

Agenda – External Affairs and Additional Legislation Committee

Meeting Venue:	For further information contact:
Committee Room 2 – The Senedd	Alun Davidson
Meeting date: 2 July 2018	Committee Clerk
Meeting time: 14.00	0300 200 6565
	SeneddEAAL@assembly.wales

Private pre-meeting

(13.45–14.00)

1 Introductions, apologies, substitutions and declarations of interest

(14.00)

2 Scrutiny session with the Cabinet Secretary for Finance and the Minister for Housing and Regeneration

(14.00–15.30)

(Pages 1 – 22)

Mark Drakeford, Cabinet Secretary for Finance

Rebecca Evans, Minister for Housing and Regeneration

3 Papers to note

(15.30–15.35)

3.1 Paper to note 1 – Correspondence from Simon Thomas, Chair of the Finance Committee regarding the Welsh Government Draft Budget 2019–20 – 21 June 2018

(Pages 23 – 25)

3.2 Paper to note 2 – Correspondence from Mick Antoniw, Chair of the Constitutional and Legislative Affairs Committee to the Cabinet Secretary for Finance, regarding the intergovernmental agreement on the EU (Withdrawal) Bill – 21 June 2018

(Pages 26 – 27)



3.3 Paper to note 3 – Correspondence from the Cabinet Secretary for Finance regarding the new Ministerial Forum – 26 June 2018

(Page 28)

4 Motion under Standing Order 17.42(vi) to resolve to exclude the public from the remainder of the meeting

(15.35)

5 Scrutiny session with the Cabinet Secretary for Finance and the Minister for Housing and Regeneration – consideration of evidence

(15.35–15.50)

6 Forward work programme

(15.50–16.50)

(Pages 29 – 33)

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By virtue of paragraph(s) vi of Standing Order 17.42

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Chair, Children, Young People and Education Committee
Chair, Climate Change, Environment and Rural Affairs Committee
Chair, Culture, Welsh Language and Communications Committee
Chair, Economy, Infrastructure and Skills Committee
Chair, Equality, Local Government and Communities Committee
Chair, External Affairs and Additional Legislation Committee
Chair, Health, Social Care and Sport Committee

21 June 2018

Dear Committee Chairs

Welsh Government Draft Budget 2019–20

At our meeting on 21 June, the Finance Committee agreed its approach to the budget scrutiny. I am writing to all Chairs of subject committees to share our thinking, and to encourage your committees to consider how you can contribute to delivering the most coherent and effective scrutiny of the Government's spending plans.

Budget focus

We have agreed to continue the approach followed in previous years, whereby budget scrutiny is centred on the four principles of financial scrutiny: affordability, prioritisation, value for money and process. The principles are:

- **Affordability** – to look at the big picture of total revenue and expenditure, and whether these are appropriately balanced;
- **Prioritisation** – whether the division of allocations between different sectors/programmes is justifiable and coherent;
- **Value for money** – Essentially, are public bodies spending their allocations well – economy, efficiency and effectiveness (i.e.) outcomes; and
- **Budget processes** – are they effective and accessible and whether there is integration between corporate and service planning and performance and financial management.

Following a stakeholder event in Swansea, we have identified a number of areas which we would like to see the focus of the scrutiny, these are:



- *How the Welsh Government should use taxation and borrowing powers, particularly in relation to the Welsh Rate of Income Tax*
- *Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early), particularly in relation to the financing of local health boards and health and social care services*
- *Sustainability of public services, innovation and service transformation*
- *Welsh Government policies to promote economic growth, reduce poverty, gender inequality and mitigate welfare reform*
- *The Welsh Government's planning and preparedness for Brexit*
- *How evidence is driving Welsh Government priority setting and budget allocations*
- *How the Future Generations Act is influencing policy making*

We would encourage you to use some of these areas as the focus for your budget scrutiny.

Draft budget consultation

As has been the previous practice, we will be undertaking a consultation on behalf of all Committees over the summer recess and the responses will be shared with you in the Autumn in order to assist your scrutiny of the draft budget.

I enclose a summary of the views we heard at the Finance Committee's pre-budget stakeholder event in Swansea on 7 June, which may inform your budget scrutiny.

Timetable

We have not yet been notified of the dates for the draft budget, the Cabinet Secretary for Finance is required to do this two weeks prior to summer recess. I have asked the Finance Committee Clerk to liaise with your Clerk once dates are known.

As you will be aware the provisions in relation to the reporting by policy committees changed in 2017, and you are now able to report in your own right (if you so wish), and your reports can be used as a supporting document to the draft budget debate.

As a Committee we are considering how we can maintain a strategic, oversight role of financial scrutiny. The Committee noted during our review of draft budget scrutiny in January 2018, the wide range of evidence gathered before and during



scrutiny last autumn, particularly in the health, local government and education areas. This led to insightful conclusions and recommendations, which we are pleased to see has been followed up throughout the year. We would welcome any views from you as to how the process may be improved.

If you have any questions about any aspect of the draft budget process, please feel free to contact me or the Clerk to the Finance Committee, Bethan Davies, 0300 200 6372, Bethan.Davies@assembly.Wales

Yours sincerely

A handwritten signature in black ink that reads "Simon Thomas". The signature is written in a cursive style with a large initial 'S'.

Simon Thomas

Chair



Mark Drakeford AM
Cabinet Secretary for Finance

21 June 2018

Dear Mark

Thank you for your letter of 19 June and your swift response to the Committee's queries regarding the recent amendment to the European Union (Withdrawal) Bill (originally proposed by Sir Oliver Letwin MP) and the potential implications for the **Intergovernmental Agreement**.

In your letter you said:

"The UK Government is very clear that the draft Bill which the Secretary of State will be required to produce will apply only in England, or to reserved matters. In addition, the amendment requires the Bill to set out a series of cross-cutting environmental principles; it does not oblige the UK Government to produce a Bill which sets out a legislative framework in relation to one of the specific policy areas set out in the Annex to the Intergovernmental Agreement. (...) As such, on this basis I do not believe that the amendment has the potential to breach the Intergovernmental Agreement..."

In order to understand fully how the Intergovernmental Agreement operates and given its constitutional significance, I would be grateful for further clarification.

It would be helpful if you could explain why the single fact that the draft Bill will apply only in England is a reason why there would be no potential breach of the Intergovernmental Agreement, given that the Intergovernmental Agreement states that the temporary preservation will apply in England?

The Intergovernmental Agreement provides that the 24+ policy areas will be temporarily preserved in England as well as the rest of the UK and says that "temporary preservation" will be given effect by the UK Government committing to not bringing forward legislation that would alter areas of policy. Setting



environment principles in an England-only Environment Bill could alter environment law or, at a minimum, influence future policy direction.

It would also be helpful if you could indicate whether your understanding of the position is shared by the UK Government.

I am copying this letter to the Chair of the External Affairs and Additional Legislation Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Mick Antoniw". The signature is written in a cursive style with a horizontal line underneath the name.

Mick Antoniw

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Agenda Item 3.3

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-P/MD/2324/18

David Rees AM
Chair
External Affairs and Additional Legislation Committee

26 June 2018

Dear David

Thank you for your letter of 6 June regarding the Ministerial Forum (EU Negotiations) requesting further information regarding the Forum.

The Forum works under the aegis of JMC(EN), and therefore shares the same Terms of Reference. As with JMC(EN), secretariat support is shared amongst the participating Governments, and we have made it very clear that there is a need for the Forum to operate collaboratively in terms of setting the agenda and tabling papers.

On the patterns of meetings, these are currently being scheduled with the next one taking place on 27 June. It is currently envisaged that four will take place before the October European Council, although it is acknowledged that there must be a degree of flexibility with regards to the timing of discussions as the negotiations continue to progress and develop. Regarding the question on how the Forum will report to JMC(EN), whilst the establishment of the Forum reflects the volume of the negotiating topics, it is expected that discussions at the Forum will, where necessary, escalate to JMC(EN) especially in the case of broad and cross cutting issues.

I look forward to discussing these issues further with the Committee on Monday 2 July, alongside the Minister for Housing and Regeneration.

Mark Drakeford AM/AC
Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance

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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.

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