
**The Welsh Consolidated Fund
Receipts and Payment Account**

1 April 2019 to 31 March 2020

FOREWORD

Background

1. The Welsh Consolidated Fund (the Fund) was established on 1 April 2007 under the Government of Wales Act 2006 (the Act). The Act provided a formal legal separation between the National Assembly for Wales and the Welsh Government and created a new body, called the National Assembly for Wales Commission. The Fund holds the funds for the following:
 - the Welsh Government;
 - the Senedd Commission*;
 - the Wales Audit Office (WAO);
 - the Public Services Ombudsman for Wales (PSOW).

*Under the Senedd and Elections (Wales) Act 2020 the National Assembly for Wales is now called Senedd Cymru, or the Senedd. The National Assembly for Wales Commission therefore changed it's name to the Senedd Commission from 6th May 2020.

2. The Auditor General for Wales (AGW) authorises payments out of the Fund. Each of the four bodies listed above is able to draw down funds from the Fund, provided they are in accordance with an approved Budget Motion. The total authorised by Budget Motion for drawdown from the Fund for 2019 -20 was £17,379,905,000 (2018-19 was £16,376,559,000).

Scope of the Account

3. This Account has been prepared under Section 132(1) of the Government of Wales Act 2006 which requires the Welsh Ministers to prepare an account showing payments into and out of the Fund and in accordance with the Accounts Direction issued by HM Treasury, under that Act.
4. The Fund receives, from the Wales Office, sums which have been voted by Parliament. Receipts received by the above mentioned bodies that are not authorised to be used to support their expenditure are also, by virtue of Section 120(1) of the Government of Wales Act 2006, payable into the Fund.
5. Under devolved powers from the Government of Wales Act 2006 (as amended by the Wales Act 2014 and 2017), the Senedd Cymru was granted authority to set a Welsh Rate of Income Tax (WRIT) from 2019-20 onwards. Income tax continues to be administered by H M Revenue and Customs, but income tax revenues from the Welsh rates are allocated to the Welsh Government. WRIT payover is drawn down from the UK Government via the Wales Office and paid into the Welsh Consolidated Fund.
6. Under devolved powers from the Wales Act 2014, devolved taxes in respect of Land Transaction Tax and Landfill Disposals Tax have been managed in Wales from 2018-19 onwards. The Welsh Revenue Authority (WRA) was established by the Tax Collection and Management (Wales) Act 2016 to administer and collect both taxes. The taxes collected by the WRA are paid into the Fund under Section 25 of the Tax Collection and Management (Wales) Act 2016.
7. The Devolved Tax Statement account is prepared and published separately and can be accessed at <https://gov.wales/welsh-revenue-authority-annual-accounts-2019-2020>.

8. Section 121 of the Government of Wales Act 2006 (as amended by the Wales Act 2014 and 2017) grants Welsh Ministers enhanced borrowing powers, with any sums borrowed and repaid (including interest) to be paid into and out of the Fund respectively. The first sums borrowed were in 2018-19, there was no new borrowing in 2019-20.
9. Payments are made out of the Fund if they have been charged on the Fund by any enactment, or if they are authorised by a Budget Resolution of the Senedd. Budget Resolutions may be passed in respect of relevant persons, namely those mentioned in paragraph 1 above. Approval to draw funds must be obtained from the AGW in accordance with Sections 124 and 129 of the Act.
10. Those bodies that draw down funding from the Fund provide annual accounts reporting their stewardship of those funds.

Welsh Consolidated Fund Receipts and Payments

11. These accounts show the transactions relating to the statutory purposes set out above. The Fund had a brought forward balance of £46,000 as at 31 March 2019, with receipts totalling £17,052,818,000 paid in and payments of £17,049,384,000 made during the year, leaving the Fund with a closing balance as at 31 March 2020 of £3,480,000. During 2018-19 receipts paid into the Fund during the year totalled £16,249,878,000 with payments from the Fund of £16,249,841,000.

Audit

12. As Principal Accounting Officer (PAO), I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the Fund's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the Fund's auditors are unaware.
13. The Account is audited by the AGW in accordance with Section 132 of the Government of Wales Act 2006.

