

Rebecca Evans AS/MS
Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad
a Swyddfa'r Cabinet
Cabinet Secretary for Finance, Constitution & Cabinet Office



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref: MA/RE/6064/24

Mark Isherwood MS/AS
Chair
Public Accounts and Public Administration Committee
Senedd Cymru

SeneddPAPA@senedd.wales

8 August 2024

Dear Mark,

**Additional Response to the Report of the Senedd Cymru/Welsh Parliament
Public Accounts and Public Administration Committee Report on
Review of the Welsh Commissioners, July 2023**

**Provided by: Rebecca Evans MS, Cabinet Secretary for Finance, Constitution and
Cabinet Office**

I accepted the following recommendations in my response to the Committee in August 2023, which included a request by the Committee for an update once these arrangements had been in place for two years. I am now able to provide that update and there have been no additional issues reported since the Committee considered these issues.

As an overall point, I need to ensure that all Central Government bodies operate within the requirements of both *Consolidated Budgeting Guidance* and *Managing Welsh Public Money*. We are aware of the impacts that Commissioners reported regarding the operation of the use of reserves or the accounts boundary and continue to work with them.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Recommendation 11

The Commissioners identify issues with the restrictions on their use of reserves following the designation, from February 2022, of their offices in the Welsh Government accounting boundary. Given the related risk to independence and potential other unintended consequences, the Committee recommends that the Welsh Government reviews the impact of the changes after they have been in operation for two years and provides an update to the Committee by September 2024.

As noted in my response in 2023, the restrictions on reserves are as set out in the UK Public Expenditure framework detailed in the *Consolidated Budgeting Guidance* set out by HM Treasury. The position on reserves is compliant with *Managing Welsh Public Money* and the requirement not to pay Grant in Aid in advance of need. Holding reserves from one year to the next does not guarantee that there will be budget cover in a later year for a public body to be able to utilise them.

There are separate processes for the Welsh Government to consider any request for flexibility to retain cash in excess of the approved 5% of total income tolerance and for the relevant Minister to approve additional resource budget to fund

- any slippage in approved activities from one financial year to another, or
- an increase in planned activities approved for the current year.

Recommendation 13

We recommend the Welsh Government reviews the impact on the Commissioners of bringing them into its accounting boundary. This should be completed two years after such changes have been in operation, with an update provided to the Committee by September 2024.

Designation aligns the Senedd-voted Budget Motion to the resources used, including the resources used by the designated body in the Budget Motion, rather than just the cash payments made to the entity. The designation status of the body has no impact on how the UK Public Expenditure framework is applied.

All Welsh public bodies classified by the Office for National Statistics as Central Government bodies are within the Welsh Government budget boundary on a resources (that is, accruals rather than cash) basis under *Consolidated Budgeting Guidance*. This is irrespective of whether or how they have been designated.

Yours sincerely,



Rebecca Evans AS/MS

Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad a Swyddfa'r Cabinet
Cabinet Secretary for Finance, Constitution & Cabinet Office