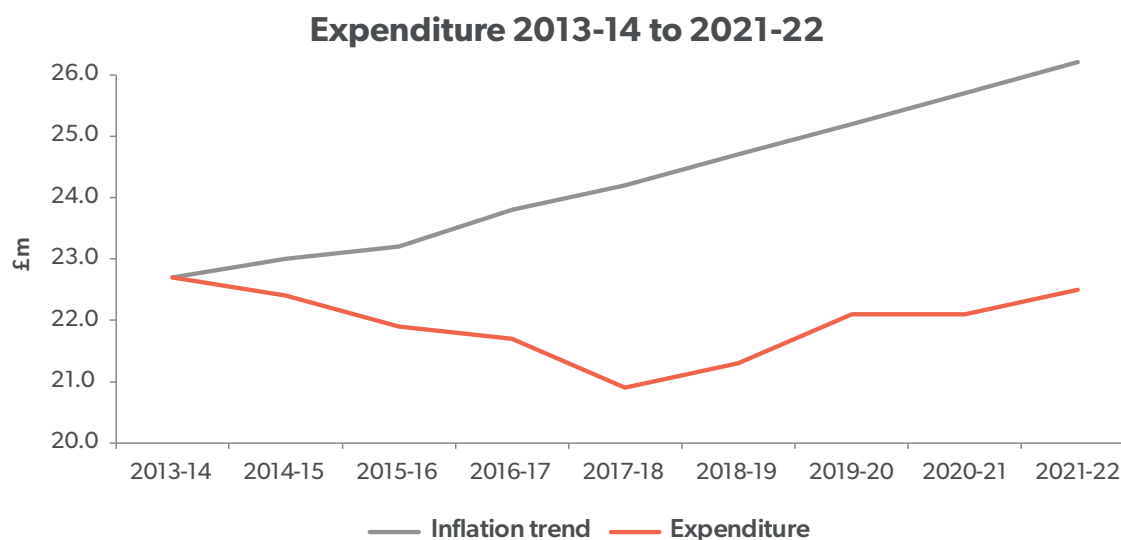


Value for money at Audit Wales

Cost of public audit in Wales

- 1 Since the establishment of our Board in 2013-14, we have reduced the cost of public audit in Wales by 14% in real terms¹. This is represented in **Exhibit 1**. The cumulative savings generated across those years amounts to almost £21m.
- 2 We have achieved this reduction in expenditure despite taking on new audits such as the Welsh Revenue Authority and allocating additional resources to new areas of spend during the period, such as Investigative Studies, growth in our Good Practice Exchange work and our investment in a graduate training scheme.

Exhibit 1: the cost of public audit 2013-14 to 2021-22



- 3 Our Estimate for 2021-22 requires that we make additional in-year savings of £400,000 to balance the budget along with £900,000 savings from staff turnover. We set out below the framework we will employ to deliver these savings.

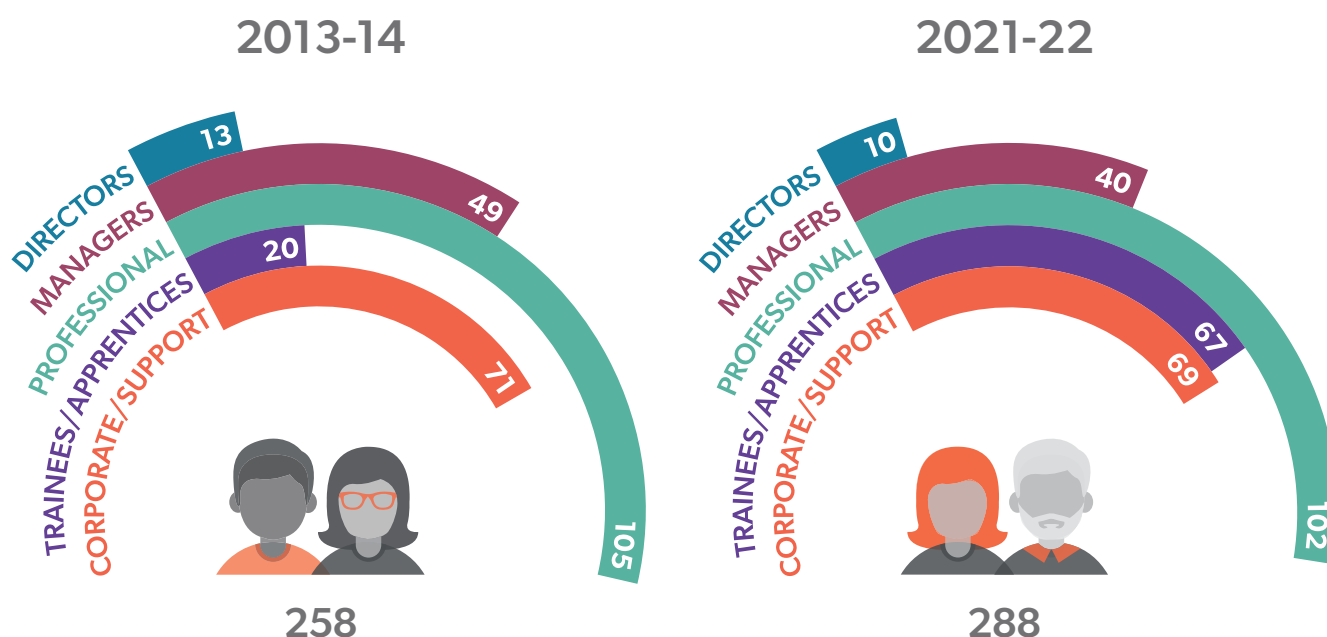
Our Value for Money (VfM) Framework

Smarter, Leaner, Better

Our people

- 4 Our people at Audit Wales are our biggest investment with staff costs accounting for almost 80% of our planned expenditure in 2021-22.
- 5 The Audit Wales Workforce Strategy sets out how we aim to make Audit Wales a great place to work for our staff and helps us ensure that we get the maximum value for money from our staff resources.
- 6 Since 2013-14 we have changed the shape of our workforce – reducing the number of Directors and managers and significantly increasing the number of graduate trainees and apprentices delivering our audit work, whilst enhancing both its quality and impact. These changes have delivered annual like for like savings of over £1m.

Exhibit 2: Our workforce 2013-14 to 2021-22



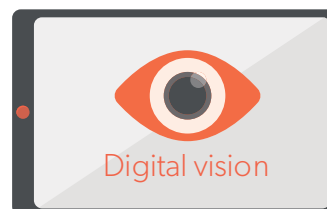
Our places

- 7 After our staff, the biggest area of expenditure for Audit Wales is for accommodation and travel at over £2m annually.
- 8 During 2019-20, RSM UK LLP undertook a VFM review of our travel scheme and made a number of recommendations which are being taken forward by a staff 'task and finish' group which is due to report to the Board in March 2021. The Board has set a target of £1m savings over five years from this review.
- 9 We also have a project underway to review our future workplaces requirements – particularly considering the experience of remote working during the COVID-19 pandemic.
- 10 This project is exploring future accommodation needs once existing leases come to an end in 2023. Once again, the Board has set a target of at least £1m savings over a five-year period.



Our processes

- 11 Our new Digital Strategy is helping us to ensure that we make best use of available technology to allow our staff to work as efficiently as possible.
- 12 Our Data Analytics (DA) team established using WCF funding, and now becoming 'business as usual' are developing several new products for use in our audit work. Analytics Assisted Audit (AAA) is our main project for progressing DA in our financial accounts audit work and this suite of data tools has significant potential for generating efficiencies. Alongside other changes to the way that we will work in the future, we estimate that there is potential to reduce the cost of undertaking an audit by 5-10%.



- 13 During 2021-22 we will be replacing our Financial Audit Management System with a SharePoint based system for audit reporting. This will be more closely aligned to the tool used for our Performance Audit work allowing us to move closer towards a common audit platform. This is being developed in response to a shortage of suitable systems in the marketplace and will provide us with a robust system that fully meets our reporting needs, as well as supporting more effective collaboration between audit teams.

Our procurement

- 14 Cost effective procurement is at the heart of how we operate at Audit Wales.
- 15 During 2020-21 we will have completed the transition of work previously undertaken by private sector firms to all audit work being carried out in-house.
- 16 This change has allowed us to benefit from significant efficiencies of scale and has also allowed us to:
- improve consistency of quality around our audit work;
 - provide better Welsh language provision for our audited bodies; and
 - provide better development opportunities for our staff with a greater breadth of audits to work on.
- 17 We continue to review support service provision to ensure it provides value for money and determine whether services are best provided in-house or on an outsourced basis. We are already achieving annual savings of £75,000 from the outsourcing of payroll and internal audit. We will be further reviewing our payroll provision in 2021-22 to determine if this remains the most cost-effective solution.





Changes in our call on WCF 2020-21 to 2021-22

Revenue and capital funding 2021-22

- 18 With this Estimate we will reduce our call on WCF revenue funding in 2021-22 by £120,000 (1.5%) in addition to the bi-annual reduction in funding for the National Fraud Initiative (NFI) as set out in **Exhibit 3**. In real terms this represents a reduction of 4.3% in revenue funding requested from WCF. Further details are set out in **paragraphs 20 to 46**.
- 19 All capital investment is funded from WCF through this Estimate. Our plans for 2021-22 are in line with that indicated in our Estimate for 2020-21. Further details are set out in **paragraphs 47 to 58**.

Exhibit 3: Changes in our call on WCF 2020-21 to 2021-22

	Revenue £'000	Capital £'000	Total £'000
2020-21	7,998	230	8,228
Cyclical NFI Funding	(80)	-	(80)
Baseline Estimate 2020-21	7,918	230	8,148
Changes for 2021-22			
Capital programme	-	120	120
Early Closure Project	(120)	-	(120)
Total WCF Funding 2020-21	7,798	350	8,148
Change from baseline	(120)	120	-

Revenue funding for Audit Wales

- 20 Around 35% of the running costs of Audit Wales are met from WCF, with the balance being funded from the fees charged for our audit work.
- 21 Our Estimate sets out our requirements for funding from both WCF and fees in 2021-22 based on expectations of the work required to meet our Annual Plan commitments.
- 22 A detailed breakdown of our budget for 2021-22 is set out in **Appendix 1**.

Audit work funded other than from fees: £3.716m



- 23 The Auditor General's programme of national value for money studies is undertaken to provide support to the scrutiny work of the Senedd. These studies are reported to the Senedd's Public Accounts Committee (PAC) and described in our Annual Plan for 2020-21 and Interim Report 2020-21.
- 24 The Public Accounts Committee is one of the key mechanisms for the Senedd to hold to account the organisations which it funds directly or through the Welsh Government. We therefore aim to ensure that the Committee is well-supported by us in its work.
- 25 Our 2020-21 Estimate included provision to switch £180,000 of audit resource from fees to WCF funding to allow us to strengthen our support of scrutiny by undertaking annual pieces of work to explore themes arising from our accounts work. We are using this resource in 2020-21 for the:
 - production of web-based infographics and additional presentation of key data arising from the [NHS summarised accounts](#), local government accounts and Welsh Government accounts; and
 - additional commentary for PAC on the Welsh Government's accounts.

Contribution to running costs: £2.614m



- 26 Funding from WCF is used to meet costs of Audit Wales which are not passed on through fees to audited bodies. These include:
 - a contribution to the costs of technical support, quality assurance and compliance, being essential elements of ensuring sound public audit;
 - a contribution to our total travel costs, which we expect to resume albeit to a lesser extent than in the pre-COVID-19 situation, so ensuring that audited bodies are not disadvantaged by their geographical location;
 - investment in staff learning and development;
 - governance costs, such as for the Board, associated support costs and other aspects of ensuring compliance with the Public Audit (Wales) Act 2013; and
 - from 2019-20, increased costs associated with an actuarial review of the Civil Service Pension Scheme.
- 27 Additionally, for 2021-22 we are increasing this element of our funding to allow for a contribution to two projects which have transitioned to business as usual as described below.

Data analytics

- 28 In June 2020, our Board considered a business case to provide on-going funding for a data analytics function, the costs of which were previously met largely from WCF funding.
- 29 The Board agreed that, from April 2021, this team would form part of Audit Wales core business with costs being met both from a combination of fees and from WCF where its work supports WCF funded activities.



Cyber security

- 30 Our Estimate for 2020-21 included a budget of £80,000 for enhanced cyber security due to the increasing risk of cyber-attack. This risk remains high and hence we are requesting that this funding be included within the on-going contribution to our running costs.



Funding for wider public sector benefit: £1.230m



- 31 As in previous years, Audit Wales is seeking funding for initiatives designed to benefit the wider public sector in Wales with the cost being met directly from WCF rather than charges to other public bodies.
- 32 Details of these projects are set out below.

Pan-Wales financial skills development

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

Good Practice exchange

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

National Fraud Initiative

- 39 Since 2015 the Finance Committee has supported the principle of participation in NFI for all public bodies in Wales at no cost to those bodies. Our last biennial report identified potential savings and over-payments of £8m across Wales's public services, increasing cumulative savings to £42.9m since 1996 – a significant return on investment.
- 40 The UK Cabinet Office has introduced an annual charge of £1,200 per participating organisation which has increased our annual costs to £100,000 and to £230,000 in alternate years.
- 41 Without this funding the costs of carrying out this work would instead need to be passed on directly to participating bodies as additional fees, potentially resulting in a significant reduction in the number of bodies who opt to take part.

Our change programme: £238,000



- 42 Since 2016 Audit Wales has undertaken several successful transformation projects which have been funded from WCF.
- 43 Some of these projects, including the way that we use data analytics and enhanced cyber security, are now established as 'business as usual' as previously discussed.
- 44 Our project to work with Local Government bodies to implement requirements for the early closure of their accounts will be completed in 2020-21 and hence the £120,000 funding associated with this project will not be required in 2021-22.
- 45 We have recently changed the way that we manage transformational change, with a co-ordinated Change Programme overseen by the senior team acting as a Change Programme Board with responsibility for allocating resources to approved projects. This strengthens our governance arrangements providing a clear route for the prioritisation and approval of change aligned to our strategic ambitions. Ongoing oversight provides delivery assurance and enables early intervention to ensure initiatives deliver their intended outcomes at pace.
- 46 Projects identified as key priorities for this funding in 2021-22 include:
- **Our Future Workplaces:** a project to consider office accommodation needs in a post-COVID-19 world with the aim of reducing accommodation and travel costs once current office leases come to an end in the next few years.
 - **Audit of Accounts 2022:** a project to fundamentally review our approach to audit work to ensure that we have appropriate technology and can meet stringent audit quality requirements.
 - **Our Digital Strategy:** a project to ensure that Audit Wales continues to maximise benefits from new technology to meet our ambition of being a model organisation.

Capital investment at Audit Wales

- 47 Our capital investment priorities for 2020-21 to 2024-25 are set out in **Exhibit 4**.
- 48 Capital investment is targeted at projects that will deliver future efficiencies and savings; ensuring that our ICT provision makes best use of available technology and that our workplaces meet our changing requirements in a post-COVID-19 world.

Exhibit 4: capital investment 2020-21 to 2024-25

	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
Change programme	110	200	650	400	400
ICT Strategy	120	150	150	150	150
Total	230	350	800	550	550

Our Change programme

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

Future workplaces

- 50 By 2023 the leases on our three office buildings in Cardiff, Swansea and Abergele will be due for renewal or ending. Our capital programme provides an early indication of the estimated costs associated with potential moves and as agreed with Finance Committee in November 2019, we will continue to keep the Committee updated as our work progresses, and we are able to confirm costs.
- 51 There is also a potential requirement for additional non-cash resource funding to allow for the impact of International Financial Reporting Standard 16 (IFRS 16) on any new lease commitments. This cannot currently be estimated.

- 52 It is difficult to estimate costs at this time but changes in the way that we work in a post-COVID-19 world are expected to result in significant savings in accommodation costs for which up-front investment will be required in 2022-23 as set out in **Exhibit 4**.
- 53 The Board has set a target for annual savings of at least £200,000 a year from this investment. Based on initial estimates this means that we would expect to see payback within five years. More detail on our investment proposals will be provided in our Estimate for 2022-23.

Audit of Accounts 2022

- 54 As discussed above, we are developing a replacement for our current audit platform when the contract expires in 2022. An initial option appraisal has recommended that, given the limited number of systems available in the market, an in-house solution be developed based on SharePoint.
- 55 Prototype development is underway with a view to this new system being available for use by October 2022.

Other corporate systems

- 56 The Change programme also includes several pipeline projects targeted at future efficiencies which will require capital investment in the coming years. These include:
- further enhancement of our Performance Audit management system;
 - a resourcing and time recording solution to ensure that we can better match available staff resources with demand; and
 - re-procurement of payroll provision to deliver better integration with our HR system.

Our ICT Strategy

- 57 We have established a rolling programme of PC/IT equipment renewal to ensure business continuity and that equipment remains fit-for-purpose and reliable. We have increased the allocation for this priority from 2021-22 to ensure that we are able to make best use of improvements in technology to support our digital strategy ambitions.
- 58 We also need to invest in equipment that will allow more of our staff to work remotely in a post-COVID-19 world. This investment being closely linked to our Future Workplaces project.



Income from fees 2021-22

Fee scheme 2021-22

In previous years we have included a draft fee scheme as an Appendix to our Estimate for consideration by Finance Committee. The legal requirement to consult on fees for Local Government bodies prior to these being included in the Fee Scheme, along with the consequences of the COVID-19 pandemic means that timing has not allowed for this to be included for 2021-22.

Instead, we will consult widely on our proposed fees once this Estimate has been considered by Finance Committee and then lay our Fee Scheme for Finance Committee consideration early in 2021.

Draft fee rates 2021-22

The fees that we charge are dependent on several factors, including the amount of funding received from WCF.

Subject to the approval of our Estimate for 2021-22, we do not currently expect there to be any increase in our fee rates for that year. We will absorb any pay and price increases through improvements in staff productivity as we limit travel through more remote working.

Our fee income 2021-22

Our Estimate for 2021-22 shows an increase in fee income of £457,000 as compared to 2020-21. Whilst there are no plans for any like for like increases in fees for audited bodies, this reflects expected increases in the amount of audit work we will be required to deliver in that year both from expected new audited bodies and additional work arising linked to additional COVID-19 related expenditure in 2020-21.



Potential changes to this budget

Pay and price inflation

In line with the guidance received from the Minister for Finance and Trefnydd, we have made only minimal provision for pay and price increases in 2021-22.

In the event that inflationary pressure is significantly greater than Office for Budget Responsibility predications, then this position may not be sustainable in terms of our ability to attract and retain staff, and it could become necessary for us to revisit this with the Finance Committee.

Our fee income

Our Estimate allows for an increase in overall fee income in 2021-22 in line with our expectations that we will need to do additional audit work associated with funding provided for the COVID-19 emergency as well as auditing new bodies due to be established in 2021.

There is significant uncertainty in our estimates for this additional work at this time. If the volume of this work cannot be managed within the proposed Estimate we would need to return to Finance Committee to adjust the amount of accruing resources we are able to utilise.

New reporting standards

IFRS 16 on accounting for leases is to be introduced from 2020-21.

The impact of accounting for the depreciation and interest associated with the capitalisation of existing leases as compared to the annual running costs of those leases is not significant for Audit Wales due to the short amount of time remaining on our property leases. No adjustment is therefore required to our budget for this change in 2021-22.

There will potentially be a change to our capital expenditure requirement in 2022-23 as shown in **Exhibit 4** if we enter into a new lease arrangement. It is not possible to estimate this impact at present.



Appendix 1

Budget 2021-22

Budget 2021-22

		Estimate 2021-22 £'000	Estimate 2020-21 £'000	Increase/ (Reduction) £'000
Expenses	Staff costs	18,214	17,245	969
	Vacancy management	(911)	(866)	(45)
	Short-term contract staff	311	311	-
	Travel allowance	746	712	34
	Travel & subsistence	257	493	(236)
	Accommodation	964	940	24
	Private sector firms	-	598	(598)
	Irrecoverable VAT	500	500	-
	ICT	602	546	56
	Audit Wales governance	295	300	(5)
	External training	278	289	(11)
	Translation	120	145	(25)
	Legal and professional fees	222	180	42
	Depreciation	280	280	-
	Other supplies and services	731	675	56
	Savings target	(400)	(476)	76
	TOTAL	22,209	21,872	337
	Cyclical NFI costs	50	130	(80)
	Expenses total	22,259	22,002	257
Income	Audit Fees	13,021	12,375	646
	EU Agricultural Funds Audit	650	759	(109)
	Grant certification fees	790	870	(80)
	INCOME TOTAL	14,461	14,004	457
Total to be funded from WCF		7,798	7,998	(200)



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales

Interim Report

An assessment of progress made against our 2020-21
Annual Plan during the period 1 April to 30
September 2020

October 2020

This Interim Report covers the period from 1 April to 30 September 2020. It has been jointly prepared, and is laid before the Senedd, by the Auditor General for Wales and the Chair of the Wales Audit Office, in accordance with the requirements of the Public Audit (Wales) Act 2013.

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

- the exercise of the functions of both the Auditor General and the Wales Audit Office has been consistent with the Annual Plan prepared for 2020-21;
- progress has been made towards achieving the priorities set out in the Plan; and
- progress has been made towards achieving our key performance indicator targets.

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

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

Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg

Contents

Foreword	4
Audit delivery	7
On-site audit work remains suspended, but we remain on track to deliver our full programme of audit of accounts work. We have suitably adapted our local and national value for money work programmes, alongside introducing a new COVID-learning programme	
Running the business	17
We have closely monitored the fast-moving COVID-19 situation and operated in accordance with guidance issued by the Welsh Government. We continue to support our staff in their remote working by applying our maxim for the last six months: 'self, family, work ... in that order'	
Key performance indicators	24
We have achieved or are close to achieving our targets for most of our 18 key performance indicators	
Appendices	
1 Local audit work	28
2 National value for money examinations and studies	29
3 Supporting effective scrutiny and accountability	31



Foreword

Our Annual Plan, which was published at the end of March, set out the steps we were intending to take in 2020-21 towards achieving our organisational ambitions and strategic objectives.

Shortly before publication, however, we were overtaken by the extraordinary circumstances of the COVID-19 outbreak. Like everyone, our immediate priorities were fundamentally altered as we focused on the wellbeing of our employees, maintaining business continuity and supporting the wider public sector and community.

I swiftly signalled to the public bodies we audit that we would be adopting alternative delivery approaches and refocusing much of our work to ensure that it did not add to the pressures faced by public service providers. However, I was also acutely aware that Audit Wales has essential expertise to help the Welsh Government and wider public sector respond to some of the challenges that we face.

This Interim Report provides a summary of the adaptations we have made to the original work programmes set out in our Annual Plan in response to the COVID-19 situation, and the progress we have made over the last six months in delivering those adapted plans. In summary:

- at the start of lockdown, we stopped on-site work at audited bodies and closed our own offices.
- since then, all staff have worked from home, provided with the necessary IT and with support around home office equipment.
- this constituted an enormous change in our operational model as we engaged with our audited bodies and delivered our work remotely.
- we worked at pace in partnership with our audited bodies to establish new ways of working to deliver our range of audit work, for example, by obtaining remote access to financial systems or developing electronic file sharing arrangements. Though generally this has proved to be more time consuming, we have delivered our statutory audit of accounts duties and established practice from which we will benefit in future.

- we have reshaped our value for money study programmes, nationally and at individual audited bodies, to recognise and support the public sector's response to the pandemic. This meant deferring or scaling back work of lower priority and seeking to avoid detrimental impact on front line COVID-19 response, while still meeting our statutory duties.
- we have established our COVID Learning Project, using our established network of contacts across the public service to capture examples of novel and innovative good practice, playing those back in close to real time.
- we have prepared for staff to return safely to our offices when that is appropriate under Welsh Government regulations and guidelines.
- staff well-being has been our priority throughout, centred around an approach of 'self, family, work ... in that order'. We quickly developed communication channels to ensure colleagues remain connected, conducting regular staff pulse surveys and sharing feedback to ensure colleagues have a voice, switched our learning and development provision to online delivery, put in place a wide range of support arrangements and supported colleagues unable to work to their usual capacity for whatever reason.

That maxim: self, family, work ... in that order, has shaped our organisational response over the last six months. I am indebted to all Audit Wales staff for their professionalism, hard work and commitment to public service through these challenging times.

I should also like to place on record my thanks to Isobel Everett who will stand down in October after seven years as Chair of the Wales Audit Office. The organisation described in this Interim Report, and the way in which it has responded to the unprecedented upheaval of the last six months, is testament to the leadership she has provided. I look forward to working closely with our incoming Chair, Lindsay Foyster, as we build upon that foundation to take the organisation forward.



Adrian Crompton

Auditor General for
Wales

This is the last formal report I will be laying on behalf of the Board. Adrian has described in his foreword the bold but caring steps the organisation has taken over the last six months, both to support our staff and to maintain delivery of Audit Wales' ambitions as far as we have been able. The resilience of all staff and the leadership demonstrated through this period has manifested itself in the outputs and outcomes that we outline in this interim report.

I want to place on record my own thanks as well as the Board's collective thanks for everyone's efforts both professionally and personally which have got us to this point. I know that, whilst the organisation faces further uncertainty due to COVID-19, it is well equipped to draw on the qualities that have got us to this point.



Isobel Everett

Chair of the Wales
Audit Office

Audit delivery

Core work



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



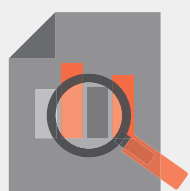
Delivering a programme of **value for money** examinations and studies



Certifying grant schemes worth approaching **£2.5 billion**



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



Supporting effective scrutiny including the work of the Senedd Committees



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



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



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

Local audit work

- 1 Following the inevitable interruptions to our work programmes in the early stages of the COVID-19 pandemic, on-site audit work remains suspended, but we have continued to work and engage remotely with the public bodies that we audit, primarily through the use of technology and video communication platforms.

- 2 Our financial audit work is vital in providing the Senedd, audited bodies and the wider public with an ongoing independent assessment of financial management and resilience across the public sector. We are pleased to report that we remain on track to deliver our full programme of 2019-20 audit of accounts work, albeit to a more elongated timescale.
- 3 All our audits of 2019-20 NHS accounts were completed and subsequent opinions provided by the Auditor General by 2 July. Many of our audits of 2019-20 local and central government accounts were completed, and subsequent opinions provided, by the end of September 2020. The remainder will be completed by the end of October, when the next (2020-21) audit cycle will commence.
- 4 The delivery of this work was not without its challenges, not only in how and where we undertook the audits, but also in taking account of new considerations for financial statements arising directly from the pandemic. Our success in continuing to deliver timely and quality audits reflects a great collective effort by both our staff and public body officers to embrace and enable new ways of working and remain flexible to and considerate of the many issues arising.
- 5 At the time of writing this Report, work has now commenced on our programme of grant certification work and on the auditing of around £320 million of European funds used to support farmers and agriculture across Wales. We expect this work to be completed by the end of January 2021.
- 6 We have significantly reshaped our governance and value-for-money audit plans at individual NHS and local government audited bodies to concentrate on issues of the most relevance to the current and evolving situation.
- 7 This has included developing a programme of COVID-learning work and amending the scope of our programmes to give greater coverage to issues such as recovery planning. We have also brought into our local programmes work on Test, Trace and Protect. We are taking forward this work as quickly as possible to ensure that any initial commentary we produce (whether at a local or national level) is done in time to inform the ongoing development of Test, Trace and Protect in the context of winter planning.
- 8 We are not carrying out formal examinations of how public bodies are applying the sustainable development principle, as set out under the Well-being of Future Generations (Wales) Act 2015, in 2020-21. However, we are taking the opportunity to gather relevant information through our amended programmes of work, as appropriate.
- 9 A comprehensive list of the public bodies that we audit, and the types of audit work carried out at those bodies, is provided in **Appendix 1**.

National value-for-money examinations and studies

- 10 As outlined in greater detail in our [Annual Plan](#) in March, we considered the following to be the main factors in our operating environment that would influence the way we deliver our work over the next few years:
 - a the implications of Brexit;
 - b embedding the sustainable development principle within Welsh public services;
 - c climate emergency;
 - d socio-economic challenges; and
 - e an increasingly networked society.
- 11 Our national work programme has always retained a degree of flexibility to respond to changing circumstances, priorities and issues of public or parliamentary concern, so, with the ramifications of the COVID-19 outbreak a late addition to that list, we have exercised that flexibility this year more than ever before.
- 12 Since the start of the national lockdown in March, we have worked closely with the Public Accounts Committee in the Senedd to support its own scrutiny work on aspects of the Welsh Government's COVID-19 response. We have also engaged with our counterparts in the other UK audit offices to discuss our respective responses to the pandemic.
- 13 While we have not yet published any reports focused specifically on the COVID-19 response or the impact of the pandemic, we have re-shaped much of our planned work to position it in this context. Examples include the commentary in our recent reports on [Tackling Fraud](#), [Restarting NHS Planned Care](#) and on [Rough Sleeping](#).
- 14 We have also decided to move forwards with some additional work on Personal Protective Equipment (PPE). We expect that our focus will be largely forward looking, considering lessons learnt from the initial response and the arrangements that are being put in place to manage risks around the continuity of supply and effective distribution across Welsh public services.
- 15 In tandem, as part of our response to the changing circumstances, we have inevitably also had to do some reprioritising. Some of the projects that we were originally planning to commence in the second half of the financial year have been put on hold, and we are now likely to revisit those topics (which include follow-up reviews of broadband infrastructure, affordable housing, and coastal flood and erosion risk management) as part of our 2021-22 planning.

- 16 We have also scaled back some of our plans for more detailed work and stand-alone outputs to save time generally or reflect where it has not been possible to complete planned fieldwork. This includes our work on Welsh Government workforce planning and general grants management, where we will instead be using our planned Welsh Government accounts commentary to provide some initial high-level analysis in these areas. For grants management, it is possible that we will then look to re-scope this work as we consider relevant COVID-19 developments.
- 17 Overall, we are confident that we will deliver at least 18 national report outputs in 2020-21; a figure consistent with the target and outturn reported for 2019-20.
- 18 An up-to-date list of work completed, work already in progress and new work that we plan to undertake later in 2020-21 as part of our national programme is provided in **Appendix 2**.

Supporting effective scrutiny and accountability

- 19 During the interim reporting period, the outputs from our work supported nine meetings of the Senedd Public Accounts Committee (held via a video communication platform).
- 20 Similarly, most public bodies in Wales have been swift to adapt to the challenges of the current situation and it is now the 'new norm' for us to attend their Audit and Scrutiny Committee meetings using video communication platforms to provide regular briefings and report on our audit work.
- 21 We also recently held an online event for Members of the Senedd, their support staff and Senedd staff, where the Auditor General shared the findings from his first statutory report under the Well-being of Future Generations Act, published in May 2020. The event was jointly hosted with the Future Generations Commissioner, who shared the findings from her equivalent report. The session provided an opportunity to explore key messages ahead of the Public Accounts Committee-led inquiry on the two reports and aimed to help inform future post-legislative scrutiny of the Act.
- 22 In **Appendix 3**, we provide more detail on how we have supported the Public Accounts Committee's evidence sessions and more generally on our support of effective scrutiny and accountability in the first half of 2020-21.

Good practice work

- 23 A key focus of our good practice work is to facilitate conversations between service providers where the learning from our audit work and from their comparative experiences is shared face-to-face. Increasingly we are bringing the views and experiences of service users and global experts to these conversations.
- 24 Our most common mechanism for facilitating such conversations – the hosting of shared learning seminars – has not been a viable option in 2020-21 due to the introduction of social-distancing measures. Consequently, all shared learning seminars listed in our original 2020-21 Annual Plan have been cancelled.
- 25 Instead, the focus of our good practice work has switched to the delivery of the [COVID-learning project](#), through which our staff gather novel and other practice as it emerges and analyse it rapidly to draw out relevant points of learning. We then share the resulting insights with key contacts across the Welsh public service. The outputs from this project include a range of substantive blogs and think pieces, and a weekly email 'Digest' that summarises the content that had been shared and points of interest.
- 26 The full suite of blogs is accessible via [our website](#). Notable examples that have been published in the period 1 April to 30 September 2020 include:
- [Test, Trace, Protect – how easy is it to access information?](#)
 - [International lessons for Welsh public bodies in responding to and recovering from COVID-19](#)
 - [Dancing to a new beat: the next phase of public services' response to COVID-19](#)
 - [Local council democracy – coming out of lockdown](#)
 - [Welsh Government COVID-19 funding](#)
 - [Leaving the cave...](#)
 - [Mental health during COVID-19](#)
 - [Hitting our accounts deadlines whilst working from home](#)
- 27 We are now in the process of developing a programme of webinars to support these products with an emphasis on practical knowledge transfer between peers and practitioners.

- 28 We also hosted a webinar in September 2020, linked to our national studies programme and entitled: [How public bodies are adapting their cyber resilience arrangements during lockdown](#)

Areas of focus

- 29 In response to our operating environment and to help us in delivering our strategic objectives, we identified 11 areas of focus for our audit delivery in 2020-21. The progress we have made towards delivering each of these commitments during the first half of the year is summarised in the following table.

Area of focus	What has been delivered so far
Improve how we source, acquire and analyse data, including through automating simple and repetitive tasks so that we can focus our time on areas of higher risk that require greater attention.	<p>We are in the final year of implementing a three-year data analytics strategy and work programme. Developments in the first half of this year have included:</p> <ul style="list-style-type: none"> • establishing a permanent data analytics team; • exploring how we can use digital process automation (bots) to automate simple but labour-intensive tasks; • working on a suite of tools and applications to embed data analytics into our audit of accounts work; • accelerating work on providing remote access to ledgers and key financial systems of NHS and local government bodies, to enable us to carry out audit of accounts work without the need to visit sites during the pandemic; and • quantifying the potential future savings and efficiencies that will be delivered through applying a data-enabled audit approach.
Improve how we visualise and communicate our findings, including through publishing a broader range of interactive data tools and investing in further enhancing the engagement and influencing skills of our staff.	<p>Our use of data tools and interactive reporting has continued to progress over the first half of this year, although some planned products have been delayed due to difficulties accessing data during the pandemic. Key outputs have included:</p> <ul style="list-style-type: none"> • updated <u>NHS Wales Finances</u> and <u>NHS agency staffing expenditure</u> data tools; and • a tool to support our report on <u>Rough sleeping in Wales</u>, which was also supported by a series of blogs including <u>Data is part of our everyday lives</u>, looking at the data footprints of someone sleeping rough and how public bodies need to make more intelligent use of that data.

Area of focus	What has been delivered so far
<p>Engage a wider range of audiences with the outcomes from our financial audit work, including through developing new outputs that explain, in more straightforward language, key information and trends from public bodies' accounts.</p>	<p>We have continued to increase our visibility and relevance over the last six months by producing more modern and easily accessible products relating to our audit of accounts work. In addition to the financial data tools listed above, this includes more straightforward commentary and web-based infographics on:</p> <ul style="list-style-type: none"> • the NHS in Wales's summarised accounts; and • the accounts of individual Welsh councils.
<p>More closely examine arrangements for integrated and collaborative service delivery, including in relation to continuing healthcare arrangements, the provision of emergency services and the operation of Public Service Boards.</p>	<p>In our Annual Plan, we identified several outputs that aligned with this commitment, a number of which were substantially completed during the 1 April to 30 September reporting period:</p> <ul style="list-style-type: none"> • A summary of the outcomes of our examinations carried out under the Well-being of Future Generations Act 2015, So, what's different?; • Phase two of a review of partnership arrangements dealing with people sleeping rough in Wales – Rough Sleeping in Wales – Everyone's problem; no one's responsibility; and • An examination of the Welsh Community Care Information System (WCCIS), which was published on 15 October 2020.

Area of focus	What has been delivered so far
<p>Share the learning from our first round of sustainable development principle examinations and determine how we will further develop our audit approach in this area.</p>	<p>In May, we published our first statutory report under the Well-being of Future Generations (Wales) Act 2015: <u>So, what's different?</u> In the report, we considered how public bodies across Wales have, to date, met their duties under the Act and what they need to do to improve.</p> <p><u>The Future Generations Commissioner for Wales published a related report</u> at the same time, and we had planned to jointly host a shared learning event in September for public sector leaders. Unfortunately, we decided to defer the event due to the second spike in COVID-19 cases across Wales, although we continued with our plans to share our findings with Members of the Senedd, their staff and Senedd Commission staff via a pre-arranged webinar. On 7 October 2020, we also jointly presented the findings of the reports to a gathering of senior Welsh Government officials.</p> <p>We have recently launched a <u>public consultation</u> on the approach to be adopted for our sustainable development principle examinations over the next five years.</p>
<p>Place greater emphasis on the importance of sound financial management across the Welsh public finance regime, including through introducing strengthened arrangements for the audit of town and community councils.</p>	<p>Key outputs over the last six months that relate to this focus area have included:</p> <ul style="list-style-type: none"> • an updated <u>NHS finances data tool</u> looking at trends in NHS finances; • a report identifying that fraudulent activities have increased significantly during the pandemic, <u>'Raising our Game' Tackling Fraud in Wales</u>; and • a report considering the <u>Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic</u>. <p>Our report on the most recently completed <u>National Fraud Initiative (NFI) exercise</u> has recently been published, and we have also extended the scope of our NFI work in 2020 to enable local authorities in Wales to undertake eligibility checks on applications for COVID-19 support grants. The Auditor General is mandating that all local authorities across Wales should submit such grant and payment data to the NFI to help identify fraudulent applications.</p>

Area of focus	What has been delivered so far
<p>Prepare an updated 'Picture of Public Services' report setting out the key challenges currently facing Welsh public services and how well they are placed to respond, to inform the work of the Senedd following the 2021 elections.</p>	<p>Our planning for this project is progressing, but the timescales are challenging in the current circumstances, so the project is being rescoped accordingly.</p> <p>We are likely to publish the main report from this work after the 2021 elections but are considering a range of different outputs under the overall umbrella of this project. This could include, for example, an update to our October 2019 <u>Public Spending Trends</u> analysis and an overview of COVID-19 expenditure in 2020-21.</p>
<p>Develop proposals for how we will respond through our audit work to the challenges presented by climate change, taking account of the objectives set out in our Biodiversity and Resilience of Ecosystems Plan.</p>	<p>We are undertaking initial research in this area and will consider the results of that work alongside our development of the approach to the Auditor General's sustainable development examinations.</p> <p><u>Our public consultation</u> on the approach to be adopted for our sustainable development principle examinations over the next five years invites views on specific issues that respondents think we should be reporting on considering the major challenges facing public bodies. We highlight the climate crisis as one of those challenges and have shared our consultation with some relevant representative organisations.</p> <p>The feedback we receive will help to inform the development of our forward work programme going into 2021-22.</p>
<p>Through our Good Practice Exchange, extend the range of approaches used to facilitate the sharing of learning outside our core programme of seminars and webinars.</p>	<p>As described earlier in this report, over the past six months, we have made a significant contribution to the reporting and sharing of COVID-19 learning from public services in Wales.</p> <p>We cancelled our programme of in-person seminars and developed a COVID-learning project as a replacement mechanism for shared learning. Outputs include a range of substantive blogs and think pieces, and a weekly email 'Digest' that summarises the content and highlights points of interest.</p> <p>We are now in the process of developing a programme of webinars to support these products with an emphasis on facilitating practical knowledge transfer between peers and practitioners.</p>

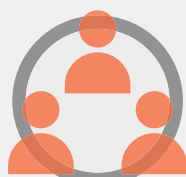
Area of focus	What has been delivered so far
<p>Develop a more diverse range of mechanisms for capturing the views of our stakeholders in the value and impact of our work, with an initial focus on seeking the views of Assembly Members.</p>	<p>We recognise that we need to rethink how we gather the views of different audiences on the impact and value of our work.</p> <p>We are, at the time of writing this report, going out to tender to appoint an independent company to assist us with the development of our overall approach for capturing stakeholder feedback, and the delivery of a survey of Members of the Senedd.</p>
<p>Expand our audit quality management arrangements to provide further assurance that all our work is underpinned by robust evidence and rigorous analysis, and to ensure continued alignment with new international auditing standards.</p>	<p>In response to the further development of international auditing quality standards, we have critically examined our audit approach and quality arrangements in recent months.</p> <p>Our newly established Audit Quality Committee met for the first time on 30 June 2020. The Committee membership includes Pamela McCreedy, the Chief Operating Officer of the Northern Ireland Audit Office, who will serve as an Independent Professional Member.</p> <p>The development of our new quality management model is being driven by our 'Audit of Accounts 2022' programme, which comprises a suite of strategic projects that support our vision of delivering a trusted, high-quality accounts audit that supports insight and improvement.</p>

Running the business

Core work



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



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



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



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

- 30 Over the last six months, we have continued to closely monitor the fast-moving COVID-19 situation and operate in accordance with guidance issued by the Welsh Government. Except for a brief period of very limited office re-opening in September, each of our offices has remained shut throughout the last six months in response to national, and then more recently local, lockdown restrictions. All our staff are carrying out their work remotely from home.
- 31 Our priorities in terms of running the business have been adapting and minimising disruption to our audit work and the operation of our corporate service functions, while ensuring we do the right thing by our people, keeping them safe and monitoring their wellbeing. Throughout the reporting period, our maxim has been, and continues to be 'self, family, work ... in that order'.
- 32 Since the introduction of social distancing measures in March 2020 and the temporary closure of our offices, the Board, its Committees and the Executive Leadership Team have continued to operate effectively using online meeting platforms.

- 33 On 4 May 2020, the Board held a specially convened meeting focused on:
- a obtaining assurance on the effectiveness of management's response to the COVID-19 emergency;
 - b gaining a better understanding of the implications for delivery of the Annual Plan 2020-21 and the financial position; and
 - c undertaking a review of the related additions to the strategic risk register.
- 34 The Board commended management's response, appreciating the time and effort invested in addressing the crisis and acknowledging the importance of balancing employee well-being and business delivery. Members were assured that we had a sound basis on which to develop our thinking on our long-term positioning.
- 35 Since then, the Board has received regular updates from the Auditor General on how our response has evolved, and the Head of Internal Audit has carried out a high-level review of our COVID-19 crisis management and business continuity approach. The results of the review will be reported to our Audit and Risk Assurance Committee at its meeting in December 2020.
- 36 Central to our response to the pandemic has been the use of technologies that allow us to connect, work and collaborate remotely and flexibly among our teams and with the public bodies that we audit. Our ongoing IT investment strategy, which in 2019-20 included an investment of £63,000 on new hybrid laptops that allow our staff to work efficiently and effectively from home, has enabled a relatively seamless transition to remote working.
- 37 Another critical element of our response has been the increased use of a wide variety of media and mechanisms to engage with our employees, providing them with reassurance and essential updates on the evolving situation, information on how they can access resources and support, and gathering feedback on their experiences to help identify any areas of concern.

- 38 These mechanisms have included:
- a weekly messages to all staff from the Auditor General;
 - b the posting of regular blogs from members of the Board and Executive Leadership Team;
 - c undertaking periodic 'pulse' surveys;
 - d hosting all-staff briefings and question and answer sessions via video communication platforms; and
 - e providing regular information cascades to line managers.
- 39 In addition, at the time of publishing this Report, we are running our annual all-staff survey. We are again using the same core survey questionnaire as used in the Civil Service People Survey to enable effective benchmarking and year-on-year comparison. This year, there is also a short additional section exploring individuals' experiences of working at Audit Wales during the coronavirus (COVID-19) pandemic.
- 40 Our staff have worked incredibly hard to continue to deliver our work in a radically different and challenging environment. Our approach throughout has been to prioritise staff wellbeing and to accept that, inevitably, the pandemic has had an impact on our overall capacity as colleagues managed caring responsibilities, shielding and other direct impacts of the virus. This is impacting to varying degrees across audit teams and corporate services and we anticipate further resourcing challenges through the winter depending on wider developments in the COVID-19 landscape.
- 41 Approximately two-thirds of our funding come from fees charged to audited bodies in accordance with a scheme of fees approved by the Senedd. Most of the remainder comprises approved financing from the Welsh Consolidated Fund, our use of which is subject to scrutiny from the Board at regular intervals during the year. The key priorities for our use of resources in 2020-21 were originally laid out in an Estimate, which was considered and approved by the Senedd Finance Committee in November 2019.

- 42 However, in the midst of the UK-wide lockdown at the start of the 2020-21 financial year, we faced the real risk of a significant reduction in audit fee income as it was unclear to what extent we would be able to carry out our planned local audit work for the year – in particular, our performance audit work.
- 43 After a significant reshaping of our audit programme and a great collective effort by both our staff and the officers of the relevant public bodies to enable audit work to be carried out remotely, in the first six months of 2020-21 we have managed to carry out more work and consequently generate a greater proportion of our planned fee income than we originally thought, based on projections that took stock of the emerging position through the first month of the lockdown period.
- 44 In addition, we have reduced our expenditure by reviewing essential expenditure needs early in the year, making savings on travel and subsistence and estate costs, and cancelling planned shared learning events that could no longer go ahead.
- 45 To an extent though, these savings have been offset by additional costs associated with ensuring that our staff have all the equipment they need and can work safely from home, and on making our offices safe for re-opening.
- 46 As a precautionary measure, we wrote to the Chair of the Senedd Finance Committee in July 2020 to signal that, while we had so far largely managed to offset reductions in fee income with corresponding expenditure savings, we still faced significant uncertainties in the months ahead. We signalled in our letter that there remains the potential for us to need to submit a Supplementary Estimate later in the year for additional financing from the Welsh Consolidated Fund to offset impacts on income levels arising from delayed, extended or suspended audit work. As a second wave of the virus gathers pace, this uncertainty remains.

Areas of focus

- 47 In response to our operating environment and to help us in delivering our strategic objectives, we identified six areas of focus for our running of the business in 2020-21. The progress we have made towards delivering each of these commitments during the first half of the year is summarised in the following table.

Area of focus	What has been delivered so far
Restructure our senior executive team to ensure better alignment with our overall ambitions and to strengthen the strategic leadership provided to staff.	We have commenced the restructure of our senior management team by appointing an Executive Director of Corporate Services. At the time of publication of this report, we are undertaking recruitment exercises for an Executive Director of Audit Services and an Executive Director of Communications and Change.
Achieve a step change in how we plan for and manage major change projects, including through applying more rigorous and consistent change management practices.	<p>In the past six months, following the establishment of a dedicated central Change Programme Team to co-ordinate delivery and ensure a consistent approach, we have continued to take steps to improve the way all types of change projects are delivered in Audit Wales.</p> <p>This has included bringing together a prioritised portfolio of change projects, establishing a Change Programme Board to support and oversee delivery and provide resources for implementation, and building our change skills across Audit Wales.</p>
Enhance our public profile by developing a more extrovert and distinctive corporate tone of voice and making ourselves more easily recognisable through adopting the umbrella identity 'Audit Wales'.	<p>On 1 April 2020, we brought together the various strands of our work under the new, clearer umbrella identity of Audit Wales.</p> <p>Significant work has since been undertaken to modernise and refocus our audit reports and website content, including using visuals, data tools and interactive reporting. This has also included a more proactive use of blogs to get highlights and updates of our findings in the public domain in a timely and more accessible way.</p>

Area of focus	What has been delivered so far
<p>Strengthen our strategy for attracting, retaining and developing a highly skilled and diverse workforce, with a particular focus on ensuring our processes for recruitment, talent management and successions planning are refreshed and fit-for-purpose.</p>	<p>Talent management and workforce planning is one of the key areas of focus for our updated Workforce Strategy, which was approved by the Executive Leadership Team and the Wales Audit Office Board in September 2020.</p> <p>The strategy is underpinned by a detailed Workforce Delivery Plan, progress against which will be monitored quarterly by our Executive Leadership Team and the Remuneration and HR Committee.</p>
<p>Provide ongoing support to the Senedd Finance Committee for its work on addressing the unnecessary complexity in our statutory fee charging and governance arrangements.</p>	<p>Last year, and at the beginning of this year, we provided extensive briefing to support the Finance Committee's development of a Bill to reform our statutory fee-charging and governance requirements, so as to reduce complexity.</p> <p>Unfortunately, the Bill would be very unlikely to pass without the support of the Welsh Government, and while the Minister had expressed her clear support for it in July 2019, the Welsh Government has subsequently reversed its position.</p> <p>The Committee has therefore paused its work on the Bill and is unlikely to proceed further until after the election in May 2021. We stand ready to further support the Committee once it has resumed its work on the Bill.</p>

Area of focus	What has been delivered so far
<p>Embed the sustainable development principle to a greater extent in our decision-making processes, including when undertaking a review of our staff travel and subsistence arrangements, developing proposals for meeting our future accommodation needs, and experimenting with new more efficient and smarter ways of working.</p>	<p>Whilst we are not listed bodies for the purposes of the Well-being of Future Generations (Wales) Act 2015, we seek to apply the sustainable development principle in our operations. Work has progressed over the last six months on developing proposals for meeting our future accommodation needs and experimenting with new and more efficient and smarter ways of working. The review of our staff travel and subsistence arrangements is shortly to get fully underway.</p> <p>Our Board has identified three ways in which it will discharge its commitment to embedding the sustainable development principle to a greater extent in our decision-making, particularly in relation to these projects:</p> <ul style="list-style-type: none"> • challenging the proposals, plans and strategies that come before it for decision; • building the five ways of working into how it conducts its business; and • seeking assurances from management on the application of the five ways of working across the organisation.

Key performance indicators

The position as of 30 September 2020 in terms of achieving our 18 key performance indicator targets is summarised below.

Audit delivery KPIs

No	Indicator	Description	Target	Performance to 30 September
1	Statutory deadlines	Proportion of audit products delivered by the required statutory deadline.	100%	100% On target ¹
2	On time	Proportion of other key audit products delivered in accordance with the planned timetable for ensuring timely and impactful reporting.	90%	93% On target
3	Quality	Proportion of reviewed audits that are delivered in accordance with Financial Reporting Council quality standards.	100% of sample assessed as satisfactory or above, and 90% as good or above	Not yet available ²
4	Credibility	Proportion of stakeholders that consider us to be an independent and authoritative communicator on the governance and stewardship of public money and assets.	At least 90%	100% On target

¹ [New regulations](#) have extended the statutory deadlines for local authorities in England and Wales to publish and make available for public inspection their 2019-20 annual accounts.

