

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Video Conference via Zoom	Bethan Davies
Meeting date: 13 July 2020	Committee Clerk
Meeting time: 14.00	0300 200 6372
	SeneddFinance@senedd.wales

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv

- 1 Introductions, apologies, substitutions and declarations of interest
(14.00)
- 2 Paper(s) to note
(14.00) (Pages 1 – 6)
Minutes of the meeting held on 4 June 2020
Minutes of the meeting held on 15 June 2020
 - 2.1 PTN1 – Letter from the Culture, Welsh Language and Communications Committee to the Minister for International Relations and the Welsh Language – First Supplementary Budget 2020–21 – 17 June 2020
(Pages 7 – 9)
 - 2.2 PTN2 – Letter from the Minister for Finance and Trefnydd – Finance Ministers’ Quadrilateral meetings – 19 June 2020
(Page 10)

- 2.3 PTN3 – Letter from the Minister for Finance and Trefnydd – First Supplementary Budget 2020–21: Action points from the meeting on 4 June 2020 – 22 June 2020**
(Pages 11 – 12)
- 2.4 PTN4 – Letter from the Minister for Education – Additional ALN funding for the FE sector – 23 June 2020**
(Pages 13 – 14)
- 2.5 PTN 5 – Letter from the External Affairs and Additional Legislation Committee to the Counsel General and Minister for European Transition– Regional investment policy in Wales after Brexit – 25 June 2020**
(Pages 15 – 16)
- 2.6 PTN 6 – Letter from Minister for Finance and Trefnydd – UK Contingencies Fund – 3 July 2020**
(Page 17)
- 2.7 PTN 7 – Letter from the Minister for Finance and Trefnydd to the Chancellor of the Exchequer: Summer economic update – 3 July 2020**
(Pages 18 – 22)
- 2.8 PTN 8 – Letter from the Minister for Economy, Transport and North Wales to the Chancellor of the Exchequer: Job Retention Scheme and Self-Employment Income Support Scheme – 4 June 2020**
(Pages 23 – 24)
- 2.9 PTN9 – Letter from the Senedd Commission: Legislation Software Project Update – 7 July 2020**
(Pages 25 – 27)
- 3 Motion under Standing Order 17.42 to resolve to exclude the public from items 4, 5, 6, 7, 8 and 10**
(14.05)
- 4 Inquiry into a legislative budget process: Consideration of draft report**
(14.05–14.20) (Pages 28 – 58)
Supporting paper:

Paper 1 – Draft report

5 Appointment of Non-Executive Members and Chair of the Wales Audit Office Board: Consideration of draft report

(14.20–14.30)

(Pages 59 – 61)

Supporting papers:

Paper 2 – Draft report

Paper 3 – Letter from the First Minister – Remuneration arrangements for the Chair of the Wales Audit Office – 22 June 2020

Paper 4 – Letter from Director of Corporate Services, Welsh Government – Remuneration arrangements for Non-Executive Members of the Wales Audit Office – 25 June 2020

6 Welsh Government Draft Budget 2021–22: Approach to scrutiny

(14.30–14.40)

(Pages 62 – 78)

Supporting papers:

Paper 5 – Approach to scrutiny

Paper 6 – Draft consultation letter

Paper 7 – Letter from Minister for Finance and Trefnydd: Timing of the Draft Budget 2021–22 – 2 July 2020

Paper 8 – Letter from the Business Committee – Proposed timetable for the Draft Budget 2021–22– 8 July 2020

7 Consideration of the Committee's forward work programme

(14.40–14.50)

(Pages 79 – 83)

Supporting paper:

Paper 9 – Forward work programme: Autumn

8 Consideration of responses from Directly Funded Bodies: Financial impact of COVID–19

(14.50–15.00)

(Pages 84 – 98)

Supporting papers:

Paper 10 – Letter from the Public Services Ombudsman for Wales – 3 July 2020

Paper 11 – Letter from the Senedd Commission – 7 July 2020

Paper 12 – Letter from Audit Wales – 7 July 2020

BREAK (15.00–15.15)

9 COVID–19: Evidence session with Rt. Hon Simon Hart MP, Secretary of State for Wales

(15.15–16.15)

(Pages 99 – 118)

Rt. Hon Simon Hart MP, Secretary of State for Wales

Geth Williams, Deputy Director of Constitution, Wales Office

Supporting papers:

Paper 13 – Letter from the Secretary of State for Wales – COVID–19: Support
for Wales – 9 April 2020

Research Brief

10 COVID–19: Consideration of evidence

(16.15–16.25)

Concise Minutes – Finance Committee

Meeting Venue:

This meeting can be viewed

Video Conference via Zoom

on [Senedd TV](#) at:

Meeting date: Thursday, 4 June 2020

<http://senedd.tv/en/6347>

Meeting time: 14.00 – 15.27

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd MS (Chair) Alun Davies MS Siân Gwenllian MS Mike Hedges MS Rhianon Passmore MS Nick Ramsay MS Mark Reckless MS
Witnesses:	Rebecca Evans MS, Minister for Finance and Trefnydd Margaret Davies, Welsh Government Matthew Denham-Jones, Welsh Government
Committee Staff:	Bethan Davies (Clerk) Georgina Owen (Second Clerk) Martin Jennings (Researcher)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the virtual meeting of the Finance Committee.



2 Paper(s) to note

2.1 The papers were noted.

2.1 PTN1 – Letter from the Auditor General for Wales to the Chair of the Committee on Electoral Reform: Capacity of the Senedd – 15 May 2020

2.2 PTN2 – Letter from the Welsh Revenue Authority – Annual Report and Accounts 2019–20 – 22 May 2020

2.3 PTN3 – Letter from the Chair of the Public Accounts Committee to the Auditor General and Future Generations Commissioner – Well-Being of Future Generations: Statutory Reports – 29 May 2020

3 Welsh Government First Supplementary Budget 2020–21: Evidence session

3.1 The Committee took evidence from Rebecca Evans MS, Minister for Finance and Trefnydd; Matthew Denham-Jones, Deputy Director Financial Controls; and Margaret Davies, Deputy Director of Strategic Budgeting on the Welsh Government's First Supplementary Budget 2020–21.

3.2 The Minister agreed to write to the Committee:

- detailing how much overall additional COVID-19 funding each health board will receive in this supplementary budget;
- providing the health department's key performance indicators to measure the effectiveness of the £57 million spend to support the Test Trace Protect Strategy, in terms of the capital required to establish the programme and its operating costs;
- on the outcome of her discussions with the Minister for Housing and Local Government regarding the funding for Armed Forces Liaison Officers.

4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting and the meeting on 15 June 2020

4.1 The motion was agreed.

**5 Welsh Government First Supplementary Budget 2020–21:
Consideration of evidence**

5.1 The Committee considered the evidence received.

6 Consideration of the Committee's forward work programme

6.1 The Committee considered its forward work programme.

Concise Minutes – Finance Committee

Meeting Venue:

This meeting can be viewed

Video Conference via Zoom

on [Senedd TV](#) at:

Meeting date: Monday, 15 June 2020

<http://senedd.tv/en/6368>

Meeting time: 14.01 – 15.48

Private

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd MS (Chair) Alun Davies MS Siân Gwenllïan MS Mike Hedges MS Rhianon Passmore MS Nick Ramsay MS Mark Reckless MS
Committee Staff:	Bethan Davies (Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Second Clerk) Martin Jennings (Researcher) Owen Holzinger (Researcher) Christian Tipples (Researcher) Ben Harris (Legal Adviser)



1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the virtual meeting of the Finance Committee.

2 Welsh Government First Supplementary Budget 2020–21: Consideration of draft report

2.1 The Committee agreed the report with minor changes.

3 Impact of variations in national and sub-national income tax: Consideration of draft report

3.1 The Committee agreed the report with minor changes.

4 Implementation and operation of Part 2 (Finance) of the Wales Act 2014 and the Fiscal Framework: Scoping paper

4.1 The Committee considered the scoping paper and agreed the terms of reference for the inquiry.

5 Legislative Consent: Finance Bill 2020

5.1 The Committee considered the Legislative Consent Memorandum and agreed the report.

6 Inquiry into a legislative budget process: Response from the Minister for Finance and Trefnydd

6.1 The Committee considered the Minister's response and agreed to prepare an interim report on the Committee's inquiry.

7 Oversight of the Wales Audit Office: Update for the Finance Committee

7.1 The Committee noted the correspondence.

8 Oversight of the Wales Audit Office: The Chair's expenses

8.1 The Committee noted the issue regarding the Chair's expenses.

9 Oversight of the Wales Audit Office: Remuneration arrangements for the Auditor General for Wales

9.1 The Committee noted the Auditor General's remuneration arrangements and issue regarding expenses and agreed to return to the matter following its next scrutiny session with the Auditor General.

Eluned Morgan MS

Minister for International Relations and the Welsh Language

Welsh Government

17 June 2020

Dear Eluned,

Welsh Government Supplementary Budget 2020–21

The Culture, Welsh Language and Communications Committee discussed the Welsh Government's First Supplementary Budget 2020–21 at our meeting on 11 June.

I understand that the Welsh Language budget allocation within your portfolio has decreased by £2 million. The explanatory notes that accompany the Supplementary Budget laid before the Senedd says these savings have been made by 'adapting the learning environment and managing delivery in the current climate' and a reprioritisation of funding from 'planned activities that can no longer happen as a result of the pandemic or can be delayed or adapted'.

