

National Assembly for Wales
Finance Committee

**Scrutiny of the Welsh Government
Second Supplementary Budget for
2014-15**

March 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Finance Committee

The Committee was established on 22 June 2011. The Finance Committee's role is to carry out the functions set out in Standing Order 19. This includes consideration of the use of resources by the Assembly Commission or Welsh Ministers, and in particular reporting during the annual budget round. The Committee may also consider any other matter relating to expenditure from the Welsh Consolidated Fund.

Their remit also includes specific statutory powers under the Public Audit Act 2013 relating to new responsibilities for governance oversight of the Wales Audit Office.

Current Committee membership:



Jocelyn Davies (Chair)
Plaid Cymru
South Wales East



Peter Black
Welsh Liberal Democrats
South Wales West



Christine Chapman
Welsh Labour
Cynon Valley



Mike Hedges
Welsh Labour
Swansea East



Alun Ffred Jones
Plaid Cymru
Arfon



Ann Jones
Welsh Labour
Vale of Clwyd



Julie Morgan
Welsh Labour
Cardiff North



Nick Ramsey
Welsh Conservatives
Monmouth

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The Committee's Conclusions and Recommendations

The Committee's conclusions and recommendations are listed below, in the order that they appear in this Report. Please refer to the relevant pages of the report to see the supporting evidence and conclusions:

Conclusion 1. The Committee stated in its report on the Draft Budget 2015-16 that setting its priorities is a matter for the Government, and the Committee maintains this view. However, the Committee remains concerned that the additional funding has been provided to health without firm targets being set on how the NHS will improve and become financially sustainable. (Page 11)

Conclusion 2. The Committee has concerns that the level of funding being allocated to health is seemingly based on the evidence from one report. (Page 12)

Conclusion 3. The Committee is keen to see that Invest-to-Save projects deliver the savings that are anticipated. Given the issues around the previous Natural Resources Wales voluntary early release scheme, the Committee would like to see further details of the anticipated savings for the current voluntary severance scheme, and will monitor this to see if the savings achieved are as expected. (Page 14)

Recommendation 1. The Committee remains unsure as to the reasons behind the relative contributions of the other six MEGs to the additional funding allocated to the Health and Social Services MEG, particularly the reasons why some MEGs contributed more than others. The Committee recommends that the Minister clarify this decision-making process. (Page 17)

Recommendation 2. The Committee is concerned that additional funding has been allocated to NHS organisations to help alleviate financial pressures, but not to local government and the third sector in respect of recent court judgements in the social care sector. The Committee recommends that the Minister undertake work to assess the potential implications of additional costs facing these sectors. We also recommend that the Minister consider providing assistance to

local government and the third sector to help mitigate these additional costs. (Page 17)

Recommendation 3. The Committee welcomes the additional flexibility granted to the Welsh Government regarding carrying forward financial transactions funding, and recommends that the Minister continues with her efforts to obtain more flexibility in terms of the budget exchange system. (Page 19)

Conclusion 4. The Committee were content with the proposals of the Wales Audit Office and are pleased to note that the WAO have discussed proposed Supplementary Budget changes with both Welsh Government officials and the Minister for Finance and Government Business. (Page 21)

Recommendation 4. The Committee notes the change from capital to revenue but is concerned that this was not easily identifiable in the budget documentation. The Committee recommends the Assembly Commission reviews its approach to budget documentation to ensure the same level of transparency expected of other public sector bodies. (Page 22)

Conclusion 5. The Committee would not normally expect to authorise a shift from capital to revenue and would not wish to see this approach taken again by the Assembly Commission. (Page 22)

Conclusion 6. The Committee agree that the income limit included within the Budget Ambit of the Assembly Commission should be increased as suggested and would like to see this limit increased to a more realistic target in future years (Page 23)

1. Overview

1. The Minister for Finance and Government Business (Jane Hutt AM) ('the Minister') laid the second Supplementary Budget 2014-15¹ on 10 February 2015. This amends the first Supplementary Budget 2014-15, approved by the National Assembly in July 2014. An explanatory note and tables showing the main expenditure group ('MEG') allocations accompany the second Supplementary Budget.
2. The Second Supplementary Budget increases Welsh Government discretionary expenditure (Department Expenditure Limit or 'DEL') by 1.9% compared to the First Supplementary Budget. The main additional revenue allocations are in the Health and Social Services portfolio. These are the additional £200 million for the Welsh NHS announced in October, and a further £40 million to fund winter pressures in the NHS.
3. The main additional capital allocations are £14.9 million for the NHS announced in January and £10.8 million financial transaction funding for Housing through Social Housing Grant and Home Improvement Loans.
4. The largest additional non-discretionary allocations (Annually Managed Expenditure or 'AME') are £48 million to the Education and Skills MEG to reflect the latest student loan forecasts and £45 million to the Local Government MEG related to an ongoing legal case.
5. These investments are funded by a mixture of allocations from reserves, reallocation of savings from other departments and transfers with UK Government Departments.
6. The supplementary budget motion requests the Assembly to authorise an additional £309.8 million cash to be drawn from the Welsh Consolidated Fund by the Welsh Ministers in the 2014-15 financial year.