Shan Morgan
Permanent Secretary and Principal Accounting Officer
17 December 2020

STATEMENT OF PRINCIPAL ACCOUNTING OFFICER'S RESPONSIBILITY

1. Section 132(1) of the Government of Wales Act 2006 requires the Welsh Ministers to prepare an account of the payments into and out of the Fund. The accounts are prepared on a cash basis and must properly present the Fund's transactions for the period 1 April 2019 to 31 March 2020. Section 132(5) of the Act requires the AGW to lay before the Senedd Cymru a certified copy of the account.
2. The responsibilities of the PAO, including their responsibility for the propriety and regularity of the public finances for which the PAO is answerable, and for the keeping of proper records, are set out in the Welsh Government's Accounting Officers' Memorandum, issued by HM Treasury.

Shan Morgan
Permanent Secretary and Principal Accounting Officer
17 December 2020

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

As Principal Accounting Officer, I am responsible for ensuring there is a high standard of probity in the management of public funds. I am responsible for maintaining a sound system of internal control that supports the management of the Welsh Consolidated Fund (the Fund) whilst safeguarding the public funds and assets for which I am personally responsible and which includes effective arrangements for the management of risk.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: identify and prioritise the risks to the effective operation of the Fund; evaluate the likelihood of those risks being realised and the impact should they be realised; and manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2020 and up to the date of approval of the accounts and accords with HM Treasury guidance.

The Risk and Control Framework

The operation of the Fund is governed by the provisions of the Government of Wales Act 2006, the Wales Act 2014 and 2017, and the Tax Collection and Management (Wales) Act 2016 which set out the conditions for payments to be made out of the Fund and sums to be paid into the Fund. Approvals to draw on the Fund by Welsh Ministers must be approved by the Auditor General for Wales (AGW). Ministers are accountable for the Fund and requests for withdrawals are made on behalf of the Welsh Government, Wales Audit Office, the Senedd Commission and the Public Services Ombudsman for Wales, under authority of the Budget resolutions passed by the Senedd. The Welsh Government administers the Fund hence, the Principal Accounting Officer for the Welsh Government is also responsible for producing and signing the accounts for the Fund.

The Welsh Government is only able to draw funds with the approval of the AGW (under Sections 124 and 129) who must grant an approval to draw if the request relates to a valid amount charged on the Fund by any enactment (a direct charge) or if the amount requested has been authorised or has been deemed to be authorised by a budget resolution of the Senedd for the purposes of meeting expenditure of the Welsh Government, Senedd Commission, Wales Audit Office or the Ombudsman. The AGW may also grant an approval to draw in respect of an amount which has been paid into the Fund by mistake.

Before any money can be released from the Fund, Ministers must request, and the AGW must grant, an approval to draw. Section 129 allows Ministers and the AGW to agree on the form of such requests. In granting such approvals to draw, the AGW is merely verifying statutory authority exists to make such payments. This check does not amount to a pre-audit of the amount being requested.

The operation of the Fund is reliant on the core financial management systems of the Welsh Government to carry out its accounting and payment functions on behalf of the Welsh Ministers and, thereby, on the controls operating around those systems. To review the control environment, I require all Directors within the Welsh Government to complete an annual internal control questionnaire.

The Directors General also provide me with an Assurance Statement annually setting out their assessment of the effectiveness of their Group's internal controls frameworks. I have received satisfactory assurances, principally from the Director of Governance & Ethics and the Director of Finance, in respect of the operation of the central finance and corporate systems and services on which the operation of the Fund rely.

The Welsh Government's approach to risk management is set out in its Risk Management Policy and associated guidance documents. Risks are identified, evaluated and managed at different levels within the organisation. An improvement project has been initiated to review and refresh the Welsh Government risk management framework. This included an update of the Risk Management Policy and Minimum Standards which have been updated to incorporate the Mandatory Principles of the HMT Orange Book into the Welsh Government Policy and the introduction of a new Risk Appetite Statement, both of which have been approved by ExCo and the Board. Work to publish and disseminate new documentation and roll out the new policy to management teams has been held up by the impact of Covid-19 and will be resumed later in 2020-21.

The Welsh Government Board is responsible for overseeing the implementation of the risk management policy and process and for oversight and scrutiny of the mitigations for key risks facing the Welsh Government which might otherwise prevent or hinder the organisation from achieving its strategic objectives. The Welsh Government Executive Committee (ExCo) is responsible for decision-making with respect to corporate-level risks including assessment, evaluation, inclusion on the Corporate Risk Register (CRR), corporate ownership and mitigation. ExCo is also responsible for setting and approving the corporate risk management framework. The Finance Sub Committee of ExCo has responsibility for reviewing any risks that are to be escalated to the CRR. No risks in relation to the management of the Welsh Consolidated Fund have been escalated to the CRR.