I also note that £350,000 has been reprioritised from the Welsh in Education BEL within the Minister for Education's portfolio. This funding would have been used to support early years provision such as Mudiad Meithrin, Welsh-medium education planning and the Coleg Cymraeg Cenedlaethol.

The National Centre for Learning Welsh has presented evidence to the Committee's inquiry into the effect of the COVID 19 outbreak on areas within its remit. It states that the Centre discussed a decrease in its budget with the Welsh Government at the end of March 2020, and the result was a £1.5 million reduction



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to its budget between April 2020 and July 2021. Of the £1.5 million reduction, £1.02 million comes from the Cymraeg Gwaith/Work Welsh budget. As a result, the Centre will have to pause some of its planned work programme and consider other opportunities for employees to learn Welsh.

I note from their evidence that the Centre has expanded its online learning to accommodate the increase in demand during the lockdown. The centre has provided 89 online classes and registered 1,300 learners. This increase in demand for digital learning has demonstrated that there is a public appetite for learning Welsh. The Committee want to ensure that we build on this once the lockdown is lifted. I also note from the Centre's evidence that there are continuing discussions with the Welsh Government on further budget cuts.

I very much hope you can reassure us that the budget reduction within your portfolio is only temporary, and that the budget will be restored in full after July 2021. Indeed, if we are to build on this surge in interest for language learning online, then additional investment will be needed to support digital learning, alongside more traditional methods of learning in the future.

I am keen to ensure that the gains made by the Centre will not be lost. Will your department be carrying out a risk analysis of the impact of reducing the budget for the Centre?

Whilst it is imperative that funding is channelled to deal with the immediate threat of COVID-19, I am concerned that the reduction in funding does not become permanent. Can you reassure the Committee that there is a sufficient level of funding to deliver the Welsh Government's commitments to achieving 1 million Welsh speakers by 2050?

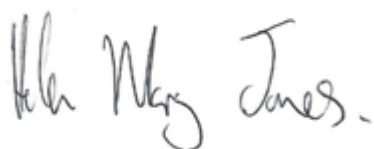
Clearly, resources must be prioritised on reducing direct and indirect harm resulting from the COVID-19 pandemic. It is also a priority to support those whose livelihoods are at risk from not being able to work. I therefore welcome and support the reprioritisation of £800k from the Events Wales budget to support the Eisteddfod Genedlaethol and Llangollen International Musical Eisteddfod following the cancellation of events in 2020. Please can you let me know if you will be



meeting with representatives from these organisations to assess the financial impact of cancelling these events? The Committee would also like to know whether the Urdd and other organisations that support the Welsh language have approached you for additional support in the short and longer term.

I would be grateful if you could respond to the questions in this letter at the earliest opportunity.

Yours sincerely,

A handwritten signature in black ink that reads "Helen Mary Jones." The signature is written in a cursive, flowing style.

Helen Mary Jones

Chair of the Culture, Welsh Language and Communications Committee

c.c. Llyr Gruffydd, Chair of the Finance Committee



Agenda Item 2.2

Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd



Llywodraeth Cymru
Welsh Government

Llyr Gruffydd MS
Chair, Finance Committee
Welsh Parliament
Cardiff Bay
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19 June 2020

Dear Llyr,

When I gave evidence to the Committee last month in relation to the financial response to the COVID-19 crisis, I highlighted the constructive discussions that are taking place as part of regular meetings of the Finance Ministers' Quadrilateral.

Since the outbreak, we have met on four occasions (27 March, 9 April, 30 April and 19 May) to discuss the fiscal response to the crisis. The meetings have focused on a range of issues, ranging from certainty on the funding and flexibilities available to the devolved Governments to respond to, and mitigate the impact of the crisis, to specific interventions such as the Job Retention Scheme. In the coming weeks, I would expect our discussions to focus on the fiscal implications of moving out of lockdown and into recovery, as well as the continued discussions in relation to additional budgetary flexibilities.

In line with my recent evidence to Committee on the First Supplementary Budget, I will update the Committee on the capital to revenue switch once we have concluded those discussions with the Treasury.

Yours sincerely,

Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

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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.

Eich cyf/Your ref
Ein cyf/Our ref RE/235/20

Llyr Gruffydd MS
Chair, Finance Committee
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Cardiff Bay
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22 June 2020

Dear Llyr,

I am writing to provide further information on a few issues that were raised during our recent scrutiny session on the first supplementary budget.

Additional COVID-19 funding to Health Boards

£573m has been allocated to the Health & Social Services MEG in this budget to support the COVID-19 response. This includes over £113m that the Minister for Health & Social Services was able to repurpose within his MEG to direct towards the immediate COVID-19 response.

Over £490m will be directed to supporting Health Boards and Trusts. Allocations include funding for personal protective equipment, field hospitals, additional staffing, testing and additional medical equipment and consumables.

Throughout the early part of the pandemic we were able to ensure that funding approvals were made swiftly and cash support for the NHS response was in place at the right time. NHS organisations are now submitting regular monthly monitoring information which is identifying the cost impact of COVID-19 both through the early months of the year and forecasts for the rest of 20-21. Officials are working through this information and first quarter allocations are expected to be confirmed before the end of June.

Test Trace Protect Strategy

The allocation of £57m for Testing was to support the initial requirements of the All Wales Testing Strategy that was announced at the end of March. The majority of this funding will be going to Public Health Wales to support the work they have been doing to enable Wales

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to gradually scale up its capacity for testing key workers and, more recently, anyone who is exhibiting symptoms of the infection.

The focus is now on the recently announced Test, Trace, Protect policy for Wales. We are ensuring this can be delivered effectively in Wales and working with the UK Government. The funding issued so far only forms one element of the strategy and the full scope of the funding required for the rest of this financial year is still being worked through and could not be included in this budget.

I will provide a further update on the developments of this programme and monitoring of its effectiveness in my response to the Committee's report on the first supplementary budget.

Armed Forces Liaison Officers

I can confirm that the Armed Forces Liaison Officers scheme is in operation this year and is being funded within the Housing and Local Government MEG. Decisions on funding beyond 2020-21 will be taken as part of the annual budget for 2021-22 in the normal way.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style.

Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Llyr Gruffydd MS
Chair
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23 June 2020

Dear Llyr

At the Finance Committee's scrutiny session of the draft Budget 2020-21 on 18 December 2019, Alun Davies MS enquired as to how the additional £8m allocated for additional learning needs (ALN) in 2020-21 would be allocated. The Minister for Finance and Trefnydd asked me to write to the Committee with this information. In January 2020 I wrote to the Committee outlining the method of allocating the funding, which will be divided between local authorities and FEIs according to the proportion of learners with special educational needs (SEN) in each sector. This letter provides finalised allocations.

Using the above methodology, the split between LAs and FEIs was calculated as 89.4% to local authorities and 10.6% to FE. This equates to **£7,154,904 to LAs** and **£845,096 to FEIs**.

For LAs, the existing SEN Indicator Based Assessment formula within the Revenue Support Grant has determined the funding awarded to each LA via 22 individual grants for the following amounts:

Isle of Anglesey	£161,437
Gwynedd	£273,992
Conwy	£253,726
Denbighshire	£229,117
Flintshire	£369,932
Wrexham	£326,376
Powys	£278,526
Ceredigion	£144,183
Pembrokeshire	£283,673
Carmarthenshire	£432,153
Swansea	£514,285

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Neath Port Talbot	£335,051
Bridgend	£325,065
The Vale of Glamorgan	£297,835
Rhondda Cynon Taff	£593,285
Merthyr Tydfil	£151,141
Caerphilly	£450,641
Blaenau Gwent	£169,404
Torfaen	£228,312
Monmouthshire	£199,831
Newport	£361,179
Cardiff	£775,760

For FEIs, the following allocations will be made via the FE Additional Learning Support grant:

Bridgend College	£54,690
Coleg Sir Gâr	£59,572
Coleg Cambria	£86,942
Cardiff and the Vale College	£83,668
Coleg Gwent	£95,708
The College Merthyr Tydfil	£45,996
Pembrokeshire College	£46,895
Coleg y Cymoedd	£77,456
St David's Catholic College	£39,639
Gower College Swansea	£66,988
Adult Learning Wales	£35,079
Grwp NPTC Group	£65,303
Grwp Llandrillo Menai	£87,160

Guidance setting out priorities for the use of the funding will be issued in advance of proposals being submitted by FEIs.

Yours sincerely



Kirsty Williams AS/MS
Y Gweinidog Addysg
Minister for Education

Copy: Minister for Finance and Trefnydd

Jeremy Miles MS
Counsel General and Minister for European Transition

25 June 2020

Dear Jeremy,

Regional investment policy in Wales after Brexit – request for an update

Despite the unprecedented circumstances arising from the COVID-19 pandemic, both parties have indicated (most recently following the [High Level Meeting on 15 June](#)) that the Brexit process will continue at pace, with no extension to the transition period.

Our Committee has taken a keen interest in all the various implications for Wales of leaving the EU. This has included our work on EU funding programmes in Wales and the transition to any successor schemes. We would therefore welcome an update from you on the operation of current EU funding programmes in Wales and a look ahead to the future regional investment funding landscape.

