

# A Review of Welsh Assembly Committee Scrutiny of the Draft 2019–20 Welsh Budget: key themes

This paper was provided by Michael Scholes of the Public Finance Scrutiny Unit in the Northern Ireland Assembly, with updates provided by the Financial Scrutiny Unit of the National Assembly for Wales in July 2019. It identifies key themes arising from Welsh Assembly committees' scrutiny of the Draft 2019–20 Welsh Budget, including all documents relating to the Welsh Government's policy, spending allocations and fiscal decisions, following a review of those committee reports and letters

The review of committee reports and letters is structured as follows:

- Section 1: Transparency of Government Budget Processes;
- Section 2: Service Transformation;
- Section 3: Strategic Impact Assessments;
- Section 4: The Well- Being of Future Generations (Wales) Act 2015;
- Section 5: Tackling Poverty;
- Section 6: Shortages in Funding;
- Section 7: Wales- Specific Data;
- Section 8: Preventative Expenditure;
- Section 9: Brexit;
- Section 10: Summary Table of Issues Arising; and,
- Section 11: Update on scrutiny following the Draft Budget

When considering each theme, it is important to remember that the Welsh Draft Budget 2019–20 was formulated within the context of the Welsh Government's new fiscal powers, including rate setting for income tax in Wales. When exercising this new power, the Welsh Government chose not to increase Welsh income tax rates so that it could uphold its commitment in its Welsh Labour manifesto and:

*[ i]n the coming twelve months... focus hard on ensuring a smooth transition to the new administration, which will underpin these new responsibilities. <sup>1</sup>*

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<sup>1</sup> Welsh Government (2018) *Draft Budget 2019-20 Outline proposals*:  
<https://beta.gov.wales/sites/default/files/publications/2018-11/2019-2020-draft-budget-narrative-outline-a.pdf>

# 1. Transparency of Government Budget Processes

In relation to the Draft 2018–19 Budget, several committees stated their wish to see greater transparency surrounding the Welsh Government’s budgeting and prioritisation process. A lack of clarity and detail in the budget documents remained a barrier to effective budget scrutiny by committees. This included decisions on how the Welsh Government prioritised its planned projects and objectives, and how the Budget linked to those objectives.

However, the Finance Committee commented that there have been some improvements in transparency and in the presentation of budget-related documents since last year. It stated:

*The budget documentation included a number of changes in response to the Committee’s scrutiny last year. The narrative was more focussed towards how allocations fitted in with Welsh Government priorities.<sup>2</sup>*

Nonetheless, the Finance Committee reiterated a need for more explicit financial details, including details on how commitments are to be funded. The Children, Young People and Education Committee echoed this stating:

*like previous years, detail on the level of resource allocated to children and young people [...] is lacking.*

And:

*As in previous years the Draft Budget 2019–20 lacks detail on the level of resource allocated to children and young people, especially in relation to health.<sup>3</sup>*

Whilst discussing the *Post 16 Education Action Plan*, the Children, Young People and Education Committee stated its view that transparency could be improved by providing indicative figures before the end of the scrutiny process. It also stated its concern that scrutiny tools, such as more transparent young person budgeting and a Children’s Rights Impact Assessment, were not made available to them. Overall, a lack of transparency appears to be a perennial problem; nearly all Committees commented on this.

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<sup>2</sup> National Assembly for Wales, Finance Committee (2018) Scrutiny of the Welsh Government Draft Budget: <http://www.assembly.wales/laid%20documents/cr-ld11905/cr-ld11905-e.pdf>

<sup>3</sup> Children, Young People and Education Committee (2018) Scrutiny of the Welsh Government Draft Budget 2019-20 : <http://www.assembly.wales/laid%20documents/cr-ld11901/cr-ld11901-e.pdf>

## 2. Service Transformation

Service transformation and has been a focus of budget scrutiny and recommendations of the Finance Committee and in particular the Health, Social Care and Sport Committees in recent years.

Service reform and streamlining continued to be a key stated goal for the Welsh Government. This was particularly relevant in healthcare and in the work of local authorities in general.

While the Welsh Government's budget includes a specific 2-year Transformation Fund and the Cabinet Secretary for Health provided verbal assurances, the Health, Social Care and Sport Committee stated in their response to the Welsh Government Draft Budget that:

We have deep concerns around whether the NHS and social care services will be able to achieve this, given the demand and cost pressures identified, and the continuing failure of the majority of health boards to break even.<sup>4</sup>

The Health, Social Care and Sport Committee also voiced concerns that levels of sickness absence and disparities between the working conditions and pay between social care and healthcare staff could be significant barriers to successful service integration.

## 3. Strategic Integrated Impact Assessments

During the 2018–2019 budget process, the Finance Committee had expressed its desire to see the Welsh Government include Strategic Integrated Impact Assessments (SIIA) in future budget documentation. It had suggested that a SIIA could be used to identify how the *Well-Being of Future Generations Act (Wales) 2015* (WFGA) had influenced the Budget. A separate SIIA was included in the Draft 2019–20 Welsh Budget. However, this inclusion was not without criticism.

The Finance Committee noted that: the SIIA is not easy to understand; is not presented in a systematic way; and, it does not clearly demonstrate how the Welsh Government has applied the principles of the WFGA. It also criticised the lack of evidence contained in the SIIA.

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<sup>4</sup> Health, Social Care and Sport Committee (2018) [Scrutiny of the Welsh Government Draft Budget 2019-20](http://senedd.assembly.wales/documents/s81533/Health%20Social%20Care%20and%20Sport%20Committee%20Report%20on%20the%20Welsh%20Governments%20draft%20budget%202019-20.pdf). <http://senedd.assembly.wales/documents/s81533/Health%20Social%20Care%20and%20Sport%20Committee%20Report%20on%20the%20Welsh%20Governments%20draft%20budget%202019-20.pdf>

Other committees – such as Health, Social Care and Sport, Climate Change Environment and Rural Affairs and the Culture, Welsh Language and Communications committees – have requested more detailed impact assessments for various spending programmes.

The Finance Committee also took part in and led a concurrent scrutiny session with the Children, Young People and Education and Equality Local Government and Communities Committees which considered impact assessments.

## **4. Well-Being of Future Generations Act (Wales) 2015**

The Draft 2019–20 Welsh Budget was the third draft budget to be published since the WFGA came into force. Part of the role of committees is to scrutinise the steps that the Welsh Government is taking to embed the WFGA into the budget process.

In relation to the Draft 2019–20 Welsh Budget, the Finance Committee commented that the Welsh Government’s budget narrative was more focussed (than in previous years) on how decision making tied in with the WFGA. It also welcomed the inclusion of case studies in the budget, to embed WFGA objectives. However, the Committee also stated that the WFGA aims should be incorporated into the culture of the Welsh Government, voicing concerns that this currently was not the case.

The Culture, Welsh Language and Communications Committee questioned the way in which the WFGA goals have influenced the Budget.

The Future Generations Commissioner acknowledged that improvements have been made, particularly how the presentation of the Budget showed evidence of more integrated decision-making. It, however, also criticised the structuring of budget allocations in accordance with Ministerial portfolios.

While progress is being made, there is still more to be done to ensure that the WFGA is more integral to decision making and this is evidenced in budget documentation. In particular more consistency is needed across Welsh Government departments.

## **5. Tackling Poverty**

The Finance Committee and the Children, Young people and Education Committee raised issues about poverty in the context of the Draft 2019–20 Welsh Budget, in particular the lack of Welsh Government targets on child poverty. The Finance Committee voiced concerns that the Budget did not make tackling poverty a priority, but merely treated it as an “add-on”.

The Children, Young people and Education Committee was concerned that there is no leadership or strategy in place to tackle poverty. The Committee was critical of the fact that there is no individual budget line on tackling child poverty: but it acknowledged that £12 million had been allocated to this; and requested more detail on the breakdown of this funding and its desired outcomes.

## 6. Funding Shortages

The Welsh Government stated that the context for funding allocations in 2019–20 was as follows:

*The Welsh Government's budget is substantially lower than it was in 2010 as a result of the UK Government's ongoing policy of austerity, which has resulted in an unprecedented tightening of public finances and cuts to vital public services on which we all depend.<sup>5</sup>*

The Finance Committee illustrated this dire position stating:

*In 2019–20 the Welsh budget will be 5% lower in real terms than in 2010 – 11, on a like – for – like basis. This is the equivalent of £800m less to spend on public services in Wales.<sup>6</sup>*

The Finance Committee also made the point that because the 1% pay cap for public sector workers had been lifted, local authorities and other Welsh public services were facing additional costs. The growing percentage of resources to the Health budget translated into other departments having less to spend on service delivery in Wales.

There is no surprise that nearly all committee draft budget scrutiny reports commented on a lack of funding for the 2019–20 period. For example, the Culture, Welsh Language and Communications Committee expressed its concern over cuts to revenue funding for Support for the Arts. And whilst the Health, Social Care and Sport Committee welcomed additional funding for mental health services, it warned of growing costs in this area and “urge[d] the Cabinet Secretary to ensure adequate resources [we]re available for mental health services in future budget rounds”.

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<sup>5</sup> Welsh Government (2018) *Draft Budget 2019-20 Outline proposals*: <https://beta.gov.wales/sites/default/files/publications/2018-11/2019-2020-draft-budget-narrative-outline-a.pdf>

<sup>6</sup> National Assembly for Wales, Finance Committee (2018) *Scrutiny of the Welsh Government Draft Budget*: <http://www.assembly.wales/laid%20documents/cr-ld11905/cr-ld11905-e.pdf>

## 7. Wales-Specific Data

In the context of the Draft 2019–20 Welsh Budget, several committees commented on the issue of gaps in Wales-specific data. The Finance Committee particularly engaged in this area, due largely to the lack of Wales-specific tax data that would help to inform future fiscal forecasts. Such gaps are particularly relevant given Wales' new income tax rate setting powers. The Finance Committee highlighted that the dynamic nature of cross-border movement between Wales and England may make it particularly difficult to identify Welsh income tax payers.

Moreover, the Health, Social Care and Sport Committee expressed concern about data gaps relating to mental health; and the Children, Young People and Education Committee in relation to school numbers.

## 8. Preventative Expenditure

The issue of preventative expenditure has been a focus of committee scrutiny and recommendations over recent years. Again, this subject received a lot of attention during committees' scrutiny of the Draft 2019–20 Welsh Budget. There is a close association with service transformation and streamlining resources. This year, the Draft 2019–20 Welsh Budget documentation contained a definition of "preventive spending".

The definition was devised through consensus reached between a number of organisations, including Wales Council for Voluntary Action, the Future Generations Commissioner, the third sector, Public Health Wales, the Fire Service and academics.

The definition contains four categories of preventative spend – Primary, Secondary, Tertiary and Acute. The Draft Budget includes an annex specifically identifying 4 preventative spend areas in the (previous) 2018 –19 Draft Budget, and assigning allocations made.

The Future Generations Commissioner appeared cautious about the selection process used when assigning the spending areas in the annex. The Commissioner stated:

*The particular parts of budgets that have been picked tend to be those ones that are doing better on prevention than not.*

Nonetheless, the Future Generations Commissioners said the *definition was not perfect, but it could be something that we could at least start to use.*

On the whole, committees welcomed the inclusion of the preventative spending definition in the budget documentation. The Finance Committee generally welcomed the definition's inclusion, but described it as a work in progress. It highlighted the potential risk of departments attaching an overly broad use of the term "preventative" in describing spending allocations, and expressed concern that there was a real lack of understanding in this area.

## 9. Brexit

The importance of Brexit for Wales is summed up in the Draft 2019–20 Welsh Budget Outline Proposals. That document stated:

*Brexit will dominate all areas of the Welsh Government's work over the coming years as we disentangle from existing ties and establish a new path for Wales.<sup>7</sup>*

Most committees expressed their general concern over a lack of preparation for the potential implications of the United Kingdom's withdrawal from the European Union (EU) and the impact on public services in Wales.

The Finance Committee highlighted the funding Wales currently receives from the EU and questioned how this money would be replaced. It made specific mention of concerns over replacement funding for the Common Agricultural Policy. It also listed several risks for Wales associated with Brexit, including recruitment and retention of public sector staff.

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<sup>7</sup> Welsh Government (2018) *Draft Budget 2019-20 Outline proposals*: <https://beta.gov.wales/sites/default/files/publications/2018-11/2019-2020-draft-budget-narrative-outline-a.pdf>

## 10. Table of Issues Arising from Committee Scrutiny of the Draft 2019-20 Welsh Budget

The table has been created following detailed review of Welsh Assembly Committee reports and letters scrutinising the Welsh Government Draft Budget 2019-20. It supports the recurrent themes identified in Sections 1 to 9 and provides a series of quotes to evidence these themes.

Theme	Committee	Reference	Comments made by Committee
Transparency of Government Budget Processes	<i>Finance Committee</i>	Page 17 Paragraph 30	<i>“More explicit financial details need to be made available in terms of how commitments are funded.”</i>
		Page 23 Paragraph 49	The Committee concluded that there were general improvements in transparency and presentation since last year.
		Page 23 Paragraph 50	Some witnesses commented that it was very difficult to understand where changes had been made in the budget:  <i>“[there is] a lot of narrative, and it’s quite difficult to go through and pick out the figures from that, and it’s also hard to compare, not so much year on year, but over a longer period. “</i>
		Page 25 Paragraph 56	When asked about transparency within the draft Budget the Cabinet Secretary said:  <i>“We’ve tried to improve the way in which the budget documentation demonstrates the ways in which sums of money have altered the budget expenditure line level, and there are</i>

			<i>columns in the tables that are published this year that show the changes to allocations..."</i>
		Page 26 Recommendation 2	<i>"The Committee recommends that the Welsh Government responds to the concerns of stakeholders regarding the ability to track specific changes within portfolios."</i>
	<b>Economy Infrastructure and Skills Committee</b>	Letter to the Minister for Welsh Language and Lifelong Learning.  28 November 2018.  Page 1	<i>"The Committee is disappointed with the lack of transparency surrounding the funding and operation of the £115 apprenticeship programme".</i>
	<b>Children, Young People and Education Committee</b>	Page 5, Our View	<i>"we remain concerned that the tools we hoped would assist us in tracing allocations for children and young people – including more transparent children and young people budgeting, a CRIA and a child health plan – are not available to inform our scrutiny of the Draft Budget 2019–20."</i>  <i>And:</i>  <i>"We do not believe that the information provided within or alongside the Draft Budget 2019–20 demonstrates adequately the evidence that underpins these assertions."</i>

		Pages 22 & 23 Our View	<p><i>“We believe that budget transparency is key to ensuring the Welsh Government’s investments deliver services that are affordable and provide value for money.”</i></p> <p><i>“While we recognise that final figures under the Post-16 Education Action may not be available until the end of the Draft Budget scrutiny process, we believe indicative figures could and should be provided for the Assembly’s consideration as a matter of course.”</i></p>
		Page 26, Paragraphs 62	<p><i>“We believe that more transparent reporting of moneys removed from the Student Support Grants BEL as a consequence of savings is necessary.”</i></p>
		Page 29 Paragraph 68	<p><i>“...as in previous years the Draft Budget 2019–20 lacks detail on the level of resource allocated to children and young people, especially in relation to health.”</i></p>
	<b>Culture, Welsh Language and Communications Committee</b>	Page 3 Paragraph 11	<p><i>“The Committee was unclear of the extent to which the Welsh Government is evaluating changes in ways of working [...]. The Committee would like to see the Welsh Government provide further information to the Committee on this point.”</i></p>
		Page 5 Paragraph 19	<p><i>“The Committee would like to see greater clarity from the Welsh Government on the extent to which grants will be available to</i></p>

			<i>owners of listed buildings and scheduled monuments, and what steps have been taken to communicate this policy to them.”</i>
<b>Service Transformation</b>	<b>Finance Committee</b>	Page 66 Recommendation 15	<i>“The Committee recommended that the Welsh Government prioritises an integrated approach across Government.”</i>
	<b>Health, Social Care and Sport Committee</b>	Page 4, Paragraph 18	<i>“The time-limited Transformation Fund (£100m over two years – £50m in each of 2018–19 and 2019–20) will support the testing of new models of care. The Cabinet Secretary has been clear that service transformation must become a core activity for all health and social care organisations.”</i>
		Pages 21 & 22, Paragraphs 76, 83 & 85	The Committee raised concerns over the levels of sickness absence within the health workforce and noted that this is a particular issue within the ambulance service.  <i>We note the health boards’ assurances that they are making efforts to tackle their workforce issues and remain concerned about the slow progress being made in this area.</i>  <i>We recognise the clear disparity between healthcare and social care sector workers, as has been raised regularly to us by stakeholders. We believe this is a significant barrier to successful service integration.</i>
	Page 30 Paragraph 123	<i>The Committee has previously highlighted the need to ensure that the recent Welsh Government portfolio changes which</i>	

			<i>separated sport and physical activity from health, do not have an adverse impact on joined-up policy-making.</i>
	<b><i>Equality, Local Government and Communities Committee</i></b>	Page 5 Paragraph 22	<i>“We also note that Local Government reform is still very much a live issue. We continue to await the outcomes of the Welsh Government’s work on this, as we did last year. We look forward to further developments in the new year, which we hope will help put local authorities on a more sustainable footing.”</i>
<b><i>Strategic Impact Assessments</i></b>	<b><i>Finance Committee</i></b>	Page 25 Paragraph 56	Cabinet Secretary confirmed that a separate integrated assessment was supplied in this year Budget documentation as the Committee requested last year.
		Page 51 Paragraph 149	The Committee voiced criticisms of the SIIA: <i>“it wasn’t systematic the way that I would have expected it. .... “there were a lot of assertions made without much backup.”</i>
		Page 56 Paragraph 171	<i>The Committee welcomes the inclusion of a separate SIIA on spending allocations published alongside the detailed budget proposals, in response to last year’s scrutiny. However, the Committee notes the evidence from stakeholders that the SIIA is difficult to understand and still lacks detail on how the impact of different options has informed the decision - making process, particularly in relation to the negative impacts of funding decisions.</i>

	<b>Health, Social Care and Sport Committee</b>	Page 29, Paragraph 116	<i>“We would be keen to receive further, detailed information from the Welsh Government which demonstrates the impact of spend on participation levels among different groups, and sets out how this impact is monitored and used to inform funding decisions. This should include reference to sex, age, disability, ethnicity, and socio-economic status.”</i>
	<b>Climate Change, Environment and Rural Affairs Committee</b>	Page 7, Our View	<i>“Although no firm decisions have been taken on future schemes, further detailed work, including modelling, impact assessments and the establishment of pilot schemes, will be necessary before the new schemes can be implemented.”</i>
		Page 13, Paragraph 39	<i>“Stakeholder views on the proposals have been mixed, with some expressing concern that the cost, benefits and wider impacts of proposed actions are yet to be assessed.”</i>
<b>Well-being of Future Generations Act</b>	<b>Finance Committee</b>	Page 23 Paragraph 49	<i>“the [budget]narrative was also more focussed on how decision making tied in with the Well -being of Future Generations Act.”</i>
		Page 24 Paragraph 52	<i>Future Generations Commissioner: “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>

		Page 43 Paragraph 121	<i>“As well as linking allocations to well-being objectives, the draft Budget includes case studies that the Welsh Government suggests demonstrate how the Well-being of Future Generations Act is being embedded and how Prosperity for All is being prioritised.”</i>
		Page 44 Paragraph 125	<i>“The Future Generations Commissioner acknowledged that there were some positive developments in the 2019-2020 draft budget and noted the commitment of the cabinet secretary. She said that these were “simple” changes but that in the context of what was included last year, this was welcomed .”</i>
		Page 44 Paragraph 126	The Future Generations Commissioner felt that the presentation of the budget had improved since last year. (in terms of making more integrated decisions about spending).
		Page 55 Paragraph 168	<i>“The aims of the Act should be incorporated into the culture of the Welsh Government and the Committee is concerned this cultural change is not taking place.”</i>
	<b>Culture, Welsh Language and Communications Committee</b>	Page 2 Paragraph 9	The Committee questioned the way in which the goals of the Act (Future Generations) have influenced the budget.

	<b>Climate Change, Environment and Rural affairs Committee</b>	Page 14 Our view	<i>“There is little evidence that the inclusion of decarbonisation as the sixth priority in Prosperity for All has informed decisions about budget allocations this year. In next year’s draft budget, we expect to see clear evidence of this change and, moreover, it should be evident across Cabinet portfolios.”</i>
<b>Poverty</b>	<b>Children, Young People and Education Committee</b>	Page 41 (Our view)	<p><i>“While we note that child poverty is a responsibility that cuts across Welsh Government, we are concerned that there is a lack of strategy and leadership in this area. We do not think this is helped by the fact that no single Welsh Minister takes a lead on child poverty, and no specific child poverty line exists within the Welsh Government draft budget.”</i></p> <p><i>“In our last Draft Budget report, we stated our concerns about the lack of Welsh Government targets on child poverty and what we believed was a lack of clarity on how much money would be allocated to – and spent on – child poverty. We welcome the fact that £12.5 million has been allocated to tackle child poverty but would request further detail in future budget rounds about the breakdown of such funding and its desired outcomes.”</i></p>
	<b>Finance Committee</b>	Pages 48 Paragraph 135	<i>“...I don’t see that tackling poverty, solving poverty has the priority that it should do, given the scale of it and the impact of</i>

			<i>it, and, despite statements, I don't see a joined-Up approach and I don't see the mechanisms in place."</i>
		Page 49 Paragraph 139	<i>"There are elements in the budget that attempt to address inequality, but they often appear as add-ons rather than as an integral part of the budget."</i>
<b>Funding Shortages</b>	<b>Finance Committee</b>	Page 21 Paragraph 40	<i>"The lifting of the 1% pay cap for public sector workers means that local authorities, alongside other Welsh public services, are facing additional costs this year."</i>
		Page 25 Paragraph 57	<i>"..the Welsh budget will be 5% lower in real terms than in 2010 on a like for like basis. This is the equivalent of £800m less to spend on services in Wales."</i>
		Page 41 Paragraph 113	The Committee suggested that one of the challenges in the budget was the allocation made to health which makes little room for anything else.
	<b>Culture, Welsh Language and Communications Committee</b>	Pages 2 Paragraph 7	<i>"Compared to the 2018-2019 supplementary budget, revenue funding for Support for the Arts decreases from £66.9 million to £65.9 million in the 2019-20 draft budget (a decrease of 2% in cash terms)."</i>

		<p><i>Pages 14, 15, 16 &amp; 17, Paragraphs 50, 56, 62 &amp; 64</i></p>	<p><i>“The Welsh Government’s detailed draft budget proposals for 2019–20 highlight that mental health is the largest single area of NHS expenditure. The Welsh Government will spend £675m on mental health services in 2019–20. An extra £20m is being provided in this draft budget for mental health services, as part of the Welsh Government’s two-year budget agreement with Plaid Cymru.”</i></p> <p><i>“The evidence submitted by health boards suggests there is a lack of data about mental health services’ activity in primary care and community settings. Abertawe Bro Morgannwg University Health Board told us there were no routine processes for tracking spend to outcomes.”</i></p> <p><i>“We welcome the additional funding provided in this draft budget for mental health services. However, we remain alert to the current inconsistency of provision and the growing demands, and urge the Cabinet Secretary to ensure adequate resources are available for mental health services in future budget rounds.”</i></p>
	<p><b>Equality, Local Government and</b></p>	<p>Page 4 Paragraph 21</p>	<p><i>“We continue to believe it is incumbent on both the Welsh Government and local authorities to work collectively to identify solutions that will ensure sustainable funding for all services</i></p>

	<b>Communities Committee</b>		<i>delivered by local authorities. This is true for both statutory and non-statutory services.”</i>
		Page 5 Paragraph 25	<i>“Now that pay restraint has been lifted a low settlement or “anything approaching a cash flat really isn’t adequate and isn’t going to cover the workforce pressures we are facing.”</i>
	<b>Climate Change, Environment and Rural Affairs Committee</b>	Page 6 Paragraph 22	<i>“The Cabinet Secretary was not able to confirm whether there was sufficient funding within the draft budget 2019–20 to meet the cost of establishing pilot schemes because she “[didn’t] know what schemes we are going to have”.</i>
		Page 21 Our View	<i>“There is no allocation in the draft budget for the implementation of a Clean Air plan. Given that the plan will be published in 2019, the Committee would have expected to see related funding allocations in the 2019–20 draft budget”.</i>
	<b>Children, Young People and Education Committee</b>	Page 7 Paragraph 19	<i>“the Cabinet Secretary for Education said that no money had been received from the UK Government to fund the increased employers’ pension contributions arising from the pay award. The Cabinet Secretary described this situation as “extremely concerning”.</i>
		Page 14 Our View	<i>“We recognise the concerns raised about the resource available to local government to fund schools adequately. “</i>

		Pages 39 Paragraph 91	<i>“Over the last decade, applications for care orders have more than doubled in England and Wales. Despite the increasing demand for their services, allocations [...] have reduced in 2019–20 by 1.5 per cent in real terms.”</i>
		Page 43, Paragraph 98	<i>“In recent evidence to the Health, Social Care and Sport Committee’s inquiry on the impact of the Social Services and Well-being (Wales) Act 2014 in relation to carers, third sector representatives expressed concern that local authorities were relying increasingly on money allocated to Families First to cover gaps in provision resulting from tight local government settlements. It was suggested that Families First money was being diverted from third sector providers for this purpose.”</i>
<b><i>Wales Specific Data</i></b>	<b>Finance Committee</b>	Chair’s Foreword Page 5	<i>“Last year the Finance Committee scrutinised tax forecasts, and it made recommendations in relation to the provision of Welsh specific data. Evidence this year has again raised the issue of Welsh-specific data, and whilst the Committee recognises there are resource implications to creating additional data, we believe</i>

			<i>as time progresses that improved Welsh specific data is crucial to inform both Welsh tax policy decision making and Welsh tax forecasting.”</i>
		Page 39 Paragraph 105	<i>“Welsh specific data can only benefit Wales and ensure Welsh forecasts are more accurate and the Committee urges the Cabinet Secretary o further consider how the provision of additional Welsh data can be balanced with the resource implications.”</i>
	<b>Health, Social Care and Sport</b>	Page 17, Paragraph 50	<i>“We would wish to see more detail about what exact information will be captured by the mental health core data set, the timescales for the data set to be fully developed, and how will this improve service planning, measurement of outcomes, and tracking the impact of spend on mental health services.”</i>
	<b>Children, Young People and Education Committee</b>	Page 12, Paragraph 27 and Our View	<i>“Evidence received from the Welsh Government shows that in the last financial year (2017–18), the number of schools holding reserves above the statutory threshold (the trigger point enabling local authorities to intervene) rose by approximately 100 compared to the previous financial year (2016–17), from 394 to 497.”</i>  <i>“While the Cabinet Secretary for Education’s written evidence stated that the Welsh Government does not monitor whether local</i>

			<i>authorities use their powers in this area, we were pleased to hear her state in her oral evidence that her officials were now discussing the matter with local authorities and looking at what is being done to address the issue.”</i>
<b>Preventative Expenditure</b>	<b>Finance Committee</b>	Page 60 Paragraph 182	One Committee member described the definition as a <i>work in progress</i> adding that : <i>at least we do have a definition and at least it ' s being applied, even if you could quibble over the detail.”</i>
		Page 61 Paragraph 187	Future Generations Commissioner cautioned that: <i>“the particular parts of budgets that have been picked tend to be those ones that are doing better on prevention than not.”</i>
		Page 62 Paragraph 192	The Committee expressed concerns in relation to an overly broad use of the definition and concerns were voiced of a real lack of understanding about preventative spending. One Member stated: <i>“I think I read that the intention is that all of the expenditure on education is classed as preventative, and that’s when I think, ‘Well, preventative of what and is that really appropriate?’”</i>
		Page 64 Paragraph 201	Cabinet Secretary said that the four levels of prevention in the definition combat the risk of an unfocussed definition of prevention being used, “meaning anything could be described as preventative.”

	<b>Equality, Local Government and Communities Committee</b>	Page 6 Paragraph 29	<i>“We were pleased to see the Welsh Government draw up a common definition of Prevention as part of this budget round, in collaboration with stakeholders.”</i>
	<b>Climate Change, Environment and Rural Affairs Committee</b>	Page 3 Paragraph 13	The Office of the Future Generations Commissioner told the Committee that the Welsh Government has yet to demonstrate an appropriate shift in emphasis from treatment to prevention. <i>In written evidence, the Cabinet Secretary said that “it is difficult to specify the proportion of our budgets which are preventative”.</i>
<b>Brexit</b>	<b>Finance Committee</b>	Page 73 Paragraph 231	<i>“The draft Budget shows that Wales receives around £680 million in EU funding annually and notes uncertainty around how Brexit limits the Welsh Government ’ s ability to plan beyond the short term.”</i>
		Page 74 Stakeholder Views	<p>Many risks associated by Brexit for Wales</p> <ul style="list-style-type: none"> <li>• Health: recruitment, retention portability of qualifications reciprocal health care arrangements with other countries and access to medication;</li> <li>• Universities: financial uncertainty re the replacement of EU funding access to future EU funding staff and student mobility;</li> </ul>

			<ul style="list-style-type: none"> <li>• Voluntary Sector: Loss of EU structural funding; and,</li> <li>• Loss of CAP payments.</li> </ul>
		Page 76 Paragraph 240	<i>“The Committee is still concerned by the unknown detail on the Shared Prosperity Fund and the future of the Common Agriculture Policy and the significant negative impact that any reduction in funding will have on Wales.”</i>
	<b>Climate Change, Environment and Rural Affairs Committee</b>	Page 5 Recommendation 4	<i>“The Welsh Government should seek a commitment from the UK Government that future funding arrangements for farming and land management support will be developed in partnership with the devolved administrations and that there will be parity of esteem between partners.”</i>
	<b>Economy, Infrastructure and Skills</b>	Letter to Cabinet Secretary for Economy and Transport dated: 10 December Page 1	<i>“The Committee heard that no contingency plans were in place for transition to a post-Brexit environment, and that the Cabinet Secretary is counting on the UK Government to “make funding available to assist in the transition to a post-EU exit environment.”</i>

## 11. Subsequent 2019-20 budget scrutiny

A debate on the draft Budget was held in plenary on 4 December 2018 ([read the transcript](#); [watch the session on seneddTV](#)).

### Final Budget 2019–20

**Additional funding to departments from Draft to Final Budget was £111 million.**

Two-thirds of that additional funding was for Local Government and Public Services department, through: the local government settlement; capital; and business rate reliefs, predominantly for the retail sector.

The main additional allocations to departments in the 2019–20 Final budget compared to the Draft budget were:

- £77.3 million to Local Government and Public Services;
- £21.6 million to Education;
- £5 million to Economy and Transport;
- £4.9 million to Energy, Planning and Rural Affairs; and
- £2.3 million to Health and Social Services.

**Tax forecasts in Welsh Government Final Budget differed slightly from the Draft Budget:**

- Income tax forecast revenue **reduced by £40 million** mainly due to personal allowance change. **No net impact on Welsh Government budget**, as will be accounted for in the block grant adjustment.
- Application of latest OBR economic forecasts led to a **£2 million reduction** in Land Transactions Tax and **£3 million upward revision** in Landfill tax revenues.

**The UK Autumn Budget 2018 included £425.9 million additional funding for 2019–20.**

Though [£333 million](#) of this was previously announced funding for the NHS and **already included in Welsh Government Draft Budget**. Other main consequential were £38 million for social care and £36m business rates.

The Final Budget Motion was debated in plenary on 15 January 2019 ([read the transcript](#); [watch the session on seneddTV](#)).

The Children, Young People and Education Committee; Equality, Local Government and Communities Committee; and the Finance Committee published their report, [Assessing the impact of budget decisions](#) on 25 March 2019. The Welsh Government responded to the joint report on [15 May 2019](#) and a debate was held on that report on 17 July 2019 ([read the transcript](#); [watch the session on seneddTV](#))

### **First Supplementary Budget for 2019–20**

The Welsh Government laid its [First Supplementary Budget for 2019–20](#) on 18 June 2019. The budget amends the Welsh Government Final Budget for 2019–20.

The Finance Committee published its report [Scrutiny of Welsh Government First Supplementary Budget 2019–2020](#) on 5 July 2019.

A debate on the First Supplementary Budget 2019–20 was held on 9 July 2019 ([read the transcript](#); [watch the session on seneddTV](#)).