



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

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[Y Pwyllgor Cyllid](#)

[The Finance Committee](#)

24/02/2016

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from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn
ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in
the committee. In addition, a transcription of the simultaneous interpretation
is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

| | |
|--|--|
| Peter Black Bywgraffiad Biography | Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats |
| Christine Chapman Bywgraffiad Biography | Llafur Labour |
| Mike Hedges Bywgraffiad Biography | Llafur Labour |
| Alun Ffred Jones Bywgraffiad Biography | Plaid Cymru (Cadeirydd Dros Dro) The Party of Wales (Temporary Chair) |
| Ann Jones Bywgraffiad Biography | Llafur Labour |
| Julie Morgan Bywgraffiad Biography | Llafur Labour |
| Nick Ramsay Bywgraffiad Biography | Ceidwadwyr Cymreig Welsh Conservatives |

Eraill yn bresennol
Others in attendance

| | |
|--|---|
| Jeff Andrews | Cynghorydd Polisi Arbenigol, Llywodraeth Cymru Specialist Policy Adviser, Welsh Government |
| Margaret Davies | Pennaeth Cyflenwi'r Gyllideb, Llywodraeth Cymru Head of Budget Delivery, Welsh Government |
| Matt Denham-Jones | Dirprwy Gyfarwyddwr Rheoli Ariannol, Llywodraeth Cymru Deputy Director of Financial Controls, Welsh Government |
| Jane Hutt Bywgraffiad Biography | Aelod Cynulliad, Llafur (Y Gweinidog Cyllid a Busnes y Llywodraeth) Assembly Member, Labour (The Minister for Finance and Government Business) |

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

| | |
|------------------|-------------------------------|
| Gerallt Roberts | Dirprwy Clerc Deputy Clerk |
| Meriel Singleton | Clerc Clerk |

| | |
|----------------------------|---|
| Gareth Thomas | Y Gwasanaeth Ymchwil |
| | Research Service |
| Joanest Varney- Jackson | Uwch-gynghorydd Cyfreithiol Senior Legal Adviser |

*Dechreuodd y cyfarfod am 10:19.
The meeting began at 10:19.*

Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Alun Ffred Jones:** Agoraf y pwyllgor yn ffurfiol, felly, a'ch croesawu chi i gyd yma. A gaf i eich atgoffa chi i droi eich ffonau symudol i ffwrdd neu i'w rhoi ar 'distaw'? Mae yna ymddiheuriad gan Jocelyn Davies heddiw. Nid oes neb yn cymryd ei lle hi.

Alun Ffred Jones: I open the meeting formally, therefore, and I welcome you all here. Could I remind you to turn off your mobile phones or put them on 'silent'? We do have apologies from Jocelyn Davies today. There is no substitute.

10:19

Papurau i'w Nodi Papers to Note

[2] **Alun Ffred Jones:** Papurau i'w nodi yw'r ail eitem. Cofnodion y cyfarfod a gynhaliwyd ar 28 Ionawr—iawn? A chofnodion y cyfarfod a gynhaliwyd ar 3 Chwefror. Rwyf hefyd yn nodi llythyr oddi wrth gadeirydd y Cyd-bwyllgor Hawliau Dynol at y Llywydd mewn perthynas ag ymgynghoriad Llywodraeth y Deyrnas Unedig ar Fil hawliau dynol Prydeinig. Pawb yn hapus i'w nodi? Diolch yn fawr.

Alun Ffred Jones: Papers to note is the second item. Minutes of the meeting held on 28 January—okay? And the minutes of the meeting held on 3 February. I also note a letter from the chair of the Joint Committee on Human Rights to the Presiding Officer in relation to a consultation on a British Bill of rights. Is everyone happy to note that? Thank you very much.

10:20

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o
Eitem 4**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public
from Item 4**

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu
gwahardd y cyhoedd o Eitem 4 yn
unol â Rheol Sefydlog 17.42(vi).*

*that the committee resolves to
exclude the public from Item 4 in
accordance with Standing Order
17.42(vi).*

Cynigiwyd y cynnig.

Motion moved.

[3] **Alun Ffred Jones:** Eitem 3, felly: rydw i eisiau cynnig, yn unol â Rheol Sefydlog 17.42, bod y pwyllgor yn penderfynu cyfarfod yn breifat ar gyfer eitem 4 o'r cyfarfod heddiw. A yw'r Aelodau'n fodlon? Diolch. Dyna ni, felly.

Alun Ffred Jones: Item 3, therefore: I move to propose in accordance with Standing Order 17.42 that the committee resolves to meet in private for item 4 of today's meeting. Are the Members content? Thank you. There we are, then.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 10:20.

The public part of the meeting ended at 10:20.

Ailymgynullodd y pwyllgor yn gyhoeddus am 11:01.

The committee reconvened in public at 11:01.

**Ail Gyllideb Atodol Llywodraeth Cymru 2015–16: Sesiwn Dystiolaeth
Welsh Government Second Supplementary Budget 2015–16: Evidence
Session**

[4] **Alun Ffred Jones:** Os caf fi alw'r Pwyllgor i drefn a'ch croesawu chi i eitem 5, sesiwn dystiolaeth ar ail gyllideb atodol Llywodraeth Cymru ar

Alun Ffred Jones: If I can call the meeting to order and welcome you to item 5, the evidence session on the Welsh Government second

gyfer 2015–16. Croesawaf y supplementary budget for 2015–16. Gweinidog yma a'i swyddogion. A gaf May I welcome the Minister here and i ofyn ichi gyflwyno eich hun a'ch her officials? May I ask you to swyddogion er mwyn y cofnod? introduce yourself and your officials Diolch yn fawr. for the record? Thank you very much.

