

Vaughan Gething AM  
Cabinet Secretary for Health, Well-being and Sport

Rebecca Evans AM  
Minister for Social Services and Public Health

3 August 2017

Dear Cabinet Secretary and Minister

**Welsh Government Draft Budget 2018–19**

I would like to invite you both to attend a meeting of the Committee on the morning of Thursday 9 November to give evidence in connection with the Welsh Government's draft budget 2018–19.

The evidence session is scheduled for two hours and will take place in the Senedd, Cardiff Bay. The Clerk will confirm the timing and venue nearer the date.

We have received correspondence from the Finance Committee which sets out their agreed principles of financial scrutiny, along with a number of areas they would like to see Committees focus their scrutiny on. For ease of reference, a copy of their letter is attached at Annexe 1.

The Committee would be particularly grateful to receive information on the budgetary matters highlighted in Annexe 2 to this letter. It would be helpful if you could provide the Committee with a bilingual paper in relation to these matters by Thursday 26 October.

Yours sincerely



**Dai Lloyd AC / AM**

Cadeirydd / Chair



## Annexe 1

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

20 July 2017

Dear Committee Chairs

### Welsh Government Draft Budget 2018–19

At our meeting on 19 July, 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.

As you will be aware this is the first year we will be scrutinising the draft budget under the revised Standing Orders and accompanying protocol. I discussed this with the Committee Chairs at the Chairs forum on 12 July.

### 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 North Wales, we have identified a number of areas which we would like to see the focus of the scrutiny, these are:

- *Financing of local health boards and health and social care services*
- *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)*
- *Sustainability of public services, innovation and service transformation*
- *Welsh Government policies to reduce poverty and mitigate welfare reform*
- *The Welsh Government's planning and preparedness for Brexit*
- *How the Welsh Government should use new taxation and borrowing powers*
- *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.

## Timetable

As you will be aware by now the dates for the draft budget have been agreed and are:

- Outline Draft Budget Laid – 3 October
- Detailed Draft Budget Laid – 24 October
- Deadline for Finance Committee to Report – 28 November
- *Debate on the Draft Budget – 5 December*
- Annual Budget Motion tabled – 19 December

As you will be aware the provisions in relation to the reporting by policy committees has changed, 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, but in the meantime 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](mailto:Bethan.Davies@assembly.Wales)

Yours sincerely

A handwritten signature in black ink that reads "Simon Thomas". The signature is written in a cursive, slightly slanted style.

**Simon Thomas**

**Chair**

## **Annexe 2**

**Request for information from the Cabinet Secretary for Health, Wellbeing and Sport and the Minister for Social Services and Public Health from the Health, Social Care and Sport Committee to inform scrutiny of draft budget 2018–19**

### **Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations**

- A breakdown of the 2018–19 Health, Well-being and Sport MEG allocations by Spending Programme Area, Action and Budget Expenditure Line (BEL).
- Indicative 2019–20 Health, Well-being and Sport MEG allocations.
- Commentary on each of the Actions within the Health, Well-being and Sport MEG, including an analysis and explanation of changes between the Draft Budget 2018–19 and the First Supplementary Budget (June 2017).

### **Key policies**

In addition to the four usual themes of value for money, prioritisation, preventative spending and affordability, we would particularly like to receive information on the following policies and issues:

#### **Mental health**

- the allocated budget on mental health services;
- allocations for delivery of the mental health strategy and delivery plan;
- the allocated budget on mental health services delivered on the prison estate;
- patterns of demand and expenditure on mental health services in the last 5 years;
- projections for future demand and spending.
- details of the operation of the ring fence for the mental health budget, including the level at which it is set, defining what is included within it, the extent to which it has determined spending on mental health; and the purpose and value of the ring fence and future plans for it.

## Funding transformational change

- views on how effective current funding mechanisms are in driving transformational change at a national level;
- willingness /plans for the Welsh Government to use its budget to take a greater role and provide stronger direction in driving change forwards;
- any allocated budget for technology and infrastructure to support quality and efficiency;
- views on how the Welsh Government can effectively balance the need for preventative spending whilst addressing day-to-day cost pressures.

## Financial performance by LHBs and health inequalities

- an update on the four health boards who failed to meet their financial duties and mechanisms in place for monitoring progress;
- details of when the Welsh Government's review of the funding formula for health boards to ensure fairness across Wales will be completed;
- response to Wales Audit Office report on the implementation of the NHS Finances Act.

## Workforce pressures

- details of particular pressures and staff shortages and further financial plans to address this;
- details of plans for new skills and career paths for health and social care staff and any allocations in this regard (recommended in the Interim Parliamentary Review report which says these need to be planned on a large scale without delay);
- any planning/ assessment undertaken on future funding needs post-Brexit, for example given possible changes to agency staff costs.

## Integration of health and social care

- funding allocations to drive integration e.g. development of health/social care professionals who are able to work across service boundaries.

## Sport Wales

- funding allocated to Sport Wales, the monitoring of spend and whether allocations are being used effectively to delivering outcomes for people in Wales.