

CYPE(6)-01-23 - Paper to note 1

Y Pwyllgor Cyllid

Finance Committee

Chair, Children, Young People, and Education Committee
Chair, Climate Change, Environment, and Infrastructure Committee Chair,
Culture, Communications, Welsh Language, Sport, and International
Relations Committee
Chair, Economy, Trade, and Rural Affairs Committee
Chair, Equality and Social Justice Committee
Chair, Health and Social Care Committee
Chair, Legislation, Justice and Constitution Committee
Chair, Local Government and Housing Committee

12 December 2022

Dear Committee Chairs,

Draft Budget 2023-24

I wrote to you prior to the summer recess in relation to the Finance Committee's pre-Budget engagement work and the Committee's Plenary debate on the Welsh Government's Spending Priorities for the forthcoming Budget. I am now writing to provide a further update on the Draft Budget scrutiny.

Consultation

At the start of the autumn term, the Finance Committee undertook a consultation seeking information on the Draft Budget on behalf of all Committees. We received 29 responses which are available on the [Finance Committee webpage](#).

Timetable

As you will be aware the publication of the Welsh Government's Draft Budget has been delayed again this year due to the UK Autumn Statement that was announced on 17 November. The Minister for Finance and Local Government (the Minister) has confirmed that she will publish the outline and detailed Draft Budget together on 13 December. The Minister will appear before the Finance Committee on 14 December for an initial evidence session on the Draft Budget.

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Budget focus

The focus of this year's budget is likely to centre on the cost of living crisis, rising energy costs and high inflation. In addition, the Finance Committee has identified a number of areas which we would like to see the focus of scrutiny, these are:

- what impact are inflationary pressures having on revenue and capital budgets and how has this changed affordability of previous plans;
- 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;
- how budget allocations support aspirations of the Net Zero Wales plan;
- Welsh Government policies to reduce poverty and the impact of cost of living crisis 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 post-EU transition;
- 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).

In addition, the following areas were identified as priorities during the Committee's stakeholder and engagement events during the summer term:

- tackling inequality and poverty – what are the priorities and how suitable is the current support given the proportion of people living in relative income poverty in Wales?

- NHS waiting lists – is there evidence of a robust plan, supported by adequate resources, to address the record number of people in Wales on waiting lists for planned or non-urgent NHS treatment, is it clear this is a priority for the Welsh Government?
- children and young people – is sufficient funding being provided and appropriately directed to support children and young people whose education, development, mental health and well-being have been affected by the pandemic?
- issues for long term sustainability of NHS, social care, further and higher education, local government and other public services, including how they can make efficiencies and transform how they deliver services.
- economy and infrastructure – are the right schemes being prioritised to support Welsh businesses and the economy, how does the Welsh Government enable Wales to prosper post COVID-19 and Brexit?
- how should the Budget address the needs of people living in rural communities and develop rural economies?
- creating a greener Wales – are Welsh Government’s plans to move to a greener economy clear and is sufficient investment being made to tackle climate change and its impacts? Do these plans need to be revised to reflect the increased urgency to reduce reliance on gas and oil given the war in Ukraine?
- third sector and volunteering – how can the Welsh Government support third sector organisations as they deal with financial challenges and increased demand for some services as a result of the cost of living crisis and pandemic.
- taxation – How should the Welsh Government use its tax raising and borrowing powers and do you feel these powers should be expanded, kept the same or reduced?

We hope that the [consultation](#) and [engagement work](#) will complement and inform the work of policy Committees and I would encourage you to use some of the areas outlined above as the focus for your budget scrutiny.

Budget Process Protocol

As mentioned, the publication of the Welsh Government Draft Budget has been delayed again this year. This is the fourth consecutive year there has been a delay, which has resulted in curtailed scrutiny periods for the Senedd. The Finance Committee therefore believes the time is right to review the [Budget Process Protocol](#) that was introduced in 2017. Whilst the protocol has many benefits, we believe it requires updating to reflect established practices and recent experiences, particularly the trend in recent years for the publication of the Welsh Government’s Draft Budget to be delayed in

light of the timing of UK fiscal events. I have recently written to the Minister proposing changes in the following areas:

- formalising the Committee's pre-budget engagement and scrutiny work; and
- providing greater certainty in relation to the timing of the Draft Budget.

The Minister has previously expressed a willingness to engage with the Finance Committee on this issue, and we hope that she will consider these changes to be proportionate. I will update Committee Chairs on this issue once I have received the Minister's response. The Finance Committee hopes that these changes can be addressed and implemented ahead of the 2024-25 budget round.

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, Owain Roberts, 0300 200 6388, seneddfinance@senedd.wales.

Yours sincerely,



Peredur Owen Griffiths
Chair, Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.