² Reviews will be undertaken in the second half of 2020/21.

No	Indicator	Description	Target	Performance to 30 September
5	Providing insight	Proportion of stakeholders who said that through our work, they gained useful insight that they would not have acquired otherwise.	At least 80%	94% On target
6	Driving improvement	Proportion of stakeholders who believe our work has led to improvements in the provision of public services.	At least 80%	88% On target
7	Savings identified	Value of potential savings identified through our work.	At least £30 million during 2018-2021	£25.7 million On target ³
8	Good practice events	Proportion of attendees of our seminars and webinars who rated the events useful or very useful.	At least 90%	N/A ⁴
9	Website visits	Number of visits to our website where at least one action is performed, e.g. download a report, click on a video.	25,000 each year	14,789 On target
10	Social media	Number of social media engagements, i.e. interactions with our posts such as a like, a comment, or a retweet/share.	1,300 each year	1,237 On target
11	Sharing audit learning	Number of instances where we present audit learning to key policy working groups or at relevant externally hosted events.	50 each year	57 On target

³ Includes potential savings identified through the latest National Fraud Initiative exercise.

⁴ All shared learning seminars listed in our original 2020-21 Annual Plan have been cancelled. We had originally planned to host shared learning events for over 1,100 attendees over the course of 2020-21.

Running the business KPIs

No	Indicator	Description	Target	Performance to 30 September
12	Employee engagement	Percent positive annual staff survey engagement index score, aligned with that for the Civil Service People Survey (CSPS).	At least the top 10% score for the latest CSPS	Not yet available ⁵
13	Employee experience	Percent positive annual staff survey thematic employee experience scores.	At least the top 25% scores for the latest CSPS	Not yet available
14	Sickness absence	Average working days lost per member of staff per annum.	Less than six days	6.4 days Close to target
15	Financial balance	Level of variance in gross income and expenditure from that set out in our Estimate for the current year.	Within 2% of budget	0.5% On target
16	Cost savings and efficiencies	Value of cost savings and efficiencies identified throughout the business.	£1.3 million in 2020-21	£1.7 million On target
17	Greenhouse gas emissions	Total CO ₂ equivalent emissions from sources that we own or control, from consumption of electricity, and that are produced indirectly through our activities.	290 tonnes in 2020-21	46 tonnes On target
18	Trainee success rate	Proportion of trainees achieving first-time passes in their Professional and Advanced level examinations with the Institute of Chartered Accountants in England and Wales.	At least 90%	91% On target

⁵ The latest staff survey is currently running through October and November 2020; the outcomes will be published on our website in due course.



Appendices

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

1 Local audit work

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

Public body	Audit of accounts	Local performance audit work ⁶	Well-being of future generations work
Senedd Commission	✓		
Welsh Government	✓		✓
8 Welsh Government sponsored bodies	✓		✓ ⁷
Welsh Revenue Authority including the tax statement	✓		
4 Welsh Government companies	✓		
8 Commissioners, Inspectorates and Regulators	✓		
7 Local Health Boards	✓	✓	✓
3 NHS Trusts and a Special Health Authority	✓	✓	✓ ⁸
22 Councils (Unitary Authorities)	✓	✓	✓
4 Police and Crime Commissioners and Chief Constables	✓	✓	
3 Fire and Rescue Authorities	✓	✓	✓
3 National Park Authorities	✓	✓	✓
9 Pension funds	✓		
Several smaller local government bodies including joint committees, drainage districts and harbour authorities	✓		
Over 730 Town and Community Councils	✓ ⁹		

⁶ The Auditor General is not required to conduct a programme of local performance audit work at each central government body. Performance audit work conducted within this sector currently sits within his programme of national value for money examinations and studies.

⁷ Only for listed bodies under the Well-being of future Generations (Wales) Act 2015.

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

⁹ On a limited assurance basis.

2 National value-for-money examinations and studies

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

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

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

Work completed or substantially completed	
<u>Findings from the Auditor General's sustainable development principle examinations</u>	<u>10 Opportunities for resetting and restarting the NHS planned care system</u>
<u>Ensuring value for money from Rural Development Grants made without competition</u>	<u>Better law making: the implementation challenge</u>
<u>Rough sleeping in Wales – everyone's problem; no one's responsibility</u>	<u>Commercialisation in local authorities.</u>
<u>Raising the game – tackling fraud in Wales</u>	<u>Local government – financial sustainability</u>
<u>The refurbishment of Ysbyty Glan Clwyd – Betsi Cadwaladr University Health Board</u>	<u>National Fraud Initiative</u>
<u>Cracking the code: management of clinical coding across Wales</u>	<u>Welsh Community Care Information System (WCCIS)</u>

Work in progress or soon to get underway	
Collaborative arrangements for managing local public health resources	Personal Protective Equipment
Unscheduled care, data tool	Welsh Government accounts commentary
Covering teachers' absence	Curriculum reform
Welsh Government accounts commentary incorporating <ul style="list-style-type: none"> Welsh Government workforce Welsh Government grants management 	Impact of austerity on local authority discretionary services
Welsh Government ICT	The regeneration of Welsh Towns
Public bodies' digital resilience – cyber security	Direct payments in local government
Administration of student finance	Emergency services – collaborative working
Warm homes programme – Arbed and Nest	Orthopaedic services
Welsh Health Specialised Services Committee	General Equality duty
Picture of Public Services	EU transition
NHS structured assessment – summary commentary	

3 Supporting effective scrutiny and accountability

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

Our work continues to play a key role in supporting the work of the Public Accounts Committee in its consideration of the use of resources and the discharge of public functions in Wales.

During the interim reporting period, the outputs from our work supported nine meetings of the Committee (held via a video communication platform). This has included initial consideration of Audit Wales reports on:

- Arrangements for Interim Senior Staff Appointments at Betsi Cadwaladr University Health Board;
- Findings from the Auditor General's Sustainable Development Principle Examinations;
- Ensuring Value for Money from Rural Development Grants Made Without Competition;
- Rough Sleeping in Wales;
- Tackling Fraud in Wales; and
- The Refurbishment of Ysbyty Glan Clwyd.

We have also supported the Committee's evidence sessions and/or reporting on various topics, drawing where relevant on previous audit work:

- the Welsh Government's COVID-19 response, including financial support to business;
- the effectiveness of local planning authorities in Wales;
- public procurement in Wales;
- scrutiny of accounts; and
- the A465 Section 2 road improvement.

Our work has also informed the work of other Senedd committees whose wider remit includes scrutinising the expenditure and policies of the Welsh Government, holding Ministers to account, and examining proposed legislation. During the last six months, this has included:

- oral and written evidence to the Finance Committee on implementation of the Wales Act 2014 and operation of the fiscal framework;
- written evidence to the Children, Young People and Education Committee on the Curriculum and Assessment (Wales) Bill; and
- written evidence to the Committee on Senedd Electoral Reform on capacity of the Senedd.

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

Through the interim reporting period, we have been unable to attend in person (as would normally have been the case) most meetings of the audit and scrutiny committees of the principal bodies that we audit. However, most public bodies in Wales have been swift to adapt to the challenges of the situation and we now routinely attend such meetings using video communication platforms.

We continue to provide briefings and reports on our audit work together with advice and support to strengthen governance effectiveness. Emphasis has also been placed on providing updates on the changes we have made to our work programmes in response to the COVID-19 situation and on raising awareness of the key outcomes from that work.

Supporting the public and their local representatives

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

During the reporting period, we received 25 items of correspondence and ensured that we responded to those concerns in a fair, proportionate and professional manner. In addition, 10 individuals contacted us between 1 April and 30 September 2020 indicating that they wished to make a whistleblowing disclosure.

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



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales

Llyr Gruffydd MS
Chair of the Finance Committee
Senedd

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

Reference: IE20012AC/210/caf
Date issued: 1 October 2020

Dear Llyr

Finance Committee Annual Scrutiny of the Wales Audit Office

Further to last week's evidence session with the Committee, we promised to provide some additional clarification on a couple of the items raised.

Voluntary Exit Payback

On page 80 of our Annual Report and Accounts we state that our voluntary exit scheme cost £638,687 in 2019-20 and that this will deliver annual savings of £322,000 and achieve payback in 19 months. Note that the costs of the scheme included National Insurance contributions of 13.8% payable on all exits due to take place after 6 April 2020.

You requested additional clarification on how this payback was calculated.

Our payback calculations take into account the fact that any planned replacements for redundant posts will start at the bottom of our pay bands and hence deliver additional savings in early years. The annual savings figure quoted is the on-going savings once replacement staff reach the top of their pay band. Exhibit 1 sets out the calculations that support these amounts.

Exhibit 1: Voluntary Exit Payback 2019-20

	£	Balance	Payback
Cost of scheme 2019-20	638,687		
Savings Year 1	(426,311)	213,376	12 months
Savings Year 2	(355,900)	(143,524)	7 months
On-going savings	(322,167)		19 months

The savings shown in Exhibit 1 will be achieved across 9 members of staff who agreed exit terms in 2019-20. Savings and payback associated with exit payments to the 2 senior directors only are set out in Exhibit 2.

Exhibit 2: Voluntary Exit Payback 2019-20 (Senior Directors)

	£	Balance	Payback
Cost of scheme 2019-20	362,395		
Savings Year 1	(203,999)	158,396	12 months
Savings Year 2	(197,565)	(39,169)	10 months
On-going savings	(152,460)		
			22 months

The Committee asked whether the individuals should have been treated as compulsorily redundant and paid accordingly. We refer the Committee to the Civil Service Compensation Scheme applicable to employees in the Civil Service Pension Scheme, determined by the UK Government, which states that “all staff who may face compulsory redundancy must first have had the opportunity to exit under voluntary terms”. In both cases, therefore, the individuals were contractually entitled to leave under voluntary, rather than compulsory terms. In one case the individual accepted a payment significantly below the maximum sum to which they would have been entitled under voluntary exit terms. In the other case, the individual accepted a payment that was equivalent to the compulsory payment that they were entitled to and again this was less than the maximum sum to which they would have been entitled under voluntary exit terms.

Comparative Voluntary Exit costs

You asked how exit payments made to senior directors compared with those in the private sector. Unfortunately, unlike public bodies, private audit firms are not required to disclose any exit payments in their annual accounts and hence this information is not readily available.

In February 2015, the former Auditor General for Wales published a report on managing early departures across Welsh public bodies which does provide some comparative information across the Welsh public sector.

The ‘no more than full cost rule’

We said we would provide additional information to the Committee to aid its understanding of Note 1(a) in the financial statements for 2019-20 on page 107 of our Annual Report and Accounts.

The Committee's interest was in whether the "no more than full cost" rule in the Public Audit (Wales) Act 2013 had been complied with.

We ensure compliance with that aspect of the legislation through the methodology we follow in setting hourly fee rates for the year. These are set out within the fee scheme for the year and approved by the Finance Committee. Those rates include the apportionment of the Audit Wales cost base (excluding aspects funded by WCF) across estimated fee earning hours. This methodology has been audited by our external auditors, RSM, and found to be a reasonable basis for ensuring compliance with the legislation.

The note in the accounts is not prepared on the same basis, but is calculated as follows:

- The income figures are the summation of hours worked x approved fee rates then adjusted for the year-end 'cost to complete' accounting adjustment, to ensure we properly apportion income across the financial years to which the audit work relates.
- The expenditure figures represent the high-level summation of entries in the chart of accounts, **not adjusted** on the basis of the fee rate calculations, for the purposes of simplicity. Were costs to be adjusted on that basis, it would add a further complication to the already complicated year-end process, but without adding any value or assurance.

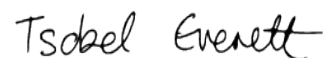
What the Committee has flagged to us is the potential confusion this presentation causes, so we will reflect on that presentation as part of our learning for next year's year-end process.

NHS Debtors

We were asked if we should be concerned about the increase in the amount of money owed to Audit Wales by NHS bodies as shown in Note 6 to our financial statements on page 115 of the Annual Report and Accounts. This increase was as a result of instalment invoices being sent out slightly later than had been the case the previous year. There is no cause for concern and all outstanding amounts have subsequently been received.

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

Yours sincerely



ISOBEL EVERETT
Chair, Wales Audit Office



ADRIAN CROMPTON
Auditor General for Wales

Document is Restricted

Supplementary Budget Motion 2020-21

Laid Before Senedd Cymru by the Minister for Finance and Trefnydd

October 2020

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

- This resolution for the year ending 31 March 2021 is made by Senedd Cymru (“the Senedd”) 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 20 October 2020.

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

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2021 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 2021, 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 2021 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 2021 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.

7. Under Section 126A of Government of Wales Act 2006, a budget motion for a financial year may include information relating to resources expected to be used by any body that is a

designated body in relation to a relevant person. The resources of bodies designated under the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018 (as amended) are included in this supplementary budget motion.

Senedd Commission

8. The Senedd Commission is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2021 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 2021, 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

9. The Public Services Ombudsman for Wales is authorised –

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2021 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 2021, 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

10. The Wales Audit Office is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2021 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 2021, 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

11. 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	10,340,079	68,636
Housing and Local Government	5,511,736	17,349
Economy and Transport	2,940,449	60,132
Education	2,556,077	317,082
International Relations and the Welsh Language	260,915	5,165
Environment, Energy and Rural Affairs	549,107	97,177
Central Services and Administration	411,878	411,113
Total Resources Requested and Accrued Income relating to Welsh Ministers	22,570,241	976,654

Direct Funded Bodies

Ambit	Resources (£000)	Accruing Resources (£000)
Senedd Commission	59,575	220
Public Services Ombudsman for Wales	5,110	17
Wales Audit Office	8,228	14,004
Total Resources and Accrued Income for Direct Funded Bodies	72,913	14,241

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>10,340,079</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; and Fire and Rescue Services and Resilience. 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>	<p>5,511,736</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>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; 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>	<p>2,940,449</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>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>	<p>2,556,077</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>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 export, trade and inward investment, tourism and Events Wales 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 Wales and other; support for local culture and sport; media and publishing via the Books Council of Wales; supporting the historic and natural 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>	260,915

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 Energy, Planning 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>	<p>549,107</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>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; community support officers; community facilities programme 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; the Land Release 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; female offending and youth justice blueprints; community support officers; community facilities programme; supporting the voluntary sector; and establishing and maintaining Gypsy/Traveller sites and any related expenditure and non-fiscal resource use.</p>	<p>411,878</p>

Schedule 2 – Use of accruing resources by Welsh Ministers

Part 1: Health and Social Services

<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 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.	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.
Overall amount of Income (£000)	68,636

Part 2: Housing and Local Government

<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 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.	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.
Overall amount of Income (£000)	17,349

Part 3: Economy and Transport

<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 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)	60,132

Part 4: Education

<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 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.	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.
Overall amount of income (£000)	317,082

Part 5: International Relations and the Welsh Language

<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 and funding either direct or indirect from the European Commission; business services charges; project contributions and other income from other public sector and private sector organisations; investment income; grant repayments and repayable business finance; admission charges and other operational income for Cadw; the Royal Commission for Ancient and Historic Monuments; the National Botanic Garden of Wales and sponsored bodies; National Museum of Wales; National Library of Wales; Sports Wales and the Arts Council of Wales; 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)	5,165

Part 6: Environment, Energy and Rural Affairs

<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 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.	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.
Overall amount of Income (£000)	97,177

Part 7: Central Services and Administration

<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 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.	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; female offending and youth justice blueprints; supporting the voluntary sector; community support officers; community facilities programme and any European funded projects.
Overall amount of Income (£000)	411,113

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

Part 1 – Senedd 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 Senedd Commission on resource and capital costs associated with the administration and operation of Senedd Services to support Senedd Cymru ('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 functions of the Senedd Commission. Resources other than accruing resources for use by the Senedd Commission in respect of decisions of the Remuneration Board and expenditure in respect of Senedd Members' Pension provision.	59,575

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.	5,110

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.	8,228

Schedule 4 – Use of accrued resources by Direct Funded Bodies

Part 1 – Senedd 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 Senedd 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 Senedd.
Overall amount of Income (£000)	220

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)	17

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 of seconded staff, 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)	14,004

Schedule 5: Resource to Cash Reconciliation 2020-21 (£000)**Table 1: Resource to cash Reconciliation for 2020-21 included in the May 2020 Supplementary Budget Motion (£000)**

	Welsh Ministers	Senedd Commission	Public Services Ombudsman	Wales Audit Office
Net Resource Requirement	19,283,074	59,075	5,085	7,998
Net Capital Requirement	1,770,722	500	25	230
Adjustments:				
Capital Charges	-405,517	-2,250	-60	-280
Impairments	-369,584	0	0	0
Movements in Provisions	-64,202	-1,600	0	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	0	350	0	500
Use of Provisions	0	0	0	0
Other	0	0	20	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	20,214,493	56,075	5,070	8,448