¹ National Assembly for Wales, GEN-LD10100, Supplementary Budget Motion, 10 February 2015 [accessed 19 February 2015]

Other bodies

7. This supplementary budget includes amendments to the budget of the National Assembly for Wales, and the estimate of the Wales Audit Office. These are covered in chapter 6 in this report.

8. There is a no amendment to the estimates of the Public Service Ombudsman for Wales.

The figures shown within this paper are concerned only with in-year changes for the current financial year, and therefore are shown in cash terms; no adjustments have been made for inflation.

2. NHS Funding (Prioritisation)

9. There has been an increase in the Health and Social Services DEL of £264.6 million in comparison to the first Supplementary Budget 2014-15. Of this increase, £249.1 million is revenue DEL and £15.5 million is capital DEL.

10. The main additional revenue allocations are for the additional £200 million for the Welsh NHS announced in October, and a further £40 million to fund winter pressures in the NHS. The main additional capital allocation is the £14.9 million for the NHS announced in January.

Of the additional £200 million announced in October, £25 million is to finance the NHS pay award for 2014-15. The remaining £175 million will be allocated in the following way:²

Organisation	Additional Allocation of £m
Abertawe Bro Morgannwg University HB	26.100
Aneurin Bevan HB	26.700
Betsi Cadwaladr University HB	35.000
Cardiff and Vale University HB	15.500
Cwm Taf HB	8.000
Hywel Dda HB	38.700
Powys HB	25.000
Total	175.000

Evidence from the Minister

11. When talking about the additional funding being allocated to health, the Minister said the evidence for this funding came from the ‘Nuffield Trust Report: A Decade of Austerity’³ (‘the Nuffield report’).

12. The Minister was asked who had commissioned this report, to which the Minister responded:

“I think I’d have to clarify exactly with the Minister for Health and Social Services. ... I think it was commissioned by the public sector. It wasn’t commissioned by the Welsh Government, but the Welsh Government wanted to—. ... I think

² National Assembly for Wales, Health and Social Care Committee, [Letter from the Minister for Health and Social Services to the Chair of the Health and Social Care Committee](#) [accessed 19 February 2015]

³ The Nuffield Trust, [A Decade of Austerity](#), June 2014 [accessed 19 February 2015]

it was felt outside the Welsh Government, but welcomed by the Welsh Government, that we needed that overview, which would very much fall alongside a Nuffield overview in England in terms of finances.”⁴

13. The Minister was asked how the need for additional NHS funding was balanced with the competing needs of other portfolios. She said:

“... had to be a decision that we made as a Cabinet and, as Finance Minister, I then had to make sure that I could work with all Ministers to see ways in which we could identify savings and even make reallocations if that was appropriate, but recognising that it would be very challenging for them. But we had this imperative that we had to meet the needs of the health service.”⁵

14. The Minister was also asked how the additional allocations to the NHS contribute towards delivering the Welsh Government’s priorities for the NHS set out in the Programme for Government. The Minister replied:

“If we look back at the Nuffield report, it is very clear that there has to be new models of delivery that strengthen care and support provided in local communities, and I think the report in itself does show that there are many ways in which we have met some of the challenges, particularly significant challenges relating to an ageing population, growth in the number of people experiencing chronic conditions. I think Nuffield have said that every healthcare system in the world is facing these issues, particularly in the age of austerity. It also does say that the NHS was responding in Wales, has responded to challenges in places, so, without—. The health Minister would answer fully on how he is going to take this forward, and, obviously, does account to the Assembly on that basis, but it was a challenge to reform and reshape services based on his approach to prudent healthcare, the funding that he’s found and the way we found

⁴ National Assembly for Wales, Finance Committee, Draft Record of Proceedings paragraph 11, 25 February 2015