[5] **The Minister for Finance and Government Business (Jane Hutt):** Diolch yn fawr. Jane Hutt, Minister for Finance and Government Business; Matt Denham–Jones, who is the deputy director of financial controls, Welsh Government; Jeff Andrews, specialist policy adviser; and Margaret Davies, head of budget delivery, Welsh Government.

[6] **Alun Ffred Jones:** Diolch yn fawr iawn. Rwy'n falch iawn o'ch much. I'm very pleased to welcome croesawu chi yma, Weinidog. Mi wnaif you here, Minister. I will ask the i ofyn y cwestiwn agoriadol. Ar y opening question. On the health gyllideb iechyd, mae yna gynnydd. budget, there has been an increase. Rydych wedi ychwanegu £45 miliwn You added £45 million in September ym mis Medi i'r gyllideb iechyd. to the health budget. The committee Mae'r pwyllgor wedi mynegi pryder has expressed concern previously yn flaenrol nad ydym yn cael digon that there hasn't been enough o dystiolaeth o sut y bydd cyllid evidence about how this additional ychwanegol ar gyfer iechyd yn hwb i money for health will be enough to ddiwygio'r gwasanaeth iechyd. Felly, boost health service reform. So, what pa dystiolaeth sydd gennych fod y evidence do you have that the dyraniadau a wnaed yn gynharach yn allocations made previously in this y flwyddyn ariannol hon wedi financial year have contributed to cyfrannu at ddiwygio? progress?

[7] **Jane Hutt:** In fact, that funding allocation, the £45 million in September was—. If you recall, I made a statement in September about in-year management of our finances and I did, in fact, allocate £58.8 million to the health and social services main expenditure group. In that statement, I did say that this would include £45 million to drive a number of initiatives within the service targeted at improving performance in 2015–16. Also, of course, there was a further allocation, which was to support additional cost with the number of treatments approved that year. Of course, those were very important in terms of new medications, which were going to make a big impact on people's lives. They were in-year decisions that had to be made.

[8] Just in terms of those specific initiatives, they did include targeting a

reduction in the number of long-waiting patients, particularly diagnostic patients, by the end of March 2016. And also the fact that there were local delivery targets agreed with each health board against the moneys allocated to Welsh Government, which was crucial. Obviously, we're not at the end of March yet, but funding will only be provided if those targets are achieved.

[9] **Alun Ffred Jones:** Mae nifer o **Alun Ffred Jones:** A number of local fyrddau iechyd lleol yn rhagweld health boards forecast end-of-year diffygion ddiwedd y flwyddyn. Sut deficits. How will you ensure that the ydych chi'n sicrhau bod y dyraniadau allocations in the supplementary yn y gyllideb atodol yn trawsnewid budget achieve genuine service gwasanaethau o ddifrif yn hytrach na transformation, rather than just dim ond llenwi bylchau? plugging gaps?

[10] **Jane Hutt:** It is important that the funding is used to respond also to service pressures as well as to service transformation, which, of course, is taking place. I think it is important to acknowledge, as has been done in the last couple of weeks, the fact that there have been unprecedented pressures, particularly on accident and emergency—record levels of demand for unscheduled care. Also, to give another example in terms of allocation of this finance, £5.7 million of funding for Hywel Dda Local Health Board, and part of that is to respond to provide safe emergency services at Withybush hospital; £3.5 million to the Welsh Ambulance Services Trust to support performance improvement, and, of course, that does include, again, in terms of transformational change, delivery of the new clinical model for emergency response times. But I have mentioned also the fact that the finance has helped us to support 300 people to receive the new treatment for hepatitis C. Approximately 400 people are expected to have been treated by the financial year end, and also that small number of patients suffering from the rare condition atypical haemolytic uraemic syndrome. So, it is about responding to pressures and targets, as I said, in terms of delivery on waiting times, but also, all importantly, those new treatments, those new drugs, which actually will also have a preventative impact and life-saving impact for people.

[11] **Alun Ffred Jones:** Mike Hedges.

[12] **Mike Hedges:** You allocated £45 million to the NHS to alleviate winter pressures. How will you ensure that it goes to those who have the greatest winter pressures, as opposed to those who just overspend?

[13] **Jane Hutt:** Well, I've mentioned also the fact that we've had an

unprecedented and great surge in demand in terms of winter pressures for urgent emergency care services. Also, that's been reflected in the ambulance trust as well; a sharp rise in critically ill patients using services. I think it's worth putting on record again, just in terms of the importance of that winter pressure allocation, that 80,000 people visited emergency departments across Wales in January of this year—the highest January attendance since records began. So, there is a clear—

[14] **Alun Ffred Jones:** Is that good or bad that's it's the highest?

[15] **Jane Hutt:** I think it demonstrates the fact that we do need to be able to support the service in responding to this pressure. Obviously, we've also seen strong messages from health boards saying, 'Don't go to A&E unless you really have to', because of the pressures. We know that pressures are throughout the year, and there are ways in which, of course, primary care can assist. I think what's very important is that that £45 million is about helping the NHS in Wales manage these pressures. But, in fact, it's for the health Minister to decide how those allocations are distributed, and it's got to be based on need and pressures, and it is going to be the health Minister who will decide how best to allocate those resources within his portfolio.

