

# Scrutiny of the Welsh Government's draft budget for 2025-26

February 2025



# 1. Background

## Introduction

1. On 10 December 2024, the Rt Hon Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language, published the Welsh Government's draft budget proposals for 2025-26. The proposals were accompanied by a narrative document, Budget Expenditure Lines (BELs), and tables supporting spending plans.<sup>1</sup>
2. Ahead of its publication, Rebecca Evans MS, then Cabinet Secretary for Finance, Constitution and Cabinet Office, wrote to the Chair of the Finance Committee to request that Senedd committees report on the draft budget by 3 February 2025 to enable a debate on the draft budget to be held on 4 February 2025.<sup>2</sup> The Welsh Government has since scheduled the debate for this date.<sup>3</sup>

## Our remit and approach to scrutiny

3. The remit of the Legislation, Justice and Constitution Committee is to carry out the functions of the responsible committee set out in Standing Orders 21 and 26C. The Committee may also consider any matter relating to legislation, devolution, the constitution, justice, and external affairs, within or relating to the competence of the Senedd or the Welsh Ministers, including the quality of legislation.
4. On 14 October 2024, we agreed to conduct our scrutiny of the Welsh Government's draft budget for 2025-26 by exchange of correspondence. We also agreed for that scrutiny to focus on the draft budget's proposals for spending on justice matters and spending on improvements to the accessibility of the law.<sup>4</sup>
5. On 14 November 2024, we wrote to Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs (the Deputy First Minister), and Julie James MS, Counsel General and Minister for Delivery (the Counsel General), to seek detail on these matters within the forthcoming draft budget.<sup>5</sup>

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<sup>1</sup> Welsh Government, [Draft Budget 2025 to 2026](#), 10 December 2024

<sup>2</sup> [Letter from the Cabinet Secretary for Finance, Constitution and Cabinet Office to the Chair of the Finance Committee](#), 8 August 2024

<sup>3</sup> Senedd Cymru, [Business Statement and Announcement](#), 21 January 2025

<sup>4</sup> Legislation, Justice and Constitution Committee, [14 October 2024](#), Minutes

<sup>5</sup> [Letter to the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery](#), 14 November 2024

**6.** On 8 January 2025, the Deputy First Minister and the Counsel General responded to our request for information.<sup>6</sup> As annexes to the response, they provided:

- an outline of draft budget allocations to the main justice-related budgets by Budget Expenditure Line (BEL) and Main Expenditure Group (MEG), alongside a narrative description of any year-on-year changes identified to those budgets;
- a list of budget lines that indirectly contribute to justice policy outcomes.

**7.** We considered the written evidence on 13 January 2025.<sup>7</sup>

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<sup>6</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025

<sup>7</sup> Legislation, Justice and Constitution Committee, 13 January 2025. Minutes

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## 2. The Welsh Government's draft budget for 2025-26

### **Accountability of outcomes from spending on justice-related activity**

**9.** As highlighted in our report on the Welsh Government's draft budget for 2024-25, during recent years we have sought to receive more detailed information from the Welsh Government on proposed spending on justice-related activity. We have asked for this detail to enable us and our stakeholders to more effectively monitor the outcomes of that spending.<sup>8</sup>

**10.** The Welsh Government has previously committed to explore the ways in which it can improve the level of information it provides about expenditure on justice-related activity, although – as indicated to us by the then Counsel General and Minister for the Constitution, Mick Antoniw MS, in January 2024 – it is “not possible to provide comprehensive granular level information about justice expenditure” as justice-related activity “cuts across portfolios and is allocated from within a number of BELs”.<sup>9</sup>

**11.** In our report on the draft budget for 2024-25, we expressed our view that we would – in due course – consider the Welsh Government's forthcoming progress report on its Delivering Justice for Wales programme. This consideration would be in relation to the detail the report may contain on expenditure on justice-related activity against what was forecast, and evaluations of the outcomes of that expenditure.<sup>10</sup> The Welsh Government later published its progress report in February 2024.<sup>11</sup>

**12.** Within the written evidence we have received in respect of the Welsh Government's draft budget for 2025-26, the Deputy First Minister and the Counsel General reaffirmed the Welsh Government's commitment to improve the level of information it is able to provide about justice expenditure across government, but again stated:

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<sup>8</sup> Legislation, Justice and Constitution Committee, [Scrutiny of the Welsh Government's draft budget for 2024-25](#), February 2024, paragraphs 10 to 14

<sup>9</sup> [Letter from the Counsel General and Minister for the Constitution, 23 January 2024](#), page 2

<sup>10</sup> Legislation, Justice and Constitution Committee, [Scrutiny of the Welsh Government's draft budget for 2024-25](#), February 2024, paragraph 22

<sup>11</sup> Welsh Government, [Delivering Justice for Wales: 2024 progress report](#), February 2024

*“As our predecessors have indicated before the Committee, though, it is not currently possible to provide comprehensive granular level information about justice expenditure, as justice-related activity cuts across portfolios and is allocated from within a number of BELs. In some areas, where a BEL covers a range of different activities, the allocation of a draft settlement will not mean that final decisions have been taken as to how the funds within that BEL would then be prioritised, and further work will be needed to assess the extent to which they will be allocated to justice related expenditure.”<sup>12</sup>*

**13.** The Deputy First Minister and the Counsel General also stated that they had provided information on the budget lines that “directly contribute to delivering justice-related activities across the separate MEGs in which they reside.”<sup>13</sup>

**14.** This is an approach which differs from previous years, when the Committee also received more detailed information on budget lines which contribute more indirectly towards the delivery of such activity.<sup>14</sup> The Deputy First Minister and the Counsel General told us that the draft budget allocations for these budget lines “will be considered for scrutiny by their relevant subject scrutiny committees”, and for that reason they have not provided information on these budget lines.<sup>15</sup>

## **Our view**

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**15.** While we acknowledge the difficulties, as stated by the Deputy First Minister and the Counsel General, in disaggregating spending on justice-related activity within the Welsh Government's draft budgets, it is regrettable that the information we have received this year to inform our scrutiny is less comprehensive than that received in previous years. This is particularly disappointing given the Welsh Government's long-term commitment to us to explore the ways in which it can improve the level of information it provides about expenditure on justice-related activity – a commitment reaffirmed to us this year by the Deputy First Minister and the Counsel General.

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<sup>12</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 2

<sup>13</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 2

<sup>14</sup> See, for example, the annex to the then Counsel General and Minister for the Constitution's letter of 23 January 2024

<sup>15</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 1

**16.** Given the long-standing nature of this commitment, we believe that the Welsh Government should set out the work it has undertaken so far in this area and the work it intends to take forward in the future.

**Recommendation 1.** The Welsh Government should set out the work it has undertaken to date to explore the ways in which it can improve the level of information it provides about expenditure on justice-related activity, and the work it intends to take in the future in this area.

**17.** Furthermore, while other Senedd committees will also be giving consideration to budget lines which impact indirectly to the delivery of justice-related activity, we respectfully do not believe it is for the Welsh Government to appear to choose which committees should and should not be responsible for the scrutiny of particular aspects of its draft budgets, given that there is often considerable overlap between areas of responsibility. This reflects the Business Committee's belief that providing committees with the ability to pursue issues across portfolios and subject areas "makes for better scrutiny and avoids the risk of too narrow an approach."<sup>16</sup>

**18.** As stated in the section above, we had anticipated to consider details provided within the Welsh Government's February 2024 progress report on its Delivering Justice for Wales programme in relation to the expenditure on justice-related activity against what was forecast, and evaluations of the outcomes of that expenditure. However, given that – in our view – the progress report provided limited details on these matters, we expect that the Welsh Government will include more comprehensive detail within future progress reports, in order to enhance the Senedd's ability to scrutinise the Welsh Government's expenditure on justice-related activity.

## **The Delivering Justice for Wales programme**

**19.** In May 2022, the Welsh Government announced its programme to reform the justice system in Wales.<sup>17</sup> The long-term ambition of the Delivering Justice for Wales programme is to prepare for the devolution of justice and policing "if those powers, and the appropriate levels of funding" were to be devolved.<sup>18</sup>

**20.** The Justice Transformation BEL within the draft budget provides resources to fund this programme. Compared with the draft budget 2024-25, the allocation for

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<sup>16</sup> Business Committee, [Sixth Senedd Committees: Titles and remits](#), June 2021

<sup>17</sup> Welsh Government, [Delivering Justice for Wales](#), May 2022

<sup>18</sup> Welsh Government, [Delivering Justice for Wales](#), May 2022, page 8

this BEL has been increased from £0.48m to £0.688m in the draft budget for 2025-26.

**21.** The Constitutional Reform BEL also “contributes to work in pursuit of devolution of youth justice and probation”, as stated by the Deputy First Minister and the Counsel General; the allocation for which has also been increased from £1.997m to £2.014m in the draft budget for 2025-26.

**22.** The Deputy First Minister and the Counsel General's letter states that this increase in funds to the Justice Transformation BEL will support staffing of devolution preparations and tribunals reform and “potentially other associated costs”.<sup>19</sup>

**23.** We asked the Deputy First Minister and the Counsel General to provide an overview of planned spending in 2025-26 on the Delivering Justice for Wales work programme, including:

- the outcomes the Welsh Government is hoping to deliver as a result of this spending;
- an explanation of what areas of work will be prioritised in 2025-26; and
- details of how this planned spend compares to expenditure on the Delivering Justice for Wales work programme in the current 2024-25 financial year.

**24.** In response to this request, the Deputy First Minister and the Counsel General stated that its progress report, dated February 2024, “remains the best and most recent summary of the outcomes the Welsh Government are hoping to deliver”, and referred us to the information provided in the annexes to their letter.<sup>20</sup>

**25.** We also asked the Deputy First Minister and the Counsel General to provide detail on planned spending on justice programmes in partnership with the Ministry of Justice. In response, they referred us to details provided in respect of the Women's Justice and Youth Justice Blueprints, and said that they were “pleased to have been able to provide additional funding” for these projects. They

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<sup>19</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 2

<sup>20</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 2

also stated that they were “continuing to fund PCSO numbers in Wales, providing funding over and above what is available to forces in England.”<sup>21</sup>

**26.** The Deputy First Minister and the Counsel General also stated that the Welsh Government would be working jointly with the Ministry of Justice to explore the devolution of youth justice and of probation.<sup>22</sup> Furthermore, they stated that any devolution of justice functions “must be properly funded”, and that financial implications of the devolving of these functions will form part of the discussions with the UK Government.

**27.** For these reasons, they told us it was “not possible” to indicate the likely uplift to justice-related budgets as a result of the devolution of justice, and stated:

*“We anticipate any large-scale transfer of powers and functions, including the expansion of budget resources, would come into force in the next Senedd term. Any more immediate transfers of functions would require discussions on the need for in-year funding.*

*In 2025/26, we anticipate significant activity to negotiate with the UK Government and stakeholders, refine operational policy, and potentially to bring forward the legal mechanism to devolve new responsibilities to Wales. This activity will be funded out of both the Justice Transformation BEL and the Constitutional Reform BEL as part of the wider work programme to implement the recommendations of the Independent Commission on the Constitutional Future of Wales.*

*In particular, we expect to use these two BELs to fund a small number of additional staff to support discussions with the UK Government and preparation for the adoption of new functions by the Welsh Government.”<sup>23</sup>*

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<sup>21</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 2

<sup>22</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 3

<sup>23</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 3

## Our view

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**28.** We welcome the additional resources that will be provided to the Justice Transformation BEL and the Constitutional Reform BEL in 2025-26. These additional resources, however, appear to be modest, especially given that the Justice Transformation BEL will provide funding towards preparatory work for both the devolution of justice and for future reform to the Welsh tribunals.

**29.** We therefore believe that the Welsh Government should provide further detail on which workstreams these additional resources will support, and which types of potential “other associated costs” are anticipated in 2025-26.

**Recommendation 2.** The Welsh Government should provide further information on which workstreams the additional resources allocated to the Justice Transformation BEL and the Constitutional Reform BEL will support, and information on which potentially other associated costs are anticipated in 2025-26.

**30.** We acknowledge that any large-scale transfer of powers and functions, including the expansion of budget resources, would come into force in the next Senedd term. We similarly acknowledge that any immediate transfers of functions would require discussions on the need for in-year funding. We believe that the Committee should be kept informed of any such in-year funding that is anticipated.

**Recommendation 3.** The Welsh Government should keep the Committee informed of any transfer of functions from the UK Government in relation to justice, and any associated additional funds or transfer of funds required to support those functions.

**31.** We also welcome the increased funding that will be provided to support the Women’s Justice and Youth Justice Blueprints, and the continuing funding that will be provided to fund PCSOs in Wales, over and above what is available to police forces in England.

**32.** We note the Deputy First Minister and the Counsel General’s statement that the Welsh Government’s progress report, dated February 2024, remains the “best and most recent summary” of the outcomes the Welsh Government are hoping to deliver as a result of its Delivering Justice for Wales programme. We however note that this document was published nearly a year ago, and in anticipation of the “significant activity” in 2025-26 to prepare for the devolution of some justice powers, we believe that the Welsh Government should commit to issue another

report to the Senedd on its progress in this area before the end of the Sixth Senedd.

**Recommendation 4.** The Welsh Government should commit to issuing another progress report on its Delivering Justice for Wales programme before the end of the Sixth Senedd.

## The Welsh Tribunals

**33.** The Welsh Government's Welsh Tribunals Unit provides administration and support for devolved Welsh tribunals. The Rt Hon Sir Gary Hickinbottom, President of the Welsh Tribunals, appeared before the Committee in October 2024<sup>24</sup>, and acknowledged overspends of more than £220,000 in 2022-23 and over £860,000 in 2023-24 beyond what was allocated to the tribunals, as noted in his annual report for 2023-24<sup>25</sup>. The President explained in his annual report that the overspend in 2023-24 was:

*"... largely down to increased fee-paid judicial time and recruitment costs, increases in pay and pension costs and, following COVID, a return of face-to-face hearings in MHRTW [the Mental Health Review Tribunal for Wales] which is the largest tribunal. There has been no increase in budget allocations to meet this increasing expenditure."*<sup>26</sup>

**34.** In the draft budget for 2025-26, the Tribunals BEL has received an allocation of £6.008m, an increase from the allocation of £4.15m provided in the draft budget for 2024-25.

**35.** The Deputy First Minister and the Counsel General state as follows in respect of this increase:

*"Officials have been working with the President of Welsh Tribunals (PWT) to identify the drivers for additional costs and to reduce them for this and subsequent years. Tribunals are fundamentally a demand led service, but we seek to make their operation as efficient as possible. While a number of drivers of increased expenditure are irreversible, some other*

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<sup>24</sup> Legislation, Justice and Constitution Committee, [14 October 2024, Record of Proceedings](#)

<sup>25</sup> Welsh Government, [President of Welsh Tribunals Fifth Annual Report 1 January 2023 to 31 March 2024](#), 24 May 2024, paragraph 4.1

<sup>26</sup> Welsh Government, [President of Welsh Tribunals Fifth Annual Report 1 January 2023 to 31 March 2024](#), 24 May 2024, paragraph 4.2

*areas do offer some potential for efficiency with the support of the leadership of the individual tribunals.*

*Nevertheless, over recent years there have been sustained increases in the running costs of the tribunals service without corresponding increases in the initial provision in annual budgets.*

*The draft Budget has addressed this position with a provisional allocation for 2025/26 of £6.008m, an increase from £4.110 million in 2024/25. This represents a substantial recognition of the importance of the tribunals' work and the challenges faced.”<sup>27</sup>*

**36.** They further state that the “expectation” would be that the President and his leadership team would take “all possible steps” to ensure that expenditure remained within this increased sum.<sup>28</sup>

**37.** In June 2023, the Welsh Government consulted on proposed reforms to the devolved tribunals in Wales<sup>29</sup>, and in January 2024 it published the summary of responses to its consultation.<sup>30</sup>

**38.** Following his statement on the Welsh Government's Legislative Programme in July 2024, the then First Minister, the Rt Hon Vaughan Gething MS, stated that a Bill to reform the Welsh tribunals would be:

*“... a Bill that we may come to at the end of this term if we can deliver all other parts of the programme. So, it's a possible introduction right at the end of the term, but it does depend on the length of time it takes us to legislate.”<sup>31</sup>*

**39.** Within his annual report for 2023-24, the President of the Welsh Tribunals stated that the “precise timing” of the legislation has “yet to be confirmed”, but the

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<sup>27</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 3

<sup>28</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 3

<sup>29</sup> Welsh Government, [A new tribunal system for Wales: white paper](#), 19 June 2023

<sup>30</sup> Welsh Government, [Consultation: A new tribunal system for Wales: white paper](#)

<sup>31</sup> Plenary, 9 July 2024, [Record of Proceedings \[250\]](#)

Welsh tribunals were working on the assumption that it will be “presented in 2025 and will come into effect, hopefully, in 2026.”<sup>32</sup>

**40.** The Deputy First Minister and the Counsel General state in their letter that the scheduling of legislation is “of course, subject to its own separate process”, however:

*“In the meantime, we continue to take forward work to develop a Bill whether for introduction in this Senedd or in preparation for the next Senedd. To date, that work has been accommodated within existing resources.*

*The Draft Budget includes additional resources for the Justice Transformation BEL. A key purpose of this is to allow for intensification of preparatory work to identify, scope and plan for the significant workstreams that will be required to bring a new tribunal system into operation following the passage of legislation.”<sup>33</sup>*

## **Our view**

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**41.** We welcome the increased allocation in the draft budget for the administration of the devolved tribunals, given the pressures that the tribunals have faced, as set out to us last year by the President of the Welsh Tribunals. We believe it is of fundamental importance to access to justice that the tribunals are properly resourced.

**42.** We also note the Deputy First Minister and the Counsel General’s “expectation” that the President and his leadership team would take “all possible steps” to ensure that expenditure remained within this increased sum, and look forward to taking evidence later this year from the President to hear about the progress that is being made towards ensuring this outcome.

**43.** We similarly note that the Welsh Government is continuing to develop legislation to reform the Welsh tribunals, for introduction in this Senedd or “in preparation for the next Senedd.” While we acknowledge that the scheduling of legislation is subject to its own separate process within the Welsh Government, we

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<sup>32</sup> Welsh Government, President of Welsh Tribunals Fifth Annual Report 1 January 2023 to 31 March 2024, 24 May 2024, paragraph 8.6

<sup>33</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 3

would like to express our hope that this important legislation will be introduced into the Senedd as soon as possible.

**Recommendation 5.** The Welsh Government should commit to introducing legislation to reform the Welsh tribunals within a timescale which will enable its legislative passage before the end of the Sixth Senedd.

## **The Welsh Government's programme to improve the accessibility of Welsh law**

**44.** In September 2021, the Welsh Government published its programme to improve the accessibility of Welsh law.<sup>34</sup> It laid a revised version of its programme on 19 January 2024<sup>35</sup>, and published its annual report for 2023-24 in December 2024.<sup>36</sup>

**45.** We asked the Deputy First Minister and the Counsel General to provide information on planned expenditure within the 2025-26 draft budget relating to the delivery of its programme. The response we received is as follows:

*"As explained in previous years, the costs of our work to deliver The Future of Welsh Law are met from across a number of portfolios as part of the wider legislative activity of the organisation. That remains the position for 2025-26 and indeed will do so in future years."<sup>37</sup>*

### **Our view**

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**46.** We acknowledge the Deputy First Minister and the Counsel General's explanation that the costs of the Welsh Government's work to deliver its programme to improve the accessibility of Welsh law are met from across a number of portfolios.

**47.** It is regrettable, however, that the Welsh Government was not able to provide the Committee with details of individual projects which contribute to this programme, and the anticipated costs of those projects; details which it has

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<sup>34</sup> Welsh Government, [The future of Welsh law: accessibility programme 2021 to 2026](#), September 2021

<sup>35</sup> Welsh Government, [The future of Welsh law: revised accessibility programme 2021 to 2026](#), January 2024

<sup>36</sup> Welsh Government, [The future of Welsh law: annual report 2023 to 2024](#), December 2024

<sup>37</sup> Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery, 8 January 2025, page 4

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provided to the Committee to inform its scrutiny of previous draft budgets laid by the Welsh Government.

**Recommendation 6.** The Welsh Government should explain why it has been unable to provide details on individual items of planned spending to support its programme to improve the accessibility of Welsh law, as it has been able to do so in previous years.