

CYNULLIAD CENEDLAETHOL CYMRU

ADRODDIAD GAN Y PWYLLGOR CYLLID

GEN-LD7253 – Cynigion y Gyllideb Ddrafft 2009-2010 a'r Dyraniadau Adnoddau ac Arian Parod Dangosol ar gyfer 2010-2011

Cyflwyniad

1. Cyflwynodd Llywodraeth Cynulliad Cymru GEN-LD7253 – Cynigion y Gyllideb Ddrafft 2009-2010 a'r Dyraniadau Adnoddau ac Arian Parod Dangosol ar gyfer 2010-2011 ar 7 Hydref 2008. Cyflwynwyd gyda'r cynnig ar y gyllideb ddrafft ddogfen esboniadol yn egluro cynnwys y symiau a oedd i'w hawdurdodi yn y gyllideb a gynigwyd a manylion am y dyraniadau i adrannau unigol ac i weinyddu canolog.
2. Mae'r Rheolau Sefydlog yn gosod nifer o gyfrifoldebau penodol ar y Pwyllgor Cyllid, yn enwedig:
 - 27.2 *Ni chaniateir gwneud cynnig yn y cyfarfod llawn mewn perthynas â chyllideb ddrafft y llywodraeth nes bod y Pwyllgor Cyllid wedi cyflwyno'i adroddiad ar y gyllideb ddrafft o dan Reol Sefydlog 27.4.*
 - 27.4 *Rhaid i'r Pwyllgor Cyllid ystyried y gyllideb ddrafft a chyflwyno adroddiad i'r Cynulliad yn ei chylch heb fod yn fwy na phedair wythnos ar ôl iddi gael ei gosod gerbron y Cynulliad. Rhaid i adroddiad y Pwyllgor Cyllid atodi unrhyw argymhellion y mae'r Pwyllgor Cyllid wedi'u cael gan bwyllgorau eraill.*
 - 27.5 *Caiff adroddiad y Pwyllgor Cyllid argymhell newidiadau yn y symiau a gynigiwyd yn y gyllideb ddrafft ar yr amod na fyddai effaith net y newidiadau hynny'n cynyddu neu'n gostwng cyfansymiau'r adnoddau neu'r arian parod a gynigiwyd yng nghyllideb ddrafft y llywodraeth.*
3. Cyflwynodd y Gweinidog dros Gyllid a'i swyddogion y gyllideb ddrafft i'r Pwyllgor ar 9 Hydref. Wedyn, ar 16 Hydref, derbyniodd y Pwyllgor dystiolaeth gan Gymdeithas Llywodraeth Leol Cymru a chynrychiolwyr o Gyfarwyddwyr Cyllid GIG a Byrddau Iechyd Lleol. Derbyniwyd tystiolaeth bellach gan y Gweinidog dros Gyllid a'i swyddogion ar 23 Hydref. Ystyriodd y Pwyllgor sylwadau a wnaed gan Bwyllgorau eraill y Cynulliad hefyd ac, yn unol â Rheol Sefydlog 27.4, cynhwysir y rhain yn Atodiad 1 i'r adroddiad hwn. Mae'r Pwyllgor yn ddiolchgar i bawb a gyflwynodd dystiolaeth neu a gynorthwyodd y Pwyllgor yn ei drafodaethau.

Cyflwyno'r gyllideb

4. Yn ei adroddiad ar Sut mae Proses y Gyllideb yn Gweithredu (Gorffennaf 2008), nododd y Pwyllgor Cyllid¹ y byddai eglurhad ysgrifenedig ar brif nodweddion cyllideb ddrafft y Llywodraeth gan ddangos yn gliriach y cysylltiad rhwng cynlluniau gwariant a'r amcanion polisi yn gymorth i'r Pwyllgor wrth graffu ar y gyllideb.
5. **Mae'r Pwyllgor yn falch o nodi bod y Llywodraeth wedi darparu dogfen esboniadol fanwl i fynd gyda chynnig ffurfiol y gyllideb. Mae'r ddogfen esboniadol yn cynnwys llawer o'r wybodaeth y gofynnodd y Pwyllgor amdani.**
6. **Mae'r Pwyllgor Cyllid yn argymhell y dylai'r Llywodraeth ddal i ddatblygu'r cysylltiad rhwng cynlluniau gwariant ac amcanion polisi i wella ymhellach dryloywder a chraffu.** Mae'n ofynnol i'r Llywodraeth gynnwys Datganiad o Gostau Gweithredu yn ôl Nod ac Amcanion o fewn ei chyfrifon blynyddol. Ar hyn o bryd mae hwn yn ddatganiad eang ar lefel uchel nad yw'n ychwanegu llawer at yr wybodaeth a roddir mewn manau eraill. **Hoffai'r Pwyllgor i'r Llywodraeth edrych i mewn i'r posibilïad o fireinio'r tablau yn rhannau 2 i 10 yn y ddogfen esboniadol sydd gyda'r gyllideb, er mwyn mapio'n glir y dyraniadau ar gyfer pob adran sy'n gwario ar gyfer yr amcanion polisi allweddol ac i'r cyfrifon gyflwyno'r alldro ar ddiwedd y flwyddyn mewn modd tebyg a chyson.**
7. **Mae'r Pwyllgor Cyllid hefyd yn argymhell y dylai'r Llywodraeth ystyried rhai materion technegol a nodir yn fanwl yn Atodiad 2 ac a fydd yn gwella'n fawr gysondeb y gyllideb ddrafft a'r ffordd y caiff ei chyflwyno.**

Proses craffu ar y gyllideb

8. Mae'r Pwyllgor Cyllid wedi cytuno mewn egwyddor â'r Gweinidog Cyllid ar brotocol ar gyfer proses craffu'r gyllideb a fydd yn sail ar gyfer methodoleg cyflwyno a chraffu'r gyllideb yn y blynyddoedd i ddod. **Fodd bynnag, roedd y Pwyllgor Cyllid a Phwyllgorau Craffu eraill yn bryderus ynghylch yr amser oedd ar gael ar gyfer craffu ar y gyllideb. Derbyniodd y Pwyllgor Cyllid sylwadau cryf gan bwyllgorau eraill y Cynulliad oherwydd roeddent yn bryderus eu bod yn cael eu cyfyngu i un cyfarfod yn unig a hynny'n eu rhwystro rhag derbyn tystiolaeth gan randdeiliaid yn ogystal â chan y Gweinidogion perthnasol.**
9. **Mae'r Pwyllgor Cyllid yn cytuno'n gryf â'r pryderon hyn ac yn credu, os yw'r Cynulliad am graffu'n briodol ar y gyllideb, ei bod yn hanfodol darparu 6 wythnos waith ar gyfer y broses hon. Mae'r amseriad yn allweddol er mwyn i'r Pwyllgorau graffu a hefyd er**

¹. Adroddiad y Pwyllgor Cyllid FIN(3) 08-R05, Gweithredu Proses y Gyllideb, paragraff 13

mwyn galluogi i gyllideb y Llywodraeth gael ei chymeradwyo ar amser. Mae'n hanfodol felly bod cyfarfodydd Pwyllgor yn y cyfnod hwn yn cael eu trefnu'n ofalus er mwyn galluogi i'r craffu hwn ddigwydd. Mae'r Pwyllgor Cyllid yn bwriadu codi'r mater hwn gyda'r Pwyllgor Busnes. Mae Atodiad 3 yn rhoi mwy o fanylion am y gwahanol gamau y gellid eu cynnwys yn y broses.

