

Pwyllgor Cyllid

Finance Committee

Bae Caerdydd / Cardiff Bay
Caerdydd / Cardiff CF99 1NA

Ann Jones AM, Chair CYPE Committee

Christine Chapman AM, Chair CELG
Committee

26 June 2014

William Graham AM, Chair E&B Committee

Alun Ffred Jones AM, Chair E&S Committee

David Rees AM, Chair HSC Committee

Dear Committee Chairs,

At our meeting on the 18th June Finance Committee agreed to build on previous year's approach to scrutinising the Welsh Government's draft budget. I am writing to all the Chairs of subject committees to share our thinking, and to encourage your committees to consider how they can contribute to deliver the most effective scrutiny of the Government's spending plans.

Budget focus

You will remember that when undertaking scrutiny of the draft budget 2014-15, all Committees agreed to adopt a co-ordinated approach, based on the performance and outcomes to be achieved with the resources available, and priorities identified by the wider public (based on feedback from engagement).

This approach centred around the four principles of financial scrutiny: affordability, prioritisation, value for money and process. These principles were used as the basis for all Committee briefings, evidence sessions and reports. A reminder of the principles is shown here:

- Affordability - to look at the big picture of total revenue and expenditure, and whether these are appropriately balanced;
- Prioritisation - whether the division of allocations between different sectors/programmes is justifiable and coherent; and,
- Value for money - Essentially, are public bodies spending their allocations well – economy, efficiency and effectiveness (ie) outcomes
- Budget processes - are they effective and accessible and whether there is integration between corporate and service planning and performance and financial management

You may also remember that last year we encouraged Committee to look towards preventative spend. This year we would encourage you to focus on prevention. The Welsh Government has had a year to consider how to respond to Committees requests for information around preventative spend. Preventative spend scrutiny can also be linked to what outcomes are expected to be achieved and how these will be measured/monitored.

Committee may wish to note the Welsh Government recently updated their [Programme for Government Progress Report](#). Whilst Committees will have their own priority areas for consideration during budget scrutiny, you may find it helpful to consider the areas identified below. The Finance Committee suggest that policy Committees consider including a focus in their scrutiny on how effective the Welsh Government has been in enabling the tracking of allocations to programmes, outputs and measuring outcomes in terms of economy, efficiency and effectiveness.

Finally, as always budget scrutiny should ensure that Welsh Language, equalities, sustainability and children's rights is mainstreamed in budget scrutiny. The Rights of Children and Young Persons (Wales) Measure 2011 places a duty on Welsh Ministers to have 'due regard' to the UN Convention on the Rights of the Child. This duty has applied in respect of developing or changing legislation or policy since May 2012 but was extended in May 2014 to all Ministerial functions.

Pre-budget consultation

Finance Committee will be running a consultation on the budget process over the summer. Last year we received informed responses to our pre-budget consultation, and will again be asking stakeholders for their views *before* the Assembly returns in the autumn.

Stakeholder engagement

We have previously found the work some policy committee have undertaken in relation to subject-specific stakeholder engagement very useful and we have used the feedback from these events in formulating our questions and recommendations around the draft budget. We would encourage all committees to consider how best to engage with their stakeholders as part of this process. You may also wish to note that following last years budget scrutiny we made the following recommendation:

The Committees of the National Assembly should continue to take an innovative approach to bringing the public voice into budget scrutiny. They should consider how best to engage the public voice for next year's budget round. This might include wider use of social media and/or work as part of the push for greater youth engagement.

Timetable

We are currently awaiting the date of the draft budget to be announced, but you may be aware that the Minister for Local Government and Government Business has indicated they would be willing to allow an extra week for the scrutiny of the draft budget. We hope this extra week will allow for subject committees to report in time for us to take your recommendations into account when we are drafting our report. As the date of the budget is not yet available, I have asked the Finance Committee Clerk to inform the relevant subject Committee Clerks when the date is available, and it would be helpful if you could report before the Finance Ministers scheduled appearance at Finance Committee (to be confirmed when the date of the budget is announced).

Finally, it has been suggested that some Chairs would find it helpful to have a meeting of all Committee Chairs, where we could discuss the approach to the budget scrutiny and how we can ensure a consistent, coherent approach this year. This meeting could also look to ensure that there is coordination between committees to ensure that there is an agreement of which portfolio areas are covered in scrutiny, such as the First Minister's responsibilities in relation to the Welsh language and civil service staffing. If you think this would be helpful please do let the Finance Committee Clerk know and we will arrange for a meeting to take place.

If you have any questions about any aspect of the draft budget process, please feel free to contact me or the clerk to the Finance Committee, Bethan Davies, 02920 89 8120, Bethan.Davies@Wales.gov.uk.

Yours sincerely,



Jocelyn Davies AM
Committee Chair