

Mark Drakeford MS

Cabinet Secretary for Finance and Welsh

Language

By email

1 July 2025

Dear Mark,

Proposed changes to the Budget Process Protocol and supplementary budget procedures

As you are aware, the Committee has considered changes to both the Budget Process Protocol (the Protocol) and the Senedd's supplementary budget procedures during the course of the Sixth Senedd to date.

The Llywydd, as Chair of the Business Committee, wrote to the Committee on 18 June 2026 asking for an update on these proposals as part of its procedural work programme and the timing of any such engagement.

Given the limited opportunities available to make any changes between now and next year's election, the Committee wishes to seek your views on these issues to explore whether an agreed approach to progressing these matters can be reached in this Senedd term.

Budget Process Protocol

On 11 December 2023 I wrote to your predecessor summarising where agreement had been reached between the Committee and the Welsh Government in relation to the Protocol. In response, the then Cabinet Secretary suggested that:

"... we should seek to make the changes to the Protocol and Standing Orders on which we can agree as a single, consolidated package of changes rather than seeking Senedd approval in a more piecemeal manner. I believe it would be helpful if we were to continue to consider each other's proposals in the expectation that we can agree a unified approach to revising the Protocol before the Summer recess."



However, following the UK General Election in July 2024 and a commitment from the Chancellor that the UK Government would hold one major fiscal event a year and establish a regular timetable for spending reviews, the then Cabinet Secretary wrote to us stating that:

"We will reflect on the implications of this for our own budgetary timetable and consider it in light of our ongoing discussions on the Budget Protocol."

Prior to the Autumn Statement on 30 October 2024, I wrote to you again calling for an update as soon as possible after that fiscal event on the implications of any changes at the UK level for the Senedd's budgetary processes. We were disappointed not to receive a response to that request, and made a subsequent recommendation in our report on the Draft Budget 2025-26 in February 2025 relating to this issue:

"Recommendation 2. *The Committee recommends that the Cabinet Secretary:*

- outlines his views on proposed changes to the Budget Process Protocol before the beginning of the next financial year; and*
- works with Senedd officials to develop key principles as a basis for a fundamental redrawing of the protocol ahead of the next budget round."*

In response, you stated that:

"I am grateful to the Committee for its proposed changes to the Budget Process Protocol. Whilst I support a review and I am open to changing our ways of working, it remains my view that it is not the right point in the Senedd cycle to agree a fundamental redrawing of the Protocol. It will be for future elected members, especially in light of the planned reforms to the Senedd and the increase in the number of Senedd Members in 2026 to agree their preferred outcomes for the future. These changes may well result in alterations to the scrutiny process, including in the number of Senedd committees, their responsibilities, and how many members will sit on them.

This forthcoming change does not, however, prevent us from making improvements now. We have already been able to work together to facilitate the budget process without changes to the Protocol or to Standing Orders and I am keen to continue this approach, making only essential changes to the Protocol in advance to the next Senedd. I propose that officials work together fully to consider the proposed changes in this light."

I would be grateful if you could confirm what "essential changes" you would like to make in advance of the next Senedd, including an indication of whether these include the changes outlined in

correspondence issued by us on 11 December 2023 (outlined in Annex A) and 4 July 2024 (outlined in Annex B). Alongside these changes we would propose updating the terminology included in the Protocol, such as replacing 'Assembly' with 'Senedd'.

We agree that changes to the Protocol should only be made as a single package once agreement has been reached by both the Committee and the Welsh Government, and I call on you to confirm which specific proposals that you are of the view should be taken forward now, and which are best left to the next Senedd to consider.

Given our interest in the general development of budgetary procedures, the Committee is keen to be informed of the statutory review of the Welsh Tax Acts (Power to Modify) Act 2022 which Welsh Ministers must complete by September 2026 and I note that a Green Paper will be issued between now and the election. An update on whether this review will inform any future changes to the Protocol would also be helpful at this stage.

Supplementary Budget Procedures

With regard to changing the supplementary budget procedures, the Committee wrote to the Directly Funded Bodies (DFBs) on 4 May 2023 and 18 October 2023 as well as issuing further correspondence on 23 February 2024, seeking views on this issue. A separate letter was also issued to the Chair of the Llywydd's Committee on 23 February 2024 seeking views from the Electoral Commission.

Responses were received by the Senedd Commission, Audit Wales and the Public Services Ombudsman for Wales (PSOW), and the issues raised were summarised in a further letter from the Committee to the then Cabinet Secretary for Finance, Constitution and Cabinet Office on 4 July 2024. The Electoral Commission provided the Committee with comments on these issues in later correspondence received on 28 March 2025. The changes requested are summarised under Annex C.