Current EU funding programmes (2014-2020)

We would be grateful if you could please respond to the following questions:

- What impact has the COVID-19 pandemic had on the delivery of EU funding projects in Wales?
- What impact – if any – has the COVID-19 pandemic had on the work of the Wales European Funding Office (WEFO)?
- What is the current state of play in terms of the allocation of European funding to include allocation of Structural Funds 2014-20 (broken down by region and type); the Ireland-Wales programme 2014-20; and the Rural Development Programme 2014-20?
- What are the implications of European N+3 rules for projects funded during the current funding round in light of Brexit?

European Investment Bank

In addition to the projects funded directly by European funding, Wales has over the years benefitted from funding which sits outside the EU budget, most notably through the European Investment Bank (EIB).

We would be grateful if you could please respond to the following questions:



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- What is the latest position with regards to negotiating a future relationship with the European Investment Bank and what role has the Welsh Government had in these discussions?
- What assessment has the Welsh Government made of the number of projects currently benefitting from EIB investment in Wales that would be affected by the UK's withdrawal from the EIB (including the total value of those projects)?
- If the UK and the EU do fail to agree some form of future relationship with the EIB (as set out in the Political Declaration), what action does the Welsh Government intend to take to mitigate the impact of the UK's potential withdrawal from the EIB on projects funded in Wales?

Future of regional investment after Brexit

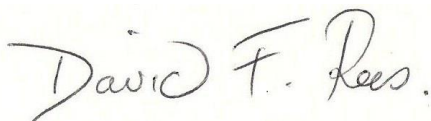
We note the recent conclusion of your consultation on the future of EU investment in Wales on 10 June. We would be grateful if you could please provide an update on the timescales for publication of the consultation responses, an idea of the number and type of respondents, and any emerging themes that you can share with us.

In terms of the Shared Prosperity Fund we would be grateful if you could please respond to the following questions:

- What is the latest state of play in terms of the Shared Prosperity Fund and have you received timescales from the UK Government in terms of detail on the operation of the Fund?
- What discussions have taken place between the Welsh and UK Governments on the Shared Prosperity Fund and future regional investment funding since the UK left the EU on 31 January 2020? Please provide details of discussions at both ministerial and officials levels.
- What are your planning assumptions in terms of the total amount of replacement funding that the Welsh Government will receive for the purpose of regional investment after the end of the transition period? Please include details of the funding mechanism, if available.

I would be grateful for a response by 20 July 2020. I am also copying this letter to the Chair of the Finance Committee.

Yours sincerely,



David Rees MS
Chair of the External Affairs and Additional Legislation Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.
We welcome correspondence in Welsh or English.



Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Agenda Item 2.6


Our ref: MA-RE-1956-20

Llywodraeth Cymru
Welsh Government

Llŷr Gruffydd MS
Chair of Finance Committee
Senedd Cymru

3 July 2020

Dear Llŷr,

I wanted to make the Committee aware that HM Treasury has recently approved an advance of £856,557,000 from the UK Contingencies Fund to the Wales Office. This advance will allow the Secretary of State for Wales to meet the forecast cash requirement of the Welsh Government prior to the UK Parliament's approval of the 2020-21 Main Estimates expected in mid-July.

Normally, during these first few months of the financial year, the cash requirements of the Welsh Government are met by the 'vote on account' approved by the UK Parliament within the Supply and Appropriation (Anticipation and Adjustments) Act of the previous year. However, as a result of the unprecedented additional expenditure that has occurred in response to the coronavirus pandemic, the vote on account limit is insufficient to cover the cash required throughout July as it was set prior to the increases to our 2020-21 budget. This increased annual budget, along with the cash funding to back it, is not available until the Main Estimate 2020-21 is formally approved by the UK Parliament.

The Contingencies Fund is a standard UK procedure to access cash to meet the short term need in advance of approval of the Main Estimate and will be repaid once the Main Estimate is approved. The Wales Office will account for the advance and its repayment.

I hope you find this information helpful. I am copying this letter to the Auditor General for Wales for information.

Yours sincerely,



Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

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Ein cyf/Our ref : RE-249-20

Rt. Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

3 July 2020

Dear Rishi,

As you prepare to set out your Summer Economic Update in what are extraordinarily difficult circumstances, I thought it would be useful to describe the challenges we are facing in Wales and to remind you of some of our priorities which I mentioned when writing to you prior to your March Budget Statement.

Current Economic Conditions

In April, the UK economy was 25% smaller than it was in February. We are in the deepest recession in living memory caused by the necessity to shut down most non-essential economic activity owing to the coronavirus pandemic. While it is not yet clear to what extent GDP has decreased in Wales, we know from other data, much of it published by the Office for National Statistics, that our economy has been hit at least as hard as the UK economy on average.

While the speed and scale of the decline in GDP has been of almost unimaginable proportions, the labour market in Wales in terms of the headline indicators of employment, unemployment and inactivity has not yet materially deteriorated. The position in the UK labour market is similar. This is partly due to employment being a lagging indicator but also reflects the effectiveness of the Coronavirus Job Retention Scheme (CJRS) and the Self Employed Income Support Scheme (SEISS) in insulating the labour market from what would have been catastrophic losses in employment and increases in unemployment and inactivity. We welcome the decisive action taken in this regard.

Despite the employment support schemes, behind the headlines there is evidence of distress in the labour market. Vacancies have collapsed, hours worked have decreased at a record rate while claims for unemployment insurance have increased sharply in every local authority in Wales. News of major redundancies is now a recurrent feature of daily life, with the announcement of more than 1,400 potential redundancies at Airbus a body blow to the economy of North-East Wales and Cheshire. Alarming concerns have also been raised

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by the steel industry which is heavily concentrated in Wales as well as being of strategic significance to the UK economy as a whole.

Given the economic stress that is emerging even while the CJRS and the SEISS remain in place, we are deeply concerned that the worst is yet to come for the labour market were you to implement your plans to taper down, then close the CJRS at the end of October and end SEISS payments in August. Indeed, the Resolution Foundation estimates that one million furloughed workers could lose their jobs.

In the letter I and my colleague the Minister for the Economy and Transport wrote on 4 June (attached for ease of reference) I urged you to continue to monitor the situation, put in place active labour market measures to cope with redundancies, clarify whether you would intend to revive the JRS and SEISS if there is a second peak or local lockdowns and work with Whitehall Departments and the devolved Governments to put in place sectoral employment protection schemes for sectors which continue to be closed or very substantially impacted by Covid measures, notably hospitality and culture. The need for clarity on all these issues has only become more evident over the last month.

Fiscal Policy

Spending

I agree with the Prime Minister that the Government response to the current economic crisis must not be a further period of austerity.

The pandemic has compelled governments across the world to ramp up spending dramatically. I note that UK Government current spending was £64 billion higher in the first two months of the current financial year compared with a year earlier. I welcome the allocation of additional resources to finance new and existing programmes to deal with the crisis. It will be very important for this approach to be sustained and for the appropriate funding and tools to be in place for us to manage the recovery.

The Welsh Government has allocated more than £2.4 billion to date to COVID-19 measures. The funding is drawn from COVID-19 consequentials as well as more than £500 million which has been reprioritised within existing Welsh Government budgets and EU funds. Our forecast pressures are close to £1 billion. Pressures stem from a variety of sources. On health they cover a range of interventions including NHS workforce, testing and tracing and field hospitals.

These pressures do not include measures that will be needed to support the economic recovery and respond to further shocks, which cannot be sensibly estimated at this time. Neither do they include higher costs for Welsh Government programmes, like Free School Meals and the Council Tax Reduction Scheme, which will result from increases in unemployment and in families claiming Universal Credit.

Our spending pressure estimates are based on the assumption that no second or third waves of the pandemic materialise. So, the position could be materially worse than outlined above. Clearly additional funding is required at a scale that only the UK Government has the fiscal firepower to deliver. I urge you to use the Summer Economic Update to allocate the necessary funds to allow the Welsh Government to manage the pandemic as effectively as possible in order to protect jobs, services and living standards.

Taxation

I welcome the UK Government's use of its tax levers to respond to the pandemic. More needs to be done to prevent the losses that have already occurred in output and the seemingly imminent losses in employment from becoming permanent. Such 'scarring' would impact most on the well-being of young people, those on low pay, those with few skills, disabled groups and many from BAME backgrounds. Accordingly, the UK Government should as a matter of urgency use the tax system to incentivise companies to retain and hire workers. To this end I urge you to consider reducing employer National Insurance Contributions (NICs) or increasing the employer NICs threshold. Either would reduce labour costs for employers, encourage job creation as well as job retention and facilitate the eventual winding down of the CJRS.

As for the broader tax system, I would welcome meaningful engagement along with the other devolved administrations on future planning across the range of current and potential taxes in order to deliver our common aim of simplifying the UK tax system and making it more coherent, progressive and efficient.

Welfare

As is always the case with recessions, it is the most vulnerable and poorest groups in society who suffer most and COVID 19 has proven to have a negative impact on equality. It is already evident that a larger proportion of low-paid workers have been furloughed and are likely to be made redundant compared with those in better-paid jobs. I welcome the UK Government's decision to make the benefits system more generous and extensive in reach at the outset of the crisis. To prevent an unacceptable increase in poverty that would accompany any increase in unemployment, the benefits system must provide support that guarantees dignity for vulnerable citizens including those who stand to lose their jobs. The welfare system must reflect the enormity of the impact of this pandemic and better support those who are unemployed or economically inactive to work or to retrain and acquire new skills so that they can join or re-join the labour market as soon as possible.

I also urge the UK Government to reverse the regressive welfare reform and cuts implemented over the last ten years. These changes have disproportionately affected the most vulnerable groups in society. I ask that the UK Government removes the two-child limit policy, the five week wait for the first Universal Credit payment and end the benefit cap. I also urge you to retain the temporary increases in the welfare safety net recently introduced. I also ask you to clarify that the increase in the Local Housing Allowance (LHA) to the 30th percentile will continue past 31 March 2021 and call on the UK Government to reinstate LHA rates to the 50th percentile.

In the immediate term, it will be vital to significantly increase Statutory Sick Pay for those who are required to self-isolate as a result of our Test, Trace and Protect strategy and the equivalent programmes in other parts of the UK. We already know in the context of the outbreaks of COVID in meat plants in North Wales that economic hardship is resulting for those who should self-isolate but continue to go to work for financial reasons. The relatively modest cost of preventing such hardship could help forestall the massive economic damage that would result from a second national lockdown.

Budget Flexibility

These are exceptionally uncertain times. It is now imperative that our fiscal flexibilities reflect the scale of the decisions being taken by the Welsh Government and their implications for businesses, public services and communities. I am asking for the following

budgetary and fiscal flexibilities to ensure the Welsh Government's response provides the confidence we and our partners need to manage the crisis as effectively as possible:

- Full access to the resources in the reserve this year if required, and the ability to carry forward more resource and capital in the Reserve at the end of the financial year.
- The ability to carry forward, at the end of the year, more than the overall £350m limit on the Reserve. This is because of the uncertainties about the impact of the crisis on existing programmes, the costs of new programmes, and the level of new funding from the UK Government.
- The ability to switch funding from capital to revenue budgets, and the option to deploy revenue borrowing, to provide further useful flexibilities and aid budget management.
- An increase in the annual capital borrowing limit (currently £150m) and the aggregate ceiling (currently £1bn) to enable the Welsh Government to further support its capital programmes, if necessary, and to aid the economic recovery over the longer term.
- More flexible repayment terms for Financial Transactions capital.

Whether we need to use these flexibilities will depend on how the recovery progresses, but their availability will enable us to allocate resources now, where they are needed. It would be a significant advantage if these additional flexibilities were available to the Welsh Government as a matter of course and did not require permission from the UK Government on a case by case basis. The higher limits for accessing the Reserve, carrying forward via the Reserve, and for capital borrowing should be long term arrangements, to enable efficient and effective budget management.

I very much welcome the constructive discussions I have had with the Chief Secretary over the last few months in relation to increasing flexibilities. Agreement at this time would represent a meaningful demonstration of the way in which the UK Government and the governments of the devolved administrations can work together in the shared governance of the UK, in our response to this pandemic. Supportive call for these flexibilities made by the Welsh Local Government Association, FSB Cymru, Wales TUC, the Institute of Fiscal Studies and the Senedd's Finance Committee underscore the urgency now attached to this issue in Wales.

EU Issues

Ending the Brexit transition period without a comprehensive free trade deal in place would be deeply damaging in normal circumstances, but even more so given the damage the pandemic will have inflicted on the economy by the end of the year. I urge the UK Government to negotiate a comprehensive free trade agreement with the EU. Anything less will compound pandemic damage and structurally weaken the public finances.

I remain concerned about the lack of clarity as to how the UK Government will live up to its manifesto commitments that Wales will not lose a penny of EU funding after the transition period ends, and that the devolution settlement will be fully respected. The details of the Shared Prosperity Fund allocations to the Welsh Government – which will therefore need to at least match what Wales would have received had the UK remained a member of the EU – should be shared urgently: we have already made great progress in planning for how to manage replacement funds and further UK Government delays in providing this information risk depriving Wales of crucial funds in the early years of the successor arrangements, hitting local communities and economies that are already suffering as a result of the Covid-19 pandemic. Indeed thousands of businesses supported by the Economic Resilience Fund

have benefitted from the swift action Welsh Ministers have been able to take to provide support that is tailored to the needs of the Welsh economy. Similar clarity on agriculture and rural development funding and funding Wales receives from other EU programmes is also long overdue. Your Summer Economic Update is an important opportunity to show that the UK Government has not forgotten those who currently rely on this funding.

Addressing Regional Inequality

Finally, when I wrote to you before the Budget, I emphasised that if the UK Government is serious about 'levelling up' and addressing regional inequality across the UK it will require significant investment in Wales, including in non-devolved areas such as research and development and rail. I would like to take this opportunity to stress the importance we attach to these issues. They should not be neglected in the current crisis. I will refrain from repeating all the points I made in that earlier letter, but I look forward to engaging constructively with you on this subject in more propitious times.

I am copying this letter to the Chief Secretary to the Treasury, the Secretary of State for Wales and the First Minister for Wales. I am also sharing this letter with the Chair of the Senedd Finance Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Ken Skates AS/MS
Y Gweinidog yr Economi, Thrafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales

Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref RE/221/20

Chancellor of the Exchequer
Rt Hon Rishi Sunak MP
H M Treasury
action.chancellors@hmtreasury.gov.uk

04 June 2020

Dear Chancellor,

Job Retention Scheme and Self-Employment Income Support Scheme

We are writing further to your announcement on 29 May about the future of the Job Retention Scheme.

As you know, the Welsh Government is hugely supportive of the fact that the UK Government launched the Job Retention Scheme (JRS) and the Self-Employment Income Support Scheme (SEISS). These two schemes have played a vital role in enabling businesses across Wales (and indeed the UK) to survive the initial shock of the Covid 19 crisis and lockdown.

We therefore welcome your announcement that self-employed people will be able to claim a second quarter of the SEISS, your confirmation that the JRS will continue until the end of October, the early introduction of 'flexible JRS' and the fact that the requirement for an employer contribution will only be phased in relatively gradually.

However, we have a number of questions and concerns.

Firstly, you have made clear that it is your intention that the JRS (and SEISS) will be brought to an end at the end of October. This will inevitably represent a 'cliff-edge' for many businesses, while some may even balk at the first steps to make them contribute from August on. Do you have any estimates or modelling of the likely level of redundancies which will result? How do you propose to mitigate this? What plans, if any, do you have for active labour market measures to support those made redundant with training and into new jobs?

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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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.

Secondly, will the decision to end the Schemes definitively be implemented even if there is a second (or further) peak(s) which require a further national lockdown? Or if the response to the pandemic going forward requires regional or local lockdowns with some or all businesses in those areas required to close? In our view, this would seem illogical and would risk very significant job losses which in turn will increase welfare expenditure.

Thirdly, is it your expectation that by the time the Schemes end there will be no businesses which are closed as a result of Covid 19-related public health legislation or which, while legally allowed to operate will in practice not be able to re-open? In Wales, we are not confident that businesses in the hospitality and tourism sector (particularly pubs, cafes and restaurants without outdoor space) and arts and cultural organisations will be able to function normally on this timescale. As you have been clear that you do not wish to differentiate between sectors in access to the JRS, will you consider working with the relevant Whitehall departments (notably DCMS) and the devolved governments to identify and meet specific sectoral needs?

Finally, what is your intention with regard to individuals required to self-isolate as a result of the 'test, trace and isolate' policy which is intrinsic to our Governments efforts to prevent the uncontrolled spread of the virus? It is essential that people advised to stay at home are not pressurised by loss of income to go back to work and we believe this is bound to be the case if all they are offered is the minimal income from Statutory Sick Pay. There is also a strong equalities aspect to this, given the clear evidence that BAME people are disproportionately likely to become ill with the virus.

We are copying this letter to the Chief Secretary to the Treasury, to the Secretary of State for Business, Energy and Industrial Strategy and to our counterparts in the Scottish Government and the Northern Ireland Executive.

Yours sincerely,



Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd



Ken Skates AS/MS
Y Gweinidog yr Economi, Thrafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales

Llyr Gruffydd MS
Chair of Finance Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

7 July 2020

Dear Llyr

Legislation Software Project: Update

In its November 2019 report on the Commission's draft budget 2020-21, the Finance Committee made the following recommendation in relation to the procurement process for new legislation software project which the Commission identified in its draft budget as a key strategic project:

Recommendation 1. The Committee recommends further details are provided on the legislation software project in June 2020 when more specifics, including costs, of the project are known and the contract has been awarded.

Following the Commission's Executive Board and Welsh Government Programme Board approval in September 2019, the Commission managed and ran a full OJEU tender exercise which concluded in April 2020. The evaluation panel chose Propylon's LWB 360 product as the best fit for our requirements and the contract was awarded to Propylon following approval of the full business case by the Commission's Executive Board and the Welsh Government Programme Board in April/May 2020.

As you are aware, the Commission's Draft Budget for 2020-21 noted that:

"The estimated cost of the project to the Commission could... be in the region of £1 million, phased over two financial years. The costs per financial year will be finalised once a project plan and associated timescales have been agreed. This excludes annual support costs which are estimated at an additional £100,000 per year."

I can now confirm that the total costs provided by Propylon in their bid are within this amount. Information on the costs are included in the tables provided as an annex to this letter, with costs being shared equally between the Senedd Commission and the Welsh Government.




The implementation of the system to a 'minimum viable product' stage will take approximately 11 months, with a new system operational in May 2021, and will replace the current Propylon Legislative Workbench system that has been used by both the Senedd and Welsh Government since 2010. Further development of the system will take place during the first year of its operational life.

