

Mark Drakeford AM/AC  
Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol  
Cabinet Secretary for Finance and Local Government



Llywodraeth Cymru  
Welsh Government

Simon Thomas AM  
Chair of the Finance Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff

9 December 2016

Dear Simon,

I would like to advise the Committee of two technical changes that I will be making to the Annual Budget Motion to be laid on 20<sup>th</sup> December.

Firstly, the estimated value of National Insurance Contributions which are received by Welsh Ministers to finance NHS services in Wales in accordance with the Social Security Administration Act 1992, will be switched from Schedule 2 (accrued resources) of the Health, Well-being & Sport ambit to Schedule 1 (resources required). These receipts will be regarded as 'financing' rather than 'income' and will bring the treatment in line with the Government Financial Reporting Manual. The estimated value of the NI contributions included within the draft budget proposals was £1.140bn.

Secondly, in response to a recommendation from the previous Finance Committee's inquiry into Best Practice Budget Processes, an exercise was undertaken to align the Welsh Government's budget and accounting boundary with the budget boundary used by HM Treasury for the control of public expenditure.

This work is being delivered using a phased approach. 'The Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2016' was laid on 18 November concluding the first phase. The resources expected to be used by the bodies designated in the Order will be included within the Annual Budget Motion for 2017-18 (rather than the cash funding provided to those bodies). The effect of this change will be an increase to the Welsh Government's resource requirement of approximately £256m based on the draft budget proposals. This reflects the non-cash resources e.g., depreciation and impairments of the designated bodies.

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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.

There will be no impact on the overall level of Welsh Government resources as a result of these changes which will continue to be presented, as normal, within the Budget Action tables.

Best wishes,

Mark

**Mark Drakeford AM/AC**

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