

Peredur Owen Griffiths MS
Chair
Finance Committee

17 May 2024

Scrutiny of the Draft Budget 2024-25: Evidence provided by Welsh Government

Dear Peredur,

Thank you for your letter of 22 March 2024, and for the opportunity to comment on our experience of the Draft Budget process 2024-25. We discussed your letter at our meeting of 17 April 2024 and would like to offer the following views.

Quality of information provided

- 1.** In general, the Draft Budget papers we received relating to both the Welsh Language, and the Arts, Sport, and Culture policy areas were clear, comprehensive, and robust in providing the information we requested. The Welsh Government, however, needs to include information in its budget narrative and documentation about how spending across other government portfolios contributes to policy areas within the Committee's remit. This should be clear in terms of identified budget, outcomes, and measures. For example, the Minister for Education and Welsh Language acknowledged in oral evidence that the Cymraeg 2050 target was a cross-government initiative. Despite this, it was not possible to identify from the written evidence the wider impact of the budget cuts in other government departments on Welsh language policy development and interventions.
- 2.** On the other hand, our experience of the Welsh Government's Draft Budget papers relating to the International Relations policy area was extremely disappointing. We found a lack

of clarity and transparency in the documentation and ministerial written evidence provided. This impacted our ability to scrutinise the Draft Budget for International Relations effectively.

3. There were numerous issues identified. The forecast outturn for 2023-24 included an amount for in-year savings. However, there was no explanation of where the savings had come from or whether any planned activities, outcomes or outputs were not delivered as a result. A MEG-to-MEG transfer of funding outlined in the supporting written evidence did not appear on the Draft Budget proposal either as an outgoing or incoming transfer. Unhelpfully, we later established that the associated BEL had also been renamed without explanation. We were unable to fully reconcile allocated spending for activity referenced within the supporting written evidence as it was not always clearly attributed to a BEL. Further, a calculation of total allocated spending set out in the written evidence could not be reconciled with the Draft Budget proposal without generating a significant overspend. Given the need for clarification of these matters, it was regrettable that the First Minister declined our invitation to give oral evidence. This resulted in us having to make an urgent written request for further information.

4. The First Minister's second written submission also left questions unanswered which, again, hindered our scrutiny of International Relations spending. Whilst figures were provided that could be reconciled with the Draft Budget proposal, we were not provided with satisfactory explanations, nor the detailed information we requested. Between the first and the second written submission, the figure for the International Engagement budget was revised down. However, no revised breakdown was provided. As such, we were unable to establish where the budget cuts would fall. Despite our best efforts, the missing MEG to MEG transfer was not satisfactorily accounted for and this lack of transparency remains a cause for concern.

5. For us to be able to scrutinise effectively, it is essential that we can rely upon, understand, and analyse the information presented to us. However, the written evidence we received fell significantly below an acceptable standard. The discrepancies identified prevented us from considering information with confidence and presented barriers to our understanding of the Welsh Government's priorities.

Publication of annual reports

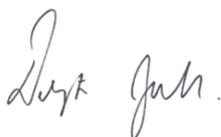
6. This year, the Draft Budget process has also been hampered by delays with Audit Wales. Consequently, annual reports and accounts relating to the arms-length bodies falling within the Committee's remit were not published in time to inform draft budget scrutiny. To counteract this, we undertook general scrutiny sessions with these bodies during the Autumn term. This allowed us to incorporate the views of stakeholders and gain a better understanding of the issues affecting the key policy areas in advance of the Draft Budget.

Review of the Budget Process Protocol

7. As you know, the time available for reporting on the outline and detailed budget proposals by committees has been severely limited by the late publication of the Draft Budget in recent years. These shortened timeframes undermine our ability to meaningfully scrutinise the impact of the Draft Budget on the policy areas within our remit. In our view, the Budget Process Protocol agreed in 2017 ("the Protocol"), needs to be revisited urgently. This may require a fundamental overhaul of the Protocol to enable a longer reporting timeframe. The Protocol anticipates that the UK Budget will usually be published after the Welsh Government has published its outline and detailed budget proposals. However, this has not been the case for several years. We are concerned that the Welsh Government seems to regard as normal business the absolute minimum timeframes set out for budget scrutiny in the Protocol when these should only apply in exceptional circumstances. We urge the Welsh Government not to consider itself beholden to the UK Government and to proceed with budget setting so as to enable and ensure the integrity of the Welsh Parliament's scrutiny process.

8. I hope that these reflections on our experience of scrutinising the Welsh Government's Draft Budget 2024-25 will be of assistance in driving forward improvements for future years.

Yours sincerely,



Delyth Jewell MS
Committee Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.