

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2024-25](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2024-25](#).

WGDB_24-25 09 : Ymateb gan: Comisiynydd Cenedlaethau'r Dyfodol Cymru |
Response from: Future Generations Commissioner



By email

27th November 2023

Dear Chair,

Thank you for the opportunity to respond to your consultation on the Welsh Government Draft Budget 2024-25.

The Committee will be aware that my office and predecessor scrutinised Welsh Government budget processes closely in previous years as a necessary lever to ensure the Well-being of Future Generations Act is considered and evidenced throughout. I was grateful for the opportunity to meet with you earlier in the year to discuss the important role we jointly play in this scrutiny. I too welcomed the opportunity for my office to be represented at your stakeholder session in Wrexham.

In addition, I have met with the Minister for Finance and Local Government on three occasions, including a constructive meeting with other commissioners. I have also had an introductory meeting with Welsh Government budget officials.

I recognise the difficult financial period facing Welsh Government, public services and communities across Wales. I will be interested to know how the Well-being of Future Generations Act (in particular the five ways of working and delivery against Welsh Government's well-being objectives) has been applied in the recent savings exercise undertaken by the Minister for Finance and Local Government. It is good to see continued commitment to the roll out of new rail services for Wales. This is a good example of preventative spend with a long-term view that will also bring immediate benefits to current generations. Protecting health services is important, however, they continue to suffer budget pressures despite this funding. It is my view that we need a long-term shift to keeping people well across a wide range of public services working together as I will go on to outline below. From how we travel to what we eat and drink to the environment around us, we need to work together to keep people well in order to release pressure on our future health system and improve the well-being of current and future generations.

I have recently published [Cymru Can](#), outlining the work programme for my term as commissioner. This has been shaped by listening to people, communities and organisations across Wales about what is important to them. I set out five missions that I intend to deliver on in my time as commissioner, each with a distinct focus for our work on the scrutiny of the annual budget.

In the year ahead I will be taking a closer look at how these priorities are being addressed in the Welsh Government budget to understand whether public spending is aligned with what's important to the people of Wales.

1. Implementation and Impact

My overarching mission will focus on ensuring that the Well-being of Future Generations Act is being delivered to its full potential across all public bodies in Wales. As part of this, I will advise all public bodies on how they should set their budgets, and this includes continuing to review how the process for setting the Welsh Government's budget has applied the Act.

Our scrutiny of the 2023-24 draft budget found that the Well-being of Future Generations Act is still not embedded into budget decision-making in the way we would expect to see it. This includes a lack of embedding the language of the Act in the narrative around the budget. I would like to see a clear indication of how Welsh Government have set their budget in a way that contributes to the seven Well-being Goals and the Welsh Government's own well-being objectives as set out in the Programme for Government.

It has been unclear from the information provided by the Welsh Government in previous years how the five ways of working are being used in the decision-making process. We will again be looking for evidence of this in the 2024-25 Draft Budget. For example, in applying long-term thinking, I would remind the Committee of the advice of the Auditor General for Wales last year regarding the funding of public bodies which highlighted:

- the “short-term nature of some funding flows, which hamper [public bodies'] ability to plan effectively for the longer term”;
- “a lack of flexibility in how some parts of grant funding can be spent”; and
- the fact that “public bodies are only made aware of the availability of funding very late in the day, or late in the financial year”.

Short-term funding is most often quoted by public bodies as the biggest barrier to long-term thinking in Wales. This was also strongly highlighted in the involvement exercise that led up to Cymru Can.

I will be interested to understand the extent to which the use of future trends and foresight has helped to determine where budgets need to go.

The definition of prevention is still not being used in the budget process as much as we would like. We need to see a shift to a preventative model of public service delivery, as outlined further in the points below in relation to my other missions, and this will require a strategic approach to preventative budget setting that looks to the long-term. I understand that exploratory work on preventative budgeting through the lens of climate and nature is underway, but this needs to progress at pace and my team is here to help with this.

My office's Section 20 Review also highlighted prevention is one of the least understood ways of working and civil servants often struggle in applying it practically in their work. There is also a lack of awareness among civil servants of the definition of prevention agreed between my office and Welsh Government.

The definition of prevention agreed with the Welsh Government is that prevention is working in partnership to co-produce the best outcomes possible, utilising the strengths and assets people and places have to contribute. Breaking down into four levels, each level can reduce demand for the next:

- Primary prevention (PP) – Building resilience – creating the conditions in which problems do not arise in the future. A universal approach.
- Secondary prevention (SP) – Targeting action towards areas where there is a high risk of a problem occurring. A targeted approach, which cements the principles of progressive universalism*.
- Tertiary prevention (TP) – Intervening once there is a problem, to stop it getting worse and prevent it reoccurring in the future. An intervention approach.
- Acute spending (AS) – Spending, which acts to manage the impact of a strongly negative situation but does little or nothing to prevent problems occurring in the future. A remedial approach.

* Progressive universalism is a determination to provide support for all, giving everyone and everything a voice and vested interest, but recognises more support will be required by those people or areas with greater needs.

I welcome the recently published report by Demos, "[Revenue, Capital, Prevention A New Public Spending Framework For The Future](#)" (published in October 2023) which highlights the importance of governments defining what we mean by 'preventative expenditure'. I would encourage the Committee to consider the report as it monitors the Draft Budget.

From previous years, we are still not seeing the assessed *impact* of budget decisions in the budget documents, like the Strategic Integrated Impact Assessment (SIIA). This is where we would like to see clearer links back to the Welsh Government's well-being objectives, the Well-being Goals and to achieving the pathway set out in the current carbon budget and, going forward, to achieving the pathway to a nature positive Wales. We will continue to advise on the evolving SIIA process to ensure, for example, that it takes account of cumulative impact and looks at the impact of decisions across the four dimensions of well-being.

2. The Climate and Nature Emergencies

My office has tracked progress on decarbonisation within the Welsh Government budget over recent years. Whilst I believe this continues to be an important priority for the budget, I now intend to take a broader view of how the budget is responding to the urgent, dual crises of climate change and nature loss. In my new work programme, I have made it my mission to support the achievement of the aspiration for a net zero public sector by 2030 and for Wales to halt biodiversity decline by 2030 linked to one of the National Wellbeing milestones and to the 30x30 commitment of the Global Biodiversity Framework agreed at COP15. Meeting these important milestones will require a Team Wales approach and all public bodies will have a part to play.

3. Culture and the Welsh Language

Cultural well-being has equal footing with environmental, social and economic well-being in the Well-being of Future Generations Act, recognising the enormous role that it plays in supporting both people and planet. My work programme will include a mission to address the perception of value of our culture to our well-being. All too often, cultural services such as leisure centres and arts facilities are the hardest hit in times of budget pressures across all levels of government. This is despite the fact that these are some of the very things that keep us well in times of need and cost of living pressures. I will be tracking how the Welsh Government is ensuring that key services such as these remain available to people of Wales, including implications of budget decisions on local authorities and national cultural bodies.

4. Well-being economy

My team and I will be working to help transition Wales to an economy that puts people and planet first with communities, business and governments at all levels helping to make this



happen. The Well-being of Future Generations Act outlines a Prosperous Wales as an innovative, productive, and low carbon society which recognises the limits of the global environment and uses resources efficiently and proportionately – emphasising skills, education and fair work in generating wealth. I will be looking with interest at the extent to which the Welsh Government budget is moving in this same direction, both in terms of prioritising capital and revenue investment.

5. Health and Well-being

My budget focus under this mission will be to ensure that there is adequate investment in the things that keep us well – the wider determinants of health. We need to use every lever we have and embrace ‘health in all policies’ to help keep people well, both mentally and physically. Our scrutiny will look at more than just the health service by considering health and well-being with a greater focus on prevention and integration between service areas. In Wales we are in a position to use innovative, long-term solutions to improve lives and get ahead of health problems by focusing not just on the NHS and health boards, but on the wider public services that have an impact on the health of our nation – the ‘social model of health’.

I look forward to sharing what I am learning with the Committee in future years on these important matters. If the Committee would find it helpful, I would be happy to arrange an information session for Committee Members with advice on how to scrutinise the budget through the lens of the Well-being of Future Generations Act.

Yours faithfully,

Derek Walker

Future Generations Commissioner for Wales