

Rebecca Evans AM
Minister for Finance and Trefnydd

9 January 2020

Dear Rebecca

Inquiry into a legislative budget process

I am writing to provide an update on the Finance Committee's recent **[inquiry into a legislative budget process](#)**. As you may be aware, the Committee has engaged with Daniel Greenberg (a lawyer specialising in legislation and the legislative process) and taken evidence from Dr Joachim Wehner on international best practice in budget scrutiny.

Whilst recognising that the budget process and devolved settlement in Wales is different from most other countries, Scotland has been considering very similar issues. Therefore, the Committee's evidence gathering included holding a formal meeting in Edinburgh to learn from the work of the Scottish Budget Process Review Group.

The Committee has reached the conclusion that a legislative budget process would better reflect the maturity of the Assembly, providing an opportunity to review the appropriateness of the existing budget process, improve transparency and strengthen the role of both the Welsh Government and Assembly following the devolution of fiscal powers.

The Committee notes the success of the approach taken in Scotland to establish a group to fundamentally review the existing budget process and believes a similar approach may be suitable in Wales.

Members agree that the principles of simplicity, transparency and accountability should be at the heart of any legislative process and recognise the need to consider how a legislative budget process would accommodate tax resolutions; incorporate alternative spending, taxation or borrowing proposals; dovetail with Wales Audit Office processes; be flexible enough to accommodate delays at a UK level; and facilitate public participation.

We believe that further work is also needed to establish:

- whether a Budget Bill or a Finance Bill would be better suited for the authorisation of Welsh spending plans and taxation;



- how Welsh Government modelling and independent forecasting would be built in to the process;
- how and when amendments to a Bill could be made, whilst maintaining the Welsh Government's ability to control its own budget;
- the impact on the Assembly's wider financial scrutiny, such as in-year scrutiny, draft budget and Bill scrutiny;
- the expectations on the Welsh Government to provide multi-year budgets, particularly for local government and delivery partners.

In the short term, the development of timetabled scrutiny in Plenary would improve the quality of and participation in the existing budget scrutiny process. Therefore, we would urge you to schedule a debate on the Welsh Government's spending priorities in May/June to inform the 2021-22 draft budget.

The Committee would welcome your attendance at Committee to discuss the Government's view on moving to a legislative budget process. I would be grateful if your officials could liaise with the Finance Committee Clerks to arrange a suitable time for you to attend Committee. It would also be helpful to receive a paper from you in advance of the session.

Yours sincerely



Llyr Gruffydd AM

Chair