Cyd-destun y gyllideb

10. Mae'r adnoddau a ddarperir gan y Trysorlys i'r gweinyddiaethau datganoledig yn cael eu pennu yn bennaf gan yr Adolygiad Cynhwysfawr ar Wariant². Pennodd Adolygiad 2007 lefel yr adnoddau ar gyfer y tair blynedd o 2008-09 i 2010-11. Mae dyraniad Cymru ar gyfer 2009-10 4.8%³ yn uwch mewn termau absoliwt na'r dyraniad a bennwyd ar gyfer 2008-09.
11. Ers yr Adolygiad Cynhwysfawr ar Wariant yn 2007 mae'r rhagolygon economaidd ar gyfer economïau'r byd wedi gwaethygu'n fawr ac nid yw'r DU yn eithriad. Mae twf economaidd wedi disgyn yn sydyn: mae rhai gwledydd yn dioddef dirwasgiad ac mae rhai eraill yn debyg o ddioddef yn yr un modd yn y dyfodol agos. Mae'r llanastr diweddar yn y sector bancio a'r marchnadoedd ariannol wedi taflu cysgod pellach dros y rhagolygon economaidd.
12. Yn nhermau cyllid cyhoeddus, bydd yn rhaid i Lywodraeth y DU gynyddu ei benthyciadau yn sylweddol er mwyn cyllido'r lleihad a ddisgwylir yn y trethi a dderbynnir, y cynnydd yng ngwariant y llywodraeth a'r gefnogaeth a roddir i'r sector ariannol. Pan fydd yr economi yn dechrau tyfu unwaith eto, mae'n debyg y bydd llywodraeth y DU yn wynebu pwysau sylweddol i leihau ei dyledion cynyddol trwy leihau'r twf mewn gwariant cyhoeddus.
13. Ni fydd yr arafu economaidd yn effeithio ar yr adnoddau sydd ar gael i Lywodraeth Cynulliad Cymru am y ddwy flynedd nesaf gan eu bod eisoes wedi'u pennu gan yr Adolygiad Cynhwysfawr ar Wariant yn 2007 – Llywodraeth y DU yn bennaf fydd yn dwyn y baich o weld llai o refeniw trethi, mwy o wariant ar dalu budd-daliadau a'r gost gynyddol o ad-drefnu'r sector ariannol.
14. Mae'r cynnydd sydyn diweddar mewn chwyddiant prisiau yn effeithio ar Lywodraeth Cynulliad Cymru, fel pawb arall. Cynyddodd y Mynegai Prisiau Defnyddwyr i 5.2% ym Medi 2008 (gyda chostau bwyd ac ynni yn codi ar gyfradd hyd yn oed yn uwch yn ddiweddar) ond pennwyd y

² Mae'r Adolygiad Cynhwysfawr ar Wariant yn pennu'r prif ddyraniad adnoddau am gyfnod o dair blynedd. Yr enw ar hyn yw'r Terfynau Gwariant Adrannol (DEL). Cyfeirir at y mathau o wariant na ellir eu pennu am gyfnod o dair blynedd fel Gwariant a Reolir yn Flynyddol. Mae gwerth y gwariant hwn yn llai o lawer ond mae'n fwy anwadal ac anos ei ragweld (e.e. gwariant yn ôl galw) ac mae'n cael ei ad-dalu'n llawn gan y Trysorlys.

³ Mae'r cynnydd o 4.8% yn seiliedig ar y cynnydd yn y DEL ac eithrio dibrisiant fel y'i nodwyd yn yr Adroddiad Cyn y Gyllideb a'r Adolygiad Cynhwysfawr ar Wariant yn 2007 gan Drysorlys EM.

gyllideb flaenrol gan dybio y byddai costau'n codi o ryw 2.5 i 2.75%. Ar y llaw arall, mae rhai pobl o'r farn y bydd chwyddiant yn disgyn yn y flwyddyn i ddod er ei bod yn anodd rhagweld o faint ac mae'r amcangyfrifon yn amrywio'n fawr ar hyn o bryd.

15. Bydd y cynnydd diweddar yng nghostau bwyd ac ynni yn effeithio'n sylweddol ar y rhai sy'n darparu gwasanaethau cyhoeddus yng Nghymru, yn enwedig yn sectorau iechyd a llywodraeth leol. Mae'r Llywodraeth hefyd yn debygol o ddod dan bwysau sylweddol i helpu'r unigolion a'r busnesau yn y sector preifat a fydd yn dioddef fwyaf yn ystod y dirywiad economaidd.
16. Mae'r Pwyllgor Cyllid wedi archwilio cyllideb ddrafft Llywodraeth Cynulliad Cymru ar gyfer 2009-10 gan gadw'r ffactorau hyn mewn cof a chan gydnabod y disgwylir i bob corff yn y sector cyhoeddus yng Nghymru wneud ar lai er mwyn dal i ddarparu'r gwasanaethau cyhoeddus gorau posibl o fewn yr adnoddau sydd ar gael. Bydd yn allweddol bwysig i Lywodraeth Cynulliad Cymru sicrhau bod yr adnoddau cyfyngedig sydd ar gael yn cael eu defnyddio i gyflawni'r blaenoriaethau allweddol ar gyfer y sector cyhoeddus.

Cronfa Wrth Gefn heb ei Dyrannu a Hyblygrwydd Diwedd Blwyddyn

17. Ar ddiwedd y flwyddyn ariannol, dychwelir pob adnoddau nas defnyddiwyd i'r Trysorlys. Yn wahanol i awdurdodau lleol, ni chaniateir i Lywodraeth Cynulliad Cymru fuddsoddi arian nas defnyddiwyd ar gyfer ei ddefnyddio yn y blynyddoedd i ddod.
18. Er mwyn bod yn ofalus, nid yw Llywodraeth Cynulliad Cymru yn dyrannu'r holl Derfyn Gwariant Adrannol (DEL) ar gyfer blwyddyn ariannol i adrannau'r Gweinidogion nac ar gyfer gweinyddu canolog, ar ddechrau'r flwyddyn. Mae'n dal swm bychan yn ôl fel "cronfa wrth gefn heb ei dyrannu" yn bennaf i ymdopi â galwadau annisgwyl neu bwysau ar y gyllideb a allai ddigwydd yn ystod y flwyddyn. Wrth i'w flwyddyn fynd yn ei blaen, mae'n debyg y bydd y rhan fwyaf neu'r cyfan o'r gronfa wrth gefn yn cael ei ddyrannu at bwrpasau penodol a'i awdurdodi gan gynnig cyllidebol atodol.
19. Mae Atodlen 6 yn y Cynnig Cyllidebol yn dangos bod Llywodraeth Cynulliad Cymru wedi dal £182.9m yn ôl o'r DEL ar gyfer 2009-10 fel cronfa wrth gefn heb ei dyrannu. O'r swm hwn mae £133.5m yn DEL refeniw ac mae £49.4m yn DEL cyfalaf. Mae'r gronfa refeniw wrth gefn ychydig llai nag 1% o'r DEL sydd ar gael.
20. **Mae'r Pwyllgor Cyllid yn pryderu y gallai cronfa wrth gefn o lai nag 1% o'r DEL sydd ar gael ar gyfer 2009-10 fod yn annigonol i gwrdd â'r pwysau annisgwyl ar y gyllideb yn ystod y flwyddyn. Fodd bynnag, mae'n nodi barn y Gweinidog dros Gyllid, yn yr hinsawdd ariannol bresennol, y byddai'r Llywodraeth yn cael ei**

beirniadu⁴ petai'n cadw lefelau uwch o lawer o arian wrth gefn nag sydd ar hyn o bryd.

