

## Agenda – Finance Committee

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Meeting Venue:	For further information contact:
Committee Room 3 – Senedd	Bethan Davies
Meeting date: 14 February 2018	Committee Clerk
Meeting time: 09.00	0300 200 6372
	<a href="mailto:SeneddFinance@assembly.wales">SeneddFinance@assembly.wales</a>

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- 1 Introductions, apologies, substitutions and declarations of interest**  
(09.00)
- 2 Paper(s) to note**  
(09.00) (Pages 1 – 4)
  - 2.1 PTN1 – Letter from the Welsh Revenue Authority – Cross border land titles and WRA taxpayer repayments – 30 January 2018**  
(Pages 5 – 8)
  - 2.2 PTN2 – Letter from the Chair to the Equality, Local Government and Communities Committee – Public Services Ombudsman (Wales) Bill – 8 February 2018**  
(Pages 9 – 24)
  - 2.3 PTN3 – Letter from the Chair to the Constitutional and Legislative Affairs Committee – Public Services Ombudsman (Wales) Bill – 30 January 2018**  
(Pages 25 – 29)
  - 2.4 PTN4 – Letter from the Cabinet Secretary for Health and Social Services – Public Health (Minimum Price for Alcohol) (Wales) Bill – 9 February 2018**  
(Page 30)
- 3 Second Supplementary Budget 2017–18: Evidence session**  
(09.00–10.20) (Pages 31 – 84)

Mark Drakeford AM, Cabinet Secretary for Finance  
Gawain Evans, Director of Finance, Welsh Government  
Matthew Denham–Jones, Deputy Director, Financial Controls, Welsh Government



Paper 1 – Second Supplementary Budget 2017–18 Budget Motion

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

(10.20)

**5 Second Supplementary Budget 2017–18: Consideration of evidence**

(10.20–10.30)

**6 Public Health (Minimum Price for Alcohol) (Wales) Bill: Consideration of draft report**

(10.30–10.40)

(Pages 85 – 117)

Paper 2 – Draft report

**7 Tax Collection and Management (Wales) Act 2016: Tax Statutory Instrument**

(10.40–10.45)

(Pages 118 – 120)

Paper 3 – The Tax Collection and Management (Reimbursement Arrangements) (Wales) Regulations 2018

[The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018](#)

[The Tax Collection and Management \(Reimbursement Arrangements\) \(Wales\) Regulations 2018 – Explanatory Memorandum](#)

**8 Legislative budget process**

(10.45–12.30)

(Pages 121 – 134)

Daniel Greenberg – Barrister specialising in legislation

Paper 4 – Legislative Budget Process: Discussion Paper

## Concise Minutes – Finance Committee

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Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Wednesday, 31 January  
2018

Meeting time: 10.01 – 11.50

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

<http://senedd.tv/en/4614>

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### Attendance

Category	Names
Assembly Members:	Simon Thomas AM (Chair) Mike Hedges AM Jane Hutt AM Nick Ramsay AM
Witnesses:	Sarah Walker, HMRC Jim Harra, HMRC Adrian Crompton, Director of Assembly Business
Committee Staff:	Bethan Davies (Clerk) Georgina Owen (Deputy Clerk) Owen Holzinger (Researcher) Christian Tipples (Researcher)

## 1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.



1.2 Apologies were received from Steffan Lewis AM, David Rees AM and Neil Hamilton AM.

## **2 Paper(s) to note**

2.1 The papers were noted.

**2.1 Letter from the Cabinet Secretary for Finance to the Chair – Welsh Revenue Authority recruitment – 18 January 2018**

## **3 Pre-nomination Hearing – Auditor General for Wales**

3.1 The Committee conducted a Pre-nomination Hearing of the preferred candidate for the position of Auditor General for Wales, Adrian Crompton.

**4 Motion under Standing Order 17.42 to resolve to exclude the public from items 5 and 7 and the meeting on 8 February 2018**

4.1 The motion was agreed.

**5 Pre-nomination Hearing – Auditor General for Wales: Consideration of Hearing**

5.1 The Committee considered the appropriateness of the preferred candidate and agreed to give it further consideration at a future meeting.

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

6.1 The Committee took evidence from Jim Harra, Second Permanent Secretary, HMRC; and Sarah Walker, Deputy Director, Devolution, HMRC on the devolution of fiscal powers to Wales.

**7 Devolution of fiscal powers to Wales: Consideration of evidence**

7.1 The Committee considered the evidence received.

# Concise Minutes – Finance Committee

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Meeting Venue:

Committee Room 4 – Tŷ Hywel

Meeting date: Thursday, 8 February  
2018

Meeting time: 09.46 – 12.42

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

<http://senedd.tv/en/4615>

## Private

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### Attendance

Category	Names
Assembly Members:	Simon Thomas AM (Chair) Neil Hamilton AM Mike Hedges AM Jane Hutt AM Nick Ramsay AM David Rees AM
Witnesses:	Isobel Garner, Wales Audit Office
Committee Staff:	Bethan Davies (Clerk) Catherine Hunt (Second Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Deputy Clerk) Owen Holzinger (Researcher) Gareth David Thomas (Researcher) Gareth Pembridge (Legal Adviser)



**The Committee resolved on 31 January 2018 to exclude the public from the meeting**

## **1 Introductions, apologies, substitutions and declarations of interest**

1.1 The Chair welcomed members to the meeting.

1.2 Apologies were received from Steffan Lewis AM.

## **2 Consideration of the Auditor General for Wales nomination**

2.1 The Committee further considered the preferred candidate for the nomination for AGW and agreed to consult with bodies which represent the interests of local government in Wales, in accordance with section 2(3) of the Public Audit (Wales) Act 2013.

## **3 Financial preparedness for leaving the European Union: Scoping paper**

3.1 The Committee discussed the approach to its inquiry on the Welsh Government's financial preparedness for leaving the European Union and agreed to consider the terms of reference at a future meeting.

## **4 Public Health (Minimum Price for Alcohol) (Wales) Bill: Joint briefing with the Health, Social Care and Sports Committee on the conclusions of the Sheffield Alcohol Research Group's revised modelling**

4.1 The Committee received a briefing from Welsh Government officials on the conclusions of the Sheffield Alcohol Research Group's revised modelling for the Public Health (Minimum Price for Alcohol) (Wales) Bill.

## **5 Public Health (Minimum Price for Alcohol) (Wales) Bill: Consideration of draft report**

5.1 The Committee considered the draft report and agreed to consider a revised version at its meeting on 14 February 2018.



30.01.2018

Annwyl Simon,

Yn y Pwyllgor Cyllid ar 17 Ionawr, fe wnes i ymrwymo i roi rhagor o fanylion am baratodau Cofrestrfa Tir EM ar gyfer teitlau tir trawsffiniol Cymru / Lloegr ac am ad-daliadau trethdalwyr ACC.

## Trawsffiniol

Rydyn ni wedi bod yn gweithio'n agos iawn gyda Chofrestrfa Tir EM, Asiantaeth y Swyddfa Brisio a Chyllid a Thollau EM i baratoi ar gyfer cyflwyno Treth Trafodiadau Tir ac i sicrhau bod gan ymarferwyr ateb ymarferol i'w galluogi i brosesu teitlau trawsffiniol. Mae Cofrestrfa Tir EM yn gwneud nifer o newidiadau busnes i baratoi ar gyfer mis Ebrill, yn cynnwys:

- Bydd teitlau trawsffiniol yn cael eu canfod a bydd y geiriau canlynol yn cael eu hychwanegu at y gofrestr ar y teitl i ddynodi statws trawsffiniol posibl teitl: *“Mae'n bosibl bod y tir yn y teitl hwn wedi'i leoli'n rhannol yng Nghymru a'n rhannol yn Lloegr”*. Bydd hyn yn fodd i ymarferwyr wybod eu bod yn prosesu teitl trawsffiniol.
- Unwaith y bydd ymarferwyr wedi nodi eu bod yn prosesu teitl trawsffiniol, bydd yn rhaid iddynt ddsorannu'n deg ac yn rhesymol rhwng ACC a Cyllid a Thollau EM a ffeilio dwy ffurflen dreth.
- Mewn nifer fach iawn o achosion, ni fydd y ffin rhwng Cymru a Lloegr yn cael ei marcio ar deitl tir Cofrestrfa Tir EM. Yn yr achosion hyn, bydd ymarferwyr yn gallu defnyddio meddalwedd MapSearch y Gofrestrfa Tir i nodi lle mae'r ffin yn croesi'r teitl.

