

David Rees AM
Chair – External Affairs and Additional Legislation
Committee

18 October 2018

Dear David,

Auditor General for Wales Report: Managing the impact of Brexit on EU Structural Funds

The Auditor General for Wales published this [Report](#) on 1 August 2018 which looked at the management of three key risks and opportunities in relation to Brexit, which are set out below.

- That Wales loses out substantially on funding;
- That WEFO lowers its standards in order to sign-up projects and spend EU money before Brexit; and
- To apply lessons learnt from years of managing structural funds in Wales to any replacement scheme.

The Report, which was noted by the Public Accounts Committee on 1 October, did not contain any recommendations for the Welsh Government. PAC raised some general queries with the Permanent Secretary during our meeting on 15 October.

In publishing the report, the Assistant Auditor General emphasised that, “While there are still matters of detail to resolve, the risk of Wales losing out on EU funding in a no deal scenario has been reduced with the UK Government deciding recently to extend its guarantee. Nevertheless, with Brexit on the horizon, there is naturally uncertainty around future funding for Wales and this report identifies a number of issues that WEFO and Welsh Government need to focus on during this time.”

The Auditor General is currently finalising a similar report on the EU Rural Development Programme and is also considering a wider programme of work to



support scrutiny of Welsh public services' preparedness for Brexit, although the timing and precise scope of any such work is yet to be determined.

I am aware of the Finance Committee's inquiry into preparations for replacing EU funding streams in Wales, after the UK leaves the EU and your Committee's ongoing inquiries including into preparations for Brexit and the Brexit transition period. PAC Members suggested that there may be some merit in EEAL Committee seeking some assurance that WEFO is in relatively good shape and that they may also be interested in the future work on preparedness that is mentioned in the report.

Yours sincerely,

A handwritten signature in black ink, reading "Nick Ramsay". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Nick Ramsay AM
Chair