21. O ran y gronfa gyfalaf wrth gefn, mae'r ddogfen esboniadol a gyhoeddwyd gyda'r cynnig ar y gyllideb ddrafft yn nodi y bydd y cyfan yn cael ei ddyrannu fel rhan o'r Fframwaith Buddsoddi Cyfalaf Strategol (gweler isod).
22. **Bydd y Pwyllgor Cyllid yn dal i ymddiddori yn y modd y defnyddir y cronfeydd wrth gefn yn ystod y flwyddyn ac mae'n gofyn ar i bob symudiad gael ei esbonio'n glir fel rhan o'r ddogfennaeth sy'n dod gyda'r cynigion cyllidebol atodol.**
23. Er, mewn egwyddor, na ellir fel rheol dwyn ymlaen DEL nas defnyddiwyd a'i ddefnyddio yn y blynyddoedd i ddod, mae'r Trysorlys wedi llacio'r rheol hon yn y blynyddoedd diweddar i atal y gwariant brysiog traddodiadol ar ddiwedd y flwyddyn (yr egwyddor "defnyddio neu gollu") nad yw'n debygol o sicrhau gwerth da am arian. Cyfeirir at y swm y gellir ei ddwyn ymlaen trwy gytundeb y Trysorlys fel Hyblygrwydd Diwedd Blwyddyn. Wrth i'r adnoddau nas defnyddiwyd gael eu hildio i'r Trysorlys ar ddiwedd y flwyddyn, mae'r symiau o arian a ddygir ymlaen yn cael eu "hail-awdurdodi" gan y Senedd pan fydd eu hangen yn y blynyddoedd i ddod.
24. Roedd cryn dipyn o ddryswch ynghylch y drefn o ran Hyblygrwydd Diwedd Blwyddyn ymhlith rhai o'r tystion a roddodd dystiolaeth i'r Pwyllgor Cyllid – yn enwedig y rhai o Gymdeithas Llywodraeth Leol Cymru (CLILC). Nododd y Gweinidog dros Gyllid nad oedd y polisi wedi newid o ran Hyblygrwydd Diwedd Blwyddyn⁵ a bod ei drafodaeth ddiweddaraf â Phrif Ysgrifennydd y Trysorlys ar amseru a thynnu i lawr yr Hyblygrwydd Diwedd Blwyddyn cronus wedi'i threfnu ar gyfer dechrau mis Tachwedd⁶. **Byddai'r Pwyllgor Cyllid yn falch o gael nodyn yn esbonio'r drefn gyfredol ar gyfer tynnu i lawr Hyblygrwydd Diwedd Blwyddyn ac unrhyw gyfyngiadau sydd ar hyn. Maent yn edrych ymlaen hefyd at dderbyn adroddiad ar ganlyniad y trafodaethau â'r Prif Ysgrifennydd.**
25. **Mae'r Pwyllgor Cyllid hefyd yn cytuno â'r Gweinidog dros Gyllid ei bod yn hanfodol, wrth benderfynu ar sut i ddefnyddio Hyblygrwydd Diwedd Blwyddyn mewn unrhyw flwyddyn, ystyried nid yn unig y pwysau, y cyfleoedd a'r ymrwymadau yn y gyllideb ar gyfer y flwyddyn dan sylw ond hefyd y pwysau, y cyfleoedd a'r ymrwymadau i'r dyfodol.**

⁴ Cofnod y Trafodion, Pwyllgor Cyllid 9 Hydref 2008, paragraff 137

⁵ Cofnod y Trafodion, Pwyllgor Cyllid 23 Hydref 2008, paragraff 54

⁶ Cofnod y Trafodion, Pwyllgor Cyllid 9 Hydref 2008, paragraff 133

Cronfa Buddsoddi Cyfalaf Strategol

26. Wrth i Bwyllgorau eraill graffu ar y gyllideb ddrafft, datgelwyd bod nifer o Weinidogion wedi cyflwyno ceisiadau sylweddol i'r Gronfa. Mae'r Pwyllgor Cyllid (a Phwyllgorau eraill) yn bryderus gan nad oes llawer o fanylion wedi'u darparu am sut bydd y Gronfa yn gweithredu a sut mae cyllid yn cael ei flaenoriaethu a'i ddyrannu wedyn. Darparodd y Gweinidog dros Gyllid, yng nghyfarfod y Pwyllgor Cyllid ar 23 Hydref, fanylion am y blaenoriaethau a'r egwyddorion y seilir y penderfyniadau ar geisiadau i'r Gronfa arnynt⁷. Darparodd y swyddogion fanylion hefyd am y dull pum achos busnes⁸ a ddefnyddir i asesu ceisiadau er mwyn sicrhau y dilynir dull cyson, strategol. Cytunodd y Gweinidog i ddarparu gwybodaeth bellach i'r Pwyllgor am y meini prawf hyn a fydd yn helpu i'w egluro.⁹ **Mae'r Pwyllgor Cyllid yn edrych ymlaen at dderbyn yr wybodaeth hon ac yn gofyn hefyd i Lywodraeth Cynulliad Cymru ddarparu gwybodaeth am geisiadau a gyflwynir i'r Gronfa a'r canlyniadau (y rhai llwyddiannus a'r rhai aflwyddiannus). Bydd y Pwyllgor Cyllid yn craffu ar weithrediad y Gronfa yn y dyfodol.**
27. Roedd pryder hefyd bod Gweinidogion yn dibynnu ar geisiadau llwyddiannus i'r Gronfa er mwyn cyllido rhaglenni sydd â phwysigrwydd strategol o fewn eu portffolios. Yng nghyfarfod y Pwyllgor Cyllid ar 9 Hydref 2008, nododd swyddogion "efallai y bydd rhai o'r ceisiadau nas cyllidir gan y fframwaith buddsoddi cyfalaf strategol yn cael eu cyllido gan gronfeydd cyfalaf ym mhortffolios y Gweinidogion eu hunain."¹⁰ Fodd bynnag, mewn nifer o achosion mae Pwyllgorau wedi mynegi pryder na fyddai hyn yn realistig, efallai, gan fod rhai ceisiadau'n rhy fawr i gael eu hariannu gan bortffolios y Gweinidogion ac felly, os bydd ceisiadau'n aflwyddiannus, efallai na chyflawnir rhaglenni pwysig.
28. Nododd y Gweinidog dros Gyllid (Cyfarfod 23 Hydref) mai nod y Gronfa Buddsoddi Cyfalaf Strategol yw cyflenwi rhaglen buddsoddi cyfalaf presennol Llywodraeth Cynulliad Cymru ac na ddylid ei hystyried yn gronfa ar wahân.¹¹ Yn hytrach, mae'n gadael i'r Llywodraeth ddilyn dull mwy strategol o ran buddsoddi cyfalaf ac edrych ar draws adrannau a sectorau mewn ffordd fwy cydweithredol. **Mae'r Pwyllgor Cyllid yn cydnabod y dull y mae'r Gweinidog yn bwriadu ei ddilyn, ond mae'n dal yn bryderus dros ben mai gronfa gyfyngedig yw'r Gronfa Buddsoddi Cyfalaf Strategol ac y gallai Gweinidogion fod yn dibynnu ar geisiadau llwyddiannus efallai i ariannu mentrau pwysig o fewn eu portffolios.**
29. Nododd Pwyllgor fod £46.9m o'r dyraniad o £66.3m o'r Gronfa i'r Rhaglen Parodrwydd am Bandemig Ffliw Cymru Gyfan wedi cael ei

⁷ Cofnod y Trafodion, Pwyllgor Cyllid 23 Hydref 2008, paragraff 104

⁸ Cofnod y Trafodion, Pwyllgor Cyllid 23 Hydref 2008, paragraff 109

⁹ Cofnod y Trafodion, Pwyllgor Cyllid 23 Hydref 2008, paragraff 113

¹⁰ Cofnod y Trafodion, Pwyllgor Cyllid 9 Hydref 2008, paragraff 100

¹¹ Cofnod y Trafodion, Pwyllgor Cyllid 23 Hydref 2008, paragraff 116

ddyrranu dros 2009-10 i 2010-11. Pan ofynnwyd am y £19.4m sy'n weddill, hysbyswyd y Pwyllgor gan y Gweinidog dros Gyllid mai dyma yw'r ffigur ar gyfer y flwyddyn bresennol (2008-09). **Roedd y Pwyllgor Cyllid yn bryderus nad oes manylion am y £19.4m hwn yn unman yn nogfennau'r gyllideb, er gwaetha'r cyfeiriadau at y cyfanswm o £66.3m. Mae'r Pwyllgor angen gwybod a fydd hwn yn cael ei gymeradwyo gan gynnig cyllidebol atodol.**

30. Mynegodd y Pwyllgor bryder hefyd bod y Gweinidog dros Gyllid yn bwriadu ariannu'r Gronfa o gronfeydd cyfalaf a Hyblygrwydd Diwedd Blwyddyn, ac ni welir bod dim yn y rhain wedi'i ddyrranu ar hyn o bryd yn y cynigion Cyllidebol Drafft. Fodd bynnag mae manylion i'w gweld am ddyraniad y Rhaglen Parodrwydd am Bandemig Ffliw ym Mhrif Grŵp Gwariant Iechyd a Gwasanaethau Cymdeithasol. [Adroddiad y Gyllideb 1.18]. **Mae'r Pwyllgor Cyllid angen eglurhad oherwydd mae'n ymddangos fod dyblygu yma efallai o ran y cyllido.**
31. **Noda'r Pwyllgor Cyllid fod y Gronfa Buddsoddi Cyfalaf Strategol - sy'n gronfa gyfalaf - yn cael ei defnyddio i gaffael stociau meddygol a fyddai'n cael eu hystyried fel rheol, yn nhermau cyfrifyddol safonol, fel eitemau refeniw. Er yr ymddengys fod y Trysorlys wedi cymeradwyo hyn (paragraff 6.23 Cyfarwyddyd Cyllidebu Cyfunol y Trysorlys) a bod hyn yn gyson â'r ffordd y mae'n cael ei drin mewn rhannau eraill o'r DU, serch hynny mae'r Pwyllgor Cyllid yn anghyffyrddus ynghylch y gwahaniaeth rhwng y ffyrdd y mae'r caffael hwn yn cael ei drin yn y gyllideb ac yn y cyfrifon.**

Arbedion Effeithlonrwydd

32. O wybod y pwysau presennol ar y gyllideb, mae'n hanfodol y parheir i wneud arbedion effeithlonrwydd ac yr arbedir cymaint ag y bo modd er mwyn cael gwerth am y bunt Gymreig. **Mae'r Pwyllgor Cyllid yn cytuno â'r Gweinidog dros Gyllid¹² y dylid gweld y targed o wneud arbedion effeithlonrwydd o £600 miliwn erbyn diwedd 2010, trwy Creu'r Cysylltiadau, fel isafswm yn hytrach nag uchafswm. Mae'n ddyletswydd ar bob corff cyhoeddus ei chwarae ei ran yn yr ymdrech hon ac mae'r Pwyllgor yn awyddus i sicrhau nid yn unig bod arbedion yn cael eu hadnabod ond eu bod yn cael eu gwneud a'u dilysu'n annibynnol.**
33. **Mae'r Pwyllgor yn argymhell y dylai Llywodraeth Cynulliad Cymru, wrth gyflwyno ei chynigion cyllidebol bob blwyddyn, gynnwys adroddiadau ar yr arbedion effeithlonrwydd a gyflawnir gan ddadansoddi'r hyn a gyflawnir a ph'run ai'r GIG, llywodraeth leol neu gyrff eraill yn y sector cyhoeddus sy'n gyfrifol.**

¹². Cofnod y Trafodion, Pwyllgor Cyllid 9 Hydref 2008, paragraff 147

lechyd a Gwasanaethau Cymdeithasol

34. Pwysleisiodd Cyfarwyddwyr Cyllid yr Ymddiriedolaethau GIG a'r Byrddau lechyd Lleol eu pryderon fod pwysau a allai fod yn anghynaliadwy ar y gwasanaeth, er gwaetha'r cynnydd o 5.3% yn y dyraniadau¹³. Dywedasant fod hyn oherwydd cyfuniad o'r pwysau gyda chyrraedd targedau o ran amserau aros, galwadau ar ofal parhaus a chwyddiant, ynghyd â phwysau gan wasanaeth arall sydd heb ei gyllido'n ddigonol, o rhwng 4 i 5 y cant yn 2008-09 yn ôl eu hamcangyfrif. Ers i'r gyllideb ddrafft gael ei chyhoeddi, roedd y Gweinidog dros Gyllid wedi cytuno i ddyrannu £31m pellach o Hyblygrwydd Diwedd Blwyddyn - £21m o hwn ar gyfer lleihau amserau aros a £10m ar gyfer y GIG yn gyffredinol. Derbyniodd y Gweinidog dros lechyd a Gwasanaethau Cymdeithasol fod y targedau yn heriol ond roedd yn hyderus y byddai'r £63 m yn y gyllideb eleni, ynghyd â'r £21m o Hyblygrwydd Diwedd Blwyddyn yn ddigon i gyrraedd y targed.
35. Cododd Cyfarwyddwyr Cyllid yr Ymddiriedolaethau GIG a'r Byrddau lechyd Lleol eu pryder hefyd nad ymgynghorir â nhw bob amser ar y goblygiadau o ran adnoddau gyda mentrau newydd yn y Gwasanaeth lechyd cyn i Lywodraeth Cynulliad Cymru eu cyhoeddi. Yn eu hadroddiad, maent yn nodi nad yw'r cyllid a'r adnoddau sydd ar gael iddynt yn ddigon i gwrdd â blaenoriaethau'r gweinidogion a'r blaenoriaethau gwleidyddol a osodir ar gyfer y gwasanaeth. **Mae'r Pwyllgor yn argymhell y dylai'r Llywodraeth sicrhau yr ymgynghorir â chyrrff y GIG ynghylch pob menter sydd â goblygiadau o ran adnoddau os yw'r gwasanaethau i'w darparu.**

Cyfiawnder Cymdeithasol a Llywodraeth Leol

36. Pwysleisiodd Cymdeithas Llywodraeth Leol Cymru (CLILC) y bylchau sy'n ehangu o ran ariannu rhai gwasanaethau, gan ddadlau bod yn rhaid i Lywodraeth Cynulliad Cymru egluro yn iawn a chyfiawnhau'r gwahaniaeth rhwng y 2.8% y bydd y gwasanaethau cymdeithasol, tai ac ysgolion yn ei dderbyn a'r 5.3% y bydd y gwasanaeth ieuchyd yn ei dderbyn. **Byddai'r Pwyllgor yn croesawu eglurhad ar hyn gan y Gweinidog dros Gyllid.**
37. Cododd CLILC bryder bod pwyslais o ran cyllid yn newid tuag at grantiau penodol – er enghraifft mae dros 90 o grantiau penodol mewn addysg yn unig. Mae costau gorbenion yn gysylltiedig â'r rhain i awdurdodau lleol, Llywodraeth Cynulliad Cymru a'r archwilwyr sy'n mynd yn groes i'r agenda effeithlonrwydd. Hoffai CLILC weld archwiliad o'r grantiau penodol i weld a ellid cyfuno rhai o'r rhain i'r setliad cyffredinol.