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

	Welsh Ministers	Senedd Commission	Public Services Ombudsman	Wales Audit Office
Net Resource Requirement	1,517,445	0	0	0
Net Capital Requirement	-1,000	0	0	0
Adjustments:				
Capital Charges	0	0	0	0
Impairments	0	0	0	0
Movements in Provisions	0	0	0	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	542,000	0	0	0
Use of Provisions	0	0	0	0
Other	0	0	0	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	2,058,455	0	0	0

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

	Welsh Ministers	Senedd Commission	Public Services Ombudsman	Wales Audit Office
Net Resource Requirement	20,800,519	59,075	5,085	7,998
Net Capital Requirement	1,769,722	500	25	230
Adjustments:				
Capital Charges	-405,517	-2,250	-60	-280
Impairments	-369,584	0	0	0
Movements in Provisions	-64,202	-1,600	0	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	542,000	350	0	500
Use of Provisions	0	0	0	0
Other	0	0	20	0
Net Cash Requirement for issue from the Welsh Consolidated Fund	22,272,938	56,075	5,070	8,448

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 2020-21

**Table 1: Reconciliation of Resources Requested in the May 2020
Supplementary Budget Motion to the resources made available by the
Treasury for Wales (£000)**

	2020-21 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	19,132,429	907,091	150,645	863,631	21,053,796
- Senedd Commission	57,475	500	1,600	0	59,575
- Ombudsman	5,085	25	0	0	5,110
- Wales Audit Office	7,998	230	0	0	8,228
Total Resources Requested in the Annual Budget Motion	19,202,987	907,846	152,245	863,631	21,126,709
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	15,003	0	5,413	0	20,416
(ii) Grants	-1,332,880	1,332,880	0	0	0
(iii) Supported Borrowing	0	88,800	0	0	88,800
(iv) Direct Charges on the Welsh Consolidated Fund	3,238	0	804,000	0	807,238
(v) Other	15,060	0	0	0	15,060
Welsh Ministers & Direct Funded Bodies Total Managed Expenditure	17,903,408	2,329,526	961,658	863,631	22,058,223
- Wales Office	5,200	30	0	0	5,230
- Borrowing	0	-125,000	0	125,000	0
- Devolved Taxes	-2,455,467	0	2,455,467	0	0
- Unallocated Reserve	54,476	226,932	0	0	281,408
Total Managed Expenditure (Block)	15,507,617	2,431,488	3,417,125	988,631	22,344,861

Table 2: Changes to the Reconciliation of Resources Requested in the May 2020 Supplementary Budget Motion to the resources made available by the Treasury for Wales (£000)

	2020-21 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	1,517,445	-1,000	0	0	1,516,445
- Senedd Commission	0	0	0	0	0
- Ombudsman	0	0	0	0	0
- Wales Audit Office	0	0	0	0	0
Total Resources Requested in the Supplementary Budget Motion	1,517,445	-1,000	0	0	1,516,445
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	0	0	0	0	0
(ii) Grants	15,712	-15,712	0	0	0
(iii) Supported Borrowing	0	0	0	0	0
(iv) Direct Charges on the Welsh Consolidated Fund	0	0	0	0	0
(v) Other	0	0	0	0	0
Welsh Ministers & Direct Funded Bodies Total Managed Expenditure	1,533,157	-16,712	0	0	1,516,445
- Wales Office	0	0	0	0	0
- Borrowing	0	0	0	0	0
- Devolved Taxes	122,154	0	-122,154	0	0
- Unallocated Reserve	1,003,065	22,973	0	0	1,026,038
Total Managed Expenditure (Block)	2,658,376	6,261	-122,154	0	2,542,483

Table 3: Reconciliation of Resources Requested in this Supplementary Budget

	2020-21 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	20,649,874	906,091	150,645	863,631	22,570,241
- Senedd Commission	57,475	500	1,600	0	59,575
- Ombudsman	5,085	25	0	0	5,110
- Wales Audit Office	7,998	230	0	0	8,228
Total Resources Requested in the Supplementary Budget Motion	20,720,432	906,846	152,245	863,631	22,643,154
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	15,003	0	5,413	0	20,416
(ii) Grants	-1,317,168	1,317,168	0	0	0
(iii) Supported Borrowing	0	88,800	0	0	88,800
(iv) Direct Charges on the Welsh Consolidated Fund	3,238	0	804,000	0	807,238
(v) Other	15,060	0	0	0	15,060
Welsh Ministers & Direct Funded Bodies Total Managed Expenditure	19,436,565	2,312,814	961,658	863,631	23,574,668
- Wales Office	5,200	30	0	0	5,230
- Borrowing	0	-125,000	0	125,000	0
- Devolved Taxes	-2,333,313	0	2,333,313	0	0
- Unallocated Reserve	1,057,541	249,905	0	0	1,307,446
Total Managed Expenditure (Block)	18,165,993	2,437,749	3,294,971	988,631	24,887,344

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	2020-21 £000
Payments to the National Loans Fund – Interest ^{Note}	2,474
Salaries and related pension costs of the Presiding Officer and the Deputy Presiding Officer	278
Salaries and related pension costs of the Ombudsman	213
Salaries and related pension costs of the Auditor General	213
Salaries and related pension costs of the Chair of the Wales Audit Office	27
Salaries and related pension costs of the Commissioner for Standards	33
Redistributable National Non Domestic Rates	804,000
Total	807,238

Note:

An additional £2,362,000 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 2020-21	Changes	Revised Provision 2020-21
Estimated net amounts payable to Welsh Ministers:			
Grant payable by the Secretary of State to the Welsh Consolidated Fund under Section 118 (1)	16,509,615	3,206,637	19,716,252
Payover of Welsh Rate of Income Tax to the Welsh Consolidated Fund	2,169,668	0	2,169,668
Funds borrowed from the National Loans Fund and commercial banks under Section 121	125,000	0	125,000
Payments from Other Government Departments	1,327,527	0	1,327,527
Payments from other sources	2,083,056	-122,154	1,960,902
Less amounts authorised to be retained by Welsh Ministers and Direct Funded Bodies	-990,895	0	-990,895
Estimated amounts payable to Welsh Consolidated Fund	21,223,971	3,084,483	24,308,454
Distributed as follows:			
- Welsh Ministers	20,214,493	2,058,445	22,272,938
- Senedd Commission	56,075	0	56,075
- Ombudsman	5,070	0	5,070
- Wales Audit Office	8,448	0	8,448
Cash Released from the Welsh Consolidated Fund in the Motion	20,284,086	2,058,445	22,342,531
Direct Charges on the Welsh Consolidated Fund	809,600	0	809,600
Unallocated Funds	130,285	1,026,038	1,156,323
Total Estimated Payments	21,223,971	3,084,483	24,308,454

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.

October 2020

SUPPLEMENTARY BUDGET MAIN EXPENDITURE GROUP (MEG)			
Components of the Welsh Government Budget			£000s
MAIN EXPENDITURE GROUP (MEG)	2020-21		
Resource and Capital (Excluding AME)	Resource	Capital	Total
Health and Social Services	9,716,060	407,488	10,123,548
Housing and Local Government	4,816,063	765,590	5,581,653
Economy and Transport	2,197,331	722,575	2,919,906
Education	1,597,297	219,255	1,816,552
International Relations and the Welsh Language	216,670	48,513	265,183
Environment, Energy and Rural Affairs	438,915	120,192	559,107
Central Services and Administration	382,907	28,446	411,353
Total Resource and Capital (Excluding AME)	19,365,243	2,312,059	21,677,302
MAIN EXPENDITURE GROUP	2020-21		
Annually Managed Expenditure (AME)	Resource	Capital	Total
Health and Social Services	217,667	0	217,667
Housing and Local Government	828,255	0	828,255
Economy and Transport	29,525	0	29,525
Education	-123,801	863,631	739,830
International Relations and the Welsh Language	3,013	0	3,013
Environment, Energy and Rural Affairs	2,400	0	2,400
Central Services and Administration	2,999	0	2,999
Total Annually Managed Expenditure (AME)	960,058	863,631	1,823,689
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	20,325,301	3,175,690	23,500,991

HEALTH AND SOCIAL SERVICES			
SUMMARY	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Resource	8,847,607	868,453	9,716,060
Capital	374,488	33,000	407,488
TOTAL RESOURCE AND CAPITAL (Excluding AME)	9,222,095	901,453	10,123,548
Resource AME	217,667	0	217,667
Capital AME	0	0	0
TOTAL AME	217,667	0	217,667
TOTAL HEALTH AND SOCIAL SERVICES	9,439,762	901,453	10,341,215

HEALTH AND SOCIAL SERVICES				
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Core NHS Allocations	7,644,424	842,400	0	8,486,824
Other Direct NHS Allocations	415,113	0	0	415,113
Health Education Improvement Wales	214,976	0	0	214,976
Public Health Wales	150,323	0	0	150,323
Action: Delivery of Core NHS Services	8,424,836	842,400	0	9,267,236
Workforce (NHS)	34,274	0	0	34,274
A Healthier Wales	102,200	0	0	102,200
Other NHS Budgets (Expenditure)	47,344	0	0	47,344
Other NHS Budgets (Income)	-53,000	0	0	-53,000
Action: Delivery of Targeted NHS Services	130,818	0	0	130,818
Education and Training	20,210	0	0	20,210
Workforce Development Central Budgets	3,332	0	0	3,332
Action: Support Education & Training of the NHS Workforce	23,542	0	0	23,542
Mental Health	3,029	0	0	3,029
Action: Support Mental Health Policies & Legislation	3,029	0	0	3,029
Substance Misuse Action Plan Fund	29,825	0	250	30,075
Action: Deliver the Substance Misuse Strategy Implementation Plan	29,825	0	250	30,075
Food Standards Agency	3,737	0	0	3,737
Action: Food Standards Agency	3,737	0	0	3,737
Health Improvement & Healthy Working	16,636	0	250	16,886

Targeted Health Protection & Immunisation	5,783	0	0	5,783
Action: Public Health Programmes	22,419	0	250	22,669
Health Emergency Planning	6,025	0	0	6,025
Action: Effective Health Emergency Preparedness Arrangements	6,025	0	0	6,025
Research and Development	42,075	0	0	42,075
Action: Develop & Implement Research and Development for Patient & Public Benefit	42,075	0	0	42,075
Safeguarding & Advocacy	2,365	0	0	2,365
Older People Carers & People with Disabilities	2,197	1,053	0	3,250
Action: Social Care and Support	4,562	1,053	0	5,615
Partnership & Integration	227	0	0	227
Care Sector	299	0	0	299
Action: Partnership & Integration	526	0	0	526
Sustainable Social Services	51,215	0	0	51,215
Action: Sustainable Social Services	51,215	0	0	51,215
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Social Care Wales	19,398	0	0	19,398
Action: Social Care Wales	19,398	0	0	19,398
Older People Commissioner	1,589	0	0	1,589
Action: Older People Commissioner	1,589	0	0	1,589
Support for Childcare and Play	63,351	24,500	0	87,851
Support for Children's Rights	800	0	0	800
Supporting Children	3,289	0	0	3,289
Children's Commissioner	1,580	0	0	1,580
Support for Families and Children	2,839	0	0	2,839
Action: Supporting Children	71,859	24,500	0	96,359
CAFCASS Cymru	12,152	0	0	12,152
Action: CAFCASS Cymru	12,152	0	0	12,152
MEG: HEALTH AND SOCIAL SERVICES	8,847,607	867,953	500	9,716,060

HEALTH AND SOCIAL SERVICES				
CAPITAL				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Core NHS Allocations		33,000	0	397,075

Action: Delivery of Core NHS Services	364,075	33,000	0	397,075
Other NHS Budgets	829	0	0	829
Action: Delivery of Targeted NHS Services	829	0	0	829
Substance Misuse Action Plan Fund	5,072	0	0	5,072
Action: Deliver the Substance Misuse Strategy Implementation Plan	5,072	0	0	5,072
Health Emergency Planning	4,492	0	0	4,492
Action: Effective Health Emergency Preparedness Arrangements	4,492	0	0	4,492
Social Care Wales	20	0	0	20
Action: Social Care Wales	20	0	0	20
MEG: HEALTH AND SOCIAL SERVICES	374,488	33,000	0	407,488

HEALTH AND SOCIAL SERVICES			
AME - RESOURCE			
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
NHS Impairments and Provisions - AME	217,667	0	217,667
Action: NHS Impairments	217,667	0	217,667
MEG: HEALTH AND SOCIAL SERVICES	217,667	0	217,667

HOUSING AND LOCAL GOVERNMENT			
SUMMARY	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Resource	4,497,154	318,909	4,816,063
Capital	735,590	30,000	765,590
TOTAL RESOURCE AND CAPITAL (Excluding AME)	5,232,744	348,909	5,581,653
Resource AME	828,255	0	828,255
Capital AME	0	0	0
TOTAL AME	828,255	0	828,255
TOTAL HOUSING AND LOCAL GOVERNMENT	6,060,999	348,909	6,409,908

HOUSING AND LOCAL GOVERNMENT
Pack Page 128

Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Local Govt General Revenue Funding	3,399,147	0	0	3,399,147
Non-Domestic Rates Rates Relief	359,700	0	0	359,700
City & Growth Deals	10,000	0	0	10,000
Police General Revenue Funding	86,600	0	0	86,600
Local Govt PFI Revenue Consequences	3,124	0	0	3,124
Transformation & Legislation	6,052	0	0	6,052
Non-Domestic Rates Collection Costs	5,172	0	0	5,172
Emergency Financial Assistance	188,501	309,409	0	497,910
Action: Funding Support for Local Government	4,058,296	309,409	0	4,367,705
Valuation Office Agency Services	8,561	0	0	8,561
Valuation Tribunal for Wales	1,039	0	0	1,039
Local Taxation Research & Analysis	100	0	0	100
Action: Valuation Services	9,700	0	0	9,700
Sponsorship of the Local Democracy and Boundary Commission for Wales	598	0	0	598
Expenditure to Promote Local Democracy	50	0	0	50
Action: Building Local Democracy	648	0	0	648
Improvement & Support	190	0	0	190
Action: Local Government Improvement	190	0	0	190
Academi Wales	804	0	0	804
Action: Academi Wales	804	0	0	804
Community and Town Councils	95	0	0	95
Public Services Boards	0	0	0	0
Action: Supporting Collaboration and Reform	95	0	0	95
Supporting Communities	483	0	0	483
Children and Communities Grant	135,442	0	0	135,442
Housing Support Grant	126,763	0	0	126,763
Action: Early Intervention, Prevention & Support	262,688	0	0	262,688
Financial Inclusion	24,422	0	0	24,422
Digital Inclusion	1,250	0	0	1,250
Action: Financial Inclusion and Digital Inclusion	25,672	0	0	25,672
Fire & Rescue Services	10,425	0	0	10,425
Fire & Rescue Services - Communication Systems	1,765	0	0	1,765
Community Fire Safety	848	0	0	848
Action: Fire & Rescue Services and Resilience	13,038	0	0	13,038
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s

	£000s	£000s	£000s	£000s
Homelessness	17,907	0	9500	27,407
Action: Homelessness Prevention	17,907	0	9,500	27,407
Housing Policy	4,879	0	0	4,879
Action: Housing Policy	4,879	0	0	4,879
Housing Finance Grant	13,100	0	0	13,100
Action: Increase the Supply and Choice of Affordable Housing	13,100	0	0	13,100
Housing Programme Revenue Funding	1,073	0	0	1,073
Action: Housing Revenue Funding	1,073	0	0	1,073
Regeneration	560	0	0	560
Cardiff Harbour Authority	5,400	0	0	5,400
Action: Regeneration	5,960	0	0	5,960
Resource Efficiency and Circular Economy	38,692	0	0	38,692
Action: Increase Resource Efficiency and Support Transition to a Circular Economy	38,692	0	0	38,692
Landscape & Outdoor Recreation	9,966	0	0	9,966
Action: Promote and support protected landscapes, wider access to green space	9,966	0	0	9,966
Planning & Regulation Expenditure	4,596	0	0	4,596
Action: Planning and Regulation	4,596	0	0	4,596
Care Inspectorate Wales	14,248	0	0	14,248
Action: Care Inspectorate Wales	14,248	0	0	14,248
Healthcare Inspectorate Wales	4,379	0	0	4,379
Action: Healthcare Inspectorate Wales	4,379	0	0	4,379
Estyn - Programme Expenditure	11,223	0	0	11,223
Action: Estyn	11,223	0	0	11,223
MEG: HOUSING AND LOCAL GOVERNMENT	4,497,154	309,409	9,500	4,816,063

HOUSING AND LOCAL GOVERNMENT				
CAPITAL				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Local Govt General Capital Funding	197,837	0	0	197,837
Action: Local Government General Capital Funding	197,837	0	0	197,837
Financial Inclusion	-5	0	0	-5
Action: Financial Inclusion and Digital Inclusion	-5	0	0	-5
Fire & Rescue Services	1,000	0	0	1,000
Fire & Rescue Services - Communication Systems	210	0	0	210
Community Fire Safety	670	0	0	670