Rydyn ni wedi cael sicrwydd, ar lefel uwch, gan y Gofrestrfa Tir y bydd y newidiadau hyn yn cael eu rhoi ar waith cyn mis Ebrill 2018. I egluro, nid oes angen cysylltiad rhwng systemau treth digidol Awdurdod Cyllid Cymru (ACC) a systemau Cofrestrfa Tir EM ar gyfer trafodiadau trawsffiniol. Mae canllawiau ACC ar gyfer trafodiadau trawsffiniol wedi cael eu datblygu ar y cyd â Cyllid a Thollau EM i sicrhau bod y ddau awdurdod treth yn rhoi cyngor cyson i ymarferwyr. Mae canllawiau ACC wedi cael eu rhoi i'r rhanddeiliaid a byddant yn cael eu cyhoeddi ar wefan ACC ym mis Chwefror.

## Ceisiadau am Broses ad-dalu

Rydyn ni'n rhagweld y bydd ceisiadau trethdalwyr am ad-daliadau yn perthyn i un o'r categorïau canlynol;

- Gordaliad treth a wnaed gan y cwsmer.
- Adennill y gyfradd uwch.
- Gweithgaredd cydymffurfiaeth yn arwain at ddiwygio'r sefyllfa dreth.

### *Cais am ad-daliad gan gwsmer neu asiant*

Bydd y broses ad-dalu yn cychwyn pan fydd y cwsmer neu'r asiant awdurdodedig yn llenwi ffurflen yn rhoi manylion sylfaenol y trafodiad sy'n ddigonol i gysylltu'r cais â'r ffurflen wreiddiol.

Pan fydd ACC yn derbyn y ffurflen, bydd yn blaenoriaethu gwiriadau twyll a diwydrwydd dyladwy i sicrhau dilysrwydd y cais gan sicrhau bod ad-daliad yn ddyledus a bod y person iawn yn gwneud cais am yr ad-daliad.

Byddai system rheoli casglu trethi ACC yn cael ei diweddarau i adlewyrchu'r ad-daliad a'r sefyllfa dreth gyffredinol.

Yna, bydd y cais am ad-daliad yn cael ei drosglwyddo i'r tîm cyllid drwy'r system rheoli achosion ar gyfer prosesu ac awdurdodi taliad electronig.

Gobeithio bod y wybodaeth hon o gymorth i chi. Cofiwch gysylltu â ni os hoffech gael rhagor o wybodaeth. Rydw i ar ddeall bod y Pwyllgor yn awyddus i ymweld â'n swyddfeydd yn QED. Edrychaf ymlaen at eich gweld chi i gyd bryd hynny.

Cofion cynnes



### **Dyfed Alsop**

Prif Weithredwr – Chief Executive  
Awdurdod Cyllid Cymru – Welsh Revenue Authority

[dyfed.alsop@gov.wales](mailto:dyfed.alsop@gov.wales)

Ffôn – Tel 03000 250 269

Dear Simon

At Finance Committee on the 17<sup>th</sup> January I committed to provide further detail on HM Land Registry's (HMLR) preparation for Wales / England cross border land titles and on WRA taxpayer repayments.

### Cross Border

We have been working very closely with HM Land Registry (HMLR), Valuation Office Agency, and HMRC in preparing for the introduction of Land Transaction Tax (LTT) and ensuring that practitioners have a workable solution to enable them to process cross border titles. HMLR are undertaking several business changes in preparation for April, these include:

- Cross border titles will be identified and the following wording will be added to the register on the title to provide an indication of a title's potential cross border status: *"The land in this title may be located partly in England and partly in Wales."* This will enable practitioners to identify they are processing a cross border title.
- Once practitioners have identified that they are processing a cross border title they will have to make a just and reasonable apportionment between the WRA and HMRC and file two tax returns.
- In a small minority of cases the Wales England border will not be marked on the HMLR land title, in these cases practitioners will be able to use HMLR's MapSearch software to identify where the border crosses the title.

We have had assurance, at a senior level, from HMLR that these changes are on target to be in place for April 2018. To clarify, there is no connectivity required between Welsh Revenue Authorities (WRA) digital tax systems and HMLR systems for cross border transactions. The WRA guidance for cross border transactions has been developed in collaboration with HMRC to ensure that both tax authorities provide consistent advice to practitioners. The WRA guidance has been shared with stakeholders and will be published on the WRA website in February.

### Requests for repayments Process

We anticipate that taxpayer requests for repayments will fall into the following categories;

- An overpayment of tax made by the customer.
- Reclaim of the higher rate.
- Compliance activity resulting in an amendment of the tax position.

#### *Request for repayment by customer or agent*

Process for repayments will be undertaken by completion of a form by the customer or authorised agent providing basic details of the transaction sufficient to link the request to the original return.

On receipt of the form the WRA will prioritise fraud and due diligence checks to ensure the authenticity of the application ensuring a repayment is due and that the repayment is being requested by the correct person.

WRA tax collection management system would be updated to reflect the repayment and the overall tax position.

Once satisfied the repayment claim will then be passed to the finance team via the case management system for processing and authorisation of an electronic payment.

I hope this information is helpful to the Committee, please do get in touch if you would like anything further. I believe the Committee would like to visit our offices in QED, I look forward to seeing you all then.

Kind Regards,

A handwritten signature in black ink, appearing to read 'Dyfed Alsop', is shown on a light-colored background.

**Dyfed Alsop**

Prif Weithredwr – Chief Executive

Awdurdod Cyllid Cymru – Welsh Revenue Authority

[dyfed.alsop@gov.wales](mailto:dyfed.alsop@gov.wales)

Ffôn – Tel 03000 250 269

John Griffiths AM  
Chair, Equality, Local Government and Communities  
Committee

8 February 2018

Dear John,

## **PUBLIC SERVICES OMBUDSMAN (WALES) BILL**

Further to correspondence from the Clerk on 26 January 2018, I attach my response to the report of the Equality, Local Government and Communities Committee's Expert Adviser.

As noted in my evidence on 25 January 2018, I welcome the Committee's decision to commission an expert adviser to report on the financial implications of the Bill since this represents best practice.

I am pleased to note that the Committee's Expert Adviser is "very supportive" of the extension to the powers of the Public Services Ombudsman for Wales (the Ombudsman) in the four main areas set out in the Bill and Explanatory Memorandum. I welcome the observation that the ability to undertake own initiative powers is important and has potential to secure significant benefits. Also that better complaint handling would lead to a better service for individuals, have the scope to improve services as a result of learning from complaints and ultimately reduce costs through fewer complaints being received by the Ombudsman.

As well as respond to the report of the Committee's Expert Adviser, I would like to provide some further information and clarity on some of the issues that were raised with, and by, the Committee. This is also attached to this letter.

Yours sincerely



Simon Thomas AM

Chair

*Croesewir gohebiaeth yn Gymraeg neu Saesneg.*

*We welcome correspondence in Welsh or English.*



## Responses to the Expert Adviser's Report

### Consideration of assumptions used in the RIA

#### 1. Is the growth in caseload a structural increase or is it out of trend?

**If it is not a structural increase then careful consideration would need to be given before using an assumption of 12% increase in caseload per annum over the next five years (paragraph 2.1).**

As noted at paragraph 11.29 of the Explanatory Memorandum, the Finance Committee has calculated the cost estimates using the Ombudsman's projections for his caseload. This reflects the knowledge and experience of this office. The Finance Committee considered that this represented the best estimate for the purpose of the Regulatory Impact Assessment (RIA). However - for sensitivity analysis - the RIA also sets out the projections of caseload and the related cost of an increase of 5 per cent. More information is set out at Question 3 below.

#### 2. If further work is to be undertaken on the RIA then it may be worth considering using the costs of the three elements of the Ombudsman's caseload in a more nuanced analysis (paragraph 2.4)

The Committee's Expert Adviser notes that the management of enquiries, assessment of complaints and investigations have significantly different costs. He notes that, "if further work is undertaken on the Regulatory Impact Assessment, it may be worth considering using the costs of all three in a more nuanced analysis".

The Finance Committee similarly noted this issue when considering the initial costings and assumptions provided by the Ombudsman. The Ombudsman advised that his office was not able to provide unit costs for the different elements of his caseload. Members concluded that using the expenditure incurred by the Ombudsman for his complaints handling service, as reported in his audited annual report and accounts, to derive the unit cost per case would provide the best estimate for the RIA.

The issue of differential costs was again explored by the Finance Committee during its scrutiny of the Ombudsman's Estimate 2018-19. The Ombudsman's office told the Finance Committee that it does not break down their costs in a way that would facilitate the reporting of the differential costs of the Ombudsman's workload. To do so would require the completion of detailed timesheets and staff were not sure of the cost/benefit of doing so.

The Finance Committee considers the issue of differential costs important in the context of the resources available to the Ombudsman's office. In its Report, [Scrutiny of Public Services Ombudsman for](#)

Wales's Estimate 2018-19, the Finance Committee recommended that, given the pressures on funds for public services, the Ombudsman demonstrates clearly the reasons for any additional resources to manage an increasing caseload, including the differential cost of elements of his work and the related financial pressures.

