

Mark Drakeford AM
Cabinet Secretary for Finance

Kirsty Williams AM
Cabinet Secretary for Education

Vaughan Gething AM
Cabinet Secretary for Health and Social Services

15 May 2018

Dear Cabinet Secretaries,

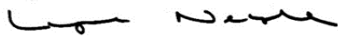
Welsh Government draft budget information

On 2 May 2018 the Children, Young People and Education (CYPE) Committee considered its strategic forward work plan. As part of discussions, we considered the Committee's approach to scrutiny of future Welsh Government draft budgets, reflecting on our experience to date.

To help the Committee undertake effective and constructive financial scrutiny, we wanted to give early notice of some of the improvements we believe should be made to enable us to carry out effectively our core role of holding the Government to account on its budget plans and subsequent expenditure. Our recommended areas for improvement are summarised in the annex to this letter.

A copy of this letter will be shared with the Finance Committee to aid its overarching scrutiny of the budget process and procedure.

Yours sincerely



Lynne Neagle AM
Chair



01. Transparency of budgetary information

The Committee's report on the Welsh Government draft budget 2018-19 highlighted a series of concerns in relation to the presentation of information in the Welsh Government's draft budget.

Members were concerned, for example, that:

- the recalculating of baseline budget data could throw into doubt the credibility of the way in which the Welsh Government presents its budget;
- the Welsh Government should be more forthright in its headline announcements about the actual changes in funding provided (which was relevant in the 2018-19 draft budget round to school funding in particular); and
- the allocation of resources for children and young people should be presented more clearly in the draft budget documentation so that their affordability, their delivery of value for money, and the extent to which they are being prioritised can be scrutinised.

In recent weeks, discussions have taken place in Plenary about arrangements for the School Uniform Grant. During these discussions, the Cabinet Secretary for Education pointed to the fact that information relating to the School Uniform Grant was contained in published draft budget documentation:

"if you go back to the budget consultation papers that were published by the Government in October and subsequently at the final budget, you will see in your committee papers and in those budget papers, on the grant tables, this decision, and I'm surprised (...) that this was not raised"

The Committee would like to take this opportunity to point out:

- the only reference to the School Uniform Grant in the draft budget information was a sentence within an explanation of other changes to the same Budget Action that "funding of £0.700m has also been removed for the School Uniform Grant". No further information was provided to clarify that this represented 100 per cent of the Grant.



- the ending of the Grant was not evident from the budget tables, since it was one part of the School Governance BEL and there was no breakdown in the table of the £1.088m reduction overall to that BEL; and
- in answering a question posed as part of the Committee's draft budget scrutiny by Mark Reckless AM on the reasons why the School Governance BEL had fallen from £1.124m to £36,000, no reference was made to the cessation of the School Uniform Grant (16 November 2017).

Given the vast amount of detail published as part of the draft budget, and the small window of committee time available for scrutiny, the Committee is disappointed at the implication that this would have been easily identified during the scrutiny process. We believe it is incumbent on Cabinet Secretaries to highlight when such budget cuts, including cessation of grants, are being made.

In light of the above, the Committee requests that, in the 2019-20 draft budget and in subsequent financial years, a **transparent narrative explanation (as well as numeric depiction)** is provided of:

- reductions/removal or increases/addition of specific areas of the draft budget compared to previous financial years (e.g. grants being reduced or ceasing to exist altogether/being introduced or increased);
- what proportion this change to the overall amount previously allocated represents (e.g. taking the School Uniform Grant as an example, being clear that this meant the whole Grant was being removed); and
- where this change is being made in the draft budget, and whether money will be returned to/taken from central reserves or allocated to/from other budget lines.

02. Child Rights Impact Assessment (CRIA)

In the Committee's [report on the Welsh Government draft budget 2018-19](#), Members noted concerns about the lack of a CRIA in relation to its content. The report:

- recognised the Welsh Government's work on integrated impact assessments of the budget, but questioned whether it was sufficient in meeting the duties placed on Welsh Ministers to uphold children and young people's rights.



- queried whether aligning integrated impact assessments with the goals of the Wellbeing of Future Generations Act alone was sufficient for ensuring that due regard was paid to the rights of children, especially as the Act does not include an explicit legal duty of due regard to the UNCRC.

As a consequence, the Committee recommended that the Welsh Government:

- undertake a CRIA on its draft budget as a matter of course; and
- present more clearly in draft budget documentation how resources for children and young people are being allocated.

The Committee would like to take this opportunity to reiterate its concern that, without a CRIA, resources to support the rights of children and young people may at best be difficult to identify and, at worst, the absence of a CRIA could lead to the Welsh Government paying inadequate attention to the rights of children and young people in important financial decisions. The ending of the School Uniform Grant is a case in point. There was no mention of this in the Strategic Integrated Impact Assessment for the 2018-19 draft budget and no evidence that it had been considered at all as part of the impact assessment process. The Committee therefore believes that the production of a CRIA would ensure such issues are considered in detail and help address the difficulties encountered in seeking to understand the consequences of financial decisions.

As such, the Committee requests that a standalone and detailed **CRIA is undertaken to inform the Welsh Government's 2019-20 draft budget** (and in subsequent financial years). We believe its content should be published as a standalone document rather than being summarised in an integrated assessment, and should be shared with the Committee to inform its scrutiny.

