

Y Pwyllgor Cyllid

FIN(3)-22-10 : Papur 2

Cyllideb Ddrafft Llywodraeth Cynulliad Cymru 2011-12 - Cyflwyniadau gan Bwyllgorau eraill y Cynulliad

Fel rhan o'r broses o graffu ar gyllideb ddrafft 2011-12, cynhaliodd pwyllgorau craffu'r Cynulliad sesiynau tystiolaeth gyda'r Gweinidogion sydd â'r portffolios sy'n berthnasol iddynt hwy. Cyflwynwyd adroddiadau o'u hystyriaethau i'r Pwyllgor Cyllid ac fe'u ceir fel atodiadau i'r papur hwn.

- Atodiad A Y Pwyllgor Plant a Phobl Ifanc
- Atodiad B Y Pwyllgor Cymunedau a Diwylliant
- Atodiad C Y Pwyllgor Menter a Dysgu
- Atodiad Ch Y Pwyllgor Cyfle Cyfartal
- Atodiad D Y Pwyllgor Iechyd, Lles a Llywodraeth Leol
- Atodiad Dd Yr Is-Bwyllgor Datblygu Gwledig
- Atodiad E Y Pwyllgor Cynaliadwyedd

Gwasanaeth y Pwyllgorau

Atodiad A: Y Pwyllgor Plant a Phobl Ifanc

I ddilyn

Atodiad B: Y Pwyllgor Cymunedau a Diwylliant

The Committee's Recommendations

The Committee's recommendations to the Welsh Government are listed below:

We recommend that when engaging in dialogue with AGSBs about possible future funding arrangements, the Welsh Government ensures that as result of such dialogue it is able to determine indicative estimates of the potential consequences of funding cuts or increases for those AGSBs.

We recommend that the Welsh Government ensure that reductions in funding for revenue funded clients of the Arts Council of Wales are limited to around 4% over a three year period, as set out by the Minister for Heritage.

We recommend that the Welsh Government works with partners (such as local authorities and the Arts Council of Wales) to enable the identification of geographic areas in Wales where people have particularly limited access to arts and cultural activities via public transport.

We recommend that the Welsh Government provide a clear account of the anticipated costs of establishing the office of the Welsh Language Commissioner.

Atodiad C: Y Pwyllgor Menter a Dysgu

Introduction

The Minister for Business and Budget, Jane Hutt AM, published the Welsh Government's Draft Budget 2011-2012 on 17 November 2010. The Enterprise and Learning Committee held a meeting on 24 November to scrutinise Welsh Ministers on the draft budget in the areas within our portfolio – economic development, transport, education and lifelong learning, and skills.

We would like to put on record our thanks to Ministers and officials for providing us with written and oral evidence for our short inquiry. We appreciate the considerable work involved in preparing that information, and also the difficult decisions that are having to be made within the current financial framework.

This report summarises the main conclusions and recommendations of our scrutiny. We hope that they will be useful to the National Assembly's Finance Committee in its overall consideration of the Welsh Government's strategic approach to setting next year's budget.

Economic development

Monitoring and evaluation

We challenged the Deputy First Minister and Minister for the Economy and Transport to explain how the draft budget upholds the Government's four strategic priorities of frontline services, protecting the vulnerable, equality of opportunity and economic recovery, and how progress on achieving those outcomes is measured and assessed. We are concerned that there appears to be no rigorous performance framework yet in place.

We recommend that the Welsh Government should develop, as a matter of urgency, a framework for measuring the impact of its economic development policies against strategic objectives.

We also recommend that Welsh Ministers should clarify the role they expect the newly announced Council for Economic Renewal to play in

ensuring that the Government's performance in this area can be regularly held to account.

Transport

Sustainable travel

We welcome the Deputy First Minister's comment that more money is now being spent on public transport (60 per cent) than on roads (40 per cent).

We also value the Welsh Government's concessionary fare policy and would not wish to see any dilution of its success, but we are concerned that it may squeeze other sustainable travel initiatives aimed at increasing the modal shift from private to public transport. The Deputy First Minister acknowledged that because of the way in which the budget is presented it was difficult for us to see the detail of this, so he promised to share with us further information on how decisions have been reached within this part of the budget. We received some information on 29 November, but it still does not enable us to make any meaningful evaluation or comparison of the relative impact of the Government's "continued investment" in this area. We therefore suggest that this issue be explored further by the Finance Committee.

We recommend that the Finance Committee should scrutinise the impact of the Welsh Government's proposals for the future costs of the concessionary fares scheme on both the revenue and capital budgets for developing sustainable travel, and should make recommendations to Ministers for safeguarding other public transport initiatives.

Rail transport

During our questioning we were told by the Deputy First Minister that he intends to publish in December a list of rail projects that are going ahead, together with those that will be delayed or cancelled. We believe it will be important for us to look closely at that list when it is available.

We welcome the Deputy First Minister's intention to hold further discussions with Arriva Trains Wales in light of the budget to agree on improvements to rail services and priorities. However, we are concerned with Welsh Government officials' comments that we should "rest assured that transport

schemes are some of the best-evaluated schemes on which the Government spends money". The Government cannot afford to be complacent.

We therefore plan to hold a scrutiny session with the Deputy First Minister early in the New Year when we shall question him further on these issues as part of a wider discussion on progress made since we published our report in January 2010 on the Future Railway Infrastructure in Wales. Progress on rail schemes will depend on the cooperation of Network Rail and in some cases will also depend on its providing a proportion of the funding. We would therefore like to signal our intention to involve Network Rail as part of that scrutiny.

Road transport and safety

We understand that the Deputy First Minister will be making an announcement on the whole Trunk road scheme package in December, and we plan to hold a full scrutiny session on that announcement in the spring term.

However, the proposed reductions in the budget for road safety and environmental improvements concern us greatly, particularly as delivery of policy in this area relies on wider partnerships with local government. The central squeeze on road safety initiatives will therefore be further compounded by the budgetary pressures of individual local authorities.

We are also concerned with Welsh Government officials' responses that road safety will be built into new road projects. We accept the need to mainstream road safety in that way, but so many of Wales's roads are not new. In our view this is a case of passing the buck to other organisations that will also have difficulty in meeting safety costs. In the whole scheme of things, this is relatively small expenditure but it yields huge benefits: it is changing the behaviour of motorists and other road users that most requires revenue funding. We aim to return to this issue in the New Year as part of a follow-up scrutiny session on our report published in September 2009 on Casualty Reduction and Trunk Road Management.

We believe it is imperative that Wales's excellent record in road safety be maintained and we therefore recommend that the Finance Committee question the Welsh Government further on the cost-effectiveness of proposals to reduce its road safety budget.

Education

Higher Education

We believe that a vibrant higher education sector is key to Wales's economic development. We therefore welcome the Minister's comment that Wales needs to aim for excellence and to be internationally competitive in its higher education system.

We look forward to examining the Minister's response to the Browne review of higher education as we are concerned that higher education institutions will face double cuts – both from the Welsh Government's draft budget and from reductions in their other sources of funding. We plan to revisit this issue in the spring term when we shall review progress against recommendations identified in our October 2009 report on the Economic Contribution of Higher Education in Wales.

Schools

We would like to put on record our support for the Minister in securing funding for the Foundation Phase. We shall be very interested to hear the findings of the Minister's task and finish group on the structure of education delivery in Wales, which we were told will also include a consideration of funding for schools.

Regarding school breakfasts we welcome the Minister's openness to consider the economic impact of the initiative, although we accept that this is not the primary purpose of the scheme.

We recommend that the Welsh Assembly Government should build into future evaluations the contribution that the school breakfasts initiative makes to economic development.

Skills

We also support the Welsh Government's policy to protect funding for skills. However, we see the need for a more joined-up approach to ensure the work being done in the further education sector, 14-19 Learning Pathways and in modern apprenticeships can meet the identified needs of the economy. It is imperative that public money should be spent in the best way possible.

European Social Funding

The Deputy Minister told us the Welsh Government was currently reviewing the European Social Fund programme and that she was confident that match-funding for ESF projects was secure. We still seek further reassurances, however, that in this financial climate Wales does not compromise its ability to deliver important education and skills projects by failing to draw down ESF funding.

We recommend that the Finance Committee scrutinise further any risk of underspend in the European Social Funds programme as a result of the draft budget proposals.

Capital funding

Several times during our scrutiny of Ministers there appeared to be a pragmatic approach to protecting the existing capital budget by exploring alternative funding models such as public private partnerships. The Minister told us he was “entirely open to alternative capital” for schools and colleges, which was refreshing to hear. We know that Scotland has developed a distinctive approach in this area and we consider there would be public benefits to considering the suitability of a Welsh approach to this type of funding model.

We recommend that the Welsh Government should carry out an evaluation of the merits of different public private partnership models as a means of generating alternative sources of funding to deliver capital projects and also of saving on revenue expenditure over the longer term.

Atodiad Ch: Y Pwyllgor Cyfle Cyfartal

Equality of Opportunity Committee

Pwyllgor Cyfle Cyfartal

Angela Burns AM
Chair
Finance Committee
National Assembly for Wales
Cardiff Bay CF99 1NA

Cardiff Bay
Cardiff
CF99 1NA

2 December 2010

Dear Angela

Welsh Assembly Government Draft Budget 2011-12

At its meeting on 23 November, the Equality of Opportunity Committee considered the draft budget proposals for 2011-12. On behalf of the Committee, I wish to make the following comments:

- The Committee welcomed the Minister's assurance that the budgetary decisions had been based on an assessment of equality impact. However, we believe that there is a need for greater transparency and, in line with the guidance from the Equality and Human Rights Commission; the Welsh Assembly Government should publish the results of the equality impact assessment.
- The Committee highlighted the importance of measuring the effectiveness and outcomes of the Welsh Assembly Government's priorities in terms of their impact on different groups of people.
- The Committee was concerned about the impact of the reduced settlement to local government on their ability to implement equal pay policies for women, as we would not want to see the situation in Wales falling any further behind.
- We recognise that the Welsh Assembly Government has done what it can to try and protect the most vulnerable in society. However, we are concerned that many of our priorities are for determination and delivery at a local level and, given the Welsh Assembly Government's position regarding the allocation of hypothecated funding, we would urge the Minister to use the equality impact assessment process to ensure that local authorities and public bodies give due regard to

equality impacts in the decisions they take when spending money allocated to them by the Welsh Assembly Government.

I hope that you will take these issues into account during the Finance Committee's consideration of the draft budget.

Yours sincerely

A handwritten signature in black ink that reads "Ann Jones". The signature is written in a cursive style with a large initial 'A'.

Ann Jones AC / AM
Cadeirydd / Chair

Atodiad D: Y Pwyllgor Iechyd, Lles a Llywodraeth Leol

I ddilyn

Atodiad Dd: Yr Is-Bwyllgor Datblygu Gwledig

Rural Development Sub-Committee

Report on the Draft Budget for the Rural Affairs Department

December 2010

1. The Rural Development Sub-Committee met on 25 November 2010 to consider the draft budget for the Department of Rural Affairs, which was published on 17 November 2010.

2. The Committee took evidence from Elin Jones, Minister for Rural Affairs; Rory O'Sullivan, Director of Rural Affairs; Dean Medcraft, Deputy Director of Finance within Sustainable Futures group

3. The Committee sought clarification and further details on the following points during their scrutiny session with the Minister:

- The Minister's key priorities for revenue and capital funding within the budget;
- Areas where the Minister made cuts or achieved efficiency savings within the Rural Affairs budget;
- Possible savings which may be made through the review of environmental delivery;
- Consideration given to ensuring that the budget provides equality of opportunity for all;
- Applications by the department for Rural Affairs through the Invest-to-Save and Efficiency and Innovation programmes;
- The funding for TB compensation payments;
- The management of resources within the Glastir budget;
- The funding for food and drink promotion in Wales.

4. Following the evidence received from the Minister, the Committee expressed concern in the following areas and would recommend the Minister and future Governments seek to address these points:

- The Minister reported that as TB compensation payments were demand led, it was likely that there would be overspend on this budget. **The Committee recommends that the Minister adjust this budget, in line with best estimates and expenditure in previous years, to reflect the actual levels of compensation payments for TB.** The Committee believes that this will highlight the true nature of

the TB problem in Wales as well as allowing for more accurate budget scrutiny.

- Although the Minister undertook to safeguard the funding for the Rural Development Plan, she did not undertake to maintain the budget for Glastir at the current level. The Committee would like **an assurance from the Minister that the money will be available for Glastir in the longer term.**
- The Committee were very concerned that the Minister had decided to make cuts to the food and drink marketing budget but were encouraged to hear that the Minister was considering the role of the processing and marketing grant within the Rural Development Plan. **The Committee would urge the Minister to move forward with accepting new applications to this grant, to minimise the impact of cuts in this area.**
- The Minister stated that although she felt confident that the current resource implications of the proposed legislation on dog breeding could be found from within her budget further resource implications may come to light through the consultation process on the legislation. **The Committee would welcome further information on the resource implications of this legislation as they become apparent and urges the Minister to take these into account in future budgeting rounds.**
- The Minister informed the Committee that match funding for the European Fisheries Fund, which provides grants to individuals within the fishing industry, would be protected despite the cuts in the food and fisheries budget. However, the Minister did not provide the Committee with any information as to how the budget had taken account of the additional fisheries responsibilities given to the Minister under the *Marine and Coastal Access Act 2009*. **The Committee urges the Minister to outline in further detail how these additional responsibilities will be resourced.**

5. In addition to the above points on the budget for the Rural Affairs department, the Committee was also concerned from a wider perspective about the use of underspend within budgets to meet compensation payments, and the impact this may have on the process of robust budget scrutiny. The Committee understands and supports the need for flexibility within budgets, but is concerned about the potential for changing political priorities through planning underspends in some areas to offset other areas. This practice makes scrutinising spending priorities within departments difficult, as the emphasis for expenditure in the budget may not reflect the actual priorities of the department.

Atodiad E: Y Pwyllgor Cynaliadwyedd

Sustainability Committee

2 December 2010

Report on the Draft Budget Allocation 2011 – 2012.

Background

1. The Committee has considered the spending plans for sustainability priorities of the Welsh Government as set out in the *Draft Budget Proposals 2011-12* and associated documents.

2. The Committee's scrutiny of the *Draft Budget Proposals 2011-12* took place on 25 November 2010, when it took evidence from Jane Davidson AM, Minister for Environment, Sustainability and Housing, Matthew Quinn, Director, Department for Environment, Sustainability and Housing; and Brian J Pickett, Sustainable Futures - Operations Team, Finance.

Scrutiny of the Minister

3. The Committee sought clarification and further details on the following points during their scrutiny session with the Minister:

- How the draft budget relates to departmental priorities in terms of outcomes;
- How the Minister prioritised capital expenditure;
- What discussions had taken place with other Ministers regarding cross-cutting themes;
- What assessment had been made of the impact of cuts on sustainability objectives and targets;
- What options had been considered for savings in the environmental delivery bodies;
- How the Minister planned to ensure that Environment Agency Wales was getting value for money with regards to the charges made on it by the Environment Agency centrally;
- How equality of opportunity issues had impacted on the design of the budget;
- What funding the Minister had secured from the Invest-to-Save scheme;
- The impact of budget cuts on delivering climate change objectives;
- The impact of capital reductions on the flood and coastal risk programmes;
- How the investment in the food waste programme would be utilised;
- The position of the Sustainable Development Commission post March 2011;

- The impact of the contaminated land programme ceasing;
- The intended use of the budget allocations for nature access;
- The impact of the budget cuts on the planning system;
- How the Minister planned to develop capacity ahead of the devolution of building regulations in December 2011;

4. The Minister undertook to provide further information on the following points:

- The process of securing Invest-to-Save grants, and the projected savings within her department from the investment in flood defence and energy efficiency projects;
- The impact of energy efficiency measures in securing financial savings across the public sector;
- The future of the Planning Improvement Grant for Local Authorities;

5. Following the session, the Committee made the following observations:

- The Committee welcomed the relative protection the Minister had given to the DESH budget compared to that of DEFRA in England;
- The Committee expressed concern that, with the exception of the cancellation of the contaminated land programme, the Minister had failed to provide clarity on where cuts were to be made and could not identify any outcomes or objectives that would be negatively impacted by the cuts;
- The Committee was also concerned that there appeared to be a reliance on efficiency savings being made in statutory bodies, especially given that the future structure of these bodies is currently unclear;
- The Committee was further concerned that the Minister did not provide any assessment of the impact that the cuts in delivery bodies' budgets will have on their ability to deliver;
- The Committee was concerned that DESH had been awarded £2.9m for the Invest-to-Save programme for energy efficiency and £0.8m for the flood defence programme, yet the Minister was unable to clarify to the Committee what the expected savings from these projects would be;
- While welcoming the Minister's decision to protect the capital budget for flood protection, the Committee is concerned that the Minister is unable to specify exactly where the savings will be made in the revenue budget to pay for this, especially given that the revenue budget has also been cut
- The Committee expressed concern that there seemed to have been a significant cut in the funds set aside for building capacity ahead of the devolution of building regulations when compared with the Minister's previous statements;

Recommendations

- The Minister should provide greater clarity regarding where savings are to be made to pay for those areas of the DESH budget that have been protected, and what One Wales objectives will not be achieved as a result;
- The Minister should provide full details of how she intends to fulfil her capital commitments when, in real terms, the budget for capital drops by 20.9% in 10/11 and 32.6% in 13/14, and the revenue budget by 4.4% in 11/12 and 9.5% in 13/14. The Committee does not feel that the Minister adequately explained how she was going to be able to capitalise a substantial portion of the revenue budget without having an effect on her Department and agencies' ability to deliver on their objectives;
- The Minister should clarify the situation regarding the Invest-to-Save grants awarded to her department and the projected savings from these projects;
- The Minister should make an assessment of how the budget cuts will affect the Welsh Government's ability to fulfil the obligations set out in the *Marine and Coastal Access Act 2009* and the *Flood and Water Management Act 2010* and its ability to build capacity ahead of the devolution of building regulations;
- When making a decision regarding the future of environmental delivery bodies in Wales, the Minister should publish clear and detailed information on the financial implications of her decision;
- The Minister should think creatively regarding opportunities for additional revenue-raising by public bodies within her remit.