The CRR was reviewed twice during the financial year by the Board. Day-to-day management and mitigation of risk is a management responsibility and each Director General has been responsible for managing risk. Group risks were reviewed regularly by senior management teams and by the Group Audit and Risk Assurance Committees and were informed by risk registers maintained by projects and programmes, risk assessments and risk registers at Divisional level.

With respect to the other bodies funded through the Fund, and the Welsh Revenue Authority for the remittance of taxation receipts to the Fund, I rely on their Accounting Officers to maintain effective systems of internal control and to ensure there is capacity to manage risk in an appropriate and proportionate manner within their organisations.

Information Governance

As PAO, I am responsible for ensuring appropriate arrangements are in place to comply with the core set of mandatory minimum measures to protect information in Government Departments which require me to assess our risk and ensure appropriate mitigation strategies are in place. Welsh Government has policies and procedures in place to proactively manage cyber security risk, working with the National Cyber Security Centre to secure digital assets and ICT infrastructure.

I take assurance from the Welsh Government's Data Protection Officer concerning the ongoing progress being made in respect of GDPR compliance. The DPO has reported good progress made in respect of GDPR compliance despite the disruption caused by the Covid-19 pandemic towards the end of 2019-20.

There were no data incidents requiring reporting to the Information Commissioner's Office in relation to the Welsh Government's stewardship of the Welsh Consolidated Fund in 2019-20. A review undertaken by Internal Audit for the DPO provided "reasonable assurance" on compliance.

The Welsh rate of income tax (WRIT)

The Wales Act 2014 provided the legislative framework for further powers to be devolved to the Senedd and the Welsh Government. These powers provide the Welsh Government with further tools, which include the introduction of the Welsh rate of income tax in 2019-20, to grow the Welsh economy and to vary the level of tax and spending in Wales, thereby increasing its accountability to the people of Wales.

The Fiscal Framework¹ sets out how WRIT will work based on estimates agreed for the year and a reconciliation 15 months after the year end to actual amounts collected, and how it interacts with the Block Grant settlement.

HMRC has responsibility for the collection of Income Tax in Wales and to remit this to the UK Consolidated Fund. The Welsh Block Grant is adjusted for WRIT based on the Office of Budget Responsibility autumn forecast through the Main Estimates process. A reconciliation is undertaken 15 months after the year end to actual amounts collected, and is the subject of a further adjustment to the block grant process in future years. The 'Payover' of the WRIT estimate is via the Wales Office, the payover happens alongside the normal block grant process and is received into the Welsh Consolidated Fund.

In order to ensure clarity of roles and responsibilities, there is a Service Level Agreement² in place between the Welsh Government and HMT for establishing and operating the WRIT. A Memorandum of Understanding³ is also in place setting out the principles of the arrangements between HMRC and Welsh Government for the Welsh rates of income tax, including the roles and responsibilities of WRIT Additional Accounting Officer, who is accountable to the PAO HMRC.

During the implementation of the WRIT, a cross government project board was established as the main governance arrangement. The project board comprised officials from Welsh Treasury, HMRC and the Department for Work and Pensions (DWP). The project ended in early 2020, however the Welsh Rates of Income Tax Board replaced that governance structure in order to oversee the business as usual delivery of the WRIT. Officials from the Welsh Treasury continue to be members of this Board to represent Welsh Government interests.

The payover of the WRIT from the Wales Office is reconciled to the Wales Office statutory accounts providing me with assurance over the completeness, accuracy, validity and timeliness of the Welsh income tax payover into the Welsh Consolidated Fund.

Assurances

As Principal Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control relevant to the Fund.

¹ <https://gov.wales/sites/default/files/publications/2018-11/agreement-on-welsh-government-fiscal-framework.pdf>

² <https://gov.wales/service-level-agreement-with-hmrc>

³ <https://gov.wales/welsh-rate-income-tax-memorandum-understanding>

With respect to the Welsh Government, I take assurance from a wide range of assurance providers, who have responsibility for the operation of key controls. I am informed principally by the work of Internal Audit and those Welsh Government officials with responsibility for the development and maintenance of the internal control framework. I also take assurance from management responses to issues identified by the External Auditor (the Auditor General for Wales) in his various reports on Welsh Government operations and activities. I have been advised on the effectiveness of the system of internal control by the Board and the Audit and Risk Assurance Committee.