[16] **Mike Hedges:** I have a horrible feeling you're going to say that the health Minister will decide both of these things I'm about to ask you, but I'll ask you them anyway. Is the £45 million going to be added into the base budget for next year, or has it been added into the base budget for next year, and how will it be allocated to what the health boards are getting this year, so they have a higher base budget to start? And the second point is: maybe one of the problems with A&E is that that's the only place you can go and actually see a doctor if you have difficulty getting in to see a primary care practitioner.

[17] **Jane Hutt:** Well, obviously, I mentioned primary care. There's no question about it, this is about all of the ways in which people who are poorly and need to access help and treatment, all the avenues—. Primary care—we're particularly ensuring that we boost that with the allocations that we've made in terms of primary care. But this is a non-recurrent adjustment, because it is about us responding to these pressures in this financial year. Of course, this is something where, again in terms of transformation of the health service, we do need to make sure we've got a sustainable NHS based on reforms that are outlined in the Nuffield report.

[18] **Mike Hedges:** I think you mean the Nuffield report—.There are two Nuffield reports, aren't there? There's the one that says that productivity amongst doctors in hospitals has collapsed by about 30 per cent and there's the one that looks at the four health systems and comes to a view on that. I assume you mean the latter one.

[19] The last question I've got is on the movement from capital to revenue. Will that be replaced in the capital programme for next year so that the work will actually be able to be completed?

[20] **Jane Hutt:** Well, this is a modest move from capital to revenue. It's a £9.6 million transfer. It's actually only 0.2 per cent of our budget. Interestingly, the Department of Health in England has transferred nearly 1 per cent of their total spend from capital to revenue—nearly £1 billion. This is about good management. In the context of the NHS needs and investment, it's a small transfer. But also, it's about natural capital slippage and, of course, no slowing down or stopping of schemes if slippage has occurred in terms of the next year's capital programme.

[21] **Alun Ffred Jones:** Just to press this point that Mike Hedges raised about the Nuffield report, which suggests that productivity in the NHS has dropped by 30 per cent, have you looked at that report and have you come to any conclusion, because, if it is true—and I presume it is—is there an explanation for it?

[22] **Jane Hutt:** Clearly, the Nuffield report has been crucially important in terms of steering us forward in terms of the needs for funding in the NHS, and that's why we have made an allocation based on the Nuffield report. I think it's indications—. I mean, clearly, this isn't just an issue for Wales in terms of the productivity issues, but I also would have to say that, clearly, we have got a very engaged workforce and our junior doctors aren't going on strike in Wales and we are making sure that we can deliver in terms of the pressures on the service by supporting them but also by ensuring that all our healthcare staff at every level are supported to deliver maximum outcomes in terms of productivity. I think it's very important as well, in terms of the transformation that we have delivered in the service, that you can see that that does include more investment in primary care as well as in secondary care.

[23] **Alun Ffred Jones:** The question is really not about investment or indeed good staff relationships; it is the very basic fact about the

productivity, which would seem to be a very, very serious question, if it's true. I was just wondering whether the Government has made any analysis of this.

[24] **Jane Hutt:** Well, I think it's important to recognise that this is a supplementary budget were I am, as finance Minister, assisting my colleagues in the Government, including the Minister for Health and Social Services, in the management of the in-year budget. But if you look at NHS transformation, I think you can see that the prudent healthcare action plan that the Minister is taking forward—. Well, actually, that action plan has been recognised as placing Wales as part of an international movement to ensure greater outcomes and value from our investments in healthcare. That does include better efficiency through technology, the intermediate care fund—we haven't mentioned social care yet. Also, integrated care records. There's the good example of the mid Wales healthcare collaborative. That's about improving the delivery of healthcare services in mid Wales over the short, medium and long term, particularly where you need innovative solutions in rural communities, but also again many new developments over the past year, such as a modern primary care resource centres in Llangollen, Flint and Blaenau Ffestiniog, changes to stroke services in Aneurin Bevan and Cwm Taf, enabling more patients to return home more quickly and be supported through their rehabilitation in their own home. Those are key examples of where we will improve on productivity, very much led by our prudent healthcare action plan, led by the Minister.

[25] **Alun Ffred Jones:** Julie Morgan, do you want come in on this?

[26] **Julie Morgan:** I wanted to go back to the £45 million. Obviously, it was tremendously good news that, I think it was £12 million that was allocated to the hepatitis C patients—. I chair the haemophilia cross-party group so I was very aware of the huge difference that these medicines have made, which have absolutely transformed people's lives. They're cures, and it's absolutely fantastic that that was done. I think, Minister, you did say that there are 350 patients who benefited from that. Obviously, there will be more patients next year who will need it. So, it was really just to check what I think you said in responds to Mike Hedges about whether that money will then be available in addition to the local health boards' budgets in order to treat the other hepatitis C sufferers?

11:15

[27] **Jane Hutt:** There were two separate sums of £45 million that emerged—

[28] **Julie Morgan:** Right, okay. I wasn't sure.

