

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee
room 3, Senedd and video conference
via Zoom

For further information contact:

Owain Roberts

Committee Clerk

Meeting date: 11 October 2023

0300 200 6388

Meeting time: 09.30

SeneddFinance@senedd.wales

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Paper(s) to note

(09.30)

(Pages 1 – 4)

Minutes of the meeting held on 20 September.

2.1 PTN 1 – Letter from Audit Wales: Further information following the Audit Wales session on 20 September – 2 October 2023

(Pages 5 – 8)

2.2 PTN 2 – Letter from the Minister for Health and Social Services: The Health Service Procurement (Wales) Bill – Stage 3 Government Amendments – 2 October 2023

(Pages 9 – 11)

3 Senedd Cymru (Members and Elections) Bill: Evidence session with the Senedd Commission

(09.30–10.30)

(Pages 12 – 29)

Ken Skates MS, Commissioner for Budget and Governance

Manon Antoniazzi, Chief Executive and Clerk of the Senedd

Kate Innes, Chief Finance Officer

Alun Davidson, Clerk, Constitutional Change / Parliamentary Business

Strategy Team

Supporting documents:

[Senedd Cymru \(Members and Elections\) Bill, as introduced](#) (PDF, 231KB)



Senedd Cymru
Welsh Parliament

[Explanatory Memorandum](#) (PDF, 1.9KB)

Introductory Brief by the Committee's Expert Adviser

Research Service Brief

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from items 5 and 7

(10.30)

5 Senedd Cymru (Members and Elections) Bill: Consideration of evidence

(10.30–10.45)

6 Senedd Cymru (Members and Elections) Bill: Evidence session with the Independent Remuneration Board of the Senedd

(10.45–11.15)

(Pages 30 – 41)

Dr Elizabeth Haywood, Chair, Independent Remuneration Board of the Senedd

Daniel Hurford, Clerk, Independent Remuneration Board of the Senedd

Supporting documents:

Research Service Brief

7 Senedd Cymru (Members and Elections) Bill: Consideration of evidence

(11.15–12.00)

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 4 Ty Hywel and video conference via Zoom**

This meeting can be viewed on [Senedd TV](#) at: <http://senedd.tv/en/13475>

Meeting date: Wednesday, 20 September 2023

Meeting time: 09.30 – 11.58

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Rhianon Passmore MS
Witnesses:	Adrian Crompton, Auditor General for Wales, Audit Wales, Auditor General for Wales, Audit Wales Dr Kathryn Chamberlain, Audit Wales Kevin Thomas, Audit Wales Ann-Marie Harkin, Audit Wales Jonathan Athrow, HM Revenue & Customs Katherine Gross-Niklaus, HM Revenue & Customs
Committee Staff:	Owain Roberts (Clerk) Cerian Jones (Second Clerk) Mike Lewis (Deputy Clerk) Owen Holzinger (Researcher)



Registration (09.00–09.15)

Private Pre-meeting (09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

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

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN 1 – Letter from the Minister for Finance and Local Government: Budget timetable 2024–25 – 12 September 2023**

3 Audit Wales – Scrutiny of the Annual Report and Accounts 2022–23 and the Annual Plan 2024–25: Evidence session

3.1 The Committee took evidence on Audit Wales’s Annual Report and Accounts 2022–23 and the Annual Plan 2024–25 from the Auditor General for Wales; Chair of the Wales Audit Office; and Audit Wales officials.

3.2 Audit Wales agreed to provide:

- Further detail on the staff turnover rate across the organisation during the previous twelve months, including a breakdown of the roles of those departing staff and the number of qualified audit staff leaving the organisation within that time.

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

4.1 The motion was agreed.

5 Audit Wales – Supplementary Estimate 2023–24

5.1 The Committee discussed Audit Wales’s Supplementary Estimate 2023–24 with the Auditor General for Wales; Chair of the Wales Audit Office; and Audit Wales officials.

6 Technical briefing on administering WRIT: HM Revenue & Customs (HMRC)

6.1 The Committee received a technical briefing on administering WRIT from Jonathan Athow, Director General of Customer Strategy & Tax Design, HMRC; and Katherine Gross–Niklaus, Senior Policy Advisor for Devolved Income Tax, HMRC.

