

Jane Hutt AC/AM

Y Gweinidog dros Fusnes a'r Gyllideb  
Minister for Business and Budget



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref  
Ein cyf/Our ref

Angela Burns AM  
Chair of the Finance  
Committee  
National Assembly for Wales  
Cardiff Bay  
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6 July 2010

*Dear Angela,*

Thank you for your letter of 1 July concerning the First Supplementary Budget for 2010-11. The letter follows up on a number of issues that were raised at the Finance Committee on 1 July.

Taking each of the points raised in turn:

- Comparison between the Supplementary Budget for 2010-11 and the Draft Budget for 2011-12

I fully support the need for transparency and openness and I welcome the robust process we have in place for scrutinising the budget. That is why I fully recognise the Committee's need to be able to make like-for-like year on year comparisons. Adopting a consistent approach to the Clear Line of Sight and other organisational changes will enable these comparisons to be made and I am committed to ensuring that the Draft Budget provides a clear basis on which this can be done.

I note the Committee's suggestions as to how this could be achieved and will consider the options further. I would like to provide the Committee with my assurance that it will receive as part of the budget supporting documentation a full reconciliation along the lines they have suggested to support the scrutiny process.

- Invest to Save Fund

I agreed to provide further details on the Invest to Save fund at Finance Committee. I will provide you with a separate response, with the detailed information requested, at the earliest opportunity.

- In-year Cuts

I will be confirming the approach we will be taking to the Assembly before the end of this session.

- Business Rates Policy

Part of the revenue consequentials allocated to Wales in the March Budget (£11.4m in both 2010-11 and 2011-12) related to the introduction of enhanced Business Rates relief for small businesses in England. Treasury allowed us the option of receiving the consequentials through DEL, giving us flexibility over its use, or introducing a similar relief in Wales the cost of which – because of the way Business Rates reliefs are funded – would be covered by Treasury. We estimated that the cost of a similar scheme in Wales would be significantly more than the DEL consequential.

In addition, supporting small businesses during the economic recovery is vital. This relief will reduce business rates bills by up to around £1,840, which, when added to the relief that they already receive means that businesses in Wales will receive relief of up to around £2,450 during the 12 month duration of this scheme. We estimate that at least a third of business will effectively pay no business rates for this period.

As a result, we agreed that we should introduce a similar scheme and forego the consequential.

- Movement of revenue and capital reserves

Again, in support of the scrutiny process, I will ensure that future Explanatory Notes include a table showing all the movements into and out of reserves in respect of capital and revenue.

I would like to thank the Finance Committee for their work in scrutinising the supplementary budget and I look forward to the publication of your report.



