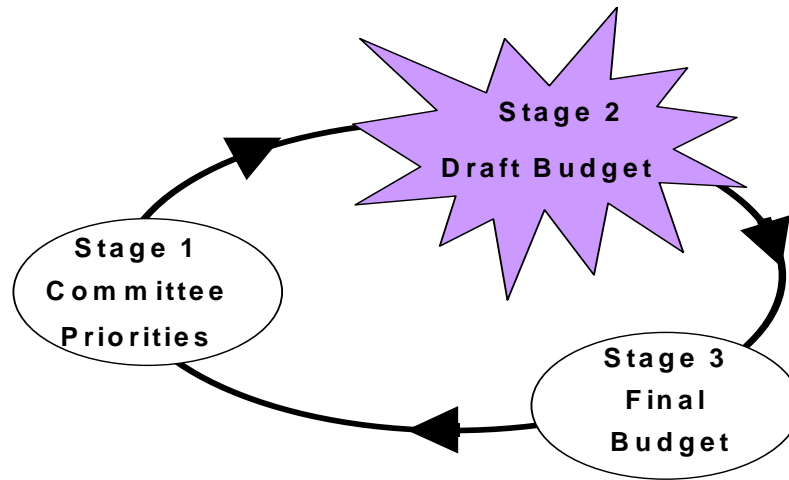




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The Draft Budget Stage: 2007-08 Budget¹



The Draft Budget

In determining the Budget for the year beginning 1 April 2007², the draft budget is the second stage of the cycle following committees' expressions of priorities in May and June of this year. The Finance Minister, following consultation with his or her colleagues in the Cabinet, will lay the draft budget for the Welsh Assembly Government before the National Assembly for Wales by the 15 November 2006³. At the same time, a motion is to be tabled by the Finance Minister that the Assembly take note of the draft budget. The draft budget shall set out:

"The amounts of resources which may be used and retained and the amounts of cash which may be issued out of the Welsh Consolidated Fund, for specified services and purposes, for the following financial year and the provisional amounts for the subsequent two years, or for a period which the Finance Minister considers appropriate."³

After the Assembly has taken note of the draft budget, each Minister who is a member of a Subject Committee shall seek the views of the Committee on the draft budget and convey them to the Finance Minister. Previously, common practice has been for each Subject Committee to schedule scrutiny sessions on the draft budget. In preparation for this, Committees have requested a briefing paper from the department and offered the Minister the opportunity to speak to the paper and field any questions the Committee may have. To support Committee scrutiny of the Minister's paper, the Committee Chair has usually chosen to commission a paper from the Members' Research Service (MRS).

Following the Committee scrutiny session, the Committee Chair has then written to the Finance Minister, and their subject Minister, setting out the Committee's views on the draft budget. This concludes stage 2 of the budget process for the financial year 2007/08. Following consultation with the Committees and others, the Finance Minister must table the annual budget motion (as required by [section 125](#) of the Government of Wales Act 2006) by a date not later than 10 December 2006⁴. The annual budget motion will also

¹ This Quick Guide is based on the procedures set out in draft Transitional Standing Order 21 which is due to be agreed by Business Committee on 19 September 2006. Some of the procedural aspects described may change should Business Committee decide to make amendments to the order.

² As set out in Draft Transitional Standing Order 21 – Finance Procedures

³ According to Draft Transitional Standing Order 21.4

⁴ As set out in Draft Transitional Standing Order 21.5



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include the budgets for the Assembly Commission, the Auditor General for Wales and the Public Services Ombudsmen for Wales⁵.

Opportunity for Scrutiny

This second stage in the budget cycle for financial year 2007-08 offers Committees and Members their best opportunity for scrutiny of the Assembly Budget as there is both Committee scrutiny and plenary debate on a motion that may be amended.

By this stage, the budget priorities are generally becoming clearer, and the draft budget will now begin to reflect the Cabinet's priorities together with those agreed in [Wales: A Better Country](#), and the Welsh Spending Review document [A Budget for the Future of Wales](#).

