

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Committee Room 2 – Senedd	Bethan Davies
Meeting date: 23 May 2019	Committee Clerk
Meeting time: 09.00	0300 200 6372
	SeneddFinance@assembly.wales

The Committee resolved on 15 May 2019 to exclude the public from the meeting and the start of the meeting on 5 June 2019

- 1 Consideration of proposals to amend the Public Audit (Wales) Act 2013**
(09.00–09.30) (Pages 1 – 3)
Paper 1 – Consideration of proposals to amend the Public Audit (Wales) Act 2013
[Consultation booklet](#)
- 2 Welsh Government Consultation – Proposals to amend the Government of Wales Act 2006 (Budget Motion and Designated Bodies) Order 2018**
(09.30–09.45) (Pages 4 – 14)
Paper 2 – Letter from the MFFT – 9 May 2019
Paper 3 – Welsh Government – Consultation Document: Amending the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018
- 3 Forward work programme**
(09.45–10.00) (Pages 15 – 18)
Paper 4 – Forward work programme: Summer 2019



4 Scrutiny of the Welsh Government's Draft Budget 2020–21

(10.00–10.15)

(Pages 19 – 22)

Paper 5 – Approach to stakeholder engagement

5 Assembly Commission 1st Supplementary Budget 2019–20

(10.15–10.25)

(Pages 23 – 31)

Paper 6 – Assembly Commission 1st Supplementary Budget 2019–20

Explanatory Memorandum

Document is Restricted

Agenda Item 2

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



Llywodraeth Cymru
Welsh Government

Llyr Gruffydd AM
Chair of the Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff

9 May 2019

Dear Llyr,

Please see the attached consultation in respect of proposals to amend the Government of Wales Act 2006 (Budget Motion and Designated Bodies) Order 2018.

This consultation is part of the next phase of the exercise to align the Welsh Government's budget and accounting boundary with the budget boundary used by HM Treasury for the control of public expenditure - a recommendation from the previous Finance Committee's inquiry into Best Practice Budget Processes.

This phase is targeted at the following Welsh central government public bodies:

- Arts Council of Wales
- Children's Commissioner for Wales
- Comisiynydd y Gymraeg Welsh Language Commissioner
- Development Bank of Wales
- Education Workforce Council
- Future Generations Commissioner for Wales
- Health Education and Improvement Wales
- Her Majesty's Sector Development Wales Partnership Ltd
- Higher Education Funding Council for Wales
- International Business Wales
- Local Democracy and Boundary Commission for Wales
- National Library of Wales
- National Museum Wales
- Older People's Commissioner for Wales
- Qualification Wales
- Royal Commission on Ancient and Historical Monuments of Wales
- Social Care Wales
- Sports Council for Wales
- Welsh NHS Charities as defined by section 150(4) of the Charities Act 2011

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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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.

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.

I would welcome any views the Committee may have by 31 July 2019.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The script is cursive and fluid.

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



Welsh Government
Consultation Document

Amending the Government of Wales Act 2006
(Budget Motions and Designated Bodies) Order
2018

Date of issue: 1st May 2019
Action required: Responses by 31st July 2019

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

Overview The Welsh Government is seeking views on proposals to amend the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018.

How to respond Responses to this consultation should be e-mailed/ posted to the address below to arrive by **31st July 2019** at the latest.

Further information and related documents **Large print, Braille and alternative language versions of this document are available on request.**

Contact details For further information:

Lisa Cooper
Permanent Secretary's Group
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

email: Lisa.Cooper@gov.wales

telephone: 03000 256315

General Data Protection Regulation (GDPR)

The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation

If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than three years.

Your rights

Under the data protection legislation, you have the right:

- to be informed of the personal data held about you and to access it
- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
- for (in certain circumstances) your data to be 'erased'
- to (in certain circumstances) data portability
- to lodge a complaint with the Information Commissioner's Office (ICO) who is our independent regulator for data protection.

For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the GDPR, please see contact details below:

Data Protection Officer:
Welsh Government
Cathays Park
CARDIFF
CF10 3NQ

The contact details for the Information Commissioner's Office are:

Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Tel: 01625 545 745 or
0303 123 1113

Website: <https://ico.org.uk/>

e-mail:

Data.ProtectionOfficer@gov.wales

Introduction

The Welsh Government is consulting on proposals to amend the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018 to include additional specified Welsh public bodies within the schedule of designated bodies. Section 126A(1) of the Government of Wales Act 2006 allows for a Budget motion to include information relating to the resources expected to be used by any body that is designated within the order.

The purpose of the order is to facilitate the better alignment of the Welsh Government's financial reporting across the three main stages of the financial process - plans, approval by the Assembly and expenditure outturn. These stages are represented in the key documents – Welsh Government's Budget, the Budget Motion, and the Welsh Government's Consolidated Accounts. Alignment will simplify the existing system and improve the consistency and transparency of the Welsh Government's finances providing clearer accountability to the Assembly and the public.

Background

In response to the Fourth Assembly's Finance Committee inquiry into Best Practice Budget Processes¹, the Welsh Government agreed in principle to undertake an exercise to align the budgetary and accounting boundaries. This exercise would ensure that the Welsh Government's accounts use the same boundary for the budget presented to the Assembly as that used by HM Treasury for the control of public expenditure.

HM Treasury boundary

The boundary used by HM Treasury for the control of public expenditure includes all public bodies classified to the Central Government sector by the Office of National Statistics (ONS) for the purposes of the National Accounts. The ONS classify public bodies in accordance with the European System of Accounts 2010.

Classification to the central government sector

In assessing whether an organisation is within the central government sector, a fundamental question is 'does government exercise significant control over the general corporate policy of the unit?' This can be direct or indirect and may be evidenced by indicators that include:

- The ability to appoint those in control, or those who determine the policy of the entity; and / or
- A right to be consulted over such appointments, or to have a veto over appointments; and / or

¹ <http://www.assembly.wales/laid%20documents/gen-ld10174/gen-ld10174-e.pdf>

- The provision of funding accompanied by rights of control over how that funding is spent; and / or
- A general right to control the day-to-day running of the body;
- Derive 50 per cent or less of their income from purely commercial activities.

To align the boundary of the Welsh Government's budget presented to the Assembly for approval with the boundary of the budget used by HMT to control public expenditure, Welsh Government public bodies, classified to the central government sector, must first be designated under section 126A of the Government of Wales Act 2006. If material, the body will also be consolidated within the Welsh Government's Consolidated Accounts.

In this way, the boundaries across the three key documents – Welsh Government's Budget; Budget Motion; and Welsh Government's Consolidated Accounts are aligned, ensuring consistency and better transparency of Welsh Government's expenditure.

It is important to note that the assessments on classification, and therefore on designation, are made purely for financial purposes. They do not affect the legal ownership or management structures of public bodies, nor the ability to operate within an appropriate degree of independence from Welsh Ministers.

Public bodies classified to the central government sector will normally require varying degrees of oversight and control from Welsh Government and these will be reflected within the governance arrangements for each body.

As the bodies classified to the central government sector are already included within the Welsh Government budget boundary, alignment should have no effect on the level of resources provided to the body.

Aligning to the boundary of the budget presented to the Assembly for approval will mean that the resources of the body will be voted by the Assembly, not just the cash flows it receives as is the case at present. The resources of the body will therefore be subject to the Assembly's controls within the ambit of the budget motion.

If considered to be material for consolidation in the Welsh Government's Consolidated Accounts, the body would need to provide financial information in a format and to a deadline prescribed by the Welsh Government.

Implementation

This exercise is being implemented using a phased approach. The first phase focussed on bodies that are currently consolidated within the Welsh Government's resource accounts. This resulted in the designation of the Welsh Local Health Boards; Careers Choices – Dewis Gyrfa Ltd and Hybu Cig Cymru – Meat Promotion Wales in the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2016 laid on 18th November 2016.

Therefore, the Annual Budget Motion for 2017-18, approved by the Assembly on 20th January 2017, included the resources of those bodies designated within the order, fully aligning the finances of those bodies across the Welsh Government's budget Ambits

within the Annual Budget Motion, and the resource accounts.

Phase 2

Phase 2 focussed on the designation of the Welsh Health Trusts and Welsh Government's subsidiary companies. From 2018-19, these bodies will be consolidated into the Welsh Government's Consolidated Accounts where material.

Phase 3

Phase 3, consolidated and replaced the first two orders and designated Transport for Wales, the Welsh Revenue Authority and the National Academy for Educational Leadership. From 2018-19, these bodies will be consolidated into the Welsh Government's Consolidated Accounts where material.

The next phase

The next phase of the alignment exercise focuses on all remaining public bodies classified to the central government sector. The bodies proposed for designation are listed in Annex A. In the main these are:

- Welsh Government Sponsored bodies
- Commissioner bodies
- Welsh NHS Charities as defined by section 150(4) of the Charities Act 2011

As all of the bodies listed are classified, or deemed to be classified, to the central government sector by the ONS, they are included within the boundary used by HMT for the control of public expenditure i.e., the Welsh Government's Budget plans.

In order to align these bodies within the boundary used for the budget presented to the Assembly for approval i.e., within the Budget Motion, it is proposed that the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018 is amended to include these bodies within the schedule of designated bodies. If material, these bodies will also be consolidated within the Welsh Government's Consolidated Accounts.

By designating these bodies, the resources of these public bodies will be voted by the Assembly, not just the cash they receive. These resources are subject to the Assembly's controls within the ambits of the budget motion.

We are seeking your views in respect of designating your organisation and aligning its resources with the Welsh Government's budgetary and accounting boundary.

A list of Welsh bodies being consulted is provided in Annex B.

Outcomes

Following the outcome of this consultation we will, take into consideration all responses received by the 31st July 2019 deadline and will publish a response in August 2019. This response will include a list of public bodies that will be included in the designation order, and will also indicate those that require further consideration and those that will be excluded, if appropriate.

It is proposed that the 2019 amendment order will be laid in November 2019.

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here:

Annex A: Welsh “central government” bodies proposed for designation – next phase

Arts Council of Wales
Children’s Commissioner for Wales
Comisiynydd y Gymraeg Welsh Language Commissioner
Development Bank of Wales (subject to classification)
Education Workforce Council
Future Generations Commissioner for Wales
Health Education and Improvement Wales
Her Majesty’s Chief Inspector of Education and Training in Wales (Estyn)
Higher Education Funding Council for Wales
International Business Wales
Local Democracy and Boundary Commission for Wales
National Library of Wales
National Museum Wales
Natural Resources Wales
Older People’s Commissioner for Wales
Qualification Wales
Royal Commission on Ancient and Historical Monuments of Wales
Social Care Wales
Sports Council for Wales
Welsh NHS Charities as defined by section 150(4) of the Charities Act 2011

Annex B: List of Consultees

Arts Council of Wales
Children's Commissioner for Wales
Comisiynydd y Gymraeg Welsh Language Commissioner
Development Bank of Wales (subject to classification)
Education Workforce Council
Future Generations Commissioner for Wales
Health Education and Improvement Wales
Her Majesty's Chief Inspector of Education and Training in Wales (Estyn)
Higher Education Funding Council for Wales
International Business Wales
Local Democracy and Boundary Commission for Wales
National Library of Wales
National Museum Wales
Natural Resources Wales
Older People's Commissioner for Wales
Qualification Wales
Royal Commission on Ancient and Historical Monuments of Wales
Social Care Wales
Sports Council for Wales
Welsh NHS Charities as defined by section 150(4) of the Charities Act 2011
HM Treasury
The Wales Audit Office
The Finance Committee

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Supplementary Budget 2019-20: Explanatory Memorandum

May 2019



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Supplementary Budget 2019-20: Explanatory Memorandum

May 2019



Croeso
i'r Senedd

—
Welcome
to the
Senedd

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1. Background

The Commission's **2019-20 Budget** was included in the Annual Budget Motion under Standing Order 20.26 and was approved in Plenary on 14 November 2018, following scrutiny by the Assembly's Finance Committee.

The budget motion provided the Commission with £57.023million of Resource Budget in relation to:

- £39.326million for Assembly services; and
- £16.197million for the Remuneration Board's Determination for Assembly Members.

A further £1.500million was provided for non-cash accounting adjustments in respect of the Assembly Members' Pension Scheme, through the Annually Managed Expenditure budget.

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

1.1. Explanatory memorandum

The effect of the Commission's supplementary budget will be to increase the Assembly Services budget in line with projections.

1.2. Assembly Services

The Assembly Services requirement within the Commission's budget provides resources for use by the Commission on resource and capital costs associated with the administration and operation of services to support the National Assembly for Wales ('the Assembly'); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board and any other payments relating to functions of the Assembly or the Commission.

The Assembly Services budget mainly comprises funds to cover the Commission's operational budget, for example:

- Staff salaries and related costs;
- Accommodation and facilities costs;

- ICT Costs; and
- Other costs e.g. audit fee, translation, training and travel costs.

As noted within the Commission's 2019-20 budget, laid in November 2018, the final costs associated with the employer contributions to the Civil Service Pension Scheme (CSPS) could not be calculated accurately until confirmation of the anticipated increase had been received from Cabinet Office. An estimate was included within the narrative of the laid budget document. This was based on the current expectation at that time and estimated to be in the region of £1million.

Confirmation of this increase has now been received and the current estimate of the impact of the increase in employer pension contribution increases to the CSPS, is £0.965million. This supplementary budget increases the Assembly services budget line requirement by £0.965million to fund the expected increase in employer contribution impacting on the Commission's budget during 2019-20.

The Commission is therefore proposing a supplementary budget for Assembly Services of £40.291million.

1.3. Budget impact

The Supplementary Budget Motion proposes the following:

- an increase to the Assembly Services budget of £0.965 million to £40.291 million.

2. Budget Ambit

This supplementary budget submission is laid in compliance with National Assembly Standing Order 20 to assist in the compilation of the Budget Motion required by Section 126 of the Government of Wales Act 2006. This submission seeks to amend the resource and annually managed expenditure requirements of the Assembly Commission for the year ending 31 March 2020.

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

The amended 2019-20 Budget for the Assembly Commission, addressing the revised requirements, is set out in Table 1 below.

Table 1	Revised £000
<p>Resources other than accruing resources for use by the National Assembly for Wales Commission ("the Commission") on resource and capital costs associated with the administration and operation of services to support the National Assembly for Wales ('the Assembly'); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Assembly or the Commission.</p> <p>Resources other than accruing resources for use by the Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.</p>	57,988
<p>Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the Commission:</p> <ul style="list-style-type: none"> ▪ from the disposal of fixed assets and other capital income for use on the purchase or acquisition of fixed assets; or ▪ rental income; gifts; grants; recharges and income from commercial sales and other services provided to the public or others for use on administrative costs of the Assembly. 	220
<p>Amount to be issued from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year in respect of the above services and purposes less expected retainable receipts and recoverable VAT.</p>	54,588

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

Table 2: Cash requirement	£000
	2019-20 Revised
Members' Revenue Requirement	16,197
Commission Revenue Requirement	39,791
Capital Requirement	500
Assembly Members' Pension Provision (AME)	1,500
Subtotal	57,988
<i>Adjustments:</i>	
Depreciation (Non cash)	(2,250)
Movements in provisions	(1,500)
Movement in debtors and creditors	350
Subtotal	(3,400)
Net cash requirement for issue from the Welsh Consolidated Fund	54,588