⁵ National Assembly for Wales, Finance Committee, Draft Record of Proceedings paragraph 9, 25 February 2015

that together for integrating health and social care and primary care.”⁶

15. The Minister was asked what assurance she has that the additional funding would be used to put the NHS on a ‘sustainable footing’, she replied:

“I, obviously, regularly meet with and discuss with the health Minister how he is delivering on our expectations, because basically it was very clear from the Nuffield report: this is the money that they said we needed, we’ve delivered it and now the health service has got to sustain itself based on that input of funding.”⁷

Committee view

16. In its report scrutinising the Draft Budget 2015-16,⁸ the Committee made a number of recommendations relating to the additional NHS allocations in 2014-15 and 2015-16. These focused on whether the resource would be used to accompany NHS reform or to maintain current service levels. They also looked at how reform would take place.

17. In relation to the commissioning of the Nuffield report the Committee notes that the inside cover of the Nuffield report says:

“This is an independent report, which has been commissioned by the Welsh Government.”⁹

18. Following the Committee meeting the Chair wrote to the Minister to clarify this issue, a copy of this letter can be found at annex 1.

The Committee stated in its report on the Draft Budget 2015-16 that setting its priorities is a matter for the Government, and the Committee maintains this view. However, the Committee remains concerned that the additional funding has been provided to health

⁶ National Assembly for Wales, Finance Committee, Draft Record of Proceedings paragraph 18, 25 February 2015

⁷ National Assembly for Wales, Finance Committee, Draft Record of Proceedings paragraph 26, 25 February 2015

⁸ National Assembly for Wales, Finance Committee, [Scrutiny of the Welsh Government Draft Budget 2015-16](#) – November 2014

⁹ The Nuffield Trust, [A Decade of Austerity](#), June 2014 [accessed 19 February 2015]

without firm targets being set on how the NHS will improve and become financially sustainable.

The Committee has concerns that the level of funding being allocated to health is seemingly based on the evidence from one report.

3. Invest-to-Save (Prioritisation and Value for Money)

19. The second Supplementary Budget 2014-15 makes a number of revenue transfers totalling £24.3 million from the Invest-to-Save action within the Central Services and Administration MEG.

20. There are transfers from the Invest-to-Save action to four voluntary severance or voluntary early release schemes across the devolved Welsh public sector. These are:

- £7.9 million to the NHS Voluntary Early Release Scheme;
- £5 million to the Welsh Government Voluntary Severance Scheme;
- £2.5 million to the Natural Resources Wales Voluntary Early Severance Scheme; and
- £0.5 million to the National Library of Wales Voluntary Early Release Scheme

Evidence from the Minister

21. The Minister was asked about the value for money of Invest-to-Save voluntary severance schemes and what initial assessment has been made of the savings that could be generated by these schemes, particularly in relation to the scheme in place at Natural Resources Wales. The Minister replied:

“...in terms of Natural Resources Wales, they did receive £2.5 million for their latest scheme. It’s different from the first scheme, which we supported through invest-to-save, because the first scheme was about the transition in terms of funding voluntary early release for staff as a result of the merger, going into NRW. I think it’s important to put on the record that that scheme achieved savings of £4 million a year.”¹⁰

22. When further questioned on the Invest-to-Save scheme in Natural Resources Wales, the Minister said the amounts were ‘relatively small

¹⁰ National Assembly for Wales, Finance Committee, Draft Record of Proceedings paragraph 31, 25 February 2015

in the context of the whole of invest-to-save' and it is expected to be paid back in 2015-16 with £29 million savings by 2024.¹¹

Committee view

23. The Committee scrutinised an allocation for a previous workforce reconfiguration scheme for Natural Resources Wales made in the First Supplementary Budget 2013-14, noting in its report that:

“Finance Committee has been very supportive of the Invest-to-Save Scheme and believes it to be an example to other governments around the UK and beyond. However, we are disappointed to see that it appears to be being used as a ready cash fund to meet costs associated with the Natural Resources Wales merger. While these payments may generate savings in the long term, we do not believe they are within the spirit of the scheme. We repeat our earlier recommendation that Invest-to-save funding should only be used where there is robust evidence of savings resulting from the investment, not where this is a need for extra funding, which will probably result in savings over time.”¹²

The Committee is keen to see that Invest-to-Save projects deliver the savings that are anticipated. Given the issues around the previous Natural Resources Wales voluntary early release scheme, the Committee would like to see further details of the anticipated savings for the current voluntary severance scheme, and will monitor this to see if the savings achieved are as expected.

¹¹ National Assembly for Wales, Finance Committee, Draft Record of Proceedings paragraph 32, 25 February 2015

¹² National Assembly for Wales, Finance Committee, [First Supplementary Budget 2013-14](#) – November 2014

4. Reprioritisation and in year reductions (Prioritisation)

24. Three MEGs have seen overall reductions in discretionary expenditure (DEL) allocations between the first and second supplementary budgets for 2014-15. These are Local Government (£4.3 million), Education and Skills (£11.9 million) and Central Services and Administration (£12 million).

25. Within the Education and Skills MEG, there are a number of increases and decreases within the overall reduction of £11.9 million. The largest decreases are to the Youth Engagement and Employment (£9.3 million) and Post-16 Education actions (£26.2 million) within the Education and Skills MEG. The Post-16 Education action contains funding for apprenticeships, other forms of work based learning and further education.

26. Within the Local Government MEG, the largest decrease seen was in the allocation to the Funding Support for Local Government action. This saw an overall decrease of £2.4 million, made up of a reduction of £2.49 million to contribute to managing in-year pressures, and a transfer in of £0.08 million to cover NATO costs.

27. Within the Central Services and Administration MEG, there are a number of increases and decreases within the overall reduction of £12 million. The largest decrease is the transfers to Invest-to-Save projects outlined above. However, there are also reductions in the allocations for the EU Targeted Match Funding action of £1.5 million revenue and £6.3 million capital. The capital allocation saw a reduction due to lower than anticipated demand.

28. The additional allocations to the Health and Social Services MEG have mostly been funded from reserves. As a partial contribution to these additional allocations, the Welsh Government transferred £62.5 million in fiscal revenue DEL (for example pay, current procurement costs), £0.2 million non-fiscal revenue (for example costs associated with depreciation) DEL and £20.1 million in capital DEL to reserves from the other six MEGs.

Evidence from the Minister

29. The Minister was asked how decisions were made on the relative contributions of the other six MEGS towards the additional funding for the Health and Social Services MEG, and responded that:

“... again, was a very difficult decision. When we received the Nuffield report in June, we realised the magnitude of what we could have expected to find and we then had to start work immediately. Of course, that’s work that I undertake with Ministers to identify ways in which savings could be achieved. So, it’s not an expectation where we say, you know, ‘You’re going to have to produce this or else’, it’s actually working with Ministers, making it an expectation that we needed to seek funding from them. Obviously, you can’t turn to the reserve for all of the funding, particularly at that time of the financial year. It was very important in terms of the £200 million that we didn’t wait until December, for example, for the final budget. We needed to get the message out as soon as possible that this funding would be made available. I mean, I think I’ve made the points about why we felt we had to find this funding, and the Cabinet and Ministers, then, obviously, had to very carefully scrutinise their budgets and their in-year spend to see what they could contribute to this.”¹³

30. When asked what impact the in-year reductions in the Education and Skills MEG have on young people in Wales, the Minister confirmed she had done all she could to minimise the effect on young people¹⁴ and there were methods being used to ‘try and protect young peoples’ funding streams’.¹⁵

31. When asked about funding support for local government the Minister said local government has been protected and it was important to recognise that ‘Welsh Government support for local government has increased in cash terms compared with England’.¹⁶

¹³ National Assembly for Wales, Finance Committee, Draft Record of Proceedings, paragraph 37, 25 February 2015

¹⁴ National Assembly for Wales, Finance Committee, Draft Record of Proceedings, paragraph 46-47, 25 February 2015

¹⁵ National Assembly for Wales, Finance Committee, Draft Record of Proceedings, paragraph 45, 25 February 2015

¹⁶ National Assembly for Wales, Finance Committee, Draft Record of Proceedings paragraph 50, 25 February 2015

32. When asked further questions on how this ‘cash terms’ support translated to real terms, taking into account inflation the Minister said she would write to the Committee with further details on this.

33. The Minister was asked further questions relating to potential costs for local government (and the third sector) in relation to recent court judgements regarding the salaries and subsistence payments to care workers and whether additional funding would be found for these additional costs in the same way additional funding was found for health.

34. The Minister was aware of the court judgement and stated an extra £10 million had been put into the RSG for social services.¹⁷

Committee view

The Committee remains unsure as to the reasons behind the relative contributions of the other six MEGs to the additional funding allocated to the Health and Social Services MEG, particularly the reasons why some MEGs contributed more than others. The Committee recommends that the Minister clarify this decision-making process.