Committee input	✓
Plenary debate	✓
Amendments possible	✓

A significant part of most departmental budgets is likely to be committed expenditure.⁶ However, the draft budget offers the opportunity to explore the progress each department has made towards achieving its targets with their current resources, and thus to form a view on the Government's planned expenditure levels for the future.

The debate in plenary also presents Members with the opportunity to table amendments to the motion on the draft budget, together with the opportunity to bring issues of particular concern to the attention of the Assembly from the floor of the chamber.



Scrutiny Tips

Following are some general scrutiny tips Members and Committees may find helpful in forming a view on the draft budget. They build on the analysis supporting Stage 1 earlier in the year. They are not prescriptive, rather being designed to assist Members, Committees and others in thinking about and preparing briefing and areas of questioning for budget and financial scrutiny.

Background & scope for change

- How is the block budget likely to be changed in year – e.g. by the addition of End Year Flexibility? What is the level of reserves in the draft budget overall?
- How much is the Minister's Department's draft budget, as a percentage of the total Welsh Assembly Government draft budget?
- How much of the draft budget within the Main Expenditure Group (MEG) is committed expenditure and how much is left for discretionary spend?
- Are performance targets being met by current spending patterns?
- Are there any concerns in relation to the department's ability to achieve its targets within current resource levels?

⁵ As set out in Draft Transitional Standing Order 21.6

⁶ Committed Expenditure is that part of a budget that is not amenable to change in the short / medium term. It includes activities or services determined by statutory obligation, ongoing programmes of capital investment, contractual obligations, ring-fenced expenditure and incremental costs, for example staff costs and grants-in-aid to ASPBs and other organisations.



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Committee priorities

- What were the Committee's priorities as submitted to the Minister at Stage 1 earlier in the year and are they actioned in the draft budget?
- If not, or not fully, does the Committee wish to reiterate these as priorities at this stage?

Cross cutting issues

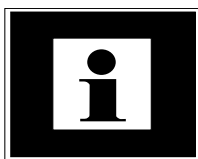
- What information has been used to determine the differential needs of different groups of people or communities?
- Does the draft budget include allocations aimed specifically at increasing equality of opportunity for people from particular groups?
- How might the department's draft budget allocations impact differently on people? For example according to their age, gender, ethnicity, area of residence.
- To what extent is it possible to break down proposed spending allocations? For example by age, gender, ethnicity, disability, sexuality, language, income and location. How are significant differences in spending accounted for?
- What evaluation has been undertaken on existing policies / programmes in relation to sustainable development (SD)?
- Have the conclusions and recommendations from these evaluations been reflected in the draft budget?
- Does the Committee have any concerns in relation to the department's ability to deliver its SD commitments within current resources?
- Have the draft budget allocations addressed the issues raised by the Committee in relation to the delivery of individual SD action points?
- How has the department performed against the *laith Pawb* targets?
- Are the Committee's priorities in relation to Welsh language reflected in the draft budget allocations?

Year-on-year changes

- Comparing the final budget from last year, with the draft budget allocations, are there any increases or decreases in the Spending Programme Areas (SPAs) and Budget Expenditure Lines (BELs)?
- Has the department lost or gained responsibility for policy areas or service delivery?
- Looking at the latest available outturn figures for last year, is there underspend or overspend on any of the SPAs or BELs? Has allowance been made for this in the draft budget?



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Further Information:

For further information, follow the links below.

Members' Research Service:

[Debate Pack on the Final Budget 2005](#)

[Debate Pack on the Final Budget 2005 Figures](#)

[Debate Pack on the Draft Budget 2005](#)

[Debate Pack on the Draft Budget 2005 Figures](#)

Policy documents:

[Wales: A Better Country](#)

[A Budget for the Future of Wales](#)

[Mainstreaming Equality in the Work of the Assembly](#)

[Sustainable Development Action Plan](#)

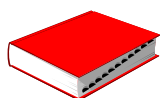
[Iaith Pawb: A National Action Plan for a Bilingual Wales](#)



More QuickGuides

Committee Priorities
The Final Budget

Read a Budget Table and Make Year-on-Year Comparisons
Assembly Budget Reserves
Resource Accounting and Budgeting



Glossary of terms

Glossary of Public Finance Terms