

Our ref: NB/mm

Ask for: Matthew Aplin

Your ref:

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Date: 24 October 2018

 Matthew.aplin@ombudsman-wales.org.uk

Llyr Gruffydd AM  
Chair, Finance Committee  
National Assembly for Wales  
Cardiff Bay  
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**By Email Only:  
SeneddFinance@Assembly.Wales**

Dear Llyr

### **Financial Estimates – 2019/20 – Letter of Representation**

Thank you for your letter dated October 17<sup>th</sup>, 2018. I was grateful to you and your colleagues for the scrutiny and broader interest that you showed in my office's work when we met on October 11<sup>th</sup>. May I also take this opportunity to congratulate you on being elected as Chair of the Finance Committee earlier today.

I am happy to resubmit my estimate with the costs for additional powers. However, I want to clarify the rationale for not doing so in our original estimate. On July 12<sup>th</sup> this year, Simon Thomas, the former Chair of the Committee wrote to John Griffiths, Chair of the Equality, Local Government and Communities Committee with a draft timetable for stages 2 - 4 of the Bill, with stage 4 in Plenary scheduled for Wednesday 13<sup>th</sup> March and Royal Assent "TBA".

I am perfectly happy to re-include that information, but I have received no further advice on the likely date for Royal Assent and therefore cannot be confident that the powers will be available to my office for a *full* year.

In terms of reference to increases in the Welsh Block, I can reduce my estimate to 1.67%, but only at a substantial cost to both the improvement and investigation activity of my office.

I am particularly reluctant to do so as my team have strong reason to believe that the 1.67% estimate for Welsh Block growth referred to by the Assembly Commission is incorrect and is based on a flawed methodology.

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The Assembly commission has looked at planned DEL movements in the Block which have been superseded by two budget motions in 2017 and 2018 as well as Supplementary Budgets. The use of DEL is complicated by the removal of devolved taxes - a fairer and simpler comparison is Total Managed Expenditure which increased by 3.9% last year and is forecast to increase in the draft 2019/20 budget by 5.8%.

A comparison of the Welsh Government Draft Budget 2019/20 Outline Proposals published in October 2018, with the equivalent for the previous year, shows the Total Welsh [draft] Budget in Table 5.1 grew from £17,681,422 for 2018/19 to £19,054,484 for 2019/20, an increase of 7.8%.

Despite this, I am happy to limit my estimate to 3.8% and suggest that we agree the right means of moving forward following the publication of Block movements by HMT following the budget.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Bennett', written in a cursive style.

**Nick Bennett**  
Ombudsman