

Pwyllgor Cymunedau, Cydraddoldeb a
Llywodraeth Leol

Communities, Equality and Local Government
Committee

Cynulliad
Cenedlaethol
Cymru
National
Assembly for
Wales



Bae Caerdydd / Cardiff Bay
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Jane Hutt AM
Minister for Finance

29 October 2013

Dear Minister

Welsh Government draft budget proposals, 2014-15

Thank you for attending the Committee on 24 October 2013 to answer questions on the Welsh Government's draft budget proposals for 2014-15, specifically on the process of considering equality in the budget.

The Committee would like to draw your attention to the matters set out below, and looks forward to receiving your response, where appropriate, as soon as possible.

We note that the Finance Committee's consideration of the draft budget is structured around the four financial scrutiny objectives of affordability; prioritisation; value for money; and budget processes. We have applied these objectives to our considerations and have identified the relevant objective against each of the matters set out below. A copy of this letter goes to the Finance Committee to inform its overarching consideration of the draft budget and it will also be published on our website.

1. Equality considerations in the draft budget

(Scrutiny objectives: affordability, budget process and prioritisation)

As part of our considerations of the draft budget last year, we noted that improvements were needed in relation to the Equality Impact Assessment (EIA) and that, in particular, we would "like to see a more systematic, consistent and transparent approach taken to the EIA next year, in line with Equality and Human Rights Commission (EHRC) guidance".

In relation to this year's draft budget, we are pleased that improvements have been made to the process of considering equality in the budget, building on the

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recommendations of the EHRC's Appreciative Inquiry and the Committee's inquiry into equality budgeting. We particularly welcome the establishment of the Budget Advisory Group on Equality (BAGE), the attempt at a cumulative impact assessment and the integration of additional factors such as sustainable development.

We note that the Welsh Government has "worked to embed equality considerations at an early stage in order to ensure that our spending decisions are informed and influenced by equality considerations from the outset". We were pleased that you were able to identify some specific examples of this, including the Supporting People programme and investment in smaller social housing.

We believe the equality impact assessment is a much improved document in comparison to last year's, and we welcome this. However, we consider there is still room for improvement and we encourage the Minister to build on the work already undertaken in this area in order to ensure that equality considerations are an integral part of the budget process at a formative stage, across all departments. It is vital that all budget allocations, particularly ones facing reductions, are assessed proportionately and consistently.

Further to this, we believe it is important that you continue to use the EIA process to monitor the negative impacts of budget allocations to enable you to mitigate these effects where possible.

2. Equality Impact Assessment process

(Scrutiny objective: budget process)

We asked you for more information about the Budget Advisory Group on Equality (BAGE). You told us it was a high level group that provides advice, and shares expertise and best practice on equality issues which will, in turn, support the continual improvement of the equality impact assessment of the Welsh Government's Budget.

You told us the Group comprises a number of representatives from voluntary sector equality organisations and the Welsh Government, as well as an academic advisor, Caroline Joll. You also said it was led by you and the Minister for Communities and Tackling Poverty, "demonstrating a shared commitment to equality".

We asked how you would measure the benefits of the Group on Welsh Government decision making. You told us that the Group has only met three times so it was "still early days", but that the measure would be good decision making, in terms of budgets, that reflects the *Programme for Government* and the sectors and communities the Government is seeking to support.

As noted above, we welcome the establishment of the BAGE, and note the statement in your paper that "whilst still at an early stage, it has already generated some progressive ideas and suggestions regarding the assessment process." We consider that the BAGE has the potential to be a valuable source of advice and information, and a key channel of engagement with representative groups.

We would, however, welcome some further detail from you about how the work of the Group will feed into future planning and, in next year's draft budget EIA, we would like to see a breakdown of the work the BAGE has undertaken during the year. Further to this, we look forward to receiving the paper provided to BAGE by Caroline Joll, which you agreed to share.

We asked you why the EIA did not include detailed impact assessments of reductions to key areas such as the third sector and local government, and you told us that you expected local government to carry out its own impact assessments. You also said that you were meeting representatives from the third sector in the coming weeks specifically to look at the budget and that you were sure they would be reflecting on the EIA of the budget.

We are disappointed that impact assessments of reductions to the third sector and local government were not included in the EIA in sufficient detail, particularly given the importance of these sectors and the scale of the reductions in their respective budget allocations. We believe that a more comprehensive approach should be taken next year. We agree with your suggestion that this matter could be considered by BAGE.

3. Integrated assessments and cumulative impacts

(Scrutiny objective: budget process)

We note that the EIA for the draft budget 2014-15 includes additional considerations such as sustainable development, children's rights, poverty and the Welsh language.

In terms of cumulative impacts, the EHRC inquiry recommended that "the Welsh Government ensures that departments and KAS give increased priority to the analysis of data on protected characteristics to help inform EIA". We note your response to this, that "[Knowledge and Analytical Services, a Welsh Government department] resources, along with other areas across the Welsh Government are considerably stretched, and whilst this requirement is a high priority that we recognise, it must also be considered alongside a range of other equally important analytical priorities."

We welcome the Government's attempt to integrate other considerations into the EIA, but we consider there is still work to be done in terms of detail. We understand that this process is progressive, but next year we would like to see more comprehensive consideration given to these issues. We would also like see evidence of progress on the EHRC's recommendation about giving 'increased priority' to the analysis of data on protected characteristics to help inform the EIA.

4. The Welsh language

(Scrutiny objectives: budget process and prioritisation)

In our report on the draft budget last year, we recommended that, as a matter of urgency, the Welsh Government look at a more systematic way of ensuring that policies are screened for their impact on the Welsh language.

The EIA for the 2014-15 draft budget states “we are committed to improving how we approach assessing the impact of our Budgetary decisions on the Welsh Language. (...) A specific project will be set up in order to consider potential assessment tools and look at ways to strengthen the links with other Welsh Government processes.” **We would welcome more information from you about this project, particularly details of when it will be set up and what it will entail.**

We asked you what specific actions were taken to look at the effect on the Welsh language in deciding budget allocations. You advised us there had been a “high level assessment” of the budget proposals to improve understanding of the impact of spending decisions on the Welsh language.

Further to this, we asked for examples of “fundamental differences” between the draft budgets for last year and this year that have developed as a result of this year’s impact assessment on the Welsh language. You told us that Welsh language champions across Welsh Government departments were “playing their part” in a continuous process of policy and budget development. You also referred to an “evaluation framework” that is being used to look at the impact of allocations on the Welsh language. **We would welcome further details about the role of the Welsh language champions and the nature of the evaluation framework.**

Overall, we were disappointed that you were not able to give us any specific examples of the effect of your impact assessments in relation to the Welsh language on budget decision making. We were also disappointed that you were not able to demonstrate any differences in this year’s budget process as a result of undertaking an impact assessment on the Welsh language. We feel that a more thorough impact assessment of budget decisions on the Welsh language would have enabled you to provide this information.

On this basis, we reiterate the recommendation we made as part of last year’s budget considerations that a more systematic way is needed for ensuring that policies and budget decisions are screened for their impact on the Welsh language. We look forward to hearing how you intend to take this forward in the future.

Yours sincerely



Christine Chapman AC / AM
Cadeirydd / Chair

cc Jocelyn Davies AM, Chair, Finance Committee