

CYPE(5)-28-20 - Paper to note 3

Senedd Cymru
Pwyllgor yr Economi, Seilwaith a Sgiliau

—
Welsh Parliament
Economy, Infrastructure and Skills Committee

29 October 2020

Dear Ken,

Request for information to inform scrutiny of Draft Budget 2021 – 22



The Economy, Infrastructure and Skills Committee has started its preparations for scrutiny of the Welsh Government's draft Budget for 2021–22.

We intend to invite you to attend a scrutiny session on the draft budget early in the new year. Committees are co-ordinating timetables to avoid clashes and maximise efficiency of committee and ministerial time and the clerking team will send a formal invitation with the date of the session when that work is complete.



We are aware your priorities will rightfully sit with the fallout from the pandemic and we do not want to distract from this, however budget scrutiny is an important role of the Committee and must continue. In order to assist the Committee in our preparations, as well as information on the individual Budget Expenditure Lines for your portfolio which are relevant to our Committee, I would be grateful if you would provide information on the budgetary matters highlighted in the annex to this letter. Of course, you should not feel



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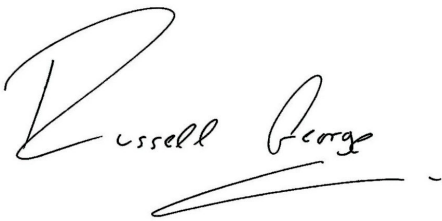
limited by our request and are welcome to address any other issues you believe will assist the Committee in its work.

I would be grateful if you could provide this information to the Committee in a bilingual paper at least two weeks in advance of the agreed date for scrutiny.

To ensure the best use of committee Members and Ministerial time Members of the Children, Young People and Education Committee will cover the areas of the EIS remit around research and development which fall within Kirsty Williams' portfolio in their budget session with her. However, EIS will still report on these areas using the evidence from that session. To this end I have copied in Lynne Neagle MS, Chair of CYPE.

With many thanks for assisting us in our scrutiny work.

Yours sincerely,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a large initial 'R' and a long horizontal flourish at the end.

Russell George MS

Chair: Economy, Infrastructure and Skills Committee



Annex

Request for information from the Minister for Economy and Transport to inform the Economy, Infrastructure and Skills Committee scrutiny of the draft budget 2020–21.

Presentation of the budget

Following our session we will be presenting our findings according to the agreed co-ordinated approach to budget scrutiny. That is, an approach centred on the four principles of financial scrutiny: affordability, prioritisation, value for money and process. These principles are used as the basis for all Committee briefings, evidence sessions and reports. 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.

Please provide the following for the Economy and Transport draft budget as a whole:

- A breakdown of the 2021–22 draft budget, and any future indicative budgets, by Spending Programme Area, Action and Budget Expenditure Line (BEL), both revenue and capital, along with 2020–21 Budget allocations as a comparison;
- Details of the evidence base for budget decisions
- A narrative description of the main policies and programmes funded by each Budget Expenditure Line;
- Details of the processes in place for monitoring budgets throughout the year, identifying potential deficits and surpluses, and taking remedial action to get the budget back on track or allocating additional funds to cover any shortfalls;
- Details of any policy or programme evaluation reports/reviews which have informed changes to the draft budget to help to ensure value for money;
- The implication of the pandemic, both immediate response and longer term recovery, for the draft budget;



- The implications of the end of the EU transition period on the draft budget, and how the Minister is planning to manage any negative impact on budgets within the portfolio and/or is seeking to take advantage of any opportunities that may arise;
- Detail on budgetary considerations given to the Welsh Government's ambition to have 30% of the workforce working remotely, including across both the economy and transport budget lines;
- How the draft budget for the Minister's portfolio supports decarbonisation, and specifically delivery of the policies and proposals relevant to his portfolio set out in Prosperity for All: A Low Carbon Wales;
- How the draft budget provides for the implementation of legislation passed in the Senedd, as well as any relevant UK legislation;
- What account has been taken of the Wellbeing of Future Generations (Wales) Act 2015 in deciding draft budget allocations;
- Details of how the draft budget has been influenced by any equality, sustainability and Welsh language impact assessments;
- how the draft budget reflects the Welsh Government's long-term commitment to reduce the impact of deprivation and poverty; and
- How the Minister has planned for demographic changes in preparing his draft budget, particularly the need to plan for an ageing population.

Preventative Spending:

We will be considering preventative spending as part of our scrutiny of the Draft Budget. The definition of preventative spending we are adopting for this purpose is:

...spending which focuses on preventing problems and eases future demand on services by intervening early, thereby delivering better outcomes and value for money.

With this definition in mind, we request information on:

- The proportion of the Economy and Transport budget allocated to preventative spending measures;



- Details of specific policies or programmes in your portfolio, relevant to the remit of this Committee, that are intended to be preventative and how in practice public services are being transformed to ensure they are sustainable in future; and
- How the value for money of such programmes is evaluated, with a particular focus on what the specific inputs and intended outcomes are.

