

Scrutiny of Welsh Government First Supplementary Budget 2018-2019

July 2018



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Scrutiny of Welsh Government First Supplementary Budget 2018-2019

July 2018



About the Committee

The Committee was established on 22 June 2016 to carry out the functions of the responsible committee set out in Standing Orders 18.10, 18.11, 19 and 20 of the National Assembly for Wales.

Under Standing Orders 19 and 20, the committee's responsibilities include considering any report or document laid before the Assembly concerning the use of resources, or expenditure from the Welsh Consolidated Fund. This includes undertaking budget scrutiny of the bodies directly funded from the Welsh Consolidated Fund.

Under Standing Orders 18.10 and 18.11, the committee's responsibilities include oversight of the governance of the Wales Audit Office, as set out in the Public Audit (Wales) Act 2013.

The committee also considers any proposals for, and the progress of the devolution of fiscal powers to Wales as part of its responsibilities.

The committee may also scrutinise legislation introduced to the Assembly.

Committee Chair:



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1. Overview

- 1.** The Cabinet Secretary for Finance (Cabinet Secretary) Mark Drakeford AM laid the First Supplementary Budget for 2018-19¹ on 19 June 2018. This was accompanied by an Explanatory Note² and tables showing the main expenditure group (MEG) allocations.
- 2.** The budget process in Wales is set out in Part 5 of the Government of Wales Act 2006³ and in the Standing Orders⁴ of the National Assembly for Wales (the Assembly). The stages of the process are:

 - Draft budget proposals: set out the Welsh Government's spending plans and allows for scrutiny and amendment by the Assembly;
 - Annual budget motion: seeks the Assembly's formal authorisation for the use of resources during the financial year, based on the Final Budget; and
 - Supplementary budget motions: seeks authorisation for in-year changes to the annual budget motion. There are typically two supplementary budgets per financial year, one in June and one in February.
- 3.** This supplementary budget amends the Final Budget 2018-19. The supplementary budget documentation shows that there are no changes to taxation or borrowing, whilst borrowing repayments have decreased by £0.5 million to reflect the lower than anticipated levels of borrowing in 2017-18.
- 4.** There have been significant changes in both resource and capital allocations for Health and Social Services, Economy and Transport and Education MEGs in particular. Resource and capital allocations have increased by £15 million (1.0 per cent) and £134 million (10.3 per cent) since the 2018-19 Final Budget.
- 5.** The revenue cash baseline has received a net increase of £7.2 million due to a transfer of £7.2 million from the Home Office in respect of the Immigration Health Surcharge and a transfer out of £15,000 to the Cabinet Office for the Welsh Government's contribution to "Civil Service Live" events in 2018.
- 6.** The traditional capital baseline has increased by £2.8 million as a result of consequentials arising from research and development funding by the

¹ Welsh Government, First Supplementary Budget 2018-19, June 2018

² Welsh Government, Explanatory Note, First Supplementary Budget 2018-19, June 2018

³ Government of Wales Act 2006

⁴ National Assembly for Wales, Standing Orders of the National Assembly for Wales

Department for Business, Energy and Industrial Strategy in the 2016 UK Autumn Statement.

7. There is a total of £910,000 revenue transfers between Ministerial portfolios as set out in the Explanatory Note. This is

- £800,000 transferred from the Education and Training BEL (Health and Social Services MEG) to the Student Support Grants BEL (Education MEG) to fund NHS Bursaries on an interim basis due to the replacement of a grants based bursary with a loans based approach by the UK Government.
- £100,000 transferred from the Sustainable Social Services BEL (Health and Social Services MEG) to the Equality and Prosperity BEL (Central Services and Administration MEG) as part of a 3-year funding package to Disability Wales.
- £10,000 transferred from the Local Environment Quality and Keep Wales Tidy BEL (Energy, Planning and Rural Affairs MEG) to the Emergency Financial Assistance Scheme BEL (Local Government and Public Services MEG) as part of the Holyhead Marina support package.

8. Figure 1 (opposite) shows movement in the first supplementary budget from the final budget 2018-19.

9. The Cabinet Secretary appeared before the Finance Committee (the Committee) on 27 June 2018.⁵ The following report details the Committee's conclusions based on the evidence received.

Committee view

Conclusion 1. The changes in this supplementary budget are not substantial, however, the Committee valued the opportunity to consider the changes and believes this good practice should continue. The Committee has identified areas where additional information would be helpful at the draft budget stage.

⁵ Finance Committee, Draft Record of Proceedings, 27 June 2018

June 2018

Welsh Government First Supplementary Budget 2018-19

Headline figures from the First Supplementary Budget (FSB), showing cash movements from the Final Budget (FB) 2018-19



AME: Annually Managed Expenditure | TME: Total Managed Expenditure | FSB: First Supplementary Budget | FB: Final Budget.

DEL is the discretionary part of the budget that the Welsh Government can choose how to spend, AME is non-discretionary.

	Total revenue and capital allocation*	Change FB to FSB
Health and Social Services	£7,679m	+£77m 1.0%
Local Government and Public Services*	£4,329m	+£0.6m 0.0%
Education	£1,852m	+£43m 2.4%
Economy and Transport	£1,124m	+£56m 5.3%
Energy, Planning and Rural Affairs	£351m	+£5m 1.5%
Central Services and Administration	£321m	-£0.3m -0.1%

*Excludes £1bn non-domestic rates income.



National Assembly for Wales
Research Service

Figures are rounded, please
refer to the Welsh Government
Supplementary Budget 2018-19 for
exact figures.

2. Financial transaction capital

10. Following publication of the UK Autumn Budget 2017, the UK Government announced that Wales would receive £650 million in the form of repayable financial transaction capital.⁶ Financial transaction capital may only be deployed as a loan to, or equity investment in, a private sector entity.

11. The Cabinet Secretary wrote to the Committee in April 2018 to confirm that the Treasury had agreed to the Welsh Government's request to carry forward £90 million unspent financial transaction funding provided in the UK Autumn Budget, in addition to Welsh Reserve arrangements.⁷

12. This supplementary budget allocates a total of £31.5 million from the financial transaction capital reserves:

- Health and Social Services – **£1 million** to support Health Innovation Centres.
- Local Government and Public Services – **£0.5 million** for Credit Unions.
- Economy and Transport – **£30 million** for transport developments in the Cardiff capital region.

13. The Cabinet Secretary confirmed that whilst the precise carry forward arrangements for both traditional and financial transaction capital are not confirmed yet, no funds have been returned to the Treasury.⁸

14. When asked about possible innovative uses of financial transaction capital, the Cabinet Secretary explained:

“the restrictions on the use of financial transaction capital do make it an unwieldy instrument. Nevertheless, we have continued to use significant sums of that sort of capital for housing purposes, for business support purposes and in the field of transport.”⁹

⁶ Welsh Government, Mark Drakeford responds to the UK government's Autumn Budget, 22 November 2017

⁷ Letter from the Cabinet Secretary for Finance to the Chair of the Finance Committee - Financial Transactions, 24 April 2018

⁸ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 8

⁹ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 11

15. The Cabinet Secretary detailed areas where financial transaction capital had been used:

“...in this supplementary budget, you will see the first tranche of money that we are using for credit unions in Wales. It's a small amount of money, but it is very useful for them and for individual credit unions in the transition they're having to make in the rules that are newly being applied to them in terms of capital-to-loans ratios. It's probably the difference between them being able to carry on trading or not. And then we have the stalled sites fund ... That's £30 million of financial transaction capital and £10 million of conventional capital. And that's to allow local authorities and others to bring sites that would otherwise not be marketable into a condition where they can be put to beneficial use.”¹⁰

16. The Cabinet Secretary was asked about the level of risk associated with financial transaction funding, he said:

“We want to use financial transaction capital in that more innovative way and that inevitably means that we will have some higher risk uses of that money, but it is built into it, given that it's an 80 per cent repayment and the flexibility over repayment periods ... my view is that ... we have to lean on the boundaries of financial transaction capital and be prepared to do things that we know have an element of risk in them, both to get the capital used, to get it used successfully, but also to live within the spirit of the scheme, which does have some appetite for risk built into it.”¹¹

Committee view

17. When scrutinising the draft budget 2018-19 the Committee was concerned by the issues associated with the repayable financial transaction capital, and how restrictions around the use of this funding may limit the Welsh Government's ability to get best value for money in allocating these funds.