¹³. Cofnod y Trafodion, Pwyllgor Cyllid 16 Hydref 2008, paragraff 64

38. **Mae'r Pwyllgor Cyllid yn derbyn y ddadl, os caiff grantiau penodol eu dyblygu, neu eu lled-ddyblygu, y byddant yn creu cost weinyddol i CLILC ac i Lywodraeth Cynulliad Cymru ac felly mae'n argymhell y dylai'r Llywodraeth edrych eto ar y grantiau wedi'u neilltuo gyda'r nod o sicrhau y cânt eu symleiddio a'u cyfuno lle bynnag y bo modd.**
39. Rhoddodd CLILC wybodaeth sy'n amcangyfrif bod y cyfanswm a fuddsoddwyd gan awdurdodau lleol ac awdurdodau'r heddlu mewn pedwar banc yng Ngwlad yr Iâ yn £70 miliwn. Mae bron i hanner buddsoddiad yr awdurdodau lleol gyda Banc Heritable (sy'n fanc Prydeinig ond yn is-gwmni i Landsbanki). **Mae'r Pwyllgor yn argymhell y dylai Llywodraeth Cynulliad Cymru ddal i gydweithio'n agos â Llywodraeth y DU a'r awdurdodau lleol i leihau gymaint ag y gellir yr effaith ar awdurdodau lleol a'r gwasanaethau a ddarperir.**

Y Cyfnod Sylfaen

40. **Croesawai'r Pwyllgor Cyllid yr arian ychwanegol a ddarperir ar gyfer y fenter bwysig hon.**

Yr Economi a Thrafnidiaeth

41. Hysbyswyd y Pwyllgor Menter a Dysgu bod Prif Grŵp Gwariant Adran yr Economi a Thrafnidiaeth wedi cael ei ail-strwythuro'n sylweddol rhwng Cyllideb Derfynol 2008-09 a'r gyllideb ddrafft bresennol (manyion yn Atodiad 2 Adran E). Oherwydd hyn nid oedd modd craffu ar y cynigion ar gyfer y portffolio hwn mewn unrhyw ffordd ystyrlon. **Mae'r Pwyllgor Cyllid yn cydnabod yr anawsterau hyn ac yn argymhell cysondeb wrth gyflwyno newidiadau o'r fath ar draws y dogfennau cyllidebol a hefyd y dylid darparu cysoniad llawn o newidiadau o'r fath er mwyn caniatáu craffu digonol.**

Materion Gwledig

42. Mae Prif Grŵp Gwariant Materion Gwledig hefyd wedi'i ail-strwythuro mewn modd tebyg ers Cyllideb Derfynol y llynedd a chafodd yr Is-bwyllgor Datblygu Gwledig broblemau hefyd wrth graffu ar gynigion y gyllideb ddrafft ar gyfer y portffolio hwn. Er nad oedd y problemau a wynebwyd o fewn y Prif Grŵp Gwariant hwn mor gymhleth â'r rhai oedd yn gysylltiedig â Phrif Grŵp Gwariant Adran yr Economi a Thrafnidiaeth, roedd angen cysoniad er mwyn galluogi'r Pwyllgor i gymharu'r naill flwyddyn â'r llall.
43. Ategodd y Pwyllgor Cyllid y pryderon a fynegwyd ynghylch y ffaith na ellid adnabod y symiau a ddyrannwyd i gynlluniau amaeth-amgylcheddol fel Tir Gofal o fewn y Maes Rhaglenni Gwariant hwn. Mynegodd y Pwyllgor ei bryder bod y dyraniad ar gyfer y cynllun iawndal TB yn annigonol, gan ei fod yn dal i fod yn £11 miliwn, er gwaethaf taliadau dros £16 miliwn yn ystod 2008-09. Roedd hefyd yn

bryderus ynghylch y ffaith na ddarperir arian ychwanegol, petai angen, ar gyfer y cynllun trawsnewid ffermio organig. **Mae'r Pwyllgor Cyllid yn argymhell y dylai'r Gweinidog gadarnhau gyda'r Is-bwyllgor Materion Gwledig bod darpariaeth ddigonol ar gyfer y cynllun lawndal TB.**

Prif Ffrydio Cydraddoldeb a Thlodi Plant

44. Mynegodd y Pwyllgor Craffu ar Gyfle Cyfartal a hefyd y Pwyllgor Craffu ar Blant a Phobl Ifanc bryder nad oes prif ffrydio cydraddoldeb a thlodi plant, y mae'r ddogfen Cymru'n Un wedi ymrwymo iddo, wedi digwydd ar draws portffolios. Mae Cynllun Cyflawni ar Dlodi Plant Llywodraeth Cynulliad Cymru yn ymrwymo i brawfesur ymrwymadau gwariant newydd o ran tlodi plant. Yn yr hinsawdd economaidd bresennol mae hyn yn arbennig o bwysig, gan y gallai llawer mwy o blant wynebu tlodi o ganlyniad i'r dirywiad economaidd. Mynegodd y pwyllgorau hyn bryder hefyd ynghylch y diffyg eglurder ar sut y bydd dyraniadau yn y gyllideb ddrafft yn effeithio ar wahanol grwpiau. **Mae'r Pwyllgor Cyllid yn annog Llywodraeth Cynulliad Cymru i ddal i weithio ar brif ffrydio tlodi plant a chydraddoldeb ac i ddarparu gwybodaeth glir am sut mae ymrwymadau gwario yn effeithio ar wahanol grwpiau o unigolion. Mae'n argymhell y dylid delio â hyn yn benodol yn y gyllideb ddrafft y flwyddyn nesaf.**

Casgliad

45. Mae'r Pwyllgor Cyllid yn ddiolchgar i'r Gweinidog dros Gyllid a'i swyddogion am y dull cymwynasgar ac adeiladol y maent wedi ymateb i ymholiadau'r Pwyllgor ac am y gwelliannau yn y ddogfennaeth sy'n cefnogi'r cynnig cyllidebol drafft. Mae hyn wedi gwella'n sylweddol gyflwyniad y gyllideb, er y sylweddolir bod lle i wneud rhagor o waith yn hyn o beth. Serch hynny, mae'r Pwyllgor yn dal yn bryderus iawn ynghylch yr amser sydd ar gael i graffu ar y gyllideb ac mae'n bwriadu trafod hyn ymhellach â'r Pwyllgor Busnes.
46. Mae'r Pwyllgor wedi mynegi pryder ynghylch lefel gyffredinol y cronfeydd wrth gefn a gynigir ar gyfer 2009-10 a'r diffyg eglurder cyffredinol o ran y Cronfeydd Wrth Gefn, yr Hyblygrwydd Diwedd Blwyddyn a'r Gronfa Buddsoddi Cyfalaf Strategol. Mae'n dal yn bryderus, fel y llynedd, ynghylch yr angen i sicrhau nid yn unig bod arbedion effeithlonrwydd yn cael eu cyflawni ond bod tystiolaeth gadarn i brofi hyn.
47. Mae'r Pwyllgor yn bryderus gan nad yw'n ymddangos bod y GIG a Llywodraeth Leol yn cael eu trin yr un fath ac mae'n nodi bod y ddau hyn wedi pwysleisio agweddau ar eu perthynas â Llywodraeth Cynulliad Cymru y mae angen eu hadolygu.
48. Mae'r Pwyllgor wedi nodi nifer o feysydd penodol lle mae angen gwelliannau ac mae'n tynnu sylw arbennig at yr angen i Lywodraeth

Cynulliad Cymru barhau yn ei hymdrechion i brif ffrydio tlodi plant a chydaddoldeb.

49. Mae Cymru, a Llywodraeth Cynulliad Cymru yn arbennig, yn wynebu blwyddyn o her. Yn y cyfnod presennol o ansicrwydd economaidd sy'n effeithio ar y rhagolygon ar gyfer llawer o deuluoedd yng Nghymru mae'n bwysig cael yr effaith orau allan o bob punt o adnoddau prin. Mae'r Pwyllgor Cyllid yn galw ar Lywodraeth Cynulliad Cymru i wneud ymdrech orchestol i wella'r gwasanaethau cyhoeddus a gyflawnir ac i fonitro'n barhaus sut y defnyddir adnoddau a gwella'r dulliau o weithio a chydweithio â'i holl bartneriaid i sicrhau bod hyn yn cael ei wneud.

Crynodeb o'r Argymhellion

- **Mae'r Pwyllgor Cyllid yn argymhell y dylai'r Llywodraeth ddal i ddatblygu cysylltu cynlluniau gwariant ag amcanion polisi i wella ymhellach dryloywder a chraffu.**
- **Mae'r Pwyllgor Cyllid yn argymhell y dylai'r Llywodraeth ystyried rhai materion technegol a nodir yn fanwl yn Atodiad 2 ac a fydd yn gwella'n fawr gysondeb y gyllideb ddrafft a'r ffordd y caiff ei chyflwyno.**
- **Mae'r Pwyllgor yn argymhell y dylai Llywodraeth Cynulliad Cymru, wrth gyflwyno ei gynigion cyllidebol bob blwyddyn, gynnwys adroddiadau ar yr arbedion effeithlonrwydd a gyflawnir gan ddadansoddi'r hyn a gyflawnir a ph'run ai'r GIG, llywodraeth leol neu gyrff eraill yn y sector cyhoeddus sy'n gyfrifol.**
- **Mae'r Pwyllgor yn argymhell y dylai'r Llywodraeth sicrhau yr ymgynghorir â chyrrff y GIG ynghylch pob menter sydd â goblygiadau o ran adnoddau os yw'r gwasanaethau i'w darparu.**
- **Mae'r Pwyllgor Cyllid yn derbyn y ddadl, os caiff grantiau penodol eu dyblygu, neu eu lled-ddyblygu, y byddant yn creu cost weinyddol i CLILC ac i Lywodraeth Cynulliad Cymru ac felly mae'n argymhell y dylai'r Llywodraeth edrych eto ar y grantiau wedi'u neilltuo gyda'r nod o sicrhau y cânt eu symleiddio a'u cyfuno lle bynnag y bo modd.**
- **Mae'r Pwyllgor yn argymhell y dylai Llywodraeth Cynulliad Cymru ddal i gydweithio'n agos â Llywodraeth y DU a'r awdurdodau lleol i leihau gymaint ag y gellir yr effaith a gaiff buddsoddiadau mewn banciau yng Ngwlad yr Iâ ar awdurdodau lleol a'r gwasanaethau a ddarperir.**
- **Mae'r Pwyllgor Cyllid yn cydnabod yr anawsterau o ran craffu'n ystyrlon a achoswyd gan ailstrwythuro Prif Grŵp Gwariant Adran yr Economi a Thrafnidiaeth ac yn argymhell cysondeb wrth gyflwyno newidiadau o'r fath ar draws y dogfennau cyllidebol a hefyd y dylid**

darparu cysoniad llawn o newidiadau o'r fath er mwyn caniatáu craffu digonol.

- **Mae'r Pwyllgor Cyllid yn argymhell y dylai'r Gweinidog gadarnhau gyda'r Is-Pwyllgor Materion Gwledig bod darpariaeth ddigonol ar gyfer y cynllun lawndal TB.**
- **Mae'r Pwyllgor Cyllid yn annog Llywodraeth Cynulliad Cymru i ddal i weithio ar brif ffrydio tlodi plant a chydaddoldeb ac i ddarparu gwybodaeth glir am sut mae ymrwymadau gwario yn effeithio ar wahanol grwpiau o unigolion. Mae'n argymhell y dylid delio â hyn yn benodol yn y gyllideb ddrafft y flwyddyn nesaf.**

**Angela Burns AC
Cadeirydd y Pwyllgor Cyllid**

Annex 1: Representations and recommendations made by other Assembly Committees

Summary of Recommendations from other Committees:

Recommendation	Action by
<i>From the Children and Young People Committee</i>	
1. The Children and Young People Committee recommended that the Welsh Assembly Government should commit itself to providing a clear, detailed narrative on funding adjustments affecting children and young people in support of future draft budgets. This narrative should acknowledge both increases and reductions in funding from previous years, and provide rationale for such decisions.	Welsh Assembly Government
2. The Children and Young People Committee recommended that the Welsh Assembly Government provide a clear and detailed account of the funding stream sources for the £2.75 million package announced, on 9 October 2008 to improve services and provision for disabled young people.	Welsh Assembly Government
3. The Children and Young People Committee recommended that the Welsh Assembly Government should increase the budget available to the Children's Commissioner for Wales, at least in line with inflation.	Welsh Assembly Government
<i>From the Communities and Culture Committee</i>	
Recommendation 1 to Finance Committee – the Committee was not provided with detail on the functioning of the Strategic Capital Investment Fund and how the funds are prioritised and allocated by the fund's Board. Finance Committee may wish to scrutinise the Finance Minister on this issue.	Finance Committee
Recommendation 2 to Finance Committee – the 'Culture Fund' BEL is significantly larger than other BELs in the Culture SPA at £35 million. There are further examples in other SPAs, e.g. the 'Sport and Active Wales Fund' and the 'Bilingual Wales Fund'. The 'Culture Fund' funds a number of programmes including funding to the Wales Millennium Centre and National Botanic Gardens. The Committee may wish to enquire why such programmes have not been separated out into discrete BELs so effective scrutiny can take place, and what the policy is for creating a BEL line.	Finance Committee
As previously recommended to Finance Committee (see recommendation 1 regarding how SCIF functions). The Committee is also concerned that the Minister is relying on it to fund a strategically important programme.	Finance Committee

<i>From the Enterprise and Learning Committee</i>	
We recommend again that the Finance Committee exploits the opportunity afforded by Standing Order 14.2(ii) to report on the timetable for consideration of budget proposals and recommend changes for future budget rounds.	Finance Committee
Last year, we recommended that, when Ministers present budget information to Committee, figures represent real term increases and decreases taking inflation into account and calculate changes on a year-on-year basis rather than cumulative increases from the current year's baseline. Our recommendation was not implemented. Given recent rises in inflation, some of which post-date the drafting of the budget, the lack of robust, real terms figures precluded meaningful scrutiny in some areas again this year. Likewise, given the downturn in the global economy, it may be necessary for Ministers to revisit their budget projections and priorities, thus further distorting this scrutiny process. We therefore reiterate the recommendation we made last year regarding the presentation of budget information.	Welsh Assembly Government
We recommend that when a department of the Executive undertakes a major in-year restructuring or reprioritisation of its budget, that robust and adequate information is made available to the relevant Scrutiny Committee, and where appropriate to the Finance Committee also, to facilitate effective budget scrutiny and to promote due diligence.	Welsh Assembly Government
We recommend that in planning major capital projects, for rail and other areas, Ministers identify revenue streams at the outset, in order to ensure timely delivery of improvements.	Welsh Assembly Government
<i>From the Equality of Opportunity Committee</i>	
The Committee considers that, in the future, the Welsh Assembly Government's draft budget should provide an indication of how budget allocations will impact on different groups of people, how equality of opportunity principles have influenced the formulation of the draft budget as a whole, and how policy aims are reflected across each Departmental Expenditure Limit.	Welsh Assembly Government
The Committee considers that, in the future, the Welsh Assembly Government's draft budget should provide a clear indication of how budget allocations will impact on child poverty.	Welsh Assembly Government
<i>From the Health and Wellbeing Committee</i>	
The Committee <i>recommends</i> that the Finance Committee considers whether the time allowed to scrutiny Committees to consider the budget is	Finance Committee

adequate.	
I should also make it clear that the issues highlighted [in the report] are not necessarily of concern or of equal concern to all Members of the Committee but we <i>recommend</i> that the Finance Committee draw these issues to the attention of the Assembly in its report on the draft budget.	Finance Committee
The Committee <i>recommends</i> that the Finance Committee considers how mainstreaming of equality issues can best be reflected in the budget setting process.	Finance Committee
<i>From the Sustainability Committee</i>	
That the Minister for Environment, Sustainability and Housing prepares a detailed plan, indicating where additional capital funding is to be obtained from to ensure that the projects planned using SCIF and European capital funding are able to be implemented if those bids are unsuccessful.	Welsh Assembly Government
That the Minister for Environment, Sustainability and Housing reviews the preparations needed in 2009-10 to achieve the 3% (or greater) annual carbon reduction from 2011 and ensures sufficient funding is made available in her own and other Minister's departments to ensure the relevant preparations are made.	Welsh Assembly Government
That the Minister reviews the introduction of the revised HEES scheme and allocates additional funding from subsequent years to the first year of operation to ensure that all new and existing applications can be funded.	Welsh Assembly Government
Given the increased risks of flooding due to climate change, the Committee recommends that the Minister should seek to invest further resources from within her budget to capital expenditure on flood defences.	Welsh Assembly Government
<i>From the Rural Development Committee</i>	
That the Minister for Rural Affairs reviews the funding for bovine TB compensation payments and prepares a plan of where additional money can initially be found in the Rural Affairs budget.	Welsh Assembly Government
That the Welsh Assembly Government gives consideration in any future restructuring of budgets to the impact this may have on reconciliations and provides sufficient information to promote clarity and transparency.	Welsh Assembly Government
That the Minister for Rural Affairs reviews the funding for organic farming conversion scheme and identifies where additional money can be found within the Rural Affairs budget.	Welsh Assembly Government

1. Report from the Children and Young People Committee

Background

1. In accordance with Standing Order 27.3, the Committee considered the draft budget 2009-10 at its meeting on 14 October, scrutinising Jane Hutt AM, Minister for Children, Education, Lifelong Learning and Skills. The Minister also provided written evidence, which can be found on the Committee's website at:

<http://www.assemblywales.org/bus-home/bus-committees/bus-committees-third1/bus-committees-third-cyp-home.htm>.

2. A short report of the Committee's considerations and recommendations follows.

Issues raised with Minister for Children, Education, Lifelong Learning and Skills

4. The Minister welcomed the opportunity to present her budget to Members.

5. In scrutinising the Minister, the Committee sought clarification and further details on the following issues:

- a) How the draft budget reflects children and young people commitments within the One Wales document and associated delivery plan.
- b) Whether the draft budget reflects the potential financial impact of the Assembly Government's legislative programme for children and young people, particularly in relation to a child poverty Measure.
- c) How transparent the draft budget is in terms of spend on children and young people.
- d) Whether the principle of equality of opportunity for children and young people has been applied in the draft budget's production.
- e) How funding allocated to tackling child poverty will be utilised.
- f) How budgets in the Children, Education, Lifelong Learning and Skills portfolio will contribute to the One Wales commitment to halve child poverty by 2010 and eradicate it by 2020.
- g) Which BELS within the successful foundations and opportunities SPA make provisions for developing access to play for disabled children.
- h) Why funding for the RAISE programme (Raising Attainment and Individual Standards in Education in Wales) was decreased.
- i) What the £2.1 million increase in Counselling and Advocacy in 2009-10 would be spent on.

- j) Where and how funding for Child and Adolescent Mental Health Services (CAMHS) was reflected in the draft budget.
- k) Why, taking inflation into account, funding for Cymorth in 2009-10 and 2010-11 was effectively decreasing.
- l) Whether the Food and Nutrition in Schools BEL covers both the free school breakfasts initiative and Appetite for Life pilots.
- m) Whether the Children's Commissioner would be able to work effectively without an increase in the funding of his office, bearing in mind inflationary pressures.

Transparency of the draft budget

6. Members noted that a narrative document is now published alongside the draft budget which aims to improve transparency and place the budget in a strategic context. However, Members remained concerned that there is still a lack of clarity and transparency about the draft budget spend on children and young people.

7. Members were concerned that adjustments in spending streams were not transparent. For example, Members were concerned that funding for Cymorth would increase in 2009-10 at a rate below inflation, and funding would actually decrease in the 2010-11 budget. The Minister related this to future plans for funding currently invested in Cymorth being phased away into the Revenue Support Grant, from 2011. However, when asked whether it would be possible to read across the spending streams, and observe whether the relative decrease in Cymorth funding for 2009-10 and 2010-11 being matched by an equivalent increase in funding for the revenue support fund, Elizabeth Williams, Head of Children and Young People Division, acknowledged this would not be possible.

8. Additionally, the Minister stated that the Cymorth Budget Expenditure Line (BEL) would, among other funding streams, be providing a 'new funding package of support worth £2.75 million'¹⁴ to improve services and provision for disabled young people in Wales. While supportive of this package, Members noted this would effectively reduce the remaining funding available within the Cymorth BEL, which had not been made transparent in the draft budget.

9. Similarly, Members noted that RAISE funding would be decreased to £1.0 million by 2010-11, from £16.3 million in 2008-9. Asked about this decrease, the Minister stated that RAISE and the Schools Special Grant had always been intended as short term schemes, with lessons from each being imbedded into the Foundation Phase and School Effectiveness programme. However, Members noted that the School Effectiveness programme's funding would itself stand at only £2.5 million by 2010-11, having fallen from £3.2 million in 2009-10.