7 Technical briefing on administering WRIT: HM Revenue & Customs (HMRC) – Consideration of evidence

7.1 The Committee considered the evidence received.

8 Audit Wales – Scrutiny of the Annual Report and Accounts 2022–23 and the Annual Plan 2024–25 / Supplementary Estimate 2023–24: Consideration of evidence

8.1 The Committee considered the evidence received and agreed to write to Audit Wales regarding the Annual Report and Accounts 2022–23 and the Supplementary Estimate 2023–24.

9 Landfill Disposals Tax (Wales) Act 2017: Independent review

9.1 The Committee considered the issues arising from the independent review of Landfill Disposals Tax and agreed to write to the Minister for Finance and Local Government requesting a further update.

10 Update on the Interparliamentary Finance Committee Forum

10.1 The Committee considered the paper on the Interparliamentary Finance Committee Forum.

11 Update on the Senedd Cymru (Members and Elections) Bill – Expert Adviser and evidence sessions

11.1 The Committee considered the paper on the scrutiny arrangements of the financial implications of The Senedd Cymru (Members and Elections) Bill.

Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru
Via email

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Reference: KC23008/AC/385/SD

Date issued: 2 October 2023

Dear Peredur

Finance Committee Meeting 20 September 2023

Thank you for your letter dated 26 September 2023. We set out below answers to the questions you raised at the Committee meeting on 20 September, as well as those highlighted in your letter.

Further detail on the staff turnover rate across the organisation during the previous twelve months, including a breakdown of the roles of those departing staff and the number of qualified audit staff leaving the organisation within that time.

Table 1 below shows the number of staff departures over the past 12 months, including resignation, voluntary exit, retirement, dismissal, mutual agreement and other reasons.

Table 1: All staff turnover from September 2022 to end August 2023

	Audit Wales		Audit Services		Corp Services / Communications & Change	
	Turnover	No. leavers	Turnover	No. leavers	Turnover	No. leavers
2022/2023	15.5%	34	15.2%	25	16.6%	9

Table 2 sets out details of the roles of those 25 staff who have left the Audit Services area of the organisation in the past year. 16 of those 25 staff were qualified accountants. During September 2023, another Audit Manager has resigned and an Audit Lead is due to finish in the next few weeks, both of whom are qualified staff.

Table 2: Roles of audit staff leaving from September 2022 to end August 2023

	No.
Data Analytics Officer	1
Data Analyst	1
Fixed Term Auditor	2
Relief Auditor	3
Audit Trainee	2
Auditor	1
Senior Auditor	4
Audit Lead	6
Audit Manager	5
Total	25

Your Annual Report describes the establishment of a Financial Sustainability Review group. Can you outline the remit of this group and what it has delivered so far?

The Financial Sustainability Review (FSR) Group is a steering group of senior representatives from across the organisation. It was established by the Auditor General to ensure we have concrete plans to deliver necessary in-year savings as well as medium and long term financial sustainability. In simple terms it seeks to reduce our costs without adversely affecting the quality of our audit delivery, our ability to generate income, or staff wellbeing.

For the financial year 2023-24, we must deliver some £500,000 of in-year savings (in addition to any that arise through staff turnover). We have plans in place to achieve this through a range of activities including right sizing budgets, restructuring, and zero-based budgeting.

Business cases are being developed for changes that could deliver benefit in 2024-25 and 2025-26. These, however, will be increasingly difficult to deliver given the backdrop of resourcing challenges, workload backlogs and ongoing industrial action.

Your audit fee income was over £1 million lower than expected. Can you explain why and what the impact has been on Audit Wales?

Fee income was £828k less than budget last year. The reasons primarily relate to staff vacancies, but sickness absence and industrial action were also factors.

In addition, we have made a significant amount of investment in mandatory training, for which we do not generate income, reflecting the new audit approach in both Financial Audit and Performance Audit. This unavoidably added to the significant backlog in audit work we already faced and which is proving extremely challenging given the recruitment and retention pressures we highlighted at the Finance Committee meeting.

The impact of reduced fee income is illustrated by the extremely tight year-end financial position in 2022-23. The unique funding arrangements of Audit Wales – combining WCF and fee income streams – make navigation to a balanced year-end position particularly challenging. Whereas most public bodies have certainty over their annual budget and control expenditure accordingly, Audit Wales must maximise the value of its expenditure against fluctuating income, without any year-end flexibility.

Your accounts show expected credit losses of £77k, you've also outlined a loss of £3.5k associated with a salary sacrifice scheme. Can you explain what these two losses relate to and how they have been resolved?

