

Jane Hutt AM
Minister for Finance and Government Business

27 January 2016

Dear Minister

Welsh Government draft budget proposals, 2016–17

Thank you for attending the Committee on 21 January 2016 to answer questions on the Welsh Government's draft budget proposals for 2016–17.

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.

Strategic Integrated Impact Assessment

We acknowledge that the Strategic Integrated Impact Assessment (SIIA) aims to assess the overall impact of the Welsh Government's spending decisions and, as such, does not include an in-depth impact assessment of the reduction in funding for local government. Local authorities, of course, have a statutory responsibility to undertake impact assessments as part of their budget setting process, and should be accountable for their spending decisions. However, we believe that there is an overview role for the Welsh Government in monitoring the robustness of these assessments as well as their cumulative impact. We welcome your commitment to consider this matter further, along with the Minister for Public Services. **We look forward to the outcome of your discussions and would like you to report back to the Committee in due course.**

Tackling poverty and inequality



In your written evidence, you state that the Welsh Government’s budgetary decisions are “underpinned by its commitment to tackling poverty”. While this point is also made throughout the SIIA, we were disappointed about the lack of detailed information in the SIIA to demonstrate how this commitment influenced budget decisions across Ministerial portfolios. **We would like further detail from you on this issue.**

Approach to the draft budget

In your evidence, you reported that the work of the Budget Advisory Group on Equalities (BAGE) highlighted “the need to focus on priorities based on an assessment of greatest positive impact”. You provided examples of decisions that had been informed by BAGE, including the protection of funding for Flying Start, Communities First and Supporting People, which aim to address inequality. While this approach to the prioritisation of funding is to be welcomed, it relies on robust monitoring of expenditure and clear, measurable outcomes in order to be effective. To this end, we draw your attention to our continuing concerns about the monitoring and evaluation of the Communities First programme, which we will be raising again in our letter to the Minister for Communities and Tackling Poverty.

We recognise the benefits of Results Based Accountability (RBA), not only in the measurement of performance, but as a tool to inform funding decisions. We acknowledge the work that has been undertaken by the Welsh Government to improve the arrangements for assessing the effectiveness of its key programmes and the move to an outcomes-based approach using RBA. **We would like further details from you about how this has helped inform the budget setting process, in particular the decisions to protect the funding for Communities First.**

I look forward to receiving your response in due course.

Yours sincerely



Christine Chapman AM
Chair

cc. Jocelyn Davies AM, Chair, Finance Committee

