

Chair, Children, Young People, and Education
Committee
Chair, Health and Social Care Committee
Chair, Economy, Trade, and Rural Affairs Committee
Chair, Climate Change, Environment, and
Infrastructure Committee
Chair, Equality and Social Justice Committee
Chair, Culture, Communications, Welsh Language,
Sport, and International Relations Committee
Chair, Local Government and Housing Committee

16 July 2021

Dear Committee Chairs

Financial Scrutiny

At our meeting on 8 July 2021, the Finance Committee (the Committee) considered the programme of engagement for the forthcoming Welsh Government's Draft Budget and our approach to scrutiny. I am writing to all Chairs of subject committees to share our thinking.

Timetable

In accordance with Standing Orders, the Trefnydd has written to the Business Committee setting out that the Draft Budget will be published on 20 December 2021 and the annual Budget motion considered in Plenary on 8 February 2022.

The Business Committee consulted with us on the proposed timetable. As noted in the Trefnydd's letter, the Chancellor of the Exchequer has indicated his intention to conduct a multi-year comprehensive spending review (CSR), which means the Welsh Government will not know its budget settlement until the CSR concludes in the autumn.



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I have written to the Business Committee to express our disappointment that the Draft Budget will be published in the Christmas recess. Whilst we appreciate the proposed timetable is due to the timing of the UK Government's CSR, this will be the third consecutive year that the proposed timetable has reduced the time available for scrutiny by the Senedd.

Budget focus

The Committee has agreed to continue the approach followed in previous Senedds, 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.

The Committee would be grateful if your budget scrutiny follows these principles.

Engagement Approach

The Committee will be considering its approach to engagement on the Draft Budget early in the autumn term. We would like this engagement to complement and inform the work of policy Committees. I would welcome discussing this individually with Chairs, or at the Chairs' Forum.

Following the practice in previous Senedds, the Committee is happy to undertake a consultation on behalf of all Committees. Given the proposed timetable, we consider it would be most suitable to issue our consultation at the start of the autumn term.

The Clerk to the Finance Committee will notify your Committee Clerks once the consultation has been issued and I would appreciate your assistance in promoting the consultation via your own communication tools to encourage and engage with a wider audience. The provisions in relation to the reporting by policy committees changed in 2017, 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.



Finance Committee-led priorities debate

The Finance Committee of the Fifth Senedd recommended that a future Finance Committee should hold an annual debate on the Welsh Government's spending priorities to allow Members the opportunity to debate and potentially influence spending priorities prior to the Draft Budget being published.

This year the Welsh Government scheduled its own debate on *Priorities for 2022-23 Budget Preparations*, which took place on Tuesday 13 July. The Committee wrote to the Minister for Finance and the Business Committee to seek agreement that in future years this will be a Finance Committee-led debate that takes place annually before summer recess, which the Minister and Business Committee have agreed to. In future years we would hope to undertake a public engagement exercise to inform this debate, and I would welcome your thoughts on how the Committees that scrutinise the Draft Budget can work together to gather the views of the public on what they feel should be the Welsh Government's spending priorities.

Financial scrutiny of legislation

The Committee's core function is to undertake financial scrutiny of the Welsh Government and associated public bodies, however, financial scrutiny should be embedded into the scrutiny work undertaken by all Committees. The Committee now has limited time available and many statutory obligations to fulfil. Therefore, we have agreed to initially consider each Bill that is introduced into the Senedd to determine whether we will carry out scrutiny of the financial implications of a Bill depending on the levels of costs and transparency contained within the Regulatory Impact Assessment (RIA). Should we decide not to undertake financial scrutiny of a particular Bill we will write to the relevant Stage one scrutiny committee to identify any points of interest that the Committee may wish to consider when reporting on the general principles of the Bill.

As this is the start of a new Senedd, I hope we can take the opportunity to explore ways of working collaboratively with other Committees to ensure the most effective financial scrutiny of the Welsh Government. I would like to suggest that we discuss this in further detail at a meeting of the Chairs' Forum.

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, seneddfinance@senedd.wales.

Yours sincerely





Peredur Owen Griffiths MS
Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.
We welcome correspondence in Welsh or English.

