

# Y Pwyllgor Cyllid

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Lleoliad:

**Ystafell Bwyllgora 3 – Senedd**

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Dyddiad:

**Dydd Mercher, 4 Mehefin 2014**

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Amser:

**09.00**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



I gael rhagor o wybodaeth, cysylltwch â:

**Bethan Davies**

Clerc y Pwyllgor

029 2089 8120

[PwyllgorCyllid@cymru.gov.uk](mailto:PwyllgorCyllid@cymru.gov.uk)

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## Agenda

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**1 Cyflwyniadau, ymddiheuriadau a dirprwyon (09:00)**

**2 Papurau i'w nodi** (Tudalennau 1 – 2)

**Ymchwiliad i Arferion Gorau o ran y Gyllideb: Llythyr gan Y Gweinidog dros Gyllid (20 Mai 2014)** (Tudalen 3)

**Comisiwn y Cynulliad – Adroddiad ar Berfformiad 2013–14** (Tudalennau 4 – 17)

**3 Ymchwiliad i'r arfer gorau mewn prosesau cyllidebol: Sesiwn**

**dystiolaeth 3 (09:05–10:05)** (Tudalennau 18 – 57)

FIN(4)-10-14(p1)

Briff ymchwil

Y Sefydliad ar gyfer Cydweithrediad a Datblygiad Economaidd (drwy gynhadledd fideo)

Ronnie Downes, Dirprwy Bennaeth yr Adran Cyllidebu a Gwariant Cyhoeddus

Lisa Vontrapp, Dadansoddwr Polisi yn yr Adran Cyllidebu a Gwariant Cyhoeddus  
Camila Vammalle, Dadansoddwr Polisi yn yr Adran Cyllidebu a Gwariant Cyhoeddus

(Egwyl 10.05–10.15)

#### **4 Ymchwiliad i'r arfer gorau mewn prosesau cyllidebol: Sesiwn**

**dystiolaeth 4 (10:15–11:15)** (Tudalennau 58 – 85)

FIN(4)-10-14(p1)

Briff ymchwil

Gerald Holtham

#### **5 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y canlynol: (11:15)**

Eitemau 6 a 7

#### **6 Ymchwiliad i'r arfer gorau mewn prosesau cyllidebol: Trafod y**

**dystiolaeth a ddaeth i law (11:15–11:30)** (Tudalennau 86 – 89)

FIN(4)-10-14(papur 3)

#### **7 Y Bil Addysg Uwch (Cymru): Goblygiadau Ariannol y Bil (11:30–11:45)**

(Tudalennau 90 – 96)

Briff ymchwil

## Y Pwyllgor Cyllid

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Lleoliad: **Ystafell Bwyllgora 2 – y Senedd**

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Dyddiad: **Dydd Mercher, 14 Mai 2014**

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Amser: **08.30 – 11.45**

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Gellir gwyllo'r cyfarfod ar Senedd TV yn:

[http://www.senedd.tv/archiveplayer.jsf?v=en\\_300000\\_14\\_05\\_2014&t=0&l=en](http://www.senedd.tv/archiveplayer.jsf?v=en_300000_14_05_2014&t=0&l=en)

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### Cofnodion Cryno:

#### Aelodau'r Cynulliad:

Jocelyn Davies AC (Cadeirydd)  
Peter Black AC  
Christine Chapman AC  
Paul Davies AC  
Mike Hedges AC  
Alun Ffred Jones AC  
Ann Jones AC  
Julie Morgan AC

#### Tystion:

Jeff Andrews, Cynghorydd Polisi Arbenigol, Llywodraeth Cymru  
Matt Denham Jones, Llywodraeth Cymru  
Jane Hutt AC, Gweinidog Cyllid  
Andrew Jeffreys, Dirprwy Gyfarwyddwr, Buddsoddi Cyfalaf Strategol, Llywodraeth Cymru  
Gareth Morgan, Diwygio Ariannol, Llywodraeth Cymru  
Dr Joachim Wehner, London School of Economics

#### Staff y Pwyllgor:

Bethan Davies (Clerc)  
Meriel Singleton (Ail Clerc)  
Kath Thomas (Dirprwy Clerc)  
Gwyn Griffiths (Cynghorydd Cyfreithiol)

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## 1 Ymchwiliad i Cyllid Cymru: Trafod yr adroddiad drafft

1.1 Trafododd yr Aelodau yr adroddiad drafft a chytunodd i ystyried drafftiau pellach y tu allan i'r Pwyllgor.

### TRAWSGRIFIAD

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

## 2 Cyflwyniadau, ymddiheuriadau a dirprwyon

2.1 Croesawodd y Cadeirydd yr Aelodau i'r Pwyllgor. Ni chafwyd ymddiheuriadau.

## 3 Papurau i'w nodi

3.1 Nodwyd y papurau.

## 4 Bil Cymru: Memorandwm Cydsyniad Deddfwriaethol

4.1 Clywodd y Pwyllgor dystiolaeth gan Jane Hutt AC, y Gweinidog Cyllid, ynghylch Bil Cymru: Memorandwm Cydsyniad Deddfwriaethol.

4.2 Cytunodd y Gweinidog Cyllid i ddarparu nodyn ynghylch y gweithdrefnau ymgynghori ar gyfer newidiadau deddfwriaethol.

## 5 Ymchwiliad i'r arfer gorau mewn prosesau cyllidebol: Sesiwn dystiolaeth

### 1

5.1 Clywodd y Pwyllgor dystiolaeth gan Jane Hutt AC, y Gweinidog Cyllid, ynghylch yr ymchwiliad i'r arfer gorau mewn prosesau cyllidebol.

5.2 Cytunodd y Gweinidog Cyllid i anfon nodyn gydag amserlen ar gyfer rhaglen waith y grŵp cynghori ar dreth.

## 6 Ymchwiliad i'r arfer gorau mewn prosesau cyllidebol: Sesiwn dystiolaeth

### 2

5.1 Clywodd y Pwyllgor dystiolaeth gan y Dr Joachim Wehner (Ysgol Economeg Llundain) ynghylch yr ymchwiliad i'r arfer gorau mewn prosesau cyllidebol.

## **7 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y canlynol:**

7.1 Derbyniwyd y cynnig.

## **8 Ymchwiliad i'r arfer gorau mewn prosesau cyllidebol: Trafod y dystiolaeth**

8.1 Trafododd yr Aelodau y dystiolaeth a ddaeth i law.

Jane Hutt AC / AM  
Y Gweinidog Cyllid  
Minister for Finance



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: LF JH 0469/14

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

20 May 2014

Dear Jocelyn,

When I met the Finance Committee last week to discuss the progress of the Wales Bill and its associated Legislative Consent Memorandum, I promised to write setting out formally the principles that will guide the Government's approach to tax devolution. I have committed that future Welsh taxes will:

- be **fair** to businesses or individuals who pay tax;
- be **simple**, with clear rules which seek to minimise compliance and administration costs;
- **support jobs and growth**, which in turn will help to tackle poverty; and
- **provide stability and certainty to taxpayers**, with changes subject to proper consultation with stakeholders.

As I work to turn those principles into effective legislation, I remain committed to working positively with the Committee wherever possible.

Best wishes,



**Jane Hutt AC / AM**  
Y Gweinidog Cyllid  
Minister for Finance

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)  
Tudalen y pecyn 3

English Enquiry Line 0845 010 3300  
Llinell Ymholiadau Cymraeg 0845 010 4400  
Correspondence: Jane.Hutt@wales.gsi.gov.uk  
Printed on 100% recycled paper

# Eitem 2.2

Cynulliad  
Cenedlaethol  
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National  
Assembly for  
Wales



**Angela Burns AC/AM**

**Comisiynydd y Cynulliad  
Assembly Commissioner**

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

28 Mai 2014

Annwyl Jocelyn

Rwy'n falch o gyflwyno trydydd adroddiad perfformiad corfforaethol Comisiwn y Cynulliad i'r Pwyllgor. Mae'r adroddiad yn nodi perfformiad yn erbyn dangosyddion perfformiad allweddol y Comisiwn dros y flwyddyn lawn gyntaf o adrodd, rhwng mis Ebrill 2013 a mis Mawrth 2014.

Dros y flwyddyn gyfan, cafwyd cynnydd cadarnhaol yn y rhan fwyaf o feysydd. Mae'r rhaglen gwerth am arian, perfformiad cyllidebol a strwythurau llywodraethu yn gyson gryf drwy gydol y flwyddyn. Roedd y prosiectau trawsnewid TGCh a chyfieithu peirianyddol yn gyflawniadau sylweddol yn y cyfnod adrodd mwyaf diweddar (Ionawr - Mawrth 2014).

Gan ein bod, bellach, wedi cwblhau blwyddyn lawn o adrodd, caiff y dangosyddion a'r targedau eu hadolygu a'u diwygio lle y bo'n briodol, ond byddwn yn cadw mewn cof gais y Pwyllgor Cyllid y dylem barhau i allu dangos tueddiadau mewn perfformiad dros amser. Cyhoeddir yr adroddiad nesaf ym mis Medi 2014.

Bae Caerdydd  
Caerdydd  
CF99 1NA

Cardiff Bay  
Cardiff  
CF99 1NA

Ffôn • Tel: 029 2089 8598  
Ffacs • Fax: 029 2089 8117

Ebost • Email: [Carys.Evans@wales.gov.uk](mailto:Carys.Evans@wales.gov.uk)

Ysgrifenyddiaeth Comisiwn y Cynulliad/Assembly Commission Secretariat

**Tudalen y pecyn 4**

Croesewir gohebiaeth yn y Gymraeg a'r Saesneg/We welcome correspondence in both English and Welsh

Gobeithio y bydd yr adroddiadau hyn yn parhau i fod yn dysyolaeth ddefnyddiol i'r Pwyllgor Cyllid o berfformiad y Comisiwn, gan gynnwys gwariant effeithiol o'r cyllidebau a gytunwyd gan y Cynulliad. Byddwn, fel erioed, yn fwy na bodlon ateb unrhyw gwestiynau a allai fod gennych.

Yn gywir

A handwritten signature in black ink, appearing to read 'A Burns'.

**Angela Burns**  
**Comisiynydd y Cynulliad**  
**Assembly Commissioner**



**Cynulliad Cenedlaethol Cymru**  
Comisiwn y Cynulliad

## Adroddiad Comisiwn y Cynulliad ar Berfformiad Corfforaethol

Ebrill 2013 – Mawrth 2014



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Tudalen y pecyn 6

Cynulliad Cenedlaethol Cymru yw'r corff sy'n cael ei ethol yn ddemocrataidd i gynrychioli buddiannau Cymru a'i phobl, i ddeddfu ar gyfer Cymru ac i ddwyn Llywodraeth Cymru i gyfrif.

© Hawlfraint Comisiwn Cynulliad Cenedlaethol Cymru 2013

Ceir atgynhyrchu testun y ddogfen hon am ddim mewn unrhyw fformat neu gyfrwng cyn belled ag y caiff ei atgynhyrchu'n gywir ac na chaiff ei ddefnyddio mewn cyd-destun camarweiniol na difriol. Rhaid cydnabod mai Comisiwn Cynulliad Cenedlaethol Cymru sy'n berchen ar hawlfraint y deunydd a rhaid nodi teitl y ddogfen.

**Tudalen y pecyn 7**

**Cynulliad Cenedlaethol Cymru**  
Comisiwn y Cynulliad

**Adroddiad Comisiwn y Cynulliad  
ar Berfformiad Corfforaethol**

Ebrill 2013 – Mawrth 2014



Cynulliad Cenedlaethol Cymru  
National Assembly for Wales

Tudalen y pecyn 8



# Cyflwyniad

Yr enw ar gorff corfforaethol Cynulliad Cenedlaethol Cymru yw Comisiwn y Cynulliad. Mae'r Comisiwn yn gwasanaethu Cynulliad Cenedlaethol Cymru i gynorthwyo â'r gwaith o'i wneud yn sefydliad democrataidd cryf, hygyrch a blaengar ac yn ddeddfwrfa sy'n gweithredu'n effeithiol ar gyfer pobl Cymru.

Mae'r Comisiwn yn cynnwys Rosemary Butler AC, y Llywydd, a phedwar Aelod Cynulliad wedi'u henwebu gan bob un o'r pedair plaid wleidyddol sy'n cael eu cynrychioli yn y Cynulliad: Peter Black AC; Angela Burns AC; Sandy Mewies AC; a Rhodri Glyn Thomas AC. Mae'r Comisiwn yn gyfrifol am gyfeiriad strategol gwasanaethau'r Cynulliad ac mae'n atebol i'r Cynulliad. Mae'r gwaith o reoli a chyflawni o ddydd i ddydd wedi'i ddirprwyo i **Brif Weithredwr a Chlerc y Cynulliad**.

Mae **Strategaeth Comisiwn y Cynulliad ar gyfer 2011-16** yn amlinellu ein nodau ar gyfer y Pedwerydd Cynulliad, sef: darparu cymorth seneddol o'r radd flaenaf; ymgysylltu â phobl Cymru; hyrwyddo Cymru; a defnyddio adnoddau'n ddoeth.

Er mwyn cefnogi nodau strategol y Comisiwn, mae gennym bum maes blaenoriaeth ar gyfer newid, arloesi a buddsoddi ar gyfer y Cynulliad hwn. Mae'r rhain wedi'u nodi yn **Ein Cynllun** - cynllun corfforaethol a ddatblygwyd gennym i roi rhagor o eglurder a chyfeiriad i staff am ein strategaeth, blaenoriaethau ac amrywiol elfennau o lywodraethu.

Mae'r meysydd blaenoriaeth yn ein Cynllun yn cael eu hadolygu a gallai hyn arwain at newidiadau i rai o'r dangosyddion.

## Adrodd am berfformiad

Dyma ein trydydd adroddiad a'r un terfynol ar gyfer y flwyddyn ariannol 2013-14. Bydd rhai o'r dangosyddion a thargedau yn awr yn cael eu hadolygu a chaiff targedau priodol eu gosod ar gyfer 2014-15, er mwyn paratoi ar gyfer yr adroddiad nesaf. Yn y tudalennau a ganlyn, ceir adroddiadau ar berfformiad corfforaethol y Comisiwn yn ystod y cyfnod rhwng mis Ebrill 2013 a mis Mawrth 2014:

- mae crynodeb ar ffurf goleuadau traffig yn nodi'r perfformiad cyffredinol o dan bob un o'n nodau strategol;
- mae dadansoddiad manylach yn edrych ar y dangosyddion unigol sy'n rhan o'r crynodeb;
- mae'r saethau yn y tablau manwl yn dangos y cyfeiriad cyffredinol ar gyfer pob dangosydd yn ystod y flwyddyn; a
- caiff cymaryddion priodol, o ystod o ffynonellau, eu darparu pan fo hynny'n bosibl.

## Perfformiad o ran darparu cymorth seneddol o'r radd flaenaf

Gellir gweld bod perfformiad wedi gwella dros y cyfnod hwn o ran amseroldeb y gwasanaethau a ddarparwyd, ac o ran yr achosion o darfu ar gyfarfodydd pwyllgor/y cyfarfod llawn.

Ym mis Chwefror, lanswyd y meddalwedd cyfieithu peirianyddol, a ddatblygwyd ar y cyd â Microsoft fel rhan o'n gwaith i wella gwasanaethau dwyieithog, yn llwyddiannus. Mae wedi cael ei dreialu yn eang gan gyfieithwyr y Cynulliad ac mae'n cael ei ddefnyddio yn weithredol ar draws y Cynulliad o ddydd i ddydd.

## Perfformiad o ran ymgysylltu â phobl Cymru a hyrwyddo Cymru

Yn ystod y flwyddyn hyd at fis Mawrth 2014, bu cynnydd yn nifer yr ymwelwyr ac ymweliadau rhyngwladol i ac o'r Cynulliad yn ogystal â chynnydd sylweddol yn nifer yr ymwelwyr ar deithiau a digwyddiadau a drefnir ar yr ystâd. Mae cyflwyno ein sianelau cyfryngau cymdeithasol newydd wedi cyfrannu at ostyngiad yn y niferoedd sy'n defnyddio Senedd.tv. Fodd bynnag, pan fydd y sianeli Twitter yn aeddfed gyda dilyniant mwy o faint, bydd mwy o draffig yn cael ei gyfeirio at lwyfan Senedd.tv.

Cymeradwywyd mesurau i wella'r prosesau ar gyfer ymgysylltu â phobl ifanc, gan ystyried safbwyntiau rhanddeiliaid allanol, gan gynnwys 13 o grwpiau ffocws a bron 3,000 o ymatebion i ymgynghoriad ymysg pobl rhwng 11 a 18 oed. Bydd digwyddiad lansio yn cael ei gynnal yn ystod haf 2014.

## Perfformiad o ran defnyddio ein hadnoddau yn ddoeth

Mae ein perfformiad cyllidebol diwedd blwyddyn yn dangos gwelliant parhaus, ar ôl cyflawni (neu ragori ar) ein targedau ar gyfer gwariant yn erbyn y gyllideb; gwariant o fewn proffil ac arbedion gwerth am arian. Rydym hefyd wedi cynnal lefelau'r taliadau i'r Aelodau a chyflenwyr i gyfartaledd o 3.8 diwrnod o'i gymharu â'r targed o 10 diwrnod. Mae ein ffigurau absenoldeb oherwydd salwch hefyd wedi gwella dros y flwyddyn, gyda chyfartaledd o 5.4 diwrnod fesul gweithiwr yn erbyn targed o 7 diwrnod a chyfartaledd y sector cyhoeddus CIPD o 8.2 diwrnod fesul gweithiwr.

Rydym wedi cyflawni gostyngiad o 9% mewn allyriadau ynni yn ystod y flwyddyn gan arwain at ostyngiad cronus o 34% ers 2008-09 sy'n gamp ryfeddol; bydd yn heriol i gyrraedd ein targed ar gyfer lleihau allyriadau o 40% erbyn 2015 ond mae'r Comisiwn yn archwilio opsiynau ar gyfer cynnydd pellach. Rydym yn parhau i fod ar y blaen o ran ein targed gwastraff i safleoedd tirlenwi ac mae bellach yn cyfrannu at 5.5% o'r cyfanswm yn unig.