- 3. It is recommended that, in calculating the increase in the Ombudsman's caseload, a 6% or 8% model is used and that this be used in all relevant analyses (paragraph 2.5)**

As noted at paragraph 11.30 of the Explanatory Memorandum, the Ombudsman's projections for his caseload assume an annual increase of 12 per cent.

The Finance Committee considered this assumption, noting the annual changes in caseload over the period 2010-11 to 2015-16. Members also noted evidence given by the Ombudsman during the Committee's scrutiny of the Estimate 2017-18. This had indicated an increase between 5 and 6 per cent per annum. The Finance Committee opted also to set out the caseload numbers and related cost for an increase of 5 per cent per annum. While this was lower than the Ombudsman's projections, the Finance Committee set out the likely range of the cost of the increase in caseload given that it is considered best practice to do so.

### **Power to accept oral complaints**

- 4. It would be prudent to undertake a sensitivity analysis of the estimate of 10 per cent of complaints will be made by telephone using a higher figure such as 40% (paragraph 3.2) and using an increase in complaint numbers of 10% and 20% (paragraph 3.3).**

As noted in my evidence to the Committee, under the 2005 Act, the Ombudsman currently has discretion to accept an oral complaint as duly made. When exercising this discretion, the complaints advice team in the Ombudsman's office transcribe the complaint and send it to the complainant to be signed and returned. The Ombudsman has provided evidence to the Finance Committee that approximately 50 per cent of those to whom his office has sent a written record do not return it. This means that for every person who does complain, there is another who does not.

In preparing the RIA, the Finance Committee sought to estimate the impact of the proposal on the Ombudsman's caseload, differentiating between the likely additional costs to his office (the 'direct costs') and those incurred by listed authorities (the 'indirect costs'). Under existing legislation, the Ombudsman has a discretionary power to accept oral complaints as being duly made. The Ombudsman exercises this

discretion on a case-by-case basis when deciding whether to accept an oral complaint as being duly made. In removing the requirement to make a complaint in writing, the Bill removes the need for the Ombudsman to exercise the discretionary power. We have sought to estimate the **impact of this change**. Given existing provisions, not all oral complaints will represent an additional workload for the Ombudsman's office and listed authorities. Accepting that it is difficult to predict and the related uncertainties with the resulting figures, the Ombudsman's office has used its knowledge and experience to estimate the impact of the change.

### **Direct costs**

While this aspect of the Bill will not change the Ombudsman's role in this regard – complaints will first need to be made to the public body that provided the service – it is anticipated that it will give rise to additional contact with, and enquiries made to, the Ombudsman's office. The Ombudsman has advised that he would not be able to accommodate the increase in his workload without additional resources. The RIA sets out an estimate of these additional direct costs. More information is set out at Question 5 below in respect of the estimate of the related cost.

### **Indirect costs**

As required, the RIA also sets out the best estimate of the likely costs on listed authorities as a result of the proposal and the move from the discretionary power. These will be incurred in respect of the likely **additional complaints and investigations** that will give rise to additional costs for the listed authorities i.e. those over and above the complaints received under the 2005 Act and accepted as duly made.

As noted at paragraphs 11.72 and 11.73 of the Explanatory Memorandum, a number of assumptions have been made for the calculation of the cost of the move from a discretionary power. We are looking here at the impact on the listed authorities only. Therefore, rather than reflect the Ombudsman's total **caseload**, we have used the number of **complaints** about public bodies received by the Ombudsman in 2015-16, which were the latest available at the time of the preparation of the RIA. We have assumed that **10 per cent or 227 complaints** each year would be made orally under the Bill. However, 202 of these complaints each year would have been made under the discretionary power and therefore **do not represent additional complaints to listed authorities under the new provision in the Bill**. The remaining 25 complaints would be additional complaints for the Ombudsman to pursue with listed authorities and 6 of these would be investigated each year.

I note the Committee's evidence in respect of the level of oral complaints received by other ombudsmen and trust that we have

provided sufficient and appropriate evidence as to why they may not be directly relevant:

- **Scottish Public Services Ombudsman** - The evidence given to the Committee by the Scottish Public Services Ombudsman (SPSO) referred to 72 per cent of complaints being made orally. We understand that this relates to the SPSO's Scottish Welfare Fund Review Function. The Ombudsman's office told us that this is entirely different to the work of his office.

The Scottish Welfare Fund is a national scheme that provides a safety net for vulnerable people on low income through the provision of Community Care Grants and Crises Grants. From April 2016, the SPSO took on a role as the independent reviewer. Not only are service-users of the Scottish Welfare Fund usually from a highly vulnerable group but these are people who need immediate help, hence the need to pick up the phone. While the Ombudsman would expect some calls from vulnerable groups, the view is that the comparison is not relevant.

- **Financial Ombudsman Service** - The Committee's Expert Adviser refers, at paragraph 3.2 of his report, to the Financial Ombudsman Service's latest Annual Report, which indicated that about 43 per cent of contacts are by telephone.

As noted above, the RIA refers to the assumptions in respect of the number of **complaints**, while the Annual Report of the Financial Ombudsman Service refers to **proportion of contacts** by telephone. I understand that there is a significant difference between how many contacts are by telephone to the proportion of complaints made the same way. These are different figures to measure.

5. **It is suggested that the case for additional staff at a higher pay grade within the RIA has not been made and further information should be obtained from the Ombudsman (paragraph 3.6)**

The response to Question 4 sets out an explanation of the basis for the estimates of direct and indirect costs arising from the proposal to move from the discretionary power in respect of oral complaints. Essentially, that the proposal will result in an increase to the Ombudsman's workload arising from additional contact with, or enquiries from, people who believe that they have suffered hardship or injustice through service failure by a public body. This will require additional resources for the Ombudsman's office.

The Ombudsman considered the impact on the skills set needed for relevant staff. Not all members of the public who contact the Ombudsman wish his office to accept the matters that they raise with

staff as a complaint. Some members of the public want only to share their experience but, for various reasons, do not make a complaint.

When a complaint is made orally, the Bill requires the Ombudsman to confirm whether the person wishes for it to continue to be treated as a complaint. The Ombudsman is also required to ask whether the person wishes the complaint to be confirmed in writing. In the event that it is the case, the Ombudsman must make arrangements to do so. However, where this is not the case, a transcription does not need to be sent but the Ombudsman is required to keep a written record.

The Finance Committee accepted the Ombudsman's assessment that the change meant that the onus was now on a member of his staff, rather than the complainant (or caller) to establish details, such as the context of the issue, its nature, what injustice has been caused and the outcome sought, including whether the member of public wishes the Ombudsman to treat the matters raised as a complaint that has been duly made.

The policy intent of this proposal is to improve social justice and equal opportunities by ensuring that the Ombudsman's services are accessible to all citizens, including the most vulnerable and deprived, such as people with learning difficulties and the homeless. The Finance Committee was persuaded by evidence that taking an oral complaint was not an administrative function; it is a complex role. Evidence provided to your Committee, such that given by Hospice UK, local health boards and Social Care Wales, support this. They have noted that it takes both skill and time to take the right details from people and work through what can be very complex arrangements, often when people are vulnerable, possibly grief stricken and having already gone through the complaints process at the public body that provided the service. The Ombudsman's service is their 'last resort'.

For these reasons, the Finance Committee accepted the Ombudsman's assessment that the proposal would require the additional resources set out in the RIA.

The Committee's Expert Adviser also notes, at paragraph 7.3 that, without a move to online sign posting and complaint forms, there is a real risk that the costs associated with this proposal will be greater than thought. I understand that the Ombudsman's office already uses online signposting and an online complaints forms. However, the policy intent for the proposal to accept oral complaints as being duly made is not about trying to move complaints from paper form to online but rather about ensuring the most vulnerable can access the Ombudsman's services. As noted at paragraph 3.11 of the report of the Committee's Expert Adviser, research evidence indicates that "many people with legitimate grounds for complaint do not do so and that they

can be deterred from making a complaint by even minor blocks in the process”.

**6. Assuming that the number of additional complaints as a result of allowing oral complaints is correct, the Expert Adviser notes that the value of the costs to other public bodies has been overstated (paragraph 3.10).**

The Committee’s Expert Adviser reports that total number of hours and the composition of staff involved in dealing with a complaint and investigation appear high. Hence, he concludes that the cost has been overstated.

Paragraphs 11.6 and 11.7 of the Explanatory Memorandum set out the stakeholder engagement undertaken by the Ombudsman and the independent company commissioned by his office to assist in the preparation of the RIA. This includes:

- seeking information from the 22 local authority complaints officers in Wales via the Chair of the Welsh Corporate Complaints Group;
- requesting information from NHS organisations via the NHS Wales Listening and Learning from Feedback Group; and
- seeking views as a meeting of the Welsh Corporate Complaints Group in respect of the best estimates of the indirect costs.

This engagement with stakeholders informed the estimate of the financial implications of the Bill for listed authorities (or ‘indirect cost’), which have been set out for low and high unit costs, thereby providing a range of the likely cost of the new provisions, which is considered good practice.

### **Own initiative investigations**

**7. A more realistic level for professional fees is £5,000 rather than £10,000 set out in the RIA (paragraph 4.5)**

As noted in evidence I gave the Committee on 25 January 2018, the estimate of professional fees reflects the costs borne by the Ombudsman’s office. For the purpose of the estimate, the Ombudsman has assumed a requirement for 25 days of advice per year, which reflects the potential range, nature and complexity of cases.

**8. Costs on public bodies (paragraph 4.6)**

See response to Question 17 below.

**9. Costs to public sector bodies are ‘nominal’ and should be able to be accommodated within the organisation’s existing resource (paragraph 4.10)**

We note the Expert Adviser’s comment and have reflected this in our assumptions for the RIA (paragraph 11.47, Explanatory Memorandum refers). Whilst these figures are nominal and likely to be accommodated within existing resources, it is important that calculations are made to

quantify the impact of proposals in the legislation on other bodies and the Finance Committee is not in a position to recommend how these additional costs should be funded.

**10. Caution must also be taken with respect to the hoped for 5% decrease in complaints arising from own initiative investigations (paragraph 4.12)**

As noted at paragraph 11.34 of the Explanatory Memorandum, the Ombudsman's projections for his caseload assume that the increase will be mitigated by the power to undertake own initiative investigations, equating to 5 per cent of complaints made in 2015-16 by 2020-21 and the end of this Assembly term.

Evidence given to the Committee by witnesses, such as the Welsh Local Government Association, has acknowledged the difficulties in estimating the impact of the proposals, including the effect of legislative reform on behaviours.

The assumption in the RIA reflects the knowledge and experience of the Ombudsman's office. In the event that the Bill is enacted, the Ombudsman advises that his office is not expecting to achieve 'steady state' until three years after commencement of the new powers.

The assumptions also reflect the analysis undertaken in Northern Ireland for the preparation of new powers for the Northern Ireland Public Services Ombudsman to undertake own initiative investigations. The latter refers to achieving a reduction in caseload of 5 per cent **per annum** (or 40 complaints) as a result of own initiative investigations.

**Investigating the private healthcare in public/private healthcare pathway**

**11. Will the number of complaints rise sharply following enactment (paragraph 5.2)**

The estimate reflects an assumption that the power will result in 7 complaints per year involving care or treatment in a public/private pathway over the five years for which the RIA sets out costs and benefits.

The assumption was supported by evidence given to your Committee by witnesses, such as the Independent Healthcare Sector Complaints Adjudication Service (ISCAS) and the Welsh Independent Healthcare Association. The latter noted that, in its view, the provision would not create "an extra spike in the numbers of complaints".

In such cases, the Ombudsman will be investigating part of a complaint (rather than a whole complaint) and only where a matter cannot be

investigated effectively or completely without also investigating matters relating to the private health services.

The Ombudsman told the Finance Committee that he would not seek additional funding for this provision but would be able to absorb the related cost within existing resources (paragraph 11.119, Explanatory Memorandum). However, the Assembly's Standing Orders and best practice require costs to be quantified even when additional funding is not going to be allocated for changes to service delivery. The RIA adopts the Ombudsman's unit cost per case (£501) to estimate the cost; £3,507 per annum or £17,535 over 5 years.

## **12. The absence of indirect costs for private providers is a serious omission (paragraph 5.3)**

This matter was explored by the Finance Committee with the Ombudsman in light of best practice, Standing Order requirements and its own considerations, including its inquiry into the costs of legislation.

As noted at paragraph 11.57 of the Explanatory Memorandum, the Ombudsman notes that he does not have access, or a right to access, to details of the number and the associated cost of complaints made about private health services. The Independent Healthcare Sector Complaints Adjudication Service (ISCAS) provides independent adjudication on patient complaints about ISCAS members but this does not cover all private healthcare providers. Other published data on the number of complaints does not cover all private healthcare providers.

Given this, the RIA notes that it has not been possible to estimate the value of indirect costs should legislation provide the Ombudsman with the power to consider complaints about all private health service providers. Therefore, the RIA notes that the cost impact on private health service providers is not known.

The Committee's Expert Adviser recommends that it would have been "reasonable to assume that the cost impact of the proposal would be similar to that on which will fall on the public sector". If this was assumed, using the low and high unit costs for a **full investigation** set out in Tables 15 and 16 of the RIA respectively would result in an estimate of costs between £12,117 and £15,099 per annum, or £60,585 and £75,495 to private health providers over five years (not including an annual cost of living increase in staff costs).

This was not an approach taken by the Finance Committee for two reasons. Firstly, the lack of evidence to support the assumption that the costs borne by private providers would be the same as those incurred by public sector bodies. Secondly, the low and high unit costs to public sector bodies set out an estimate for investigating the whole of a complaint. In these cases, the treatment or care from private health service providers would be an element in the public/private

pathway rather than the whole complaint. Therefore, the view was that it was not appropriate to use the same costs to estimate the financial impact on private providers. Tied in with the expectation that the expected number of complaints is seven a year, the omission of these unknown costs was not considered significant.

I also note evidence given to the Committee by ISCAS in respect of the availability of financial information set out in its reports. My understanding is that ISCAS reports the cost of adjudication and clinical experts. However, under the arrangements proposed in the Bill, these costs would not fall on private healthcare providers (other than in the exceptional circumstances set out in the Bill where providers have obstructed the work of the Ombudsman) where there is a complaint to the Ombudsman involving both public and privately commissioned healthcare. The cost to the private healthcare provider under the proposals in the Bill would be those arising from providing records, details of their investigation and their findings to the Ombudsman. ISCAS does not report the costs to private healthcare providers of providing information to ISCAS and cooperating with the ISCAS investigation/adjudication.

### **Complaints handling standards and procedures**

- 13. While the RIA sets out the cost to public bodies of the development of complaint handling procedures but not related costs, such as time to be involved in their development, informing and training relevant staff on the new approach to complaint handling (paragraph 6.5)**

As noted in the response to Question 6, the Ombudsman and the independent company commissioned by his office to assist in the preparation of the RIA (OB3) engaged with stakeholders to prepare the best estimates of indirect costs. This suggested that the only additional costs to public bodies arising from the complaints standards authority role would be in respect of changes to systems, including IT systems. Public sector bodies would already be undertaking other activities under the existing provisions, such as training and dissemination of good practice. Also, the Ombudsman's office would use its current mechanisms of working with listed authorities, such as its sounding boards, regular liaison meetings with complaints handlers and the Welsh Local Government Association. As such, the cost of activities would not represent additional costs under the Bill.

- 14. The benefits identified in reduced complaints received by the ombudsman may be delayed (paragraph 6.2) but may be greater than estimated (paragraph 6.8)**

As noted at paragraph 11.34 of the Explanatory Memorandum, the Ombudsman's projections for his caseload assume that the increase will be mitigated by the complaints handling role, equating to 10 per cent of

complaints made in 2015-16 by 2020-21 and the end of this Assembly term. This assumption reflects the knowledge and experience of the Ombudsman's office, that 'steady state' will be achieved after three years but that the effect of the new power will continue to grow over the subsequent two years for which the costs/benefits of the Bill have been estimated in the RIA.

**15. It is suggested that the Ombudsman be asked to provide details on the professional advice he believes is required (paragraph 6.3).**

See response to Question 7 above.

**Other matters**

**16. Additional costs would fall on different parts of the public sector**

Paragraph 11.46 notes that it is not possible to predict in respect of which public bodies the increase in future caseload will relate. I understand that trends are not necessarily representative of future activity. For example, the Ombudsman set out the changes in the number of complaints within one sector, the NHS in Wales. This is noted in the Finance Committee's Report, [Scrutiny of Public Services Ombudsman for Wales's Estimate 2018-19](#):

The Ombudsman said that a large proportion of the increase in health complaints was due to a rise of 23 per cent in complaints received about Betsi Cadwaladr UHB and an increase in the volume of upheld complaints. Of the six public interest reports he had published, three related to that health board.

**17. One-off transition costs and 'other staff costs' appear high. It is recommended that the Ombudsman provides details on the calculations used to arrive at these costs (paragraph 2.10)**

In preparing the estimates, the Finance Committee sought not to understate the costs. The estimates reflect the costs borne by the Ombudsman and his office.

**Transition costs**

The transition costs include the estimate of the following for each additional member of staff:

- recruitment;
- desk and chair;
- file storage;
- telephone, computer and peripherals, monitors and stand;
- set up costs for the Ombudsman's ICT systems;
- basic office equipment;
- security pass;

- initial training/induction; and
- IT equipment for mobile working.

The Finance Committee considered that the estimate (£5,000 per member of staff) was reasonable.

### **Office costs**

As noted in my evidence to the Committee, the Ombudsman advised the Finance Committee that his current office costs equate to around £13,000 per staff member. Not all costs increase with more staff. However, many costs do.

Ongoing costs included in the estimate are as follows:

- software licenses (including Microsoft, data encryption, virus protection and case management system);
- use of stationery;
- depreciation of office furniture and equipment;
- telephone usage and IT network usage and support costs; and
- communications costs and case-related costs such as professional specialist advice.

The Finance Committee considered that the figure of £5,000 per annum for each new member of staff was the best estimate, reflecting less than 40 per cent of current unit costs. It does not include costs that do not vary with changes in staff numbers, such as heating and lighting.

### **Training and travel**

New staff will cover all of Wales and so will incur travel costs. A return train journey to, for example, Wrexham could cost £130. A typical training course could cost between £300 and £400 and the Ombudsman advises that the amount in the Explanatory Memorandum is in line with the training costs incurred by his office for existing relevant staff.

The Finance Committee recognised the need for training new staff for which the Ombudsman would incur additional costs and that staff would also not be wholly office based. Members sought not to understate the costs and concluded that the estimate at £1,000 per annum was reasonable.

No other benchmarking has been undertaken since the estimates reflect the actual costs borne by the Ombudsman's office. Also, it was not considered proportionate given the values involved.

## **Summary**

I welcome the Committee's decision to commission the services of an expert adviser to report on the financial implications of the Bill. Obtaining an independent assessment is considered best practice and I hope that the Committee's approach is used, in future, as an exemplar for the development of estimates of the cost of legislation.

As recognised in evidence given to the Committee by some witnesses, such as the Northern Ireland Public Services Ombudsman, a significant amount of work has been undertaken to inform the estimate of the direct and indirect costs. This includes engagement with stakeholders by the Ombudsman and the independent company commissioned by his office to assist in the preparation of the RIA. A range of analyses has also been carried out to inform the assumptions on which the estimates are based.

The Finance Committee remains confident in its estimate of the overall costs and benefits. Members would consider any evidence that the Committee's Expert Adviser is able to provide that may improve the estimates and our understanding of the potential costs of the new provisions in the Bill. The Finance Committee would, however, need to balance any additional information against the evidence on which the assumptions and estimates have been based to ensure that the resulting costs continue to be calculated on a consistent basis. The Finance Committee will also seek to use the evidence provided by the Expert Adviser, such as that in respect of other staff costs and professional fees, in its future scrutiny of the Ombudsman's annual Estimate.

## **Other matters raised by the Committee**

### **1. Criteria for own initiative investigations**

The Committee sought my views on the Ombudsman's written evidence that the criteria for own initiative investigations, which are set out on the face of the Bill, may not necessarily cover all intended work in this area.

The Bill allows the Ombudsman to investigate each of the four scenarios the Ombudsman mentions in his evidence, provided always that where a scenario leads to an own initiative investigation:

- the criteria for own initiative investigations are met; and
- the procedures that apply to own investigations are followed (subject to the discretion the Ombudsman has in sections 16(3) and 16(4) in respect of preparing investigation proposals).

As noted in my evidence, the Finance Committee amended the draft Bill to include specific criteria that need to be met (and procedures that must apply) in respect of own initiative investigations. These have been drafted to ensure delivery of policy intent set out in the Explanatory Memorandum and RIA.

### **2. Sections 40 and 41**

I responded to the Cabinet Secretary's observations in respect of Sections 40 and 41 of the Bill in evidence I gave on 25 January 2018 to the Committee.

3. **Section 8(5)**

The Cabinet Secretary's written submission to the Committee also sets out observations in respect of Section 8(5) of the Bill. This is a very important section of the Bill. If a person makes an oral complaint and then tells the Ombudsman that they do not wish the complaint to be treated as a formal complaint that has been duly made, then the Ombudsman should not use the power in section 3 to investigate that person's complaint. So, section 8(5) prevents the Ombudsman from continuing with the complaint via a section 3 investigation.

But the Ombudsman must still have the option of investigating using his own initiative under section 4 because there may be a serious issue which needs to be investigated. Under section 4, the Ombudsman can carry out an own initiative investigation without involving the person who made the oral complaint.

Therefore, I disagree with the Cabinet Secretary's assessment that the prohibition in section 8(5) is worthless.

Mick Antoniw AM,  
Chair of the Constitutional and Legislative Affairs  
Committee

30 January 2018

Dear Mick,

## **PUBLIC SERVICES OMBUDSMAN (WALES) BILL**

Further to my evidence session before the Constitutional and Legislative Affairs Committee on 15 January 2018 in relation to the Public Services Ombudsman (Wales) Bill, I would like to provide some further clarity on issues that were raised by the Committee:

### **1. Retrospective element of own initiative investigations under section 4 and section 44**

Retrospectivity is not a test of legislative competence, but human rights are part of the test of legislative competence. Therefore, the drafting of sections 4 and 44 was considered in light of human rights in particular.

To the extent that there is any interference with human rights, it can be clearly justified given the way that section 5(2) and section 45(2) are drafted – there must still be a **current and ongoing** issue around injustice and hardship. For example, if something happened 12 months before Royal Assent that: (a) is still today likely to be causing a **vulnerable or disadvantaged person** to be suffering injustice or hardship, or (b) is still today likely to amount to a **systemic failure** (bearing in mind that a systemic failure is going to affect dozens, hundreds or even thousands of people), then it is only right that the Ombudsman can investigate.

If a cut-off point of, say, 24 months before Royal Assent was included and the Ombudsman became aware of a serious ongoing issue as a result of something that was done 24 months and 1 day before Royal Assent, then the Ombudsman would not be able to help people and help secure better public services. That was not considered the right thing to do.



The Bill gives the Ombudsman discretion to make the right judgment, depending on the circumstances of the case. The Ombudsman also has that discretion in relation to section 3 investigations. Section 3(4) gives the Ombudsman that discretion in respect of section 3 investigations, and that discretion has been copied from section 2(4) of the Public Services Ombudsman (Wales) Act 2005 (the 2005 Act). Again, the discretion given to the Ombudsman under the 2005 Act is designed to give him flexibility, depending on the circumstances of each case before him. There is **no time limit** to the discretion in the 2005 Act.

In any event, how much interference is there really with human rights? The ultimate sanction under the Bill is that a report is made in respect of a listed authority; there is no fine and there is no legal duty to implement any recommendations made by the Ombudsman in a report. Yes, the Ombudsman has the power to require documents as part of an investigation, but that is a limited and justifiable interference with human rights. When you balance a request for documents with, say, the public interest of preventing vulnerable people from suffering injustice or hardship (there must always be an element of injustice or hardship) then such limited interference can clearly be justified.

Further, ignoring issues that happened before Royal Assent could amount to breaching people's right to a remedy when they have suffered injustice or hardship. Such remedies can have a real impact on their Article 8 rights (under the European Convention on Human Rights), so allowing the Ombudsman to investigate matters before Royal Assent also helps protect the human rights of individuals who have suffered injustice or hardship (who are almost always the most vulnerable people in our society).

Adding all of the above together, I do not believe there is a breach of human rights.

## **2. Consulting with other commissioners, regulators and statutory advisers**

There has been much discussion around sections 65 and 66 of the Bill, which provide for the Ombudsman to work with other commissioners, regulators and statutory advisers.

With regard to sections 65 and 66, they take things forward significantly when compared to the 2005 Act as they make significantly greater provision for consultation and bringing various bodies together. As has been noted, the Ombudsman **must** consult and inform such bodies when he considers **appropriate**. Given that the Ombudsman is subject to the general principles of public law (including a duty to act reasonably, proportionately and to take relevant considerations into account), the Ombudsman does not have that great a discretion as to what is appropriate, so the duty to inform and consult under sections 65 and 66 is a very important duty.



In any event, the Ombudsman **must** consult all relevant persons when deciding whether to begin an own initiative investigation. This duty is clearly set out in section 4(3) of the Bill – there is no escaping this duty. The Ombudsman must consult appropriate persons when deciding whether to begin, continue or discontinue an own initiative investigation. So, for example, if the Ombudsman was deciding whether to carry out an own initiative investigation in respect of a health matter that was also relevant to the Health Inspectorate Wales (HIW), then the Ombudsman would have to consult HIW. If the Ombudsman failed to do so, he would not be acting within his powers and his decision not to consult HIW could be challenged in the courts.

With regard to own initiative investigations, the Ombudsman also has a duty to prepare an investigation proposal and send it to the listed authority under investigation. This is designed to help transparency and to get people talking to each other at an early stage.

The cumulative effect of the above is that the Bill contains significant provision for consultation.

### **3. Powers to work with the Children’s Commissioner for Wales**

I agree that there is a better way to deal with the issue of how the Ombudsman and the Children’s Commissioner in Wales work together and that setting out that detail on the face of the Bill is a better approach than leaving the detail to the Welsh Ministers to make subordinate legislation.

There was discussion and agreement between my officials and the Cabinet Secretary for Finance’s officials on this point.

### **4. Section 78 – no power to amend primary legislation**

Section 78 of the Bill is a narrower version of section 43 of the 2005 Act.

Section 43 of the 2005 Act includes a power to amend primary legislation that was passed before the end of the 2004/2005 Session of the UK Parliament. So the power in section 43 is limited in scope.

The power in section 43 has not been used for 12 years (11 years and 10 months).

An alternative approach to including a Henry VIII element in section 78 of the Bill would be to:



- make all consequential amendments to primary legislation on the face of the Bill, and
- broaden the scope of the transitional provision in section 78(3) of the Bill to capture in one sweep any amendments that may have been missed from the face of the Bill.

I am happy to explore further the consequential amendments that are needed to primary legislation (and that are not already achieved by section 78(3)) and to discuss with the Cabinet Secretary whether the above alternative approach might still leave gaps in consequential amendments, meaning that the Henry VIII power would need to be included in section 78 (and whether that should be limited to a power to amend primary legislation made before the Bill becomes an Act, along the lines of how section 43 of the 2005 Act was limited, as noted above).

## **5. Recovering other costs from private health services providers**

The only costs that may be recovered are those incurred as a result of the private health services provider obstructing the Ombudsman.

The Bill does not allow the Ombudsman to recover the full costs of investigation because of human rights issues. Investigating the listed authorities that are public bodies does not raise the same human rights concerns, but once you move towards private companies you have to consider human rights very carefully where you might be interfering with their possessions (as we learned from the Supreme Court judgment in the Asbestos Bill case).

If the Equality, Local Government and Communities Committee (ELGC) wishes to explore the possibility of recovering other costs from private health services providers then it should be based on evidence and it should be subject to thorough debate – that is how human rights issues should be dealt with in order to help avoid the risk of a legal challenge. If the ELGC Committee carries out that debate then we will of course listen and consider what amendments could be made to the Bill.

## **6. The meaning of “expedient” in section 78**

In addition to the points I made before the Committee, I would like to add some further principles that confine the meaning of “expedient” in the context of this Bill. I accept that “expedient” has a subjective element and it is not a hard-edged term. But there are two important limitations on the use of the “expedient” power:

- the Welsh Ministers must act proportionately and reasonably as a matter of public law. So, for example, the Welsh Ministers cannot use the “expedient” power in a disproportionate way or in an irrational way;



- the Welsh Ministers cannot use this expedient power (or any other power in the Bill) in such a way as to frustrate the purposes of the Bill. This is a well-established legal principle, called the Padfield principle, that the courts will enforce. One clear purpose of this Bill is to help people who have suffered injustice or hardship, and no matter how wide a power is in the Bill, the Welsh Ministers cannot use the power to frustrate that purpose – to do so would be acting illegally. So in the context of this particular Bill, that is a very important limitation on the use of powers.

And, of course, any inappropriate use of these powers would be brought to the attention of this Committee and the Committee would prepare a report criticising the inappropriate use before any vote is taken in Plenary.

I am copying this letter to the Chair of ELGC Committee which is currently undertaking Stage 1 scrutiny of the Bill. I very much look forward to considering the reports of the Constitutional and Legislative Affairs Committee and the ELGC Committee, with a view to bringing forward the necessary amendments at Stage 2 should evidence support your views.

Yours sincerely



Simon Thomas AM

Chair

*Croesewir gohebiaeth yn Gymraeg neu Saesneg.*

*We welcome correspondence in Welsh or English*





Ein cyf / Our ref MAL/VG/0072/18

Simon Thomas AM  
Chair  
Finance Committee

9 February 2018

Dear Simon,

On 7 December, I attended Finance Committee and gave evidence regarding the Public Health (Minimum Price for Alcohol) (Wales) Bill. In the initial update I provided in my letter of 21 December 2017, I gave a commitment to write to the Committee about discussions taking place between the Welsh Government and Her Majesty's Treasury in relation to the estimated impacts of the Bill and the fiscal framework.

Welsh Treasury officials have discussed the policy with officials from Her Majesty's Treasury in the context of the funding arrangements set out in the Statement of Funding Policy and fiscal framework. We have also shared the Explanatory Memorandum and Regulatory Impact Assessment for the Public Health (Minimum Price for Alcohol) (Wales) Bill with Her Majesty's Treasury and stand ready to discuss the details of the Bill as appropriate. The fiscal framework states behavioural effects will only be considered in exceptional circumstances. There is no expectation that financial adjustments will be made as a result of introducing a minimum price for alcohol.

Yours sincerely,

**Vaughan Gething AC/AM**

Ysgrifennydd y Cabinet dros Iechyd a Gwasanaethau Cymdeithasol  
Cabinet Secretary for Health and Social Services

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# Supplementary Budget Motion 2017-18

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*Laid Before the National Assembly for Wales by the Cabinet Secretary for Finance*

*February 2018*

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

- This resolution for the year ending 31 March 2018 is made by the National Assembly for Wales (“the Assembly”) pursuant to Section 126 of the Government of Wales Act 2006 (“the Act).
2. This Supplementary Budget Motion should be read alongside supporting budget documentation published on 6<sup>th</sup> February 2018.

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

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2018 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 2018, for use on the services and purposes specified in the corresponding entries 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 2018 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 2018 for all services and purposes specified in Column 2 of Schedule 2 does not exceed the total of the sum of the amounts specified for each part of that Schedule.**

Assembly Commission

7. The Assembly Commission is authorised -

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2018 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 2018, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 1 of that Schedule, up to the limit specified for Part 1 of that Schedule; and

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

Public Services Ombudsman for Wales

8. The Public Services Ombudsman for Wales is authorised -

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2018 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 2018, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 2 of that Schedule, up to the limit specified for Part 2 of that Schedule; and

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

Wales Audit Office

9. The Wales Audit Office is authorised -

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2018 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 2018, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 3 of that Schedule, up to the limit specified for Part 3 of that Schedule; and

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

Specification of Categories of Accruing Resources

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

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**Summary of Resource and Capital Requirements**
*Welsh Ministers*

<b>Ambit</b>	<b>Resources (£000)</b>	<b>Accruing Resources (£000)</b>
Health and Social Services	7,750,505	42,844
Local Government and Public Services	4,285,818	14,082
Economy and Transport	1,297,794	77,207
Education	2,534,740	193,949
Energy, Planning and Rural Affairs	376,888	297,556
Central Services and Administration	335,096	287,719
<b>Total Resources Requested and Accrued Income relating to Welsh Ministers</b>	<b>16,580,841</b>	<b>913,357</b>

*Direct Funded Bodies*

<b>Ambit</b>	<b>Resources (£000)</b>	<b>Accruing Resources (£000)</b>
National Assembly for Wales Commission	54,445	300
Public Services Ombudsman for Wales	4,248	32
Wales Audit Office	7,231	14,694
<b>Total Resources and Accrued Income for Direct Funded Bodies</b>	<b>65,924</b>	<b>15,026</b>

### Schedule 1 – Ambits for expenditure incurred by Welsh Ministers

<b>Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)</b>	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p><b>Health and Social Services</b></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 &amp; provisions; supporting education &amp; training of the NHS workforce, mental health policies &amp; 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 &amp; implementing research &amp; development for patient &amp; public benefit; social care and support, partnership &amp; 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><b>7,750,505</b></p>

<b>Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)</b>	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p><b>Local Government and Public Services</b></p> <p>For use by Welsh Ministers to spend on local government including promoting, improving or supporting economic, social or environmental well-being.</p> <p>Funding, including general capital funding, support for local government and valuation services; building local democracy; local government improvement; Academi Wales; supporting collaboration &amp; reform; early intervention, prevention and support; financial inclusion and Third Sector; fire and rescue services and resilience; promoting positive engagement for young people; supporting people; homelessness prevention; independent living; increase the supply and choice of affordable housing; housing revenue funding; regeneration; funding the Care &amp; Social Services Inspectorate, Healthcare Inspectorate Wales and Estyn; community facilities; integrated care fund; achieve quality housing; increase the supply and choice of market housing and any related expenditure and non fiscal resource use.</p>	<b>4,285,818</b>

<b>Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)</b>	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p><b>Economy and Transport</b></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, entrepreneurship &amp; business information; innovation; science; major events; delivering ICT and property related infrastructure; corporate &amp; strategy programmes; Development Bank of Wales; motorway &amp; trunk road operations; improving &amp; maintaining the trunk road network; road, rail, air and sea services and investment; sustainable travel; improving road safety; supporting and sustaining a strong arts sector via the Arts Council and others; fostering usage and lifelong learning through museum and library services; strategic leadership for museum, archive and library services; media and publishing; conserving, protecting, sustaining and promoting access to the historic and natural environment; promoting sport and active lifestyles via Sports Wales and others; and any related expenditure and non fiscal resource use that provides broader economic benefit to Wales.</p>	<p><b>1,297,794</b></p>

<b>Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)</b>	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p><b>Education</b></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 &amp; leadership, qualifications, post-16 education, higher education, pupil deprivation grant, ICT and information management systems and estate &amp; IT provision; youth engagement &amp; employment; well-being of children and young people; post-16 learner support; pupil engagement; Welsh in education; Welsh language; delivery support; work based learning; delivering support for skills; skills policy; employment and skills; educational and careers choice and any related expenditure and non fiscal resource use.</p>	<b>2,534,740</b>

<b>Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)</b>	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p><b>Energy, Planning and Rural Affairs</b></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 &amp; coastal risk, water and sewage policy and legislation; manage and implement the waste strategy and waste procurement; 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; planning and regulation; 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 &amp; drink and any related expenditure and non fiscal resource use.</p>	<b>376,888</b>

<b>Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources)</b>	
<i>Column 1</i>	<i>Column 2</i>
<i>Services and purposes</i>	<i>Amount £000</i>
<p><b>Central Services and Administration</b></p> <p>For use by Welsh Ministers to spend on Central Services and Administration.</p> <p>Expenditure on staff costs; general administration; capital and capital charges; IT costs; business improvement; provisions for early retirement; Elections; Future Generations Commissioner for Wales; tribunals; investigations; improving economic &amp; labour market statistics; events &amp; corporate communications; geographical information; central and economic research; the Public Policy Institute; Value Wales; e-procurement; National Procurement Service; fiscal responsibilities including Welsh taxation and the Welsh Revenue Authority; international development &amp; relations; Invest to Save programme; match funding; managing the delivery of the structural funds programmes in Wales; providing safer communities by supporting the prevention of domestic abuse and promoting equality and community cohesion; and the development of Gypsy traveller sites and any related expenditure and non fiscal resource use.</p>	<p><b>335,096</b></p>

## Schedule 2 – Use of accruing resources by Welsh Ministers

### Part 1: Health and Social Services

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and purposes for which income may be retained</i>
<p>Accruing resources include income under the Pharmaceutical Price Regulation Scheme; income in respect of settlement of legal claims; charges for accommodation, goods and services to private and NHS patients, local authorities and others; repayment of Invest to Save funding from Local Health Boards and Welsh NHS Trusts; income from the Scottish Government, Northern Ireland Executive, Department of Health, other government departments and the European Union; income from fixed penalty notices issued under the Food Hygiene Rating (Wales) Act 2013; income generation schemes; non-operating income from sale of land, buildings, vehicles, equipment and property and recoveries of VAT; income from rebate schemes and agreements.</p>	<p>Services and purposes include expenditure on primary and community health services; the purchase or acquisition of fixed assets by Welsh NHS Trusts, Local Health Boards and associated healthcare providers; supporting the provision and administration of health and social care services.</p>
<b>Overall amount of Income (£000)</b>	<b>42,844</b>

**Part 2: Local Government and Public Services**

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include grant funding from the European Commission; 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 repayment of Social Housing Grant; provision of training and development events; training provider repayments; charges for dental registration; income from staff secondments; repayment of staff loans; rental income on property; compensation under commercial and civil settlements and levy of facilitation fees; income from the sale of capital assets.</p>	<p>Services and purposes include running costs, general administration costs and resource expenditure of Inspectorates and the Valuation Tribunal; the delivery of training interventions for the Welsh Public Service; supporting expenditure on safer communities and regeneration; the payment of grants to local authorities and Third Sector bodies; all European funded projects; and to support all expenditure as identified within the expenditure Ambit.</p>
<b>Overall amount of Income (£000)</b>	<b>14,082</b>

**Part 3: Economy and Transport**

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
Accruing resources and funding either direct or indirect from the European Commission; property rental and other associated income; business services charges; project contributions from other public sector and private sector organisations; investment income; grant repayments and repayable business finance; income from the sale of capital assets; income relating to tourism activities; transport studies receipts; compensation under commercial and civil settlements and levy of facilitation fees; Admission charges and other operational income at Cadw and the Royal Commission for Ancient and Historic Monuments sites; and recoveries of VAT.	All European funded projects and to support all expenditure as identified within the expenditure Ambit.
<b>Overall amount of Income (£000)</b>	<b>77,207</b>

**Part 4: Education**

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include income from European Projects, research &amp; evaluation; curriculum royalties; recoveries of Student Loans; funding from the Higher Education Research Capital fund; sales of publications and recoveries of VAT.</p> <p>Accruing resources including repayment and recovery of grant payments; fees and charges for inspections and regulatory services; provision of training and development events; income from staff secondments; repayments of staff loans; income from the sale of capital assets; recovery of loans made and any interest charges thereon; ad-hoc recoveries and grants from other sources.</p>	<p>Services and purposes include supporting European projects, CQFW, programme development, research &amp; evaluation current expenditure; to support curriculum current expenditure and to support all expenditure as identified within the expenditure Ambit.</p>
<b>Overall amount of income (£000)</b>	<b>193,949</b>

**Part 5: Energy, Planning and Rural Affairs**

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include funding either direct or indirect from the European Commission including income from European structural funds; income from the EU to support farmers and rural communities in Wales; income from wind farm projects; income from Pwllpeiran Farm; income from the sale of capital assets, including buildings; income from grant recoveries from local authorities, third sector organisations and other public and private sector organisations; civil penalty fines associated with emission trading schemes; income from marine licences; income from the salvage of carcasses from animals slaughtered for disease control, ad-hoc grants from other sources and recoveries of VAT; funding from other central government departments and income related to Environment and Rural Affairs.</p>	<p>Services and purposes include expenditure relating to Pwllpeiran Farm; grant payments, schemes part supported by other government departments; all European funded projects and to support all expenditure as identified within the expenditure Ambit.</p>
<b>Overall amount of Income (£000)</b>	<b>297,556</b>

**Part 6: Central Services and Administration**

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and Purposes for which income may be retained</i>
<p>Accruing resources include income from staff secondments and fees; repayment of staff loans; recovery of grant payments; the refund of statutory PAYE deductions; recoveries of VAT; the sale of land and buildings and capital assets; the sub let of properties; the sale of administrative assets; the sale of goods and services; administrative income; 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 funding either direct or indirect from the European Commission.</p>	<p>Services and purposes include funding of: running costs and general administrative expenditure; supporting capital expenditure on the Welsh Government's estate and asset base; all European funded projects; payment of grants to local authorities and Third Sector bodies; and to support expenditure identified within the Ambit.</p>
<b>Overall amount of Income (£000)</b>	<b>287,719</b>

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

#### Part 1 – National Assembly for Wales Commission

<i>Column 1</i>	<i>Column 2</i>
<i>Services and Purposes</i>	<i>Amount £000</i>
Resources other than accruing resources for use by the Assembly Commission on resource and capital costs associated with the administration and operation of Assembly Services to support the National Assembly for Wales ('the Assembly'); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Assembly or functions of the Assembly Commission. Resources other than accruing resources for use by the National Assembly for Wales Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision.	<b>54,445</b>

#### 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.	<b>4,248</b>

#### 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.	<b>7,231</b>

## Schedule 4 – Use of accrued resources by Direct Funded Bodies

### Part 1 – National Assembly for Wales Commission

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

### 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.
<b>Overall amount of Income (£000)</b>	<b>32</b>

## Part 3 – Wales Audit Office

<i>Column 1</i> <i>Category of accruing resource</i>	<i>Column 2</i> <i>Services and purposes for which income may be retained</i>
Accruing resources 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.
<b>Overall amount of income (£000)</b>	<b>14,694</b>

**Schedule 5: Resource to Cash Reconciliation 2017-18 (£000)****Table 1: Resource to cash Reconciliation for 2017-18 included in the June 2017 Annual Budget Motion (£000)**

	Welsh Ministers	Assembly Commission	Public Services Ombudsman	Wales Audit Office
<b>Net Resource Requirement</b>	14,724,942	53,245	4,223	6,526
<b>Net Capital Requirement</b>	958,474	500	25	380
Adjustments:				
Capital Charges	-353,812	-2,600	-80	-200
Impairments	-191,117	0	0	0
Movements in Provisions	-108,828	-1,200	-20	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	0	300	0	0
Use of Provisions	0	0	42	0
Other	0	0	20	0
<b>Net Cash Requirement for issue from the Welsh Consolidated Fund</b>	<b>15,029,659</b>	<b>50,245</b>	<b>4,210</b>	<b>6,706</b>