Individual budget expenditure lines

As was the case for the last budget scrutiny session, as well as the individual Budget Expenditure Lines for your portfolio which are relevant to the Committee, we would like to receive information on the following policies and issues outlined below.

As well as the general information on the budget line, as appropriate, we would like to see:

- Details of the costs and/or any work undertaken to assess the cost of delivering these policies in 2021–22;
- Information relating to how the delivery of the policy and its associated outcomes will be monitored and evaluated to demonstrate value for money.

We are also keen to see how equality, sustainability and consideration for the Welsh language have influenced budget allocations especially any impact assessments undertaken in light of the pandemic and its effects on people with protected characteristics.

Transport

How the draft budget supports the Welsh Government’s transport priorities, particularly delivery of the National Transport Finance Plan, including how you have prioritised funding, the affordability of your priorities and any areas of concern;

How the draft budget provides for:

- The impact of, and recovery from, the Coronavirus pandemic, including support for transport providers;
- Specific allocations made in relation to Brexit to mitigate impact on transport services / sectors;
- Delivery of the rail franchise;
- Delivery of the North East Wales, South West Wales and South East Wales Metros;



- Delivery of the Welsh Government’s rail infrastructure priorities;
- The development of Transport for Wales – including a breakdown of TFW’s budget allocation, itemising its corporate budget alongside allocations for delivery of specific programmes;
- The recommendations of the South East Wales Transport Commission;
- Investment in the trunk road and motorway network;
- Delivery of active travel policy – including a table detailing total and per capita allocations for active travel for 2021–22, compared with each of the preceding three years. Revenue and capital allocations should be clear;
- Support for bus and community transport services, including details of the new approach to funding bus services;
- The all Wales Concessionary Fares Scheme and youth concessionary fares;
- Support for local transport priorities; and
- An update on the preparation of the next Wales Transport Strategy and National Transport Finance Plan.

Economy

The Economic Action Plan, including:

- Ongoing support to help businesses through, and to recover from, the pandemic;
- The regional approach to economic development, including specific allocations to support the implementation of the regional business plans and the recommendations of the Organisation for Economic Co–Operation and Development multi–level governance review;
- The Economy Futures Fund – the amount of money allocated to the fund, as well as full details of the specific funds that have been consolidated into the Economy Futures Fund and those that are intended to be ‘transitioned’ into the Fund in the longer term, (including the amounts of money involved);
- Details of all business support expenditure (finance, grants and loans) that sits outside the Economy Futures Fund;
- The financial allocations to deliver the ‘enabling plan’ for the foundational economy;
- The Foundational Economy Challenge Fund – including details of allocations made from the Fund and the approach to monitoring the success of the supported projects;
- The Development Bank for Wales;



- The Community Bank/support for Banc Cambria
- Enterprise Zones and Business Improvement Districts;
- Export support and Inward Investment support;
- Support for key manufacturing sectors such as aerospace, automotive and steel;
- Welcome to Wales: Priorities for the visitor economy 2020–2025;
- City and Growth Deals;
- The Valleys Taskforce and Tech Valleys initiatives; and
- Support for automation and AI, including the recommendations of the review of digital innovation published in September 2019.

Skills:

- A general overview of the ongoing support for the skills sector though the pandemic and any support it will be allocated for recovery.

Work-based Learning:

- Details of the procurement of apprenticeship delivery from 1 August 2021 including details of the intended delivery structure (ie number of providers, range of provision and geographical laydown (there does not appear to be discrete lots in this procurement));
- A copy of the procurement documents for the 2021 apprenticeship programme procurement;
- Set out the relevant lessons learned from the Job Support Wales procurement as they relate to the apprenticeship procurement and how they have been taken forward in this 2021 exercise;
- Details of any transfers out of the 2021–22 Work-Based Learning Action to fund Degree Apprenticeships;
- The *actual 2019–20 and forecast 2020–21 outturn* for the apprenticeship programme and traineeship programme, including use of European funding;
- Details of any funding intended to review and refresh apprenticeship frameworks as per Welsh Government’s consultation: *Structure for Welsh apprenticeship frameworks*;



- Details of all demand-management restrictions and actions to manage apprenticeship demand that are in-place, or will be introduced for the apprenticeship programme; and
- Details of any changes made or to be made to the demand-management restrictions because of the Covid-19 pandemic.

Employability Support

- A list of all employability programmes / schemes funded by the Employability and Skills BEL, the intended client base of each programme / scheme and a list of each contracted / main provider for each programme / scheme including their contract value;
- A commentary on the use of EU funding in the Employment and Skills Action including amounts and the purposes to which it is put; and

The actual 2019-20, and forecast 2020-21 outturns for the Employment and Skills Action.

Regional Skills Partnerships / Employer Engagement:

- Details of the funding to be provided to each Regional Skills Partnership;
- Details of any other funding intended to support the operation of Regional Skills Partnerships but which is not allocated directly to them.