A Project Board will be responsible for overseeing the successful implementation of a new legislation software system. The board was established prior to the OJEU tendering Process in September 2019, and includes officials from the Senedd Commission and the Welsh Government.

I hope it provides the information you require.

As ever, if there is any further information your Committee would like, please let me know.

Yours sincerely



Suzy Davies

cc Assembly Commissioners, Manon Antoniazzi, Nia Morgan

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English



Annex 1

Legislation Software Project Costs

Set-up Costs	2020-21	2021-22	2022 >
Infrastructure set up	£8,000		
Bespoke development – MVP requirements	£125,500		
Bespoke development - Must requirements		£58,000	
Installation and Environment setup	£52,500		
Configuration to achieve MVP requirements	£445,909	£66,091	
Configuration to achieve Must requirements		£182,000	
Data Migration	£48,180	£11,820	
Systems Training	£20,000	£20,000	
Project Management	£80,250	£69,750	
Expenses	£10,000	£3,500	
TOTAL	£790,339	£411,161	
SENEDD COSTS (@50%)	£395,170	£205,580	

Ongoing Costs	2020-21	2021-22	2022 >
Software Licence Fee	£50,000	£50,000	£50,000
Hosting Fee	£20,000	£20,000	£20,000
Support, Maintenance and Updates		£100,000	£100,000
TOTAL	£70,000	£170,000	£170,000
SENEDD COMMISSION COSTS (@50%)	£35,000	£85,000	£85,000

TOTAL SENEDD COMMISSION COSTS*	£489,000	£231,750	£85,000
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* The 2020/21 figures noted here are maximum costs, and some of these costs may move to 2021/22. All costs exclude recoverable VAT.



Agenda Item 4

By virtue of paragraph(s) vi of Standing Order 17.42

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Agenda Item 6

By virtue of paragraph(s) vi of Standing Order 17.42

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By virtue of paragraph(s) vi of Standing Order 17.42

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Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd



Llywodraeth Cymru
Welsh Government

Llŷr Gruffydd MS
Chair of Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1NA

SeneddBusiness@Assembly.wales

02 July 2020

Dear Llŷr,

I am writing to you in your capacity as Chair of the Finance Committee regarding the timetable for the 2021-22 Budget.

We unfortunately find ourselves facing similar circumstances to those which impacted on our 2019-20 budget preparations. We don't yet know our 2021-22 budget settlement and until we receive this information we cannot provide certainty on our own 2021-22 budget timetable. We will only know this information when the UK Government concludes its Comprehensive Spending Review (CSR) as opposed to the UK Autumn Budget.

At the UK finance minister's quadrilateral meeting last week all Devolved Administrations were pressing for detail on when the CSR would happen. Since then it has been confirmed that the Chancellor will be providing a summer economic update on 8 July and it is possible this will provide greater clarity on when the CSR will take place. However, to comply with Standing Order 20, I have written to the chair of the Business Committee to set out indicative dates on which the draft budget will be laid and the annual budget motion will be tabled.

I welcomed your support, as part of the letter of 29 June from the finance committees of the devolved administrations to the Chief Secretary to the Treasury that we are once again faced with an unacceptable level of uncertainty regarding the UK Government's intentions for a Comprehensive Spending Review.

As you acknowledged we do not know yet when it will take place or the period it will cover. Nor has the UK government indicated when it will publish its annual budget in the Autumn. I also welcome your recognition that the ongoing uncertainty arising from the impact of the COVID-19 Pandemic and the end of the transition period following Brexit inevitably means that this year's budget process will be more challenging for the governments of all four nations across the UK. I would agree that for these reasons, it is challenging for me to provide certainty at this stage on the dates we will publish the Welsh Government's draft and final 2021-22 Budgets.

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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.

Standing Order 20.6 makes provision for the Committee to make changes to the timetable at the request of the Government. Subject to this, and on the understanding I will provide a firm timetable as soon as possible after the UK Government has made an announcement regarding the Spending Review and its Budget, I have indicated to the Business Committee that we are planning to publish the outline and detailed draft Budgets together on 8 December, and the final Budget on 2 March 2021, subject to the forward Senedd plenary plan that is agreed.

In proposing these dates I am mindful of both Standing Order 20.5 and the arrangements agreed between the Welsh Government and the National Assembly for Wales with regard to the period provided for scrutiny. Standing Order 20.5 provides, in 'normal' circumstances, for the Finance Committee to be given 8 weeks to report on the outline budget proposals and five weeks for committees to consider the detailed Budget proposals. Whilst this cannot be termed a 'normal' year and bears a lot of similarities to the circumstances we faced together in 2019, I remain committed to ensuring the fullest possible scrutiny of our spending proposals. As a result, the timetable I have set out would enable 8 weeks for scrutiny of the draft Budget, comprising 5 sitting weeks and 3 non-sitting weeks.

It may be that the Chancellor's statement on the 8 July will provide early certainty. If we do have a firm understanding next week I would be happy to provide an update before the summer recess.

Should this not be the case, once we have certainty we will revisit our plans and write again to confirm our intentions and, we would look to bring forward our plans and publish the budget earlier in the event that the UK Government's timetable makes this possible. My intention would also be to maximise the proportion of sitting weeks provided for scrutiny of the draft budget.

I am once again grateful for the committee's understanding and I hope these arrangements are acceptable given the circumstances, which are driven by external factors beyond our immediate control and carry an unprecedented level of uncertainty.

Yours sincerely,



Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

Llyr Gruffydd MS
Chair, Finance Committee

8 June 2020

Dear Llyr,

Budget timetable 2021-22

As required by Standing Order 20.2, the Business Committee has been formally notified that the Government intends to publish the outline and detailed proposals of the 2021-22 Draft Budget together on 8 December 2020, and to publish the final Budget on 2 March 2021. I am writing to you to seek the views of the Finance Committee on the proposed deadline for you to report on the draft budget, as required by Standing Order 20.4.

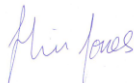
In determining this deadline, Standing Order 20.5(i) states that the Finance Committee must normally be given eight weeks to report on the outline budget proposals, while Standing Order 20.5(ii) requires that other committees have at least five weeks to consider the detailed budget proposals, within the timeframe set by the above dates notified to us by the Government.

The Trefnydd has indicated that the government intends to schedule the debate on the draft budget for Tuesday 9 February 2021. This would require the Finance Committee and other committees to report by Tuesday 2 February 2021.

In her letter, the Trefnydd indicated that there was unprecedented uncertainty this year regarding the UK Government's intentions for a Comprehensive Spending Review. Should it be possible to do so, the Welsh Government would look to bring forward its budget earlier in the autumn, and for the Business Committee to revise the timetable accordingly.

I would be grateful for your views on the proposed timetable as soon as is practicably possible, to enable the Business Committee to publish the timetable for the consideration of the budget soon after the summer recess. I'd be grateful also for your views on the possibility of amending the timetable as described, should the government request to do so.

Yours sincerely,



Elin Jones MS
Y Llywydd and Chair of the Business Committee



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Elin Jones MS
Presiding Officer
Chair of Business Committee
Senedd Cymru
Cardiff Bay
CF99 1NA

SeneddBusiness@Assembly.wales

02 July 2020

Dear Elin,

I am writing to you in your capacity as Chair of the Business Committee regarding the timetable for the 2021-22 Budget.

We unfortunately find ourselves facing similar circumstances to those which impacted on our 2019-20 budget preparations. We don't yet know our 2021-22 budget settlement and until we receive this information we cannot provide certainty on our own 2021-22 budget timetable. We will only know this information when the UK Government concludes its Comprehensive Spending Review (CSR) as opposed to the UK Autumn Budget.

At the UK finance minister's quadrilateral meeting last week all Devolved Administrations were pressing for detail on when the CSR would happen. Since then it has been confirmed that the Chancellor will be providing a summer economic update on 8 July and it is possible this will provide greater clarity on when the CSR will take place. However I am writing this letter to comply with Standing Order 20, noting that the Minister with responsibility for government business must notify the Business Committee at least two weeks before the summer recess of the dates on which the draft budget will be laid and the annual budget motion will be tabled.

The finance committees of the devolved administrations also wrote to the Chief Secretary to the Treasury on 29 June to raise concerns regarding the ability of the governments of all four nations across the UK to make arrangements for the publication and scrutiny of their annual budgets within the context of this continuing uncertainty. I am writing to the chair of the finance committee to acknowledge these difficulties and to seek the Finance Committee's support for my proposal to publish an indicative timetable, which may be subject to change.

Standing Order 20.6 makes provision for the Committee to make changes to the timetable at the request of the Government. Subject to this, and on the understanding I will provide a firm timetable as soon as possible after the UK Government has made an announcement

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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.

regarding the spending review and its Budget, I wish to indicate now that we are planning to publish the outline and detailed draft Budgets together on 8 December, and the final Budget on 2 March 2021, subject to the forward Senedd plenary plan that is agreed.

In proposing these dates I am mindful of both Standing Order 20.5 and the arrangements agreed between the Welsh Government and the National Assembly for Wales with regard the period provide for scrutiny. Standing Order 20.5 provides, in 'normal' circumstances, for the Finance Committee to be given 8 weeks to report on the outline budget proposals and five weeks for committees to consider the detailed Budget proposals. Whilst this cannot be termed a 'normal' year, I remain committed to ensuring the fullest possible scrutiny of our spending proposals. As a result, the timetable I have set out would enable 8 weeks for scrutiny of the draft Budget, comprising 5 sitting weeks and 3 non-sitting weeks. This replicates the scrutiny period available for the Senedd to scrutinise the 2020-21 budget.

