



Llŷr Gruffydd AM  
Chair of the Finance Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff

28 November 2019

Dear Llŷr,

I agreed to inform the Committee of my conclusions in respect of the Welsh Government's consultation to amend the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018 including an explanation for any bodies that will be excluded and their impact where appropriate.

Nine individual responses and two group responses on behalf of the Sponsored Bodies Finance Sub Group and NHS Charities were received to the consultation. During the consultation process, my officials met, or offered to meet, with all bodies proposed to be designated to discuss any concerns. The key findings from the consultation were:

- Lack of understanding and awareness of the public expenditure framework and the purpose of classification by the Office of National Statistics (ONS) to the central government sector and its implications;
- Inconsistent treatment of budgeting of arms-length bodies and approach to reserves;
- Misunderstanding of the purpose of designation and its implications;
- Concerns with aligning accounting treatments across sectors with different accounting requirements to central government e.g. charities sector, and needing to ensure no undue consequences on the arms-length bodies.

Given the broad scope and complexity of the issues raised, I have decided to postpone designation for most of the bodies included within the consultation. An action plan to address the issues raised will be produced, which will then be implemented within an appropriate timescale to allow constructive engagement with the bodies concerned. The action plan will include:

- an awareness and training programme of the public sector framework and ONS classifications;
- implementation of consistent treatment of budgeting across all arms-length bodies;
- building technical capability and capacity to consolidate bodies within the Welsh Government's Consolidated Accounts.

We will also address the specific concerns raised by the various bodies, particularly in respect of classification, use of reserves, and bodies that have charitable status.

I expect this postponement to be a year to two years in most cases. However, this would be subject to resolution of any specific technical issues that arise in respect of budgeting and/or accounting with individual bodies.

Whilst this postponement applies to most bodies included within the consultation, I am continuing the alignment exercise and propose to designate 3 bodies for 2019-20 where no significant issues have arisen. These are:

- Health Education and Improvement Wales;
- International Business Wales; and
- Royal Commission on the Ancient and Historical Monuments of Wales.

I hope you find this information helpful.

Yours sincerely,



**Rebecca Evans AC/AM**

Y Gweinidog Cyllid a'r Trefnydd  
Minister for Finance and Trefnydd

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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.

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