

Chair, Children, Young People and Education Committee
Chair, Climate Change, Environment and Rural Affairs Committee
Chair, Culture, Welsh Language and Communications Committee
Chair, Economy, Infrastructure and Skills Committee
Chair, Equality, Local Government and Communities Committee
Chair, External Affairs and Additional Legislation Committee
Chair, Health, Social Care and Sport Committee

20 July 2017

Dear Committee Chairs

Welsh Government Draft Budget 2018-19

At our meeting on 19 July, the Finance Committee agreed its approach to the budget scrutiny. I am writing to all Chairs of subject committees to share our thinking, and to encourage your committees to consider how you can contribute to delivering the most coherent and effective scrutiny of the Government's spending plans.

As you will be aware this is the first year we will be scrutinising the draft budget under the revised Standing Orders and accompanying protocol. I discussed this with the Committee Chairs at the Chairs forum on 12 July.

Budget focus

We have agreed to continue the approach followed in previous years, whereby budget scrutiny is centred on the four principles of financial scrutiny: affordability, prioritisation, value for money and process. The principles are:

- **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;
- **Value for money** – Essentially, are public bodies spending their allocations well – economy, efficiency and effectiveness (i.e.) outcomes; and

- **Budget processes** – are they effective and accessible and whether there is integration between corporate and service planning and performance and financial management.

Following a stakeholder event in North Wales, we have identified a number of areas which we would like to see the focus of the scrutiny, these are:

- *Financing of local health boards and health and social care services*
- *Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)*
- *Sustainability of public services, innovation and service transformation*
- *Welsh Government policies to reduce poverty and mitigate welfare reform*
- *The Welsh Government's planning and preparedness for Brexit*
- *How the Welsh Government should use new taxation and borrowing powers*
- *How evidence is driving Welsh Government priority setting and budget allocations*
- *How the Future Generations Act is influencing policy making*

We would encourage you to use some of these areas as the focus for your budget scrutiny.

Draft budget consultation

As has been the previous practice, we will be undertaking a consultation on behalf of all Committees over the summer recess and the responses will be shared with you in the Autumn in order to assist your scrutiny of the draft budget.

Timetable

As you will be aware by now the dates for the draft budget have been agreed and are:

- Outline Draft Budget Laid – 3 October
- Detailed Draft Budget Laid – 24 October
- Deadline for Finance Committee to Report – 28 November
- *Debate on the Draft Budget – 5 December*
- Annual Budget Motion tabled – 19 December



As you will be aware the provisions in relation to the reporting by policy committees has changed, and you are now able to report in your own right (if you so wish), and your reports can be used as a supporting document to the draft budget debate. As a Committee we are considering how we can maintain a strategic, oversight role of financial scrutiny, but in the meantime 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, 0300 200 6372, Bethan.Davies@assembly.Wales

Yours sincerely

A handwritten signature in black ink that reads "Simon Thomas". The signature is written in a cursive style with a large initial 'S'.

Simon Thomas

Chair