It may be that the Chancellor's statement on the 8 July will provide early certainty. If we do have a firm understanding next week I would be happy to provide an update to the business committee before the summer recess.

Should this not be the case, once have certainty we will revisit our plans and write again to confirm our intentions and we would look to bring forward our plans and publish the budget earlier, in the event that the UK Government's timetable makes this possible. In these circumstances, I should be grateful for confirmation that you would support a change to the dates set out above in line with the provision set out in Standing Orders, as you did in 2019. I would propose to take the opportunity at Business Committee to seek confirmation from my fellow Business Managers that they would be similarly supportive.

I am once again grateful for the Committee's understanding and trust these arrangements are acceptable given the circumstances, which are driven by external factors beyond our immediate control and carry an unprecedented level of uncertainty.

Yours sincerely,



Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

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Agenda Item 8

Our ref: NB/CV/mm

Ask for: Nick Bennett

Your ref:



01656 641152

Date: 3 July 2020



Marilyn.morgan@ombudsman.wales

Llyr Gruffydd AM
Chair of the Finance Committee
Welsh Parliament

By Email Only
SeneddFinance@senedd.wales

Dear Llyr

Financial impact of Covid-19

Thank you for your letter of 4 June about the financial impact of Covid-19. I am pleased to respond to your enquiries and will take the opportunity to give a brief update on our interactions with public bodies and our work on complaints.

Whilst our office is closed, we are continuing to provide a service to the public and all our staff (73 staff or 68 Full Time Equivalents) are working successfully at home. Investment in IT over the last few years, together with a move towards paperless working, has certainly facilitated the switch, at short notice, to all staff working at home. Our office direct line telephones are diverted to staff home or mobile numbers whilst they are working, and our frontline telephone lines are routed to an answerphone but staff will return the call promptly. (This is not ideal, but when we are in the office we use call-centre telephony technology to route calls intelligently to an available Casework Officer, ensuring staff have a chance to resolve enquiries and complaints as well as answer calls. We are looking at investment in our telephony systems to overcome this issue.) We have put temporary arrangements in place to receive and send out hard copy post, and are responding to emails and on-line complaints as normal.

We are now progressing complaints and investigations where we can, but we are first asking health boards, GPs and local authorities if they are able to engage with our enquiries and investigations. We have also kept in touch with local authorities and health boards at a more general level, so we understand the impact on them of the pressures they face. We have also been in touch with BMA Cymru Wales to communicate our approach to GPs and our intention not to add further pressure during these times.

Page 1 of 4



In terms of casework, it would be premature to draw conclusions from complaints data for April and May, but unsurprisingly the number of complaints reaching us is down. Numbers for the early part of June suggest that numbers are increasing now. What is not clear is whether the reduction in new complaints is the result of delays in public bodies completing that stage of the complaints process, or complainants delaying submission of complaints in the light of the pandemic, or a real reduction in maladministration and complaints. At the moment we expect that the reduction is largely a temporary delay, but that there will be some reduction in general complaints. What is unclear, however, is whether there will be a significant number of complaints related to Covid-19 – for example around care homes, GP and hospital care and hospital discharges. It will be some time before any of this becomes clear, but we will keep you and the Finance Committee informed.

Whilst it is absolutely right that we should take account of the pressures faced by public bodies, and that we should avoid putting additional pressures on at a time they cannot respond, we are experiencing delays in our casework as a result – whether in making enquiries and receiving responses, commencing or progressing investigations or issuing draft or final reports. These will affect our reported performance as shown in our Key Performance Indicators.

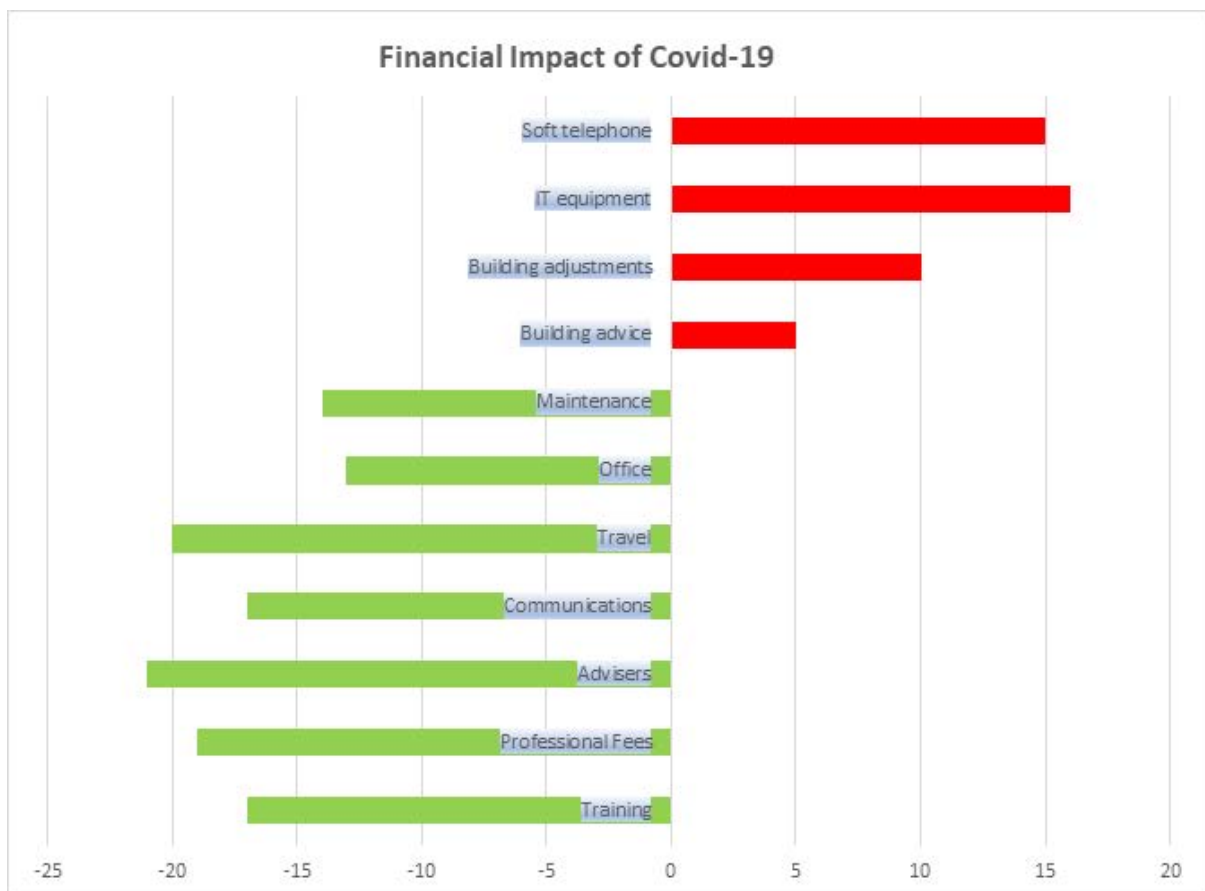
Covid-19 has, of course, also affected our ability to use the new powers provided under the Public Services Ombudsman (Wales) Act 2019. We published our first Own Initiative investigation consultation just before lockdown, and we have had to put that on hold. We had arranged a substantial number of complaints-handling training courses for public bodies from March onwards, and this has all been cancelled. We are working to provide live training online, and will extend this if it works well. Complainants may still make oral complaints but we are conscious that our limited frontline telephone service may reduce the number of people using this option.

Turning to your question about additional costs and savings resulting from Covid-19, we are making savings on energy use, paper use, travel and training. We are also making savings on clinical advice on casework, as we are finding it harder to secure advisers and receive advice in a timely way, as a result of the pressure on health services and illness affecting our advisers. These savings are partially offset by increased IT expenditure. As it became clear that working at home, for at least some of the time, will be necessary for some time to come, we are moving from basic access to equipment and arrangements that are efficient and comfortable so staff remain able to work effectively and productively. This has meant providing PCs, monitors, keyboards, mice etc. and providing second monitors for those who wish to have them. As indicated above, we are looking to upgrade our telephony to allow calls to our mainline telephone number to be routed in turn to staff working at home and to allow outgoing calls to be made through PSOW systems (allowing call logging and call recording) rather than from personal home/mobile numbers.

We are also preparing the office for the practicalities of returning to work when the time is right with social distancing, hand sanitiser, signage etc. and we are undertaking risk assessments to determine what other measures will be necessary.

There are considerable uncertainties. Some of these relate to Covid-19 and when some sort of return to the office may be possible. Others are unrelated to Covid-19: Our staff pay award is that agreed for local government staff, and the pay award for April 2020 has not yet been agreed. The Trade Unions have rejected 2.75% but we allowed for only 2% in our budget; As you may recall, our rent is due for review this year, and we do not know what the outcome of that review will be. We are conscious that we negotiated a very competitive rent (and a real reduction in rent) five years ago, that market rents have increased over the last five years but also that Covid-19 is likely to have some effect on office rents.

As things stand currently, we are projecting an underspend of around £75k for the year. There are many uncertainties and we are only two months into the year, so this figure should be treated with some caution. The chart below provides a graphical representation of areas of additional expenditure (in red) and reduced expenditure (in green).



