

Andrew Davies AM/AC
Y Gweinidog dros Gyllid a Chyflenwi Gwasanaethau
Cyhoeddus
Minister for Finance and Public Service Delivery



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf / Your ref:

Angela Burns
Chair
Finance Committee
Cardiff Bay
Cardiff
CF99 1NA

16 October 2008

Dear Angela

Finance Committee: Action Points from 9 October Meeting

At our meeting on 9 October to start the scrutiny of the 2009-10 Draft Budget proposals I committed to provide a brief note giving further details on a number of issues raised by the committee. Further details are attached below.

(i) Welsh Assembly Government and ASPB banking arrangements

The vast majority of Welsh Assembly Government funds are held by the Government Banking Service (GBS), formerly known as the Office of the Paymaster General, in accounts with the Bank of England. The Assembly draws down money monthly for most of its needs, so balances in GBS accounts can go up to £1bn.

It is important to stress that we do not hold funds for investment. The aim of the Government Banking Service arrangements is that they enable HM Treasury to make use of all unused funds collectively, thereby maximising returns and minimising the overheads and risks that would arise if each department and devolved administration were to operate its own treasury management function.

The Assembly Government also has accounts with Barclays as the GBS does not yet offer a full range of banking services including payments to some organisations. Balances with Barclays are generally around £5m to £7m, but can peak at up to £11m in anticipation of a large expenditure.

Finally, the Welsh Assembly Government also operates a number of bank accounts overseas (mostly in the USA) to support our offices and work there. Balances in these accounts would never exceed £100k at any given time.

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Caerdydd • Cardiff
CF99 1NA

English Enquiry Line 0845 010 3300
Llinell Ymholiadau Cymraeg 0845 010 4400
Ffacs * Fax 029 2089 8129
Correspondence.Andrew.Davies@Wales.gsi.gov.uk
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Assembly Government Sponsored Bodies are not permitted to draw down grant in aid in advance of need and do not therefore have investment accounts holding monies derived from the Welsh Assembly Government. However, a number of them have funds derived from other sources e.g. legacies, charitable donations, lottery funding, and they are entitled to invest those funds.

(ii) Mortgage Rescue Scheme (27 November 2007 meeting, paragraphs 133 – 152)

With regard to your queries about the mortgage rescue scheme, it is more appropriate for the Deputy Minister for Housing to respond on this issue and I understand that she will be writing to you directly with the relevant details.

(iii) Strategic Capital Investment Fund

The final budget published January 2008 established a Strategic Capital Investment Fund worth initially around £400m over the period 2008-09 to 2010-11.

The resources for this fund are drawn from capital reserves and capital End Year Flexibility (EYF), and are not drawn from existing departmental budgets.

So far, capital funding of £66.3m over 3 years has been allocated to one key project – the All Wales Influenza Preparedness Programme. In the 2009-10 Draft Budget, the funding for this Programme has been transferred into the Department for Health and Social Services budget line.

The Strategic Capital Investment fund is in place to support collaborative and cross-cutting projects, as well as those which contribute towards improving our national resilience.

The relationship between the Strategic Capital Investment Fund and capital budgets held by Ministers will vary according to the funding requirements of each proposal. In some cases, the Strategic Capital Investment Fund could provide 100% of the funding (e.g. the All Wales Influenza Preparedness Programme). In other cases the Strategic Capital Investment Fund could be used to supplement funding already being provided from capital budgets held by Ministers, or it could be used to supplement other sources of external funding (or both).



Andrew Davies
Minister for Finance and Public Service Delivery