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Y Gweinidog Cyllid
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Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref:

Jocelyn Davies AM,
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16 April 2014

Desi Iaclyn,

Finance Committee's Report: Scrutiny of Welsh Government's Supplementary Budget Motion 2013-14 (February 2014)

Thank you for your scrutiny report of the Welsh Government's Second Supplementary Budget 2013-14.

I enclose a note at Annex A, which responds to the specific recommendations set out in the Committee's report. In line with our usual practice, I will also provide a written report to the Committee on final outturn for 2013-14 in due course.

Best wishes,

Jane

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Annex A

Recommendation 1: The Committee recommends the Minister provide written details of the arrangements for paying back financial transactions funding to the Treasury when an agreement is reached. (Page 13)

Response: The Minister for Finance confirmed during her attendance at Finance Committee on 19 February that she would be happy to provide the Committee with full details of the arrangements for paying back financial transactions, once an agreement is reached with HM Treasury.

Recommendation 2: The Committee is concerned that the Discretionary Assistance Fund is costing over £2 million, in administration costs for Northgate Public Services. The Committee recommends that further work is undertaken to monitor and review how the fund is administered, whether administration costs are proportionate and why initial uptake for the scheme was slow considering the scheme effectively replaced a scheme that was already in existence. (Page 16)

Response: The Minister for Finance was pleased to confirm to the Committee in her letter on 5 March that in awarding the contract for the administration of the Welsh Government's Discretionary Assistance Fund, which is the replacement scheme for the discretionary Social Fund, the Welsh Government has delivered significant cost savings and reduced the administration costs in this financial year to just over £1.3m.

In terms of the take-up of grant payments, as discussed in Committee and as set out in the letter from the Minister for Finance, the under-spend this year was the result of the initial slow take up of the grant. The Discretionary Assistance Fund is a new scheme and whilst similar in focus to the previous discretionary Social Fund, it operates differently and places a greater emphasis on the importance of partners across Wales, such as advice agencies, raising awareness of the scheme and supporting people in putting together their applications. The initial development of the partner network took time, which impacted on demand but there are now over 400 partners to the Fund, and it continues to grow. The demand for the Fund is now reaching expected levels and we do not anticipate underspends in future years.

As the Fund is now coming to the end of its first year, an independent evaluation will take place to look at how it is operating. This evaluation will inform any changes or improvements to the Fund going forward.

Recommendation 3: The Committee supports the Minister's aim to improve the link between allocations and outcomes and would recommend that the Welsh Government takes the opportunity of including information in terms of resource input as well as outputs and outcomes in the next Programme For Government annual report. (Page 18)

Response: As the Committee has acknowledged, the Welsh Government is committed to publishing a greater level of information on the links between outcomes and allocations.

The Minister for Finance confirmed in Finance Committee on 19 February that officials are undertaking further work to explore the links between budgets and outcomes, and that this will contribute to work on the publication of this year's Programme for Government Annual Report. The Welsh Government will also reflect on this in terms of its preparations for the Draft Budget 2015-16.

Recommendation 4: The Committee notes the allocation from, and repayments to, the Invest-to-Save fund, and is content with this. However, the Committee recommends that the Minister commit to producing an annual report which details the money being transferred from and repayments to *Invest-to-Save*. The report should identify the actual and projected savings to be made from the *Invest-to-Save* projects. (Page 22)

Response: As the Minister for Finance set out in her letter to the Finance Committee on 5 March, budget information about the Fund is already published. This information includes individual project investments and their associated benefits, together with budget details showing the origin of funding, including repayments. With the publication of the Whole Government Accounts for 2013-14 this summer, corresponding expenditure information will also become available.

The Minister's Invest-to-Save Annual Report currently includes project investment details and their associated, projected savings, with details of actual savings achieved being shown in project case studies. Details of savings achieved by completed Invest-to-Save supported projects will be available later this year, when the findings of the latest evaluation of the fund are published.

The Minister for Finance will consider the scope to include further financial information in the next Invest-to-Save Annual Report, planned for publication in the autumn.