Ar 7 Ebrill, gwnaethom drosglwyddo yn llwyddiannus o gael ein gwasanaethau TGCh wedi'u rheoli gan ddarparwr allanol i dîm TGCh y Comisiwn yn eu rheoli.

## Mynediad at wybodaeth

Mae'r Comisiwn yn cyhoeddi **Adroddiad a Chyfrifon Blynyddol**, sy'n rhoi trosolwg o berfformiad yn flynyddol, gan gysylltu perfformiad â'r arian a wariwn ar ddarparu gwasanaethau i'r Cynulliad. Mae'r Comisiwn yn cyhoeddi ystod o wybodaeth arall am ei gyllideb flynyddol a pholisiau sefydliadol. Mae'r wybodaeth hon ar gael **yma**.

Mae'r Comisiwn yn fodlon darparu rhagor o wybodaeth os hoffech ddysgu rhagor am ein gwaith:

Gallwch gysylltu â ni **yma**.

Ceir canllawiau ar fynediad at wybodaeth **yma**.

# Mesurau Perfformio Corfforaethol - Cyflawniad yn erbyn Nodau Strategol

Trosolwg ar y wybodaeth fanylach am y dangosyddion perfformiad allweddol sy'n dilyn (gweler y grwpiau o ddangosyddion perfformiad allweddol cyfatebol)

| Rhif Grŵp | Darparu Cymorth Seneddol o'r Radd Flaenaf   | Ebrill - Mehefin 2013 | Gorffennaf - Rhagfyr 2013 | Ionawr - Mawrth 2014 | Sylwadau - manylion ar dudalen 4                                                                                                                                      |
|-----------|---------------------------------------------|-----------------------|---------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1         | Bodddhad Aelodau                            | oren                  | -                         | -                    | Sgôr cyfartalog o 7.0, sef gostyngiad bach ers y sgôr o 7.3 yn 2012. 8 yw'r targed. Cynhelir arolwg bob blwyddyn, a disgwyllir yr arolwg nesaf ym mis Gorffennaf 2014 |
| 2         | Prydlondeb a chyflenwi gwasanaethau         | gwyrdd                | gwyrdd                    | gwyrdd               | Yn ymwneud â phapurau pwyllgor, cyhoeddi Cofnod y Trafodion ac ymholiadau I'r Gwasanaeth Ymchwil - yn gwella                                                          |
| 3         | Datblygiad Proffesiynol                     | gwyrdd                | gwyrdd                    | gwyrdd               | Nifer y dysgwyr yr un fath; nifer yr Aelodau a staff cymorth sy'n cymryd rhan mewn datblygiad proffesiynol parhaus yn parhau i gynyddu                                |
| 4         | Hynt blaenoriaethau'r Cynllun Corfforaethol | gwyrdd                | gwyrdd                    | gwyrdd               | Integreiddio gwasanaethau, gwasanaethau dwyieithog, defnyddio'r Ystâd - gwnaed cynnydd a'r cyfan ar y trywydd iawn                                                    |

| Ymgysylltu â Phobl Cymru a Hyrwyddo Cymru | Ebrill - Mehefin 2013                            | Gorffennaf - Rhagfyr 2013 | Ionawr - Mawrth 2014 | Sylwadau - manylion ar dudalen 5 |                                                                                                                                                |
|-------------------------------------------|--------------------------------------------------|---------------------------|----------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 5                                         | Bodddhad Aelodau                                 | oren                      | -                    | -                                | Sgôr o 7.13 sy'n well na sgôr 2012, sef 6.35. 8 yw'r targed. Cynhelir arolwg bob blwyddyn, a disgwyllir yr arolwg nesaf ym mis Gorffennaf 2014 |
| 6                                         | Ymwelwyr â'r Cynulliad                           | gwyrdd                    | gwyrdd               | gwyrdd                           | Nifer yr ymwelwyr wedi codi ers 2012/13                                                                                                        |
| 7                                         | Proffil Allanol                                  | gwyrdd                    | gwyrdd               | gwyrdd                           | Rhyngweithio ar y cyfryngau cymdeithasol yn parhau i gynyddu a lefelau ymgysylltu ag ysgolion ac ymgysylltu rhwyngwladol yr un fath            |
| 8                                         | Ymgysylltu â phobl Cymru, gan gynnwys pobl ifanc | gwyrdd                    | gwyrdd               | gwyrdd                           | Yn bwrrw ymlaen â newidiadau yn y rhaglen addysg/ymgysylltu â phobl ifanc                                                                      |

| Defnyddio Adnoddau'n Ddoeth | Ebrill - Mehefin 2013                   | Gorffennaf - Rhagfyr 2013 | Ionawr - Mawrth 2014 | Sylwadau - manylion ar dudalen 6 |                                                                                                                                                                                         |
|-----------------------------|-----------------------------------------|---------------------------|----------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9                           | Bodddhad Aelodau                        | gwyrdd                    | -                    | -                                | Sgôr wedi gwella, sef 8.22 o'i gymharu ag 8.16 yn 2012. y targed yw 8                                                                                                                   |
| 10                          | Perfformiad Cyllidebau                  | gwyrdd                    | gwyrdd               | gwyrdd                           | Targedau wedi'u cyrraedd; tanwariant o lai na 1%; gwariant o fewn 2% o'r proffil; ac arbedion o £500,000                                                                                |
| 11                          | Staff                                   | oren                      | oren                 | oren                             | Gwelliant mewn ffigurau absenoldeb salwch; cwblhau adolygiadau perfformiad islaw'r targed; mae camau'n cael eu cymryd i fynd i'r afael â hyn                                            |
| 12                          | Gwasanaeth Cwsmeriaid TGCh              | oren                      | oren                 | oren                             | Bydd y penderfyniad i ddarparu gwasanaethau TGCh yn fewnol yn arwain at gynydd sylweddol                                                                                                |
| 13                          | Llywodraethu                            | gwyrdd                    | oren                 | oren                             | Gwelliannau yn y taliadau a wnaed i Aelodau/cyflenwyr. Ni chadwyd at y terfyn amser statudol yn achos 2 o 11 o ymatebion i geisiadau rhyddid gwbyodaeth a hynny oherwydd eu cymhlethdod |
| 14                          | Cynaliadwyedd                           | oren                      | oren                 | oren                             | Rhagorwyd ar y targed rheoli gwastraff; mae opsiynau i wneud rhagor o gynydd o ran lleihau ynni'n cael eu hasesu                                                                        |
| 15                          | Prosiect Gwasanaethau TGCh yn y dyfodol | gwyrdd                    | gwyrdd               | gwyrdd                           | Lhwyddwyd i drosglwyddo gwasanaethau o fis Ebrill 2014 ymlaen, cyn y targed o fis Gorffennaf                                                                                            |

| Allwedd |                                                                                                                                                                                                                       |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | <b>COCH:</b> Mae materion allweddol yn effeithio ar y gallu i gyflawni amcanion busnes. I sicrhau eu bod yn cael eu cyflawni, mae angen newidiadau o ran amser, costau a/neu gwmpas.                                  |
|         | <b>OREN:</b> Mae materion neu risgiau y mae angen mynd i'r afael â nhw. Serch hynny, mae'n bosibl y bydd modd cyflawni'n llwyddiannus heb effeithio rhyw lawer ar y gyllideb, safon gwasanaethau na dyddiadau targed. |
|         | <b>GWYRDD:</b> Mae'r gwaith yn cyrraedd y safonau y cytunwyd arnynt neu'n datblygu'n ôl y disgwyl. Mae pob risg sy'n hysbus i'r Comisiwn yn cael ei rheoli.                                                           |

# Dangosyddion Perfformiad Corfforaethol

| Nod : Darparu cymorth seneddol o'r radd flaenaf | Cymharydd | Targed | Mehefin 2013 | Rhagfyr 2013 | Mawrth 2014 | Blwyddyn 2013-14 | Naratif |
|-------------------------------------------------|-----------|--------|--------------|--------------|-------------|------------------|---------|
|-------------------------------------------------|-----------|--------|--------------|--------------|-------------|------------------|---------|

## Dangosyddion perfformiad allweddol ar gyfer bodlonrwydd yr Aelodau, gan gynnwys:

|   |                                 |      |      |      |   |   |                                                                                                                                                                                                                                                                                        |
|---|---------------------------------|------|------|------|---|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Cyfarfodydd Llawn               | 7.33 | 8.00 | 7.33 | - | - | Byddwn yn cynnal arolwg o'r Aelodau a'u staff cymorth bob blwyddyn. Sgôr o'r arolwg diweddaraf (Mehefin 2013) yw hwn a chaiff ei gymharu ag arolwg 2012. Mae cynllun gweithredu ar waith i ymdrin â phryderon a godir gan yr Aelodau. Cynhelir yr arolwg nesaf ym mis Gorffennaf 2014. |
|   | Cyfarfodydd Pwyllogor           | 7.46 | 8.00 | 7.43 | - | - |                                                                                                                                                                                                                                                                                        |
|   | Gweithio drwy gyfrwng y Gymraeg | 7.10 | 8.00 | 6.20 | - | - |                                                                                                                                                                                                                                                                                        |

## Dangosyddion perfformiad allweddol ar gyfer prydlondeb a chyflenwigiwasanaethau, gan gynnwys:

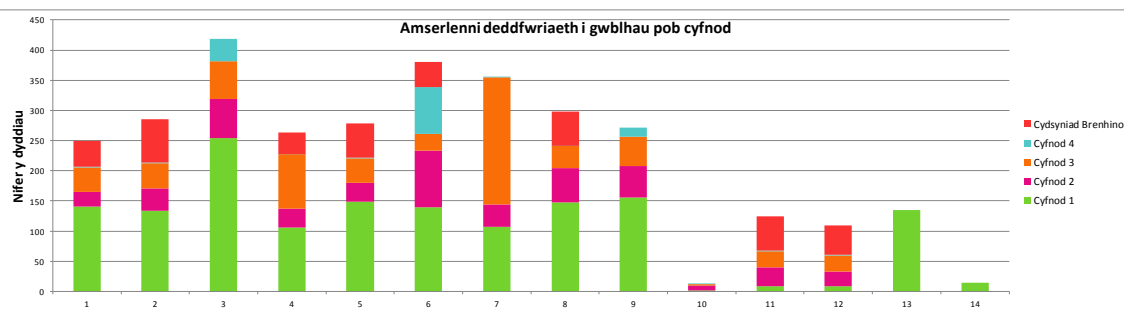
|                                                    |                                                                                                                    |                |                                                                |               |                |                |   |                                                                                                                                                     |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------|---------------|----------------|----------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 2                                                  | % y papurau pwyllogor a gyhoeddwyd mewn pryd                                                                       | -              | 2 ddiwrnod gwaith cyn y cyfarfodydd (yn ôl y Rheolau Sefydlog) | 97.52%        | 99.00%         | 97.00%         | ⇒ | Y cyfartaledd rhwng Ionawr a Mawrth. I lawr ychydig o'i gymharu â'r cyfnod blaenorol.                                                               |
|                                                    | % yr ymholiadau i'r gwasanaeth ymchwil a atebwyd o fewn terfyn amser y cytunwyd arno                               | 98% yn 2012/13 | 100.00%                                                        | 99.00%        | 98.00%         | 98.00%         | ⇒ | Y cyfartaledd rhwng Ionawr a Mawrth. Bydd yr Aelodau neu'r staff cymorth perthnasol yn cytuno ar derfynnau amser ar gyfer pob ymholiad cyfrinachol. |
|                                                    | % Cofnod Trafodion y cyfarfod llawn a gyhoeddwyd o fewn y terfyn amser                                             | 98% yn 2012/13 | Cyn pen 24 awr ar ôl diwedd y Cyfarfod Llawn                   | 100.00%       | 100.00%        | 100.00%        | ⇒ | Y cyfartaledd rhwng Ionawr a Mawrth.                                                                                                                |
|                                                    | Nifer y cyfarfodydd pwyllogor/cyfarfod llawn yr effeithiwyd arnynt oherwydd diffygion yng ngwasanaethau'r Comisiwn | -              | Dim                                                            | 6 o 86 (6.9%) | 5 o 128 (3.9%) | 1 o 92 (1.02%) | ↑ | Cyfanswm rhwng Ionawr a Mawrth. Roedd yr un methiant oherwydd mater technegol a oedd yn effeithio ar linc cynhadledd fideo.                         |
|                                                    | % Cofnod Trafodion y pwyllogorau a gyhoeddwyd o fewn y terfyn amser                                                | 79% yn 2012-13 | 14 diwrnod gwaith                                              | 75.67%        | 95.00%         | 98.00%         | ↑ | Y cyfartaledd rhwng Ionawr a Mawrth. Mae'r ganran sydd ar goll yn cynrychioli un trawsgrifiad pwyllogor ym mis Ionawr a mis Mawrth.                 |
| Amserlen briodol ar gyfer pob darn o ddeddfwriaeth | -                                                                                                                  | -              | -                                                              | -             | -              | -              | - | Gweler y graff isod.                                                                                                                                |

## Dangosyddion perfformiad allweddol ar gyfer datblygiad profesiynol, gan gynnwys:

|   |                                                                                                    |                     |                                                 |         |          |          |   |                                                                                                                 |
|---|----------------------------------------------------------------------------------------------------|---------------------|-------------------------------------------------|---------|----------|----------|---|-----------------------------------------------------------------------------------------------------------------|
| 3 | Nifer y staff sy'n dysgu Cymraeg/rhugl yn y Gymraeg                                                | -                   | Cynyddu nifer y staff sy'n gallu siarad Cymraeg | 31      | 34       | 34       | ⇒ | Fel ym mis Mawrth. Bydd y ffigurau ar gyfer siaradwyr Cymraeg ar gael yn ddiweddarach yn ystod 2014.            |
|   | Nifer Aelodau'r Cynulliad/staff cymorth Aelodau'r Cynulliad sy'n ymgymryd â datblygiad profesiynol | 40 a 185 yn 2012/13 | Ymgysylltu fwy nag yn 2012-13                   | 18 a 72 | 33 a 128 | 41 a 155 | ↑ | Fel ym mis Mawrth. Ymgysylltiad parhaus Aelodau'r Cynulliad a chyfranogiad Staff Cymorth drwy gydol y flwyddyn. |

## Hynt blaenoriaethau'r Cynllun Corfforaethol

|   |                                                                                                          |                       |        |        |        |        |   |                                                                                                                                                                                                                                                                                                                                                      |
|---|----------------------------------------------------------------------------------------------------------|-----------------------|--------|--------|--------|--------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Rhagoriaeth ac integreiddio gwasanaethau i hybu Busnes y Cynulliad                                       | Cynllun Corfforaethol | Gwyrdd | Gwyrdd | Gwyrdd | Gwyrdd | ⇒ | Mae argymhellion o ddadansoddiad busnes o'r ffyrdd y mae clerod, ymchwilwyr, cyfreithwyr ac arbenigwyr cyfathrebu'n cydweithio i gefnogi Pwyllogorau'n cael eu rhoi ar waith. Mae adolygiad hefyd yn cael ei gynnal o'r prosesau i gefnogi cyfranogiad Aelodau mewn cyfarfodydd llawn.                                                               |
|   | Gwell gwasanaethau dwyieithog                                                                            | Cynllun Corfforaethol | Gwyrdd | Gwyrdd | Gwyrdd | Gwyrdd | ⇒ | Cafodd Microsoft Translator Cymraeg ei lansio ar 21 Chwefror 2014. Cytunwyd ar ddyddiadau dros dro ar gyfer hyfforddiant ymwybyddiaeth. Bu'r cynllun peilot ar y cyd i dreialu'r nodiadau briffio dwyieithog ar gyfer pwyllogorau'n llwyddiannus hyd yma gyda chynnydd yn nifer y nodiadau briffio dwyieithog penodol a gomisiynwyd ac a gyhoeddwyd. |
|   | Gwneud y gorau o'n Hystâd, yn arbennig y Senedd, fel y prif leoliad ar gyfer bywyd cyhoeddus yng Nghymru | Cynllun Corfforaethol | Green  | Gwyrdd | Gwyrdd | Gwyrdd | ↑ | Cafodd arwyddion eu gosod y tu allan i'r Senedd er mwyn annog rhagor o bobl i ymweld â'r Cynulliad. Gwnaed nifer o fuddsoddiadau ychwanegol a gwaith atgyweirio er mwyn gwella'r Senedd a Thy Hywel.                                                                                                                                                 |



| Cyf | Bil                                                 | Cyfnod Presennol               |
|-----|-----------------------------------------------------|--------------------------------|
| 1   | Llywodraeth Leol                                    | Cwblhawyd                      |
| 2   | Trawsblannu Dynol                                   | Cwblhawyd                      |
| 3   | Gwasanaethau Cymdeithasol a Llesiant                | Yn aros am Gydsyniad Brenhinol |
| 4   | Teithio Llesol                                      | Cwblhawyd                      |
| 5   | Addysg Bellach ac Uwch                              | Cwblhawyd                      |
| 6   | Cartrefi Symudol                                    | Cwblhawyd                      |
| 7   | Adennill Costau Meddygol ar gyfer Clefydau Asbestos | Yn aros am Gydsyniad Brenhinol |
| 8   | Archwilio Cyhoeddus                                 | Cwblhawyd                      |
| 9   | Addysg                                              | Cyfnod 4                       |
| 10  | Sector Amaethyddol                                  | Yn aros am Gydsyniad Brenhinol |
| 11  | Cyllid y Gwasanaeth Iechyd Gwladol                  | Cwblhawyd                      |
| 12  | Rheol Ceffylau                                      | Cwblhawyd                      |
| 13  | Tai                                                 | Cyfnod 2                       |
| 14  | Safleoedd Carafannau                                | Cyfnod 1                       |



