

## **Annex A**

**Recommendation 1. We recommend that the Welsh Government continues to work towards ensuring that the intended outcomes of public expenditure- and mechanisms for monitoring such- are consistently identified and published in a timely way that enables effective scrutiny of the sufficiency and value for money of the Welsh Government's budgetary proposals. (Page 21)**

The Budget was developed alongside the Programme for Government. The Programme for Government sets out our plans for delivering our ambitions for Wales, what outcomes and improvements in wellbeing for the people of Wales we want to see and how progress will be measured. The Budget sets out how we have started to align more effectively our delivery and spending plans to better demonstrate the changes in outcomes and delivery of the priorities of the Government.

We will be reporting on the progress we have made in delivering changes in outcomes through an annual report on the Programme for Government to be published next year. This information will show how we are continuing to improve on the transparency around planning and reporting on our activities and achievements to demonstrate the difference we are making to the lives of people in Wales. The annual report on the Programme for Government and any future updates to it will prove vital in considering the content of future Budgets.

**Recommendation 2. We recommend that in presenting future draft budgets, the Welsh Government provides detail of year-on-year proposed budgetary changes (using the figures from the previous financial year's most recent budget as a baseline). (Page 28)**

**Recommendation 3. We recommend that in presenting future draft budgets, the Welsh Government seeks to make all relevant and requested information on proposed budgetary allocations (including detail of proposed budgetary allocations within departments, such as BELs) available to National Assembly for Wales Committees, providing a sufficient level of detail for scrutiny in a consistent and co-ordinated manner, at the time of the draft budget's publication, or as close to it as reasonably possible. (Page 28)**

**Recommendation 4. We recommend that the Minister for Finance responds to the concerns of the Committees of the National Assembly for Wales, and takes on board the views of stakeholders, in order to improve the timeliness and level of detail published in the draft budget proposals, to enable more effective scrutiny of the budget proposals in relation to specific areas. (Page 28)**

As I said in my evidence to the Finance Committee, the way we presented our spending plans this year is consistent with the standard approach we have always taken when we have already published a set of indicative figures. However, I know there have been a number of concerns expressed this year around the ability to see year on year changes, the level of detail we provide when we publish the Budget and the consistency of approach in the way information is provided to Committees.

I keep the approach we take to publishing our Budget under review and I am happy to work with the Committee to explore how we can improve the process, in light of the Committee's recommendations around the transparency and presentation of our Budget. As a demonstration of my commitment towards improving the transparency around our Budget proposals, I am presenting the Budget figures in the Final Budget Explanatory Note as requested in the Finance Committee's Report. We are highlighting the year on year changes affecting each Main Expenditure Group (MEG).

**Recommendation 5. We recommend that the Welsh Government works expeditiously towards developing a strategic approach towards the utilisation of its capital resources, providing quarterly reports to the Finance Committee on its progress. We recommend that this should provide clarity on which elements of the Welsh Government's planned capital expenditure, and how it will be administered and monitored, are included within the National Infrastructure Plan, to enable scrutiny of such. (Page 35)**

**Recommendation 6. We recommend that the Welsh Government continues to explore all avenues for increasing and maximising capital funding opportunities and maximising the benefits for Wales. We anticipate this would include a robust analysis of both the short and long-term consequences for Wales of such mechanisms for increasing capital funding. We anticipate the Welsh Government would also provide us with quarterly reports on the matters raised in these recommendations. (Page 36)**

As I acknowledged in my evidence to the Finance Committee, the development of Wales Infrastructure Investment Plan and the work we are doing to develop innovative approaches to financing infrastructure investment, are important developments and ones I know the Finance Committee will want to scrutinise further.

I was pleased to be able to provide the Assembly with an update on progress on these important initiatives last month when we launched our strategic investment programme to support public services and the Welsh economy. As part of this, I confirmed that I intend to publish an outline version of the Wales Infrastructure Investment Plan in spring 2012. I would be happy to provide further updates to the Committee whenever appropriate, including a progress report around the time I will be launching the Plan.

**Recommendation 7. We recommend that a full equality impact assessment is carried out for all proposed allocations within the Welsh Government's final budget. We anticipate this would be accompanied by an assessment of the budget's impact on the development of the Welsh Language. (Page 45)**

We have placed the equality assessment at the centre of our budget processes when developing our spending plans. At Final Budget stage last year, we included an Equality Impact Assessment of our Budget proposals. We were the first UK Administration to undertake a comprehensive Equality Impact Assessment of our spending decisions – a move which was warmly welcomed by many across Wales.

This year, at Draft Budget Stage, we published an update to the three year Budget assessment reflecting any changes in those areas where we have made additional allocations or where we have realigned budgets.

Alongside the Final Budget, I published a consolidated account of the work undertaken to assess the equality impact of our spending decisions. In doing so, I confirmed that an equality impact assessment will also be carried out on the additional allocation of £20 million for the Pupil Deprivation Grant in 2012-13.

In terms of an assessment of the Budget's impact on the development of the Welsh Language, it is different to, and separate from, the equalities impact assessment process within the Welsh Government. Our responsibility for promoting the use of the Welsh language is reflected in our Welsh language scheme, as approved by the Welsh Language Board in March 2011. This commitment is supported by the integration of a Welsh language questionnaire into the Welsh Government's policy-making process. The policy-making process is used by all Welsh Government Departments and every Welsh Government Directorate has to prepare and maintain a Welsh Language Action Plan, in accordance with our Welsh Language Scheme. The Welsh Language scheme and the action plan, together with the

integration of the Welsh language questionnaire into the policy process, provides a specific methodology for screening the Welsh language.

**Recommendation 8. We recommend that a full Sustainability Impact Assessment is carried out for all proposed allocations within the Welsh Government's final budget. (Page 45)**

Sustainable Development is the central organising principle of the Welsh Government. In response to a request from the then Sustainability Committee, I wrote to the Committee on 1 March 2011, in my previous capacity as Minister for Business and Budget, to set out how we assessed the impact of last year's Budget proposals on sustainable development.

In summary, consideration of the impact on sustainable development has been mainstreamed into all aspects of the budget planning process, rather than being assessed as a discrete exercise. Consequently, there is no single document setting out this work. Rather, our commitment to sustainable development has underpinned the process for collecting the evidence to support our decisions, it has shaped the analysis of our options, and ultimately it is reflected in the Budget proposals that we have published.

**Recommendation 9. We recommend that the Welsh Government engages in dialogue with Local Health Boards to ensure that their service plans are finalised and made publically available as soon as possible, and that the Minister then reports on whether the funding available to Local Health Boards will be sufficient to deliver such plans (Page 55)**

Local Health Boards have the legal responsibility for planning health services for their local population. Following recent structural changes, the Boards have been reviewing all their services and the current financial situation contributes a new complexity to that work. Their planning should as a matter of course be formulated with a clear understanding of likely future funding available to them.

Guidance is quite clear that the Boards need to work closely with Community Health Councils on developing proposals for change, and that, where appropriate, these should be tested through consultation with the public. Boards should also have an ongoing, continuous process of engagement with local communities on health issues.

The Minister for Health and Social Services sets the policy framework and ensures the local planning process is rigorous and fair but it is not her role to approve these plans. The National Clinical Forum will ensure local plans are in the best interests of patients and based on sound clinical advice. It will also consider important interdependencies that require a regional approach to ensure the best solutions for Wales.

The plans will encourage people to take an interest in the NHS services they pay for and rely on. The NHS will need to explain health issues better and engage fully with local communities. The Health Minister has been clear that this is not about money but the changes we propose in Together for Health will force the NHS to use its resources well.

There is no reason to believe that the additional funding we are providing to the NHS in the Draft Budget will be insufficient for them to deliver their service plans.

**Recommendation 10. We recommend that the Welsh Government clarifies the role of its delivery unit in ensuring the delivery of the outcomes intended to be enabled by the draft budget. We anticipate this would include clarity of the role of the delivery unit in both monitoring the delivery of outcomes, and enabling appropriate action to be taken where outcomes are in danger of not being realised. (Page 60)**

The Welsh Government is entirely committed to delivering the actions in the Programme for Government. The First Minister was clear in his statement of 13 July that the Delivery Unit would help to ensure integrated and streamlined

delivery of strategic government priorities. It will add value and rigour - it will not do others' jobs or impose a bureaucratic burden. The First Minister's statement also confirmed that he would hold Ministers and Departments to account for progress on these priorities.

