

Ann Jones AM, Chair CYPE Committee
Christine Chapman AM, Chair CELG Committee
William Graham AM, Chair E&B Committee
Alun Ffred Jones AM, Chair E&S Committee
David Rees AM, Chair HSC Committee

22 October 2015

Dear Committee Chairs

Welsh Government Draft Budget 2016–17

At our meeting on the 15 July, the Finance Committee agreed to build on previous years' approach to scrutinising the Welsh Government's draft budget. Due to the date being announced of the Comprehensive Spending Review I have delayed writing to the Committee Chairs until we had clarity over the dates of the draft budget. As the dates have now been agreed I am writing to all the Chairs of subject committees to share our thinking, and to encourage your committees to consider how they can contribute to deliver the most coherent and effective scrutiny of the Government's spending plans.

Budget focus

In undertaking scrutiny of the 2014–15 and 2015–16 draft budgets, all Committees agreed to adopt a co-ordinated approach, based on the performance and outcomes to be achieved with the resources available, and priorities identified by the wider public (based on feedback from engagement).

This approach centred on the four principles of financial scrutiny: affordability, prioritisation, value for money and process. These principles were used as the basis for all Committee briefings, evidence sessions and reports. A reminder of the principles is shown here:

- **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.

You may also remember that in previous years we encouraged Committees to look towards prevention. This year we would encourage you to focus on preventative spend and how delivery of public services are being transformed to ensure they are sustainable going forward.

We would also encourage you to follow up recommendations in previous years around how the Welsh Government's legislative programme is reflected in budget allocations and the cumulative impact of the Fourth Assembly legislation.

Draft budget consultation

Usually we would run a consultation over summer recess, but this year with the draft budget being published shortly before Christmas recess we are using this as an opportunity to consult on the actual figures published within the draft budget. As the time for the consultation will be limited we will be running a 'lead up' social media campaign and we would hope that your committees will be involved with this.

Stakeholder engagement

We have previously found the work some policy committees have undertaken in relation to subject-specific stakeholder engagement very useful and we have used the feedback from these events in formulating our questions and recommendations around the draft budget. We would encourage all committees to consider how best to engage with their stakeholders as part of this process.

Timetable

As you will be aware by now the dates for the draft budget have been agreed and are:

Lay draft Budget – 8 December 2015



Finance Committee Reporting deadline - 2 February 2016

Final Budget - 1 March 2015

Usually I would request that policy committees publish their letters following scrutiny of the draft budget in time to feed into our considerations. I appreciate that this may not be feasible this year due to the timescales and I have asked the Finance Committee Clerk to discuss this with the policy committee clerks to establish if there is a method to feed into our overarching scrutiny.

Finally, 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, Bethan.Davies@assembly.Wales

Yours sincerely

A handwritten signature in black ink that reads "Jocelyn Davies". The signature is written in a cursive style with a large initial 'J'.

Jocelyn Davies

Chair