# Dangosyddion Perfformiad Corfforaethol

| Nod : Ymgysylltu â Phobl Cymru a Hyrwyddo Cymru | Cymharydd | Targed | Mehefin 2013 | Rhagfyr 2013 | Mawrth 2014 | Blwyddyn 2013-14 | Naratif |
|-------------------------------------------------|-----------|--------|--------------|--------------|-------------|------------------|---------|
|-------------------------------------------------|-----------|--------|--------------|--------------|-------------|------------------|---------|

## Dangosyddion perfformiad allweddol ar gyfer bodlonrwydd yr Aelodau, gan gynnwys:

|   |                                                                          |      |      |      |   |   |                                                                                                                                                                                                                                                                                          |
|---|--------------------------------------------------------------------------|------|------|------|---|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | Cymorth a roddir i Aelodau'r Cynulliad gyda'u gwaith etholaeth/rhanbarth | 6.35 | 8.00 | 7.13 | - | - | Byddwn yn cynnal arolwg o'r Aelodau a'u staff cymorth bob blwyddyn. Sgôr o'r arolwg diweddaraf (Mehefin 2013) yw hwn a chaiff ei gymharu ag arolwg 2012. Mae cynllun gweithredu ar waith i ymddrin â phryderon a godwyd gan yr Aelodau. Cynhelir yr arolwg nesaf ym mis Gorffennaf 2014. |
|---|--------------------------------------------------------------------------|------|------|------|---|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Dangosyddion perfformiad allweddol ar gyfer ymgysylltiad yn y Cynulliad, gan gynnwys:

|   |                                                                    |                                  |                                  |        |        |        |   |                                                                                                                                                                                                                                             |
|---|--------------------------------------------------------------------|----------------------------------|----------------------------------|--------|--------|--------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | Nifer yr ymwelwyr â'r Senedd/Pierhead                              | 153,141 yn 2012/13               | Cynnydd o'i gymharu â 2012/13    | 43,328 | 86,703 | 38,474 | ↑ | Cyfanswm rhwng Ionawr a Mawrth. 7,021 y mis ar gyfartaledd yn 2013/14 o'i gymharu â 6,380 y mis yn 2012/13. Cyfanswm yr ymwelwyr am y flwyddyn hyd at fis Mawrth oedd 168,505 - cynnydd o dros 15,000 ar y flwyddyn hyd at fis Mawrth 2013. |
|   | Nifer yr ymwelwyr ar deithiau                                      | 11,828 Ebrill 2012 - Mawrth 2013 |                                  | 3,570  | 8,336  | 3,560  | ↑ | Cyfanswm rhwng Ionawr a Mawrth. Cyfanswm am y flwyddyn hyd at fis Mawrth 2014 oedd 15,466 - 31% yn uwch nag ym mis Mawrth 2013.                                                                                                             |
|   | Nifer y digwyddiadau a drefnwyd ar yr ystâd                        | 205 Ebrill 2012 - Mawrth 2013    |                                  | 107    | 166    | 95     | ↑ | Cyfanswm rhwng Ionawr a Mawrth. Cyfanswm y digwyddiadau yn ystod y flwyddyn hyd at fis Mawrth 2014 oedd 370 - 80% yn uwch nag ym mis Mawrth 2013.                                                                                           |
|   | Lefelau bodlonrwydd ymwelwyr                                       | -                                | <80% ar gyfer 'Da' neu 'Bodhaol' | -      | 85%    | 89%    | ↑ | Cyfartaledd rhwng Ionawr a Mawrth. Ym mis Medi 2013 dechreuwyd gofyn i ymwelwyr â'r Senedd bleidleisio drwy roi tocyn mewn blwch i ddangos a oedd eu profiad yn 'Dda', yn 'Fodhaol' ynteu'n 'Wael'.                                         |
|   | Digwyddiadau a drefnwyd ar y cyd â Chanolfan Llywodraethiant Cymru | -                                | -                                | 2      | 2      | 0      | → | Ni chynhaliwyd unrhyw ddigwyddiadau ar y cyd rhwng Ionawr a Mawrth.                                                                                                                                                                         |

## Dangosyddion perfformiad allweddol ar gyfer profil allanol y Cynulliad, gan gynnwys

|                                                                                              |                                                                                   |                                                 |                                  |                   |                   |                   |        |                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------|----------------------------------|-------------------|-------------------|-------------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7                                                                                            | Adroddiadau pwyllgor a hyrwyddwyd gan y cyfryngau neu'r wasg                      | -                                               | 100%                             | 88%               | 73%               | 100%              | ↑      | Cyfartaledd rhwng Ionawr a Mawrth. Sylw sylweddol i fusnes pwyllgorau'r Cynulliad, gan gynnwys straeon ar dudalen flaen y Western Mail am adroddiad y Pwyllgor Cyllid ar Ardaloedd Menter ac adroddiad y Pwyllgor Iechyd a Gofal Cymdeithasol ar barodrwydd y GIG ar gyfer pwysau'r gaeaf.                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                              | Yr amser a dreulir ar gyfartaledd yn edrych ar ein gwefan                         | 3mun 40 eiliad ar gyfartaledd yn 2012/13        |                                  | 5mun 22eiliad     | 2 mun 06 eiliad   | 2 mun 39 eiliad   | →      | Cyfartaledd rhwng Ionawr a Mawrth. Yr amser ar gyfartaledd wedi gostwng gan fod mwy o bobl yn cael y cynnwys ar ddyfeisiau symudol ac felly'n treulio llai o amser yn darllen yr erthygl(au) cyfan. Lleihaodd yr ymweliadau o ganlyniad i lansio'r sianeli Twitter newydd. Mae hyn wedi golygu bod llai o lincs i'r safle bellach yn cael eu trydar ar y Trydar corfforaethol mwy poblogaidd. |                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                              | Rhyngweithio ar y cyfryngau cymdeithasol                                          | 1,788 yn ein 'hoffi' ar Facebook ym Mawrth 2013 |                                  |                   | 1,875             | 2,402             | 2,610  | ↑                                                                                                                                                                                                                                                                                                                                                                                             | Fel ym mis Mawrth. Nifer sy'n 'Hoffi' ein tudalennau Facebook yn cynyddu'n raddol.                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                              |                                                                                   | 15,361 yn ein dilyn ar Twitter ym Mawrth 2013   |                                  |                   | 17,465            | 22,035            | 25,283 | ↑                                                                                                                                                                                                                                                                                                                                                                                             | Fel ym mis Mawrth. Mae'r prif gyfrif corfforaethol (CynulliadCymru) bellach yn gyfrif a gadarnhawyd gan Twitter ac rydym yn gweld cynnydd graddol yn nifer y dilynwyr. Mae ymgysylltiad gan y pwyllgorau yn gymorth i gynyddu nifer y dilynwyr ar y cyfrif newydd.                                                                                                                                                                          |
|                                                                                              |                                                                                   | -                                               | Anelir at gynyddu hyn bob cyfnod | 2,810             | 8,037             | 9,330             | ↑      | Nifer a wylodd YouTube rhwng Ionawr a Mawrth. Mae hyn yn cynrychioli cyfartaledd o 3,110 y mis o'i gymharu â 1,339 y mis ar gyfer y cyfnod rhwng Gorffennaf a Rhagfyr 2013.                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                              | Y defnydd o Senedd TV                                                             | 6,316 y mis ar gyfartaledd yn 2013              |                                  |                   | 20,823            | 32,198            | 14,038 | ↓                                                                                                                                                                                                                                                                                                                                                                                             | Mae'r nifer sy'n darllen y tudalennau wedi gostwng gan nad yw lincs uniongyrchol i'r wefan yn cael eu trydar cymaint ar y sianeli mwy poblogaidd ond drwy sianeli Trydar mwy diweddar y pwyllgorau, sy'n fwy priodol. Mae'r cyfnod pontio hwn yn effeithio ar nifer yr ymwelwyr â SeneddTV. Mae poblogrwydd cynyddol sianel YouTube yn cael effaith gan ei fod yn fwy hwylus i ddyfeisiau symudol ac mae'r fideos yn fwy cryno ac amrywiol. |
|                                                                                              | Nifer yr ysgolion newydd sy'n ymgysylltu â thim allgymorth addysg am y tro cyntaf | -                                               |                                  |                   | 18                | 38                | 25     | →                                                                                                                                                                                                                                                                                                                                                                                             | Cyfanswm rhwng Ionawr a Mawrth. 25 o ysgolion newydd ac roedd 9 ohonynt yn ymwneud â'r Gwasanaeth Addysg Allanol.                                                                                                                                                                                                                                                                                                                           |
| Y traffig wythnosol ar dudalennau Cofnod y Trafodion ar gyfartaledd - Cyfarfod Llawn yn unig | -                                                                                 |                                                 |                                  | 2,156 o drawiadau | 1,587 o drawiadau | 1,647 o drawiadau | ↑      | Cyfartaledd rhwng Ionawr a Mawrth. Trawiadau â safleoedd Cymraeg a Saesneg.                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Ymgysylltu rhyngwladol yn y Cynulliad ac oddi yno                                            | 168 yn 2012/13, 14 y mis ar gyfartaledd                                           | -                                               |                                  | 36                | 103               | 61                | ↑      | Cyfanswm rhwng Ionawr a Mawrth. 58 ymweliad yma a 3 ymweliad oddi yma. Y cyfanswm am y flwyddyn hyd at fis Mawrth 2014 oedd 200 gyda chyfartaledd o 17 ymweliad y mis.                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## Hynt blaenoriaethau'r Cynllun Corfforaethol

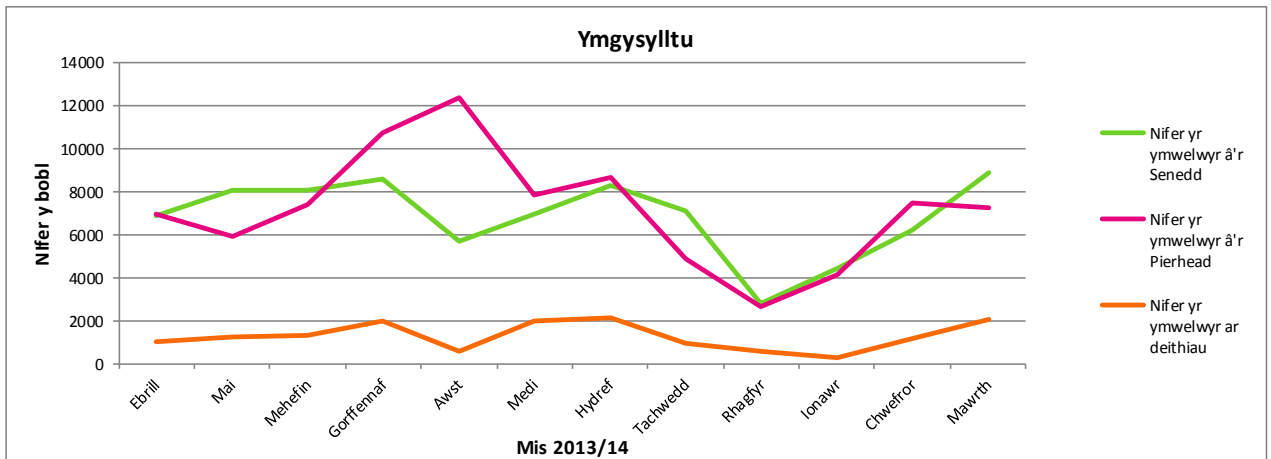
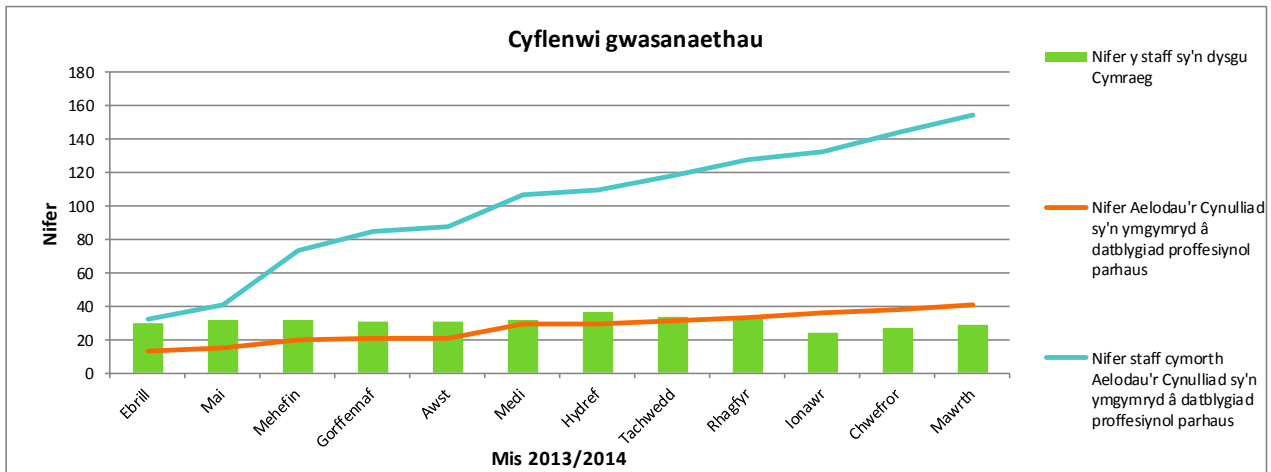
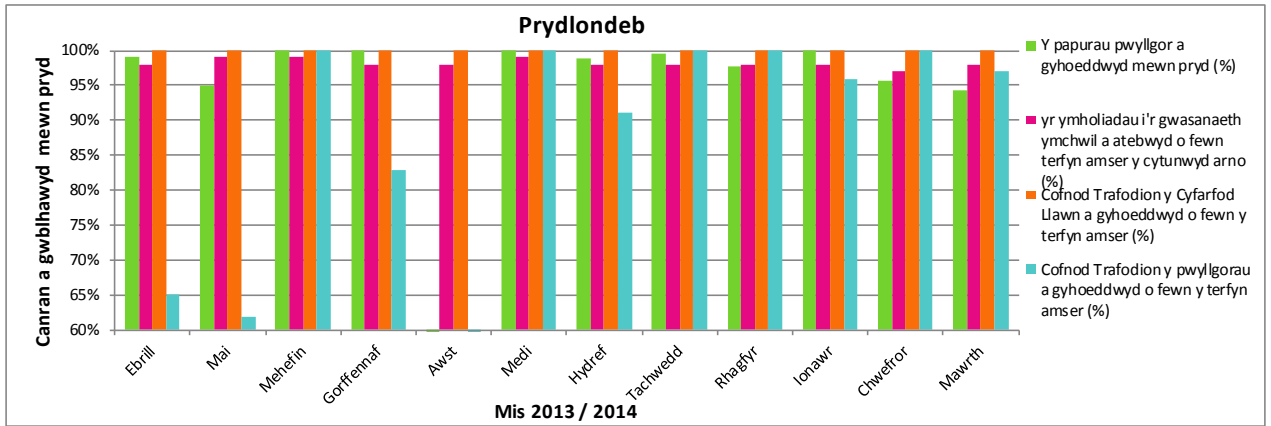
|   |                                                                               |                       |        |        |        |        |   |                                                                                                                                                                                                                                                                                                                                    |
|---|-------------------------------------------------------------------------------|-----------------------|--------|--------|--------|--------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8 | Cynnydd ymgyssylltiad pobl Cymru â gwaith y Cynulliad, gan gynnwys pobl ifanc | Cynllun Corfforaethol | Gwyrdd | Gwyrdd | Gwyrdd | Gwyrdd | ↑ | Cynhaliwyd 13 o grwpiau ffocws gyda phobl ifanc i drafod canlyniadau'r ymgynghoriad ar Ymgysylltu a Phobl Ifanc. Cynhaliwyd cyfarfodydd gyda rhanddeiliaid allanol a staff hefyd a chafodd cynllun gweithredu gyda nifer o fesurau i wella ymgysylltiad ei gymeradwyo gan y Llywydd. Cynhelir digwyddiad lansio yn ystod Haf 2014. |
|---|-------------------------------------------------------------------------------|-----------------------|--------|--------|--------|--------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# Dangosyddion Perfformiad Corfforaethol

Tudalen y pecyn 15

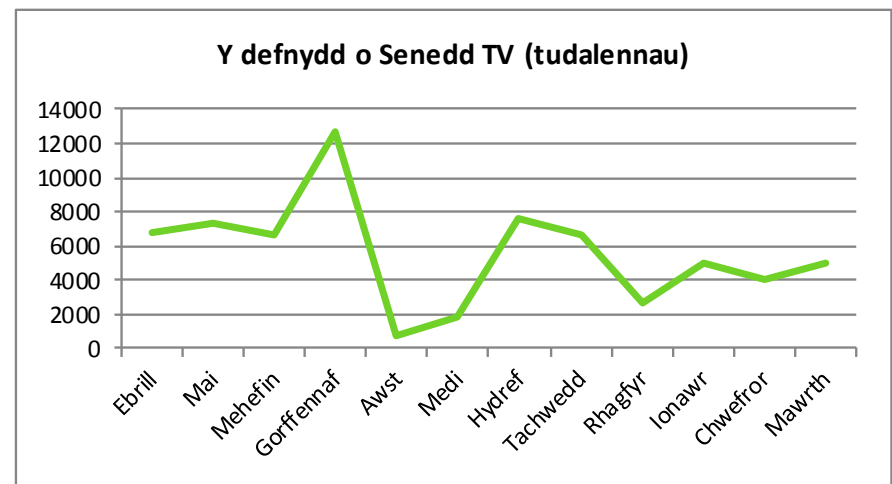
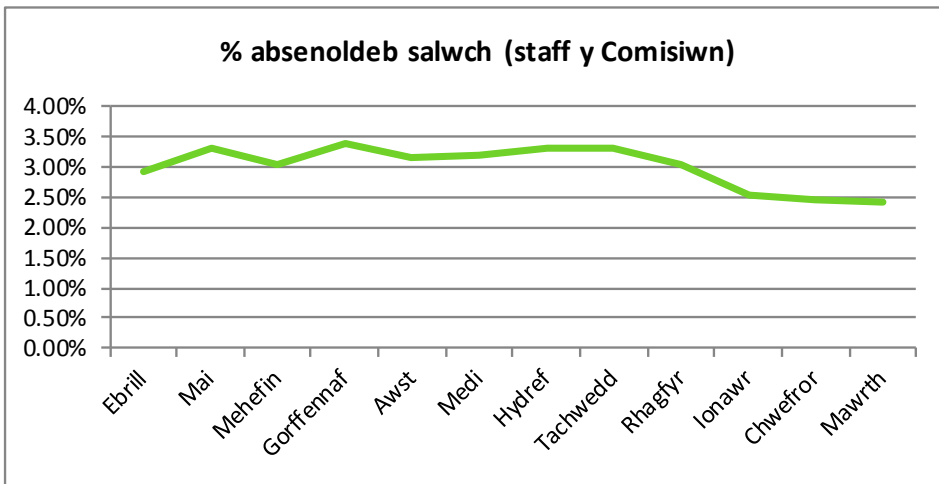
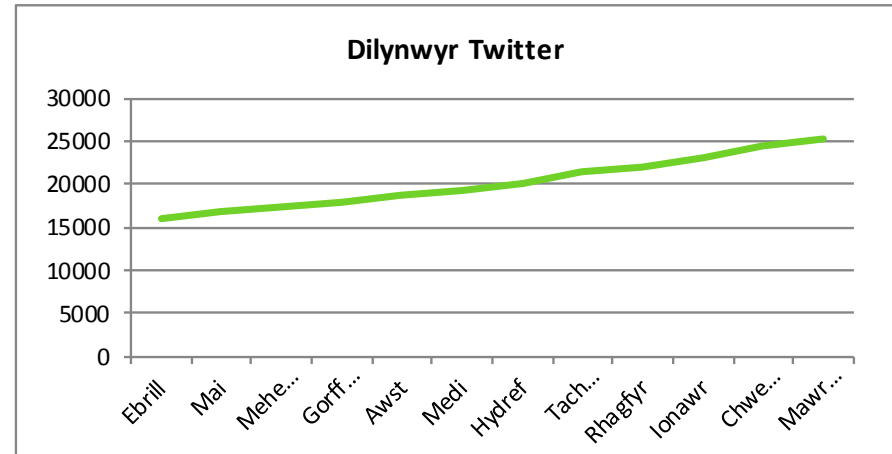
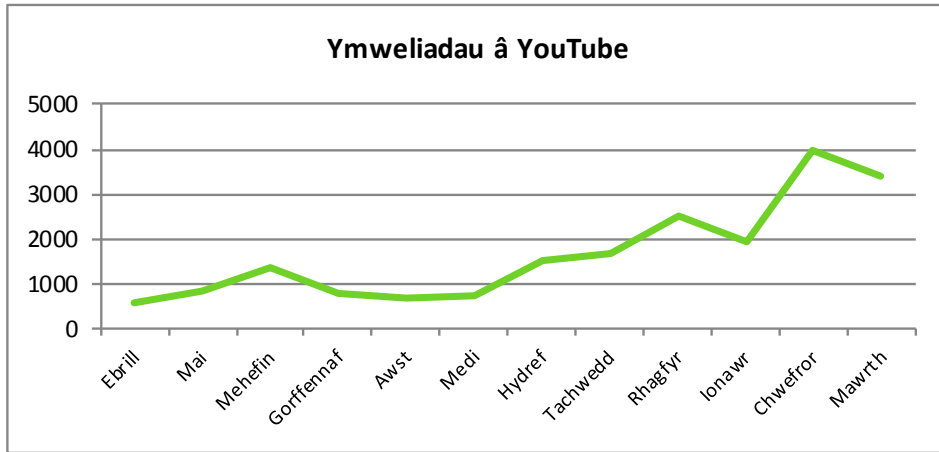
| Nod - Defnyddio adnoddau'n ddoeth                                              | Cymharydd                                                                                                     | Targed                             | Mehefin 2013                           | Rhagfyr 2013          | Mawrth 2014           | Blwyddyn 2013-14      | Naratif                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------|-----------------------|-----------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Lefel bodlonrwydd yr Aelodau â:</b>                                         |                                                                                                               |                                    |                                        |                       |                       |                       |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                               |
| 9                                                                              | Lwfansau a staffio                                                                                            | 8.27                               | 8.00                                   | 8.43                  | -                     | -                     | Byddwn yn cynnal arolwg o'r Aelodau a'u staff cymorth bob blwyddyn. Sgôr o'r arolwg diweddaraf (Mehefin 2013) yw hwn a chaiff ei gymharu ag arolwg 2012. Mae cynllun gweithredu ar waith i ymdrin â phryderon a godwyd gan yr Aelodau. |                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                                | Tŷ Hywel a'r Senedd                                                                                           | 8.04                               | 8.00                                   | 8.02                  | -                     | -                     | Cynhelir yr arolwg nesaf ym mis Gorffennaf 2014.                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Dangosyddion perfformiad allweddol ar y gyllideb, gan gynnwys:</b>          |                                                                                                               |                                    |                                        |                       |                       |                       |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                               |
| 10                                                                             | Y Gyllideb - % rhagolwg o'r tanwario ar ddiwedd blwyddyn                                                      | 0.70% yn 2012/13                   | tanwariant o <1% ar ddiwedd y flwyddyn | 1.20%                 | 0.41%                 | 0.07%                 | ↑                                                                                                                                                                                                                                      | Erbyn diwedd y flwyddyn roedd £35,000 heb ei wario (yn destun archwiliad) allan o gyllideb o £48.750 miliwn, sydd ymhell o fewn y targed tanwario o lai nag 1%.                                                                                                                                                                                                                               |
|                                                                                | Y Gyllideb - gwariant v proffil                                                                               | 0.32% ym mis Rhagfyr 2012          | o fewn 2% o'r proffil                  | 1.41%                 | 3.43%                 | 1.24%                 | ↑                                                                                                                                                                                                                                      | Roedd rhagolwg y gwariant ar gyfer diwedd mis Mawrth yn fwy na'r gyllideb a oedd ar gael. Fodd bynnag, roedd rheolaeth effeithiol o'r gyllideb ddiwedd y flwyddyn yn sicrhau na chafodd mwy na'r gyllideb ei wario.                                                                                                                                                                           |
|                                                                                | Targed gwerth am arian a chyflawniad (%)                                                                      | £476,000 yn 2012-13                | £500,000 am y flwyddyn                 | £246k                 | £374k                 | £508k                 | ↑                                                                                                                                                                                                                                      | Cyrhaeddwyd y targed ar gyfer arbedion drwy reoli swyddi gwag a phrosesu caffael effeithiol.                                                                                                                                                                                                                                                                                                  |
| <b>Dangosyddion perfformiad allweddol ar gyfer staff, gan gynnwys:</b>         |                                                                                                               |                                    |                                        |                       |                       |                       |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                               |
| 11                                                                             | % absenoldeb salwch                                                                                           | 3.03%                              | <3%                                    | 3.35%                 | 3.06%                 | 2.44%                 | ↑                                                                                                                                                                                                                                      | Cyfarfalledd blynyddol. Fel ym mis Mawrth. Mae hyn yn cynrychioli cyfarfalledd o 5.4 diwrnod i bob gweithiwr yn erbyn targed o 7 diwrnod a chyfarfalledd sector cyhoeddus CIPD o 8.2 diwrnod.                                                                                                                                                                                                 |
|                                                                                | % adolygiadau perfformiad staff a gyflawnwyd                                                                  | -                                  | Staff i gael dau adolygiad y flwyddyn  | 89%                   | 89%                   | -                     | ⇒                                                                                                                                                                                                                                      | Cwblhawyd 89% o ffurflenni PMDR ganol tymor ac 89% o ffurflenni PMDR diwedd blwyddyn erbyn mis Rhagfyr. Daw'r cyfnod adrodd PMDR nesaf i ben ym mis Mai 2014 o ganlyniad i gyflwyno'r system Adnoddau Dynol/Cyflogres newydd.                                                                                                                                                                 |
|                                                                                | Lefel ymgysylltu â staff (o'r arolwg staff)                                                                   | 78% 2012                           | 80%                                    | -                     | 81%                   | -                     | -                                                                                                                                                                                                                                      | Dyweddodd 81% fod y Cynulliad yn lle ardderchog weithio ynddo yn 2013 o'i gymharu â 78% yn 2012. Ymatebodd 77% o'i gymharu â 52% yn 2012.                                                                                                                                                                                                                                                     |
|                                                                                | Nifer y staff - Cyfrif pennau a'r nifer cyfwerth ag amser llawn (FTE)                                         | 375 o bobl, 359.68 FTE Mawrth 2013 | Dim targed                             | 381 o bobl 364.89 FTE | 390 o bobl 371.50 FTE | 412 o bobl 393.87 FTE | -                                                                                                                                                                                                                                      | Fel ym mis Mawrth. Nifer wedi cynyddu'n bennaf oherwydd y penderfyniad i ddarparu gwasanaethau TGCh yn fewnol.                                                                                                                                                                                                                                                                                |
| <b>Dangosyddion perfformiad allweddol ar gyfer TGCh:</b>                       |                                                                                                               |                                    |                                        |                       |                       |                       |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                               |
| 12                                                                             | Nifer yr ymweliadau TGCh â swyddfeydd etholaethol                                                             | -                                  | 100%                                   | 100%                  | 100%                  | 100%                  | ↑                                                                                                                                                                                                                                      | Y cyfarfalledd rhwng lonawr a Mawrth. Y nod yw ymweld â phob swyddfa ddwywaith y flwyddyn. Mesurir y perfformiad yn ôl yr ymweliadau a gynnlluniwyd ar gyfer y cyfnod hwn.                                                                                                                                                                                                                    |
|                                                                                | Materion rhydwaiha/gwasanaeth TGCh y rhodwyd gwybod i ddefnyddwyr amdanynt o fewn yr amserlen y cytunwyd arni | -                                  | 100%                                   | 100%                  | 100%                  | 100%                  | ↑                                                                                                                                                                                                                                      | Y cyfarfalledd rhwng lonawr a Mawrth. Y targed yw rhoi gwybod i 100% o ddefnyddwyr o fewn 15 munud ar ôl sylweddoli bod problem.                                                                                                                                                                                                                                                              |
|                                                                                | Lefel bodlonrwydd yr Aelodau â TGCh                                                                           | 5.60                               | 8.00                                   | 6.30                  |                       | -                     | ↑                                                                                                                                                                                                                                      | Byddwn yn cynnal arolwg o'r Aelodau a'u staff cymorth bob blwyddyn. Sgôr o'r arolwg diweddaraf (Mehefin 2013) yw hwn a chaiff ei gymharu ag arolwg 2012. Mae cynllun gweithredu ar waith i ymdrin â phryderon a godwyd gan Aelodau'r Cynulliad. Cynhelir yr arolwg nesaf ym mis Gorffennaf 2014.                                                                                              |
| <b>Dangosyddion perfformiad allweddol ar gyfer Llywodraethu, gan gynnwys:</b>  |                                                                                                               |                                    |                                        |                       |                       |                       |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                               |
| 13                                                                             | Dyddiau a gymerwyd ar gyfartaledd i dalu Aelodau a chyflenwyr o'i gymharu â'r targed                          | -                                  | <10 diwrnod                            | 4.93 diwrnod          | 3.22 diwrnod          | 3.80 diwrnod          | ↑                                                                                                                                                                                                                                      | Cyfarfalledd rhwng lonawr a Mawrth. Y targed yw talu pob anfoneb cyn pen 10 diwrnod ar ôl iddi ddod i law.                                                                                                                                                                                                                                                                                    |
|                                                                                | Nifer y ceisiadau rhyddid gwybodaeth a atebwyd a'r % a atebwyd mewn pryd                                      | -                                  | Nifer                                  | 10                    | 30                    | 11                    | -                                                                                                                                                                                                                                      | Cyfanswm rhwng lonawr a Mawrth 2014. Cafwyd 11 o Geisiadau Rhyddid Gwybodaeth rhwng mis lonawr a mis Mawrth ac atebwyd 9 o fewn y terfyn amser. Trafodwyd terfyn amser diwygiedig gyda'r ymholwr ar gyfer y ddau a fethwyd oherwydd cymhlethdod a maint y wybodaeth i'w chasglu.                                                                                                              |
|                                                                                | Nifer yr argymhellion Archwilio Mewnol sy'n hwyr                                                              | -                                  | 100%                                   | 100%                  | 90.00%                | 81.82%                | ⇒                                                                                                                                                                                                                                      | Fel ym mis Mawrth. Mae Pennaeth Archwilio Mewnol yn fodlon ar y cynnydd a wnaed gyda'r argymhellion hwyr.                                                                                                                                                                                                                                                                                     |
| <b>Dangosyddion perfformiad allweddol ar gyfer Cynaliadwyedd, gan gynnwys:</b> |                                                                                                               |                                    |                                        |                       |                       |                       |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                               |
| 14                                                                             | Cyfanswm ôl troed ynni (Ystâd Bae Caerdydd) (8% o ostyngiad blynyddol yw'r targed)                            | -40% o'i gymharu â 2008/09         | Gostyngiad o 8%                        | -                     | -31%                  | -34%                  | ↑                                                                                                                                                                                                                                      | Fel ym mis Mawrth. Roeddem yn llwyddiannus o ran cyflawni gostyngiad blynyddol o 9% mewn allyriadau ynni, sy'n cyfrannu at ostyngiad cronol o 34% ers y flwyddyn sylfaen, sef 2008-09. Bydd yn her i gyrraedd y targed o 40% o ostyngiad cyffredinol erbyn 2015 ond mae'r Comisiwn yn ymchwilio i opsiynau ar gyfer rhagor o gynydd.                                                          |
|                                                                                | Gwastraff i safleoedd tirlenwi (5% o ostyngiad blynyddol yw'r targed)                                         | 29.78 tunnell ar 11 Tachwedd       | Gostyngiad o 5%                        | 2.49 tunnell          | 4.35 tunnell          | 6.50 tunnell          | ↑                                                                                                                                                                                                                                      | Fel ym mis Mawrth. Rydym yn parhau i ragori ar y targed o ran gwastraff a anfonir i safleoedd tirlenwi a bellach dim ond 5.5% o'r holl wastraff a anfonwyd i safleoedd tirlenwi. Mae hyn yn cyfateb i 6.5 tunnell o'r cyfanswm gwastraff, sef 120 tunnell am y flwyddyn. Golyga hyn y gallwn gyrraedd ein targed yn gynt na'r disgwyf o beidio ag anfon unrhyw wastraff i safleoedd tirlenwi. |
| <b>Hynt blaenoriaethau'r Cynllun Corfforaethol</b>                             |                                                                                                               |                                    |                                        |                       |                       |                       |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                               |
| 15                                                                             | Strategaeth TGCh ar gyfer y dyfodol, 2014 a thu hwnt                                                          | Cynllun Corfforaethol              | Gwyrdd                                 | Gwyrdd                | Gwyrdd                | Gwyrdd                | ↑                                                                                                                                                                                                                                      | Penderfynodd y Comisiwn drosglwyddo rheolaeth dros wasanaethau TGCh o Atos i'r Comisiwn ynghynt na'r terfyn amser o fis Gorffennaf, ar 7.4.14, ar sail sicrwydd parhaus gan y tim prosiect. Cyfarwyddwr TGCh a KPMG. Mae nifer o gamau gweithredu i'w cwblhau erbyn 31.7.14. Fodd bynnag, mae'r prosiect yn parhau i fod yn yrdd a chafodd ei gyflawni ymhell o fewn i'r gyllideb.            |
|                                                                                | Gwneud y mwyaf o'n Hystâd, yn arbennig y Senedd, fel y prif leoliad ar gyfer bywyd cyhoeddus Cymru            | Cynllun Corfforaethol              | Gwyrdd                                 | Gwyrdd                | Gwyrdd                | Gwyrdd                | ↑                                                                                                                                                                                                                                      | Cafodd arwyddion eu gosod y tu allan i'r Senedd er mwyn annog rhagor o bobl i ymweld â'r Cynulliad. Gwnaed nifer o fuddsoddiadau ychwanegol a gwaith atgyweirio er mwyn gwella'r Senedd a Thŷ Hywel.                                                                                                                                                                                          |

# Atodiad



# Atodiad

Tudalen y pecyn 17





**The Head of Division**  
Budgeting and Public Expenditures Division

**Ms. Jocelyn Davies, MA**  
Chair,  
Finance Committee  
National Assembly for Wales  
Cardiff  
United Kingdom  
EH99 1SP

May 28, 2014

Dear Ms. Davies,

Thank you for the opportunity to contribute to your discussion of best practice budget processes. Our submission is based on the experiences of OECD Member countries and will focus on those areas where we are best able to comment.

This inquiry comes at a critical time as our OECD Working Party of Senior Budget Officials (SBO) is in the process of debating and finalizing a set of 10 (inter-related) high-level *Principles of Budgetary Governance* (see attached) to guide and inform budgetary processes and reforms. These principles are applicable to both central and sub-national governments. While recognizing that budgeting practices can vary widely across countries in light of traditional, institutional, and cultural factors, the principles draw together the lessons of a decade and more of work by the SBO and its associated Networks, as well as insights from other areas of the OECD and of the international budgeting community more generally. In particular, the principles build upon the *OECD Best Practices for Budget Transparency* which are long-established as an international point of reference for good budgeting (see attached).

The principles are:

1. Fiscal policy should be managed within clear, credible and predictable limits.
2. Top-down budgetary management should be applied to align policies with resources.
3. Budgets should be closely aligned with government-wide strategic priorities.
4. Budgets should be forward-looking, giving a clear medium-term outlook.
5. Budget documents and data should be open, transparent and accessible.
6. The budget process should be inclusive, participative and realistic.
7. Budgets should present a true, full and fair picture of the public finances.
8. Performance, evaluation and value for money should be integral to the budget process.
9. Longer-term sustainability and other fiscal risks should be identified, assessed and managed prudently.
10. The integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation should be promoted through rigorous, independent quality assurance.

A discussion of each principle can be found in the attached document. Let us highlight a few points related to your inquiry here.



First, your inquiry asks about **linking budgets to outcomes**. Principle 8 posits the following, while also pointing to the use of evaluation and spending review tools:

“Performance information should be routinely presented alongside the financial allocations in the budget report. It is essential that such information should clarify, and not obscure or impede, accountability and oversight. Accordingly, performance information should be limited to a small number of relevant indicators for each policy programme; should be clear and easily understood; should allow for tracking of results against targets and for comparison with international and other benchmarks; and should make clear the link with government-wide strategic objectives.”

Traditionally, the public sector was held to account for compliance with rules and procedures, including accounting for financial appropriations. Over the past decade however, OECD countries have increasingly sought to develop a focus on the results achieved through performance budgeting. OECD (2007) identifies three broad categories of performance budgeting, with the third being highly unusual: presentational, performance-informed, and direct (or formula) performance budgeting. Arguably, a fourth type might be described as a managerial performance approach which focuses on managerial impacts and changes in organizational behaviour but may de-emphasize a strong budget linkage. Indeed, it may be more useful to think of performance budgeting types along a continuum with simple presentation of information at one end and performance-determined decisions at the other.

Despite widespread adoption of performance budgeting, countries have experienced difficulties actualizing it. While the budget provides a unique crosscutting mechanism to collect performance information, Schick (2013) notes that with few exceptions, performance budgeting has not become the government’s budget process. Rather, for most countries it is an accessory to the budget, adorning spending decisions but not fundamentally changing the way they are made. Many countries, including the United Kingdom, have gone through re-adjustment phases, re-assessing and revising their performance budgeting frameworks. There is a clear trend within OECD Member countries to move from extensive indicator sets to a few but clear objectives; towards a more focused use of performance information for management and accountability purposes rather than for allocation of resources; and towards increasing the importance of performance related-tools like programme evaluation and spending reviews, or what Schick (2013) has termed “performance budgeting extenders”.

Legislatures in particular have struggled to use performance information in the budget process in a meaningful way. Some have found that the reduction in the number of line items and higher level of aggregation in the budget documentation has diminished their control. Despite its long experience with performance budgeting, the United States Congress repeatedly chose not to give up line-item controls. In Germany, the Bundestag resisted attempts at reforms that would have reduced the number of line items arguing in part that this would diminish parliamentary influence and control. Recent reforms to the performance budgeting system in the Netherlands came about in part because budget authorisation on the basis of output targets (instead of financial inputs) was seen to have led to loss of parliamentary control and unreadable budget documentation. Indeed, the Dutch parliament increasingly perceived the almost complete lack of input information as an accountability gap (de Jong et al, 2013).

At the same time, some legislatures have pointed to problems with performance information overload (e.g. extensive indicator sets) and the difficulties parsing out that information which is most relevant and useful. As such, it is important for the legislature to be engaged early on in the process of thinking strategically about what information will be most useful for its budgetary deliberations and decisions. Sweden provides an interesting approach to improving the performance dialogue between the government and the parliament. An informal working group of approximately ten civil servants from the Ministry of Finance and parliament’s Committee on Finance was set up in 2000 and met over a period of several years. The group served as a catalyst, spreading good ideas to governmental and



parliamentary actors by identifying the types of performance information most useful to parliament in its deliberations on the budget, as well as how and when such information should be presented. Another approach of interest is to focus presentation of performance information in the budget on areas where there are changes (e.g. new programmes).

Second, let us touch upon a few lessons around **how other countries achieve devolved financial accountability while retaining central fiscal control**.

As noted in Principle 1 of the draft OECD Principles for Budgetary Governance:

- A sound fiscal policy is one which avoids the build-up of large, unsustainable debts, and which uses favourable economic times to build up resilience and buffers against more difficult times. However, there are a range of political and other factors that can impede governments from effecting such counter-cyclical, or even cyclically neutral, policies.
- At minimum, governments should have a stated commitment to pursue a sound and sustainable fiscal policy. The credibility of this commitment can be enhanced through clear and verifiable fiscal rules or policy guidelines which make it easier for people to understand and to anticipate the government's fiscal policy course throughout the economic cycle, and through other institutional mechanisms (see also Principle 10) to provide an independent perspective in this regard.

The main challenge when designing monitoring mechanisms for sub-national governments (SNGs) is to set up a mechanism which ensures economic stability and sound fiscal management while allowing sufficient flexibility to cope with unforeseen events and financial capacity for delivering public services and financing public investment. Such monitoring mechanisms should also avoid inducing pro-cyclical policies by SNGs. Currently there is a great diversity of practices in monitoring SNG debt across OECD countries, ranging from pure reliance on market mechanisms (arguably the most risky practice as markets tend to expect a bailout), to direct controls (e.g. authorisation from central government to issue debt, again with potential risk regarding bailouts), to sophisticated fiscal rules (with states/regions typically responsible for setting fiscal rules and monitoring local governments' finances). Just as with central governments, rules may include budget balance rules, expenditure and expenditure growth limits, and debt and debt service restrictions. Partly as a result of the crisis, we have seen a tightening of enforcement mechanisms and sanctions for non-compliance with the rules in OECD countries in recent years.

The OECD has identified several key challenges in monitoring SNG debts that should be addressed:

- *Lack of information about SNG budgeting practices.* In some countries, each SNG has its own budget practices and accounting standards. This makes comparison and monitoring very difficult. Ideally, information should be made available on how economic assumptions are set; whether and how SNGs carry out sensitivity analysis of economic assumptions; availability of contingency reserve funds; medium term perspective; and performance and results.
- *Lack of appropriate and timely information about SNG financial and debt situation.* According to principle 5 of the draft OECD Principles for Budgetary Governance, budget documents and data should be open, transparent, and accessible. Both for central government (but also for the legislature) transparency is essential to monitor SNG budgets and policies, track funds, and answer ex post questions about policy implementation. But financial information reported by SNGs often comes with a time lag and may be incomplete. In some cases information is not compiled, and in countries where SNGs use different accounting standards, it may not be comparable even when it exists. This hinders accountability and prevents central governments from taking timely corrective measures.



- *Lack of comparability of SNG data.*
- *Ensuring that SNG budgets present a true, full and fair picture of the public finances. Off-budget funds and local public enterprises or agencies may hide debt and fiscal risks and must be closely monitored (OECD, 2013b).*

Related to this last bullet point Principle 7 of the draft OECD Principles for Budgetary Governance gives the following guidance for providing a true, full and fair picture of the public finances:

- As a contract of trust between citizens and the state, it is expected that the budget document should account truly and faithfully for all expenditures and revenues of the national government, and that no figures should be omitted or hidden (although limited restrictions may apply for certain national security purposes). To underpin trust, this expectation should be made explicit through formal laws, rules or declarations that ensure budget sincerity and constrain the use of “off-budget” fiscal mechanisms.
- Control of the national budget is the responsibility of the central government, and the degree of co-ordination and co-operation with subnational levels of government naturally varies from country to country. The budget documentation should present a full national overview of the public finances – encompassing central and subnational levels of government – as an essential context for a debate on budgetary choices.
- Budget accounting should show the full financial costs and benefits of budget decisions, including the impact upon financial assets and liabilities. Accruals budgeting and reporting, which correspond broadly with private sector accounting norms, routinely show these costs and benefits; where traditional cash budgeting is used, supplementary information is needed. Where accruals methodology is used, a cash statement should also be prepared to show how the national government operations will be funded from year to year.
- Public programmes that are funded through non-traditional means – e.g. PPPs – should be included and explained in the budget reports, even where (for accounting reasons) they may not directly affect the public finances within the time frame of the budget document.

Regarding **how the new budget processes can be made transparent and understandable to all**, discussion of Principle 6 of the draft OECD Principles for Budgetary Governance on achieving an inclusive, participative and realistic budgeting process notes that:

- As well as having access to budget documents and data, parliament and citizens should be able to understand and influence the discussion about budgetary policy options, according to their democratic mandate, competencies and perspectives.
- Detailed and technical information should be presented in a simple manner, and the impact of budget measures – whether to do with tax or expenditure – should be clearly explained. A “citizen’s budget” or budget summary, in a standard and user-friendly format, is one way of achieving this.
- The national parliament has a fundamental role in authorising budget decisions and in holding governments to account. The parliament and its committees should have the opportunity to engage with the budget process at all stages of the budget cycle. The clear setting-out of medium-term budgetary envelopes (see also Principle 4) should help the parliament to participate in the annual process of budget formulation ex ante as well as ex post.
- Since governments have finite resources at their disposal, budgeting is concerned with identifying priorities, assessing value for money and making decisions. Parliaments, citizens and civil society organisations can contribute usefully to the budget process when they become engaged in the debate about difficult trade-offs, opportunity costs and value for money. Governments should facilitate this





useful engagement by making clear the relative costs and benefits of the wide range of public expenditure programmes and tax expenditures.

Principle 6 highlights the role of the legislature in the budget process. A well-functioning parliamentary scrutiny process serves to increase budget transparency and accountability, while openness on the part of parliament itself can lead to greater public participation in the law-making and policy-making processes. The new powers devolved to Wales imply a potentially greater scrutiny role for the National Assembly. As such, it may be of interest to look at some of the trends we are seeing around legislative scrutiny in OECD member countries.

It is important to remember that the part played by the legislature is impacted by a variety of factors such as whether parliament has a role in approving ex ante fiscal frameworks, the comprehensiveness of budget documentation, amendment powers, time available for debate, committee organization, and staffing and analytical capacity. Other factors include constitutional division of responsibilities, party systems, and mandatory spending – among others.

One of the most significant changes for just over a third of OECD legislatures is their involvement in reviewing and approving overarching fiscal frameworks and targets – in complement to their traditional roles in enacting detailed appropriations. This parallels the growth of top-down budgetary frameworks in many OECD countries (see Principle 2 of the draft OECD Principles for Budgetary Governance for a discussion of top-down budgetary management) and can help reinforce broad political commitment to fiscal discipline. However, while the legislature gains new influence in setting and approving macro targets, for some there may be a trade-off in terms of freedom to amend appropriations later on.

Legislative influence (and the ability of the legislature to seek out meaningful public input) is also affected by the time available to consider key budget documents. The OECD Best Practices for Budget Transparency recommend that the government's draft budget be submitted to parliament far enough in advance to allow parliament to review it properly – at least three months prior to the start of the fiscal year – and that the budget be approved by parliament prior to the start of the fiscal year.

The most important budget scrutiny happens in committee. There is a trend in OECD countries towards having a dominant Budget/Finance Committee responsible for budget review which coordinates varying levels of input from sectoral committees. Ideally a strong Budget/Finance Committee promotes coordination and consistency in legislative budget action and facilitates fiscal discipline, while involving sectoral committees allows the legislature to draw on their specific expertise. Some Budget/Finance Committees, for example Germany, also use a rapporteur system by which members are assigned responsibility for specific portfolios (departmental budgets) allowing them to develop significant expertise on these departments budgetary allocations and the rationale behind them. Committee deliberation is likely to be more effective if committee members serve on the committee for the full term of parliament, again because it allows them to gain the expertise necessary to challenge executive officials.

By far the most important trend we are seeing in OECD countries is a marked increase in the analytical capacity for legislatures. For many legislatures resources traditionally were limited to committee staff (which often performed more clerical type tasks) and library and research services staffed by generalists covering many areas rather than budget specialists. Today we are seeing more and more budget specialist units established within parliaments such as the UK Scrutiny Unit, Israel Budgetary Control Unit, and the Polish parliament's Department of Social and Economic Research.

There has also been growth in the number of independent parliamentary budget offices (e.g. United States, Mexico, Korea, Australia and Canada. The province of Ontario has also established a Financial



Accountability Office). These have highly specialised staff and typically are given special access to government information necessary to carry out their mandates. Other countries have chosen a fiscal council model. Both models can provide critical independent analysis by undertaking real time surveillance of public finances and fiscal policy, thus promoting quality and integrity in budgeting. The National Assembly for Wales will have the benefit of access to independent forecasts from the UK Office for Budget Responsibility (OBR), as well as other analysis that the OBR produces.

The Committee may be interested to note that the OECD Council recently adopted the *Council Recommendation on Principles for Independent Fiscal Institutions* (February, 2014) which provide guidance on issues to consider when establishing an independent parliamentary budget office or fiscal council (see attached).

Again, the above messages are based on OECD analysis of our Member country experiences. We would be pleased to elaborate on any of these points, as well as other modern budgeting reforms that are covered in the draft Principles of Budgetary Governance, including providing specific country examples.

Again, thank you for the opportunity to provide this submission to the Finance Committee.

Sincerely yours,

Jón R. Blöndal

Head of Division  
Budgeting and Public Expenditures Division

Direct line

Tel.: +33 (0) 1 45 24 76 59

Fax: +33 (0) 1 44 30 63 34

[Jon.blondal@oecd.org](mailto:Jon.blondal@oecd.org)

[www.oecd.org](http://www.oecd.org)

ORGANISATION FOR ECONOMIC  
CO-OPERATION AND DEVELOPMENT

2, rue André-Pascal  
75775 Paris Cedex 16  
France



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Public Governance and Territorial Development Directorate  
OECD Senior Budget Officials (SBO)

## Draft Principles of Budgetary Governance







**Draft PRINCIPLES OF BUDGETARY GOVERNANCE**  
**First orientations for a set of core standards and principles**

Initial consultation draft  
November 2013





## Introductory note

The objective of these draft Principles is to draw together the lessons of a decade and more of work by the OECD Senior Budget Officials (SBO) Working Party and its associated Networks, along with the contributions and insights from other areas of the OECD and of the international budgeting community more generally. The draft Principles provide a concise overview of good practices across the full spectrum of budget activity, taking account in particular of the lessons of the recent economic crisis, and aim to give practical guidance for designing, implementing and improving budget systems to meet the challenges of the future. The overall intention is to provide a useful reference tool for policy-makers and practitioners around the world, and help ensure that public resources are planned, managed and used effectively to make a positive impact on citizens' lives.

As a draft document, these Principles are a work in progress and will benefit from the constructive input and improvements from interested parties around the world, before they are considered and adopted as a formal instrument of the OECD in the future.

*For further information or to provide feedback, please contact:*

[budgetprinciples@oecd.org](mailto:budgetprinciples@oecd.org)

## Draft PRINCIPLES OF BUDGETARY GOVERNANCE

### First orientations for a set of core standards and principles

#### Introduction: The fundamental national role of the budget and the budgeting process

The budget is a central policy document of government, showing how it will achieve its annual and multi-annual objectives. Apart from financing new and existing programmes, the budget is the primary instrument for implementing fiscal policy. Alongside other instruments of government policy – such as laws, regulation and joint action with other actors in society – the budget aims to turn plans and aspirations into reality. More than this, the budget is a contract between citizens and state, showing how resources are raised and allocated for the delivery of public services. Such a document must be clear, transparent and credible if it is to command trust, and to serve as a basis of accountability.

External stakeholders also look to the quality of the budget document, and of the budgeting process, in assessing the soundness and reliability of a state. The process of shaping the budget is typically led by the Treasury/Ministry of Finance (“central budget authority” or CBA), and draws together the contributions from ministers, parliamentarians, public officials and other trusted advisers, civil society organisations and advocacy groups and, increasingly, from citizens themselves. An *effective* budgetary process is one that takes these contributions, weighs and considers them, and transforms them into a set of proposals for action for the betterment of society. A *sound* budgeting system is one which engenders trust among citizens that the government is listening to their concerns, has a plan for achieving worthwhile objectives, and will use the available resources effectively, efficiently and in a sustainable manner in doing so.

Budgeting is no longer the preserve of central governments: it is a process that encompasses all levels of government, national and subnational. Budget systems and procedures should be coordinated, coherent and consistent across levels of government. These budget principles are therefore relevant, and should be applied as appropriate, to all levels of government.

Moreover, budgeting is not a standalone process, removed from the other channels of government action. Good budgeting is supported by, and in turn supports, the various pillars of modern public governance: integrity, openness, participation, accountability and a strategic approach to planning and achieving national objectives. In this way, budgeting is an essential keystone in the architecture of trust between states and their citizens.

Budgeting practices can vary widely across countries in light of traditional, institutional and cultural factors. However, based on the experience of the Senior Budget Officials (SBO) and the extensive analysis of various aspects of budgeting conducted by the SBO and its networks over recent years and related studies across the OECD (see Bibliography), the common elements of modern budgeting practice can be presented as high-level principles to guide and inform budgetary processes and reforms. Countries that organise their budgetary affairs on the basis of these governance principles are best-placed to meet citizens’ expectations for sound, stable and effective public governance.

These principles deal with the various phases of the budget process, the attributes of the budget document, as well as the wider context within which budgets are formed. The OECD has developed, and is developing, more detailed principles and recommendations for further guidance on specific elements of the overall budgeting framework.

## **1. Fiscal policy should be managed within clear, credible and predictable limits.**

- A sound fiscal policy is one which avoids the build-up of large, unsustainable debts, and which uses favourable economic times to build up resilience and buffers against more difficult times. However, there are a range of political and other factors that can impede governments from effecting such counter-cyclical, or even cyclically neutral, policies.
- At minimum, governments should have a stated commitment to pursue a sound and sustainable fiscal policy. The credibility of this commitment can be enhanced through clear and verifiable fiscal rules or policy guidelines which make it easier for people to understand and to anticipate the government's fiscal policy course throughout the economic cycle, and through other institutional mechanisms (see point 10 below) to provide an independent perspective in this regard.

## **2. Top-down budgetary management should be applied to align policies with resources.**

- The starting point for budgetary management should be the setting of overall budget targets by the CBA which will achieve fiscal policy objectives for each year of a medium-term fiscal horizon. These targets should then be used to ensure that all elements of revenue, expenditure and broader economic policy are consistent and are managed in line with the available resources.
- The accuracy of economic forecasting, and of tax and expenditure baseline projections, is of central importance if top-down budgeting is to be planned and implemented effectively (see also points 4 and 10 below).

## **3. Budgets should be closely aligned with government-wide strategic priorities.**

- To promote alignment with the (multi-year) planning, prioritisation and goal-setting functions of government, the (annual) budgeting process should (a) develop a medium-term perspective, beyond the traditional annual cycle (see point 4 below); and (b) organise and structure the budget allocations in a way that corresponds readily with national objectives.
- The CBA should have a close working relationship with the centre of government (i.e. prime minister's office or cabinet office), given the inter-dependencies between the budget process and the achievement of government-wide policies.
- From time to time, governments may need to revisit or realign their fundamental priorities to take account of developments in the economy or in society. A periodic, comprehensive review of expenditure (see point 9 below) is a useful tool for ensuring that budgetary expectations are managed in line with government-wide developments.

## **4. Budgets should be forward-looking, giving a clear medium-term outlook.**

- A medium-term dimension to budgeting is essential both for managing fiscal policy effectively and for resourcing government plans and priorities (see points 1, 2 and 3 above). Moreover, many structural reform measures – whether relating to expenditure or revenue – take several years to yield their expected benefits, and these effects should be planned and budgeted for across the multi-year horizon.
- A medium-term expenditure framework (MTEF) is accordingly of fundamental importance in setting a basis for the annual budget. To be effective, an MTEF should have real force in setting boundaries for the main categories of expenditure, for each year of the medium-term horizon; should be fully aligned with the top-down budgetary constraints agreed by government; should be grounded upon realistic forecasts for baseline expenditure (i.e. using existing policies), including a clear outline of key assumptions used; should show the correspondence with expenditure objectives and deliverables from national strategic plans; and should include

sufficient institutional incentives and flexibility to ensure that expenditure boundaries are respected.

- Capital investment plans, which by their nature have an impact beyond the annual budget, should be grounded in objective appraisal of economic capacity gaps, infrastructural development needs and sectoral/social priorities. The budgeting process should require a prudent assessment of the costs and benefits of such investments; affordability for users over the long term, including in light of recurrent costs; relative priority among various projects; and of overall value for money. Investment decisions should be evaluated independently of the specific financing mechanism i.e. whether through traditional capital procurement or a private financing model such as public-private partnership (PPP).

## **5. Budget documents and data should be open, transparent and accessible.**

- Clear budget reports should be available to inform all stages of policy formulation, consideration and debate, as well as implementation and review. The annual budget document itself, which shows the allocations for each public service area and revenue policy measures under each tax heading, is of central importance. Budgetary information should also be presented in comparable format in advance of the final budget providing enough time for effective discussion and debate on policy choices (e.g. a draft budget or a pre-budget report), during the implementation phase (e.g. a mid-year budget report) and after the end of the budget year (an end-year report) to promote effective decision making, accountability and oversight.
- All budget reports should be published fully, immediately and routinely, and in a way that is accessible to citizens. In the modern context, “accessibility” requires that budget documents be available on-line, and that all budget data be presented in open data formats which can be readily downloaded, analysed, used and re-presented by citizens, civil society organisations and other stakeholders.
- The budgeting process brings together all financial inflows and outflows of government; the use of open, standardised data sets should therefore allow for the budgeting process to facilitate and support other important government objectives such as open government, integrity and programme evaluation.

## **6. The budget process should be inclusive, participative and realistic.**

- As well as having access to budget documents and data, parliament and citizens should be able to understand and influence the discussion about budgetary policy options, according to their democratic mandate, competencies and perspectives.
- Detailed and technical information should be presented in a simple manner, and the impact of budget measures – whether to do with tax or expenditure – should be clearly explained. A “citizen’s budget” or budget summary, in a standard and user-friendly format, is one way of achieving this.
- The national parliament has a fundamental role in authorising budget decisions and in holding governments to account. The parliament and its committees should have the opportunity to engage with the budget process at all stages of the budget cycle. The clear setting-out of medium-term budgetary envelopes (see point 4 above) should help the parliament to participate in the annual process of budget formulation *ex ante* as well as *ex post*.
- Since governments have finite resources at their disposal, budgeting is concerned with identifying priorities, assessing value for money and making decisions. Parliaments, citizens and civil society organisations can contribute usefully to the budget process when they become engaged in the debate about difficult trade-offs, opportunity costs and value for money. Governments should facilitate this useful engagement by making clear the relative costs and benefits of the wide range of public expenditure programmes and tax expenditures.

## 7. Budgets should present a true, full and fair picture of the public finances.

- As a contract of trust between citizens and the state, it is expected that the budget document should account truly and faithfully for all expenditures and revenues of the national government, and that no figures should be omitted or hidden (although limited restrictions may apply for certain national security purposes). To underpin trust, this expectation should be made explicit through formal laws, rules or declarations that ensure budget sincerity and constrain the use of “off-budget” fiscal mechanisms.
- Control of the national budget is the responsibility of the central government, and the degree of co-ordination and co-operation with subnational levels of government naturally varies from country to country. The budget documentation should present a full national overview of the public finances – encompassing central and subnational levels of government – as an essential context for a debate on budgetary choices.
- Budget accounting should show the full financial costs and benefits of budget decisions, including the impact upon financial assets and liabilities. Accruals budgeting and reporting, which correspond broadly with private sector accounting norms, routinely show these costs and benefits; where traditional cash budgeting is used, supplementary information is needed. Where accruals methodology is used, a cash statement should also be prepared to show how the national government operations will be funded from year to year.
- Public programmes that are funded through non-traditional means – e.g. PPPs – should be included and explained in the budget reports, even where (for accounting reasons) they may not directly affect the public finances within the time frame of the budget document.

## 8. Performance, evaluation and value for money should be integral to the budget process

- Parliament and citizens need to understand not just what is being *spent*, but what is being *bought* on behalf of citizens – i.e. what public services are actually being delivered, to what standards of quality and with what levels of efficiency.
- Performance information should be routinely presented alongside the financial allocations in the budget report. It is essential that such information should clarify, and not obscure or impede, accountability and oversight. Accordingly, performance information should be limited to a small number of relevant indicators for each policy programme; should be clear and easily understood; should allow for tracking of results against targets and for comparison with international and other benchmarks; and should make clear the link with government-wide strategic objectives.
- Expenditure programmes (including tax expenditures) should be routinely and regularly subject to objective evaluation and review, to inform resource allocation and re-prioritisation both within line ministries and across government as a whole. High-quality performance and evaluation information should be available to facilitate an evidence-based review.
- In particular, all new policy proposals should be routinely and openly evaluated *ex ante* to assess coherence with national priorities, clarity of objectives, and anticipated costs and benefits.
- Periodically, governments should take stock of overall expenditure and reassess its alignment with fiscal objectives and national priorities, taking account of the results of evaluations. For such a comprehensive review to be effective, it must be aligned with political demand.

## 9. Longer-term sustainability and other fiscal risks should be identified, assessed and managed prudently

- To promote a stable development of public finances, mechanisms should be applied to promote the resilience of budgetary plans and to mitigate the potential impact of fiscal risks.

- Fiscal risks, including contingent liabilities, should be clearly identified, explained and classified by type: e.g. forecasting assumptions; national and international economic risks and scenarios, including uncertainties relating to the economic cycle and internal and external economic imbalances; liabilities and guarantees in the public sector, including public enterprises; potential liabilities in the broader economy, including any implicit support for strategic industries or private-sector pension schemes; risk-sharing and joint financing arrangements with the private sector, including PPPs; implicit guarantees for sub-national debt; risks from natural disasters and other unpredictable events; and longer-term sustainability risks, including those related to publicly-funded pensions and any implicit support for private-sector pensions.
- Fiscal risks should also be quantified as far as possible, and the mechanisms for managing these risks should be made explicit and reported alongside the annual budget. Such mechanisms should include, as appropriate: adoption of a prudent fiscal stance; adequate fiscal buffers against cyclical volatility; charging market-based fees for the implicit costs associated with liabilities and guarantees; credible repudiation by the government of any perceived responsibility for risks that belong in the private sector; and protected reserve funds for unforeseen events and for longer-term budgetary challenges.
- Longer-term demographic changes and other factors can also give rise to major pressures and challenges for budgetary policy: issues such as social security, health care, care for older people, education, energy policy and the structure of the tax base should be considered under this heading. A report on long-term sustainability of the public finances should be published regularly (at least once every 3 years), and its policy messages – both near-term and longer-term – should be presented and considered in the budgetary context.

## **10. The integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation should be promoted through rigorous, independent quality assurance.**

- The CBA needs to command the confidence of a broad range of stakeholders – across government, within parliament and the public, and internationally – in the quality and integrity of its budgetary forecasts and fiscal plans and in its ability to manage budgetary implementation and delivery.
- In the first instance, governments should invest continually in the skills and capacity of staff to perform their roles effectively – whether in the CBA, line ministries or other institutions – including by reference to current international standards and norms.
- The credibility of national budgeting – including economic forecasting, adherence to fiscal rules, longer-term sustainability and handling of fiscal risks – can also be enhanced through independent fiscal institutions or other structured, institutional processes for allowing objective scrutiny of, and input to, government budgeting. An open, transparent and participative approach to budgeting (see points 4 and 5 above) also promotes the credibility and quality of the budgetary process.
- Independent internal audit is an essential safeguard for the quality of integrity of budget processes and financial management, both within the CBA and within line ministries.
- The supreme audit institution (SAI) has a fundamental role, as a guardian of the public trust, in ensuring that budgeted resources are used properly. A well-functioning SAI should deal authoritatively with all aspects of financial accountability. As regards efficiency and value for money, both the internal and external control systems should have a role in auditing the cost-effectiveness of individual programmes and in assessing the quality of performance accountability and governance frameworks more generally.

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# OECD Best Practices for Budget Transparency



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# OECD Best Practices for Budget Transparency

## Note from the Editors

The relationship between good governance and better economic and social outcomes is increasingly acknowledged. Transparency – openness about policy intentions, formulation and implementation – is a key element of good governance. The budget is the single most important policy document of governments, where policy objectives are reconciled and implemented in concrete terms. Budget transparency is defined as the full disclosure of all relevant fiscal information in a timely and systematic manner.

OECD Member countries are at the forefront of budget transparency practices. At its 1999 annual meeting, the OECD Working Party of Senior Budget Officials asked the Secretariat to draw together a set of Best Practices in this area based on Member countries' experiences.

The Best Practices are in three parts. Part 1 lists the principal budget reports that governments should produce and their general content. Part 2 describes specific disclosures to be contained in the reports. This includes both financial and non-financial performance information. Part 3 highlights practices for ensuring the quality and integrity of the reports.

The Best Practices are designed as a reference tool for Member and non-member countries to use in order to increase the degree of budget transparency in their respective countries. The Best Practices are organised around specific reports for presentational reasons only. It is recognised that different countries will have different reporting regimes and may have different areas of emphasis for transparency. The Best Practices are based on different Member countries' experiences in each area. It should be stressed that the Best Practices are not meant to constitute a formal "standard" for budget transparency.

## 1. Budget reports

### 1.1. *The budget*

- The budget is the government's\* key policy document. It should be comprehensive, encompassing all government revenue and expenditure, so that the necessary trade-offs between different policy options can be assessed.
- The government's draft budget should be submitted to Parliament far enough in advance to allow Parliament to review it properly. In no case should this be less than three months prior to the start of the fiscal year. The budget should be approved by Parliament prior to the start of the fiscal year.
- The budget, or related documents, should include a detailed commentary on each revenue and expenditure programme.
- Non-financial performance data, including performance targets, should be presented for expenditure programmes where practicable.
- The budget should include a medium-term perspective illustrating how revenue and expenditure will develop during, at least, the two years beyond the next fiscal year. Similarly, the current budget proposal should be reconciled with forecasts contained in earlier fiscal reports for the same period; all significant deviations should be explained.
- Comparative information on actual revenue and expenditure during the past year and an updated forecast for the current year should be provided for each programme. Similar comparative information should be shown for any non-financial performance data.
- If revenue and expenditures are authorised in permanent legislation, the amounts of such revenue and expenditures should nonetheless be shown in the budget for information purposes along with other revenue and expenditure.
- Expenditures should be presented in gross terms. Ear-marked revenue and user charges should be clearly accounted for separately. This should be done regardless of whether particular incentive and control systems provide for the retention of some or all of the receipts by the collecting agency.

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\* The Best Practices define "government" in line with the System of National Accounts (SNA). This definition encompasses the non-commercial activities of government. Specifically, the activities of state-owned enterprises are excluded from this definition. Although the SNA definition focuses on general government, *i.e.* consolidating all levels of government, these Best Practices should be seen to apply to the national government.

- Expenditures should be classified by administrative unit (*e.g.* ministry, agency). Supplementary information classifying expenditure by economic and functional categories should also be presented.
- The economic assumptions underlying the report should be made in accordance with Best Practice 2.1 (below).
- The budget should include a discussion of tax expenditures in accordance with Best Practice 2.2 (below).
- The budget should contain a comprehensive discussion of the government's financial assets and liabilities, non-financial assets, employee pension obligations and contingent liabilities in accordance with Best Practices 2.3-2.6 (below).

### 1.2. *Pre-budget report*

- A pre-budget report serves to encourage debate on the budget aggregates and how they interact with the economy. As such, it also serves to create appropriate expectations for the budget itself. It should be released no later than one month prior to the introduction of the budget proposal.
- The report should state explicitly the government's long-term economic and fiscal policy objectives and the government's economic and fiscal policy intentions for the forthcoming budget and, at least, the following two fiscal years. It should highlight the total level of revenue, expenditure, deficit or surplus, and debt.
- The economic assumptions underlying the report should be made in accordance with Best Practice 2.1 (see below).

### 1.3. *Monthly reports*

- Monthly reports show progress in implementing the budget. They should be released within four weeks of the end of each month.
- They should contain the amount of revenue and expenditure in each month and year-to-date. A comparison should be made with the forecast amounts of monthly revenue and expenditure for the same period. Any in-year adjustments to the original forecast should be shown separately.
- A brief commentary should accompany the numerical data. If a significant divergence between actual and forecast amounts occurs, an explanation should be made.
- Expenditures should be classified by major administrative units (*e.g.*, ministry, agency). Supplementary information classifying expenditure by economic and functional categories should also be presented.

- The reports, or related documents, should also contain information on the government's borrowing activity (see Best Practice 2.3 below).

#### **1.4. Mid-year report**

- The mid-year report provides a comprehensive update on the implementation of the budget, including an updated forecast of the budget outcome for the current fiscal year and, at least, the following two fiscal years. The report should be released within six weeks of the end of the mid-year period.
- The economic assumptions underlying the budget should be reviewed and the impact of any changes on the budget disclosed (see Best Practice 2.1 below).
- The mid-year should contain a comprehensive discussion of the government's financial assets and liabilities, non-financial assets, employee pension obligations and contingent liabilities in accordance with Best Practices 2.3-2.6 (below).
- The impact of any other government decisions, or other circumstances, that may have a material effect on the budget should be disclosed.

#### **1.5. Year-end report**

- The year-end report is the government's key accountability document. It should be audited by the Supreme Audit Institution, in accordance with Best Practice 3.3 (below) and be released within six months of the end of the fiscal year.
- The year-end report shows compliance with the level of revenue and expenditures authorised by Parliament in the budget. Any in-year adjustments to the original budget should be shown separately. The presentation format of the year-end report should mirror the presentation format of the budget.
- The year-end report, or related documents, should include non-financial performance information, including a comparison of performance targets and actual results achieved where practicable.
- Comparative information on the level of revenue and expenditure during the preceding year should also be provided. Similar comparative information should be shown for any non-financial performance data.
- Expenditure should be presented in gross terms. Ear-marked revenue and user charges should be clearly accounted for separately.

- Expenditure should be classified by administrative unit (*e.g.* ministry, agency). Supplementary information classifying expenditure by economic and functional categories should also be presented.
- The year-end report should contain a comprehensive discussion of the government's financial assets and financial liabilities, non-financial assets, employee pension obligations and contingent liabilities in accordance with Best Practices 2.3-2.6 (below).

### **1.6. Pre-election report**

- A pre-election report serves to illuminate the general state of government finances immediately before an election. This fosters a more informed electorate and serves to stimulate public debate.
- The feasibility of producing this report may depend on constitutional provisions and electoral practices. Optimally, it should be released no later than two weeks prior to elections.
- The report should contain the same information as the mid-year report.
- Special care needs to be taken to assure the integrity of such reports, in accordance with Best Practice 3.2 (below).

### **1.7. Long-term report**

- The long-term report assesses the long-term sustainability of current government policies. It should be released at least every five years, or when major changes are made in substantive revenue or expenditure programmes.
- The report should assess the budgetary implications of demographic change, such as population ageing and other potential developments over the long-term (10-40 years).
- All key assumptions underlying the projections contained in the report should be made explicit and a range of plausible scenarios presented.

## **2. Specific disclosures**

### **2.1. Economic assumptions**

- Deviations from the forecast of the key economic assumptions underlying the budget are the government's key fiscal risk.
- All key economic assumptions should be disclosed explicitly. This includes the forecast for GDP growth, the composition of GDP growth, the rate of employment and unemployment, the current account, inflation and interest rates (monetary policy).



- A sensitivity analysis should be made of what impact changes in the key economic assumptions would have on the budget.

## **2.2. Tax expenditures**

- Tax expenditures are the estimated costs to the tax revenue of preferential treatment for specific activities.
- The estimated cost of key tax expenditures should be disclosed as supplementary information in the budget. To the extent practicable, a discussion of tax expenditures for specific functional areas should be incorporated into the discussion of general expenditures for those areas in order to inform budgetary choices.

## **2.3. Financial liabilities and financial assets**

- All financial liabilities and financial assets should be disclosed in the budget, the mid-year report, and the year-end report. Monthly borrowing activity should be disclosed in the monthly reports, or related documents.
- Borrowings should be classified by the currency denomination of the debt, the maturity profile of the debt, whether the debt carries a fixed or variable rate of interest, and whether it is callable.
- Financial assets should be classified by major type, including cash, marketable securities, investments in enterprises and loans advanced to other entities. Investments in enterprises should be listed individually. Loans advanced to other entities should be listed by major category reflecting their nature; historical information on defaults for each category should be disclosed where available. Financial assets should be valued at market value.
- Debt management instruments, such as forward contracts and swaps, should be disclosed.
- In the budget, a sensitivity analysis should be made showing what impact changes in interest rates and foreign exchange rates would have on financing costs.

## **2.4. Non-financial assets**

- Non-financial assets, including real property and equipment, should be disclosed.
- Non-financial assets will be recognised under full accrual-based accounting and budgeting. This will require the valuation of such assets and the selec-

tion of appropriate depreciation schedules. The valuation and depreciation methods should be fully disclosed.

- Where full accrual basis is not adopted, a register of assets should be maintained and summary information from this register provided in the budget, the mid-year report and the year-end report.

### **2.5. Employee pension obligations**

- Employee pension obligations should be disclosed in the budget, the mid-year report and the year-end report. Employee pension obligations are the difference between accrued benefits arising from past service and the contributions that the government has made towards those benefits.
- Key actuarial assumptions underlying the calculation of employee pension obligations should be disclosed. Any assets belonging to employee pension plans should be valued at market value.

### **2.6. Contingent liabilities**

- Contingent liabilities are liabilities whose budgetary impact is dependent on future events which may or may not occur. Common examples include government loan guarantees, government insurance programmes, and legal claims against the government.
- All significant contingent liabilities should be disclosed in the budget, the mid-year report and the annual financial statements.
- Where feasible, the total amount of contingent liabilities should be disclosed and classified by major category reflecting their nature; historical information on defaults for each category should be disclosed where available. In cases where contingent liabilities cannot be quantified, they should be listed and described.

## **3. Integrity, control and accountability**

### **3.1. Accounting policies**

- A summary of relevant accounting policies should accompany all reports. These should describe the basis of accounting applied (*e.g.* cash, accrual) in preparing the reports and disclose any deviations from generally accepted accounting practices.
- The same accounting policies should be used for all fiscal reports.
- If a change in accounting policies is required, then the nature of the change and the reasons for the change should be fully disclosed. Information for

previous reporting periods should be adjusted, as practicable, to allow comparisons to be made between reporting periods.

### **3.2. Systems and responsibility**

- A dynamic system of internal financial controls, including internal audit, should be in place to assure the integrity of information provided in the reports.
- Each report should contain a statement of responsibility by the finance minister and the senior official responsible for producing the report. The minister certifies that all government decisions with a fiscal impact have been included in the report. The senior official certifies that the Finance Ministry has used its best professional judgement in producing the report.

### **3.3. Audit**

- The year-end report should be audited by the Supreme Audit Institution in accordance with generally accepted auditing practices.
- Audit reports prepared by the Supreme Audit Institution should be scrutinised by Parliament.

### **3.4. Public and parliamentary scrutiny**

- Parliament should have the opportunity and the resources to effectively examine any fiscal report that it deems necessary.
- All fiscal reports referred to in these Best Practices should be made publicly available. This includes the availability of all reports free of charge on the Internet.
- The Finance Ministry should actively promote an understanding of the budget process by individual citizens and non-governmental organisations.

Yn rhinwedd paragraff(au) ix o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

Eitem 4

# The Senedd Papers

#2

# Taxation in Wales

An IWA discussion paper by Gerald Holtham

**iwa**

Tudalen y pecyn 58

# The Senedd Papers

## #2

### **About us**

The IWA is Wales' critical friend.

We aim to bring people together in a safe space, where ideas collide and solutions can be forged. Our role is to act as a catalyst to generate an intelligent debate about Wales' future.

We are an independent charity with a broad membership base. We discharge our mission by:

### *Generating ideas*

- Providing a platform for innovative ideas to improve Wales.
- Bringing together experts and practitioners to critically examine evidence in key areas and to suggest improvements.

### *Discussing*

- Providing a unique space to bring together the worlds of politics, business, public service, academia and the wider public.
- Testing and challenging ideas through a diverse range of activity across Wales.

### *Influencing*

- Working with policy makers from across the spectrum to translate these ideas into practice

We are a small think tank. We cannot achieve our charitable mission alone. We need your help.

**iwa**

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# Introduction to the Senedd Papers

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For democracy to work there needs to be an engaged electorate and civil society. One of the core objectives for the National Assembly for Wales's Commission during the Fourth Assembly is to increase engagement with the people of Wales.

That is, we aim to create an environment that encourages interest in the work of the Assembly and facilitates participation in the Assembly's roles of legislating, scrutiny and representation.

We aim to achieve this by engaging actively and widely, and ensure that the Assembly benefits from the creative energy generated by such engagement.

An important part of that process is working with partner organisations to facilitate debate amongst wider civic society and that's why the National Assembly is supporting the Institute of Welsh Affairs in launching The Senedd Papers.

The IWA plays an important role in Welsh civic life in terms of developing Wales's public policy landscape - and by anchoring this series of discussion papers to the seat of Welsh Governance, here in our iconic building, we are highlighting the central role that the National Assembly now plays in developing and scrutinising public policy in Wales.

## **Dame Rosemary Butler AM**

Presiding Officer of the National Assembly for Wales



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## IWA Foreword

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Just fifteen years after the establishment of an Assembly with executive powers Wales now has a Government, a Parliament, and will soon have tax raising powers.

The third Government of Wales Bill in a decade and a half, currently before Parliament, will give the National Assembly power over Stamp Duty Land Tax and Landfill Tax. The new powers follow some – though not all – of the recommendations of the Silk Commission on financial reform for Wales. The first report of the independent commission on devolution also recommended that powers to vary income tax should be given to the Assembly, subject to a Yes vote in a referendum. It unanimously agreed that the Aggregates Levy and Air Passenger Duty be devolved to the National Assembly, however, this was not accepted by the coalition Government.

For the UK Government the devolution of tax raising powers represents an important principle in making the Assembly more accountable for raising some of the money it spends. The sums that will be raised by these ‘small taxes’ are relatively trivial, but they do unlock a revenue stream to service some borrowing powers for the Welsh Government. To access more meaningful borrowing levels, however, a referendum will need to be won, and that seems like a very remote possibility at present.

Nonetheless, an important principle has been conceded and the Welsh Government now has to ready itself to perform a new role. Whilst some of the matters that need to be addressed are largely technical they mark the opening of an important new chapter in the development of democratic devolution to Wales.

In the second of our Senedd Papers series the highly respected economist, Gerald Holtham, sets out some initial thinking on the shape of a tax policy for the next Welsh Government. As with each of the papers in the series we have sought out an expert in their field to help policy makers come up with practical proposals to consider as they shape their manifestos for the next Assembly election. Gerry Holtham is not only the author of the acclaimed report on fairer funding for Wales (which bears his name), but has had a distinguished career in the City of London, the OECD and in think-tanks in the UK and the U.S.

In this typically stimulating paper, Holtham, a Fellow of the IWA, argues that the Welsh Government must think about those taxes it already controls as well any newly devolved ones in order to optimise tax policy. His proposals are rational and progressive, but present a range of problematic choices for politicians. But with the Wales Audit Office putting the funding gap

for Welsh public services at between £2.6 and £4.6 Billion by 2025<sup>1</sup>, our leaders have little option other than to be bold.

Once again I'd like to thank the Assembly Commission and the Presiding Officer, Dame Rosemary Butler, for their support for the Senedd Papers series.

**Lee Waters**

Director, Institute of Welsh Affairs

*May 2014*

1 Mark Jeffs, Future Pressures on Welsh Public Services, Wales Public Services 2025. 2013. ([www.walespublicservices2025.org.uk](http://www.walespublicservices2025.org.uk))

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## Starting to think about tax

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The Silk report has recommended the devolution of some taxes and that is embodied in the Wales Bill before Parliament. The Welsh government is ready to accept the devolution of a number of small taxes. They could be useful policy instruments and provide a moderate revenue stream that would underpin limited borrowing powers. The devolution of income tax which Silk suggested, is subject to a referendum and, at present, that looks a more remote possibility.

The Finance Minister has convened an advisory panel of tax academics and accountants and has also arranged a series of consultations on the right approach to stamp duty tax on land sales, one of the Silk taxes. (The other is landfill tax). Stamp duty is already been devolved to Scotland where it is to be reformed. In recent discussions, the Welsh construction industry and business organisations have said they want the tax devolved and reformed, and the Royal Institute of Chartered Surveyors has suggested a similar reform would also be popular in England.

There is general agreement that Wales needs to develop a stronger Treasury function before it takes on many more financial initiatives and taxation powers, both to consider tax policy and to improve project appraisal across the Welsh Government. Another function that has to be organised is tax collection and administration.

In considering tax policy, the Welsh Government must think about those taxes it already controls as well any newly devolved ones in order to optimise tax policy. The most considerable of current taxes is council tax, an important source of revenue for local authorities that raises over £1 1/4 billion in Wales. Most specialists accept that the tax is ill-structured and it is politically unpopular too. Consideration of this tax is something on which a developing Welsh Treasury should cut its teeth.

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# Council tax: it's a mess

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Council tax is the misbegotten offspring of political misjudgment and political cowardice. Local government used to be funded by domestic rates, a tax levied on rental values of property. That tax was unpopular with homeowners, as property taxes tend to be. The reason is that people get a relatively large demand for tax and it is not associated with any income flow or transaction. It sticks out and is resented. Yet land or property taxes are loved by economists because they have two excellent features – they are hard to avoid (you can't easily hide or move a house) and they don't distort economic activity as most taxes do.

Nonetheless Mrs Thatcher's Government in the 1980s decided to gratify homeowners whom it considered its natural supporters. It abolished the rates and introduced the poll tax. The rationale was that the tax paid for local services so everyone who enjoyed those should pay – and at the same rate. The poll tax was an act of political miscalculation and the tax was no more popular than it had been when levied in the 14th century, triggering the peasants' revolt. It helped to hasten Mrs Thatcher's departure and had to go. But John Major's Government, battered by public fury, did not have the nerve to levy a proper land or property tax so we got the community charge, tied to housing, with the tax varying depending on a series of arbitrary bands on house prices. The initial cowardice was subsequently repeated in England where the tax is levied on house values that have not been reformed since 1992.

Wales did better with a revaluation in 2005, based on 2003 values, and another band was added on the top of those existing in England. It caused some political pain for Rhodri Morgan's administration and though another revaluation is due before 2015, the nerve of Welsh politicians has failed after the fuss in 2005. Yet people in expensive houses could now be paying much more tax than they are in the existing situation if the old domestic rates tax had just been retained. Mansion taxes could merely restore a situation that existed until the 1980s.

At present Council tax is regressive in property values, going up more slowly than house prices across the range. In Wales in 2013 the average council tax on the lowest band, where properties are worth up to £44,000, amounts to nearly 1.9% of the value of the property. That falls to nearly 1.5% for properties in the range £44,000-£65,000 and it goes on falling for more expensive properties. For properties worth over £424,000, the tax is just over 0.5% of capital value.

The council tax could be reformed to make it fairer, more buoyant and less likely to give rise to political tantrums when revaluations occur.

Moreover, changes to the benefit system are now making reform urgent since the UK Government has abandoned responsibility for paying the council tax of people on income support, without giving the Welsh Government all the money necessary to do so. The Welsh Government is in a position to mend council tax now; it has all the powers it needs. Reform

could take the form of a radical restructuring or a range of more modest changes.

First step: acknowledge the council tax is two things: a charge for local services and a property tax. So first of all set the charge for local services, which all householders and tenants pay irrespective of the value of the property. Then have a schedule that raises the tax more or less proportionately with the value of the property. This can be done with present council tax bands though the progression could be made more precise by increasing the number of bands. Moreover, the tax banding should not stop with a single band for house prices above £424,000 as it does now but could reflect rising valuations beyond that.

If the authorities set the rates on this reformed tax so as to collect the same revenue as it does now, the effect would be to collect much more revenue on more expensive houses and less on those at the bottom of the market. In general that would reduce the tax on poorer people who tend to live in poorer houses.

In the days before changes to the welfare system, much of the council tax on the poor was paid by housing benefit, but the UK Government has just cut the resources available for that relief by 10%. The cost of the benefit is currently some £240 million and will evidently rise over time with inflation and council tax rates. The UK Government has given Wales £220 million, leaving a shortfall of some £20 million in Wales last year that must grow with time. So now making the tax more progressive would actually relieve the burden on poor people, or on the Welsh budget, and not just help the UK Treasury as formerly.

Currently council tax in Wales is set to realise the same revenue as a pure property tax on housing would if leveled at the rate of about 0.8% of capital value. There is a perfectly proper political discussion to be had in these times of squeeze on public services, especially at the local level, whether that could be more or less.

The Mirrlees Review of the British tax system, chaired by Nobel laureate James Mirrlees and sponsored by the Institute for Fiscal Studies noted:

“...there is also evidence that people just find the idea of a tax linked to the value of their property unfair. This seems to reflect the fact that perceptions of fairness in tax are more closely linked to the relationship of the tax to flows of income than to stocks of wealth. But, both because consumption of housing services is as legitimate a tax base as any other consumption, and because it is a good complement to current income as an indicator of lifetime income or ability to pay, this does not seem to us to be a good objection—at least not economically.”<sup>2</sup>

If residential property services were taxed at the same rate as other consumption, council tax would be over 1% of house values.

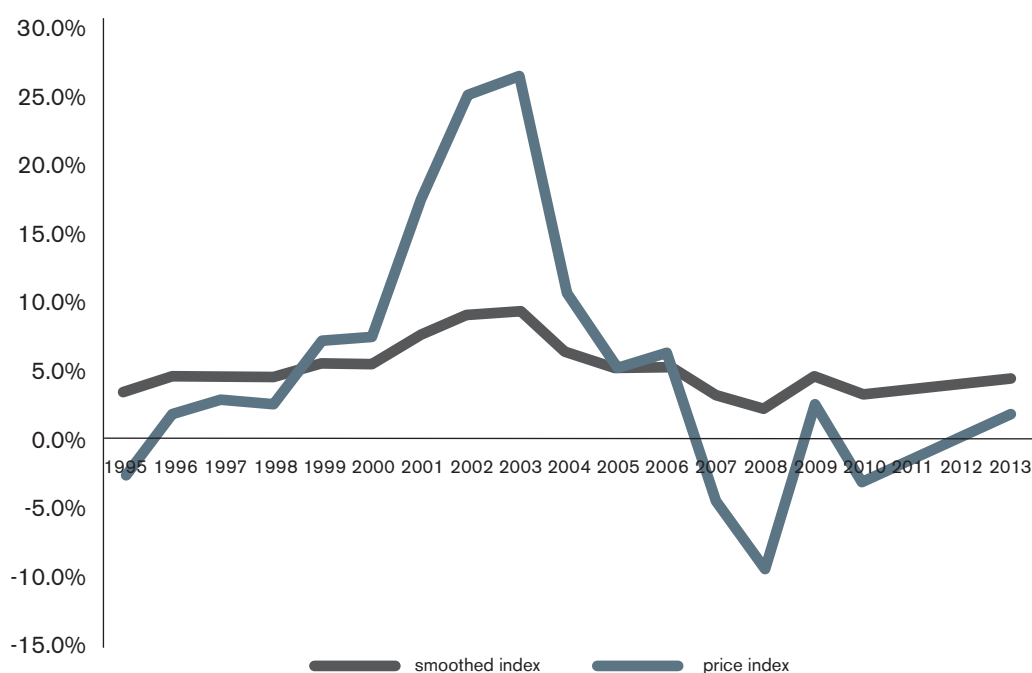
But in any case something should also be done to make the tax base more buoyant and the tax less unpopular. The first could be done by indexation. The tax base (the assessed value of houses) should rise each year with a local index of house prices. These are readily available. But the rise would need to be smoothed since house prices are volatile. The average annual rise in Wales since 1995 has been 4.9%, but in 2002 and 2003 prices rose by over 20%, and in 2007 and 2008 they fell by nearly 5% and 10% respectively.

2 *Dimensions of Tax Design: the Mirrlees Review, Oxford University Press: September 2011.*

There are various ways to smooth the indexation. One possibility would be to take a very long run average of price increases, say 20 years, and make the annual change equal to a proportion of that change and a proportion of the previous year's change. If the proportions were weighted in favour of the long-run change, the index would be quite smooth. The chart below compares the house price index for Wales with a smoothing with proportions of 0.8 and 0.2. Indexation is an approach followed in the United States and elsewhere. It leads to gradual change and does away with the ten-year fuss about whether to revalue. The process would be subject to an appeals mechanism, as is currently the case, where house values had been subject to specific factors and so did not follow the index. Indexation gives local government a buoyant tax base that rises with the costs, and means they don't necessarily have to announce changes in rates of tax just to keep revenues constant in real terms after adjusting for inflation.

Moreover, it might also help acceptability if the tax was announced as a rate and a weekly or monthly sum, which could be reduced somewhat for direct debit payments. It is the same approach that sellers of cars use – so much a week they tell you, rather than the price of the car.

### — House prices and indexation



One often-cited objection to property taxes is that they hit the asset-rich, income poor, like widows living on in the family home on a modest pension. The evidence is that this is a small-scale problem in reality. Anyway it can be ameliorated by allowing council tax to roll up in such circumstances and become a charge on the house when it is sold or when the widow is deceased. At a tax rate of 0.65% the widow could stay in the house for 153 years before all the equity was gone.

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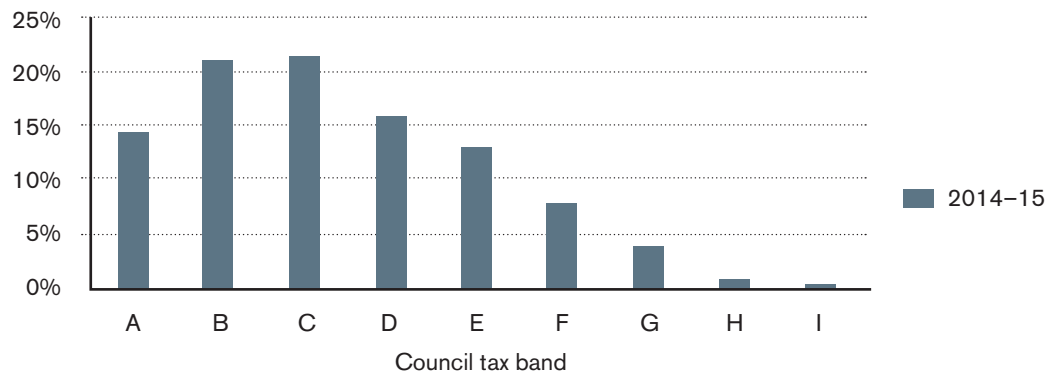
# An example of reform

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Data exist for the number of dwellings in Wales in each band (see chart below) and the average council tax payment. We also have data for the council tax benefits relating to each band. Currently band A properties pay an average £850 a year rising to £2970 for band I (Those are all-Wales averages; the tax is set by local authorities and varies from place to place but the relation between different bands is the same everywhere).

If all eligible properties paid tax at the full rate, Wales would collect about £1.8 billion annually, but just over one third of properties are eligible for a discount. People living alone get a discount of 25%. Some 4% of properties are exempt altogether, mainly empty properties and those occupied only by students. With a collection rate of just under 97%, council tax revenues were about £1.2 billion in 2011-12, and they are expected to hit £1.5 billion in 2014-15.

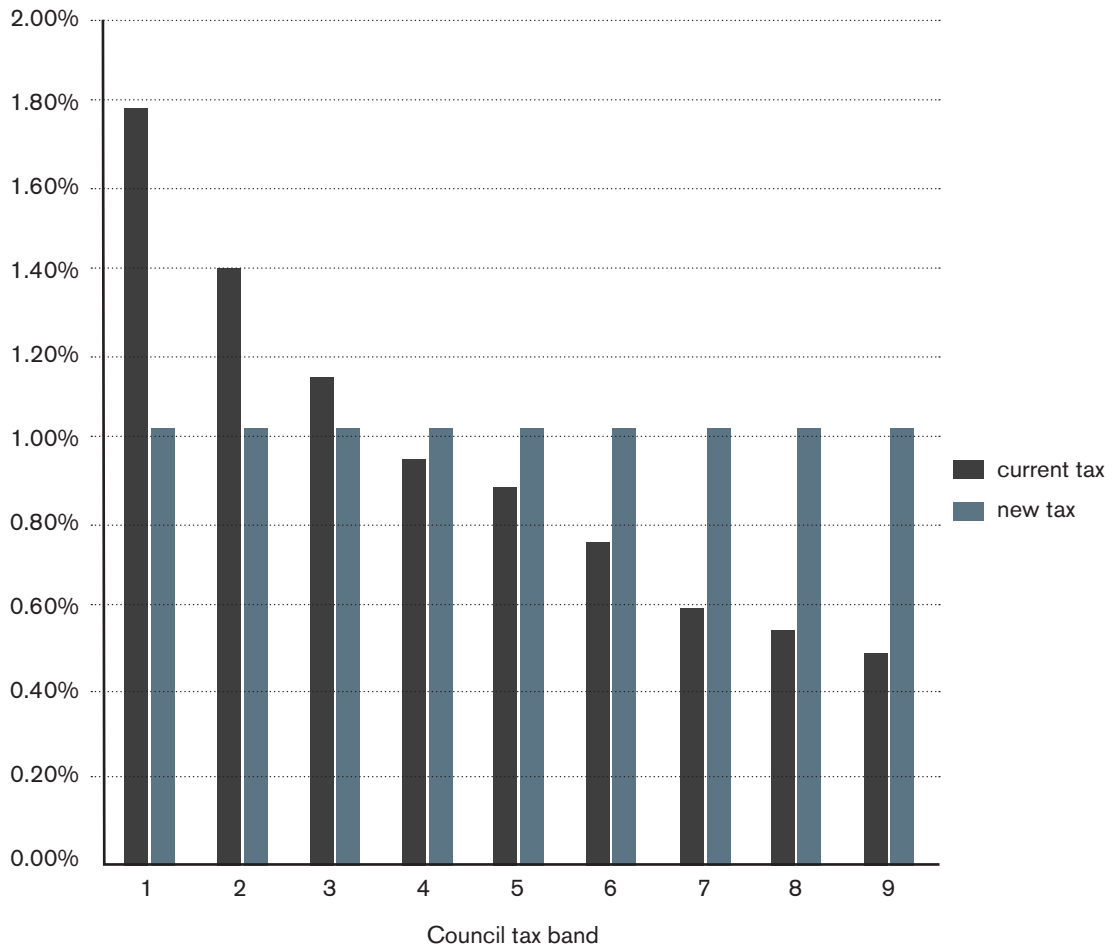
— Proportion of dwellings by council tax band



Suppose we replaced the current council tax with a payment equal to a flat sum plus a proportion of the value of the property minus a property 'allowance'. That could be done, even without reforming existing bands – although it would be better, and fairer, to increase the number of bands so that taxes more nearly reflected actual property values. However, for simplicity let's consider a reform based on current bands. For example there could be a flat payment of £350 a year plus 1.09% of the top-of-each-band property value, minus a fixed allowance of £34,000. That would yield similar revenue to the current tax.

A tax “allowance” off property values combined with the fixed charge gives a strictly proportionate tax. Everyone eligible ends up paying a fraction over 1% of the band value unlike the current regressive system (*see the chart below*).

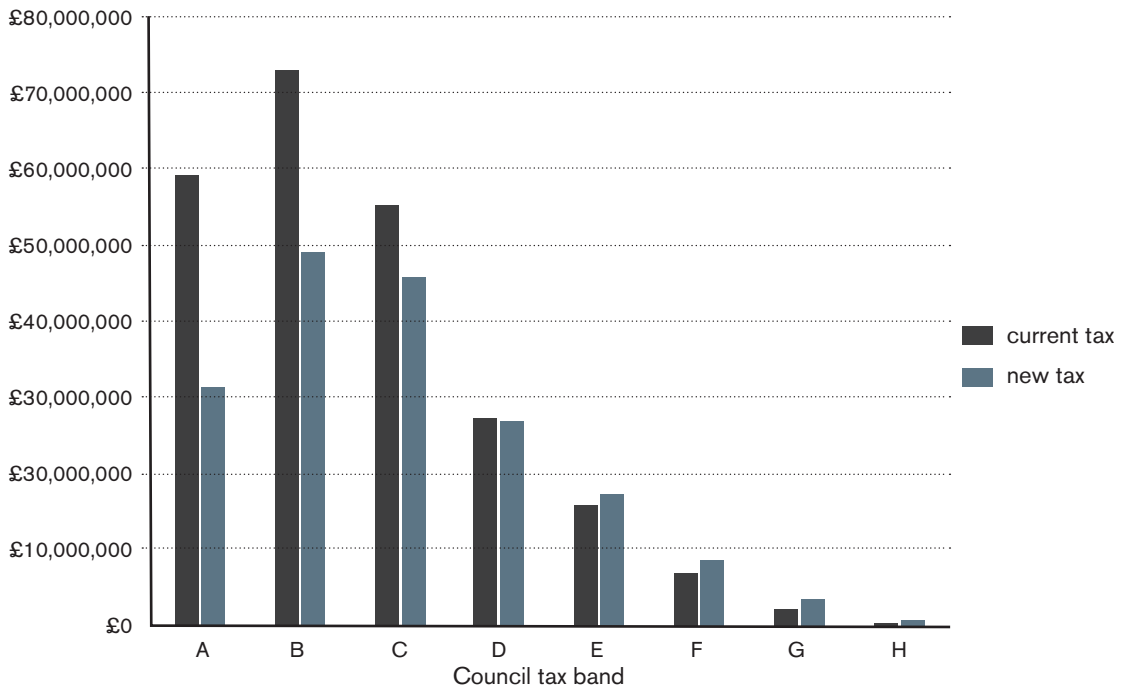
— Tax as proportion of property (band) value



Note, however, that property prices are up over 30% on average since the revaluation based on 2003, so this rate is no more than about 0.8% of current property values. Taxpayers in band D would pay a little more tax at £1318 a year instead of £1276, i.e. less than a pound a week more. But band A taxpayers would see their bills fall from £851 to £459. All the bands below D would pay less. The cost of Council Tax Benefit would therefore fall from £242 million a year to just over £190 million, a saving to the Welsh government of over £50 million a year (*see chart below*).



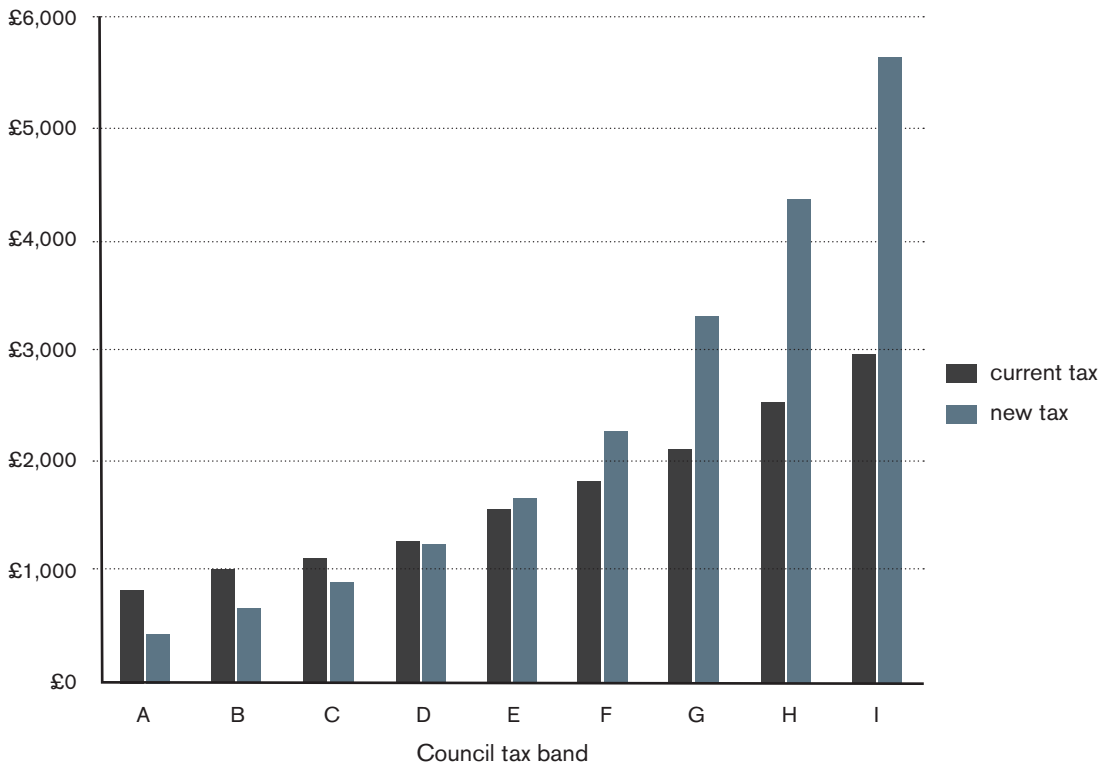
— Council tax benefit (annual sum payable by band)



The offset would come at the high end. Band H taxes would rise from £2452 to £4367. On properties worth £550,000 in band I, the bill could rise to £5565 from £2860 (see chart below).

Such large increases would certainly cause some political anguish, particularly as affluent

— Average tax per band



areas where they are most germane are often marginal political seats. They would have to be phased in over a number of years, though there are other possibilities for ameliorating the effect.

For example, there are a number of exemptions or discounts to council tax that, if removed or reduced, would yield revenue and enable somewhat lower rates to be levied overall. Authoritative analysts have criticised the single-occupant discount, for example, as unjustified. If that were phased out, another couple of hundred million pounds of tax revenue could accrue across Wales. Moreover, while discounts for second homes are allowed to local councils at their own discretion, they will soon be able to charge a premium. In Gwynedd, fully 10% of the entire housing stock consists of second homes. The Council is now to be allowed to charge a premium on second or holiday homes so it should be able to realise more revenue or reduce rates for local inhabitants. In most other parts of Wales, however, this is not likely to be a significant source of extra revenue.

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# An integrated tax policy

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If income tax is devolved eventually, with the freedom to vary individual tax bands as recommended by the Silk Commission but currently resisted by the UK Government, reforming council tax creates another important possibility for the longer run. With council tax more progressive we could reduce upper-band tax rates on incomes since well-to-do people would be paying more tax on property.

It is widely understood that Wales could gain economically by reducing higher rates of income tax but many are concerned that doing so would conflict with the Welsh public's sense of fairness. Taxing property wealth rather than income alleviates that concern because the better off are contributing, though in a different form. Taxing wealth not income is a better option economically since it does not discourage work and is less prone to evasion.

House prices historically have averaged about four times annual earnings, though currently they are around five times. Someone in a house worth £400,000 to £500,000 might be earning £100,000 a year and would be paying a 40% tax rate on some £60,000 of that. Reducing his or her tax rate to 37% would broadly compensate for the rise in council tax. Moreover over a number of years that could result in an increase in revenue. People earning £150,000 would be better off and that would be likely to influence location decisions for people moving near the border with England. A relatively small proportionate increase in the net number of wealthy incomers to east Wales would swell the Welsh tax base.

Note the importance of thinking about tax policy in an integrated manner.

Another example concerns stamp duty. Stamp duty is already been devolved to Scotland where it is to be reformed. The current tax is slab-sided in that when the house price passes a threshold, a higher rate of tax is charged on the entire price, not just on the portion of the price that exceeds the threshold. That leads to sharp jumps in tax liability at the threshold prices and distorts the market by causing prices to cluster just below thresholds.

In Scotland it is proposed to replace this structure with a proportional tax. In recent discussions, the Welsh construction industry and business organisations have said they want the tax devolved and reformed, and the Royal Institute of Chartered Surveyors has suggested a similar reform would also be popular in England. It will be very difficult, however, to reform that tax to remove its distorting effects without sacrificing revenue - or raising rates, which the public has not been led to expect. Rather than trying to square the circle it would be better to reform the tax to remove the slab-sides that cause the distortions and accept some loss of revenue. The loss could be recouped by minor changes to council tax. Indeed, since stamp duty raises about one tenth of the revenue from council tax one could phase it out altogether if one were prepared to raise council tax receipts by 10%. That may be too radical but removing or reducing the single-occupant discount on council tax, for example, would finance a substantial reform of stamp duty.

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# Tax administration

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The only bodies in Wales that currently have experience of tax collection and administration are local authorities. It therefore makes sense to use that experience in collecting the smaller taxes that are to be devolved, landfill and stamp duty. Both are easy to collect with conveyancing solicitors doing much of the work for stamp duty. It would make sense for them to send the money to the local authority finance department to administer. Stamp duty and landfill could be treated like business rates, collected by local authorities, pooled centrally and then redistributed among local authorities according to a Welsh government formula. That need not imply any overall increase in their funding if the Welsh government reduced the revenue support grant accordingly but it would mean more local authority spending was financed by their own tax collection. It would surely make sense if these new responsibilities were accompanied by a consolidation of tax administrations among local authorities. Local authorities may be consolidated in the near future but even if they are not it makes sense to pool certain functions. There are only some ten local authority pension funds, for example, shared among the 22 local authorities. A smaller number of tax administrations operating regionally would be appropriate and these could administer the new taxes. The Welsh Government would require a tax policy unit but would not need to create a tax administration. It would be a good story if additional Welsh tax powers were accompanied by a reduction, not an increase in the administrative overhead.

If income tax is ever partly devolved on the lines recommended by the Silk Commission, it would surely continue to be collected by HMRC. The Revenue would then transmit to the Wales the proceeds of the Welsh income tax and they would charge a fee for doing so to cover the extra costs of discriminating between Welsh and English residents for tax purposes. It is very important that the relationship between the Welsh Government and HMRC be put on a firm contractual basis with the responsibilities of each party spelled out. It will be rather easy for many people to avoid tax if English and Welsh rates differ by claiming to be in the lower-tax jurisdiction. Policing would be expensive. There is a case for ensuring HMRC is incentivised to administer the system appropriately. Perhaps instead of a fixed fee, the Welsh Government should offer a fee with an element proportionate to the taxes collected.

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# Conclusion

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Up to now the Welsh Government has not had to give any thought to taxation, just spending its block grant. It could lead on the reform of council tax, making it less regressive. It could use changes in council tax to fund a necessary reform of Stamp Duty on landed transactions. It could improve tax collection in co-operation with local authorities and could pioneer the development of a new contractual relationship between HMRC and devolved administrations.

In general, Wales has the opportunity to improve its own tax system and blaze a trail for the rest of the UK.



**Gerald Holtham:**

Gerald Holtham is Managing Partner at Cadwyn Capital LLP and formerly Chief Investment Officer, Morley Fund Management. Born in Aberdare, he has been a tutor at Magdalen College, Oxford, a visiting fellow at the Brookings Institution in Washington DC, chief international economist at Lehman Brothers, head of the general economics division at the OECD and, from 1994-98, Director of the Institute for Public Policy Research. He Chaired the Welsh Government's Commission on Funding & Finance for Wales and was an adviser to the Welsh Finance Minister on strategic infrastructure investment. He is also a visiting professor at Cardiff Business School.

Gerald Holtham is a Fellow and Trustee of the IWA.

# The Senedd Papers

#2

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## Forward Thinking for Wales

The Institute of Welsh Affairs is an independent, membership-based, think tank dedicated to making Wales better.

Institute of Welsh Affairs

Tel: 029 2048 4387

Email: [wales@iwa.org.uk](mailto:wales@iwa.org.uk)

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# Eitem 6

Yn rhinwedd paragraff(au) ix o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

# Eitem 7

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon