



By email

Wednesday 12<sup>th</sup> September 2018

Dear Chair,

I am writing to respond to your call for information on the Welsh Government draft budget proposals for 2019-20.

My office has continued to provide advice, assistance and challenge to the Strategic Budgeting Division within Welsh Government, about how the budget process and publications could better reflect the aspirations and requirements of the Well-being of Future Generations Act ('WFG Act'). This has included running joint workshops with Strategic Budgeting officials for Welsh Government colleagues and also with National Assembly for Wales committee staff, providing feedback on last year's budget documentation and with a view to promoting a better understanding of the requirements of the Act and the change I expect to see.

A key element of my feedback to Welsh Government in relation to the 2018-19 budget concerned the structure of the budget documents: they were structured by Ministerial portfolio and there were clear examples of similar initiatives being funded by separate portfolios with little or no connection between them. I hope that this year a different approach will be taken, and that this is not merely 'cosmetic' rearrangement of decisions but is an opportunity to make more integrated decisions about spending. I understand that the annual report on 'Prosperity for All' is due to be published at the end of this month, and I will be interested to see the connections between this document and the budget documents.

My work with Welsh Government on budget strategy and process this year has had a particular focus on prevention and preventative spend. Prevention is one of the five ways of working included in the legislation and is broadly defined as "how deploying resources to prevent problems occurring or getting worse may contribute to meeting the body's well-being objectives, or another body's objectives".

Public services' response to the prevention agenda is one of the areas of the implementation of the WFG Act that is of greatest concern to me. There are some examples of 'policy' or 'theme' focused approaches to prevention, but fewer indications that the 'system' of our public services is demonstrating a significant shift. My aspiration for this way of working is a visible shift to partnership approaches to policy development, decision making and budget setting that are framed around preventing problems from arising.

A key barrier to assessing progress in this area has been the lack of a definition for preventative spend. Arguably almost any element of policy and/or spend could have an element of prevention within it and therefore it was important to agree a more detailed definition which could be used by Government officials and Ministers in determining spending plans. Following dialogue with the Cabinet Secretary for Finance I have been working with Strategic Budgeting officials to develop a definition.

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In collaboration with Public Health Wales I brought together a range of experts on prevention and preventative spend with officials from across the Government in July. Officials from Strategic Budgeting outlined the draft definition of prevention, which included several categories, and there were a number of comments to refine it.

My expectation is that this definition will be applied to elements of the 2019-20 budget to provide a coherent illustration of where spend currently sits. I am particularly interested to understand how this may be presented as an integrated picture of spend. Much of the conversation about preventative spend tends to focus on health and the NHS because that is where the traditional concepts of 'prevention and cure' can be found. Whilst there is still a long way to go in terms of the NHS working in a preventative way the dialogue also needs to focus on the broader economic, social, environmental and cultural causes of the challenges we face, and the role of public services in preventing these challenges.

I am concerned about the capacity, skills and confidence of Welsh Government officials to use future trends to think and plan for the long term. Whilst I understand the constraints the Government faces with the short-term nature of the allocation they get from the UK Government, I would expect to see further progress in how specific decisions consider key long-term trends. I am interested in exploring the level of resource being dedicated to this in Government and how this compares to other places. I welcome the new team being established to drive implementation of the WFG Act and expect that they will be a significant part of developing capacity, skills and confidence to plan for the long term.

I will continue to work with Welsh Government teams to assess how the definition of prevention is being applied, as well as how the budget strategy and documentation is taking account of the requirements of the WFG Act.

Yours Sincerely,



Sophie Howe