

CONCORDAT
BETWEEN HM TREASURY AND
THE WELSH ASSEMBLY GOVERNMENT

Aim

The Government of Wales Act 1998 established the National Assembly for Wales (the Assembly). HM Treasury has retained responsibility for macro management of the UK economy including setting the totals of spending funded by the UK taxpayer and by borrowing and some other functions such as the regulation of financial services. Responsibility for many other functions (that is, in broad terms, those described in Schedule 2 of the Government of Wales Act 1998 and set out in the Transfer of Functions Order made under section 22 of the Government of Wales Act 1998) have been devolved to the Assembly. Primary legislative powers rest with the UK Parliament at Westminster.

The purpose of this concordat is to set out clearly the relationship between HM Treasury and the Assembly to ensure that both are aware of the requirements of the other and that both are consequently able to fulfil their responsibilities fully.

This concordat is made in addition to any statutory arrangements for the provision of information to HM Treasury made under section 123 of the Government of Wales Act 1998 and the Statement of Funding Policy, an updated version of which was published by HM Treasury in July 2004

Parties

This concordat is made between HM Treasury and the Welsh Assembly Government

General Principles

This concordat is non-statutory and not legally binding. However, HM Treasury and the Assembly agree to abide by its provisions. It should be read in conjunction with the Memorandum of Understanding between the devolved administrations and the UK Government.

Period

This concordat was reviewed initially after 12 months and then at least every three years. It may also be reviewed at any other time at the request of either party.

Consultation Arrangements

There will be regular consultations between officials from HM Treasury and those of the Assembly to ensure that there is full co-operation between the two administrations and that the business of both operates effectively.

To this end there should be a formal liaison meeting between officials from HM Treasury and the Assembly at least twice a year if possible.

In addition, the Finance Director of the Assembly will be invited to attend HM Treasury's regular meetings of Finance Directors of Government departments in addition to any attendance from the Office of the Secretary of State for Wales.

Exchange of Information

Provision for the supply of information required by HM Treasury under section 123 of the Government of Wales Act 1998 is set out separately. In addition to that information, the Assembly undertakes to provide HM Treasury with the following in response to all reasonable requests:

1. sufficient information to allow HM Treasury to issue proper accounts directions;
2. sufficient information to enable HM Treasury to fulfil its responsibility of managing the

UK's national debt;

3. all the information necessary to allow HM Treasury to maintain and update its Public Expenditure Database, including that information needed to classify correctly the activities and transactions of the Assembly in the national accounts and in the UK Government's public expenditure control system, and the information needed to prepare Whole of Government Accounts;
4. information necessary to allow HM Treasury to maintain and update its General Expenditure Monitoring System;
5. advance notice, wherever practical, of any proposed Welsh secondary legislation or other policy developments which will have an impact on HM Treasury's responsibilities, including macroeconomic management, the management of foreign currency reserves, fiscal policy and regulation of financial services;
6. sufficient information on National Non-Domestic Rates as they relate to Wales to allow HM Treasury to produce National Non-Domestic Rates forecasts;
7. the main procedural advice and guidance issued by the Assembly Finance Group to Assembly Groups on issues such as accounting, public procurement, external auditing and finance.

In return, HM Treasury undertakes to provide the Assembly with the following:

1. advance notice wherever practicable of any UK legislation proposed by HM Treasury or HM Treasury's policy developments which will have an impact on devolved areas as they relate to Wales. HM Treasury undertakes to ensure that any such legislation reflects the legislative structure in Wales;
2. information relating to or affecting the level of Wales's Departmental Expenditure Limit, Assigned Budget and Annually Managed Expenditure allocations as soon as it is known,

via the Secretary of State for Wales or directly as appropriate and consistent with the timing of Budget and spending review announcements, in order to allow the Assembly to manage its resources properly;

3. HM Treasury guidance to UK Government departments, such as DAO letters, and advice and guidance on accounting, public procurement, external audit and finance.

Access to the Reserve

Treasury officials will inform Assembly officials on a confidential basis about cases of access to the Reserve in respect of comparable programmes of UK Government departments as soon as practicable. Decisions on access to the Reserve on the part of the Welsh Assigned Budget will be made on the basis of the criteria set out in the Statement of Funding Policy.

Receipts Direction

Under section 84(6) of the Government of Wales Act, the Treasury may make a direction specifying certain receipts or categories of receipt which are not required to be paid into the Consolidated Fund. The Treasury will review, in consultation with the Assembly, any such direction not more than one year after it is made, and thereafter annually unless otherwise agreed with the Assembly. The Assembly may at any time request a fresh review of any such direction, and the Treasury will endeavour to respond within a reasonable time to such a request.

Government Accounting Service

Accountants working for the Assembly will continue to be members of the Government Accounting Service (GAS) and will therefore continue to take part in all GAS activities.

Assurance, Control and Risk Team (ACR)

ACR will continue to advise their Assembly colleagues. Liaison meetings on internal audit matters will therefore continue between the ACR team, HM Treasury and the Internal Audit

Team of the Assembly, as will participation in the benchmarking, quality assurance and HIA letter process. Advice will also be provided to the Assembly Risk Manager on the development of risk management across government.

Government Procurement Service

Officials working for the Assembly in designated procurement posts will continue to be members of the Government Procurement Service (GPS) and will therefore continue to take part in all GPS activities.

Resolution of Disputes

The main intention of this concordat is to provide a framework for consultation and co-operation which minimises the chances of disputes occurring. To this end, both HM Treasury and the Assembly undertake to conduct their relationship on a no surprises@basis. In addition, should disputes arise between HM Treasury and the Assembly, both parties should attempt to solve these through the consultation arrangements set out above.

If it is not possible to resolve such disputes within the consultation framework established by this document, the issues shall be decided by consultation between the Treasury Ministers, the Secretary of State for Wales and members of the Assembly Cabinet.

Should agreement still not be possible, the matter shall be referred to the Department for Constitutional Affairs for the machinery originally established by the Cabinet Office to mediate on the disputed matter.

In case of disagreement or dispute over matters relating to the level of the Assembly's Assigned Budget, the operation of the funding Rules or other actions of either the Assembly or the Treasury relating to finance for Wales, the Assembly Minister or Secretary of State for Wales can pursue the issue with Treasury Ministers. This is the normal procedure for resolving disputes on all financial issues and mirrors the arrangements between the Treasury and departments of the United Kingdom Government. The Treasury will consider and respond to any such

representation in taking this forward with the relevant party. Such matters can also be raised at the Joint Ministerial Committee, which will include the relevant Ministers from the United Kingdom Government and devolved administrations.

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