The credit losses of £77k relate to a provision for potential bad debts older than 12 months. We have made a prudent provision for these losses but continue to pursue the debts so have not yet written them off. It is normal practice for them to be accounted for in this way.

In terms of the £3.5k loss associated with a salary sacrifice scheme, our staff have access to a public sector lease car scheme. A technical issue with the software operated by the provider meant that some staff had been undercharged for vehicles. The provider agreed to pick up most of the costs and will honour the prices for the remainder of the leases. A small number of staff, however, had contracts that had been extended due to delays in replacement vehicle delivery. Audit Wales agreed to meet costs for these staff for 3 months, which we felt was fair to those staff who had entered into the lease agreements in good faith.

I hope this information is helpful but please do let us know if there is anything else you need.

Yours sincerely



KATE CHAMBERLAIN
Chair, Wales Audit Office



ADRIAN CROMPTON
Auditor General for Wales

Eluned Morgan AS/MS
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services



Llywodraeth Cymru
Welsh Government

Russell George MS
Chair, Health and Social Care Committee

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

Peredur Owen Griffiths MS
Chair, Finance Committee

2 October 2023

Dear Russell, Huw & Peredur,

The Health Service Procurement (Wales) Bill – Stage 3 Government Amendments

Today I have tabled 6 Government Amendments for Stage 3 of the Health Service Procurement (Wales) Bill. The Purpose and Effect table (copy attached at **Annex A**) provides an explanation of the amendments.

I would like to take the opportunity again to reiterate my thanks to all three Committees for scrutinising the Bill and its supporting documentation.

Yours sincerely,

Eluned Morgan AS/MS
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

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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.

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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.

ANNEX A

THE HEALTH SERVICE PROCUREMENT (WALES) BILL – STAGE 3 GOVERNMENT AMENDMENTS

This table provides information about the amendments tabled in the name of Eluned Morgan MS on 29 September 2023.

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
7.	Section 2, page 1, line 15, leave out '116' and insert '120'.	Adran 2, tudalen 1, llinell 16, hepgorer '116' a mewnosoder '120'.	<p>This is a technical amendment to update; following numerical changes to the UK Government's Procurement Bill during its scrutiny process; the numbering of the section within the Procurement Bill which contains the power for a Minister of the Crown to disapply provisions within that Bill in relation to regulated health procurement. This is the equivalent power to that for the Welsh Ministers by virtue of section 2(2) of the Health Service Procurement (Wales) Bill.</p> <p>The effect of this amendment is to ensure the new section (120A, as amended) being inserted by virtue of section 2(2) of the Health Service Procurement (Wales) Bill, which contains the power for the Welsh Ministers to disapply provisions in the Procurement Bill in relation to regulated health service procurement in Wales, will directly follow the equivalent power for a Minister of the Crown. This will ensure clarity for readers of both the Health Service Procurement (Wales) Bill and the Procurement Bill.</p>

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
8.	Section 2, page 1, line 16, leave out '116A' and insert '120A'.	Adran 2, tudalen 1, llinell 17, hepgorer '116A' a mewnosoder '120A'.	Consequential to amendment 7.
9.	Section 2, page 1, line 28, leave out '118(10) and insert '122(10)'.	Adran 2, tudalen 1, llinell 29, hepgorer '118(10)' a mewnosoder '122(10)'.	<p>This is a technical amendment to update the numbering of a new paragraph being inserted into the UK Government's Procurement Bill by virtue of section 2(3) of the Health Service Procurement (Wales) Bill, following numerical changes to the Procurement Bill during its scrutiny process.</p> <p>The effect of this amendment is to ensure any regulations made by the Welsh Ministers using the power in the Procurement Bill (by virtue of section 120A, as amended), are subject to the affirmative procedure and as such may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, Senedd Cymru.</p>
10.	Section 2, page 1, line 28, leave out '(l)' and insert '(o)'.	Adran 2, tudalen 1, llinell 29, hepgorer '(l)' a mewnosoder '(o)'.	Consequential to amendment 9.
11.	Section 2, page 1, line 29, leave out '(la)' and insert '(oa)'.	Adran 2, tudalen 1, llinell 30, hepgorer '(la)' a mewnosoder '(oa)'.	Consequential to amendment 9.
12.	Section 2, page 1, line 29, leave out '116A' and insert '120A'.	Adran 2, tudalen 1, llinell 30, hepgorer '116A' a mewnosoder '120A'.	Consequential to amendment 7.

Agenda Item 3

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

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Agenda Item 6

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

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