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Mr Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
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Date: 27 January 2014
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Dear Darren

At the meeting of the Public Accounts Committee on 16 January you considered the exchange of correspondence I had with the Permanent Secretary on the presentation of the Welsh Government's spending plans for health. The Committee requested a note setting out how the other parts of the UK present changes to budgets from one year to the next. We have examined practice in the other parts of the UK and offer the following observations. I should add that, in order to respond quickly to the Committee's request, we have not sought to confirm these observations with the relevant governments.

Firstly, the Northern Ireland Executive does not produce an annual draft budget comparable to that of the Welsh Government. It has set a budget for 2011 to 2015. Changes to spending plans are managed through quarterly monitoring and in-year estimates to manage over and underspends. A more detail explanation can be found at <http://www.dfpni.gov.uk/main-estimates>. We have therefore focused in more detail on the UK Government and Scottish Government.

We looked at the UK Government presentation in the Budget 2013 (March 2013). The UK Government uses the estimated outturn for 2012-13 as a baseline. The use of estimated outturn is likely to produce a more accurate picture of year-on-year changes. However, the UK Budget is set in March – close to the end of the financial year – when Departments will have a good idea of their likely outturn. The draft budget in Wales is published in October, when the final outturn would be considerably less certain.

The Scottish Government's draft budget for 2014-15 compares year-on-year changes using the draft budget figures from the previous year, updated to reflect changes agreed in the 2013 Budget Act (the Act setting out the spending plans for 2013-14). This baseline is equivalent to the Final Budget in Wales. The Scottish Government also provides a longer term comparison by including outturn data going back to 2008-09.

In summary, the UK Government's approach of using estimated outturn as a baseline could produce the most accurate picture of year-on-year changes. However, the use of outturn estimates would be more difficult in Wales, due to timing. The Scottish approach is to use the equivalent of the Final Budget in Wales as a baseline. By using the Supplementary Budget, the draft budget in Wales provides a more up-to-date baseline for year-on-year comparison than is the case in Scotland.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'H. Vaughan Thomas'.

HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES