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**Wales Office
2015-16 Main Estimates Memorandum**

Introduction

The Wales Office Main Estimate for 2015-16 seeks the necessary resources and cash to support the functions of the Wales Office. These are continuing functions from previous years and no new functions have been added since the 2014-15 Supplementary Estimate.

The main purpose of this Memorandum is to provide the Welsh Affairs Committee with an overview of the Wales Office 2015-16 Main Estimate, which starts the supply procedure. This memorandum has been agreed with HM Treasury.

The Estimate seeks approval to a net resource requirement of £13,688,279,000 and a net cash requirement of £13,688,254,000 and for 2015-16 the Wales Office Departmental Expenditure (DEL) limit, net of depreciation and impairments, will be £4,337,000.

The Memorandum is split into sections covering:

- (1) Summary of the Wales Office plans for 2015-16;
- (2) An overview of the Office's Administration Costs;
- (3) An overview of DEL and AME totals;
- (4) Details of the grant paid to the Welsh Consolidated Fund;
- (5) Details of Barnett consequentials for 2015-16;
- (6) Control Totals for the Welsh Government including breakdown by main programme of AME spending;
- (7) Reconciliation of the 2013 Spending round settlement for Welsh Government and current Control Totals;
- (8) Details of the Welsh Block 2009-10 to 2015-16.

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Section 1

Summary of Wales Office Plans for 2015-16

Provision for 2015-16 was determined in the 2013 spending round. From the baseline set in 2013, the Wales Office agreed a real terms reduction of 10%. This is in line with the targets set for the other Territorial Offices.

To help meet this reduction the Wales Office reviewed its staffing levels and restructured the teams across the Office. Staff costs represent around 60% of Departmental spend and reductions have been achieved in this area through natural wastage, and running a voluntary early departure scheme in 2014-15.

The Department also identified a number of potential efficiency savings; for example in travel and subsistence, which were implemented in 2013-14. (Spend on travel and subsistence fell in 2013-14 by £117,000 in comparison to 2012-13). The Department also has tenants (the Greater London Lord Lieutenancy) in the London Office which generates rental income of £51k per annum for the Department and also improves the utilisation of our accommodation.

The Department continues to look to share services and expertise with the other Territorial Offices and other Government Departments wherever possible to both drive down costs and improve resilience. To date a shared parliamentary unit has been established with the other Territorial Offices and a shared freedom of information requests (FOI) service with the Northern Ireland Office. The Office continues to use Ministry of Justice shared services in respect of accommodation, information technology, procurement, finance and Human Resources e.g. recruitment of staff.

Following the St David's Day Agreement on the future of Welsh devolution, a new Wales Bill is included in the Government's first legislative programme. The Department is currently preparing the legislation.

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Section 2

Overview of the Office's Administration Costs

The key purpose of the Wales Office remains to support the Secretary of State for Wales in promoting the best interests of Wales within the United Kingdom.

This Estimate provides for the administration costs of the Wales Office, including the upkeep of a Grade II* listed building; the salaries of Wales Office Ministers and staff; and payments to the Welsh Consolidated Fund.

The Wales Office also has AME commitments from 2011-12 to 2015-16. This is in respect of a pension liability, transferred from Ministry of Justice (MOJ), for an early release scheme in 2009-10.

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Section 3

Overview of Wales Office DEL [and AME] totals for 2015-16

Resource and Capital DEL

£million nominal	2015-16
Resource DEL (RDEL)	4.407
<i>of which:</i>	
<i>RDEL excluding depreciation</i>	<i>4.337</i>
<i>depreciation ring fence in RDEL</i>	<i>0.070</i>
Administration Budget*	4.347
<i>of which:</i>	
<i>non-ringfenced RDEL administration budget</i>	<i>4.277</i>
<i>depreciation ringfence administration budget</i>	<i>0.070</i>
Capital DEL	0.025

* This is part of the RDEL control total and not an addition to it.

The following adjustments have been made to the Control Totals for the Wales Office since the 2013 Spending Round settlement:

- -£50,000 –one percent reduction to resource DEL budgets announced in the 2013 Autumn Statement.

