

Rebecca Evans MS

Minister for Finance and Local Government

18 October 2023

Review of the Statement of Principles: Update

Dear Rebecca,

I wrote to you on 9 May 2023 seeking views on the Statement of Principles (the Principles). I am grateful for your response which was considered alongside submissions from the Directly Funded Bodies (DFBs) at the Committee's meetings on 6 July and 5 October. I wrote again to the DFBs in relation to those comments on 18 October 2023.

The responses received were largely positive and therefore the Committee believes that the Principles themselves should remain unchanged. However, I wish to draw your attention to suggestions made by the DFBs on how current arrangements could be improved.

Firstly, the Committee notes concerns from the DFBs that the usefulness of the information provided by you annually to inform their budgetary planning is limited. We also note that wider uncertainties around the size of the Welsh Consolidated Fund makes it difficult for the DFBs to meet the requirement in the Principles that "budget requests should be set in the context of the long term financial funding situation in Wales".

Whilst I appreciate that providing meaningful details early in the financial year is difficult for the Welsh Government, especially as your own budgetary position is far from clear at that point, we ask you to consider whether any additional information could be shared sooner. This could include the provision of a range of percentage changes around a midpoint, as suggested by the Auditor General, and a summary of risks and expectations in terms of funding scenarios following any subsequent autumn fiscal event.



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

✉ SeneddCyllid@senedd.cymru
☎ 0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

✉ SeneddFinance@senedd.wales
☎ 0300 200 6565

Secondly, although there was a lack of support from the DFBs for wholesale changes to the Standing Orders in relation to the procedures for supplementary budgets, recent experiences since the Committee issued its consultation letter in May has called into question the suitability and sustainability of these procedures and whether they accurately reflect the constitutional status of the DFBs. We have therefore asked for further views from the DFBs on this issue.

In light of comments expressed by the DFBs in their responses, we also recognise the practical difficulties caused when the exact timings of the Welsh Government's supplementary budgets are not known. As a result, we call on you to proactively provide details of the timings of future supplementary budgets to the DFBs, as soon as the relevant dates are agreed, to inform their in-year budgetary planning.

We would be grateful for your consideration of the issues mentioned above and would welcome additional correspondence and dialogue on these matters.

Yours sincerely



Peredur Owen Griffiths MS
Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

