

Rebecca Evans MS

Cabinet Secretary for Economy, Energy and Planning

28 October 2024

Dear Rebecca,

Request for information to inform scrutiny of Draft Budget 2025–26

I am writing to request written information to support our scrutiny of the Welsh Government's Draft Budget 2025-26. As you will know, arrangements are being made for you to attend a Committee meeting in January 2025 to give oral evidence on the matter.

The annex to this letter sets out in detail the information that we would like to receive. Of course, you should not feel limited by our request, and are welcome to address any other issues you believe will assist the Committee in its budget scrutiny work.

We have written separately to the Minister for Culture, Skills and Social Partnership to request information relating to Skills & Employability, Work-based Learning and Regional Skills Partnerships / Employer Engagement.

Please can you provide this information by 11 December 2024.

With many thanks for assisting us in our scrutiny work.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee



Annex

Request for information from the Cabinet Secretary for Economy, Energy and Planning to inform the Economy, Trade and Rural Affairs Committee scrutiny of the draft budget 2025-26.

Presentation of the budget

The Committee will present its findings on the Draft Budget according to an agreed coordinated approach centred on four principles of financial scrutiny:

- 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, whether public bodies are spending their allocations well in terms of economy, efficiency and effectiveness, i.e. outcomes; and
- Budget processes – whether they are effective and accessible and whether there is integration between corporate and service planning and performance and financial management.

Please provide the following for the Economy draft budget as a whole:

- A breakdown of the 2025-26 draft budget, and any future indicative budgets, by Spending Programme Area, Action and Budget Expenditure Line (BEL), both revenue and capital, along with 2024-25 Budget allocations as a comparison;
- Details of the evidence base for budget decisions;
- A narrative description of the main policies and programmes funded by each Budget Expenditure Line;
- Details of the processes in place for monitoring budgets throughout the year, identifying potential deficits and surpluses, and taking remedial action to get the budget back on track or allocating additional funds to cover any shortfalls;
- Details of any policy or programme evaluation reports/reviews which have informed changes to the draft budget to help to ensure value for money;
- How draft budget allocations relate to each of the four priorities in Economic mission: priorities for a stronger economy;

- The implications of increased cost of living and doing business on budget allocations and programmes;
- Any implications for the draft budget relating to EU transition following the UK's withdrawal from the EU;
- How the Minister is managing any negative impact on budgets within the portfolio arising from the ending of Structural Funds and/or seeking to take advantage of any opportunities that may arise;
- How the draft budget provides for the implementation of legislation passed in the Senedd, as well as any relevant UK legislation;
- What account has been taken of the Wellbeing of Future Generations (Wales) Act 2015 in deciding draft budget allocations;
- Details of how the draft budget has been influenced by equality, sustainability and Welsh language impact assessments;
- How the draft budget reflects the Welsh Government's long-term commitment to reduce the impact of deprivation and poverty; and
- How the Welsh Government has planned for demographic changes in preparing the draft budget, particularly the need to plan for an ageing population.

Preventative Spending:

We will consider preventative spending as part of our scrutiny of the Draft Budget. The definition of preventative spending adopted for this purpose is:

... spending which focuses on preventing problems and eases future demand on services by intervening early, thereby delivering better outcomes and value for money.

With this definition in mind, we request information on:

- The proportion of the Economy budget allocated to preventative spending measures;
- Details of specific policies or programmes relevant to the remit of this Committee that are intended to be preventative, and how in practice public services are being transformed to ensure they are sustainable in future; and
- How the value for money of such programmes is evaluated, with a particular focus on what the specific inputs and intended outcomes are.

Individual budget expenditure lines

As well as general information on the individual Budget Expenditure Lines relevant to the Committee, we would like to receive the following information on the policies and issues outlined below:

- Details of the costs and/or any work undertaken to assess the cost of delivering these policies in 2025-26;
- How the delivery of the policy and its associated outcomes will be monitored and evaluated to demonstrate value for money; and
- How equality, sustainability and consideration for the Welsh language have influenced budget allocations.

Economy:

- Support to help business and workers as a result of the increased cost of living and doing business;
- Any allocations in relation to the Freeport Programme in Wales;
- Any allocations in relation to the potential creation of 'investment zones' in Wales;
- Allocations to support regional economic development, including those made to develop and deliver the regional economic frameworks, Tech Valleys, and the Arfor 2 programme;
- Any allocations to support the individuals and communities impacted by Tata's decision to halt primary steel making in Port Talbot;
- The financial allocations associated with the foundational economy;
- The Development Bank for Wales – including allocations to the Green Business Loan Scheme, the Green Homes Wales Scheme, and support for employee-owned businesses;
- Financial allocations to Business Wales;
- The financial allocations to deliver the Programme for Government commitment to 'seek to double the number of employee-owned businesses';
- The Community Bank;
- Support for key manufacturing sectors such as aerospace, automotive and steel;
- The allocations to deliver Welcome to Wales: priorities for the visitor economy 2020-25, including the 'Wales Tourism Investment Fund' and 'Brilliant Basics Fund' and any allocations to develop a successor;

- Any allocations in relation to the visitor levy and tourism accommodation legislative proposals;
- Support to deliver 'Together for retail: a Wales Retail Forum action plan';
- Allocations to support businesses and workers in the transition to Net Zero, such as those to support the creation of sustainable green jobs, and those that ensure that workers will have the necessary skills for these jobs;

Research, Development and Innovation

- Details of any funding during 2025-26 intended to resource Welsh Government's five priorities for research, development and innovation in Wales; including any funding aimed at ensuring Wales has a fair share of available research, development and innovation funding including any EU funding replacements;
- Details of any funding during 2025-26 intended to resource the Innovation Strategy for Wales;
- Details of the funding for research and innovation across the whole of Welsh Government.

Trade

- Detail of implementing new arrangements and obligations under the UK-EU Trade and Cooperation Agreement;
- Detail of implementing the UK's new Border Target Operating Model, including the delivery of Wales's Border Control Posts.
- Details of implementing post-Brexit UK trade agreements, including relevant legislation;
- The financial allocations to deliver the Welsh Government's International Strategy's 'Export Action Plan for Wales', to include implications arising from the International Strategy's expiration in 2025.