I hope this response is helpful. I would, of course, be happy to explain anything that is unclear, and to keep you informed as the year progresses. I will be happy to provide an update during your scrutiny of our estimates submission for 2021/22.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Bennett', written in a cursive style.

Nick Bennett
Ombudsman

Llyr Gruffydd MS
Chair of Finance Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

7 July 2020

Dear Llyr

Financial implications of the COVID-19 pandemic

I am writing in response to your letter dated 4 June 2020 and the Finance Committee's consideration of the impact that COVID-19 has had on the bodies directly funded from the Welsh Consolidate Fund.

Your letter requests that the Commission provides an update for the Committee detailing the following:

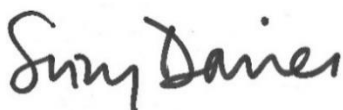
- the impact that COVID-19 has had on this year's finances, including any savings and extra costs, including a full break-down; and
- to include information on the impact on the funding provided to the Commission for its own activities and to fund the Remuneration Board's Determination.

I have provided this information in the attached annex.

I hope it provides the information you require.

As ever, if there is any further information your Committee would like, please let me know.

Yours sincerely



Suzy Davies

cc Assembly Commissioners, Manon Antoniazzi, Nia Morgan

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English



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Annex 1

Funding provided to the Commission for its own activities

The following aims and principles are guiding the planning for emergence from lockdown and may result in additional costs or savings for the Commission.

Aims:

1. To support the delivery of Senedd business, in whatever interim form is required, as we emerge from lockdown.
2. Conduct a planned, phased return to the estate (RTE), including planning for a range of models for Plenary and committee business on the estate.
3. Ensure the Senedd can conduct the increased and more varied business expected from the government legislative programme and EU transition, through the autumn and into the new year.
4. To aid future planning for the delivery of business, use of the Estate and flexibility in workforce arrangements.

Principles:

The Commission will use the following principles to guide plans and decision-making. In conducting a phased return to the estate, the safety, health and wellbeing of staff, Members and visitors is paramount.

We will:

- Work to minimise the risk to Members, staff, visitors and Senedd business by planning ahead.
- Clearly and openly communicate and engage with staff, Members, and visitors as arrangements progress.
- Maintain working from home as the default position for staff until it is safe and in the interests of individuals' good mental health to do otherwise. Where staff must return to the estate for any period, we will prepare them in advance and brief them for their return to the estate.
- Prepare and brief Members and their staff if they are required to attend the estate for any period.
- Work with all stakeholders on the estate to:
 - o Open parts of the estate only where it is necessary and made safe, and only for as long as needed.
 - o Keep numbers on the estate to an essential minimum, until it is safe to do otherwise.
 - o Encourage a "come, meet, go" approach to using open parts of the



estate, until it is safe to do otherwise.

Responding to the demands of this challenging period, in line with these aims and principles, both in terms of entering and the gradual easing of lockdown has created additional costs and savings for the Commission. These can be identified as follows:

Impact on the Project Fund

The 2020-21 Budget highlighted £1.515m of expenditure to be funded from the Commission's Project Fund. The current working forecast shows expenditure of £1.795m, as shown in the following table. As usual, proposals are adjusted to manage areas where possible spend is higher or lower than estimated.

Table 1 – Impact on the Project Fund

	Budget	Latest Forecast
Project Fund 2020-21	Amount £'000	Amount £'000
Legislative Workbench Software	£600	£600
Assembly Commission Senedd and Elections (Wales) Bill – Name Change	£45	£45
Archiving	£65	£65
Plenary system	£50	£50
Website	£80	£80
Engagement and Outreach Activities	£250	£200
Window replacement – feasibility review	£50	£50
Fire door replacements	£80	£80
Physical Security – delay project - Senedd	£225	£233
Physical Security – delay project - Tŷ Hywel	£70	£270
Fire Door installation		£92
Tech Development for Hybrid Plenary		£30
Total	£1,515	£1,795

In summary, the main areas likely to be impacted by COVID-19 are:

- Engagement and Outreach activities – reduction of £50k
- Physical security (delay project) – increase of £208k, with expenditure brought forward from 2021-22
- Delay to 2019-20 activity (fire door installation) – increase of £92k in 2021-22
- Additional COVID-19 requirements for Plenary – increase £30k

This is an overall increase of £280k.



These are currently provisional figures and are likely to change as the financial year progresses and further demands are addressed. The Commission is actively considering whether savings can be made from the Project Fund.

Impact on the Annual Leave Provision

International Accounting Standard (IAS) 19 - Employee Benefits requires the Commission to accrue for the cost of any unused leave entitlement accrued by Commission staff at 31 March in each financial year.

The provision as at 31 March 2020 was £777,000. This represents an average of 6.9 days of annual leave and 2 days of flexible leave accrued by each member of Commission staff.

The change in this provision from year to year (usually an increase as pay increases) is charged to the Commission's Statement of Supply. The increase in 2019-20 was £34,000 as a result of the increase pension contribution in 2019-20, increasing the "cost" of a day's leave.

The impact of an additional day of leave being accrued by each member of staff, and the effect of the 2019-20 pay award, could result in an accrual at 31 March 2021 of £880,000, an increase of £103,000. The budget for 2020-21 was set at £25,000.

If the number of days of leave accrued by 31 March 2021 increases by more than a day, the impact on the Commission's outturn could be significant. The impact of COVID-19 has meant that certain Commission staff have had to adjust their working patterns significantly to respond to the demands on the Commission. This has resulted in certain staff not being able to take leave, this is being addressed during 2020-21 to ensure the wellbeing of staff.

Impact on Service Area Budgets – general expenditure

The impact of the COVID-19 pandemic on the general day-to-day expenditure of the Commission is varied and the information provided below is an early indication of where additional expenditure has been required.

Also provided is an indication of the types of expenditure where savings may be realised. A full and comprehensive response is not currently possible, as the impact on resources is on-going.



Table 2 – Additional Commission expenditure

Expenditure, April to June 2020	£
Estates and Facilities – Screens, Signs, Sanitizer etc.	17,000
ICT – Zoom licences, Laptops, screens, keyboards etc.	51,000
Security - PPE	2,000
Total	70,000

In addition, £16,000 was also spent during the prior financial year (2019-20) on additional ICT equipment.

Table 3 – Other potential costs and savings for Service Budgets

Additonal expenditure/losses (estimate) April 2020 to March 2021	£
Homeworking allowance/Discretionary payments	TBA
Home DSE Assessments	TBA
Additional desks, chairs etc. following home DSE assessments	TBA
Reduction in catering income	TBA
Reduction in Tŷ Hywel car parking income	TBA
Printing, postage and courier charges	TBA
Total	TBA

Additonal savings (estimate) April 2020 to March 2021	£
Reduced Utility costs	TBA
Multi-storey car park costs	TBA
Newspapers	TBA
Travel Costs	TBA
Cancellation/delay of events and training	TBA
Cancellation of Youth Parliament and Votes@16 events	13,000
Total	TBA



Impact on the funding provided to the Commission to fulfil the obligations of the Remuneration Board's Determination on Members Pay and Expenses.

The impact of the COVID-19 pandemic on the Remuneration Board's Determination Budget is again varied and the information provided below is an early indication of where additional expenditure has been required.

Also provided is an indication of the types of expenditure where savings may be realised. A full and comprehensive response is not currently possible, as the impact on resources is on-going. **As the Finance Committee is aware, this element of the over-all budget is outside the Commission's control.**

Expenditure, April to June 2020	£
ICT – Printers, Laptops etc.	13,000
Office equipment and set-up and PPE	2,000
Adverts and leaflets	5,000
Mail Redirection	1,000
Research	1,000
Working from Home Allowance	5,000
Total	27,000

Additional expenditure/losses (estimate) April 2020 to March 2021	£
Homeworking allowance/Discretionary payments	TBA
Home DSE Assessments	TBA
Additional desks, chairs etc. following home DSE assessments	TBA
Redirection of post	TBA
Perspex screens for constituency offices	TBA
Additional deepclean for offices	TBA
New signage	TBA
Total	TBA

Additional savings (estimate) April 2020 to March 2021	£
Reduced travelling expenses	TBA
Total	TBA



Remuneration Board decision log: Covid-19

The following decision log outlines decisions taken by the Independent Remuneration Board on support made available to Members and support staff during the Covid-19 pandemic.

Date of decision	Details	Cost implication Yes/No
24 March	Relaxing reporting requirements to access Temporary Staffing Allowance. This will allow Members to engage temporary relief staff, where required, to ensure business continuity.	Yes – if accessed.
31 March	Exceptional determination to delay applying ASHE index of 4.4 per cent to Members salaries from 1 April to 1 October 2020	Yes - saving
2 April	Homeworker allowance for support staff, payment of up to £26 per month per staff member (to be reviewed after three months)	Yes – at Members’ discretion to allow staff to claim.
	<p>Issued guidance on flexible working options to Members for their staff</p> <p>Agreed to introduce a temporary special leave policy to cover caring responsibilities due to the cessation of routine caring provisions, or the requirement to care for family members due to illness.</p> <p>Special leave could also be used for volunteering needs arising from the pandemic (up to 5 days special leave). Any paid special leave that is granted by the employing Member would be subject to the usual rules regarding the Use of Assembly Resources.</p>	No



21 May	Encourage consideration of undertaking DSE assessments for support staff homeworking	Yes – depending on how DSE assessments are delivered and how new needs are paid for. The Board are considering the matter.
26 June	Homeworker allowance for support staff, payment of up to £26 per month per staff member (to continue until the Welsh Government ease restrictions for non-key workers).	Yes – at Members’ discretion to allow staff to claim.





