

# Agenda – Y Pwyllgor Cyllid

Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Ystafell Bwyllgora 2 – y Senedd	<b>Bethan Davies</b>
Dyddiad: Dydd Mercher, 9 Mawrth 2016	Clerc y Pwyllgor
Amser: 09.30	0300 200 6565
	<a href="mailto:SeneddCyllid@Cynulliad.Cymru">SeneddCyllid@Cynulliad.Cymru</a>

## 1 Cyflwyniad, ymddiheuriadau a dirprwyon

(09.30)

## 2 Papurau i'w nodi

(09.30)

(Tudalennau 1 – 3)

**Y Bil Casglu a Rheoli Trethi (Cymru): Llythyr oddi wrth y Gweinidog Cyllid a Busnes y Llywodraeth**

(Tudalen 4)

**Cyllideb Llywodraeth Cymru 2016–17: Llythyr oddi wrth Archwilydd Cyffredinol Cymru**

(Tudalennau 5 – 10)

**Cyllideb Llywodraeth Cymru 2016–17: Llythyr oddi wrth Gadeirydd y Pwyllgor Deisebau**

(Tudalennau 11 – 12)

## 3 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes a ganlyn:

(09.30)

Eitemau 4 a 5.

## 4 Bil Ombwdsmon Gwasanaethau Cyhoeddus (Cymru): Ystyried adroddiad drafft

(09.30–10.15)

(Tudalennau 13 – 122)

Papur 1 – Adroddiad drafft



Papur 2 – Bil Ombwdsmon Gwasanaethau Cyhoeddus (Cymru) Drafft (fel y'i diwygiwyd ym mis Mawrth 2016)

Papur 3 – Bil Ombwdsmon Gwasanaethau Cyhoeddus (Cymru) Drafft – Nodiadau Esboniadol (fel y'i diwygiwyd ym mis Mawrth 2016)

## **5 Etifeddiaeth Pwyllgor y Pedwerydd Cynulliad: Ystyried adroddiad drafft**

(10.15–11.00)

(Tudalennau 123 – 217)

Papur 4 – Adroddiad drafft

### **Ymatebion ar graffu ar y gyllideb**

Papur 5 – Llythyr oddi wrth Ombwdsmon Gwasanaethau Cyhoeddus Cymru – 27 Tachwedd 2015

Papur 6 – Llythyr oddi wrth Lywydd Cynulliad Cenedlaethol Cymru – 2 Rhagfyr 2015

Papur 7 – Llythyr oddi wrth Archwilydd Cyffredinol Cymru – 3 Rhagfyr 2015

Papur 8 – Llythyr oddi wrth y Gweinidog Cyllid a Busnes y Llywodraeth – 11 Ionawr 2016

### **Ymateb ar Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015**

Papur 9 – Llythyr oddi wrth y Gweinidog Cyllid a Busnes y Llywodraeth – 30 Tachwedd 2015

### **Ymatebion gan gadeiryddion pwylgorau**

Papur 10 – Llythyr oddi wrth Gadeirydd y Pwyllgor Menter a Busnes – 9 Rhagfyr 2015

Papur 11 – Llythyr oddi wrth Gadeirydd y Pwyllgor Plant a Phobl Ifanc – 17 Rhagfyr 2015

### **Ymatebion gan gyngorwyr arbenigol**

Papur 12 – Llythyr oddi wrth Lakshmi Narain – 1 Rhagfyr 2015

Papur 13 – Llythyr oddi wrth Ian Summers – 7 Rhagfyr 2015

Papur 14 – Llythyr oddi wrth Angela Scott – 7 Rhagfyr 2015

## Cofnodion cryno – Y Pwyllgor Cyllid

Lleoliad:

Gellir gwyllo'r cyfarfod ar [Senedd TV](#) yn:

Ystafell Bwyllgora 2 – y Senedd

<http://senedd.tv/cy/3402>

Dyddiad: Dydd Mercher, 24 Chwefror

2016

Amser: 10.18 – 11.52

### Yn bresennol

Categori	Enwau
Aelodau'r Cynulliad:	Alun Ffred Jones AC (Cadeirydd Dros Dro) Peter Black AC Christine Chapman AC Mike Hedges AC Ann Jones AC Julie Morgan AC Nick Ramsay AC
Tystion:	Jane Hutt AC, Y Gweinidog Cyllid a Busnes y Llywodraeth Matthew Denham-Jones, Llywodraeth Cymru Margaret Davies, Llywodraeth Cymru Jeff Andrews, Cynghorydd Polisi Arbenigol, Llywodraeth Cymru
Staff y Pwyllgor:	Bethan Davies (Clerc) Meriel Singleton (Clerc) Gerallt Roberts (Dirprwy Glorc)



	Martin Jennings (Ymchwilydd) Christian Tipple (Ymchwilydd) Gareth David Thomas (Ymchwilydd) Joanest Varney-Jackson (Cynghorydd Cyfreithiol) Gerald Holtham (Cynghorwr Arbenigol)
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## Trawsgrifiad

Gweld [trawsgrifiad o'r cyfarfod](#).

### 1 Cyflwyniad, ymddiheuriadau a dirprwyon

- 1.1 Cafwyd ymddiheuriadau gan y Cadeirydd, Jocelyn Davies AC.
- 1.2 Yn unol â Rheol Sefydlog 17.22, cafodd Alun Ffred Jones AC ei ethol fel Cadeirydd Dros Dro yn absenoldeb y Cadeirydd.
- 1.3 Croesawodd y Cadeirydd Dros Dro yr Aelodau i'r cyfarfod.

### 2 Papurau i'w nodi

- 2.1 Cafodd y papurau eu nodi.

### 3 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes a ganlyn:

- 3.1 Derbyniwyd y cynnig.

### 4 Dyfodol Cyllido: Ystyried adroddiad drafft

- 4.1 Cytunodd y Pwyllgor yr adroddiad drafft gyda mân newidiadau.

### 5 Ail Gyllideb Atodol Llywodraeth Cymru 2015–16: Sesiwn dystiolaeth

- 5.1 Derbyniodd y Pwyllgor dystiolaeth gan: Jane Hutt AC – Y Gweinidog Cyllid a Busnes y Llywodraeth; Matt Denham-Jones – Dirprwy Gyfarwyddwr Rheoli Ariannol, Llywodraeth Cymru; Margaret Davies – Pennaeth Cyflenwi'r Gyllideb, Llywodraeth Cymru; a Jeff Andrews – Cynghorydd Polisi Arbenigol, Llywodraeth Cymru, ar Ail Gyllideb Atodol Llywodraeth Cymru ar gyfer 2015–16.

**6 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes a ganlyn:**

6.1 Derbyniwyd y cynnig.

**7 Ail Gyllideb Atodol Llywodraeth Cymru 2015–16: Ystyried y dystiolaeth a ddaeth i law**

7.1 Ystyriodd y Pwyllgor y dystiolaeth a ddaeth i law.

# Eitem 2.1

Jane Hutt AC / AM

Y Gweinidog Cyllid a Busnes y Llywodraeth  
Minister for Finance and Government Business



Llywodraeth Cymru  
Welsh Government

Jocelyn Davies AM  
Cadeirydd  
Y Pwyllgor Cyllid  
Cynulliad Cenedlaethol Cymru  
Bae Caerdydd  
CF99 1NA

25 Chwefror 2016

Annwyl Jocelyn,

Wrth graffu ar y Bil Casglu a Rheoli Trethi (Cymru) trafodwyd pwysigrwydd datblygu mwy o ymwybyddiaeth o ddatganoli trethi yng Nghymru, ac fe ddywedais y byddwn yn mynd ati i gynnal mwy o waith ymgysylltu. Rwy'n ysgrifennu atoch yn awr i roi gwybod i chi fy mod heddiw wedi lansio fy rhaglen ymgysylltu "Trethi Cymru: Sgwrs". I ategu hyn, rwyf wedi cyhoeddi'r diweddaraf mewn cyfres o Bapurau Trysorlys Llywodraeth Cymru ac wedi gwahodd sylwadau ar Awdurdod Cyllid Cymru a fydd yn cael ei sefydlu cyn hir, ac ar Siarter Drethdalwyr i Gymru.

Ceir rhagor o fanylion ar wefan Llywodraeth Cymru drwy ddilyn y ddolen isod. Rwyf hefyd wedi trefnu i'r wybodaeth gael ei arddangos yn y Neuadd o heddiw ymlaen, lle bydd copïau o'r Papur Trysorlys diweddaraf ar gael.

Trethi Cymru: Sgwrs <http://llyw.cymru/funding/financereform/welsh-taxes-conversation/?lang=cy>

Yn gywir,



**Jane Hutt AC / AM**  
Y Gweinidog Cyllid a Busnes y Llywodraeth  
Minister for Finance and Government Business

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

English Enquiry Line 0300 0603300  
Llinell Ymholaethau Cymraeg 0300 0604400  
Correspondence.Jane.Hutt@wales.gsi.gov.uk

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and responding in Welsh will not lead to a delay in responding.

**Tudalen y ne cyn 4**

Any correspondence received in Welsh will be answered in Welsh and responding in Welsh will not lead to a delay in responding.

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Ms Jocelyn Davies AM  
Chair of the Finance Committee  
National Assembly for Wales  
Cardiff Bay CF99 1NA

Date: 29 February 2016  
Our ref: HVT/0513/fgb  
Page: 1 of 6

Dear Jocelyn

### **WELSH GOVERNMENT DRAFT BUDGET 2016-17 – PRESENTATION**

I am writing in response to your letter of 3 February about the presentation of the Welsh Government's draft budget 2016-17. Specifically, you requested my view 'of whether the presentation of changes in allocations are consistent in terms of how non-recurrent allocations are treated in year-on-year comparisons and whether the use of two separate sets of figures in the narrative document could lead to confusion'.

It is not my normal practice to comment on the presentation of the Welsh Government's budget. As you note in your letter, I did raise a query with the Permanent Secretary on the presentation of in-year additional funding for health in the draft budget 2014-15. The purpose of my correspondence with the Permanent Secretary was primarily one of factual accuracy. At that time, I was intending to publish a future report on health finances, which would have presented a different picture of year-on-year changes to that set out in the draft budget 2014-15.

To respond fully, I have broken your request down into the following questions:

1. Is the Welsh Government's approach 'consistent'?
  - a. With practice elsewhere
  - b. With its own historic practice
2. Is the Welsh Government's approach potentially confusing?

I have annexed to this letter my response on these points. I hope that the Committee finds this useful.

Yours sincerely



**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**

## ANNEX: WELSH GOVERNMENT DRAFT BUDGET 2016-17 – PRESENTATION

### Context

It is helpful to first set out what the Welsh Government has done with its baseline in the 2016-17 draft budget. By ‘baseline’ we mean the figures for the financial year before that covered by the draft budget. This baseline is used to compare year-on-year changes in funding allocations. For example, the baseline for 2016-17 would be the budget for 2015-16. In the draft budget 2016-17, the Welsh Government has adjusted both revenue and capital for the baseline financial year 2015-16. For both, the Welsh Government has removed what it describes as ‘non-recurrent’ allocations. In the case of revenue, these adjustments include funding allocated from reserves and funding allocated for invest-to-save. For capital, the relatively large adjustments relate to funding allocated as part of the Wales Infrastructure Investment Programme (WIIP). The WIIP was introduced in 2012 as a means to better focus capital investment. Under WIIP a significant proportion of capital funding is allocated from the centre to departments to spend on specific projects. The aim is to allocate capital according to need and potential impact, rather than historical trend.

### Is the Welsh Government’s approach consistent?

#### Consistent with practice elsewhere?

Comparison with other parts of the UK is complicated by the fact that each country has developed its own approach to presenting budgets. I have looked at the budget documents for each country. In Scotland there are no adjustments: the baseline used is the budget agreed for that year as set out in the Scottish Government’s Budget Act. In Northern Ireland, some adjustments are made to remove non-recurrent allocations to revenue to set an annual baseline. Northern Ireland does not present year-on-year changes to capital. The approach used by the UK Government is complicated. Annual budgets do not appear to include adjustments: the baseline is estimated outturn. However, the UK Government does make adjustments to remove non-recurrent allocations in Departmental baselines as part of a Spending Review. The Minister for Finance and Government Business [wrote](#) to explain these adjustments in June 2013.

Welsh Government officials told us that the adjustments it has made are consistent with the approach taken by the UK Government during a Spending Review. In the 2015-16 Spending Review the adjustments the UK Government made appear to have been relatively small: they account for 0.1% of revenue and 0.6% of the capital baseline. The revenue adjustments the Welsh Government has made in the draft budget 2016-17 documents account for 0.7% of the 2015-16 revenue and 30% of capital baselines in the

2015-16 budget. The reason for the difference in the scale of adjustments in these two cases is that the UK Government capital allocation to departments is largely recurrent and based on historical trends, whereas the WIIP approach means that a significant proportion of capital in Wales is allocated to departments on a time limited basis.

### **Consistent with the Welsh Government's historic practice?**

The approach that the Welsh Government has taken to presenting year-on-year changes has evolved over time, partly in response to requests from the Finance Committee. The approach used for the draft budget 2016-17 is different from the approach taken each year since 2012-13. In draft budgets for 2013-14, 2014-15 and 2015-16, the baseline came from the First Supplementary Budget for the baseline year. No adjustments were made to capital or revenue in the baselines in any of these years. In the 2012-13 draft budget, a small adjustment was made to take out around £9 million non-recurrent revenue funding from the 2011-12 baseline, mostly related to supporting the elections for the National Assembly for Wales. In setting out spending plans for 2015-16 for the first time in the Draft Budget 2014-15, the Welsh Government removed non-recurrent capital allocations made over the period 2011-12 to 2014-15 in Table 4.1 on page 27 of the draft budget narrative document. However, this adjustment was only included in this one table and was not used as part of the main budget tables showing the year-on-year changes.

Although it is a change from recent practice, the approach of removing non-recurrent funding is consistent with the approach the Welsh Government adopted for the 2011-12 draft budget, following the 2010 Spending Review. In the 2011-12 draft budget, the Welsh Government removed non-recurrent capital allocated from the Strategic Capital Investment Fund (which was similar to WIIP). However, the draft 2011-12 budget did not explain that there had been any adjustments. The 2011-12 draft budget documents described the 2010-11 baseline as being the 2010-11 Supplementary Budget, with 'additional MEG to MEG transfers' of funding between departments.

### **Is the Welsh Government's approach potentially confusing?**

In my view, it is not inherently confusing to have both the unadjusted and adjusted year-on-year changes in the draft budget narrative 2016-17. However, I consider that the adjustments could have been better explained. In considering the quality of the budget narrative, I think it important to bear in mind the circumstances under which this draft budget was produced. The UK Government Spending Review was published on 25 November 2015; a month later in the year than the 2010 Spending Review. The Welsh Government published its draft budget and explanatory documents less than two weeks later. That the Welsh Government responded to the Spending Review, developed a detailed draft budget and completed and translated the accompanying documents in under two weeks is a significant achievement.

Looking specifically at the 2016-17 draft budget narrative documents, there is very little explanation of the rationale for the adjustments and the difference between the two sets of figures. The documents do not explain that the Welsh Government has adopted a different approach from that taken in recent years because the draft budget 2016-17 follows a Spending Review. Nor do the documents set out a rationale for why a different approach is required following a Spending Review. The draft 2011-12 budget following the 2010 Spending Review similarly did not set out any rationale for the different approach either. Therefore over time, the fact that the Welsh Government takes a different approach to presenting figures following a Spending Review and what that entails has not been clearly articulated.

Although the budget documents provide little explanation, the Minister's subsequent letter set out the view that 'if we had not removed the non-recurrent allocations, the budget position for 2015-16 would be artificially inflated and would distort the ability to make like-for-like comparisons'. This explanation suggests that the reasons for the adjustments were concerns over comparability between 2015-16 and 2016-17. I fully understand the concern to make like-for-like comparisons. And I recognise that there were some difficulties with doing that in the draft budget. But the key practical difference in the draft budget 2016-17 compared to previous years was that the Welsh Government had not allocated all of the available capital in line with the WIIP at the time of the draft budget. Therefore, the issue was not that the 2015-16 position would be artificially inflated but that the 2016-17 draft budget figures for departmental capital were understated because WIIP funding had not yet been allocated. Had the WIIP been allocated and included in departmental budgets then the year-on-year changes could have been presented in the same way as recent draft budgets. In my view, the budget narrative and letter could both have explained this issue more clearly.

The appendices of the budget narrative document provide a reconciliation between the 1<sup>st</sup> Supplementary Budget 2015-16 and the baseline. The heading in the tables state 'Adjustments to remove non-recurrent allocations from Reserves'. This would suggest that the Welsh Government is removing funding that was initially held in reserves and then subsequently allocated to departments in the Supplementary Budget. However, as I understand it, the WIIP capital funding listed was not solely allocated from reserves in 2015-16. Some of the capital funding had been allocated to the departments in previous Budgets. Welsh Government officials told us that the reference to reserves reflects that the funding had been allocated centrally. Nonetheless, I consider that the heading could have contributed to confusion.

The broader risk is that the effect of the adjustments to the draft budget potentially painted an overly positive picture of Welsh public finances for 2016-17. I note that much of the media coverage used the adjusted figures to show overall increases for every department other than local government. I myself was surprised to see the reports of

spending increases, given that at the time I was due to publish my report [A Picture of Public Services](#) which showed further spending cuts to 2019-20.

## Conclusion

Overall, the Welsh Government's approach of removing non-recurrent allocations could be seen as consistent with what the UK Government does during a Spending Review and is consistent with the approach the Welsh Government took following the 2010 Spending Review. However, the approach was different from the approach taken to presenting changes to budgets over recent years. And in my view, the rationale for using a different approach could have been more clearly explained. There were some complexities involved in presenting year on year changes, particularly to capital, using the approach it had previously adopted of comparing to the Supplementary Budget. However, in my view these complexities were ultimately due to the Welsh Government's decision not to allocate WIIP and to add the funding to reserves. The Committee may wish to explore further with the Welsh Government how it can best explain such complexities through the budget narrative.

In my view, there are benefits in the approach the Welsh Government adopted of being clearer as to recurrent capital baselines. One idea may be for the Welsh Government to present WIIP as a separate budget line. Where the Welsh Government knows how it intends to allocate the WIIP it could include an explanation using the format adopted in the 2014-15 draft budget narrative to show how WIIP funding is being allocated to Departments. This approach would allow a more consistent comparison of the departments' recurrent baselines as well as enabling more transparency and scrutiny of the annual allocation through WIIP. It may also help avoid confusion in future where the Welsh Government has not decided exactly where to allocate WIIP ahead of the draft budget. Instead of recording the funding in reserves, it would have its own budget line which could then be compared year-on-year. The Committee may wish to consider and discuss with the Welsh Government whether adopting this approach would be practical and helpful.

Y Pwyllgor Cyllid | Finance Committee  
FIN(4)-06-16 PTN3

Cynulliad Cenedlaethol Cymru  
Y Pwyllgor Deisebau

National Assembly for Wales  
Petitions Committee

Jocelyn Davies AM  
Chair of the Finance Committee  
National Assembly for Wales  
Ty Hywel  
Cardiff Bay  
Cardiff  
CF99 1NA

29 February 2016

Dear *Jocelyn*

**Petition P-04-651: To Work To Protect Local Government When Determining the Budgets this Autumn**

Thank you for your letter of 2 February about the above petition.

The Committee considered the petition most recently at our meeting on 19 January and agreed to close it. In doing so, we also agreed to ask your Committee to note the petitioners' further comments, which are enclosed.

Yours sincerely



William Powell AC/AM  
Cadeirydd / Chair

**Encs.** Correspondence from the petitioners dated 11.01.16.



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**P-04-651 To Work to Protect Local Government When Determining the Budgets this Autumn. Correspondence – Petitioner to the Clerking Team.**  
**11.01.16**

Thank you Jessica, please see below comments for the committee.

Back in September 2014 UNISON Neath Port Talbot Branch called for the Welsh Government to reconsider the proposed budget cuts of up to -4.5% to Local Government funding via the petitions committee. We would like to commend the Minister for Public Services for listening to our campaign and the settlement that followed for Neath Port Talbot Council and other Local Authorities.

However, we wish for the local government settlement to remain the same moving forward to next year and we would not want any Neath Port Talbot settlement being top sliced and we ask the Welsh Government to do more (much more) by including grants into the settlement – as the Scottish Government did over 7 years ago.

Regards

Mark Fisher

Branch Chair

UNISON Neath Port Talbot Branch

Mae cyfyngiadau ar y ddogfen hon

Mae cyfngiadau ar y ddogfen hon

Mae cyfngiadau ar y ddogfen hon

Mae cyfyngiadau ar y ddogfen hon

Our ref: NB/SMH

Ask for: Nick Bennett

Your ref:

 01656 641150

Date: 27 November 2015



Mrs Jocelyn Davies  
Chair of the Finance Committee  
National Assembly for Wales  
Cardiff Bay  
CARDIFF  
CF99 1NA

Dear Jocelyn

### **Finance Committee's legacy – Budget process**

Thank you for your letter dated 17 November 2015 seeking my views on the Committee's approach to budget scrutiny during the Fourth Assembly.

Having taken up the role of Ombudsman in August 2014, I have experienced two budgetary cycles. My experience of these has been that they have been efficient and effective.

With regard to the current Standing Orders, it is of course a requirement under Standing Order 27.15 that:

The Ombudsman must submit the estimate of income and expenses required under paragraph 15 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005 to the Finance Committee as soon as practicable but in any event no later than 1 November in each financial year.

In practical terms, the Finance Committee has considered these estimates at the beginning of October each year. Against the current requirements of the Standing Orders, from my perspective, and the internal mechanisms of my office, this arrangement has worked well.

As regards the Finance Committee's scrutiny of my budget estimate, I have found this very useful. In particular, the questions put to me by Committee Members have provided me with the opportunity to publicly demonstrate that I take seriously my responsibility for ensuring proper, efficient and effective use of the public money I receive.

I would add that my staff have experienced very positive working relationships with the Finance Committee secretariat in relation to arrangements for the estimates submissions and attendance at Committee meetings.

I would also like to thank you as Chair of the Finance Committee for your pragmatic approach to issues that occur in-year and, for example, circumstances when it has been necessary to submit a supplementary estimate.

Your letter also invites suggestions for ways of improving the overall process. I have a few comments which the Committee may wish to consider for the Fifth Assembly.

First, it would be welcome if the Public Services Ombudsman for Wales's (PSOW's) budget could be aligned with the spending review period. This could be scrutinised by the Finance Committee and the baseline budgets agreed for, say, the next 4 years. I could then set my baseline budget in line with the movement in Welsh Block total DEL, adjusted for known changes in any of the years in the spending review period, such as new powers. This would assist me in long term financial planning and give assurance that sufficient resources are in place to deliver my Strategic Plan over the review period.

Secondly, at present the PSOW has to return any unspent cash at the end of each financial year to the Welsh Consolidated Fund. Not allowing the carry forward of unspent cash balances creates a conflict with resource accounting which was introduced to alleviate the problems associated with annualised accounting - the rush to spend in March each year is well publicised and to bring the public sector in line with private sector accounting by introducing concepts such as accruals and provisions. In the case of my office, if a provision is made in the annual accounts there may not be enough cash in the following year's budget to make a payment against that previous year's provision, resulting in abnormal cash budget pressures and the possibility of a supplementary budget. I would ask that the PSOW could keep any cash underspend in a bank reserve up to a limit to be agreed, say 3% of the PSOW budget. Balances above this limit would be returned to the Welsh Consolidated Fund.

My final comment in relation to possible improvements is probably not for the Finance Committee itself but for the Assembly administration team. I would find it useful at the end of the budget process to receive a letter from the Assembly confirming the funding for my office (both resource and cash) for the forthcoming year. Not only would I personally find this helpful, it would also assist in relation to the auditing of my accounts by the Auditor General for Wales. Currently, I have to rely on finding a document laid on the Assembly's website for confirmation of the funding for my office.

Finally, I can confirm that I have completed the survey to which you refer in your letter and I hope you find this further response helpful.

Yours sincerely



Nick Bennett  
Ombudsman

Y Fonesig Rosemary Butler AC  
Dame Rosemary Butler AM



Jocelyn Davies AM  
Chair  
Finance Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

Your ref:  
Our ref: PO1131/RB/NC

2 December 2015

*Dear Jocelyn*

Thank you for the opportunity to comment on your Committee's role in delivering budget scrutiny. I will focus in my response on your scrutiny of the Assembly Commission's budget.

As you know, the Commission takes its governance responsibilities very seriously in delivering our commitment to transparency, financial probity, stewardship and value for money for the service we provide. We benefit from having multiple strands of oversight. This starts with our own comprehensive approach to governance, is supported by the independent advice and assurance we receive, and is continually improved through scrutiny provided at Assembly committees such as yours.

There is no doubt that the Commission has enhanced its accountability and transparency as a direct result of your Committee's work. The development of our corporate performance indicators and the additional evidence sessions about two of our key strategic priorities, ICT and Official Languages, are examples of this. We found these targeted evidence sessions particularly valuable as they provided engagement opportunities for the public, involved a range of Commissioners, and reflected our respective accountabilities and responsibilities.

E-bost newydd: [Swyddfa.Breifat@cynulliad.cymru](mailto:Swyddfa.Breifat@cynulliad.cymru) / Rhif ffôn newydd: 0300 200 6232  
New e-mail: [Private.Office@assembly.wales](mailto:Private.Office@assembly.wales) / New telephone number: 0300 200 6232  
Croesewir gohebiaeth yn y Gymraeg a'r Saesneg/We welcome correspondence in both English and Welsh

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Llywydd  
Presiding Officer

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I also believe that the Committee's support for the Commission's multiple year budget approach has been hugely important and enabled us to take a strategic approach to our budget planning throughout the course of the Fourth Assembly. We will be recommending in our own legacy report that the new Commission should continue this approach in the Fifth Assembly.

The timescales for laying the draft budget and the evidence session, whilst challenging at times, do work effectively as both the Committee's clerking team and the Commission have established good practices. Reaching agreement on the Commission's budget at an early stage, and in advance of the Government's proposals, is an important principle and one which also enables us to plan well ahead for the delivery of services. One change the committee might wish to consider concerns Standing Order 20.14 where we would suggest that the responsible committee must consider and report to the Assembly on the draft budget for the Commission no later than 22 October.

Finally, I would like to add a personal thank you for the professional and welcoming approach of your Committee whenever I or my fellow Commissioners have presented evidence.

**Dame Rosemary Butler AM**  
**Presiding Officer**

Ms Jocelyn Davies AC  
Cadeirydd y Pwyllgor Cyllid  
Cynulliad Cenedlaethol Cymru  
Bae Caerdydd  
CF99 1NA

Dyddiad: 3 Rhagfyr 2015  
Ein cyf: HVT2437/IG15028/caf  
Tudalen: 1 o 3

Annwyl Jocelyn

### GWADDOL Y PWYLLGOR CYLLID – PROSES Y GYLLIDEB

Diolch am eich llythyr dyddiedig 17 Tachwedd, ac am roi cyfle i ni wneud sylwadau ar drefniadau'r Pwyllgor ar gyfer craffu ar y gyllideb, a'i effaith gyffredinol.

Rydym wedi teimlo bod gennym gysylltiadau da â'r Pwyllgor Cyllid, o ran ei ystyriaeth o'n cyllideb (yr Amcangyfrif) a dogfennau cysylltiedig (Cynllun Ffioedd, Cynllun Blynnyddol, Adroddiad Interim, ac Adroddiad Blynnyddol a Chyfrifon). Mae lefel y gwaith craffu a gynigir gan y Pwyllgor wedi bod yn heriol ac yn gadarnhaol i ni, ac mae hyn wedi ein helpu i atgyfnerthu'r ffordd rydym yn gweithredu'n gyffredinol.

Mae'r trefniadau cyswllt â chlercod y Pwyllgor wedi gweithio'n dda iawn ar y cyfan; rydym yn cael digon o rybudd i sicrhau bod dogfennau dwyieithog ar gael mewn pryd i'w gosod, a sicrhau bod dystion ar gael i roi dystiolaeth i'r Pwyllgor. Rydym yn croesawu'r dull adeiladu hwn o fanteisio i'r eithaf ar y prosesau llywodraethu a chraffu.

Mae'r cwestiynau a godir gan y Pwyllgor yn glir ac yn dangos mewnwlediad fel arfer, ac maent yn helpu i lywio iteriadau o'r Amcangyfrif yn y dyfodol, er mwyn i ni allu rhoi manylion a narratif i'r prosiect. Mae'r Pwyllgor yn ei drafodion. Mae

hyn yn cynnwys cais y Pwyllgor i roi manylion am ein rhaglen gyfalaf tair blynedd yn yr Amcangyfrif, sy'n gyson â'n hymagwedd tymor canolig tuag at gynllunio busnes. Mae ein Cynllun Blynnyddol yn cynnwys yr holl wybodaeth gynllunio yn ystod y flwyddyn sy'n ofynnol o dan adran 25 o Ddeddf Archwilio Cyhoeddus (Cymru) 2013, ond mae hefyd yn cynnwys gwybodaeth ynglŷn â'n blaenoriaethau tair blynedd, gan amlinellu sut y bwriadwn flaenorriaethu ac atgyfnerthu ein rhagleni gwaith yn y tymor canolig, a rhoi cyfle i ni gyfleo ein barn yn y tymor hwy ynglŷn â'r ffordd y gellid gwella effeithiolrwydd gwaith archwilio yn y sector cyhoeddus yng Nghymru.

Rydym wedi croesawu ymateb amserol y Pwyllgor, o ran ceisiadau ysgrifenedig am ragor o wybodaeth, a chyflwyno adroddiad yn sgil ei ystyriaeth o'r dogfennau a restrir uchod, a'r argymhellion clir ac adeiladol a wneir.

Rydym yn cydnabod bod pawb wedi bod drwy gyfnod o ddysgu mewn perthynas â gofynion Deddf Archwilio Cyhoeddus (Cymru) 2013, ac rydym wedi nodi cyfle i wella'r ffordd y cyfathrebir. Ysgrifennwyd atoch ar 19 Mehefin 2015 er mwyn nodi rhai o'r anawsterau a wynebwn wrth gymhwys o'r Ddeddf yn ymarferol, ac ôl treulio cryn amser yn nodi ac yna'n awgrymu ffyrdd ymarferol o fynd i'r afael â'r anawsterau hynny drwy ddiwygiadau i'r Ddeddf. Fe'n hysbyswyd wedyn ar 24 Mehefin 2015 fod y Gweinidog Cyllid a Busnes y Llywodraeth wedi ysgrifennu atoch ar 16 Rhagfyr 2014, yn nodi barn glir iawn nad oedd angen newid y Ddeddf. Pe bai'r farn hon wedi cael ei chyfleo'n gynharach byddem wedi osgoi'r ymdrech ddiangen i lunio'r cynigion yn ein llythyr dyddiedig 19 Mehefin.

Gan edrych i'r dyfodol, efallai y bydd sesiwn friffio ar y Ddeddf, yn debyg i'r un a gynhaliwyd ar gyfer y Pwyllgor cyfredol ar 30 Ebrill 2014, yn ddefnyddiol i'r Pwyllgor Cyllid newydd. Rhoddodd wybodaeth am y ffordd rydym yn gosod ffioedd ac amlinellodd gymhlethdodau a goblygiadau'r ffordd y mae SAC yn cael ei hariannu.

Teimlwn fod lle i wella amseriad yr ystyriaeth o rai o'r dogfennau a restrir uchod. Mae'r Amcangyfrif, y Cynllun Ffioedd a'r Cynllun Blynnyddol oll yn ymwneud â'r un cyfnod, ond mae'r amserlen statudol i'w paratoi yn wahanol, ac felly cânt eu hystyried gan y Pwyllgor ar adegau gwahanol. At hynny, mae'r Adroddiad Blynnyddol a Chyfrifon a'r Adroddiad Interim yn ymwneud â chyfnodau gwahanol, ond cânt eu hystyried gan y Pwyllgor yn yr un cyfarfod. Rydym wedi ceisio cysoni amseriad yr ystyriaeth o'n dogfennau lle y bo modd, gan gynnwys drwy gyflwyno'r Amcangyfrif a'r Cynllun Ffioedd i'r Pwyllgor eu hystyried ar yr un pryd eleni. Fodd bynnag, efallai y byddai rhagor o fanteision pe cai dull gweithredu mwy strategol ei fabwysiadu, lle mae'r Pwyllgor yn ystyried ein cynllun busnes tair blynedd treigl, yn hytrach na'r Cynllun Blynnyddol, ochr yn ochr â'n Hamcangyfrif a'n Cynllun Ffioedd bob blwyddyn, ac yna'n ystyried ein Hadroddiad Blynnyddol a Chyfrifon ar wahân.

Yn gyson â'r sylwadau uchod ynglŷn â'n cynllun busnes tair blynedd treigl, byddai'n fuddiol mabwysiadu dull tymor hwy o gymeradwyo'r gyllideb drwy broses yr Amcangyfrif. Drwy roi mwy o sicrwydd i SAC ac ACC o ran cyllid, gallem yn ein tro roi mwy o sicrwydd i gyrrf sy'n talu ffioedd a fyddai'n helpu i wella gwaith rheoli ariannol yn y tymor hwy fel y'i hargymhellwyd mewn nifer o'n hadroddiadau yn ystod y blynyddoedd diwethaf.

Rydym wedi rhoi rhagor o wybodaeth mewn ymateb i'r cwestiynau penodol a godwyd yn eich arolwg ar-lein.

Yn gywir

**HUW VAUGHAN THOMAS**  
**ARCHWILYDD CYFFREDINOL CYMRU**

**ISOBEL GARNER**  
**CADEIRYDD, SWYDDFA ARCHWILIO CYMRU**

Jane Hutt AC / AM  
Y Gweinidog Cyllid a Busnes y Llywodraeth  
Minister for Finance and Government Business



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA-P-1501-15

Jocelyn Davies AC  
Cadeirydd y Pwyllgor Cyllid  
Cynulliad Cenedlaethol Cymru  
Caerdydd  
CF99 1NA

11 Ionawr 2016

Annwyl Jocelyn,

Diolch i chi am eich llythyr dyddiedig 17 Tachwedd ynghylch ystyriaeth y Pwyllgor o'r trefniadau ar gyfer craffu ar y gyllideb ac effaith rôl y Pwyllgor, fel rhan o'i etifeddiaeth.

Mae bod yn agored ac yn dryloyw wraidd gwaith Llywodraeth Cymru ac fe fuont yn ystyriaethau canolog yn ystod y weinyddiaeth hon yng nghyd-destun proses y gyllideb, gan gynnwys cefnogi craffu effeithiol. Mae cyfnod craffu ar broses y Gyllideb yn gam pwysig o ran profi a datblygu ein cynigion ar gyfer y gyllideb ac yn elfen hanfodol o'n hatebolrwydd democrataidd. Mae Llywodraeth Cymru wedi ymrwymo drwy gydol y cyfnod hwn i wella ein dull o ymdrin â chyllidebau a'r ffordd y cyflwynir deunydd y gyllideb. Gan weithio'n adeiladol gyda'r Pwyllgorau Cyllid, rydym wedi gwneud cynnydd sylweddol yn y cyswllt hwn dros y pum mlynedd diwethaf, ac rwyf wedi ymrwymo i barhau i chwilio am gyfleoedd i wella proses y gyllideb.

Un o'r nodweddion sydd wedi diffinio'r gwaith o graffu ar y gyllideb yn y tymor hwn fu'r cefndir ariannol heriol. Yn wyneb y gostyngiad mewn cyllidebau, mae'n bwysicach nag erioed inni wario adnoddau cyhoeddus mewn ffordd mor effeithiol â phosibl. Yn y cyd-destun hwn, croesewais gefnogaeth y Pwyllgor yn gynnar yn y weinyddiaeth hon i'n cynnig i ddiwygio Cynnig Llywodraeth Cymru ar y Gyllideb Flynyddol ac i gyflwyno terfyn gwariant unigol ar gyfer Llywodraeth Cymru, yn lle cyfansymiau rheoli cyllidebau unigol ar gyfer pob Prif Grŵp Gwariant. Mae'r cam hwn wedi cynyddu ein hyblygrwydd i reoli adnoddau yn fwy effeithiol ac, yn bwysicach, i alinio cyllid â'n blaenoriaethau, yn enwedig tuag at ddiwedd y flwyddyn ariannol. Mae datblygu Protocol y Gyllideb wedi hynny hefyd wedi helpu i gadw tryloywder ac atebolrwydd mewn perthynas â'r arferion rheoli ariannol yn ystod y flwyddyn.

Rhan annatod o'n paratoadau ar gyfer y gyllideb yw tynnu ar yr holl dystiolaeth sydd ar gael er mwyn sicrhau ein bod yn gwario ein hadnoddau ar yr ymyriadau hynny sy'n sicrhau'r manteision mwyaf posibl ac sy'n cefnogi cyflawni ein canlyniadau. Mae gwrando ar farn rhanddeiliaid am y blaenoriaethau a'r gwasanaethau sydd bwysicaf iddynt yn rhan bwysig o'n ffordd o fynd ati. Yn ystod fy Nheithiau ar y Gyllideb Flynyddol, rwyf wedi siarad â'r rhai y bydd ein penderfyniadau ar y gyllideb yn effeithio arnynt, gan gynnwys darparwyr a defnyddwyr gwasanaethau, am yr heriau sy'n ein hwynebu wrth reoli ein blaenoriaethau o fewn cyllideb sy'n parhau i ostwng mewn termau real. Yn y cyd-destun hwn, mae gwaith y Pwyllgor Cyllid wrth graffu ar y gyllideb ymlaen llaw ac ymgysylltu â rhanddeiliaid wedi helpu i lywio ein hystyriaeth o flaenoriaethau yn ogystal â'n gwaith o baratoi am y gyllideb.

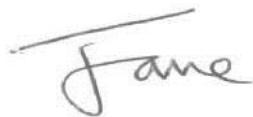
Tynnwyd sylw at nifer o themâu wrth graffu ar y gyllideb dros y blynnyddoedd diwethaf. Mae'r rhain wedi ymdrin ag amrywiaeth eang o faterion, megis y galw am fwy o fanylder am y costau sy'n gysylltiedig â rhaglen ddeddfwriaethol y Llywodraeth, pwysigrwydd gwariant ataliol a chymryd camau yn awr i atal problemau rhag codi neu i atal problemau presennol rhag gwaethyg a'r angen i ddeall effaith ein penderfyniadau ariannu, a sut y mae ein cyllidebau a'n cynlluniau gwario'n ategu ein blaenoriaethau. Yn unol â hyn, rydym wedi cymryd nifer o gamau mewn Cyllidebau olynol i fynd i'r afael â'r materion hyn a rhoi mwy o eglurder a gwybodaeth i helpu i lywio gwaith craffu. Wrth i ni barhau â'n gwaith, byddwn yn anelu at adeiladu ar y mesurau hyn mewn cyllidebau yn y dyfodol.

Wrth edrych i'r dyfodol, bydd nifer o ffactorau pwysig yn dylanwadu ar y ffordd rydym yn mynd ati mewn perthynas â phrosesau cyllidebol a chraffu. Yn fy llythyr dyddiedig 30 Tachwedd mewn ymateb i waith craffu'r Pwyllgor Cyllid o Ddeddf Llesiant Cenedlaethau'r Dyfodol, tynnais sylw at sut y mae fframwaith y Ddeddf eisoes wedi dylanwadu arnom wrth inni baratoi ar gyfer y gyllideb a llunio ein cynlluniau gwario drafft ar gyfer 2016-17. Pan roddais dystiolaeth i'r Pwyllgor ar Gyllideb Ddrafft 2016-17 y mis diwethaf, ymhelaethais ymhellach ar hyn ac mae manylion pellach am ein dull gweithredu wedi'i nodi yn naratif Cyllideb Ddrafft 2016-17 a gyhoeddwyd fel rhan o ddogfennau'r gyllideb.

O ran priodoldeb yr amserlenni ar gyfer y broses, mae'r amserlenni presennol ar gyfer craffu, ynghyd â nifer o faterion eraill, yn cael eu hystyried fel rhan o'r gwaith o ddiwygio ein gweithdrefnau cyllidebol, yng ngoleuni ein cyfrifoldebau cyllidol newydd o dan Ddeddf 2014. Un o'r blaenoriaethau pwysicaf mewn unrhyw gylch cyllidebol yw darparu sicrwydd cynnar ynghylch cyllid i'r sefydliadau yr ydym yn eu hariannu. Mewn blwyddyn arferol ar gyfer y gyllideb, rydym yn anelu at gwblhau'r broses gyllidebol erbyn y Nadolig er mwyn cyflawni hyn. Mae cydbwys o hyn â'r angen i sicrhau bod gan y Cynulliad y cyfle i graffu ar ein cynlluniau fel rheol yn golygu cyhoeddi ein cynlluniau ar ddechrau tymor yr Hydref. Er hynny, mae hyn yn peri heriau o ran cwblhau gwaith craffu o fewn un tymor. Mae'r cyfyngiad hwn yn cael ei gymhlethu ymhellach gan amseriad Datganiad yr Hydref mewn perthynas â chynnig y Gyllideb Derfynol, sy'n golygu yn aml fod ein cynlluniau cyllidebol wedi dyddio cyn i'r Cynulliad gytuno arnynt. Mae hwn yn gyfyngiad yr wyf wedi tynnu sylw ato o'r blaen ac mae'r heriau amseru yn faterion pwysig y mae angen eu hystyried fel rhan o'r gweithdrefnau cyllidebol diwygiedig.

Mae ymchwiliad y Pwyllgor Cyllid i Brosesau Arferion Gorau ar gyfer y Gyllideb yn rhan annatod o ystyriaethau hyn, ac rydym yn gweithio'n agos â swyddogion yng Nghomisiwn y Cynulliad i ddatblygu ein cynigion gan gynnwys ystyried awgrymiadau'r Pwyllgor o broses dau gam ar gyfer y gyllideb. Gan y bydd y newidiadau hyn yn effeithio ar ymarfer cynllunio'r gyllideb am 2018 -19, yn unol â rhoi'r pwerau cyllidol newydd ar waith, caiff union natur y diwygiadau ei datblygu a'i chytuno gan y Pumed Cynulliad.

Gobeithio bod hyn o gymorth.



**Jane Hutt AC / AM**  
Y Gweinidog Cyllid a Busnes y Llywodraeth  
Minister for Finance and Government Business

Jane Hutt AC / AM  
Y Gweinidog Cyllid a Busnes y Llywodraeth  
Minister for Finance and Government Business



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Jocelyn Davies AM  
Chair, Finance Committee  
The National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

30 November 2015

Dear Jocelyn,

#### **Fourth Assembly Finance Committee Legacy Inquiry**

Thank you for your letter of 12 November about the Finance Committee's post legislative scrutiny of the Well-being of Future Generations Act.

The provisions of the Act will take effect from April 2016, however the Draft Budget which I will publish on 8 December is very much focused on the requirements of the Act. From the outset my thinking about this year's Draft Budget has been shaped by the national well-being goals and the five ways of working set out in the Act. For example, in my Budget Tour entitled 'Delivering The Wales We Want' I took the opportunity to discuss with front line service workers how we could use the framework of the Act to help deal with the ongoing challenge of austerity.

As you point out in your letter, there are some elements of the Act such as the National Well-being Indicators and Milestones which have not yet been put in place. However, those parts of the Act that are already established are important. The five ways of working have been particularly influential in preparing this year's Draft Budget. My Draft Budget plans will be based on a clear analysis of the long-term factors that are shaping the demand for public services. This analysis makes clear the need for the preventative approach to funding public service provision which has driven successive Welsh Government Budgets. In setting a Draft Budget for the whole of the public sector I will be clear that better integration of service provision will be central to more effective service provision, as will collaboration with public service users. Involvement of all stakeholders during the scrutiny of the Draft Budget Plans will be important to ensure they are fit for purpose.

The Finance Committee's Better Budget Process inquiry has been important in proposing changes to mainstream budget procedures. I would of course be content to meet the Committee separately to discuss the impact of the Well-being of Future Generations Act, and the two recommendations made in the Best Practice Budget inquiry in relation to it. However, in the first place I suggest these issues would most usefully be examined during the Finance Committee's Scrutiny of the Draft Budget. That way we can discuss in an active way how the Act should impact on current budget planning. If following scrutiny of the Draft Budget you feel that a further meeting would be useful, I would be content to appear before the Committee at a date following scrutiny of the Budget.

Yours sincerely,



**Jane Hutt AC / AM**  
Y Gweinidog Cyllid a Busnes y Llywodraeth  
Minister for Finance and Government Business

Jocelyn Davies  
Cadeirydd y Pwyllgor Cyllid

9 Rhagfyr 2015

Annwyl Jocelyn,

**Etifeddiaeth y Pwyllgor Cyllid – proses y Gyllideb a chraffu ariannol ar ddeddfwriaeth**

Diolch yn fawr am eich llythyr dyddiedig 17 Tachwedd yn gofyn am adborth ar effeithiolrwydd dull cyffredinol y Pwyllgor Menter a Busnes o graffu ar y gyllideb. Fe'i trafodwyd gan y Pwyllgor Menter a Busnes yn ein cyfarfod ar 9 Rhagfyr.

**Amserlen y Gyllideb**

Nodwyd gan Aelodau'r Pwyllgor o'r blaen nad yw proses bresennol y Cynulliad – fel y'i nodir yn y Rheolau Sefydlog – yn caniatáu digon o amser ar gyfer ystyried safbwytiau rhanddeiliaid sy'n seiliedig ar ddadansoddiad trylwyr o'r manylion a'u bwydo yn ôl i'r Pwyllgor Cyllid.

Wrth i newidiadau i broses gyllideb y Cynulliad fynd rhagddynt, ein gobaith yw y bydd amser ychwanegol yn cael ei neilltuo i bwylgorau pwnc ymgysylltu â rhanddeiliaid ynghylch testunau pryder, ac i hyn ddigwydd fel y gallwn gyfrannu at ystyriaeth ehangach y Pwyllgor Cyllid o'r gyllideb ddrafft.

**Gwybodaeth Gyllidebol**

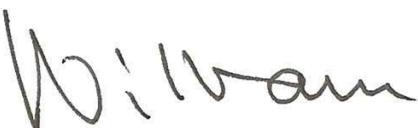
Mae ansawdd y wybodaeth y mae Llywodraeth Cymru'n ei rhoi ar gael i bwylgorau graffu ar y gyllideb ddrafft wedi cynyddu yn neilltuol yn ystod y Cynulliad hwn. Gobaith y pwyllgor yw y bydd y broses hon o wella parhaus – sy'n ein galluogi i asesu ystyriaethau gwerth am arian yn haws, ac a yw prosiectau yn darparu'r canlyniadau a fwriadwyd – yn cael ei chynnal.

Fodd bynnag, mae diffyg cysondeb rhwng adrannau o ran cynllun y gyllideb o hyd.



## Craffu Ariannol ar Ddeddfwriaeth

Un Bil yn unig y maeaelodau'r Pwyllgor hwn wedi craffu arno yn ystod y Cynulliad hwn, sef Deddf Teithio Llesol (Cymru) 2013. Ym mis Ionawr 2016, bydd y Pwyllgor yn siarad â rhanddeiliaid ac yn craffu ar waith y Gweinidog ynghylch unrhyw gynnydd a wnaed ers i'r Ddeddf ddod i rym. Bydd hyn yn cynnwys craffu ar a gadarnhawyd yr amcangyfrifon o effaith ariannol y Bil. Ysgrifennaf atoch eto os daw sylwadau pellach i law ar ôl y gwaith hwnnw.



William Graham

Cadeirydd y Pwyllgor Menter a Busnes



Jocelyn Davies AC  
Cadeirydd y Pwyllgor Cyllid  
Cynulliad Cenedlaethol Cymru

17 Rhagfyr 2015

Annwyl Jocelyn

### Gwaddol y Pwyllgor Cyllid – proses y gyllideb a chraffu ariannol ar ddeddfwriaeth

Diolch am eich llythyr dyddiedig 17 Tachwedd yn gofyn am farn y Pwyllgor Plant, Pobl Ifanc ac Addysg ynghylch proses y gyllideb a chraffu ariannol ar ddeddfwriaeth.

Trafododd y Pwyllgor eich llythyr yn ei gyfarfod ar 2 Rhagfyr, ac roedd yn falch o'r cyfle i gyfrannu at drafodaeth y Pwyllgor o broses y gyllideb. Fel yr amlinellwyd yn eich llythyr, mae dau faes gwahanol o graffu ariannol ar gyfer Pwyllgorau – craffu ar y gyllideb yn gyffredinol a chraffu ariannol ar ddeddfwriaeth. Trafododd y Pwyllgor y ddau faes hyn yn seiliedig ar y cwestiynau penodol yn eich llythyr. Roedd gan y Pwyllgor hefyd nifer o bryderon cyffredinol ac roedd o'r farn mai da o beth fyddai eu bwydo i waddol y Pwyllgor Cyllid.

### Effeithiolrwydd y dull cyffredinol o graffu ar y gyllideb

Prif bryder y Pwyllgor mewn perthynas â phroses y gyllideb yw bod angen i'r amser sydd ar gael i graffu ar y gyllideb gael ei reoli'n fwy effeithiol. Mae hyn yn arbennig o berthnasol i'r amser cyfyngedig rhwng yr adeg y bydd Llywodraeth Cymru yn gosod y gyllideb ddrafft a'r dyddiadau cau ar gyfer Pwyllgorau i gyfrannu i'r broses.



Er mwyn i graffu fod yn effeithiol, mae angen i Bwyllgorau ganolbwytio ar graffu ar y gyllideb mewn ffordd fwy dwys. Fodd bynnag, yr arfer sydd ohoni yw bod busnes y Cynulliad yn parhau yn ôl yr arfer, a all olygu nad oes digon o sylw yn cael ei roi ar graffu ar y gyllideb. Gellid ystyried newid y ffordd y mae'r Cynulliad yn trefnu ei fusnes yn ystod y cyfnod y Gyllideb, gan gynnwys defnyddio slotiau busnes gwahanol neu ychwanegol ar gyfer craffu ar y gyllideb.

Mae hefyd yn bryder y gall fod yn bosibl nad oes gan y Cynulliad y sgiliau angenrheidiol i graffu'n effeithiol ar y gyllideb. I fod yn effeithiol, mae angen i Bwyllgorau newid i feddylfryd ariannol a dylent fedru galw ar gymorth arbenigol yn ystod cyfnod y gyllideb.

Mae ymgysylltu â rhanddeiliaid yn ystod cyfnod y Gyllideb i'w groesawu mewn egwyddor ac yn ffordd ddefnyddiol o gynyddu capaciti'r Cynulliad. Fodd bynnag, mae amser yn brin ac mae adnoddau rhanddeiliaid yn cael eu rhoi dan bwysau cynyddol oherwydd cyfyngiadau ariannol. Yn y dyfodol, efallai na fydd gan randdeiliaid y capaciti i gyfrannu'n llawn at y broses o graffu ar y gyllideb. Mae hwn yn fater y dylai'r Cynulliad ei gadw mewn cof wrth iddo ystyried trefniadau ar gyfer craffu ar y gyllideb yn y dyfodol.

### Effeithiolrwydd craffu ariannol ar ddeddfwriaeth

Bu craffu ariannol ar Filiau yn anodd, gan fod y wybodaeth a geir yn y Memorandwm Esboniadol yn aml yn gymhleth ac yn aneglur iawn. Felly, mae wedi bod yn anodd i'r Pwyllgor graffu ar oblygiadau ariannol y Biliau yn ddigon manwl.

I gynorthwyo'r gwaith o graffu'n ariannol ar Filiau, dylid rhoi ystyriaeth i ddatblygu templed clir ar gyfer Memoranda Esboniadol, yn nodi'n fanwl y wybodaeth ariannol sydd ei hangen. Mae'r Pwyllgor yn deall bod Archwilydd Cyffredinol Cymru hefyd wedi argymhell defnyddio templed o'r fath.

Mae'r Pwyllgor yn nodi Argymhelliaid 3 o Adroddiad y Fforwm Cadeiryddion: Gwaddol Pwyllgorau'r Pedwerydd Cynulliad y "gallai pwyllgorau fod yn fwy pendant wrth sicrhau bod deddfwriaeth yn "addas i'r diben" drwy anfon Biliau yn ôl at Lywodraeth Cymru os nad oes digon o feddwl y tu cefn iddynt neu os yw'n amlwg nad ydynt yn barod". Mae'r Pwyllgor yn cytuno â hyn mewn egwyddor ac



yn credu y dylai Pwyllgorau fod yn fwy cadarn wrth fynnu gwybodaeth ariannol glir a digonol i gynorthwyo yn y broses graffu.

### Craffu ariannol cyffredinol gan Bwyllgorau

Roedd cytundeb y dylai Pwyllgorau gynnal rhagor o graffu ariannol manylach yn ystod y flwyddyn, ond mae angen i hynny gael mwy o ffocws. Dylai pwyllgorau ymgorffori craffu ariannol yn eu gwaith, fel bod dyraniadau'r gyllideb yn destun proses graffu yn y lle cyntaf ac yna, yn hwyr yn y cylch cyllideb, bod y canlyniadau a'r gwariant yn destun craffu. Nid oes digon yn cael ei wneud ar yr olaf o'r uchod.

I gloi, mae'r Pwyllgor o'r farn bod craffu ar y gyllideb gan bwylgorau wedi gwella yn ystod y Cynulliad hwn. Fodd bynnag, mae lle i wella eto, ac rydym yn gobeithio y bydd adroddiad gwaddol y Pwyllgor Cyllid yn gosod y sylfaen ar gyfer y gwaith hwnnw.

Yn gywir



Ann Jones AC

Cadeirydd



Lakshmi Narain LLM, Msc, FCA, FTII



Jocelyn Davies  
National Assembly for Wales  
Finance Committee  
Cardiff Bay  
Cardiff CF99 1NA

1 December 2015

Dear Jocelyn,

### **Finance Committee's legacy**

May I say at the outset what an enormous pleasure it was to work with you, the Finance Committee and the Chamber and Committee Service staff. Throughout, the process I was impressed with the commitment and focus on ensuring that the draft legislation was subject to thorough scrutiny.

It is reasonable to say that I had mixed expectations. Those committee proceedings that I have followed assiduously over the years, during the passage of Finance Bills through parliament and in the House of Lords, showed quite provided contrasting approaches. I was unreservedly delighted with the approach of the Finance Committee to the Tax Collection and Management (Wales) Bill and very impressed, in particular, with your management of the proceedings. I should add that my feelings have been echoed in comments made to me by some of those providing evidence.

As an individual who has spent much of the past 35 years poring over tax legislation and technical guidance, I was extremely pleased to see that all involved were so concerned to ensure that the purpose of the legislation was understood and that the structure and content of the Bill is such that it should achieve what it is intended to.

The detailed, line by line, scrutiny of the final Bill will clearly be important to ensure that the legislation does not give rise to any unintended problems.

In my view, there are considerable benefits to be gained by having an expert adviser to the committee; in providing clarification on complex issues, researching specific issues and injecting a degree of scepticism as regards the quality of some of the representations made. This leads me to conclude that it is essential, due to the complexity of both legislation and commercial structures, to have access to a range of expert advisers. However, in the context of an evolving

tax system, I believe it is important to have continuity and consistency: having a number of expert advisers could lead to inconsistency. Inconsistency that could lead to the entire system being brought into disrepute or, perhaps more seriously, to a dysfunctional system that can be exploited and abused.

In my experience, a range of models are deployed with the aim of achieving the twin objectives of consistency and continuity; typically, an individual is given the lead role and that individual will then engage others as and when needed. The engagement may be relatively informal, but is often achieved through the formation of panels or sub-committees to advise the "expert adviser". My recommendation would thus be that the Finance Committee have access to a single expert adviser on a permanent basis (or, at least, on a long term basis). As regards Finance, that expert should, in my view, be a relatively experienced accountant with recent practical experience, who is able to identify when support is needed as regards related issues - economics, law, accounting etc. The alternative of having a less experienced adviser supported by a "panel" would also, in my view, work but the selection of the panel then becomes a potential issue.

I am happy to discuss any of the matters noted above in further detail should you feel that it would be helpful.

Yours Sincerely

Lakshmi Narain

Y Pwyllgor Cyllid | Finance Committee

FIN(4)-06-16 P13

Response from Ian Summers

Given my previous employment with the Assembly I know the committee well and was fully aware of what to expect when I took on the role of adviser for the Best Budget Practice enquiry. I was not disappointed and was very pleased that Committee took on board virtually all my suggestions.

Going forward I am firmly of the view that the implementation of the recommendations in the Best Budget Practice Report coupled with the statutory duties in the Future Generations Act will necessitate a much harder and more focussed budget scrutiny process for the Finance Committee and also for other committees and AMs more generally. The Assembly will need to be better supported than ever before and this will, in my opinion necessitate the creation of a specialist Budget Unit as part of the Assembly staff. The Unit should have two to three staff dedicated to all aspects of budget scrutiny with the ability to call on/buy-in specialist expertise when needed. The staff should be suitably qualified and be able to speak with equal authority to those working on this matter within the Welsh Government. The Assembly deserves no less in order to be able to do its job of properly scrutinising the budget before approving it.

I would recommend that the committee considers this when preparing its legacy report.

Ian Summers

Your Ref.  
Our Ref. AS/EM  
Contact Angela Scott  
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7 December 2015

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Dear Jocelyn

**Finance Committee's legacy – Expert advisers**

Thank you for the opportunity to reflect on my experience as adviser to the Committee. As you know, in addition to being adviser, CIPFA had also been appointed to provide Learning and Development support to the Assembly, for both members and officials. This was a unique combination but offered significant benefit in terms of the scrutiny which the Finance Committee undertook.

From my perspective, the benefit of the Committee having an adviser was that it allowed me to provide a financial scrutiny framework which extends from budgeting scrutiny, to in-year inquiries, through to the end of year financial position. I was pleased with how receptive the Committee was to the framework and its willingness to use the framework in its final Budget report.

If the Committee continued to use the framework of financial scrutiny in terms of impact, I think the Committee has the potential to hold Government to account for delivering value for money.

In light of the Committee having the finance scrutiny framework, the role of any further adviser would have to focus on supporting the Committee to identifying appropriate questioning under the given principles so perhaps, as you say, specialist areas.

I personally found the Committee to be very engaged and supportive and receptive to my ideas and suggestions.

ANGELA SCOTT  
CHIEF EXECUTIVE



**AGE POSITIVE**  
scotland



The nature of the Assembly Business demands extremely short notice for production of materials for the Committee and this was challenging as an external partner. The clerks to the Committee were all very helpful and proved a useful sounding board. The relationship between the clerk and an adviser is critical, particularly in terms of being clear about who does what and when.

I thoroughly enjoyed my experience as an adviser and would highly recommend it to others. I hope you and the Committee are continuing to ask tough questions!

Best wishes to everyone.

Yours sincerely



**Angela Scott**  
Chief Executive