The Welsh Government has an Internal Audit Service, which operates in conformance with Public Sector Internal Audit Standards. It undertook a programme of work based upon an analysis of the major risks facing the organisation. The Head of Internal Audit submitted regular reports to the Audit and Risk Assurance Committee on progress in implementing this audit plan and I met regularly with her through the year to discuss audit activity and specific internal control issues. The Head of Internal Audit, in her Annual Assurance report, provided me with “reasonable assurance” on the operation of the framework of governance, control and risk management.

With respect to the other bodies funded through the Fund, and the Welsh Revenue Authority for the remittance of taxation receipts to the Fund, I rely on their Accounting Officers to undertake their own review of the effectiveness of control their own organisations, supported by the range of assurances available to them, and I have sought their written confirmation that they have sufficient assurance as to the effectiveness of their own systems of governance, risk management and internal control in respect of matters affecting the operation of the Fund.

All Accounting Officers have confirmed that they have sufficient assurance in respect of matters affecting the operation of the Fund.

The Public Services Ombudsman for Wales confirmed that a system of internal control operated during 2019-20 to ensure the propriety and regularity of the monthly drawdowns requested from the Fund and that these were audited by Audit Wales as part of their audit of the Annual Report and Accounts in May 2020. I note the Auditor General for Wales has issued an unqualified opinion for the Annual Report and Accounts for the year ended 31 March 2020.

With respect to the Welsh Revenue Authority (WRA), I have an Accounting Officer agreement in place with the WRA Chief Executive setting out the responsibilities both in regard of the Welsh Revenue Authority, and the Devolved Tax Statement.

I note from the assurance provided by the WRA Chief Executive that the tax statement for 2019-20, laid by the Auditor General for Wales, show the amounts receivable from the collection of taxes, penalties and other income, any deductions permitted, and amounts paid to the Wales Consolidated Fund in accordance with s.25 of the Tax Collection Management Act. The Auditor General for Wales provided an unqualified audit opinion on the tax statement and I received assurance that the system of internal control for the collection and remittance of Devolved Tax receipts was effective during the 2019-20 accounting period.

Specific assurances have been provided by the Chief Executive and Clerk of the Senedd in respect of the payroll processes operated by the Senedd Commission and an assurance in respect of the completeness, accuracy and validity of the figures in the accounts as Direct Charges against the Fund. The payroll system is the Senedd Commission’s most material financial system and is subject to internal audit every 3 to 4 years. The most recent internal audit of the Senedd Commission’s payroll was undertaken during the last financial year in January 2019. This recorded a ‘Moderate

Assurance' conclusion. Payroll expenditure is also subject to substantive annual testing by Audit Wales, as part of its annual external audit of the Commission's financial statements. No matters have been highlighted by Audit Wales on payroll during 2019-20. The regularity of Commission transactions has also been considered as part of the external audit of the Commission's financial statements. The Assistant Auditor General for Wales issued an unqualified audit opinion on the Commission's financial statements for the year ended 31 March 2020.

The Senedd Commission sought a specific assurance from the Auditor General for Wales in respect of the expenses of Chair of the Wales Audit Office as during the year ended 31 March 2020, the Commission has processed a number of travel and subsistence claims for the Chair, however the prime documentation and supporting information is maintained by the finance department at Wales Audit Office. In responding to this request the Auditor General for Wales provided assurance to the Senedd Commission that Wales Audit Office has had proper controls in place (during the year ended 31 March 2020) to ensure the accuracy, validity and timeliness of claims made by the Chair of the Wales Audit Office.

The Senedd Commission also sought a specific assurance from the Auditor General for Wales that there are no claims for travel and subsistence incurred by the Auditor General for Wales for the year which should have been charged to the Fund, as no such claims had been received by the Commission. In responding to this request the Auditor General for Wales provided assurance to the Senedd Commission that no such claims were incurred in his capacity as Auditor General for Wales for the year ended 31 March 2020.

The Accounting Officer for Wales Audit Office has provided me with assurance that a sound system of internal control operated during the period ending 31 March 2020 in respect of drawing and surrendering to the Fund. I note the Wales Audit Office external auditor has issued an unqualified opinion for the Annual Report and Accounts for the year ended 31 March 2020.

In his capacity as Auditor General for Wales he has also provided me with assurance that a sound system of internal control operated over the approval of Welsh Ministers' requests to draw from the Fund.

Based on my review of internal controls within the Welsh Government and the assurances available to me from the other bodies funded by the Fund, I am satisfied the Fund had in place during the year a sound governance framework and appropriate controls for the effective administration of the Fund for which I, as Principal Accounting Officer, was personally responsible. These matters of governance and control are in accordance with the responsibilities assigned to the Principal Accounting Officer in HM Treasury's Welsh Government Accounting Officers' Memorandum.

Shan Morgan
Permanent Secretary and Principal Accounting Officer
17 December 2020

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of the Welsh Consolidated Fund for the year ended 31 March 2020 under Government of Wales Act 2006. These comprise the Receipts and Payments Account and the related notes. These financial statements have been prepared on a cash basis under Section 132 of the Government of Wales Act 2006.

In my opinion the financial statements:

- properly present the balances, receipts and payments of the Welsh Consolidated Fund for the year ended 31 March 2020; and
- have been properly prepared in accordance with Section 132 of the Government of Wales Act 2006 and HM Treasury directions issued thereunder.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Welsh Consolidated Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Principal Accounting Officer is responsible for the other information in the account. The other information comprises the information included in the account other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects:

- the sums paid out of the Welsh Consolidated Fund were in accordance with the authorities set out in Sections 124 or 130 of the Government of Wales Act 2006;
- money which is required to be paid into the Welsh Consolidated Fund has been paid into that Fund; and
- the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements. As legislation and directions issued do not specify the content and form of the Annual Governance Statement, I am not able to confirm that the Annual Governance Statement has been properly prepared; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword has been prepared in accordance with the directions issued by HM Treasury.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities of the Principal Accounting Officer

As explained more fully in the Statement of Principal Accounting Officer's Responsibilities, the Principal Accounting Officer is responsible for the preparation of financial statements in accordance with the Government of Wales Act 2006 and HM Treasury directions issued thereunder and for such internal control as the Principal Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Responsibilities for regularity

The Principal Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am responsible for expressing an opinion on whether the receipts and payments have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

I am also responsible for expressing an opinion on whether the sums paid out of the Welsh Consolidated Fund were in accordance with the authorities set out in sections 124 or 130 of the Government of Wales Act 2006 and that money which is required to be paid into the Welsh Consolidated Fund has been paid into that Fund.

Adrian Crompton
Auditor General for Wales
17 December 2020

24 Cathedral Road
Cardiff
CF11 9LJ

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

		2019-20	2018-19
<u>Receipts</u>	Note	£000	£000
Receipts from the Wales Office under Section 118(1) of the Government of Wales Act 2006		13,278,546	14,582,040
Non Domestic Rating receipts	2	103,408	99,776
Borrowing by Welsh Ministers	4	-	65,000
HMRC Distribution from National Insurance Fund in respect of Social Security	5	1,290,129	1,234,859
Welsh Rate of Income Tax	6	2,059,000	-
Devolved Tax Receipts	7	274,000	250,750
Receipts of Assembly Elections	11	49	-
Other receipts	8	47,686	17,453
Total Receipts		17,052,818	16,249,878
<u>Payments</u>			
Issues authorised under Assembly Budget Resolutions	9	16,966,746	16,168,641
Direct Charges:			
Salaries, related costs and pensions	10	761	742
Expenses of returning officers at Assembly elections	11	595	-
National Loans Fund repayments of Principal and Interest	3	3,622	1,745
Non Domestic Rating payments by Welsh Ministers	2	29,974	61,260
Surrender to the Secretary of State of receipts designated under Section 120(3) of the 2006 Act	8	47,686	17,453
Total Payments		17,049,384	16,249,841
Net (decrease) /increase in Fund balance		3,434	37
Balance brought forward at 1 April		46	9
Balance carried forward at 31 March		3,480	46

The notes on pages 13 to 20 form part of this account

Shan Morgan
Permanent Secretary and Principal Accounting Officer
17 December 2020

Note 1

STATEMENT OF ACCOUNTING POLICIES

These accounts are prepared on a cash basis under Section 132 of the Government of Wales Act 2006. In addition, balances to and from the Welsh Government are disclosed at Note 13 to assist preparation of the Whole of Government Accounts.

Note 2

NON DOMESTIC RATING

The Welsh Ministers receive non-domestic rates (NDR) collected from ratepayers by Billing Authorities or paid directly to the Welsh Ministers by ratepayers on the Central Rating list. The Welsh Ministers are required to redistribute the contributions to Receiving Authorities in proportion to the resident adult population (aged 18 or over) in each administrative area (Local Government Finance Report 2019-20 No's 1 and 2 Section 4.1). The NDR received are thus pooled and redistributed. The operation of the pool is governed by Schedule 8 to the Local Government Finance Act 1988 and regulations made under Section 141 of that Act. Under the Government of Wales Act 2006 non-domestic rates income must be paid into the Fund and any related non-domestic rates expenditure is a direct charge on the Fund.

With the approval of HM Treasury, in order to avoid unnecessary cash transfers between the Welsh Government and authorities, local authorities are permitted to net off the NDR they collect against the funding they require, with differences from one year to the next being allowed for in determining the amount of Revenue Support Grant to be provided for any given year. During the period 1 April 2019 to 31 March 2020 gross NDR contributions into the pool totalled £1,031,615,000 (2018-19 £1,000,954,000).

The payments made through the Fund of £29,974,000 (2018-19 £61,260,000) represent payments to authorities and central list ratepayers as a result of the final recalculations of contributions for 2018-19 and previous years following receipt of billing authority audited claims and reductions in rateable values for central list ratepayers. This figure includes payments totalling £2,000 (2018-19 £1,019,000) to cover payments made by Welsh Government during 2018-19 to central list ratepayers as a result of recalculations.

Receipts into the Fund of £103,408,000 (2018-19 £99,776,000) represent contributions from central list ratepayers and additional receipts as a result of final recalculations of contributions for 2018-19 and previous years following receipt of audited claims from authorities.

Further information on NDR is contained in the Welsh Government Consolidated Annual Report and Accounts 2019-20 and the Non-Domestic Rating Account (Wales) 2019-20.

Note 3

NATIONAL LOANS FUND

Included within these balances are loans from the National Loans Fund (NLF) lent onwards by the Secretary of State for Wales originally to the Mid-Wales Development Corporation. They were then passed to the Development Board for Rural Wales in the 1980's; and to the Welsh Development Agency (WDA) when DBRW was abolished in 1998. Following WDA abolition in 2006, responsibility for the repayment of principal and interest falls on the Welsh Government. Payments of £1,745,192 were made by the Welsh Government to the Wales Office in 2019-20. As the repayment of both interest and principal to the NLF is a direct charge on the Fund, the Welsh Government received £1,745,192 from the Fund to fund the loan repayments (2018-19: £1,745,000).

Also included are the repayments of principal and interest for amounts borrowed under Section 121 of Government of Wales Act 2006 (See Note 4 for more details). Repayments of interest and principal in 2019-20 amounted to £1,877,066 which are direct charges on the Fund.

Note 4

BORROWING BY WELSH MINISTERS

Under Section 121 of Government of Wales Act 2006 (as amended by the Wales Act 2014 and 2017) additional borrowing powers were conferred on Welsh Ministers with effect from 1st January 2017. Any sums borrowed and repaid under these provisions must be done via the Fund and therefore reflected in these accounts. The first sums borrowed from the NLF were received by the Fund in 2018-19.

A summary of the borrowing position is set out as follows:

	Principal £000	Accrued Interest £000	Total £000
At 1 April 2019	65,000	25	65,025
New Borrowing	-	-	-
Interest Incurred	-	909	909
Repayments	(1,090)	-	(1,090)
Interest Paid	-	(787)	(787)
At 31 March 2020	63,910	147	64,057

Note 4 cont.d

	Principal £000	Accrued Interest £000	Total £000
At 1 April 2018	-	-	-
New Borrowing	65,000	-	65,000
Interest Incurred	-	25	25
Repayments	-	-	-
Interest Paid	-	-	-
At 31 March 2019	65,000	25	65,025

No repayments were made in 2018/19.

The repayment of borrowing is scheduled as follows:

At 31 March 2020	Principal £000	Interest £000	Total £000
Less than 1 year	2,203	887	3,090
1-5 years	9,128	3,234	12,362
More than 5 years	52,579	7,678	60,257
Total	63,910	11,799	75,709

Note 5

HMRC DISTRIBUTION FROM NATIONAL INSURANCE FUND IN RESPECT OF SOCIAL SECURITY

As of 2017-18 the HMRC distribution from National Insurance in respect of Social Security was paid in to the Fund. In previous years this was paid directly to Welsh Government. In 2019-20 the amount paid in to the Fund in respect of this was £1,290,129,000 (2018-19: £1,234,859,000).

Note 6

WELSH RATE OF INCOME TAX

The Wales Act 2014 and 2017 amended the provisions of the Government of Wales Act 2006 with regard to income tax. The amended Government of Wales Act 2006 Section 116D empowers the Senedd to set a Welsh Rate of Income Tax (WRIT) for Welsh taxpayer on non-savings, non-dividend income in each tax band with effect from 6 April 2019. The WRIT will be set each year through a Resolution passed by the Senedd on the basis of a proposal made by Welsh Ministers.

