

CYPE(5)-20-20 - Paper to note 5

Senedd Cymru
Y Pwyllgor Cyllid

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Welsh Parliament
Finance Committee

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

22 July 2020

Welsh Government's Draft Budget 2021-22

Dear Committee Chairs

Further to the Finance Committee debate on the Welsh Government's spending priorities for 2021-22 on 15 July 2020, I am my 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 Welsh Government's spending plans.

Budget focus

The Finance Committee has 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.



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I wrote to you on [1 June 2020](#), to notify you that given the current social restrictions we would not be holding our annual stakeholder event. Instead we undertook online engagement using Twitter polls and questions asking the public to suggest areas that should be prioritised. [A summary of responses is available](#). Whilst the engagement exercise was limited in scope this year, as the sample was self-selecting and not based on a representative sample of the population, it did provide an interesting snap shot of views and these were highlighted during the Priorities Spending debate on [15 July 2020](#). I am pleased to confirm that the Business Committee and Minister for Finance and Trefydd have agreed that this type of debate should be held annually and I am grateful to the Members that contributed to the debate.

The 2021-22 Draft Budget will undoubtedly be impacted by the recovery from the Covid-19 pandemic and the end of the Brexit transition period. In addition, from our engagement work and the contributions made during the priorities debate, we have identified a number of areas which we would like to see the focus of the scrutiny, these are:

- *How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised;*
- *To what extent alleviating climate change should be prioritised in supporting economic recovery;*
- *Welsh Government policies to reduce poverty and gender inequality;*
- *Approach to preventative spending and how is this represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early);*
- *Sustainability of public services, innovation and service transformation;*
- *How evidence is driving Welsh Government priority setting and budget allocations;*
- *How the Welsh Government should use taxation powers and borrowing;*
- *Support for businesses, economic growth and agriculture after EU transition ends;*
- *What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act).*

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



Timetable

The Welsh Government's draft budget is usually published in October. However, this year it will be delayed as the Welsh Government does not have an indication of the total funding available until the UK Government publish a Budget or Comprehensive Spending Review. The Minister for Finance and Trefnydd has written to the Business Committee and in order to comply with Standing Order 20, has indicated that the Welsh Government will publish the outline and detailed draft Budgets together on 8 December 2020, and the final Budget on 2 March 2021. However, the Minister has said she will provide a firm timetable as soon as possible after the UK Government has made an announcement regarding its Budget

Draft budget consultation

Based on the timetable proposed by the Minister, the Finance Committee intends to consult slightly later this year in September/October. As has been the previous practice, we will be consulting on behalf of all Committees and the responses will be shared with you in the autumn in order to assist your scrutiny of the draft budget. As always, we would appreciate your assistance in promoting our consultation via your own communication tools to encourage and engage with a wider audience.

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.

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, seneddfinance@senedd.wales.

Yours sincerely





Llyr Gruffydd MS
Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.
We welcome correspondence in Welsh or English.

