

Jocelyn Davies AM
Chair
Finance Committee
National Assembly for Wales

18 January 2016

Dear Jocelyn,

Draft Budget 2016–17

The Enterprise and Business Committee met on 14 January to scrutinise the Minister for Economy, Science and Transport (EST) on the draft budget proposals.

Our principal concern relates to the budget process.

The changes in the way that Welsh Government calculates the previous year's baseline have had a particularly major impact on the EST budget. For example the capital budget has reduced by 27.5% compared to supplementary budget 2015–16, while it has increased by 30.3% by comparison with the revised baseline.

Both figures are valid – but the change of style has not been helpful to effective scrutiny.

While the Minister provided a reconciliation table, and promised to provide a range of additional information in response to specific requests for examples, the overall presentation made it very difficult to have high levels of confidence in the affordability and value for money of the EST budget. Uncertainty over timescales for Metro, City Deal and the Minister's intentions for Business Rates (which she will announce later this year) also cloud the picture.



The committee noted two issues around responsibility and accountability for further scrutiny. We were told that the Welsh Government's commitment to the Cardiff City Deal was the responsibility of the Minister for Finance, rather than the Minister for EST. However, it seems likely that any Welsh Government contribution will come through funding – e.g. METRO project – that is provided by EST. This is a subject we will return to once the finer details of the City Deal are agreed and signed.

Similarly, when asked about the projects included in phase 2 of the Metro the Minister said that this would be a matter for the First Minister. The reason for this is unclear since Metro is a transport programme.

Kind Regards,

A handwritten signature in black ink, appearing to read 'William Graham'.

William Graham AM

Chair

