

Agenda – Finance Committee

Meeting Venue:

Committee Room 5 – Tŷ Hywel

Meeting date: 23 January 2020

Meeting time: 09.30

For further information contact:

Bethan Davies

Committee Clerk

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The Committee resolved on 15 January 2020 to exclude the public from the meeting

1 Introductions, apologies, substitutions and declarations of interest

(09:30)

2 Welsh Government Draft Budget 2020–21: Consideration of draft report

(09:30–11:30)

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Paper 1 – Draft report

Paper 2 – Letter from the Minister for Economy and Transport, 14 January 2020

Paper 3 – Letter from the Minister for Education, 14 January 2020

Paper 4 – Letter from the Future Generations Commissioner for Wales, 20 January 2020



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Ken Skates AC/AM
Gweinidog yr Economi a Thrafnidiaeth
Minister for Economy and Transport



Llywodraeth Cymru
Welsh Government

Ref: KS/74/20

Llyr Gruffydd AM
Finance Committee Chair

SeneddFinance@assembly.wales

14 January 2020

Dear Llyr,

The Minister for Finance and Trefnydd was asked at the Finance Committee on 18 December 2019 to clarify how the Ultra Low Emission Transformation Fund will be used and specifically where new buses will be located. I have been asked to respond, as this falls under my portfolio.

The scope of the £29m fund covers a number of areas including:

- Provision of electric vehicle charging infrastructure for taxi and private hire vehicles
- Electric vehicle charging hubs – focused on urban areas with potential to support a wide variety of electric vehicle charging needs
- Provision of Green Fleet (buses and taxis)

Guidance has been issued to local authorities to request they put forward proposals for 2020/21 on how they would like to utilise the fund. Once we receive their proposals we will be in a better position to work with local authorities, Transport for Wales and public transport operators to target the Fund in a way that makes best use of public money.

I expect the major element of the Fund will be allocated towards introducing charging infrastructure. However, if we are to spend on public transport fleet, it will be important we overcome any State Aid issues, as well as ensuring our intervention is not to replace private sector investment.

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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.

My officials are currently exploring the best way to administer the Financial Transaction funding element (£7.5m of the Fund) for electric vehicle transformation with partners including the Development Bank.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken', written in a cursive style.

Ken Skates AC/AM

Gweinidog yr Economi a Thrafnidiaeth
Minister for Economy and Transport

Kirsty Williams AC/AM
Y Gweinidog Addysg
Minister for Education



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/KW/0043/20

Llŷr Gruffydd AM
Chair
Finance Committee
National Assembly for Wales
Ty Hywel
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14 January 2020

Dear Llŷr,

At the Finance Committee's scrutiny session of the draft Budget 2020-21 on 18 December Alun Davies AM enquired as to how the additional £8m allocated for additional learning needs (ALN) in 2020-21 would be allocated. The Minister for Finance and Trefnydd has asked me to write to the Committee with this information.

We recognise that local authorities and further education institutions (FEIs) continue to face significant pressures in supporting young people with ALN. The additional £8m identified for ALN in 2020-21 is intended to help manage those pressures. It will help ensure that providers can continue to provide learners with complex needs with the high quality support they need and deserve, while implementing our ambitious programme of ALN reform. This additional funding will be separate from our ALN Transformation programme. The budget for the ALN Transformation programme remains unchanged at £20 million over this Assembly term.

The funding will be divided between local authorities and FEIs according to the proportion of learners with special educational needs (SEN) in each sector. The SEN Indicator Based Assessment (IBA) formula or a variant will then be used to determine allocations to individual local authorities. FEI allocations will be made via the FE Additional Learning Support grant. Monitoring will be consistent with reporting requirements for each sector.

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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.

I will write to you again when the calculations and individual allocations have been finalised.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kirsty Williams', is written over a light grey rectangular background.

Kirsty Williams AC/AM
Y Gweinidog Addysg
Minister for Education

Copy: Minister for Finance and Trefnydd



By email.

20th January 2020.

Dear Finance Committee Members,

Thank you for the opportunity for my team to provide oral evidence to you last week. Can I take this opportunity to thank you for your understanding in relation to my being unable to attend as a result of the critical illness and subsequent passing of my Mother. I am confident that my team were able to provide useful evidence to the committee but am following up in writing to you to emphasise certain points in relation to decarbonisation and prevention that I hope will be useful to you in developing your report on the draft Welsh Government budget 2020-21.

Firstly I wanted to reiterate that I have seen an improvement this year in the extent to which the Government has applied some elements of the Well-being of Future Generations Act.

Decarbonisation

I am pleased to see that a number of key budget lines relating to decarbonisation have increased significantly over the year, particularly in relation to investment in sustainable travel. However, I remain concerned that the Government does not have sufficient information about the net carbon footprint of its budget. I am clear that it is for Government, who have statutory duties both to comply with the Well-being of Future Generations Act and to meet the carbon reduction targets in the Environment Act, to lead the way to (as the First Minister has described) forensically analyse their budget to ensure that it is climate-emergency compatible budgeting. My advice to them is that they should do this by developing a comprehensive 'carbon impact account' as part of the budget process. I believe that this could be achieved without unreasonable levels of effort by consolidating existing project carbon impact assessments and improving the consistency with which they are applied across Government.

In my view Government will not meet its emissions reduction targets without a robust approach to understanding carbon impact. I want to see clear evidence from Government that the carbon impact assessments of major investment decisions are influencing decisions so capital spend is in line with decarbonisation targets, and capital finance should only be allocated if there is clear evidence for carbon reduction.

Prevention

As my team communicated at the evidence session, whilst I welcome the degree to which new spending decisions this year relate to prevention there is little evidence that this is due to a robust approach to understanding the opportunities of investing in preventative activities. It is clear that there has been a positive change in political commitment to investing in prevention over the last year. However, whilst this is welcome the Government should be seeking to ensure that the approach to preventative spend is coherent, evidence based and understood at both political and official level. In the next year I want to see Government proactively using the definition to take a more systemic and strategic approach to prevention including through making well evidenced decisions in relation to the different categories of prevention.

I will be writing to the First Minister, Finance Minister and Permanent Secretary to emphasise the importance of Government using the UK Spending Review this year to develop its approach to mainstreaming prevention; particularly by:

- a. Bringing forward some of the actions relating to the 'prevention agenda' set out in the Budget Improvement Plan to this year, particularly *"...explore how a whole Budget approach to preventative activity could be best supported. Consider commissioning an external review to test the value and outcomes of applying the prevention definition to Budget lines to support a shift to preventative activities."*
- b. Developing a framework to assess the relative impact of preventative spending, considering best value, evidence and the prevention definition. This will enable cross-Government conversations to understand key opportunities for investment"
- c. Considering a 'Zero-based' review of all spending in preparation for the new Assembly in May 2021 to enable a long-term shift in spending towards prevention.

I understand that in your evidence session with the Finance Minister on 15th January there was a difference of opinion between Committee Members and the Minister about some of the feedback from my office on the draft budget. My team would be very happy to clarify any questions you may have about this if that would be helpful.

Yours faithfully,



Sophie Howe.



Comisiynydd
**Cenedlaethau'r
Dyfodol**
Cymru

**Future
Generations**
Commissioner
for Wales

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