

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru
Welsh Government

Elin Jones MS
Llywydd/ Presiding Officer
Chair of Business Committee

Llywydd@senedd.wales

1 July 2022

Dear Elin,

Under Standing Order 20, as the Minister with responsibility for Senedd Business, I am required to write to the Business Committee two weeks before the end of the summer term to set out a timetable for when the Draft Budget will be laid, and the Annual Budget motion tabled.

The Minister for Finance and Local Government has met with the Chair of the Finance Committee to discuss the various options for publishing the Draft and Final Budgets, and the constraints we once again face in relation to any UK Government autumn fiscal event and the prospect of any additional funding as a result. They had a constructive and open dialogue about how best to manage this and have followed up with an exchange of correspondence which not only addresses the timing of the next Budget but also broader considerations regarding engagement and the Budget protocol.

As you will see from the letter at annex A, the Minister for Finance and Local Government has set out the complexities and limitations we face and the rationale for the preferred option to publish the draft Budget in December, and final Budget in March.

For these reasons, it is challenging to provide confidence, at this stage, on the dates we will publish the Draft and Final 2023-24 Budgets. Standing Order 20.6 does, however, make provision for the Committee to make changes to the timetable at the request of the Government. Subject to this, and on that basis, I will provide a firm timetable as soon as possible after it becomes clear whether the UK Government will hold an Autumn fiscal event.

As you will see from the letter, the Minister for Finance has committed to publish the Draft Budget at the earliest opportunity and maximise engagement wherever possible throughout the process; however, it is important for me to indicate the 'worst case scenario' timeline which is wholly dependent on the UK Government's announcements. This timeline also recognises the time needed to produce our documentation bilingually.

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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.

Our aim would be to publish the Draft Budget within four weeks of the UK Government's fiscal event, as a minimum, ensuring we can provide Senedd committees with the full eight weeks for scrutiny set out in Standing Orders.

As such, we are planning to publish the Outline and Detailed Draft Budgets together before, but at the latest, 13th December and would ask that the Finance Committee publishes its report on the Draft Budget on or before Monday 6th February to enable the debate on the Draft Budget to take place on Tuesday 7th February. The Annual Budget would need to be published on 28th February 2023, in order that it can be debated on Tuesday 7th March, which is the latest date it can be debated and approved before the statutory deadline of 11th March.

In proposing these dates, I am mindful of both Standing Order 20.5 and the arrangements agreed between the Welsh Government and Senedd Cymru with regard to the period provided for scrutiny. Standing Order 20.5 provides, in 'normal' circumstances, for the Finance Committee to be given eight weeks to report on the outline budget proposals and five weeks for committees to consider the detailed Budget proposals. Whilst this cannot be termed a 'normal' year, the Minister for Finance and Local Government has committed to ensuring the fullest possible scrutiny of our spending proposals. The timetable I have set out would provide seven weeks and four days for scrutiny of both the outline and detailed Draft Budget proposals.

In these circumstances, I should be grateful for confirmation that you would support a change to the dates set out above in line with the provision set out in Standing Orders.

I would also like to take the opportunity at Business Committee to seek confirmation from my fellow Business Managers they would be similarly supportive. I am grateful for the Committee's understanding and trust these arrangements are acceptable given the circumstances, which are mostly driven by external factors beyond our immediate control.

I am copying this letter to the Chair of the Finance Committee.

Yours sincerely,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Ein cyf/Our ref

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20 June 2022

Dear Peredur,

Thank you for our meeting earlier this week to discuss the options for a timetable for publishing the 2023-24 Budget. I was pleased to renew our shared commitment to working in partnership to improve our budget processes and appreciated the constructive conversation.

In this spirit, I am asking the Committee for its views on a preferred timetable for publishing the draft and final budgets, which must be provided to the Business Committee two weeks before the end of the summer term.

As you are aware, we face increasingly challenging economic and fiscal conditions, which are impacting on our spending plans. The deteriorating economic position and rising inflation has resulted in a real terms budget position at least £600m less than when we developed our spending plans last year. The lack of certainty over the significant pressures facing our plans will not be resolved until we know whether our settlement will change in any UK Autumn Fiscal event. The details of any proposed event have not yet been shared with us by the UK Government, so there is much uncertainty.

As you are aware, we chose to take a position of maximising all of the levers available to us in setting an ambitious multi-year budget up to 2025, providing much needed certainty to our public service partners and stakeholders. These choices included over-programming capital expenditure by £100m, alongside minimising the amount of funding held in reserves to enable Ministers to ensure delivering Programme for Government commitments was at the forefront of their planning assumptions.

With these conditions in mind, I am keen to seek the Committee's views on how to take forward this year's budget preparations in respect to the timings for publishing the draft Budget. I have set out the opportunities and challenges regarding the two workable

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timetable options: the first, publishing our Draft Budget in October and the second, to publish our Draft Budget following the UK Government autumn fiscal event.

Option 1

Publish the Draft Budget on Tuesday 4th October to enable 8 weeks for scrutiny; publish the Final Budget on Tuesday 20th December

In our response to the Finance Committee's report on the 2022-23 Draft Budget, Ministers agreed a recommendation to adhere to the timetable set out in the Budget Business Protocol, which would see the draft and final budgets published in October and December respectively.

In normal circumstances, this would remain our preferred timetable, and was most certainly my intention given the multi-year settlement we provided last year. However, circumstances dictated by the UK Government, as well as the challenging economic circumstances, are impacting our ability to maintain this commitment. Given the current uncertainty, it is likely we would need to publish relatively unchanged plans for 2023-24 in an October draft budget, with any substantive changes to those plans being deferred until after our settlement has been confirmed.

You will recognise the potential impact, under this scenario, on the Finance Committee's ability to undertake effective scrutiny of our draft budget plans. Under this scenario, the Committee would be scrutinising a draft budget which will change substantially following changes to our settlement. Scrutiny is an essential part of the process that informs and shapes our final budgets.

Option 2

Publish the Draft Budget on Monday 19th December at the latest to enable a minimum of 7 weeks for scrutiny; publish the Final Budget on Tuesday 28th February

The alternative option is to adopt the practice employed in recent years, utilising the exceptional circumstances for which the Budget Protocol provides, and deferring publication of our draft and final budgets until December and March, respectively.

This option will provide us with the ability to incorporate any changes provided by the UK Government, allowing time for changes to our settlement to be reflected in our draft budget, and resulting in greater certainty for our delivery partners and stakeholders. Importantly, this will maintain the Senedd Committees' ability to scrutinise the more complete version of our spending plans, as is allowed for within the exceptional circumstances in the Budget Protocol.

I recognise the concerns the Finance Committee are likely to have with this option, not least that it could result in reducing the scrutiny period; I am, however, committed to limiting this impact as much as possible. Should the UK Government fiscal event take place sufficiently early in October or November, I would make every effort to bring forward publication of our draft budget as soon as practicably possible, to enable a full 8 weeks for scrutiny. In support of this aim, all Ministers will make themselves available whenever the various Committee scrutiny sessions are scheduled.

I also wish to explore what further measures we could put in place to support Committee scrutiny of the draft budget – particularly if Option 2 is taken forward. While I am sure you recognise the limitations of providing specific details on spending plans prior to publication, I do wish to find opportunities to engage early and throughout the budget planning and share as much information as is possible, building on the steps we have already taken to improving how we can work together. We discussed some of these ideas when we met this week,

including opportunities for the Committee to engage with the Welsh Government's Chief Economist on the economic and fiscal conditions; continued engagement on the Budget Improvement Plan; and an opportunity to engage on possible shared priorities or themes which have emerged from the Committee's stakeholder engagement over the summer. I would be keen for our officials to explore the ways in which we might share the information which informs our budgetary decisions.

While I would wish to do all I could to maintain my commitment to publishing our draft budget in October, on balance this will prove challenging, given the difficult circumstances we face. In my view, the viable option is the second option (December – March publications) on the grounds there is limited benefit in providing a budget we foresee substantially changing, which limits adequate scrutiny and risks negative impacts for our delivery partners across Wales. I also acknowledge the ongoing implications of having a Budget Protocol predicated on a substantive UK Government Spring Fiscal Event, rather than the Autumn Fiscal event we have seen in recent years.

In seeking the Committee's views, I believe there are compelling and unavoidable reasons why it would be wise to defer publication of the draft budget until after the anticipated UK Fiscal Event in the Autumn, with a commitment to provide as much certainty on our proposed spending plans as is possible beforehand. I am grateful for the Committee's willingness to consider these timetabling options and look forward to your response.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government