HMRC continue to collect Income Tax in Wales, including the WRIT under a Memorandum of Understanding with the Welsh Government, the amounts collected are paid into the UK Consolidated Fund. The amount of WRIT paid into the Welsh Consolidated Fund in the year is agreed with HMT and is calculated on a forecast and reconciliation basis as set out in the Fiscal Framework agreed between the UK and Welsh Governments.

The UK Government transfers the WRIT based on forecasts set out in the Main Estimates annually. This is done via the Wales Office as a WRIT Payover. The WRIT revenues are therefore drawn into the Welsh Consolidated Fund from the Wales Office alongside the normal block grant process. The reconciliation of forecast to actual WRIT revenues is the subject of adjustments to the block grant in future years.

The WRIT Payover for 2019-20 to the Welsh Consolidated Fund is £2,059,000,000.

Note 7

DEVOLVED TAXES

The Wales Act 2014 devolved a range of new financial powers to the Senedd Cymru, including in relation to taxation. Subsequently, the Tax Collection and Management (Wales) Act 2016 provided for the establishment of the WRA. Since April 2018 the WRA has collected and managed two devolved Welsh taxes - Land Transaction Tax and Landfill Disposals Tax - on behalf of the Welsh Government. Section 25 of the 2016 Act requires the WRA to pay the taxes collected into the Fund.

During the year 2019-20, the WRA paid £274 million to the Fund in respect of the two Devolved Taxes:

	2019 – 20	2018 – 19
	£000	£000
Landfill Disposal Tax	38,357	34,628
Land Transaction Tax	235,643	216,122
Total Devolved Taxes	274,000	250,750

Note 8

OTHER RECEIPTS

The Government of Wales Act 2006 (Designation of Receipts) Order 2007 designates certain receipts (designated receipts). Under the Government of Wales Act 2006 the Welsh Ministers must pay to the Secretary of State sums equal to the amount of the designated receipts. Section 120(6) of the Act provides that sums required for the Welsh Ministers to make payments under this Order are charged on the Fund.

	Receipts paid into fund 2019-20 £000	Receipts surrendered to the Secretary of State 2019-20 £000	Receipts paid into fund 2018-19 £000	Receipts surrendered to the Secretary of State 2018-19 £000
Welsh Government	47,686	47,686	17,453	17,453
Total Designated Receipts	47,686	47,686	17,453	17,453
Total Non-Designated Receipts	-	-	-	-
TOTAL	47,686	47,686	17,453	17,453

Note 9

ISSUES AUTHORISED UNDER BUDGET MOTIONS

The Annual Budget Motion is passed under Section 125 of the Government of Wales Act 2006. For the period of this account the Senedd Cymru approved: The Annual Budget Motion 2019-20 (GEN-LD11995) as amended by the Supplementary Budget Motion 2019-20 (GEN-LD13046). The following amounts were paid out of the Fund under the authority of the Budget Motions. See also Note 12, which details amounts drawn down and unspent at 31 March 2020.

	2019-20 £000	2018-19 £000
Welsh Government	16,900,822	16,107,550
Senedd Commission	53,250	50,375
Wales Audit Office	7,810	6,338
Public Service Ombudsman for Wales	4,864	4,378
Total	16,966,746	16,168,641

Note 10

SALARIES, RELATED COSTS AND PENSIONS 2019-20

	Senedd Cymru			Wales Audit Office		Ombudsman	
	Presiding Officer £000	Deputy Presiding Officer £000	Standards Commissioner * £000	Auditor General for Wales £000	Wales Audit Office Chair* £000	Public Service Ombudsman £000	Total £000
Salaries	111	90	28	148	30	151	558
National Insurance Contributions	14	11	3	19	3	20	70
Pension Costs	22	18	0	44	0	46	130
Apprenticeship Levy	1	0	0	1	0	1	3
TOTAL	148	119	31**	212	33	218	761

*The salaries above for the Standards Commissioner and Wales Audit Office Chair include reimbursement of expenses that are direct charge on the fund. During 2019-20 changes were made to the processing of the Wales Audit Office Chair's expenses, becoming a direct charge on the fund. Further information is available in the Wales Audit Office published accounts.

**These payments reflect a change of appointment in 2019-20. In respect of the Standards Commissioner the balance of payments for the two post occupants in year is £ 17,900. and £12,898.