Annually Managed Expenditure (AME)

In addition, the Supply Estimate (Section II) contains £-20,000 of AME for the Wales Office. This is in respect of utilisation of a pension commitment for an early retirement which was created in 2009 and remains until 2016.

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Section 4

Cash grant payable to the Welsh Consolidated Fund

The Estimate also allows for the payment of a cash grant to the Welsh Consolidated Fund. All expenditure by the Welsh Government is charged to the Welsh Consolidated Fund. This expenditure is shown in Section II of the Wales Office Estimate. The table below reconciles the spending aggregates of the Welsh Government with the cash grant payable to the Welsh Consolidated Fund.

RECONCILIATION OF GRANT PAYABLE TO WELSH CONSOLIDATED FUND 2015-16

	2015-16 Main Estimate
Expenditure Classified as DEL	15,040,606
Expenditure Classified as AME	647,476
Non Domestic Rates	956,000
Total Managed Expenditure	16,644,082
Less:	
Non Voted expenditure:	
LA Credit Approvals	88,800
Other Non-Voted	6,078
Resource Ringfenced Non Cash	626,499
AME Non-cash	201,635
TOTAL NON VOTED TME	923,012
TOTAL VOTED TME	15,721,070
Less Voted receipts	
Contributions from the National Insurance Fund	-1,081,564
NDR Receipts	-956,000
Add Timing Adjustments	
Increase / Decrease in Debtors & Creditors	120
Use of Provisions	266
TOTAL GRANT TO WELSH CONSOLIDATED FUND	13,683,892

Section 5

Barnett Consequentials

From time to time, the Treasury will adjust the budgets of UK departments with the devolved administrations receiving Barnett consequentials of these adjustments. The majority of these budgetary adjustments take place at major fiscal events such as the Autumn Statement and Spring Budget. The table below details the Barnett consequentials for the financial year 2015-16 received by the Welsh Government since the 2013 spending round.

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Barnett Consequentials for 2015-16 since 2013 spending round

Fiscal Event	UK Government Measure	Resource/Capital	Barnet Consequential (£m)	Notes	
Autumn Statement 2013	Free School Meals	Resource	36.513		
	Business Rates £1000 discount for 2 years (Retail prof	Resource	22.885		
	Business Rates cap at 2% for 1 year	Resource	14.145		
	Business Rates: Reoccupation Relief (50% for retail)	Resource	0.575		
	Relax single property criteria for SBRR	Resource	0.173		
	Increasing HE student numbers by 30k in 14/15	Resource	14.088		
	FE apprenticeships	Resource	1.725		
	FE apprenticeships (STEM)	Resource	2.013		
	Right to Buy	Capital	2.415		
	Rail fares RPI + 0	Resource	1.725		
	Affordable Rent to Buy	Capital	14.490	Financial Transactions	
	Builders Finance Fund	Capital	11.845	Financial Transactions	
	Housing: Infrastructure to unlock housing on large sites	Capital	12.305	Financial Transactions	
	RDEL Reduction	Resource	<u>-19.748</u>		
	sub total		115.147		
	Budget 2014	Apprenticeship Grants for Employers	Resource	4.888	
		Postgrad Apprenticeships	Resource	0.575	
		Early Years Pupil Premium	Resource	2.875	
		Flooding - Extra maintenance funding	Resource	2.013	
		Flooding - Extra capital funding for maintenance	Capital	1.438	
Enterprise Zone Business Rates Discount		Resource	0.058		
Development Benefits		Resource	0.144		
Cathedral Repairs		Capital	0.575		
Cambridge City Deal		Resource	1.150		
Estate Regeneration		Capital	1.150	Financial Transactions	
Custom Build		Capital	<u>0.575</u>	Financial Transactions	
sub total			15.441		
Autumn Statement 2014	Business Rates: Doubling of SBRR for 2015-16	Resource	23.967		
	Business Rates: 2% Cap for 1 year	Resource	5.891		
	Business Rates: Additional £500 retail discount	Resource	6.349		
	Business Rates: Transitional Relief	Resource	0.572		
	Mental health - eating disorders	Resource	1.716		
	Mental health - adult community learning	Resource	0.286		
	Mental health - dementia	Resource	0.172		
	NHS frontline - additional funding	Resource	67.210		
	NHS frontline - additional funding	Capital	4.290		
	Education: Early intervention pilot	Resource	0.172		
	Education: Academies	Resource	0.572		
	Education: Careers	Resource	1.144		
	Manchester International (Lyric Theatre)	Capital	0.320		
	Manchester Museum of Science & Industry	Capital	0.029		
	WW1 cultural activities	Resource	0.086		
	Football Facilities	Capital	0.458		
	Football Facilities	Resource	0.114		
	Housing Zones	Capital	2.288	Financial Transactions	
	Rail fares	Resource	4.462		
	Shale - Support for Planning	Resource	0.069		
	Shale - Regulators & Public Engagement	Resource	0.063		
	Off Grid Gas Fund	Capital	1.430		
	Kew Gardens	Resource	0.132		
	Coastal Paths	Resource	<u>0.284</u>		
	sub total		122.076		
	Budget 2015	Health North	Resource	0.286	
		Advanced Wellbeing Research Centre	Capital	0.286	
		Defibrillators	Resource	0.057	
Mental Health: CAMHS - Increase access by 110,000		Resource	2.688		
Mental Health: CAMHS - Childrens' talking therapies		Resource	1.830		
Mental Health: Perinatal mental health services		Resource	0.858		
Mental Health: Non-recurrent funding for CAMHS		Resource	8.923		
Mental Health: Co-location of IAPT in Jobcentres		Resource	0.025		
Mental Health: Early access to online CBT		Resource	0.193		
Mental Health: Veterans - supported accommodation		Resource	0.097		
Universal Infant Free school meals		Resource	0.572		
Universal Infant Free school meals		Capital	0.572		
Tech Nation - entrepreneur hubs		Resource	0.629		
Free wifi in libraries		Resource	0.423		
Tour de Yorkshire - marketing		Resource	0.017		
Yorkshire Festival		Resource	0.029		
Closed Road Circuits		Capital	0.017		
Welcome to Yorkshire - marketing		Resource	0.029		
Turner Prize - Hull		Resource	0.029		
Turner Prize - Hull		Capital	0.057		
Muni Theatre - Colne		Resource	0.003		
Waste Crime		Resource	0.240		
Northstowe		Resource	0.172		
Croydon Growth Zone		Resource	0.080		
London Land Commission		Resource	0.057		
Norway to Newcastle ferry - marketing		Resource	0.017		
Business Rates Discount in EZs		Resource	<u>0.011</u>		
sub total		18.197			
Totals	Resource DEL		216.321		
	Capital DEL		11.887		
	Capital DEL Financial Transactions		42.653		
	All Capital DEL		54.540		
	All DEL		270.861		

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Section 6

Control Totals for the Welsh Government including breakdown by main programme of AME spending

Resource and capital DEL for Welsh Government

£m nominal	2015-16 £,000
Resource DEL (RDEL)	13,526
<i>of which:</i>	
<i>RDEL excluding depreciation</i>	<i>12,899</i>
<i>depreciation ring fence in RDEL</i>	<i>437</i>
<i>student loans ring fence in RDEL</i>	<i>190</i>
Capital DEL	1,515
<i>of which:</i>	
<i>General CDEL</i>	<i>1,295</i>
<i>Ring-fenced Financial Transactions</i>	<i>220</i>

In addition the Welsh Government are forecasting Annually Managed Expenditure of £1.603 million in the following areas

Programme	2015-16 £,000
<i>Non Domestic Rates</i>	<i>956</i>
<i>Student Loans</i>	<i>333</i>
<i>Public Sector Pensions</i>	<i>13</i>
<i>Depreciation & Impairments</i>	<i>73</i>
<i>NHS impairments</i>	<i>95</i>
<i>Provisions</i>	<i>102</i>
<i>Other</i>	<i>31</i>
TOTAL	1,603

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Section 7

Reconciliation of the 2013 spending round settlement for Welsh Government and current Control Totals

Changes to Welsh Government Control Totals for 2015-16 since 2013 spending round

	RDEL <u>£m</u>	Ring-fenced depreciation <u>£m</u>	Ring-fenced student loans <u>£m</u>	Capital DEL <u>£m</u>
2013 spending round settlement	<u>13,635.427</u>	<u>436.736</u>	<u>189.763</u>	<u>1,460.588</u>
Barnett Consequentials: Autumn Statement 2013	36.314			41.055
Barnett Consequentials: Autumn Statement 2014	113.262			8.815
Barnett Consequentials: Budget 2014	11.701			3.738
Barnett Consequentials: Budget 2015	17.267			0.932
Budget transfer from MOJ: Administrative Justice Tribunal Council	0.058			
Budget transfer to DWP: ILF	-6.600			
Budget transfer from DWP: Council Tax benefit	4.770			
Del adjustment: VAT on legal services	-0.325			
Reclassification of Non Domestic Rates from DEL to AME	-956.000			
<i>Budget transfer from HO: Health migrant levy</i>	5.936			
DEL Addition: Business Rates Barnett consequentials from Autumn Statement 2013	37.778			
Machinery of Gov't change: Transfer to Dept of Health	-0.609			
Current Control Totals (Main Estimate 2015-16)	12,898.979	436.736	189.763	1,515.128

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The Welsh Block 2009-10 to 2015-16

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn	plans	plans
	£'000	£'000	£'000	£'001	£'000	£'000	£'000
Wales Office Resource⁽³⁾							
Wales Office Administration Costs	5,567	5,074	5,099	5,501	4,385	4,739	4,347
Wales Office - other	42	43	34	57	43	60	60
Wales Office Resource⁽³⁾	5,609	5,117	5,133	5,558	4,428	4,799	4,407
Wales Office Capital							
Wales Office	0	130	185	319	564	135	25
Wales Office Resource + Capital DEL⁽³⁾	5,609	5,247	5,318	5,877	4,992	4,934	4,432
<i>less depreciation & impairments</i>	<i>-61</i>	<i>-227</i>	<i>-70</i>	<i>-72</i>	<i>-99</i>	<i>-140</i>	<i>-70</i>
Wales Office DEL⁽⁴⁾	5,548	5,020	5,248	5,805	4,893	4,794	4,362
Welsh Government							
Welsh Government Resource	13,752,801	14,021,910	13,902,986	13,653,771	14,466,418	14,393,975	13,525,478
Welsh Government Capital	1,931,711	1,751,150	1,385,694	1,361,724	1,324,687	1,503,385	1,515,128
Welsh Government DEL⁽³⁾	15,684,512	15,773,060	15,288,680	15,015,495	15,791,105	15,897,360	15,040,606
<i>less depreciation & impairments</i>	<i>-464,079</i>	<i>-407,253</i>	<i>-427,664</i>	<i>-406,226</i>	<i>-757,100</i>	<i>-570,338</i>	<i>-626,499</i>
Welsh Government DEL⁽⁴⁾	15,220,433	15,365,807	14,861,016	14,609,269	15,034,005	15,327,022	14,414,107
Total Welsh Block^{(4) (5) (6)}	15,225,981	15,370,827	14,866,264	14,615,074	15,038,898	15,331,816	14,418,469

Notes

(1) Totals may not sum due to roundings.

(2) Includes Budgetary Changes as a result of Clear Line of Sight

(3) Including depreciation & impairments

(4) Resource + capital - depreciation & impairments

(5) By convention Departmental Expenditure Limit budgets are expressed as resource and capital less depreciation & impairments. Therefore the resource and capital numbers in this table will not sum to the Departmental Expenditure Limit: the difference being depreciation & impairments.

(6) Wales Office DEL + Welsh Government DEL less depreciation and impairments