[29] **Jane Hutt:** —which is a bit confusing in the sense that the first £45 million, which I announced in September, clearly includes that funding for the £13.8 million for those new treatments. As you say, they transform people's lives. I think it's 300 or 350 people receiving the new treatment for hepatitis C—and 400 expected by the end of this year—and also the atypical haemolytic uraemic syndromes, which is a smaller number of patients. That's going to carry forward into the next financial year.

[30] **Alun Ffred Jones:** Nick Ramsay.

[31] **Nick Ramsay:** Minister, the supplementary budget details a number of transfers from areas of preventative spend to manage in-year pressures. How does this fit with the NHS Confederation's call to shift resources from treatment to prevention to support people to make better lifestyle choices and the commitment of the Minister for health to investing in preventative services?

[32] **Jane Hutt:** Well, it is very important that there is some flexibility in budgets for Ministers in terms of their budget areas. Looking at those transfers that have been made, there's been no evidence that there'll be any impact on existing health prevention initiatives. In fact, resources have been redirected on some budgets to front-line services in the NHS, but, actually, much of that, in terms of front-line services, is where the preventative health spending occurs. So, it is about the health Minister being able to be flexible within the budget.

[33] Now, I'll give one other example of a new treatment where the health Minister has had to respond, which wasn't then anticipated—the introduction of the meningitis B and the meningitis ACWY vaccine programme, and also an additional school year for the seasonal flu vaccine in 2015–16. Of course, the money had to be transferred to meet those needs, which, of course, are very key areas of preventative health spending but which weren't necessarily anticipated. They certainly weren't anticipated in terms of budget planning in advance of the 2015–16 budget.

[34] **Nick Ramsay:** So, you would maintain that there is no effect at all from

shifting that resource from the preventative side? Even if it's minor, there must be some impact, surely.

[35] **Jane Hutt:** Well, I've given you an example of a very positive development as a result of a transfer of budget line to these new vaccine programmes. I'm sure that you would agree that that's a very positive indication of finding additional funding within the NHS for preventative spend. Also, of course, there are certain areas where there might be more uncommitted budget areas, and programmes might come to a natural end. There were contingencies on tobacco legislation, which weren't then expected to arise, in fact, in 2015–16. So, this is again about managing in-year. The health Minister was able to reallocate uncommitted budgets towards front-line demands, but I would say there was little or no impact on existing health prevention initiatives. I've said that.

[36] **Nick Ramsay:** You've anticipated the next question on the tobacco control strategy. The allocation to the 'Promote health improvement and healthy working' action, which funds the tobacco control strategy and the provision of nurses in secondary schools, has decreased by 20 per cent in this budget. What are the reasons for the reduction, and what do you think will be the consequences?

[37] **Jane Hutt:** Well, it does go back, as I've said, to the fact that there are budget areas where there has to be flexibility. As I've said, there were planned contingencies on tobacco legislation, which we then did not need to use. So, that's where you can, and you must, in terms of budget management, move the money into the areas of front-line information.

[38] You mentioned the provision of nurses in secondary schools. In fact there isn't any funding in this area that directly supports nurses in secondary schools because we've got a secondee who now oversees this policy area, and that wasn't affected by budget changes in this financial year.

[39] **Nick Ramsay:** Okay. Thanks. The supplementary budget details a number of transfers within the social services spending programme area due to reprioritisation. Can you provide the committee with further details of the rationale behind this and on any specific programmes that have been affected by the transfers?

[40] **Jane Hutt:** It does go back to the careful consideration that Ministers have to make, particularly, in this instance, the health Minister, about

managing risks, commitments, balancing against existing commitments and risks, future policy plans, and whether there has to be, as a result of those considerations, redirection in terms of emerging new commitments in other areas of the social services budget. That's something where, again, I think—. In budget setting, there are uncommitted budget areas identified, and of course those do provide some flexibility, particularly within social services, and of course you will be well aware of the fact that the introduction of the Social Services and Well-being (Wales) Act 2014 has been at the forefront of deciding what the priorities would be. For example, the programme to provide support for carers for the first time in Wales is a crucial way in which the health Minister's used that money.

[41] **Nick Ramsay:** How has the Welsh Government considered the impact on children, carers and older people of the resource transfer from social services?

[42] **Jane Hutt:** No or little impact on existing initiatives as, again, I've mentioned the fact that spending on the Social Services and Well-being (Wales) Act was a priority for this financial year. It's a once-in-a-generation piece of legislation, and we've worked hard to provide national support throughout the year, and it will go into 2016-17, to make sure those systems are in place to deliver on the social services spending area, and the social services and wellbeing Act. But, you know, that is going to have a hugely beneficial impact on children, carers and older people.

[43] **Nick Ramsay:** Thanks.

[44] **Alun Ffred Jones:** Christine Chapman.

[45] **Christine Chapman:** Thank you, Chair. Minister, I just want to ask you a question about domestic abuse. When we took evidence from Welsh Women's Aid, they were quite concerned about—well, we were quite concerned about what they were telling us. In fact, they said that, in 2014, at least 284 women in Wales could not be accommodated by refuges because there was no space available when they needed help, and then that did improve in the first few months of 2015, but it's still a pretty difficult situation—161 women in Wales could not be accommodated by refuges. In fact, when we heard from the Minister in Plenary on 10 February, he acknowledged that there were problems, and there are parts of Wales where the services are not currently available. I know extra money has now been put into this, but could you say how the additional capital allocation to

domestic abuse, how will that assist the provision of front-line and specialist refuge services and actually help the sector to reach a sustainable funding model?

[46] **Jane Hutt:** Thank you, Christine. I was very concerned about the questions you raised in Finance Committee when I was scrutinised on the draft budget for next year, and you know that I did circulate to the Finance Committee a response from the Minister for Public Services, because it's quite cross-cutting in terms of different ministerial responsibilities. This is for the next financial year, but, in terms of this financial year and this supplementary budget, I know you would welcome the fact that that extra capital allocation has meant an additional four projects being approved in this financial year, making a total of 14 in all. That includes repairs and refurbishments to the north Wales women's centre, improvements to the refuge in Flintshire to accommodate disabled women and to establish additional sexual violence services in north Wales and in Cardiff. So, the additional allocation this year has particularly accommodated and focused on those front-line and specialist refuge services.

[47] **Christine Chapman:** Obviously, the figures did go down, which is good, but do you think we'll get to a situation where no woman will be at risk of not having anywhere to go, because obviously even though the situation could be improved for more people, if you are actually that person who is looking for a refuge and you don't get it, it's going to be extremely difficult? So, I just wonder how much—

[48] **Jane Hutt:** Well, I think—. This is about this financial year, and you're talking about the next financial year's budget, which, as you say—. There was very important scrutiny, very important questions for the Minister for Public Services. The fact that we protected—and I don't know whether this was acknowledged by Welsh Women's Aid at the time—the Supporting People budget programme has had a hugely beneficial impact. Certainly, as far as my awareness goes of more local Women's Aid provision, that has had a major beneficial impact on the services and ability to respond to women's needs. So, I think for the next financial year, clearly, again, scrutiny has identified, and the response from the Minister has identified, that this is a key area. In fact, the domestic abuse budget for next year has risen, and I'm sure it's going to be very welcome that we've put this extra capital into this financial year as well, because the provision of those facilities is crucial as well, in terms of specialist needs.

[49] **Christine Chapman:** Okay. On the Welsh Government learning grant, how did the Welsh Government prioritise which ministerial portfolios should fund the increased allocation to the Welsh Government learning grant?

[50] **Jane Hutt:** Well, this was something where Ministers did agree to contribute that £6.1 million from their own budgets. In fact, £5.2 million was provided from reserves, and their contributions were based on the size of their portfolio budgets.

[51] **Christine Chapman:** Okay. Thank you.

[52] **Alun Ffred Jones:** Peter Black.

[53] **Peter Black:** Thank you, Chair. Before I ask this question, can I just clarify? In terms of next year's budget, you were proposing to transfer £21 million to the tuition fee grant. Did that go ahead, or did you find extra money for higher education from reserves? How did that work?

[54] **Jane Hutt:** You're talking about next year's budget.

[55] **Peter Black:** Next year, yes.

[56] **Jane Hutt:** Because, clearly, I said that's where we were going to source the extra funding for next year from this financial year, so it will be a transfer from this financial year through to next year, via the reserves. Margaret, do you want to just clarify the mechanisms?

[57] **Ms Davies:** Yes. The additional money that the Minister announced of £10 million for higher education for the part-time provision and the research will be carried through from 2015-16 to 2016-17 using the budget exchange system.

[58] **Peter Black:** But the transfer to the tuition fee grant money of £21.1 million is going ahead for next year.

[59] **Ms Davies:** The adjustment will be reflected in the final budget, yes.

[60] **Peter Black:** So, in addition to that £21 million, you're also transferring £5 million in the current year—

[61] **Jane Hutt:** £10 million.

[62] **Peter Black:** —and £21 million next year from the Higher Education Funding Council for Wales to the tuition fee grant.

[63] **Jane Hutt:** I think perhaps we need to separate the £10 million additional announcement for next year—

[64] **Peter Black:** I was talking about the £21 million, not the £10 million.

[65] **Jane Hutt:** The £10 million is an additional announcement that I've made—

[66] **Peter Black:** I didn't mention the £10 million.

[67] **Jane Hutt:** No, the £5 million.

[68] **Peter Black:** There's £5.1 million this year going to the tuition fee grant, and £21.1 million next year. Is that correct?

[69] **Ms Davies:** Yes. The £5 million is an adjustment in respect of the tuition fee grant final figures for 2015–16; the adjustment that the Minister announced for 2016–17 will be reflected in the final budget.

[70] **Peter Black:** So, in total, over this year and next year, there's about £26 million going back into the tuition fee grant.

[71] **Ms Davies:** The adjustment on the £21 million will be reflected within the education main expenditure group, because it's a transfer between actions—

[72] **Peter Black:** But this year and next year it's £26 million.

[73] **Ms Davies:** The adjustment for this year is £5 million and then the decision next year—. The decision has been taken not to proceed at this stage with the transfer for next year, so that adjustment—

11:30

[74] **Peter Black:** So, you're not transferring £21 million next year.

[75] **Ms Davies:** Not in the final budget.

[76] **Jane Hutt:** No. In fact, that will be—. Because, obviously, the final budget is being published on Tuesday, you will see the £21 million.

[77] **Peter Black:** So, that £21 million is staying with HEFCW. So, given that you've taken a decision not to transfer that £21 million next year, why are you transferring £5 million now this year?

[78] **Jane Hutt:** Well, it was—. The transfer of £5 million in this supplementary budget is an outstanding balance of tuition fee grant moneys, but it's got no correlation at all with the announcements that I've made for next year. It's actually in line with the remit letter for HEFCW this year, that £5 million. That's why the transfer has to take place. But it's not something that HEFCW has, you know, questioned or been concerned about, because it's really that this financial year it's anticipated. But, obviously, there's a change now in direction for the next financial year.

[79] **Peter Black:** So, the £5 million has gone from HEFCW to the tuition free grant for this year, and that is presumably to meet a shortfall in that tuition fee grant funding.

[80] **Jane Hutt:** Well, it's the balance—the outstanding balance.

[81] **Peter Black:** Okay, it's to balance that funding then.

[82] **Jane Hutt:** Yes.

[83] **Peter Black:** So, next year you originally anticipated needing another £21 million, which you now say you won't need. Does that mean that at some stage next year you may have to rebalance that again?

[84] **Jane Hutt:** Well, we've made the decision and commitment that that should go to HEFCW.

[85] **Peter Black:** I understand that, but in terms—

[86] **Jane Hutt:** I think that, really, we've listened to the concerns of the scrutiny—

[87] **Peter Black:** Oh, I understand that.

[88] **Jane Hutt:** —and we've agreed not to go ahead; I think that's the point to make.

[89] **Peter Black:** Fine, I totally support that; what I'm trying to ascertain is whether the tuition free grant funding is going to be short next year as a result of that decision.

[90] **Jane Hutt:** Not that they've—. Certainly, HEFCW has been very happy with this in terms of what they forecast and anticipate.

[91] **Peter Black:** So, you're saying—

[92] **Alun Ffred Jones:** I'm not sure whether that's the question.

[93] **Peter Black:** No. So, you're anticipating that tuition fee grant funding next year will be short of that £21 million; you think it's okay for next year.

[94] **Jane Hutt:** That's what they anticipate and forecast, and I don't think there should be—

[95] **Peter Black:** Okay. I don't understand why you made the decision in the first place to transfer it, then.

[96] **Jane Hutt:** Well, of course, you'll remember that the WAO had advised that we should be transferring it, and we pulled back on that.

[97] **Alun Ffred Jones:** But the money will still be going from another source.

[98] **Jane Hutt:** Do you mean for next—

[99] **Alun Ffred Jones:** Yes, for next year, sorry—the £21 million. It has to be financed, doesn't it?

[100] **Jane Hutt:** For the next financial year, HEFCW is keeping that. I think this is for the next financial year, not for this supplementary budget, and we will make that very clear in our final budget statement on Tuesday.

[101] **Peter Black:** So, essentially, you've taken a decision that the Wales Audit Office recommended that you transfer £21 million on the basis of an assessment of risk.

[102] **Alun Ffred Jones:** I think, Peter, since this session is about—. I understand where you're coming from—

[103] **Peter Black:** I know; I'm just trying to ascertain where this £5 million—

[104] **Jane Hutt:** This is historical, based on the remit letter for HEFCW for this financial year.

[105] **Peter Black:** Okay. I'm just trying to ascertain, you know, what the level of risk is in terms of the tuition fee grant, that's all. Okay, we'll move on. We'll move on. There are a number of revenue transfers in the economy, science and transport portfolio that are due to demands for project delivery. Can you provide more detail on those transfers, including details of specific projects that will benefit from or be negatively affected by those transfers?

[106] **Jane Hutt:** Those transfers are usually projects or schemes that have been reprioritised, you know, as is usual in in-year financial management. The overall net effect will be zero. To give you some examples, the Minister for Economy, Science and Transport, of course, would want to give you, I'm sure, more, but, if I give you some examples: sustainable travel action, £1.87 million, reprofiling of projects in line with delivery, giving rise to funding available for re-allocation—this is funding that was available—rail and air services action, £6.75 million—that's detailed assessment rail funding requirements, released core project for allocation. Then reinvestment: motorway and trunk road operations, additional allocations to support safety and reliability of the road network; delivering ICT infrastructure—that's the public sector broadband aggregation, PSBA, which, of course, supports local authorities, the health service et cetera. Entrepreneurship and business information: reallocation to meet the demand for Business Wales's European projects, particularly start-ups that deliver growth and jobs. So, those are some examples of what was released and how it was reallocated.

[107] **Peter Black:** Okay. Thanks.

[108] **Alun Ffred Jones:** Ann.

[109] **Ann Jones:** Thank you, Chair. Can I turn to the Wales infrastructure investment plan and capital allocations and ask you: how does that strategic approach taken to prioritise projects within the infrastructure investment plan lead to the allocations made in the supplementary budget, and how

have you decided between the different schemes put forward by the various portfolio holders?

[110] **Jane Hutt:** Of course, the Wales infrastructure investment plan does have seven investment priorities, which steer how we will allocate that resource and we're always looking at whether we have got room for manoeuvre with our capital reserves in-year as well as at our budget stage. We have to ensure that all projects do align with the WIIP. They have to represent value for money and they have to be deliverable. We've got a very strong business case process as well to assess and evaluate different projects. But as a result of our management in-year, we have been able to allocate over £1.6 billion of additional capital funding over the period of the last four years as a result of the way we managed this, despite cuts to our capital budget.

[111] **Ann Jones:** Okay, thanks. Part of the theory behind the Wales infrastructure investment plan aims to safeguard and support substantial numbers of jobs. How do you ensure that that is replicated across all sectors and all communities of Wales?

[112] **Jane Hutt:** This is something where I make it very clear that I need to know how many jobs are being created as a result of infrastructure plan investments. So, for example, the recent announcement made at the beginning of February, which was for the whole of Wales, included £43 million for schools and social housing capital investment, which is forecast to create 800 jobs, as a result of that £43 million impact. So, obviously this develops from our jobs and growth focus. Of course, as well as those jobs that are in construction, they are going to enable and support the economy in terms of long-lasting economic and social benefits.

[113] **Ann Jones:** Okay, thank you. The new Wales business fund is partly funded by a £4.5 million transfer in capital from the delivery of sports and physical programmes action, which was mainly from the capital loan scheme for sports and leisure facilities. Now, sport and leisure facilities are under quite a lot of—. I suppose it's quite challenging now for people, looking at leisure facilities there. Given the scale of reduction to the capital allocation, will the capital loan scheme for sports and leisure facilities continue for the rest of this year and also into future financial years?

[114] **Jane Hutt:** Yes, they will continue. This all does come under the Minister for Economy, Science and Transport's budget. There are proposals

in the pipeline for—. This is a capital loan scheme through financial transactions for sports and leisure facilities. That's very much as a result of discussions with local authorities. But there's no question that that is still a priority. I think that the £4.5 million, which has been transferred this year from the capital loan scheme to local authorities, has had a very limited uptake to date, which, of course, we will, as I said, announce on current discussions with local authorities.

[115] **Ann Jones:** Okay, thanks. Thanks, Chair.

[116] **Alun Ffred Jones:** A gaf fi jest droi at y system dechnoleg wybodaeth diwygio'r polisi amaethyddol cyffredin? Mae'r dyraniad ychwanegol i gyllido costau'r system dechnoleg wybodaeth diwygio'r PAC yn rhan o gost y rhaglen, sef £22 miliwn, neu—. A ydy'n rhan o hynny neu a fu cynnydd arall yng nghostau'r prosiect?

Alun Ffred Jones: Could I just turn now to the common agricultural policy reform information technology system? The additional allocation to fund the costs of the CAP reform IT system is part of the cost of the programme, which is £22 million, or—. Is it part of that or has there been another increase in the cost of the project?

[117] **Jane Hutt:** No, it is within the £22 million.

[118] **Alun Ffred Jones:** lawn. Mae'r cynnydd yn y dyraniad ar gyfer y system yma wedi cael ei gyllido drwy drosglwyddiadau o fannau eraill yn y portffolio cyfoeth naturiol. Un o'r llefydd hynny ydy prosiectau penodol sydd yn ymwneud ag atal perygl llifogydd ac arfordirol. Beth ydy'r effaith ar y cyllidebau eraill yna sydd wedi gorfod cyfrannu at y gost yma?

Alun Ffred Jones: Right. The increase in the allocation for the system has been funded by transfers from elsewhere in the natural resources portfolio. One of those areas is projects to do with flood and coastal risk management. What is the impact on those other budgets that have had to contribute to this cost?

[119] **Jane Hutt:** The majority of the funding allocated was actually used from flexibility within the rural development programme. Of course, capital work schemes in the RDP are profiled over the seven-year period of the programme, so that enabled the Minister to access this programme with that seven-year span. But also, funding found within re-profiling of budgets or flexibilities within environment and sustainable development did not have an

impact on delivery. Of course, we have made additional announcements relating to natural resources, not just in terms of Green Growth Wales but also in terms of flood prevention as well. Those announcements were made very recently, after Christmas.

[120] **Alun Ffred Jones:** Diolch yn fawr. Julie Morgan. **Alun Ffred Jones:** Thank you. Julie Morgan.

[121] **Julie Morgan:** Thank you, Chair. I was going to ask you about invest-to-save, our favourite subject. [*Laughter.*]

[122] **Mike Hedges:** [*Inaudible.*]

[123] **Julie Morgan:** Well, Mike's favourite subject. Of course, we did have a statement on it in Plenary yesterday, but I wondered if you could give us any more information on the invest-to-save allocations in the supplementary budget, particularly looking at the NHS and Natural Resources Wales.

[124] **Jane Hutt:** Thank you, Julie. Yes, I think I was asked for more detail during the scrutiny yesterday of my oral statement. It may be worth my while writing to committee to give more detail. But just to give you some examples under the NHS: Betsi Cadwaladr—£586,000 for patient-status-at-a-glance boards, which is an electronic solution to allow better prioritisation of workload and making the status of the patient more visible; theatre optimisation at Betsi Cadwaladr again—£225,000; then we go into the energy efficiency, LED lighting and sensors for Aneurin Bevan—£317,000; infusion pumps at Hywel Dda—£281,000; and extension of acute physicians at Cwm Taf health board—again that's £413,000. Interestingly, that example contributes the release of over 40 beds in Cwm Taf from a previously successful project. So, I could go on.

[125] **Alun Ffred Jones:** No, you can't. [*Laughter.*]

[126] **Jane Hutt:** I think in terms of natural resources, shall I send a letter? Natural resources—£1.1 million on transformation and digital services at Natural Resources Wales. That's going to be key to ways in which the environmental industrial sectors engage electronically rather than through traditional methods.

[127] **Alun Ffred Jones:** I'm going to interrupt you there. Mike Hedges—oh, sorry, Julie.

[128] **Julie Morgan:** I was just going to—. Did you want to go into detail on that Mike?

[129] **Mike Hedges:** [*Inaudible.*]

[130] **Julie Morgan:** I was just going to say, have you got an overall figure of the savings that will be achieved by these in the supplementary budget?

[131] **Jane Hutt:** Yes. I can give you the savings level of each of the savings—

[132] **Alun Ffred Jones:** Could you provide us with the details, perhaps, as a note?

[133] **Jane Hutt:** Yes. I'd be very happy to provide the details of the costs and savings of each scheme, if that would be helpful.

[134] **Alun Ffred Jones:** It would be very much appreciated.

[135] **Julie Morgan:** Yes, thank you. And then, I don't know whether you can give us an update on the savings achieved from previous invest-to-save investments in voluntary severance schemes run by Natural Resources Wales.

[136] **Jane Hutt:** Just looking at those schemes in terms of the—. There have been two voluntary early release schemes from Natural Resources Wales. The first, tranche 7—the total annual salary savings resulting from 126 staff taking the voluntary early release scheme is £4.3 million per annum from 2014–15. The second tranche of schemes—£2.4 million annual savings. In fact, the total net cash efficiency savings from the project by 2024 will be £20.6 million.

11:45

[137] **Alun Ffred Jones:** Mike.

[138] **Mike Hedges:** I think I know three things about invest-to-save, but I'd be quite happy if the Minister would correct me if I'm wrong on any one of them—

[139] **Nick Ramsay:** You're being terribly modest. [*Laughter.*]

[140] **Mike Hedges:** The first thing is that invest-to-save pays what it borrows back over three years, but the savings continue beyond that three-year period. I also know that the health budget has increased year on year, so is it possible to give us examples as you're writing to us of how the money that has been saved through invest-to-save in some of the health projects has been reinvested in health?

[141] **Jane Hutt:** I think that would be a very useful comment and evidence that I can make.

[142] **Alun Ffred Jones:** I don't want to put too onerous a task on you, but would it be useful to have some sort of list of all the programmes that have been carried out under this scheme for the term of the Government, showing the benefits, the savings and also perhaps incorporating what Mike also has asked for, if that's possible? Something like that would give us an overall view, then, of the effectiveness of the programme, its worth and what it's delivering.

[143] **Mike Hedges:** Can I just add, Chair, that I think that we're all enthusiastic about the principle of invest-to-save, think it's a brilliant idea and if it works effectively, it's going to be a tremendous benefit in times of cutbacks?

[144] **Jane Hutt:** We have, of course, produced annual reports that detail all of these. I'm sure we can collate those for the committee, but just to perhaps summarise for the record that, since we introduced the fund, over £123 million has been invested in over 130 projects and all parts of the public sector have benefited. But as well as giving the detail on these projects that we've funded in-year, because this is about the supplementary budget and the savings, we will do what we can in terms of that bigger picture.

[145] **Alun Ffred Jones:** Diolch yn fawr. A gaf i ofyn un cwestiwn i derfynu? Un cwestiwn olaf, Weinidog. Diolch. Wrth inni ddod at ddiwedd y Cynulliad yma, sut bydd y dyraniadau yn y gyllideb atodol hon yn caniatáu ichi gwrdd â'r ymrwymïadau hynny yn y rhaglen lywodraethu nad ydyn nhw wedi cael eu cyflawni eto?

Alun Ffred Jones: Thank you very much. May I ask one question to conclude? One final question, Minister. Thank you. As we come to the end of this Assembly, how will the allocations in this supplementary budget allow you to meet those obligations in the programme for government that have not been achieved yet?

[146] **Jane Hutt:** I'm sure, Chair, you will recall that, last June, when the First Minister reported on the programme for government in his annual report, he reported that we'd met 95 per cent of our programme for government commitments. Clearly, we have delivered, and in-year management of budget enables us to move forward in terms of any further way in which we can reach the programme for government. But I think if you look at what was announced earlier on in this year—doubling Flying Start childcare provision, 500 new community support officers, longer GP opening hours, an increase of spending on Welsh schools by at least 1 per cent and creation of Jobs Growth Wales—those are the key parts of our programme for government.

[147] But I think, also, this supplementary budget has enabled us to meet pressures and needs within year and that's what a supplementary budget is about. As well as delivering on the programme for government, it's actually enabling the health service to support service improvements, health boards to continue to deliver high-quality health services and also to meet those very, very key pressures that we've been talking about earlier on in terms of the health service, with winter pressures and, as Julie Morgan has identified, key new drugs that transform people's lives, which certainly weren't budgeted for at the beginning of this financial year.

[148] **Alun Ffred Jones:** Iawn. Ocê, a **Alun Ffred Jones:** Right. Okay, are oes unrhyw gwestiynau eraill? there any other questions?

[149] No. Are there further questions? Okay. May I thank the Minister and her team for attending this morning and replying to the questions? Diolch yn fawr iawn. Thank you.

11:50

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting**

Cynnig:

Motion:

bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the

*cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in
17.42(vi). accordance with Standing Order
17.42(vi).*

Cynigiwyd y cynnig.

Motion moved.

[150] **Alun Ffred Jones:** Can I propose that under Standing Order 17.42 we go into private session? We are all agreed. Can we clear the gallery?

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11:50.

The public part of the meeting ended at 11:50.