SALARIES, RELATED COSTS AND PENSIONS 2018-19

	National Assembly for Wales			Wales Audit Office		Ombudsman	
	Presiding Officer £000	Deputy Presiding Officer £000	Standards Commissioner £000	Auditor General for Wales £000	Wales Audit Office Chair £000	Public Service Ombudsman £000	Total £000
Salaries	110	89	28*	157*	25	150	559
National Insurance Contributions	14	11	3	20	2	20	70
Pension Costs	22	18	0	33	0	37	110
Apprenticeship Levy	1	0	0	1	0	1	3
TOTAL	147	118	31	211	27	208	742

*These payments reflect a change of appointment in 2018-19. In respect of the Standards Commissioner, the balance of payments for the two post occupants in year is £23,688 and £4,272. In respect of the Auditor General for Wales, the balance of payments for the two post occupants in year is £58,227 and £98,866.

Note 11

EXPENSES OF RETURNING OFFICERS AT ASSEMBLY ELECTIONS

As at 31st March 2019 the Welsh Government had yet to draw £594,741 to cover expenses and surrender excess payments of £48,892, as detailed in Note 10 2018-19 Accounts. These were met in 2019-20. There were no additional charges in 2019-20.

Note 12

AMOUNTS DRAWN AND UNSPENT AND EXCESS OF INCOME OVER AMOUNTS AUTHORISED

The amounts drawn down and received by bodies covered by the Fund but unspent as at 31 March 2020, and receipts in excess of income authorised repayable to the Fund, are detailed below:

Welsh Government

Welsh Government Consolidated Annual Report and Accounts 2019-20 for the year end 31 March 2020 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £32,320,779
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2018-19 was £nil and the receipts in excess of income was £nil.

Senedd Commission

The Senedd Commission Resource Account for the year end 31 March 2020 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £60,000
Receipts in excess of income authorised – £nil

The excess funding drawn not spent for 2018-19 was £292,000 and the receipts in excess of income of £nil were not repaid to the Fund but deemed as drawn against 2019-20 authorised grants.

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales's annual account for the year end 31 March 2020 reported the following amount due to the Fund:

Excess of funding drawn not spent – £48,000
Receipts in excess of income authorised – £nil

For 2018-19 the excess funding drawn not spent of £20,000 and the receipts in excess of income of £nil, were not repaid to the Fund but deemed as drawn against 2019-20 authorised grants.

Note 12 cont.d

Wales Audit Office

The Wales Audit Office annual account for the year end 31 March 2020 reported the following amounts due to the Fund:

Excess of funding drawn not spent – £1,573,000
Receipts in excess of income authorised – £31,000

For 2018-19 the excess funding drawn not spent of £1,608,000 and the receipts in excess of income of £168,000, were not repaid to the Fund but deemed as drawn against 2019-20 authorised grants.

Note 13

WELSH GOVERNMENT BALANCE

The accounts for the Fund are prepared on a cash basis under Section 132(1) of the Act. If this WCF account were to be prepared on a resource basis, the balance sheet would include a debtor for the Welsh Government made up as below, reflecting transfers arising from 2019-20 activity still to be made as at 31 March 2020.

	2019-20	2018-19
	£000	£000
Funding drawn not spent	32,321	-
Designated Receipts	3,239	16,095
Returning officers expenses not drawn down	-	(595)
Excess of Returning officers expenses drawn	-	49
TOTAL	35,560	15,549

Note 14

AUTHORISED FOR ISSUE

The Principal Accounting Officer has authorised these financial statements to be issued on the same day as the Auditor General for Wales signs the audit certificate.

Appendix

WELSH CONSOLIDATED FUND

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTIONS 132(2) AND (3) OF THE GOVERNMENT OF WALES ACT 2006

1. The account of payments into and out of the Welsh Consolidated Fund for the financial year ended 31 March 2008 and subsequent financial years shall properly present those payments.
2. When preparing the account of the payments into and out of the Welsh Consolidated Fund for the financial year ended 31 March 2008 and subsequent financial years the Welsh Ministers shall comply with cash (receipts and payments) accounting principles and the account will contain the following:
 - A Foreword (explaining the background and scope of the account);
 - A Statement of Accounting Officer's Responsibilities;
 - A Statement on Internal Control;
 - A Receipts and Payments Account; and
 - Such notes as are required to ensure a proper understanding of the account, including an explanation of the movement on financial year-end balances.
3. This direction shall be reproduced as an appendix to the statement of account.



DAVID WATKINS
Head of the Financial Reporting Policy Team, HM Treasury

04 January 2007