18. The Committee notes that the Welsh Government has taken steps to ensure that the majority of financial transaction capital is utilised and, whilst the Treasury rules around this funding are restrictive, there is some evidence of innovative uses.

¹⁰ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 12

¹¹ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 15

Conclusion 2. The Committee welcomes the approach taken by the Welsh Government in regards to utilising financial transaction capital and would welcome further investigation into innovative and creative means to utilise this funding.

Conclusion 3. The Committee intends to return to consideration of **financial transaction capital** when considering the draft budget in the Autumn. The Committee requests that detail relating how financial transactions capital is allocated in the outline and detailed budgets and any repayment commitments should form part of general summary of Welsh Government debt and repayment schedules provided at the same time as the outline budget.

3. Health and Social Services

3.1. NHS Funding

19. The annual accounts for 2017-18 of NHS bodies in Wales were the second to report performance against the statutory financial duty introduced by the National Health Service Finance (Wales) Act 2014.¹² This changed the requirement for Local Health Boards (LHBs) in Wales, requiring them to manage their resources within approved limits over three-year rolling periods.

20. The annual accounts for 2017-18, which were laid before the National Assembly for Wales on 14 June 2018, show that LHBs performance in the three years to 31 March 2018 mirrored that in the first three-year period, with the same LHBs either meeting or failing to meet the statutory financial duty.

21. The aggregate position for all LHBs for the three-year period to 2017-18 has worsened with a net overspend of £365 million (compared to £253 million in 2016-17).¹³

22. Shown in figure 2 is the final overspend/underspend for each LHB, over this three-year period.

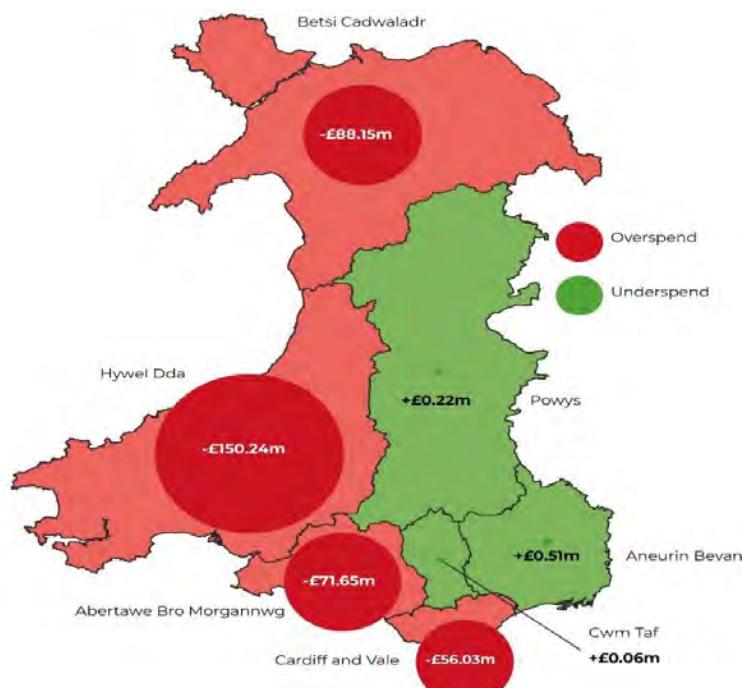


Figure 2: Source - Accountability Report 2017-18 prepared by Local Health Boards and NHS Trusts in Wales

¹² National Health Service Finance (Wales) Act 2014

¹³ National Assembly for Wales, Research Service, Checking the financial pulse of local health boards and NHS Trusts in Wales, 19 June 2018

23. On 14 June 2018, the Cabinet Secretary for Health and Social Services, Vaughan Gething AM, issued a written statement about NHS financial performance in 2017-18. This noted that officials were monitoring the delivery of actions identified in the independent financial governance reviews, which had been commissioned by Welsh Government in respect of all LHBs that failed to break-even in the first three-year period.¹⁴

24. The written statement also noted that an additional £27 million of funding had been awarded to Hywel Dda LHB following the findings of a zero based review of its cost base. The Cabinet Secretary for Health and Social Services stated that these additional monies “places the Health Board on a fair funding basis going forward compared to other health boards and provides a sound footing for the Board to develop and transform services”.¹⁵

25. The Cabinet Secretary confirmed that the additional money allocated to Hywel Dda was already within the Health MEG.¹⁶

26. The Cabinet Secretary was asked whether additional funds would be allocated to Hywel Dda in future years, the Cabinet Secretary outlined the aims of the zero based budgeting review was to:

“...to identify those pressures that are under the direct control of the health board and that they therefore have to be able to get a grip of, and those sums of money that are beyond their control. The £27 million is a reflection of the sums of money that the zero-based budgeting review concluded that were not amenable to actions by the health board itself. I think having recognised those, as we did previously in the case of Powys, we've continued to recognise those year after year, and my understanding is that's what the health Secretary intends to do in this case.”¹⁷

3. 2. Transfers within portfolio

27. Multiple transfers between BELs have taken place within the Health and Social Services MEG “to correctly align to the allocations made to Local Health

¹⁴ [Written Statement, Cabinet Secretary for Health and Social Services, NHS Financial Performance 2017-18, 14 June 2018](#)

¹⁵ [Written Statement, Cabinet Secretary for Health and Social Services, NHS Financial Performance 2017-18, 14 June 2018](#)

¹⁶ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 18

¹⁷ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 27

Boards and to fund specific commitments".¹⁸ Around £14 million has transferred from Delivery of Core NHS Services Action and £4 million from Delivery of Targeted NHS Services Action, these funds are transferred into Supported Education and Training of the NHS Workforce.

28. The Cabinet Secretary said he was "encouraged"¹⁹ by the progress being made to enable the Health MEG to be managed without additional funding, but he remains open to providing additional in-year funding should the pressure arise within Health.²⁰

3. 3. Reserves

29. £7.2 million has been allocated from the cash reserve to the Core NHS Allocations BEL in respect of the Immigration Health Surcharge. Two allocations were made from general capital reserves to the Health and Social Services MEG:

- £49.2 million additional funding to the Core NHS allocations BEL to be allocated across a range of clinical priorities such as the new Velindre Cancer Centre and neonatal services in Glangwili and Singleton hospitals.
- A further £20 million additional funding to the Core NHS allocations BEL for the All Wales Health programme including ambulances and top priority projects such as WAST vehicle replacement, Bronglais MRI, Cardiff, Vale Hybrid Theatre etc.²¹

30. The Cabinet Secretary was asked about the allocations from reserves, particularly the money allocated for clinical priorities and the planning process, he said:

"I think the capital planning system in the health service is quite robust already, and has been laid down over a number of years. So, it has a three-phase process. It begins with the health boards themselves and their production of the integrated medium-term plans. So, they look to see what their capital needs and their capital priorities are. Those are then reflected in the IMTPs [Integrated Medium Term Plans]. They come in to the Minister here. So, that's the first stage. Of course, remember that 25 per cent of all the capital in the

¹⁸ Welsh Government, Explanatory Note, First Supplementary Budget 2018-19, June 2018

¹⁹ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 20

²⁰ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 20

²¹ Welsh Government, Explanatory Note, First Supplementary Budget 2018-19, June 2018, paragraph 5.4

health service is in the hands of the health boards themselves in discretionary capital, and we've increased the percentage of discretionary capital in recent years too. But 75 per cent is allocated by the Health Cabinet Secretary, and so when the bids come in from the health boards and trusts, the second phase is for him, with advice from the infrastructure investment board that he has, which has people from outside the Welsh Government on it—they prioritise within the capital programme budget that they have. If there are things that they cannot accommodate within the budget that they have, then you're into the third phase of it, where, alongside every other Cabinet Secretary, the Cabinet Secretary for health is able to put proposals to me for any additional capital that I'm able to make available. I set out criteria that cover the whole of the Government, and in this budget you can see that, of the additional capital that I was able to make available, nearly £50 million of that went to the health service. But it's that three-phase process that leads to the allocations you see in the supplementary budget.”²²

Committee view

31. The Committee notes that the Health portfolio is currently managing within the MEG funding, which is reassuring. However, it is early in the financial year and the Committee recognises that pressures on the Health portfolio often increase during the winter. Therefore, the Committee will continue to take an interest in the Health MEG.

32. The Finance and Health and Social Committees have previously discussed the need for investigation into whether elements of LHB overspends are due to on-going structural needs that are not adequately reflected in funding allocations. The Committee is pleased to see that the Welsh Government has reviewed the funding for Hywel da LHB and will monitor how this helps the health board to achieve balanced budgets in future.

33. Whilst recognising that Health is currently managed within the MEG, the Committee notes that the recent 2017-18 accounts show that some LHBs are still not managing within their agreed funding allocations. The Committee notes that the Public Accounts Committee will be scrutinising the accounts of LHBs in July, and would hope to see improved financial management by LHBs in future.

Conclusion 4. The Committee intends to return to consideration of funding for **Health and Social Care** when scrutinising the draft budget in the Autumn, particularly in the light of its inquiry into the cost of caring for an ageing

²² Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 29

population, and requests that additional detail on any further changes to the mechanism for allocating funds to NHS bodies is provided at that stage.

4. Transport and Economy

4.1. Rail funding

34. In a letter to the Economy, Infrastructure and Skills Committee the Cabinet Secretary for Economy and Transport set out the outcome of discussions with the UK Secretary of State for Transport in relation to the outstanding rail franchise financial arrangements.²³

35. The letter sets out that the previous access charge adjustment payment between Arriva Trains Wales and the Department of Transport was £67.86 million in 2017-18, and was forecast to grow with inflation. It was reported that this could lead to payments of over £1 billion from the Welsh Government to the UK Government over the next 15 years.²⁴

36. The letter details that a new arrangement is now in place, “similar to the arrangement in place between franchise operators in England and the Department for Transport, which also takes account of the way the Welsh Government is funded”.²⁵

37. The letter continues:

“Due to the complex nature of the way the Welsh Government is funded for rail services provision, there will be a transition period to account for the HM Treasury’s Comprehensive Spending Review (2017-2020) assumption that the adjustment payments would continue at the forecast levels. To address this assumption, the Welsh Government will make two payments to the Department for Transport totalling £24.8 million in 2018-19 and £71.8 million in 2019-20.”²⁶

38. In relation to the £24.8 million which will be paid to the UK Government, the Cabinet Secretary explained that the rail access charges were complicated, but said:

²³ Letter from the Cabinet Secretary for Economy and Transport to the Chair of the Economy, Infrastructure and Skills Committee, 1 June 2018

²⁴ Letter from the Cabinet Secretary for Economy and Transport to the Chair of the Economy, Infrastructure and Skills Committee, 1 June 2018

²⁵ Letter from the Cabinet Secretary for Economy and Transport to the Chair of the Economy, Infrastructure and Skills Committee, 1 June 2018

²⁶ Letter from the Cabinet Secretary for Economy and Transport to the Chair of the Economy, Infrastructure and Skills Committee, 1 June 2018

“...I intend to assist the Cabinet Secretary for Economy and Transport with that £24.8 million this year, and I will find it from reserves. However, because there are final discussions going on between ourselves and the department, I haven't put it through in this first supplementary budget. I do intend to reflect it in the second supplementary budget later in the year.”²⁷

39. The Cabinet Secretary was asked how the fiscal arrangements for the rail franchise are linked with other fiscal agreements between Wales and Westminster. He confirmed that his officials were involved in discussions with Treasury and that the Welsh Government is keen to publish the agreement with the Department for Transport.²⁸

4. 2. Portfolio changes

40. The Welsh Government has allocated £1 million from the cash reserve to the Bus Review BEL to support free bus travel and over £25 million of general capital from its reserves. Allocations include:

- £10 million to the Sustainable Travel and; Walking and Cycling BEL to accelerate the creation of active travel routes to connect residential areas with key employment and educational sites and services.
- £9 million to the ICT Infrastructure Operations BEL for next generation access broadband phase two to deliver the commitment in Taking Wales Forward and Prosperity for All for fast reliable broadband to those parts of Wales not currently served by the market.
- £5 million to the Advance Materials and Manufacture BEL for the Tech Valleys. This is part of a 10-year project announced in place of the Circuit of Wales in the Ebbw Vale area.
- £1.3 million to the Cadw BEL to support the Cadw visitor experience.

41. The Cabinet Secretary was asked about the £25 million which is being transferred from reserves to the Economy and Transport portfolio and how spending was prioritised. The Cabinet Secretary confirmed that the allocations come from a review of the Welsh infrastructure investment plan and explained the process:

²⁷ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 34

²⁸ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 37

“I wrote out to all my Cabinet colleagues asking them to re-examine their top capital priorities and to refresh the list that was already available to me to make sure that I had the best insight into the things that were most pressing for them. I then said in that letter that I would then prioritise the bids that came in against three key criteria.”²⁹

42. The Cabinet Secretary outlined his criteria for additional spending:

- proposals needed to be aligned to “Prosperity for All”,
- priority would be placed on investments which led to revenue savings, and
- priority would be given to proposals which contributed to the Welsh Government’s decarbonisation agenda.³⁰

43. With regards to the Economy and Transport portfolio allocations, the Cabinet Secretary said they were strongly aligned with the decarbonisation agenda and continued to detail:

“...the £10 million for active travel, which is, of course, £10 million this year, £20 million next year and £30 million the year after that—so, it is a rising profile—that is particularly to connect residential areas with key employment and educational sites, so that people are able to get from where they live to where they work or where they study without needing to take their car. That's a very big push for us, so I was very keen indeed to help with that and to invest in that...”

As far as the next generation broadband is concerned, which is the second one, again, if people can work from home and they can do more things without having to travel to meetings and so on, then there's a strong decarbonisation advantage there, as well as all the other things we know about how, in rural Wales particularly, businesses rely on a better service than they have had so far. And the Tech Valleys proposal is a focus on new low-carbon technologies to be developed at the Ebbw Vale site. So, the strong carbon reduction alignment is the thing that got those particular proposals over the line in competition with all the other thing that we could have spent the money on.”³¹

²⁹ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 40

³⁰ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 41

³¹ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraphs 42-43

44. The Cabinet Secretary was asked whether it was likely that priority would be placed on decarbonisation in future budgets, he said:

“We gave a commitment last year that we would aim to align the carbon budgeting cycle with the budget cycle here, and a lot of work has gone on to do that, and I will be reporting on that, as will my colleague Lesley Griffiths, in the autumn, as to what we have done there. And in the approach that we are taking to the impact of the Well-being of Future Generations Act (Wales) 2015 on our budget process for next year, we've agreed with the commissioner that decarbonisation will be one of the key themes that she will look at in the way that we make our spending decisions. So, I do expect to be able to report to you in the autumn further on the way that the decarbonisation agenda is making a difference to the way we allocate funding.”³²

Committee view

45. The Committee is interested in the fiscal agreement in regards to the rail franchise and is particularly keen to understand how the varying fiscal agreements between the Welsh Government and the UK Government interact.

46. The Committee welcomes the Cabinet Secretary's explanation in terms of how the Welsh Government prioritises capital funding, particularly with regards to the commitment to link carbon budgeting to the budget cycle. The Cabinet Secretary confirmed that decarbonisation will be a key focus in the draft budget 2019-20 in terms of the Well-being of Future Generations (Wales) Act 2015.

Conclusion 5. The Committee intends to return to consideration of **rail franchise fiscal agreement** when considering the draft budget in the Autumn and requests that additional available details on how this agreement influences the 2019-20 and future budgets is provided at that stage.

Conclusion 6. The Committee intends to return to consideration of **decarbonisation and the impact of the Well-being of Future Generations (Wales) Act 2015** when considering the draft budget in the Autumn and requests that, in line with previous recommendations draft budgets should demonstrate how decision making is alignment with well-being goals, meeting Prosperity for All priorities and also decarbonisation.

³² Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 54

5. Education

5.1. Student loans

47. A major change in the Education portfolio relates to student loans. Student loans form part of the Annually Managed Expenditure (AME), the supplementary budget shows the AME element of the budget has increased by £22.5 million: an increase in revenue by £19.1 million and an increase in capital of £3.4 million.

48. The Cabinet Secretary clarified that HM Treasury supplies the funding for the Student Loan Book in Wales and that work is being undertaken at a UK level regarding the classification of student loans.³³ However, the Cabinet Secretary continued to explain:

“We are less exposed in Wales, because we have a different student support system, which is more generous in terms of the grants we give, rather than the loans that have to be repaid. Nevertheless, we have to make an assessment of the cover we have to provide against non-repayment. ... from memory, we make a 35 per cent provision against non-repayment; England's is hovering between 45 and 50 per cent. So, that is a very significant difference in the cover that is needed. So, we are in a healthier place, partly because of the structure of the system that we have.”³⁴

Committee view

49. The Committee recognises that student loans are demand-led and sensitive to interest rate and other macro-economic factors, meaning the level of expenditure is difficult to forecast.

50. The Committee also recognises that the approach taken in Wales has resulted in a better pay back rate than in England.

51. The Committee notes the student loan classification is being considered by the Office of National Statistics and Eurostat. The Committee will return to this issue as and when changes are considered to the UK system.

Conclusion 7. The Committee intends to return to the consideration of issues relating to the long-term affordability of **student loan policies** when considering

³³ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraphs 47 and 49

³⁴ Finance Committee, Draft Record of Proceedings, 27 June 2018, paragraph 50

the draft budget 2019-20 in the autumn and requests that additional detail is provided at that stage.

6. Variation to the budget for the Public Services Ombudsman for Wales

52. As required by Standing Order 20.36(i)³⁵ the Public Service Ombudsman for Wales (the PSOW) provided an explanatory memorandum to the Finance Committee on 18 April 2018. The Committee considered this at the meeting on 25 April 2018.

53. The Explanatory Memorandum provides details relating to a secondment of a staff Member. There is no net change on resource or cash.

54. A copy of the explanatory memorandum is available an Annex A.

Committee view

55. The Committee is content with the variation to the budget for the Public Services Ombudsman for Wales.

³⁵ National Assembly for Wales, Standing Orders of the National Assembly for Wales

Annex A



Public Services Ombudsman for Wales

Supplementary Budget 2018-19

Explanatory Memorandum to the Chair of the Finance Committee

Background

The Public Services Ombudsman for Wales 2018-19 budget was included in the Annual Budget Motion required under Standing Order 20.26 and laid on 19th December 2017. A small proposed change to that budget is set out below.

Income

Following agreement to second a member of staff to another organisation, additional income will be received. This will be used to backfill the post. There is no net impact on resource or cash.

Supplementary Budget 2018-19	Resource	Cash
	£000s	£000s
Salaries and related costs	45	45
Income	-45	-45
Net resource/cash requirement	-	-

Public Services Ombudsman for Wales

Supplementary Budget 2018/19	Supplementary Budget 2018/19	Original Budget 2018/19	Change
Capital DEL	£'000 25	£'000 25	0
Fiscal Revenue DEL			
Salaries and related costs	3,152	3,107	45
Premises	435	435	0
Computer systems and support	225	225	0
Office costs	130	130	0
Advisory and legal fees	300	300	0
Communications	70	70	0
Training and recruitment	55	55	0
Travel and subsistence	40	40	0
Audit fee	20	20	0
Sub total	4,427	4,382	45
Income	-62	-17	-45
Total Fiscal Revenue DEL	4,365	4,365	0
Non-cash DEL			
Depreciation	70	70	0
Revenue DEL (B+C)	4,435	4,435	0
Total DEL (A+B+C)	4,460	4,460	0
Annually Managed Expenditure (AME)			
Movement on LGPS	0	0	0
Provisions movement	20	20	0
Total AME	20	20	0
Total Managed Expenditure			
A+B+C+D	4,480	4,480	0
Resources Required	4,480	4,480	0
Depreciation	-70	-70	0
Change in Provisions	-20	-20	0
Other movements in Working Capital	20	20	0
Net Cash Requirement	4,410	4,410	0