The Committee is concerned that additional funding has been allocated to NHS organisations to help alleviate financial pressures, but not to local government and the third sector in respect of recent court judgements in the social care sector. The Committee recommends that the Minister undertake work to assess the potential implications of additional costs facing these sectors. We also recommend that the Minister consider providing assistance to local government and the third sector to help mitigate these additional costs.

¹⁷ National Assembly for Wales, Finance Committee, Draft Record of Proceedings paragraph 64, 25 February 2015

5. Reserves and the Budget Exchange System (Affordability)

35. As part of agreements between the UK Government and the devolved administrations, the Welsh Government is able to carry forward underspends during this Spending Review period. These are capped at 0.6% of the resource DEL budget, 1.5% of the traditional capital DEL budget and 10% of financial transactions funding available in 2014-15. Consequently, the caps for 2014-15 are £83 million fiscal resource DEL, £3.4 million non-fiscal resource DEL, £20.8 million traditional DEL and £12 million financial transactions funding. As at the second supplementary budget 2014-15, reserves held are:

- £60.3 million fiscal resource DEL (below the cap);
- £54.3 million non-fiscal resource DEL (above the cap);
- No traditional Capital DEL;
- £1.9 million financial transactions funding (below the cap).

Evidence from the Minister

36. In relation to the budget exchange system, the Minister said they were constrained by the system, but ‘have got the flexibility if we had any unforeseen pressures’.¹⁸ The Minister continued:

“Although we’ve got this budget exchange system constraint, I’ve negotiated flexibilities year on year. For example, we’ve got flexibilities relating to our financial transactions funding, so that’s been carried forward, our allocation, because we couldn’t allocate all the money. We didn’t have enough time to develop proposals sufficiently. This is something that’s been afforded to Scotland and Northern Ireland, I believe, as well. We also negotiated money for flood protection last year, which we were allocated, but, as far as I’m concerned, we need more flexibilities.”¹⁹

¹⁸ National Assembly for Wales, Finance Committee, Draft Record of Proceedings, paragraph 87, 25 February 2015

¹⁹ National Assembly for Wales, Finance Committee, Draft Record of Proceedings, paragraph 84, 25 February 2015

Committee view

The Committee welcomes the additional flexibility granted to the Welsh Government regarding carrying forward financial transactions funding, and recommends that the Minister continues with her efforts to obtain more flexibility in terms of the budget exchange system.

6. Other bodies

Wales Audit Office

37. The Wales Audit Office ('WAO') 'Explanatory Memorandum to the Finance Committee Regarding the Variation of the Budget of the Wales Audit Office for the Year Ending 31 March 2015'²⁰ requests a transfer from revenue to capital of £216,000. This is to purchase and implement a new audit IT system to replace legacy systems that are now causing business continuity risks.

38. In a letter to the Committee it was confirmed that the request has been:

“... discussed with Welsh Government officials to align with the Welsh Government’s supplementary budget timeline. I have written separately to the Minister for Finance and Government Business.”²¹

Committee view

39. The Committee were pleased that the Auditor General highlighted his intention to take this course of action when submitting the Annual report and accounts for 2013-14 and Estimate for 2015-16 in autumn 2014.

40. At that time the Committee questioned the witnesses on the new audit IT system and the need for a transfer of resource from revenue to capital for the £216,000 expenditure. In the Committee’s report ‘Scrutiny of the Auditor General for Wales’ Annual Report and Account 2013-14; and the Wales Audit Office Estimate 2015-16’ the Committee welcomed that this was to be met through existing resources.²²

41. The Committee’s report highlighted that they were keen to develop a “no surprises” approach to the scrutiny of the WAO and

²⁰ National Assembly for Wales, Finance Committee, Fin(04)-03-15 Paper 4 – Explanatory Memorandum

²¹ National Assembly for Wales, Finance Committee, Fin(04)-03-15 Paper 3 – Letter from the Wales Audit Office to Chair

²² National Assembly for Wales, Finance Committee, [Scrutiny of the Auditor General for Wales’ Annual Report and Account 2013-14; and the Wales Audit Office Estimate 2015-16](#) – November 2014

highlights comments and provided recommendations in terms of providing a high level IT plan alongside the annual report and budget.

The Committee were content with the proposals of the Wales Audit Office and are pleased to note that the WAO have discussed proposed Supplementary Budget changes with both Welsh Government officials and the Minister for Finance and Government Business.

The National Assembly for Wales

42. The Assembly Commission Supplementary Budget 2014-15 Explanatory Memorandum²³ was laid on 3 February 2015. Following this the Chair wrote to the Commission²⁴ asking for further information. A response was received from the Commission.²⁵

43. The Commission provided a breakdown of changes leading to an increase in expected income. Car parking income is skewed slightly by the Commission being able to reclaim VAT on external parking costs.

44. The pension amendment is a non-cash adjustment and an estimate of a likely revaluation later in the year. The Commission have agreed to provide an update of the revaluation after the end of the financial year.

Revenue Capital switch

45. Although there is no change in the overall cash requirement from the Welsh Consolidated Fund, the does appear to be a switch of funding from capital to revenue.

46. The switch from capital to revenue is not a large amount compared to the Commission's overall budget, although it is a large proportion of the capital budget. The capital budget was £1.741m in the 2014-15 Budget. This has been reduced by £1.241m to £0.5m. This change was not highlighted and was only identified by reference

²³ National Assembly for Wales, GEN-LD10095, [Assembly Commission Supplementary Budget 2014-15 Explanatory Memorandum, 3 February 2014 \[accessed 19 February 2015\]](#)

²⁴ National Assembly for Wales, Finance Committee, Fin(04)-03-15 Paper 6 – Letter from Chair to Angela Burns

²⁵ National Assembly for Wales, Finance Committee, Fin(04)-03-15 Paper 7 – Letter from Claire Clancy to Chair

to the original budget ambit section of the Commission's Draft Budget 2014-15 documentation.

Committee view

47. The Committee has found it is difficult to identify from the Assembly Commission's Draft Budget 2014-15 what the capital which is changing to revenue was intended to be used for. The word 'investment' is frequently used in the budget documentation, but not in relation to capital.

48. The Committee were concerned that the Assembly Commission's Supplementary Budget included a transfer from revenue to capital, which was not highlighted nor was the impact described in accompanying documentation.

49. It is not possible for the Committee to identify what investment priorities and allocations have changed compared to those authorised in the Commission's original budget, or whether the changes proposed in their Supplementary Budget will have any impact on commitments in future years.

50. The Committee would also have expected evidence of more formal notification to the Welsh Government over this change to ensure that they were able to plan for this change at a late point in the financial year. For example, the Wales Audit Office stated that they had written to the Finance Minister detailing the changes proposed in their recent Supplementary Budget.

The Committee notes the change from capital to revenue but is concerned that this was not easily identifiable in the budget documentation. The Committee recommends the Assembly Commission reviews its approach to budget documentation to ensure the same level of transparency expected of other public sector bodies.

The Committee would not normally expect to authorise a shift from capital to revenue and would not wish to see this approach taken again by the Assembly Commission.

51. The Committee note that the Assembly Commission's cash requirement is on a net basis and that there is an income limit included within the Budget Ambit. This has been set at £250,000 for a

number of years, being a reasonable and realistic target based on previous years' experience.

The Committee agree that the income limit included within the Budget Ambit of the Assembly Commission should be increased as suggested and would like to see this limit increased to a more realistic target in future years

Annex A

Y Pwyllgor Cyllid
Finance Committee

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Jane Hutt
Minister for Finance and Government Business

25 February 2015

Dear Jane

Second Supplementary Budget 2014-15

Thank you for attending Committee to give evidence yesterday. I write to clarify the position regarding the commissioning of the 'Nuffield Trust Report: A Decade of Austerity in Wales'. When asked in Committee who had commissioned this report, you replied:

"I think I'd have to clarify exactly with the Minister for Health and Social Services. ... It wasn't commissioned by the Welsh Government, but the Welsh Government wanted to—. ... I think it was felt outside the Welsh Government, but welcomed by the Welsh Government, that we needed that overview, which would very much fall alongside a Nuffield overview in England in terms of finances."¹

Having looked at the Nuffield Trust Report, I have noted that it says:

"This is an independent report, which has been commissioned by the Welsh Government."

I would be grateful for your clarification on this matter and due to the timescales associated with the supplementary budget I would be grateful for a quick response.

Yours sincerely,

Jocelyn Davies AM
Chair

¹ Extract from draft committee transcript

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Croesewir gohebiaeth yn y Gymraeg a'r Saesneg/We welcome correspondence in both English and Welsh

Annex B - Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at

www.senedd.assembly.wales/mgIssueHistoryHome.aspx?IId=1243

25 February 2015

Jane Hutt AM	Minister for Finance and Government Business
Gawain Evans	Deputy Director Financial Controls, Welsh Government
Matt Denham-Jones	Head of Budgetary Control and Reporting, Welsh Government