In response to these proposals, your predecessor stated in relation to the proposals put forward by the Senedd Commission, Audit Wales and the PSOW on changing the supplementary budget procedures that:

"Rather than responding to these additional proposals separately, I believe it would be appropriate to add them to the set of issues our officials continue to engage on. Subject to those discussions at official level, I am sure there are areas in relation to Directly Funded bodies on which we could agree."

As with the proposed changes to the Protocol, we ask you to confirm which specific areas in relation to changing the supplementary budget procedures you are in agreement with, and whether you wish to proceed with making those changes in this Senedd, prior to dissolution next year. This includes your views on the additional changes to Standing Orders requested by the Electoral Commission on 28 March 2025 mentioned above.

I recognise that the Senedd is ultimately responsible for considering these changes and that it may not be appropriate for the Welsh Government to express a view on budgetary procedures relating to the DFBs, given they are, by definition, funded independent of government. Nonetheless, because of the nature of the Senedd's supplementary procedures which requires the supplementary requests of DFBs to be incorporated into the Welsh Government's supplementary budget motion and considered by the Senedd as a single package, we ask you in particular to assess whether the proposed changes pose any structural risks to existing procedures.

I would be grateful for a response as soon as possible so we can write to the Business Committee to look further into these issues, should agreement be reached between us on how the concerns of the DFBs in relation to supplementary budget procedures are to be addressed.

A copy of this letter has been sent to the Llywydd's Committee given its oversight responsibilities relating to the Electoral Commission.

Yours sincerely,



Peredur Owen Griffiths MS, Chair of the Finance Committee

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

ANNEX A: Summary of areas of agreement to the Protocol, as stated in letter of 11 December 2023

Proposed changes	Reasons for changes
<p>New Paragraph (5A)</p> <p><u>"The Finance Committee will hold an annual Plenary debate on the Welsh Government's Budget Priorities before the summer recess. The aim of the debate is to provide an opportunity for Senedd Committees and Members to influence decisions relating to the Welsh Government's budget at an early stage. The debate will be informed by the Committee's pre-budget engagement work and the Chairs of other Senedd Committees will be encouraged to make contributions reflecting issues within their respective remits."</u></p>	<p>These changes reflect established practices that deserve to be enshrined within the protocol and therefore a new paragraph (5A) is proposed to achieve this.</p> <p>Note that the initial re-drafting of new paragraph 5A suggested that the debate would always take place before the summer recess. Although there are benefits to keeping to these timescales, Members may not want to specify dates in the protocol in case there would be instances where a later debate would be desirable. This has been removed and tracked for reference purposes.</p>
<p>New Paragraph (5B)</p> <p><u>In years when the publication of the Draft Budget is delayed, it is expected that the Finance Minister will attend pre-budget Committee scrutiny sessions, if requested to do so. It is not expected that the Welsh Government will be asked to provide evidence nor attend this session.</u></p>	<p>Although the protocol provides discretion for Committees to conduct their own pre-Budget work and to issue reports and correspondence on such issues, it does not require the Finance Minister to attend such sessions.</p> <p>The Committee initially proposed that this expectation would be placed on all Welsh Ministers to attend the relevant Senedd Committee, however, the Welsh Government proposed that this should only apply to the Finance Minister.</p>
<p>Changes to Paragraph 34</p> <p>"To ensure transparency of in-year financial movements, the Welsh Government will continue to lay two supplementary budgets a year, subject to the following two paragraphs."</p>	<p>This was considered a 'tidying up' exercise and intended to reflect the current approach of having two supplementary budgets each year.</p>

Changes to Paragraph 40

"Any change to the required resources of these directly funded bodies is dependent on the Welsh Government moving a supplementary budget motion. ~~Under the revised arrangements, this continues to be the case as changes to the budget motion only apply to the Welsh Government.~~ As set out in paragraph 26, the Welsh Government is committed to providing ~~the same frequency of two supplementary budgets each financial year as previously provided.~~ The Welsh Government ~~undertakes therefore to continue to~~ will liaise regularly with the direct funded bodies and to seek to accommodate their in-year financial requirements through the supplementary budget process. Any proposal to vary the frequency of supplementary budgets will take into account the requirements of direct funded bodies"

As with the changes to paragraph 34, this was considered a 'tidying up' exercise and intended to reflect standard practice in relation to supplementary budgets.

NOTE: In addition to the above, 'Assembly' will be replaced with 'Senedd' throughout the document.

Proposed changes	Reasons for change, according to Audit Wales
<p>Changes to Paragraph 17</p> <p>"17. With this in mind, the Finance Committee would anticipate seeing at the time the outline budget is published:</p> <ul style="list-style-type: none"> • the rationale for taxation levels; • a range of relevant economic statistics and analyses for Wales; • <u>an explanation of how the Welsh Government's wellbeing objectives</u> demonstration of how the programme for Government and Well-Being of Future Generations (Wales) Act 2015 have influenced the budget allocations." 	<p>Paragraph 17 of the Protocol says— "With this in mind, the Finance Committee would anticipate seeing at the time the outline budget is published...a demonstration of how the programme for Government and Well-being of Future Generations (Wales) Act 2015 have influenced the budget allocations."</p> <p>As the duty to set well-being objectives is the main mechanism within the 2015 Act for putting principles into practice, and as the Programme for Government is itself not a statutory requirement per se, we think it would be helpful to revise this paragraph so as to refer to an explanation of how the Welsh Government's wellbeing objectives have influenced the budget allocations.</p>
<p>Changes to Paragraph 21</p> <p>"21. Each portfolio will aim to be consistent and provide information which supports the decisions behind the proposals. This could include:</p> <p>how the proposals align to Welsh Government priorities, <u>well-being objectives</u> and desired outcomes; assessments of the impact of the proposals in line with the Welsh Government's legal and relevant policy obligations such as equality, Welsh Language, United Nations Rights of the Child;</p>	<p>Similarly, we think that a reference to the Welsh Government's well-being objectives would be useful in paragraph 21.</p>

<p>an explanation of significant changes to budget headings from the previous published plans.”</p>	
<p>Changes to Paragraph 33</p> <p>“33. The Welsh Government will publish the Annual Budget Motion in accordance with Standing Orders. In supporting the Annual Budget Motion, the Welsh Government agrees to provide, at the same time as laying the Annual Budget Motion, its final budget incorporating spending plans and any changes to financing plans proposed in the outline budget. A reconciliation to changes at the BEL level (or equivalent) will also be provided <u>by the Welsh Government.</u>”</p>	<p>At paragraph 33, it might be helpful for clarity to revise the last sentence to specifically refer to the Welsh Government providing a reconciliation to changes at the BEL level.</p>
<p>Changes to Paragraph 40 (additional changes to those already proposed in Annex A are included in grey)</p> <p>“Any change to the required resources of these directly funded bodies is dependent on the Welsh Government moving a supplementary budget motion. Under the revised arrangements, this continues to be the case as changes to the budget motion only apply to the Welsh Government. As set out in paragraph 34 26, the Welsh Government is committed to providing the same frequency of two supplementary budgets <u>each financial year as previously provided</u>. The Welsh Government undertakes therefore to continue to will liaise regularly with the directly funded bodies and to seek to accommodate their in-year financial requirements through the supplementary budget process. Any proposal to vary the frequency of supplementary budgets will take into account the requirements of direct funded bodies”</p>	<p>While the changes to paragraph 40 seem helpful, particularly the replacement of “undertakes therefore to continue” with “will” in the penultimate sentence, the cross reference in the previous sentence would seem to be more appropriate if given as paragraph 34 rather than paragraph 26.</p> <p>Similarly, “direct funded” in the penultimate sentence would seem to be better as “directly funded”.</p>



ANNEX C: Changes to the supplementary budget procedures proposed by the Senedd Commission, Audit Wales, Public Services Ombudsman for Wales and the Electoral Commission, as set out in correspondence issued on 4 July 2024 and 28 March 2025

Proposed changes	Reasons for change
<p>Changing Standing Order 20 to formalise the process whereby DFBs make supplementary budget requests, including:</p> <ul style="list-style-type: none"> • setting out a process where the DFBs would submit their supplementary requests prior to the Welsh Government laying its supplementary budget, which would confirm in Standing Orders the current informal and established practice adopted by the Finance Committee; and • making it explicit that the Welsh Government incorporates requests from DFBs for supplementary funding in a supplementary budget motion, if supported by the Finance Committee. 	<p>The aim of this change would be to formalise established practice in relation to the scrutiny arrangements for supplementary requests made by the DFBs and remove any perception that the Welsh Government can “block” requests from DFBs, maintaining their independence.</p>
<p>Standing Orders to be changed so that the Senedd Commission’s budget timetable could be moved to a later date from 1 October, which could be achieved by amending Standing Order 20.20 to broaden the provision whereby the Commission could propose a different timetable to that specified in Standing Orders.</p>	<p>This change would allow the Commission to request flexibility in the event of a late UK autumn statement or if the publication of the Welsh Government’s draft budget is delayed, as has been the case in recent years.</p>
<p>Standing Orders to be changed to provide flexibility to the Electoral Commission to propose moving the date of submitting their budget from 1 October, to allow their estimate to be prepared and submitted at around the same time to parliaments across the UK.</p>	<p>This would assist the Electoral Commission in preparing accurate submissions and would help to ensure consistent and coordinated scrutiny of what is submitted across the Welsh, Scottish and UK parliaments in relation to the Electoral Commission’s budget.</p>