Action: Fire and Rescue Services and Resilience	1,880	0	0	1,880
Rapid Response Adaption Programme	5,660	0	0	5,660
Action: Housing Policy	5,660	0	0	5,660
Integrated Care Fund	42,000	0	0	42,000
Action: Integrated Care Fund	42,000	0	0	42,000
Major Repairs Allowance and Dowry Gap Funding	108,000	0	0	108,000
Action: Achieve Quality Housing	108,000	0	0	108,000
Social Housing Grants (SHG)	223,219	30,000	0	253,219
Land for Housing	10,000	0	0	10,000
Action: Increase the Supply and Choice of Affordable Housing	233,219	30,000	0	263,219
Help to Buy Wales Fund and Other Schemes	68,510	0	0	68,510
Action: Increase the Supply and Choice of Market Housing	68,510	0	0	68,510
Regeneration	51,808	0	0	51,808
Action: Regeneration	51,808	0	0	51,808
Resource Efficiency and Circular Economy	17,500	0	0	17,500
Action: Increase Resource Efficiency and Support Transition to a Circular Economy	17,500	0	0	17,500
Landscape & Outdoor Recreation	8,900	0	0	8,900
Action: Promote and support protected landscapes, wider access to green space	8,900	0	0	8,900
Estyn - Programme Expenditure	281	0	0	281
Action: Estyn	281	0	0	281
MEG: HOUSING AND LOCAL GOVERNMENT	735,590	30,000	0	765,590

HOUSING AND LOCAL GOVERNMENT			
AME - RESOURCE			
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Non-Domestic Rates Distributable Amount - AME (Less NDR Rates Relief for COVID-19 response)	804,000	0	804,000
Action: Funding Support for Local Government	804,000	0	804,000
Fire Service Pensions - AME	22,159	0	22,159
Action: Fire and Rescue Services and Resilience	22,159	0	22,159
Help to Buy Wales - AME	2,096	0	2,096
Action: Increase the Supply and Choice of Market Housing	2,096	0	2,096
MEG: HOUSING AND LOCAL GOVERNMENT	828,255	0	828,255

ECONOMY AND TRANSPORT			
SUMMARY	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Resource	1,998,660	198,671	2,197,331
Capital	790,726	-68,151	722,575
TOTAL RESOURCE AND CAPITAL (Excluding AME)	2,789,386	130,520	2,919,906
Resource AME	29,525	0	29,525
Capital AME	0	0	0
TOTAL AME	29,525	0	29,525
TOTAL ECONOMY AND TRANSPORT	2,818,911	130,520	2,949,431

ECONOMY AND TRANSPORT				
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Business and Regional Economic Development (Enabling Initiatives)	3,738	0	0	3,738
Entrepreneurship	5,639	0	1,200	6,839
Social Enterprise and Economy	730	0	0	730
Business Wales	1,281,437	0	-39,673	1,241,764
Tech Valleys	2,250	0	0	2,250
Valleys Task Force	100	0	0	100
Action: Inclusive Growth and Future Proofing the Welsh Economy	1,293,894	0	-38,473	1,255,421
Public Sector Broadband Aggregation	8,704	0	0	8,704
Strategic Infrastructure Development	250	0	0	250
ICT Infrastructure Operations	527	0	0	527
ICT Infrastructure Operations - Non Cash	2,309	0	0	2,309
Property Infrastructure	4,026	0	0	4,026
Action: Economic Infrastructure Development	15,816	0	0	15,816
Strategic Policy Development	0	0	0	0
Healthy Working Wales	531	0	0	531
Corporate Programmes & Services	259	0	0	259
Strategic Business Events and Communications	100	0	0	100
Action: Corporate Programmes	890	0	0	890
Network Asset Management	5,686	0	0	5,686
Network Operations	58,298	0	0	58,298
Action: Motorway & Trunk Road Operations	63,984	0	0	63,984

Network Operations Non Cash	188,691	0	0	188,691
Action: Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash	188,691	0	0	188,691
Aviation	1,705	0	0	1,705
National Transport Infrastructure	0	0	0	0
Rail Ancillary	850	0	0	850
Transport for Wales	225,600	113,000	0	338,600
Action: Road, Rail, Air and Sea Services and Investment	228,155	113,000	0	341,155
Bus Support	24,505	94,651	0	119,156
Smartcards	1,116	0	0	1,116
Concessionary Fares	18,482	0	0	18,482
Youth Discounted Travel Scheme	1,500	0	0	1,500
Sustainable & Active Travel	630	0	0	630
Action: Sustainable Travel	46,233	94,651	0	140,884
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Road Safety	3,764	0	0	3,764
Action: Improve Road Safety	3,764	0	0	3,764
Work Based Learning	85,233	0	16,400	101,633
Action: Work Based Learning	85,233	0	16,400	101,633
Marketing Skills	600	0	0	600
Action: Delivery Support - Skills	600	0	0	600
Skills Policy Engagement	1,556	0	0	1,556
Action: Skills Policy	1,556	0	0	1,556
Employability and Skills	45,462	0	10,093	55,555
Communities for Work	3,972	0	3,000	6,972
Action: Employment and Skills	49,434	0	13,093	62,527
Careers Wales	19,010	0	0	19,010
Careers Wales - Non cash	1,400	0	0	1,400
Action: Educational and Careers Choice	20,410	0	0	20,410
MEG: ECONOMY AND TRANSPORT	1,998,660	207,651	-8,980	2,197,331

ECONOMY AND TRANSPORT				
CAPITAL				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s

Business and Regional Economic Development (Direct Support)	44,238	0	0	44,238
Tech Valleys	7,750	0	0	7,750
Valleys Task Force	19,500	0	0	19,500
Action: Inclusive Growth and Future Proofing the Welsh Economy (Support for the Calls to Action)	71,488	0	0	71,488
Business Finance Funds	47,000	0	0	47,000
Action: Development Bank of Wales	47,000	0	0	47,000
ICT Infrastructure Operations	26,000	-12,500	0	13,500
Strategic Infrastructure Development	4,200	0	0	4,200
Property Infrastructure	31,786	0	0	31,786
Action: Economic Infrastructure Development	61,986	-12,500	0	49,486
Network Operations	81,579	0	0	81,579
Action: Motorway & Trunk Road Operations	81,579	0	0	81,579
Aviation	6,800	0	0	6,800
National Transport Infrastructure	149,223	-19,000	0	130,223
Transport for Wales	206,299	0	0	206,299
Action: Road, Rail, Air and Sea Services and Investment	362,322	-19,000	0	343,322
Smartcards	1,000	0	0	1,000
Local Transport Priorities	31,150	0	0	31,150
Concessionary Fares	36,651	-36,651	0	0
Sustainable and Active Travel	90,650	0	0	90,650
Action: Sustainable Travel	159,451	-36,651	0	122,800
Road Safety	6,900	0	0	6,900
Action: Improve Road Safety	6,900	0	0	6,900
MEG: ECONOMY AND TRANSPORT	790,726	-68,151	0	722,575

ECONOMY AND TRANSPORT			
AME - RESOURCE			
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Property Related Infrastructure Impairment - AME	17,525	0	17,525
Action: Economic Infrastructure Development	17,525	0	17,525
Roads Impairment - AME	0	0	0
Action: Motorway & Trunk Road Operations - Non Cash	0	0	0
Careers Wales - AME	12,000	0	12,000
Action: Educational and Careers Choice	12,000	0	12,000
MEG: ECONOMY AND TRANSPORT	29,525	0	29,525

EDUCATION			
SUMMARY	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Resource	1,520,623	76,674	1,597,297
Capital	217,516	1,739	219,255
TOTAL RESOURCE AND CAPITAL (Excluding AME)	1,738,139	78,413	1,816,552
Resource AME	-123,801	0	-123,801
Capital AME	863,631	0	863,631
TOTAL AME	739,830	0	739,830
TOTAL EDUCATION	2,477,969	78,413	2,556,382

EDUCATION				
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Literacy & Numeracy	6,356	0	0	6,356
Action: Literacy and Numeracy	6,356	0	0	6,356
Curriculum & Assessment	3,955	0	0	3,955
Curriculum Review	5,950	0	0	5,950
Foundation Phase	148	0	0	148
Action: Curriculum	10,053	0	0	10,053
Teacher Development and Support	31,895	0	0	31,895
Action: Teaching and Leadership	31,895	0	0	31,895
Qualifications Wales	9,463	0	0	9,463
Action: Qualifications	9,463	0	0	9,463
Further Education Provision	459,377	24,354	3,980	487,711
Action: Post-16 Education	459,377	24,354	3,980	487,711
HEFCW Programme Expenditure	161,857	27,000	4,500	193,357
HEFCW Capital	90	0	0	90
Action: Higher Education	161,947	27,000	4,500	193,447
School Improvement Grant	129,959	16,840	0	146,799
Raising School Standards	22,332	0	0	22,332
School Standards Support	994	0	0	994
Action: Education Standards	153,285	16,840	0	170,125
Pupil Development Grant	108,500	0	0	108,500

Action: Pupil Development Grant	108,500	0	0	108,500
Supporting Digital Learning in Education	4,279	0	0	4,279
Action: ICT & Information Management Systems	4,279	0	0	4,279
Additional Learning Needs	10,536	0	0	10,536
Food & Nutrition in Schools	6,765	0	0	6,765
Post 16 Specialist Placements	13,881	0	0	13,881
Whole School Approach to Wellbeing	2,000	0	0	2,000
Vulnerable Groups	1,150	0	0	1,150
Action: Wellbeing of children and young people	34,332	0	0	34,332
Student Support Grants	390,742	0	0	390,742
Student Loans Company / HMRC Administration Costs	8,723	0	0	8,723
Student Loans Resource Budget Provision	106,849	0	0	106,849
Targeted Student Support Awards	6,297	0	0	6,297
Action: Post-16 learner support	512,611	0	0	512,611
Tackling Disaffection	784	0	0	784
Action: Pupil Engagement	784	0	0	784
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Offender Learning	3,328	0	0	3,328
Youth Engagement & Employment	7,326	0	0	7,326
Action: Youth Engagement & Employment	10,654	0	0	10,654
Education Communications	294	0	0	294
Research Evidence and International	768	0	0	768
Action: Delivery Support	1,062	0	0	1,062
Welsh in Education	12,325	0	0	12,325
Action: Welsh in Education	12,325	0	0	12,325
Business Innovation	500	0	0	500
Action: Innovation	500	0	0	500
Science	1,000	0	0	1,000
Life Sciences	2,200	0	0	2,200
Action: Science	3,200	0	0	3,200
MEG: EDUCATION	1,520,623	68,194	8,480	1,597,297

EDUCATION				
CAPITAL				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s

	£000s	£000s	£000s	£000s
Education Infrastructure	207,775	0	0	207,775
Action: Estate and IT Provision	207,775	0	0	207,775
Further Education Provision	0	3,200	0	3,200
Action: Post-16 Education	0	3,200	0	3,200
Business Innovation (Economy Futures Fund)	4,066	-610	0	3,456
Action: Innovation	4,066	-610	0	3,456
Science	4,874	-731	0	4,143
Life Sciences	801	-120	0	681
Action: Science	5,675	-851	0	4,824
MEG: EDUCATION	217,516	1,739	0	219,255

EDUCATION			
AME - RESOURCE			
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Student Loans - AME	-123,801	0	-123,801
Action: Post-16 learner support	-123,801	0	-123,801
MEG: EDUCATION	-123,801	0	-123,801

EDUCATION			
AME - CAPITAL			
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Student Loans - AME	863,631	0	863,631
Action: Post-16 learner support	863,631	0	863,631
MEG: EDUCATION	863,631	0	863,631

INTERNATIONAL RELATIONS AND THE WELSH LANGUAGE			
SUMMARY	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Resource	152,490	64,000	216,670

Capital	49,213	-700	48,513
TOTAL RESOURCE AND CAPITAL (Excluding AME)	201,883	63,300	265,183
Resource AME	3,013	0	3,013
Capital AME	0	0	0
TOTAL AME	3,013	0	3,013
TOTAL INTERNATIONAL RELATIONS AND THE WELSH LANGUAGE	204,896	63,300	268,196

INTERNATIONAL RELATIONS AND THE WELSH LANGUAGE				
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Export, Trade and Inward Investment	3,154	0	0	3,154
Tourism and Marketing	5,200	0	0	5,200
Events Wales	2,508	0	0	2,508
Action: Promote and Protect Wales' Place in the World	10,862	0	0	10,862
Arts Council of Wales	32,042	25,200	0	57,242
Amgueddfa Cymru - National Museums of Wales	23,910	0	0	23,910
National Library of Wales	10,944	0	0	10,944
Support for Local Culture and Sport	1,762	26,000	0	27,762
Creative	1,708	0	0	1,708
Action: Support for Culture and the Arts	70,366	51,200	0	121,566
Books Council of Wales	3,730	0	0	3,730
Action: Media and Publishing	3,730	0	0	3,730
Cadw	12,411	300	0	12,711
National Botanic Garden of Wales	594	0	0	594
Royal Commission on the Ancient and Historical Monuments of Wales	1,731	0	0	1,731
Action: Support the Historic Environment	14,736	300	0	15,036
Sport Wales	22,567	12,500	0	35,067
Action: Sports and Physical Activity	22,567	12,500	0	35,067
Welsh Language	19,354	0	0	19,354
Welsh Language Commissioner	3,207	0	0	3,207
Action: Welsh Language	22,561	0	0	22,561
International Development	860	0	0	860
International Relations	6,988	0	0	6,988
Action: International	7,848	0	0	7,848
MEG: INTERNATIONAL RELATIONS AND THE WELSH LANGUAGE	152,670	64,000	0	216,670

INTERNATIONAL RELATIONS AND THE WELSH LANGUAGE				
CAPITAL				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Tourism (Economy Futures Fund)	20,700	0	0	20,700
Action: Promote and Protect Wales' Place in the World	20,700	0	0	20,700
Arts Council of Wales	755	0	2,000	2,755
Amgueddfa Cymru - National Museums of Wales	3,547	0	0	3,547
National Library of Wales	3,095	0	0	3,095
Support for Local Culture and Sport	1,430	0	1,000	2,430
Creative (Economy Futures Fund)	5,989	0	0	5,989
Action: Support for Culture and the Arts	14,816	0	3,000	17,816
Books Council of Wales	780	0	0	780
Action: Media and Publishing	780	0	0	780
Cadw	8,731	-3,700	0	5,031
National Botanic Garden of Wales	195	0	0	195
Royal Commission on the Ancient and Historical Monuments of Wales	15	0	0	15
Action: Support the Historic Environment	8,941	-3,700	0	5,241
Sport Wales	3,345	0	0	3,345
Repayment of Sports Capital Loans Scheme	-254	0	0	-254
Action: Sports and Physical Activity	3,091	0	0	3,091
Welsh Language Commissioner	385	0	0	385
Action: Welsh Language	385	0	0	385
International Development	500	0	0	500
Action: International	500	0	0	500
MEG: INTERNATIONAL RELATIONS AND THE WELSH LANGUAGE	49,213	-3,700	3,000	48,513

INTERNATIONAL RELATIONS AND THE WELSH LANGUAGE			
AME - RESOURCE			
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Amgueddfa Cymru - National Museums of Wales Pension Provision - AME	2,391	0	2,391
National Library of Wales Pension Provision - AME	622	0	622

Action:	Museums and Libraries Pensions	3,013	0	3,013
MEG:	INTERNATIONAL RELATIONS AND THE WELSH LANGUAGE	3,013	0	3,013

ENVIRONMENT, ENERGY AND RURAL AFFAIRS			
SUMMARY	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Resource	438,915	0	438,915
Capital	130,992	-10,800	120,192
TOTAL RESOURCE AND CAPITAL (Excluding AME)	569,907	-10,800	559,107
Resource AME	2,400	0	2,400
Capital AME	0	0	0
TOTAL AME	2,400	0	2,400
TOTAL ENVIRONMENT, ENERGY AND RURAL AFFAIRS	572,307	-10,800	561,507

ENVIRONMENT, ENERGY AND RURAL AFFAIRS				
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Environment Legislation & Governance	181	0	0	181
Action: Develop and deliver overarching policy and programmes on sustainable development and natural resource management	181	0	0	181
Fuel Poverty Programme	3,312	0	0	3,312
Green Growth Wales	1,636	0	0	1,636
Strategy and Government Relations	2,834	0	0	2,834
Radioactivity & Pollution Prevention	3,415	0	0	3,415
Decarbonisation and Energy	3,235	0	0	3,235
Action: Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection	14,432	0	0	14,432
Flood Risk Management & Water Revenue	27,197	0	0	27,197
Action: Develop and implement flood and coastal risk, water and sewage policy and legislation	27,197	0	0	27,197
Local Environment Quality	449	0	0	449
Community Involvement	60	0	0	60
Landfill Disposals Tax Communities Scheme	1,500	0	0	1,500
Enabling Natural Resources	274	0	0	274

Biodiversity, Evidence and Plant Health	2,175	0	0	2,175
Forestry	914	0	0	914
Action: Deliver nature conservation and forestry policies and local environment improvement	5,372	0	0	5,372
Natural Resources Wales	61,456	0	0	61,456
Action: Sponsor and manage delivery bodies	61,456	0	0	61,456
Environment Management (Pwllperian)	38	0	0	38
Action: Developing an appropriate evidence base to support the work of the Department	38	0	0	38
Agriculture Strategy	100	0	0	100
Local Authority Framework Funding	200	0	0	200
Agriculture Customer Engagement	250	0	0	250
County Parish Holdings Project	200	0	0	200
EID Cymru	2,641	0	0	2,641
Livestock Identification	1,647	0	0	1,647
Technical Advice Services	358	0	0	358
Commons Act	0	0	0	0
Environment Act Implementation	731	0	0	731
Action: Develop and deliver overarching policy and programmes on Agriculture, Food and Marine	6,127	0	0	6,127
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Agriculture EU Pillar 1 Direct Payments	231,145	0	0	231,145
Agriculture EU Pillar 1 Direct Payments (Income)	0	0	0	0
Common Agriculture Policy IT	5,748	0	0	5,748
Single Payment Scheme Administration	12,048	0	0	12,048
Action: CAP administration and making Payments in accordance with EU and WAG rules	248,941	0	0	248,941
Rural Development Plan 2014-20	19,502	0	0	19,502
Action: Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20	19,502	0	0	19,502
Research & Evaluation	520	0	0	520
Action: Evidence based development for Rural Affairs	520	0	0	520
EU Funded Fisheries Schemes	565	0	0	565
Marine & Fisheries	3,135	0	0	3,135
Action: Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries	3,700	0	0	3,700
Promoting Welsh Food and Industry Development	19,800	0	0	19,800
Action: Developing and Marketing Welsh Food and Drink	19,800	0	0	19,800
Animal Health & Welfare Framework	58	0	0	58
Action: Support and Delivery of the Animal Health and Welfare programme/strategy	58	0	0	58

TB EU Income	-1,300	0	0	-1,300
Animal and Plant Health Agency	15,281	0	0	15,281
TB Slaughter Payments Costs & Receipts	10,110	0	0	10,110
TB Eradication	7,500	0	0	7,500
Action: Management and delivery of TB Eradication and other Endemic Diseases	31,591	0	0	31,591
MEG: ENVIRONMENT, ENERGY AND RURAL AFFAIRS	438,915	0	0	438,915

ENVIRONMENT, ENERGY AND RURAL AFFAIRS				
CAPITAL				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Fuel Poverty Programme	23,000	0	0	23,000
Green Infrastructure	1,402	0	0	1,402
Green Growth Wales	4,000	0	0	4,000
Radioactivity & Pollution Prevention	17,095	-9,500	0	7,595
Action: Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection	45,497	-9,500	0	35,997
Flood Risk Management & Water Revenue	37,500	0	0	37,500
Action: Develop and implement flood and coastal risk, water and sewage policy and legislation	37,500	0	0	37,500
Enabling Natural Resources	6,573	-1,300	0	5,273
Biodiversity, Evidence and Plant Health	25,500	0	0	25,500
Forestry	150	0	0	150
Action: Deliver nature conservation and forestry policies and local environment improvement	32,223	-1,300	0	30,923
Natural Resources Wales	1,216	0	0	1,216
Action: Sponsor and manage delivery bodies	1,216	0	0	1,216
EID Cymru	2,100	0	0	2,100
Commons Act	1,200	0	0	1,200
Action: Develop and deliver overarching policy and programmes on Agriculture, Food and Marine	3,300	0	0	3,300
Common Agriculture Policy IT	1,505	0	0	1,505
Action: CAP Administration and making payments according to EU and WG rules	1,505	0	0	1,505
Rural Development Plan 2014-20	9,418	0	0	9,418
Action: Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20	9,418	0	0	9,418
EU Funded Fisheries Schemes	233	0	0	233

Action:	Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries	233	0	0	233
	Promoting Welsh Food and Industry Development	100	0	0	100
Action:	Developing and Marketing Welsh Food and Drink	100	0	0	100
MEG:	ENVIRONMENT, ENERGY AND RURAL AFFAIRS	130,992	-10,800	0	120,192

ENVIRONMENT, ENERGY AND RURAL AFFAIRS				
AME - RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020	
	£000s	£000s	£000s	
NRW Provision for Pensions - AME	2,400	0	2,400	
Action:	Sponsor and manage delivery bodies	2,400	0	2,400
MEG:	ENVIRONMENT, ENERGY AND RURAL AFFAIRS	2,400	0	2,400

CENTRAL SERVICES AND ADMINISTRATION			
SUMMARY	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
Resource	376,457	6,450	382,907
Capital	30,246	-1,800	28,446
TOTAL RESOURCE AND CAPITAL (Excluding AME)	406,703	4,650	411,353
Resource AME	2,999	0	2,999
Capital AME	0	0	0
TOTAL AME	2,999	0	2,999
TOTAL CENTRAL SERVICES AND ADMINISTRATION	409,702	4,650	414,352

CENTRAL SERVICES AND ADMINISTRATION				
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Staff Costs	201,222	0	0	201,222
Action:	Staff Costs	201,222	0	201,222
General Administration Expenditure	24,429	2,729	0	27,158

General Administration Expenditure (Capital Charges - Non cash)	16,000	0	0	16,000
IT Costs	14,952	721	0	15,673
Enabling Government	3,721	0	0	3,721
Action: Running Costs	59,102	3,450	0	62,552
Improve Economic & Labour Market Statistics	1,246	0	0	1,246
Geographical Information	719	0	0	719
Central Research	1,925	0	0	1,925
Action: Statistics, Information & Research	3,890	0	0	3,890
Future Generations Commissioner Wales	1,509	0	0	1,509
Land Release Fund	276	0	0	276
Tribunals	4,161	0	0	4,161
Justice Commission in Wales	490	0	0	490
Public Policy Institute	450	0	0	450
Chwarae Teg	360	0	0	360
Action: External Bodies & Services	7,246	0	0	7,246
Welsh Revenue Authority	6,196	0	0	6,196
Devolved Taxes	419	0	0	419
Cost of Borrowing	2,474	0	0	2,474
Action: Fiscal Responsibilities	9,089	0	0	9,089
National Procurement Service	261	0	0	261
e-procurement	3,000	0	0	3,000
Action: Procurement Service	3,261	0	0	3,261
Events & Corporate Communications	356	0	0	356
Economic Research	46	0	0	46
Central EU Transition Costs	24,250	0	0	24,250
Action: Other Support Services	24,652	0	0	24,652
Invest to Save	-7,367	0	0	-7,367
Invest to Save Fund Repayment	5,352	0	0	5,352
Action: Invest to Save	-2,015	0	0	-2,015
Programme Support	1,897	0	0	1,897
Action: Managing European Funding	1,897	0	0	1,897
RESOURCE				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
Violence against Women, Domestic Abuse and Sexual Violence	5,250	1,575	0	6,825
Action: Violence against Women, Domestic Abuse and Sexual Violence	5,250	1,575	0	6,825
Community Cohesion	1,600	0	0	1,600
Equality and Prosperity	4,510	0	0	4,510
Action: Equality and Inclusion	6,110	0	0	6,110

Advocacy Services	8,891	1,425	0	10,316
Action: Advocacy Services	8,891	1,425	0	10,316
Support for the Voluntary Sector and Volunteering	30,625	0	0	30,625
Action: Support for the Voluntary Sector	30,625	0	0	30,625
Community Support Officers	16,750	0	0	16,750
Action: Community Support Officers	16,750	0	0	16,750
Female Offending and Youth Justice Blueprints	487	0	0	487
Action: Female Offending and Youth Justice Blueprints	487	0	0	487
MEG: CENTRAL SERVICES AND ADMINISTRATION	376,457	6,450	0	382,907

CENTRAL SERVICES AND ADMINISTRATION				
CAPITAL				
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	COVID-19 Allocations from / Transfer to Reserves	Other Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s	£000s
General Administration Expenditure	11,679	0	0	11,679
Action: General Administration	11,679	0	0	11,679
Land Release Fund	5,560	0	0	5,560
Action: External Bodies and Services	5,560	0	0	5,560
Invest to Save	2,613	0	0	2,613
Invest to Save Fund Repayment	-2,613	0	0	-2,613
Action: Invest to Save	0	0	0	0
Violence against Women, Domestic Abuse and Sexual Violence	2,169	0	0	2,169
Action: Violence against Women, Domestic Abuse and Sexual Violence	2,169	0	0	2,169
Gypsy Traveller Sites	5,000	-1,800	0	3,200
Action: Gypsy Traveller Sites	5,000	-1,800	0	3,200
Community Facilities Programme	5,838	0	0	5,838
Action: Community Facilities	5,838	0	0	5,838
MEG: CENTRAL SERVICES AND ADMINISTRATION	30,246	-1,800	0	28,446

CENTRAL SERVICES AND ADMINISTRATION			
AME - RESOURCE			
Budget Expenditure Line	Plans as per 2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
CSA Pensions Provisions - AME	2,999	0	2,999
Action: Provisions for Early Retirement	2,999	0	2,999

MEG:	CENTRAL SERVICES AND ADMINISTRATION	2,999	0	2,999
------	--	-------	---	-------



Llywodraeth Cymru
Welsh Government

Welsh Government

Supplementary Budget

2020-2021

Explanatory Note

October 2020

gov.wales

OGL © Crown copyright 2020, Welsh Government 2020, Digital ISBN 978-1-80082-356-3

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

Contents

1. Introduction	2
2. Changes to the Wales Budget since the First Supplementary Budget 2020-21	4
3. Changes to Reserves	12
4. Transfers between and within Ministerial Portfolios	19
Annex 1 – Reconciliation between the Portfolio Budgets in the Action Tables and those the Budget Motion	20
Annex 2 – Glossary	22

Any queries on the content of this document should be sent to:
wag-en@mailuk.custhelp.com

1. Introduction

- 1.1** The Welsh Government today tabled the second supplementary budget for 2020-21 in accordance with Standing Order 20. This supplementary budget proposes changes to the first supplementary budget for 2020-21 as approved by Senedd Cymru ('the Senedd') on 24 June 2020.
- 1.2** The purpose of this supplementary budget is to reflect the further changes that have arisen as a result of the measures taken to respond to the immediate impacts of the coronavirus pandemic since the first supplementary budget was published in May.
- 1.3** In the period since May, the Welsh Government has announced in excess of £1.5 billion of measures in response to the pandemic. This interim supplementary budget provides an update of the amounts allocated from our reserves and changes to the resources available that have taken place over the preceding four months.
- 1.4** Although this approach necessitates a more limited explanatory document than provided alongside the earlier supplementary budget, it is important to provide transparency around the financial position and provide an interim budget at this time.
- 1.5** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.
- 1.6** This budget does not reflect the recent changes to Cabinet Ministerial portfolio responsibilities announced on 8th October. A restated position reflecting those changes will be published in due course.
- 1.7** A further supplementary budget will be published later in the financial year in line with the usual timescale for making final changes to budgets for the year. That supplementary budget will ratify changes to the Welsh budget arising from the UK Supplementary Estimate and all

additional allocations from reserves including the recently announced £320m reconstruction package.

- 1.8** As with the first supplementary budget, a more comprehensive narrative will be provided at that time.

2. Changes to the Wales Budget since the First Supplementary Budget 2020-21

- 2.1** Tables 2.1 to 2.3 set out the net impact of all the changes to the Welsh budget. Table 2.4 summarises the total allocations by MEG.

Table 2.1 – Sources of Finance for Welsh Government

COMPONENTS OF WELSH GOVERNMENT FINANCING	2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	14,687,353	2,658,376	17,345,729
Non-Fiscal	690,064	0	690,064
Drawdown from the Wales Reserve	125,000	0	125,000
Annually Managed Expenditure (AME):			
Fiscal	22,159	0	22,159
Non-Fiscal	135,499	0	135,499
Wales Devolved Financing:			
Non Domestic Rates	804,000	0	804,000
Welsh Rate of Income Tax	2,169,668	0	2,169,668
Land Transaction Tax	254,008	-122,154	131,854
Landfill Disposals Tax	34,153	0	34,153
Principal repayment of borrowing	-2,362	0	-2,362
TOTAL RESOURCE FINANCING	18,919,542	2,536,222	21,455,764
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	2,127,552	5,593	2,133,145
Financial Transactions	303,906	668	304,574
Annually Managed Expenditure (AME):			
Capital	863,631	0	863,631
Wales Devolved Financing:			
Borrowing	125,000	0	125,000
TOTAL CAPITAL FINANCING	3,420,089	6,261	3,426,350
TOTAL WELSH FINANCING	22,339,631	2,542,483	24,882,114

Table 2.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)		£000s		
		2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
Health and Social Services		9,439,762	901,453	10,341,215
Housing and Local Government		6,060,999	348,909	6,409,908
Economy and Transport		2,818,911	130,520	2,949,431
Education		2,477,969	78,413	2,556,382
International Relations and the Welsh Language		204,896	63,300	268,196
Environment, Energy and Rural Affairs		572,307	-10,800	561,507
Central Services and Administration		409,702	4,650	414,352
Total Allocation to Welsh Government MEGs		21,984,546	1,516,445	23,500,991
Repurposed EU funding for COVID-19 measures		-245,000	0	-245,000
Planned Allocation to Welsh Government MEGs		21,739,546	1,516,445	23,255,991
Unallocated Resource	Fiscal Resource	148,353	1,003,065	1,151,418
	Non-Fiscal Resource	151,123	0	151,123
Unallocated Capital	General	177,342	22,305	199,647
	Financial Transactions	49,590	668	50,258
Senedd Commission		59,575	0	59,575
Public Services Ombudsman for Wales		5,110	0	5,110
Wales Audit Office		8,228	0	8,228
Direct Charges to the Welsh Consolidated Fund		764	0	764
TOTAL WELSH BUDGET		22,339,631	2,542,483	24,882,114

Table 2.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020	2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
Health and Social Services	8,657,607	868,453	9,526,060	190,000	0	190,000
Housing and Local Government	4,496,914	318,909	4,815,823	240	0	240
Economy and Transport	1,806,260	198,671	2,004,931	192,400	0	192,400
Education	1,413,469	76,674	1,490,143	107,154	0	107,154
International Relations and the Welsh Language	143,788	64,000	207,788	8,882	0	8,882
Environment, Energy and Rural Affairs	417,240	0	417,240	21,675	0	21,675
Central Services and Administration	360,457	6,450	366,907	16,000	0	16,000
Total Allocation to Welsh Government MEGs	17,295,735	1,533,157	18,828,892	536,351	0	536,351

Table 2.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020	2020-21 Supplementary Budget May 2020	Changes	2020-21 Supplementary Budget New Plans October 2020
Health and Social Services	374,488	33,000	407,488	0	0	0
Housing and Local Government	585,085	30,000	615,085	150,505	0	150,505
Economy and Transport	705,466	-68,151	637,315	85,260	0	85,260
Education	217,711	1,739	219,450	-195	0	-195
International Relations and the Welsh Language	33,467	-700	32,767	15,746	0	15,746
Environment, Energy and Rural Affairs	128,992	-10,800	118,192	2,000	0	2,000
Central Services and Administration	29,246	-1,800	27,446	1,000	0	1,000
Total Allocation to Welsh Government MEGs	2,074,455	-16,712	2,057,743	254,316	0	254,316

2.2 An overview of the changes to the sources of finance are provided below and details of allocations from reserves can be found in section 3.

Adjustments to Sources of Finance

Fiscal Resource

2.3 The Fiscal Resource baseline has increased by a net amount of £2,658,376k comprising consequential announcements as a result of:

- £918,148k in respect of Covid-19 spending announcements in England;
 - £12,500k in respect of the Summer Economic Update;
 - £1,200,000k in respect of the guarantee from the UK government announced on 23rd July, the majority of which related to announcements already made; and
 - £400,000k in respect of the further guarantee from the UK government announced on 9th October;
- £127,728k relating to an estimated revision to the Block Grant Adjustment for Stamp Duty Land Tax.

Non-Fiscal Resource

2.4 There has been no change to the non-fiscal resource baseline since the first supplementary budget.

Wales Devolved Financing

2.5 From 27 July, a temporary change to the rates and thresholds of Land Transaction Tax (LTT) was applied. As a result of this policy change and using the latest determinants from the central COVID scenario published by the OBR in its Fiscal Sustainability Report in July, the forecast for LTT has reduced by £122,154k to £131,854k.

General Capital

- 2.6** The general capital baseline has increased by £5,593k comprising a Barnett consequential in respect of the Covid-19 spending announcements in England.

Financial Transactions Capital

- 2.7** The baseline ring-fenced for financial transaction capital has increased by £668k due to consequentials received as a result of the Covid-19 spending announcements in England.

AME Financing

- 2.8** There have been no adjustments to AME financing and expenditure since the first supplementary budget.

Table 2.5 – Summary of the Welsh Government MEG Total Allocations

2020-21 TOTAL MEG ALLOCATIONS as per SUPPLEMENTARY BUDGET										
£000s										
MAIN EXPENDITURE GROUPS (MEGs)	Resource			Capital			AME			TOTAL MEG ALLOCATION
	Fiscal	Non Fiscal	Resource Total	General	Financial Trans-actions	Capital Total	Resource	Capital	AME Total	
Health and Social Services	9,526,060	190,000	9,716,060	407,488	0	407,488	217,667	0	217,667	10,341,215
Housing and Local Government	4,815,823	240	4,816,063	615,085	150,505	765,590	828,255	0	828,255	6,409,908
Economy and Transport	2,004,931	192,400	2,197,331	637,315	85,260	722,575	29,525	0	29,525	2,949,431
Education	1,490,143	107,154	1,597,297	219,450	-195	219,255	-123,801	863,631	739,830	2,556,382
International Relations and the Welsh Language	207,788	8,882	216,670	32,767	15,746	48,513	3,013	0	3,013	268,196
Environment, Energy and Rural Affairs	417,240	21,675	438,915	118,192	2,000	120,192	2,400	0	2,400	561,507
Central Services and Administration	366,907	16,000	382,907	27,446	1,000	28,446	2,999	0	2,999	414,352
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	18,828,892	536,351	19,365,243	2,057,743	254,316	2,312,059	960,058	863,631	1,823,689	23,500,991

3. Changes to Reserves

- 3.1** This budget regularises a number of allocations to and from reserves. A full list can be found in table 3.1.

Allocations from Fiscal Resource and General Capital Reserves

- 3.2** Allocations totalling £1,558,157k have been made from the fiscal resource reserves and £69,200k from the general capital reserves. The allocations are as follows (links to public announcements are provided where possible for further information):

- Health and Social Services
 - [£800,000k for an NHS stabilisation package](#) to prepare for the anticipated challenges that winter will bring – responding to a potential second wave of the virus, alongside normal winter pressures - whilst continuing to further increase access to essential services.
 - £45,000k for the Covid-19 Contact Tracing Workforce to cover the cost of the local authority and health board workforce required to undertake population-wide contact tracing as set out in Test, Trace, Protect.;
 - £22,400k to meet adult care providers' Covid-19 costs in relation to the healthcare they provide for the second 6 months of the year. This includes continuing healthcare, NHS funded nursing care and joint packages of care, where extra costs from a range of issues are being experienced, such as greater infection control and additional staffing;
 - [£1,053k for a hardship fund](#) to mitigate the financial impact of Covid-19 on unpaid carers;
 - [£24,500k to restart the Childcare Offer for Wales](#) including a dedicated package of financial support for the childcare sector;
 - [£33,000k \(capital\) for new Cardiff and Vale Covid-19 facility](#) to manage any potential increase in Covid-19 cases this Winter.

- Housing and Local Government
 - An additional £306,559k made available via the Local Authority Hardship Fund comprising:
 - a total of £27,359k for the adult social care sector to meet the additional costs adult social care providers are incurring as a result of the pandemic. This comprises [£22,731k further funding for Adult Social Care Providers](#) as well as an additional £4,628k to reflect the actual costs arising from the extra [£40m to support adult social care](#) provided in the first supplementary budget;
 - £15,000k to support the general element of the Fund; and
 - [£264,200k to support local authorities](#) for the remainder of this financial year for additional costs and loss of income as they continue to support our response to the pandemic.
 - £2,850k reflecting the impact of Covid-19 on council tax reduction scheme applications and council tax revenue during the first quarter of the 2020-21 financial year;
 - £9,500k revenue and £30,000k capital as part of the [£50m Phase 2 Homelessness plan](#)
- Economy and Transport
 - A total of £113,000k to ensure train services continue to operate on the Wales and Borders network for key workers and others that rely on the train to travel comprising [£65,000k announced in May](#) and a further £48,000k to continue with the emergency management arrangements;
 - A total of £94,651k to support the provision of bus services comprising [£10,000k announced in August](#) and a further [£84,651k announced in September](#).

- Education
 - A total of [£50,954k to support Welsh universities, colleges and students](#) comprising £27,000k for higher education institutions; £23,954k for further education and sixth forms including £3,200k capital to provide digital equipment such as laptops for FE students;
 - £3,600k to support FE colleges with additional cleaning costs announced as part of the [support for Local Government](#) to ensure students and staff are able to work in a safe environment;
 - £16,840k reflecting the costs in the 2020-21 financial year to [recruit, recover and raise standards in Welsh schools](#) as part of a £29m package for the 2020/21 academic year

- International Relations and the Welsh Language
 - [£53,000k for the Cultural Recovery Fund](#) to help support and sustain the sector due to the ongoing challenges resulting from the pandemic comprising £50,000k revenue and £3,000k capital;
 - [£14,000k for the Sport and Leisure Recovery Fund](#) to help the sector meet the ongoing challenges and to help provide longer-term sustainability.

- Central Services and Administration
 - £3,450k to support staff and the organisation during lockdown and transitioning back into offices;
 - [£1,575k for violence against women, domestic abuse and sexual violence services](#) to help them respond to increased demands;
 - [£1,425k for services that support people in Wales to manage problem debt and improve their household income](#) to help them respond to increased demands.

Transfers to Fiscal Resource Reserves

- 3.3** A transfer of £25,000k has been made to the fiscal resource reserve from the Health and Social Services MEG to reflect a switch to capital to fund the new Cardiff and Vale Covid-19 facility.

Allocations from Non Fiscal Resource Reserves

- 3.4** There have been no allocations to or from non fiscal resource reserves in this supplementary budget.

Transfers to General Capital Reserves

- 3.5** Following an exercise to review capital plans across portfolios, £49,261k was identified for repurposing mainly related to likely slippage due to the Covid-19 pandemic or where the release of funding would not have a significant impact. The following amounts have been returned to the general capital reserve from each MEG:

• Economy and Transport	£31,500k
• Education	£1,461k
• International Relations and the Welsh Language	£3,700k
• Environment, Energy and Rural Affairs	£10,800k
• Central Services and Administration	£1,800k

- 3.6** £36,651k has been transferred from the Economy and Transport MEG from the Concessionary Fares BEL to the general capital reserve to facilitate a capital to revenue switch to support bus services.

Allocations from and Transfers to Financial Transaction Capital Reserves

- 3.7** There have been no financial transaction capital allocations from or transfers to the financial transaction capital reserves in this supplementary budget.

Table 3.1 below reflects all the movements on reserves:

Table 3.1 - Changes to the 2020-21 Reserves since First Supplementary Budget and the Allocations from Reserves being made in this Supplementary Budget

	£000s						
	Fiscal Resource	Non-Fiscal Resource	Total Resource	General Capital	Financial Transaction Capital	Total Capital	Total
Reserves at First Supplementary Budget	148,353	151,123	299,476	177,342	49,590	226,932	526,408
Transfers & Consequentials since First Supplementary Budget	2,658,376	0	2,658,376	5,593	668	6,261	2,664,637
Revised Reserves	2,806,729	151,123	2,957,852	182,935	50,258	233,193	3,191,045
Changes:							
HEALTH & SOCIAL SERVICES							
Stabilisation for the NHS	-800,000		-800,000				-800,000
Contact Tracing	-45,000		-45,000				-45,000
Support for unpaid carers	-1,053		-1,053				-1,053
Childcare Offer	-24,500		-24,500				-24,500
Adult care providers	-22,400		-22,400				-22,400
Revenue to capital switch for new Cardiff & Vale Covid-19 facility;	25,000		25,000	-33,000		-33,000	-8,000
HEALTH & SOCIAL SERVICES	-867,953	0	-867,953	-33,000	0	-33,000	-900,953

HOUSING & LOCAL GOVERNMENT							
Local Authority Support	-264,200		-264,000				-264,000
Adult social care providers' costs	-27,359		-27,359				-27,359
Local Government Hardship Fund	-15,000		-15,000				-15,000
Council Tax Reduction Scheme	-2,850		-2,850				-2,850
Homelessness next phase	-9,500		-9,500				-9,500
Social Housing Grant				-30,000		-30,000	-30,000
HOUSING & LOCAL GOVERNMENT	-318,909	0	-318,909	-30,000	0	-30,000	-348,909
ECONOMY & TRANSPORT							
Rail Support	-113,000		-113,000				-113,000
Bus Support	-94,651		-94,651	36,651		36,651	-58,000
Capital repurposing exercise				31,500		31,500	31,500
ECONOMY & TRANSPORT	-207,651	0	-207,651	68,151	0	68,151	-139,500
EDUCATION							
Support for Further Education	-24,354		-24,354				-24,354
Support for Higher Education	-27,000		-27,000				-27,000
Supporting Learners	-16,840		-16,840				-16,840
Digital learning equipment for disadvantaged learners				-3,200		-3,200	-3,200
Capital repurposing exercise				1,461		1,461	1,461
EDUCATION	-68,194	0	-68,194	-1,739	0	-1,739	-69,933

INTERNATIONAL RELATIONS & THE WELSH LANGUAGE							
Culture Recovery Fund	-50,000		-50,000	-3,000		-3,000	-53,000
Sport and Leisure Fund	-14,000		-14,000				-14,000
Capital repurposing exercise				3,700		3,700	3,700
INTERNATIONAL RELATIONS & THE WELSH LANGUAGE	-64,000	0	-64,000	700	0	700	-63,300
ENVIRONMENT, ENERGY & RURAL AFFAIRS							
Capital repurposing exercise				10,800		10,800	10,800
ENVIRONMENT, ENERGY & RURAL AFFAIRS	0	0	0	10,800		10,800	10,800
CENTRAL SERVICES & ADMINISTRATION							
Support for staff and organisation	-3,450		-3,450				-3,450
Violence against Women, Domestic Abuse and Sexual Violence services	-1,575		-1,575				-1,575
Debt and Income Advice	-1,425		-1,425				-1,425
Capital repurposing exercise				1,800		1,800	1,800
CENTRAL SERVICES & ADMINISTRATION	-6,450	0	-6,450	1,800	0	1,800	-4,650
OTHER CHANGES AFFECTING RESERVES							
Reduction in Land Transaction Tax forecast	-122,154		-122,154			0	-122,154
OTHER CHANGES AFFECTING RESERVES	-122,154	0	-122,154	0	0	0	-122,154
Reserves in this Budget	1,151,418	151,123	1,302,541	199,647	50,258	249,905	1,552,446

4. Transfers between and within Ministerial Portfolios

4.1 This section details the transfers between and within MEGs.

Economic Resilience Fund

4.2 To ensure anyone over 16 in Wales can access advice and support to find work, pursue self-employment or find a place in education or training, £39,673k has been transferred from the Economic Resilience Fund allocated in the first supplementary budget as follows:

- £8,480k transferred from the Economy and Transport MEG to the Education MEG to:
 - expand the Personal Learning Account Programme;
 - roll out the employment bureau approach within further education;
 - providing additional support for 'Go Wales';
 - support degree apprenticeships.
- £500k transfer from the Economy and Transport MEG to the Health and Social Services MEG for Work Support and Out of Work services.
- Within the Economy and Transport MEG:
 - £10,093k to the Employability and Skills BEL for employability interventions;
 - £1.200k to the Start Up & Youth Entrepreneurship BEL for entrepreneurship/business start up;
 - £16,400k to Work Based Learning BEL for employer recruitment and redeployment incentives;
 - £3,000k to Communities for Work BEL for Communities for Work Plus

Annex 1 – Reconciliation between the Portfolio Budgets in the Action Tables and those the Budget Motion

The Explanatory Note supports the Supplementary Budget Motion published alongside this document, which sets out the changes to both the resources that the Welsh Government is proposing to use in 2020-21 and the cash it is seeking authority to draw from the Welsh Consolidated Fund. The tables within this note use the HM Treasury control totals and align with the BEL Tables. However, the figures in the Supplementary Budget Motion align with the Statement of Resource Outturn which is used in the Welsh Government accounts and is prepared on a slightly different basis.

The Welsh Government's budget includes items which do not score as part of the 'Resources Requested' by Welsh Ministers. This Annex provides a reconciliation between the two by each portfolio.

2020-21 SUPPLEMENTARY BUDGET								
£000s								
	Health and Social Services	Housing and Local Government	Economy and Transport	Education	International Relations and the Welsh Language	Environment, Energy and Rural Affairs	Central Services and Administration	TOTAL
Resource	9,716,060	4,816,063	2,197,331	1,597,297	216,670	438,915	382,907	19,365,243
Capital	407,488	765,590	722,575	219,255	48,513	120,192	28,446	2,312,059
Resource AME	217,667	828,255	29,525	-123,801	3,013	2,400	2,999	960,058
Capital AME	0	0	0	863,631	0	0	0	863,631
TOTAL MANAGED EXPENDITURE	10,341,215	6,409,908	2,949,431	2,556,382	268,196	561,507	414,352	23,500,991
Reconciliation to Resources								
Resource Consumption - Welsh Government Sponsored Bodies	-230	-200		-305	-7,281	-12,400		-20,416
Supported Borrowing		-88,800						-88,800
National Insurance Fund Receipts Collection Costs	-906							-906
National Non-Domestic Rates Payable (and Collection Costs)		-809,172						-809,172
Interest Repayments on Borrowing							-2,474	-2,474
PFI			-8,982					-8,982
RESOURCES REQUESTED	10,340,079	5,511,736	2,940,449	2,556,077	260,915	549,107	411,878	22,570,241

Annex 2 – Glossary

Action	Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.
Ambits	Descriptions of the specific purposes for which Welsh Ministers are authorised by Senedd Cymru to spend resources. Ambit Descriptions and resource limits are contained within the Annual and Supplementary Budget Motions. Ambits correspond to MEGs.
Annually Managed Expenditure (AME)	Expenditure which cannot reasonably be subject to firm, multi-year limits in the same way as DEL and is therefore reviewed twice a year as part of the HM Treasury's Budget and Pre-Budget Report processes. AME typically consists of programmes which are large, volatile or demand-led; for example the issue of student loans.
Budget Motion	The means by which Senedd Cymru authorises Welsh Ministers to spend resources up to a specific level for specified purposes and to draw cash up to a specific limit from the Welsh Consolidated Fund.
Budget Expenditure Line (BEL)	Within each Action budgets are allocated to a number of sub-expenditure groups known as BELs. Tables showing budgets at BEL level are available at: http://gov.wales/funding/budget/?lang=en
Capital	Expenditure that in the main results in a physical asset, for example a new building. The Welsh Government DEL and AME budgets have separate capital and resource limits.
Departmental Expenditure Limit (DEL)	The multi-year budget limit for the Welsh Government set by the HM Treasury in Spending Reviews.
Depreciation	The drop in value of an asset due to wear and tear, age and obsolescence. Under resource budgeting, depreciation is part of the Welsh Government's DEL but is a non-fiscal resource DEL item.

Direct Charges on the Welsh Consolidated Fund	Expenditure which is legally required to be charged directly to the Welsh Consolidated Fund and therefore does not score against the budgets of the Welsh Government or any other body. Direct Charges include the remuneration of the Presiding Officer and Auditor General.
Financial Transactions	Financial transactions can only be used for loans and equity purposes. A proportion of the funding also has to be repaid to the Exchequer.
Fiscal Resource DEL (sometimes referred to as revenue)	The Fiscal Resource DEL budget scores most of the department's current expenditure. Expenditure is recorded on an accruals basis. It includes expenditure on pay, current procurement, current grants and subsidies.
Main Expenditure Group (MEG)	The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently 7 MEGs: Health and Social Services; Housing and Local Government; Economy and Transport; Education; International Relations and the Welsh Language; Environment, Energy and Rural Affairs and Central Services and Administration.
Non-Fiscal Resource DEL (sometimes referred to as 'non cash')	The Non-Fiscal Resource DEL budget scores the department's current expenditure in respect of impairment of student loans and depreciation. Non-Fiscal Resource DEL is ring-fenced and cannot be used to fund fiscal resource DEL spending.
Receipts	Some areas of Welsh Government activity generate income, for example, through the sale or rental of assets. These are represented in the budget as negative figures.
Resource budgeting	The Welsh Government's budget is set on a resource basis derived from accruals information. Accruals information measures resources as they are consumed rather than when the cash is paid. So, for example, resource budgeting includes a charge for depreciation, a measure of the consumption or wearing out of capital assets.

Spending Review	HM Treasury periodically reviews expenditure for each UK Government Department and sets budgets for the forthcoming years. Budgets for the devolved administrations are derived from these budgets via the Barnett formula, which is the mechanism used to calculate public expenditure allocated to Wales to reflect changes in spending levels allocated to public services in England.
Total Managed Expenditure (TME)	This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure.
Welsh Consolidated Fund	The account into which the money voted by the UK Parliament for use by the Welsh Government, the Senedd Commission, the Auditor General, and the Public Services Ombudsman for Wales is paid.
WGSB	Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales.

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

Document is Restricted

Document is Restricted

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

Document is Restricted