Mr Llyr Gruffydd MS
Chair of the Finance Committee
National Assembly for Wales

Via email:
SeneddFinance@Senedd.wales

Reference: IE/20006/AC/200/caf
Date issued: 7 July 2020

Dear Llyr

Financial implications of Covid-19 Pandemic

Thank you for your response to our letter of 5 May 2020 in which we set out our early thoughts on the potential impacts of the Covid-19 crisis on delivery and the financial position for Audit Wales.

You will understand that it is difficult to predict with accuracy the full financial implications for Audit Wales given the uncertainty over future restrictions and the impact of any further waves of the virus. This letter sets out our best estimates at this time, but they will undoubtedly alter as we move through the year and the picture on our fee income, in particular, becomes clearer. We would be happy to keep the Committee updated and could do so, for instance, in the autumn when we present our Estimate for 2021-22.

Our work programme and fee income

Since the start of the lockdown, we have worked closely with our audited bodies to find innovative ways of delivering our statutory financial audit work while working entirely remotely. Remote working has many advantages, but it is far from perfect and we are fast developing a clearer picture of its pros and cons for our line of work. We would like to pay tribute to colleagues across the public service and to Audit Wales staff who have collaborated superbly in this challenging environment. Our current expectation is that we will deliver all the audit of 2019-20 accounts work planned for this year, albeit to a slightly different timetable. Our experience so far is that accounts audits are generally taking longer than planned and this will have a knock-on effect on planning and preliminary work for 2020-21 later in the year.

In response to the crisis, we have significantly reshaped our performance audit work programme. Initially we suspended work to give public bodies the time and space to focus on their immediate responses to the situation. Our decision was welcomed at the time by the Permanent Secretary, and greatly appreciated by Chief Executives and their senior teams. We are now re-engaging with our audited bodies, looking at work which can add the most value in the current circumstances, both to support effective scrutiny and also to provide insight into the immediate response to the Covid-19 emergency, recovery planning and longer-term impacts on the services provided to the people of Wales.

As an organisation, we have prioritised staff well-being, particularly for those staff who have caring responsibilities, and have acknowledged that some of our staff have simply not been able to be as productive as we would normally have expected. This has inevitably reduced our overall capacity and hence our ability to draw down fee income.

The result of this combination of factors means it is very unlikely indeed that we will be able to recognise the full year's planned fee income for 2020-21. Based on our latest forecasts, we estimate the consequential impact on fee income for 2020-21 will be some £600,000 less than we had anticipated when the Estimate was approved last autumn. We must stress though that this figure is susceptible to some variation in either direction so we are keeping it under constant review.

Cost savings

You will remember that the Estimate was already predicated on achieving in year savings of some £1.2m from staff vacancy management and other cost efficiencies. We are pleased to report that savings associated with the 2019-20 Voluntary Exit programme and our decision to hold all vacant posts until at least October 2020, along with a detailed review of all non-staff budget areas, mean that we have already made good progress towards delivering this target.

We will make savings on travel and subsistence this year, as all staff have been working from home since late March. We expect this to continue for most staff for much of the rest of this calendar year. We are not planning on returning to our offices until 1 September at the earliest and then only on a prioritised and phased basis. This is obviously informed by the advice we are receiving from Welsh Government and Public Health Wales. Current forecasts are for reductions of at least £230,000 in travel and subsistence and this may reduce even further, the longer that remote working is sustained. Other areas of expenditure that we have reduced are:

- staff development, recruitment and training events - £95,000
- office accommodation - £50,000
- other budget areas such as translation, printing and stationery - £30,000


Please be assured, that we are continuing to explore all avenues for further in-year savings to offset our reduced fee income but the overwhelming majority of

our expenditure is on staff and other fixed/semi-fixed costs, meaning it may not be possible to scale our costs down very much further in the short-term.

Our call on WCF

Given all the above, our current estimate is that, should we need to request an additional call on WCF, it is unlikely to exceed £0.5m. We are, of course, doing all we can to minimise any additional call on the Fund and will update the Committee in the autumn, submitting a Supplementary Estimate request if we find it essential to do so.

Yours sincerely



ISOBEL EVERETT
Chair, Wales Audit Office



ADRIAN CROMPTON
Auditor General for Wales

Ref: 154SOS20

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Llyr Gruffydd AM

Chair of the Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

9 April 2020

Dear Llyr,

Covid-19: Support for Wales

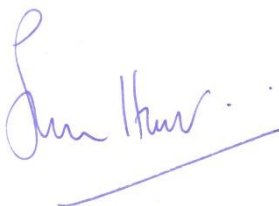
I am writing in response to your letter of 23 March, requesting an update on the UK Government's response to the COVID-19 outbreak.

We have a plan to deal with the impact of the coronavirus pandemic, based on the expertise of world-leading scientists. Our primary goal is to protect life from this virus, especially protecting the most vulnerable and the NHS through the Contain, Delay, Research, and Mitigate stages.

Annexed to this letter are details of the UK Government's Covid-19 response, including the support available to businesses in Wales. Full information on the Barnett consequential available to the Welsh Government in 2020/21 will be announced through the Main Estimates process, with Block Grant Transparency data published later in the Spring.

I would ask that we revisit your request for oral evidence at a later date, and I look forward to cooperating with your Committee in the future.

Best wishes,



Rt Hon Simon Hart MP
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

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Written Evidence from the Secretary of State for Wales to National Assembly for Wales Finance Committee

Funding to Support Wales During the Covid-19 Pandemic

The UK Government has acted promptly to put in place an unprecedented package of support to help businesses and individuals in Wales, and across the UK, through the Covid-19 pandemic.

The Prime Minister has said that the UK Government will do whatever it takes to win the fight against the pandemic. We are determined to protect lives and to protect livelihoods. During this turbulent time, the Prime Minister has said we will take every step that we can to ensure that businesses are protected, that the economy remains strong, and that no-one, whether employed or self-employed, is penalised for doing the right thing.

Most of the UK Government's measures to support business are UK-wide, including providing £330 billion in business loans and guarantees, paying 80% of the wages of furloughed workers for three months, VAT and tax deferrals, support for the self-employed, and covering the cost of statutory sick pay.

We have made significant changes to the operation of statutory sick pay, universal credit, and employment and support allowance to ensure that people have quicker and more generous access to a support system, and we have taken further immediate steps to give businesses access to cash to pay rents, salaries, or suppliers.

The Prime Minister has given important instructions to enforce social distancing to reduce the chance of transmission. To help this vital effort, the UK Government announced the closure of all shops selling non-essential goods, including clothing and electronic stores. Comprehensive guidance has been published on staying at home and away from others, including advice for those whose work cannot be done from home.

Commercial tenants who cannot pay their rent because of coronavirus will be protected from eviction. Measures, included in the emergency Coronavirus Act, will mean no business will be forced out of their premises if they miss a payment in the next three months.

Companies House is offering firms a three-month extension for filing their accounts to businesses hit by coronavirus.

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The Chancellor of the Exchequer has announced unprecedented support for business and workers to protect them against the current economic emergency including:

- A Coronavirus Job Retention Scheme, where small and large employers will be eligible to apply for a government grant of 80% of workers' salaries up to £2,500 a month. The scheme will be backdated to March 1 and available for at least three months, with first grants to be paid within weeks.
- Deferral of the next quarter of VAT payments for firms, until the end of June, representing a £30bn injection into the economy.
- £330bn worth of government-backed and guaranteed loans to support businesses.
- A Self-Employed Income Support Scheme will help eligible freelance workers receive up to £2,500 per month in grants for at least three months.

We are seeing fantastic levels of cooperation between all political parties and between all four governments in the UK as we work together to tackle this crisis. This is the biggest challenge the UK has faced in our lifetimes, and the UK Government, the Welsh Government, and indeed all the Devolved Administrations are working together seamlessly to provide the leadership this country needs and expects. We have acted at unprecedented speed because we know that businesses, communities, and individuals all need help urgently.

The UK Government announced several programmes that were England-only in the 2020 Budget to respond to the COVID-19 outbreak. These included:

- A local authority hardship fund;
- Business rates reliefs;
- £3,000 small business grants; and
- A £5 billion response fund to support public services.

The response fund to support public services included funding of:

- Enhanced NHS discharge/suspension of means test;
- A local authority COVID support package;
- Purchasing private sector healthcare capacity; and
- Shielding, including food packages and DHSC elements.

Ref: 154SOS20

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Subsequent to the Budget, several further programmes and extensions to the above have been announced. These include:

- Extended business support grants (£10,000); and
- Extended business rates reliefs, including for nurseries and non-essential retail.

Consequential, to the above the UK Government has provided over £5.3 billion to the devolved administrations through Barnett in relation to COVID-19, including £2.73 billion for the Scottish Government, £1.65 billion for the Welsh Government, and £0.92 billion for the Northern Ireland Executive.

Further information on the Barnett consequentials provided to the Welsh Government in 2020/21 will be announced through the Main Estimates process and with the publication of Block Grant Transparency later in the Spring.

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted