

Peredur Owen Griffiths MS
Chair of the Finance Committee

By email

11 December 2023

Dear Peredur

Thank you for your letter of 18 October 2023 and the opportunity to contribute to the Review of the Supplementary Budget Process.

By way of setting out our issues I will set out the process for budgeting for the Commission and the key reasons we require to use the supplementary budget request process.

The Senedd Commission, due to the timing of the laying of its draft budget by 1 October, almost two months in advance of the UK autumn Statement and three months in advance of the Welsh Government budget, finds itself having to lay budgets based on out of date information, or unable to budget accurately as it is awaiting decisions which are being taken in line with UK Treasury budget timetable. Examples of this include

- Taxation changes brought forward in the Autumn statement
- Triannual Civil Service pension valuation and changes to employer pension contributions
- Large projects which are not fully specified at the time of budgeting which is submitted a full six months before the start of the year to which the budget relates.

These types of changes create the need for supplementary budget requests in order to either request further funding or return funds due to reduced cost. In some years we find ourselves undertaking both.

I have set out below our thoughts on the processes for both supplementary budget and annual budget and made some suggestions on how some of this could be addressed.

Supplementary Budget

The cost of living payment made to Commission staff in this financial year has highlighted some issues with the supplementary budget process which it may be helpful to address.



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Section 126 of the Government of Wales Act 2006 (GOWA) details the process for a supplementary budget for the Welsh Government and for the bodies funded directly from the Welsh Consolidated Fund (Directly Funded Bodies or “DFB”s).

The provisions in GOWA are expanded in Standing Orders. I understand the practice encouraged by your predecessor Committee, and continued with the current Finance Committee, was for DFBs to submit draft Explanatory Memoranda in advance of the supplementary budget motion being laid by the Welsh Government. This provided an opportunity for the Committee to scrutinise the requests. This process reduced the risk that a request made by a DFB would lead to a rejection of the Welsh Government’s whole supplementary budget.

The Commission accepts that it is appropriate for the Welsh Government alone to have the right to bring forward supplementary budget motions. However, it would be helpful to amend Standing Orders to formalise the process described above. This would mean that when the date of the Welsh Government’s Supplementary budget is known, DFBs, if requiring a variation to their agreed budgets, would submit their explanatory memorandum to the responsible Committee. This would happen in advance of the motion being tabled to allow time for a responsible committee to report and make recommendations regarding the requests for additional information made by the DFB(s).

This approach would remove any perception that the Welsh Government can “block” requests from DFBs and maintains their independence.

Annual Budget Motion

As you are aware, in recent years, the UK Government has held an autumn fiscal event which has necessitated the Welsh Government delaying the publication of its budget. The difficulties associated with a late UK fiscal event also apply to the Commission when we are preparing our annual budget. This is especially the case given that Standing Orders 20.13 and 20.14 require the Commission to lay its draft budget proposals no later than 1 October and for a responsible committee to report on those proposals by 22 October. This means we are often required to prepare and lay our draft and final budget based on an incomplete fiscal context. Therefore, we are unable to budget as accurately as we would like because we are awaiting decisions about funding levels within the Welsh Consolidated Fund. This difficulty notably arose this year in respect of the Civil Service Pension triannual valuation (see my letter dated 13 November 2023).

Ultimately, we think it might be helpful for Standing Orders to be revised so that the Commission’s budget timetable could be moved to a later date. However, we recognise that UK fiscal events could again change to a spring date and we would want to avoid any unintended consequences as a result. For that reason, in the short term, we would like to suggest a small change to Standing Order 20.20 to widen the circumstances where the Commission could propose a different timetable to that specified in Standing Orders. It is suggested that the reference to a spending review could be broader, to allow the Commission to request flexibility in the event of a late autumn statement or should the Welsh Government’s intention be to lay a late draft budget.



We consider this small change would allow us the flexibility to alter the Commission budget timetable if wider fiscal events mean this would improve our ability to budget accurately and effectively.

I hope these comments are helpful.

Yours sincerely

A handwritten signature in black ink, consisting of the name 'Ken' followed by a stylized monogram 'KS'.

Ken Skates MS

cc Senedd Commissioners, Manon Antoniazzi, Kate Innes

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English