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

	Welsh Ministers	Assembly Commission	Public Services Ombudsman	Wales Audit Office
<b>Net Resource Requirement</b>	506,242	700	0	325
<b>Net Capital Requirement</b>	391,183	0	0	0
Adjustments:				
Capital Charges	-9,700	0	0	0
Impairments	-173,881	0	0	0
Movements in Provisions	-147,000	-700	0	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	60,000	0	0	0
Use of Provisions	0	0	0	0
Other	0	0	0	0
<b>Net Cash Requirement for issue from the Welsh Consolidated Fund</b>	<b>626,844</b>	<b>0</b>	<b>0</b>	<b>325</b>

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

	<b>Welsh Ministers</b>	<b>Assembly Commission</b>	<b>Public Services Ombudsman</b>	<b>Wales Audit Office</b>
<b>Net Resource Requirement</b>	15,231,184	53,945	4,223	6,851
<b>Net Capital Requirement</b>	1,349,657	500	25	380
Adjustments:				
Capital Charges	-363,512	-2,600	-80	-200
Impairments	-364,998	0	0	0
Movements in Provisions	-255,828	-1,900	-20	0
Profit/Loss on sale of assets	0	0	0	0
Movements in stocks	0	0	0	0
Movements in debtors/creditors	60,000	300	0	0
Use of Provisions	0	0	42	0
Other	0	0	20	0
<b>Net Cash Requirement for issue from the Welsh Consolidated Fund</b>	<b>15,656,503</b>	<b>50,245</b>	<b>4,210</b>	<b>7,031</b>

**Notes:**

1. This table content and format complies with Section 125(1) (c) and 126(2) of the Government of Wales Act 2006 (“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.
3. These tables are presented under S126 of the Act and SO20.31 showing variations to the resources allocated in the Annual Budget Motion and the amounts to be paid out of the Welsh Consolidated Fund.

### Schedule 6: Reconciliation of resources requested in the budget motion to resources made available by the Treasury for the Welsh Block for 2017-18

**Table 1: Reconciliation of Resources Requested in the June 2017 Annual Budget Motion to the resources made available by the Treasury for Wales (£000)**

	2017-18 (£000)				Total
	Resource DEL	Capital DEL	Resource AME	Capital AME	
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	14,495,982	445,077	228,960	513,397	15,683,416
- Assembly Commission	52,045	500	1,200	0	53,745
- Ombudsman	4,203	25	20	0	4,248
- Wales Audit Office	6,526	380	0	0	6,906
<b>Total Resources Requested in the Annual Budget Motion</b>	<b>14,558,756</b>	<b>445,982</b>	<b>230,180</b>	<b>513,397</b>	<b>15,748,315</b>
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	54,558	0	10,913	0	65,471
(ii) Grants	-955,252	955,252	0	0	0
(iii) Supported Borrowing	0	88,800	0	0	88,800
(iv) Direct Charges on the Welsh Consolidated Fund	2,343	104	1,059,000	0	1,061,447
(v) Other	14,561	0	0	0	14,561
<b>Welsh Ministers &amp; Direct Funded Bodies Total Managed Expenditure</b>	<b>13,674,966</b>	<b>1,490,138</b>	<b>1,300,093</b>	<b>513,397</b>	<b>16,978,594</b>
- Wales Office	4,560	30	0	0	4,590
- Borrowing	0	-20,000	0	20,000	0
- Unallocated Reserve	340,371	136,545	0	0	476,916
<b>Total Managed Expenditure (Block)</b>	<b>14,019,897</b>	<b>1,606,713</b>	<b>1,300,093</b>	<b>533,397</b>	<b>17,460,100</b>

**Table 2: Changes to the Reconciliation of Resources Requested in the December 2016 Annual Budget Motion to the resources made available by the Treasury for Wales (£000)**

	2017-18 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	395,191	371,718	111,051	19,465	897,425
- Assembly Commission	0	0	700	0	700
- Ombudsman	0	0	0	0	0
- Wales Audit Office	325	0	0	0	325
<b>Total Resources Requested in the Supplementary Budget Motion</b>	<b>395,516</b>	<b>371,718</b>	<b>111,751</b>	<b>19,465</b>	<b>898,450</b>
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	-4,700	0	0	0	-4,700
(ii) Grants	86,077	-86,077	0	0	0
(iii) Supported Borrowing	0	0	0	0	0
(iv) Direct Charges on the Welsh Consolidated Fund	140	0	-97,957	0	-97,817
(v) Other	0	0	0	0	0
<b>Welsh Ministers &amp; Direct Funded Bodies Total Managed Expenditure</b>	<b>477,033</b>	<b>285,641</b>	<b>13,794</b>	<b>19,465</b>	<b>795,933</b>
- Wales Office	0	0	0	0	0
- Borrowing	0	20,000	0	-20,000	0
- Unallocated Reserve	-77,400	53,288	0	0	-24,112
<b>Total Managed Expenditure (Block)</b>	<b>399,633</b>	<b>358,929</b>	<b>13,794</b>	<b>-535</b>	<b>771,821</b>

**Table 3: Reconciliation of Resources Requested in this Supplementary Budget**

	2017-18 (£000)				
	Resource DEL	Capital DEL	Resource AME	Capital AME	Total
<i>Resources Requested in the Budget Motion:</i>					
- Welsh Ministers	14,891,173	816,795	340,011	532,862	16,580,841
- Assembly Commission	52,045	500	1,900	0	54,445
- Ombudsman	4,203	25	20	0	4,248
- Wales Audit Office	6,851	380	0	0	7,231
<b>Total Resources Requested in the Supplementary Budget Motion</b>	<b>14,954,272</b>	<b>817,700</b>	<b>341,931</b>	<b>532,862</b>	<b>16,646,765</b>
<i>Adjustments:</i>					
(i) Resource Consumption of WGSBs	49,858	0	10,913	0	60,771
(ii) Grants	-869,175	869,175	0	0	0
(iii) Supported Borrowing	0	88,800	0	0	88,800
(iv) Direct Charges on the Welsh Consolidated Fund	2,483	104	961,043	0	963,630
(v) Other	14,561	0	0	0	14,561
<b>Welsh Ministers &amp; Direct Funded Bodies Total Managed Expenditure</b>	<b>14,151,999</b>	<b>1,775,779</b>	<b>1,313,887</b>	<b>532,862</b>	<b>17,774,527</b>
- Wales Office	4,560	30	0	0	4,590
- Borrowing	0	0	0	0	0
- Unallocated Reserve	262,971	189,833	0	0	452,804
<b>Total Managed Expenditure (Block)</b>	<b>14,419,530</b>	<b>1,965,642</b>	<b>1,313,887</b>	<b>532,862</b>	<b>18,231,921</b>

**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:

<b>Item</b>	<b>2017-18 £000</b>
Payments to the National Loans Fund	1,745
Salaries and related pension costs of the Presiding Officer and the Deputy Presiding Officer	247
Salaries and related pension costs of the Ombudsman	200
Salaries and related pension costs of the Auditor General	206
Salaries and related pension costs of the Chair of the Wales Audit Office	29
Salaries and related pension costs of the Commissioner for Standards	20
By election costs	140
Redistributable National Non Domestic Rates	961,043
<b>Total</b>	<b>963,630</b>

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

	<b>Previous Provision 2017-18</b>	<b>Changes</b>	<b>Revised Provision 2017-18</b>
<b>Estimated net amounts payable to Welsh Ministers:</b>			
Grant payable by the Secretary of State to the Welsh Consolidated Fund under Section 118 (1)	14,300,314	488,578	14,788,892
Funds borrowed from the National Loans Fund and commercial banks under Section 121	20,000	-20,000	0
Payments from Other Government Departments	1,140,187	68,678	1,208,865
Payments from other sources	2,273,965	-384,539	1,889,426
Less amounts authorised to be retained by Welsh Ministers and Direct Funded Bodies	-1,214,965	286,582	-928,383
<b>Estimated amounts payable to Welsh Consolidated Fund</b>	<b>16,519,501</b>	<b>439,299</b>	<b>16,958,800</b>
Distributed as follows:			
- Welsh Ministers	15,029,659	626,844	15,656,503
- Assembly Commission	50,245	0	50,245
- Ombudsman	4,210	0	4,210
- Wales Audit Office	6,706	325	7,031
<b>Cash Released from the Welsh Consolidated Fund in the Motion</b>	<b>15,090,820</b>	<b>627,169</b>	<b>15,717,989</b>
Direct Charges on the Welsh Consolidated Fund	1,061,447	-97,817	963,630
Unallocated Funds	367,234	-32,386	334,848
Less amounts paid direct into the Welsh Consolidated Fund	0	-57,667	-57,667
<b>Total Estimated Payments</b>	<b>16,519,501</b>	<b>439,299</b>	<b>16,958,800</b>

**Notes:**

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

financial year otherwise than by a Minister of the Crown or government department.

2. The schedule above shows variations in these amounts as required under SO20.31.

**February 2018**

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# Agenda Item 7

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

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