

Agenda – Finance Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 23 October 2019

Meeting time: 09.30

For further information contact:

Bethan Davies

Committee Clerk

0300 200 6372

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1 Introductions, apologies, substitutions and declarations of interest

(09:30)

2 Paper(s) to note

(09:30)

(Pages 1 – 4)

Minutes from the meeting held on 3 October 2019

Minutes from the meeting held on 9 October 2019

3 Public Services Ombudsman for Wales Estimates 2020–21: Evidence session

(09:30–10:30)

(Pages 5 – 44)

Nick Bennett, Public Services Ombudsman for Wales

Katrin Shaw, Chief Legal Adviser and Director of Investigations

David Meaden, Financial Accountant

Paper 1 – Public Services Ombudsman for Wales Estimate for the Financial Year 2020–21

Research brief

4 Motion under Standing Order 17.42 to resolve to exclude the public from part of the meeting (items 5, 7 and 8)

(10:30)



**5 Public Services Ombudsman for Wales Estimates 2020–21:
Consideration of evidence**

(10:30–10:45)

Break: 10:45–11:00

6 National Health Service (Indemnities) (Wales) Bill: Evidence session

(11:00–11:45)

(Pages 45 – 52)

Vaughan Gething AM, Minister for Health and Social Services

Alex Slade, Deputy Director Primary Care Division , Welsh Government

Tim Edds, Lawyer, General Medical Services, Welsh Government

[National Health Service \(Indemnities\) \(Wales\) Bill](#)

[Explanatory Memorandum](#)

Research brief

**7 National Health Service (Indemnities) (Wales) Bill: Consideration of
evidence**

(11:45–12:00)

**8 Consideration of draft report on proposals to amend the Public
Audit (Wales) Act 2013**

(12:00–12:30)

(Pages 53 – 129)

Paper 2 – Consideration of proposals to amend the Public Audit (Wales) Act
2013

Paper 3 – Draft report

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 5 – Tŷ Hywel

Meeting date: Thursday, 3 October 2019

Meeting time: 09.01 – 11.04

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/5772>

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Rhun ap Iorwerth AM Mike Hedges AM Rhianon Passmore AM Mick Antoniw AM (In place of Alun Davies AM) Nick Ramsay AM Mark Reckless AM
Witnesses:	Lesley Griffiths AM, Minister for Environment, Energy and Rural Affairs Tom Henderson, Welsh Government Suzy Davies AM, Commissioner Manon Antoniazzi, Chief Executive & Clerk of the Assembly Nia Morgan, Director of Finance
Committee Staff:	Bethan Davies (Clerk) Leanne Hatcher (Second Clerk) Samantha Williams (Deputy Clerk)



1 Introductions, apologies, substitutions and declarations of interest

1.1 Apologies were received from Alun Davies AM. Mick Antoniw AM attended as a substitute.

2 Paper(s) to note

2.1 The papers were noted.

3 Evidence session: Financial implications of the Wild Animals and Circuses (Wales) Bill

3.1 The Committee received evidence from Lesley Griffiths AM, Minister for Environment, Energy and Rural Affairs, and Tom Henderson, Senior Bill Manager on the financial implications of the Wild Animals and Circuses (Wales) Bill.

4 Motion under Standing Order 17.42 to resolve to exclude the public from part of this meeting (Items 5 and 7) and the whole of the next meeting on 9 October 2019

4.1 The motion was agreed.

5 Financial implications of the Wild Animals and Circuses (Wales) Bill: Consideration of evidence

5.1 The Committee considered the evidence received.

6 Evidence session: Scrutiny of the Assembly Commission Draft Budget 2020–21

6.1 The Committee received evidence on the Assembly Commission draft budget 2020–21 from Suzy Davies AM, Commissioner for Budget and Governance, Manon Antoniazzi, Chief Executive and Clerk to the Assembly, and Nia Morgan, Finance Director.

7 Scrutiny of the Assembly Commission Draft Budget 2020–21: Consideration of evidence

7.1 The Committee considered the evidence received.

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: Wednesday, 9 October
2019

Meeting time: 09.31 – 10.40

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/5773>

Private

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Rhun ap Iorwerth AM Alun Davies AM Mike Hedges AM Rhianon Passmore AM Nick Ramsay AM Mark Reckless AM
Witnesses:	Andrew Hobden, Welsh Government Alex Slade, Welsh Government Ken Alexander, Welsh Government Tim Edds, Welsh Government
Committee Staff:	Bethan Davies (Clerk) Leanne Hatcher (Second Clerk) Samantha Williams (Deputy Clerk) Martin Jennings (Researcher)



The Committee resolved on 3 October 2019 to exclude the public from the meeting

1 Introductions, apologies, substitutions and declarations of interest

2 National Health Service (Indemnities) (Wales) Bill: Technical briefing

2.1 The Committee received a technical briefing from Welsh Government officials on the forthcoming National Health Service (Indemnities) (Wales) Bill.

3 Inquiry into the Welsh Government's capital funding sources:

Consideration of draft report

3.1 The Committee agreed the draft report with minor changes.

4 Scrutiny of the Assembly Commission Draft Budget 2020–21:

Consideration of draft report

4.1 The Committee agreed the draft report with minor changes.



Shaping the Future

Public Services Ombudsman for Wales
Budget Estimate for 2020-21

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Public Services Ombudsman for Wales

Budget Estimate for 2020-21

Review of 2018-19

Innovation, Improvement and Influence:

This was the final year covered by my Corporate Plan *Innovation, Improvement* and *Influence*. In terms of *innovation* I am delighted that new legislation has now been passed by the National Assembly for Wales and has come into force. The new Act draws on best practice from Ombudsman schemes across the world, from Scotland and Ireland to Catalonia and Ontario.

The increasing number of health complaints coming to the office continues to be a challenging concern. In 2018-19 the overall number of complaints about public bodies increased by 11%. Complaints about Health Boards increased by 4% compared with the previous year, though the rate of increase has slowed. Complaints about GPs and Dentists increased significantly, meaning that overall complaints about NHS bodies increased by 9%.

My Improvement Officers have been working with four health boards to support *improvement* in complaints handling and learning from complaints. In that context it is disappointing that I remain concerned about the number of complaints about each of them. Whilst the number of complaints about Hywel Dda University Health Board was the same as in 2017/18, there were increases in the numbers of complaints about Abertawe Bro Morgannwg, Aneurin Bevan and Betsi Cadwaladr Health Boards.

A significant number of the complaints about NHS bodies were principally about complaint handling (9%). This suggests that there is a cultural issue within Health Boards, which I hope the additional powers provided under the new Public Services Ombudsman (Wales) Act can help address.

Despite the continued pressure and strain on the office as a result of increased numbers of health complaints, my staff have succeeded in increasing case closures substantially, compared with the previous year: a fantastic achievement.

However, as well as the number of complaints going up, the proportion of cases where I found maladministration or service failure has also increased during the year, with 67% of investigated complaints upheld or settled. Early resolution continues to play an important part in providing administrative justice, accounting for 57% of positive outcomes for complainants.

Fourteen complaints resulted in public interest reports in the course of the year. The majority were health-related though there were significant local government cases, too. I also issued one special report, under Section 22 of the Public Services Ombudsman (Wales) Act 2005, in respect of Wrexham County Borough Council. The Council failed to complete the actions it had agreed with me to address shortcomings in its service provision in the Welsh language.

In order to meet the ever-increasing demands on my office, we can only function successfully by getting the best from the talented staff we employ. During the year, we were able to further develop support for staff and we are working to improve wellbeing. I was absolutely delighted that, during 2018-19, our staff survey revealed that 93% of staff were proud to work in the office.

My office has continued to have *influence* within Wales and outside Wales. I was pleased to host visits to the office from the Republic of Korea's Anti-Corruption and Civil Rights Commission, while I also hosted a delegation from the Jiangsu Government Action Supervision Training Program. Additionally, I participated in a Council of Europe seminar with delegates from Georgia and Abkhazia. I also met with new colleagues taking up their roles as Older People's Commissioner for Wales, Welsh Language Commissioner and Auditor General.

During the course of the year I met with Assembly Members from across the political spectrum and also gave evidence to the Equality, Local Government and Communities Committee, the Public Accounts Committee and the Finance Committee of the National Assembly for Wales.

As Chair of the Ombudsman Association (OA) I also attended the launch of the All-Party Parliamentary Group on Consumer Protection Report following their Ombudsman Inquiry.

The new legislation governing my work provides for a more proactive role for my office. I want this to provide a voice for the voiceless, ensuring that our services are accessible and allowing my office to initiate investigations proactively rather than waiting for a complaint to arrive at my door.

The combination of a challenging complaints context, our experience of improvement activities and the additional legislative powers will inform our strategic focus for the next three years ahead. My next Corporate Plan, **Delivering Justice**, will focus on delivering our key complaint service, promoting learning and improvement and using resources wisely so that we are as fit as we can be to face future challenges.

Review of 2018-19

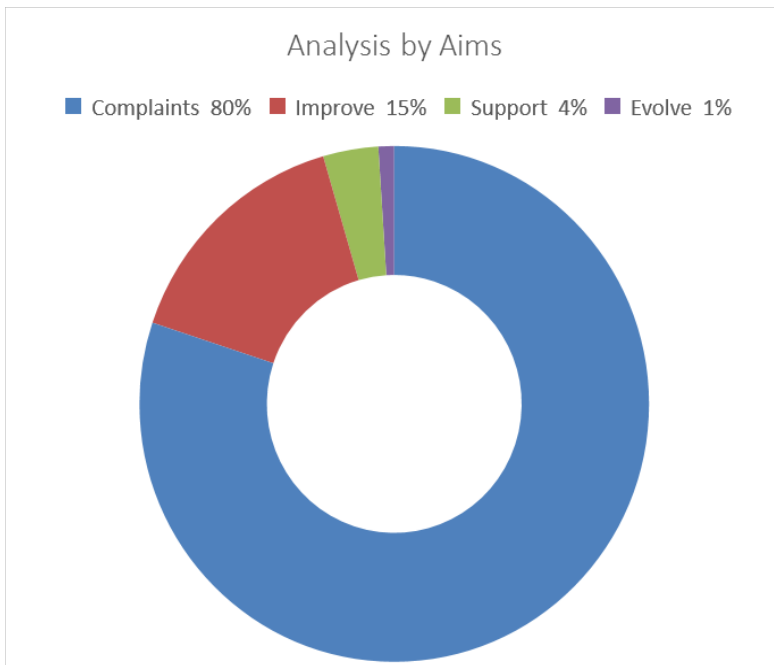
Financial Management

Resource Out-turn 2018/19	Budget	Actual	Variance	
	£000s	£000s	£000s	%
Net Resource	£4,480	£4,445	£35	-0.8
Net Cash Requirement	£4,410	£4,390	£20	-0.4

The arrangements for financial management and internal control have been independently reviewed by Deloitte as the PSOW’s internal auditors. Their Internal Audit Annual Report in respect of the year 2018-19 stated: “Based on the work we have undertaken during the year we are able to conclude that the Public Services Ombudsman for Wales (PSOW) has a basically sound system of internal control, which should provide substantial assurance regarding the achievement of PSOW’s objectives.” Their reports highlighted the satisfactory internal control framework in place within the organisation and made recommendations for improvement where necessary.

The Auditor General gave the annual accounts for the year 2018-19 an unqualified audit opinion in keeping with previous years.

The PSOW has worked on the principle that the overheads of the office should be less than 5% of the total expenditure. This is evidenced in the analysis of expenditure on the aims and objectives of my Strategic Plan, as set out in the Annual Report and Accounts, where overheads are identified as 5% of total costs.

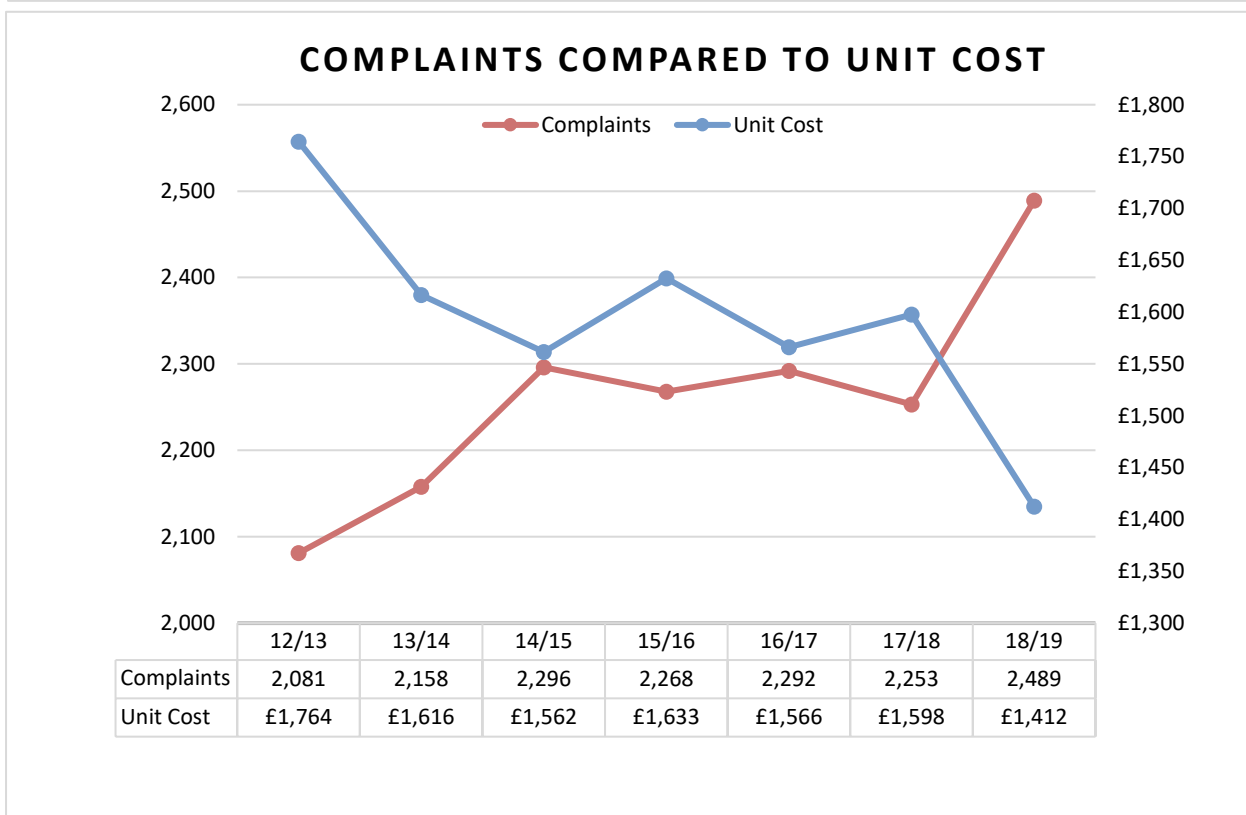
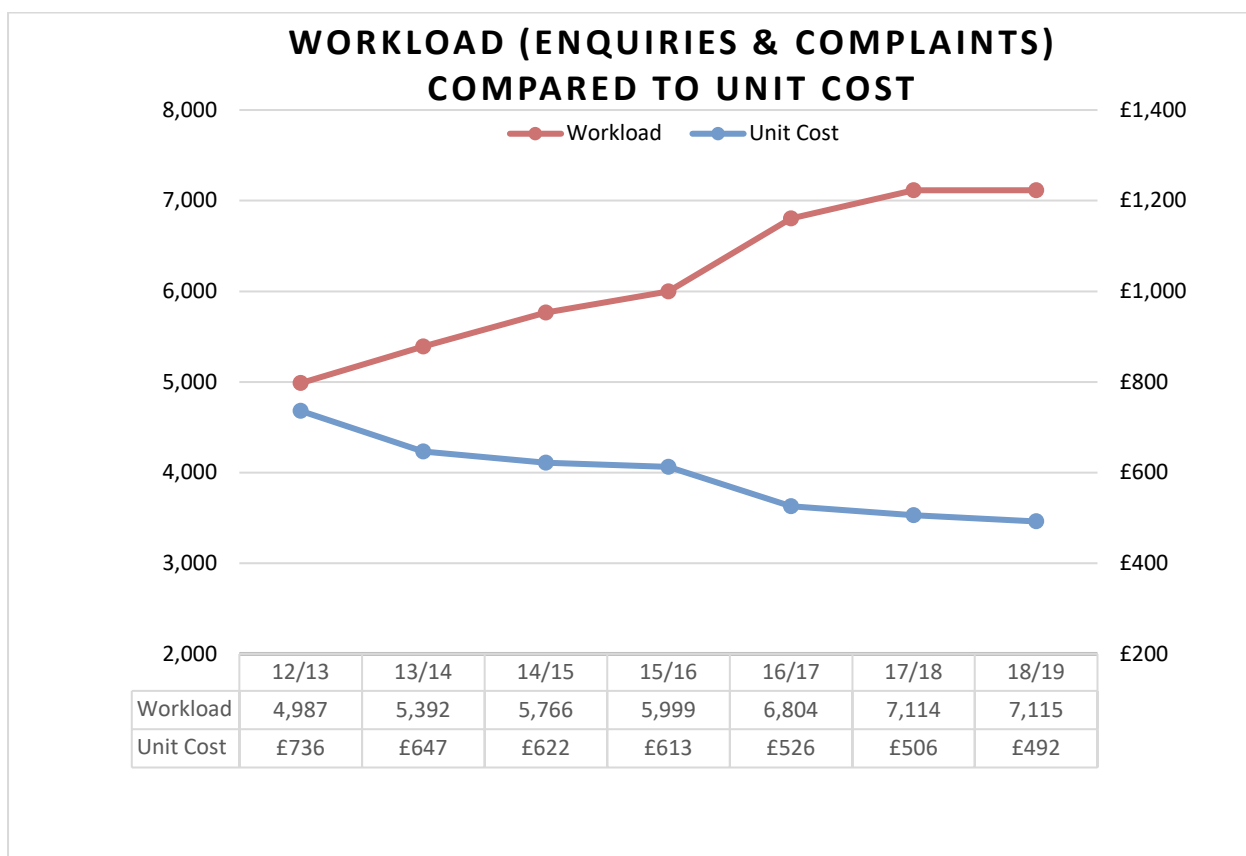


Strategic Aims:

1. Provide a high quality, proportionate and effective **complaints** service.
2. Use the knowledge and insight from complaints to **improve** complaint handling and public service delivery.
3. **Support**: Be accountable for the service we provide and the public money we spend.
4. **Evolve** and grow as an office, planning for the Ombudsman’s new powers.

Review of 2018-19

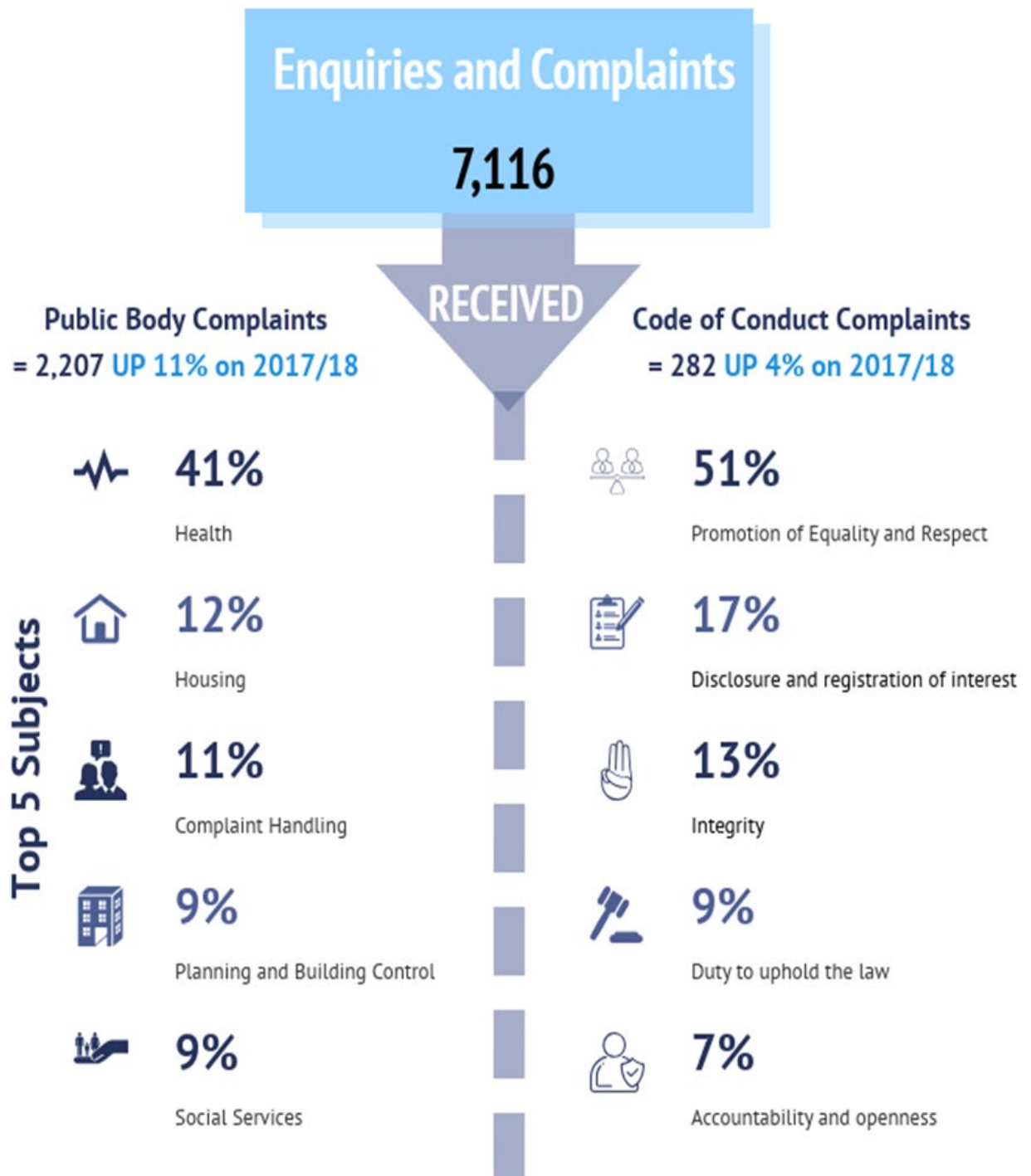
Unit Costs



All unit cost calculations are adjusted for CPI inflation.

4,627 Enquiries **DOWN 5%**
on 2017/18

2,489 Complaints **UP 10%**
on 2017/18



Shaping the Future

Corporate Plan – 2019-2022

My seven-year term of office will come to an end in 2021, so the Corporate Plan, which sets the strategic direction for the office for the next three years, will be my last as Public Services Ombudsman for Wales.

I can honestly say that the past four years, despite their challenges, have been a huge privilege in serving the people of Wales. Over the period of our previous Corporate Plan – 2016/17-2018/19, there was intense pressure on the office, with a 5% increase in councillor code of conduct complaints, a 15% increase in public service complaints and an increase of 26% in enquiries. Health complaints, often the most expensive, sensitive, complex and harrowing of complaints to handle and investigate, have increased to 40% of our public service complaint volumes.

In developing the new plan, I was keen to listen actively to our stakeholders, service users and public bodies in jurisdiction – and to my staff, who, despite increasing pressure and often very difficult workloads, continue to go about their business, passionate and professional when delivering justice.

The Corporate Plan reflects the new legislation which extends the accessibility of our services and greatly improves our ability to be proactive. We will be able to look at systemic, as well as individual, service failures. The legislation also provides greater scope to improve complaint handling cultures across the public sector.

Our Vision for public services in Wales

Services that actively listen and learn from complaints.

Our Mission

To uphold justice and improve public services.

Our Strategic Aims in the new Corporate Plan

Strategic Aim 1: Deliver Justice

A fair, independent, inclusive and responsive complaints service.

Strategic Aim 2: Promote Learning, Work to Improve Public Services

Promote learning from complaints and stimulate improvements on a wider scale.

Strategic Aim 3: Use Resources Wisely and Future-proof The Organisation

Identify and adopt best practice. Secure value for money and services that are fit for the future. Support staff and ensure good governance which supports and challenges us.

Key Performance Indicators (KPIs)

Our Key Performance Indicator Report looks at how the PSOW is performing against its KPIs, which are aligned to strategic aims. It consists of several headline indicators, relating to the strategic goals, which are then broken down into more detailed indicators.

A 'traffic light' system is used to show performance against the indicator targets. Tolerance levels against the target have been set for each indicator, therefore performance for each indicator is determined depending on where the results fall within the tolerance levels.

Red: There are significant issues impacting the achievement of business objectives.

Amber: There are issues or risks which must be addressed.

Green: Work is meeting agreed standards or is proceeding to plan. All known risks are being managed.

KPI 1: Complaints - Decision Times	Target	April to Aug 2019	Year ending March 2019
Decision that a complaint is not within jurisdiction < 3 weeks	90%	93%	83%
Where we seek Early Resolution, decision within 9 weeks	90%	95%	85%
Decision to investigate and start investigation within 6 weeks of receipt of complaint ¹	80%	66%	55%
Decision taken not to investigate a complaint (after making initial enquiries) < 6 weeks	90%	92%	84%
KPI 2: Complaints of maladministration/service failure which are investigated – cases closed	Target	April to July 2019	Year ending March 2019
Within 12 months	85%	80%	82%
KPI 3: Code of Conduct Complaints - Decision Times	Target	April to July 2019	Year ending March 2019
Decision taken on whether to commence an investigation within 6 weeks	95%	92%	92%
Decision to investigate and start investigation within 6 weeks of receipt of complaint ¹	80%	62%	74%
KPI 4: Code of Conduct Complaints which are investigated - Cases Closed	Target	April to July 2019	Year ending March 2019
Within 12 months	90%	100%	88%

¹ Receipt of complaint refers to the date that sufficient initial information is received from the complainant.

KPIs for starting an investigation within six weeks of receipt of complaint and for completing an investigation within 12 months have both been adversely affected by historic pressures on the office, particularly from increases in the number and complexity of health complaints. Whilst good progress is now being made, historic delays are reflected in the current performance information, as we report on cases closed. Paradoxically, progress on reducing the backlog and completing investigations of older complaints results in a worse KPI result.

We have focused on proactive and anticipative management and we monitor pressures, re-allocating cases where necessary. We have sustained frontline and investigative capacity. These actions will, we believe, allow us to show future improvement on these figures. Longer term, we will use the new powers, particularly those of the Complaints Standards Authority, constructively and effectively to alleviate the pressures. Significant progress has already been made in the early part of the current year, with 18% more cases closed (at the end of July) than in the equivalent period last year.

Public Services Ombudsman for (Wales) Act 2019

The Public Services Ombudsman for Wales (PSOW) was set up by the Public Services Ombudsman (Wales) Act 2005. This Act has been repealed and replaced by the Public Services Ombudsman (Wales) Act 2019 which commenced on 23 July 2019.

The new Act enables the Ombudsman to:

- accept oral complaints;
- undertake own initiative investigations;
- investigate private medical treatment including nursing care ('private health services') in a public/private health pathway; and
- set standards and procedures for complaints handling by public bodies in Wales.

Costs associated with the new Act were included in the Explanatory Memorandum and amount to an annual cost of £359k after uplifting for inflation. (£251k for the part-year was included in the April 2019 Supplementary Budget, reflecting the commencement date of 23 July 2019.)

Whilst powers affecting oral complaints and private healthcare came fully into effect on 23 July, the new Act stipulates that the Ombudsman consults on the principles and procedures relating to the other new powers created by the Public Services Ombudsman (Wales) Act 2019, before laying criteria before the Assembly. This work is already underway and will be completed in the Autumn of 2019.

Projected Casework and Expenditure

Estimated future workload has been reassessed to reflect current trends. The estimates reflect the following projections:

- Enquiries are projected to increase by 2% annually – a considerable decrease from the 33% increase over the last 5 years. Public Body Complaints are projected to increase 5% annually and forecast to plateau in 2020-21. Code of Conduct complaints are expected to continue at the current level.
- Resource expenditure is planned to reduce in real terms by 0.7% (i.e. after adjustment by GDP deflators). The proposed budget reflects both cost and efficiency savings.

Casework	2018-19	2019-20	2020-21
	Actual	Budget	Estimate
Enquiries	4,627	4,720	4,814
Complaints - Public Body	2,207	2,317	2,433
Complaints - Code	282	290	290
	7,116	7,327	7,537
Increase in casework from previous year		3.0%	2.9%
Resource expenditure (£000s)			
Aim 1 – Deliver Justice	N/A	£3,953	£3,996
Aim 2 – Promote Learning and Improvement	N/A	£912	£917
Aim 3 – Use Resources Wisely	N/A	£203	£213
	£4,445	£5,068 ²	£5,126
Adjusted by GDP deflator to 2020-21 prices		£5,162	
Real cost reduction: £000			£36
%			-0.7%
Unit Cost – Aim 1		£539	£530
Adjusted by GDP deflator to 2020-21 prices		£549	
Real cost reduction: £			£19
%			-3.5%

² The budget figures for 2019-20 include full-year funding for the implementation of the new PSOW Act.

Background

The Finance Committee of the National Assembly for Wales has developed a Statement of Principles that Directly Funded Bodies should consider when preparing their annual budget proposals. The principles are:

- Budget requests should be set in the context of the long-term financial funding situation in Wales and funding pressures in the wider public sector.
- Requests should show how annual and multi-annual objectives will be prioritised, monitored and achieved.
- Bodies should not assume an increase in funding, regardless of the block grant change as any increase to their funding reduces resources available to other devolved public bodies.
- Bodies should continually seek to improve processes and accrue efficiencies.
- Where any increases in funding are requested, these should be backed by evidence both of the need, benefit and attempts that have been made to reduce such costs. Also, the consequences of not obtaining the requested increase in resource should be made clear and quantified.

Information that will be made available to assist in budget preparation will include the latest guidance on public sector pay remits, GDP deflator forecasts, forecasts of devolved taxes and the Welsh Government's best possible assessment of the overall level of funding available in future years.

Assumptions:

- Staffing levels are assumed to remain at April 2019 levels plus 5 additional staff to deliver the new PSOW Act. This provides a total of 66 Full Time Equivalent staff.
- Pay estimates reflect 2% assumed public sector pay increase.
- Contractual increments in 2020-21 are to be funded within existing resources through process improvements and other internal efficiency savings.
- Rent review on the lease of our offices at Bocam Park from August 2020
- Inflation (GDP deflator) 1.84% as at 30 June 2019.
- IT costs in line with 3-year plan as part of wider Technology Roadmap to 2029-30.
- Growth in projected caseload is accommodated within existing staff numbers.

Estimate Summary

The Estimate for 2020-21 is shown in Appendix A. The introduction of IFRS 16 complicates the accounts and, to allow meaningful comparisons, Appendix A first shows movements (excluding IFRS changes) from the 2019-20 budget to the proposed budget for 2020-21. It then shows the budget proposal after IFRS 16 adjustments.

The final column of Appendix A shows the cash and resources sought for 2020-21. The Resource and Cash requirements are £5,126k and £5,070k respectively.

The 1st Supplementary Budget for 2019-20 included eight months funding for additional powers associated with the new PSOW Act 2019, as well as one-off implementation costs. The budget for 2019-20 has been restated to show full year funding to aid comparison with proposals for 2020-21.

The figures in the table below (and in column C of Appendix A) show the initial budget for 2020-21, which comprises the 2019-20 budget (restated to show the full year costs of new powers) and pay and price increases as set out in the Assumptions.

The resource Estimate at Appendix A is summarised below:

	Initial 2020-21 budget (2019-20 budget plus pay & price adjustments)	Budget savings	PSOW Proposed Budget 2020-21 before IFRS accounting	IFRS 16 adjustment	PSOW Proposed Budget 2020-21 Resource and Cash sought
	£000s		£000s	£000s	£000s
Resource	£5,176	£66k 1.3%	£5,110	£16	£5,126
Cash	£5,126	£56k 1.1%	£5,070	-	£5,070

The amount sought is lower than the initial budget and no increase is sought to help manage the estimated 3% increase in overall caseload. After allowing for pay and price increases (and applying the information on such increases provided by the Welsh Government), the resource and cash savings in the proposed budget would be 1.3% and 1.1% respectively.

The savings will be delivered from:

- Staff efficiencies through reorganisation
- Staff turnover
- Flexible working
- Bringing services such as translation in-house
- ITC efficiencies following investment in hardware and Case Management System
- Improved website including self-serve and signposting facilities
- Paperless office
- Strict operational and budgetary control of key areas such as professional fees

Detailed Analysis

Staff Salaries and Related Costs

Staff pay is linked to Local Government NJC pay negotiations. A 2% pay increase was agreed for 2019-20 and it is anticipated that at least a further 2% will be paid from April 2020. No changes to NI and Pensions contributions are anticipated. Full staffing levels, including those associated with the new PSOW Act, are planned.

Premises and other leases IFRS 16

The building lease for our offices at Bocam Park is subject to a five-year rent review during 2020-21. The latest advice from our property consultants is that market rents are around 20% higher than the current rent. An increase at this level would result in additional costs of £25k in 2020-21 and £40k for each subsequent year. In addition, the premises are required to be redecorated every five years and as well as a full dilapidations survey and provision review.

IFRS 16 Leases is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2020. IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use **asset** representing its right to use the underlying leased asset and a lease **liability** representing its obligation to make lease payments. As a consequence, a lessee also recognises depreciation of the right-of-use asset and interest on the lease liability and classifies cash repayments of the lease liability into a principal and interest portion. This has had a significant effect on PSOW's Estimate, in particular:

- Introduction of right of use asset amounting to £1.2 million
- Lease liability to offset the asset
- Reduction in premises and other lease costs (Resource)
- Increase in depreciation (Resource)
- Introduction of a financing charge (Resource)

The implementation of IFRS 16 has added £16k to resource with no impact upon cash.

Professional Fees

The figure of £280k relates to the provision of professional advice (particularly clinical advice) on our casework, as well as to legal, internal audit and other professional services. Efficient management of our clinical advisers has reduced costs despite an increased caseload.

ITC costs - Computer Systems and Support

Major investment in IT hardware and the Case Management System was made in 2018-19 with the aim to increase efficiencies and resilience. Expenditure on ITC (including part of the budget for capital expenditure) amounts to nearly 4% of total resource.

Office Costs

The allocation of £98k reflects efficiencies in the use of resources such as paper, printing, postage and courier. There is a planned reduction in photocopier costs of 50%. Expenditure has also been reduced through in-house translation and a move to online library services.

Travel, Training and Recruitment

No major changes anticipated. We will continue to aim for all staff to undertake 28 hours of Continuing Professional Development each year.

Communications

This includes work associated with the implementation of the new PSOW Act.

Depreciation

Depreciation includes an additional charge on leased assets of £249k as a result of the implementation of IFRS 16.

Financing Charge

£10k – as a result of the implementation of IFRS 16.

Contingencies

This budget estimate does not include any contingency provision for meeting unexpected items of expenditure, such as legal challenges to my casework decisions.

Budget Ambit – Summary on an IFRS 16 basis

The resource and cash requirements of the Public Services Ombudsman for Wales for the year ending 31 March 2021	2020-21 £000s
Resources other than accruing resources for use by the Public Services Ombudsman for Wales on resource and capital costs associated with the administration of the Ombudsman's office; payments to the Ombudsman Association; payments to the International Ombudsman Institute and associated non fiscal items.	£5,126
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.	£17
Net Cash Requirement for issue from the Welsh Consolidated Fund to meet the anticipated amounts falling due for payment in the year in respect of the above services.	£5,070

Appendix A

Budget Overview	2019-20 £000s		£000s	2020-21 £000s	2020-21 £000s	2020-21 £000s
PSOW Expenditure	A Current Budget (Annualised)	B Adjustments ³	C (A+B) Initial 2020- 21 budget	Proposed Changes	Proposed budget (excl. IFRS adjustments)	Proposed budget (incl. IFRS adjustments)
Staff salaries and related costs	£3,812	+£95	£3,907	-£18	£3,889	£3,889
Premises and facilities	£380	+£25	£405	+£20	£425	£202
Professional fees	£282	+£5	£287	-£7	£280	£280
ITC costs	£188	+£3	£191	-£1	£190	£190
Office costs	£144	+£3	£147	-£29	£118	£98
Travel, training and recruitment	£105	+£2	£107	-£17	£90	£90
Communications	£55	+£1	£56	-£6	£50	£50
One-off costs of new powers (revenue)	£22	-£22	£0	£0	£0	£0
Total Revenue Expenditure	£4,988	+£112	£5,100	-£58	£5,042	£4,799
Total Income	-£17		-£17		-£17	-£17
Net Revenue Expenditure	£4,971	+£112	£5,083	-£58	£5,025	£4,782
Capital Expenditure	£22	+£1	£23	+£2	£25	£25
One-off costs on new powers (capital)	£5	-£5	£0	£0	£0	£0
Total Operational Resource	£4,998	+£108	£5,106	-£56	£5,050	£4,807
Non-Cash Movements						
Depreciation	£70	-	£70	-£10	£60	£60
Depreciation – leased assets	-	-	-	-	-	£249
Financing charge – IFRS 16	-	-	-	-	-	£10
Total Resource Expenditure	£5,068	+£108	£5,176	-£66	£5,110	£5,126
Depreciation – total	-£70		-£70	+£10	-£60	-£309
Financing charge – IFRS 16	-	-	-	-	-	-£10
Change in working capital – IFRS 16	-	-	-	-	-	£243
Other non-cash movements	£20	-	£20	-	£20	£20
Cash Requirement from WCF	£5,018	+108	£5,126	-£56	£5,070	£5,070

³ The adjustments reflect the removal of one-off costs provided for new powers, rent review, GDP deflator adjustments of 1.84% and public sector pay cost increase of 2%.

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