¹⁴ On 9 October 2008, the Minister for Children, Education, Lifelong and Skills, and the Minister for Social Justice and Local Government announced a new funding package of support worth £2.75million to improve services and provision for disabled young people in Wales. Welsh Assembly Government Press Release (9 October 2008), *Ministers make disabled children a priority in Wales*.

Further Information

10. The Minister undertook to provide the Committee with:

- A document providing an overview of the One Wales Commitments in relation to Children and Young People.
- Information on when an analysis of the Welsh Assembly Government's overall expenditure on Children and Young People would be available. The Minister commented that this analysis suggested that 28% of the Welsh Assembly Government's overall budget had been identifiable to children and young people.
- A detailed note of expenditure on school counselling and advocacy.

Cymorth

11. In addition to their concerns about the transparency of funding for Cymorth being reallocated to the Revenue Support Grant in the future, Members were concerned about the principle of this money being removed from ring fencing. Members noted that Minister's comments that the proposed Child Poverty measure, which would place a duty on local authorities to demonstrate their actions to eradicate child poverty, would provide significant "leverage" towards ensuring that money was utilised to benefit children and young people. Members also noted comments that there was no intention on the Welsh Assembly Government's part to reduce the overall expenditure on children and young people. However, Members remained concerned that funding designated towards enabling "measurable improvements to the lives of the young and their families"¹⁵ could potentially be utilised for other purposes. Members noted that this was not a criticism of local authorities. Rather, Members acknowledged that in challenging economic times, authorities would have to make difficult choices over expenditure, which could potentially have an adverse effect on service provision for children and young people.

Children's Commissioner for Wales

12. Members were also concerned that, bearing in mind inflationary pressures, the funding of the office of the Children's Commissioner for Wales had not been increased to enable its effective functioning. Members noted correspondence from the Children's Commissioner for Wales (attached as Annex 1), that bearing in mind that many services working for and on behalf of children and young people faced challenging financial circumstances, it would be unreasonable for the Commissioner not to state that his funding was sufficient.

However, Members also noted that the Paris Principles for independent human rights organisations state that:

¹⁵ Welsh Assembly Government (2005), *Cymorth, Funding for a better childhood, youth and family life in Wales, A Review of the Inaugural Year of the Cymorth Fund 2003-4*

*“The national institution shall have an infrastructure which is suited to the smooth conduct of its activities, in particular adequate funding. The purpose of this funding should be to enable it to have its own staff and premises, in order to be independent of the Government and not be subject to financial control which might affect its independence”.*¹⁶

Bearing the importance of adequate funding, the Committee considered that funding for the Commissioner’s office should rise, at least in line with inflation.

Recommendations

- 1. The Children and Young People Committee recommended that the Welsh Assembly Government should commit itself to providing a clear, detailed narrative on funding adjustments affecting children and young people in support of future draft budgets. This narrative should acknowledge both increases and reductions in funding from previous years, and provide rationale for such decisions.**
- 2. The Children and Young People Committee recommended that the Welsh Assembly Government provide a clear and detailed account of the funding stream sources for the £2.75 million package announced, on 9 October 2008 to improve services and provision for disabled young people.**
- 3. The Children and Young People Committee recommended that the Welsh Assembly Government should increase the budget available to the Children’s Commissioner for Wales, at least in line with inflation.**

¹⁶ Office of the United Nations High Commissioner for Human Rights (20 December 1993), Principles relating to the Status of National Institutions (The Paris Principles).

20 October 2008

Helen Mary Jones (AM)
Chair Children and Young People Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Dear Helen Mary

Adequacy of Children's Commissioner for Wales' funding 2008-09 onwards

I am writing to you at your request following Nick Ramsay's questions to the Minister for Children, Education, Lifelong Learning and Skills at the Children and Young People Committee on Tuesday 14 October regarding the budget allocation for the Children's Commissioner for Wales.

I understand that Mr Ramsay's question to the Minister related to whether the budget allocation for the forthcoming year, and the 'flatlining' of the budget over several years would present any challenges in fulfilling my role. As you are aware, I have a passionate commitment to the role of Children's Commissioner and as one might expect a wish to achieve as much as possible during my period of tenure. However, I feel that my response must be tempered by realism and an acknowledgement that my office is funded from the public purse.

The recent Concluding Observations of the United Nations Committee on the Rights of the Child made clear reference to independent monitoring organisations, such as the Children's Commissioner for Wales to:

'be equipped with the necessary human and financial resources in order to carry out their mandate in an effective and coordinated manner so that the rights of all children in all parts of the State party are safeguarded.'

The Committee also stated:

17. The Committee recommends that the State party ensure that all four established Commissioners are independent in compliance with the Paris Principles and mandated, inter alia, to receive and investigate complaints from or on behalf of children concerning violations of their rights.

The Paris Principles for independent human rights organisations state that:

The national institution shall have an infrastructure which is suited to the smooth conduct of its activities, in particular adequate funding. The purpose of this funding should be to enable it to have its own staff and premises, in order to be independent of the Government and not be subject to financial control which might affect its independence.

My awareness of the funding climate in both the statutory and voluntary children's sectors suggests that many of those working for and on behalf of children and young people face challenging financial circumstances at present. There is a perception also that the current budget settlement for all aspects of the Minister's portfolio has seen a reduction in allocation to some frontline services. Under such circumstances, I feel that it would be unacceptable for me to express a view other than that I have sufficient funding to carry out my planned activities for this year and for 2009-10. Clearly this is a challenge for all public services in Wales and I will be striving to ensure that my office is as cost effective and efficient as it can be.

Nevertheless, my office faces a number of challenges and the development of our new corporate plan and restructuring of the organisation will be heavily influenced by financial constraints.

It is of long-standing concern that any additional funding allocated to my office, is no longer available for other services and organisations sponsored by the same department. I would wish to raise specifically the fact that the Children's Commissioner for Wales' budget is taken from within a Departmental budget and therefore the allocation made will impact on the funding available for other aspects of that department's portfolio. I believe that there is a need for the National Assembly for Wales and Welsh Assembly Government to discuss the source of funding for the Children's Commissioner as part of the Measures that will be developed under the Vulnerable Children and Child Poverty Legislative Competence Order. I would welcome an opportunity to discuss this matter with you as a Committee and will seek to meet with the Minister on this matter.

- 3 -

The Paris Principles are extremely clear that there should be no financial control that may affect the independence of an independent monitoring organisation and I will be seeking to see this achieved in Wales.

Yours sincerely

Keith Towler
Children's Commissioner for Wales

2. Report from the Communities and Culture Committee

Communities and Culture Committee Report of consideration of the Welsh Assembly Government draft budget 2009-10

Background

1. In accordance with Standing Order 27.3, the Committee considered the draft budget at its meeting on 15 October and scrutinised Alun Ffred Jones, the Heritage Minister and Jocelyn Davies, the Deputy Minister for Housing.
2. Brian Gibbons the Minister for Social Justice and Regeneration was unable to attend the meeting on 15 October. The Committee plans to scrutinise the Minister on Wednesday 22 October and will provide a report to the Finance Committee immediately thereafter.
3. The Ministers also provided written evidence, which can be found on the Committee's website¹⁷.
4. This is a report of the Committee's consideration and provides recommendations to Finance Committee.

Scrutiny of the Heritage Minister

Summary of the Minister's paper

5. The 2007 Resource Assessment Exercise provided an additional £4.8 million for the Heritage MEG in 2009-10 over the base line 2008-09 – this represents an increase of 3.9%
6. A further £0.9 million will be made available for 2010-11 – this represents an increase of 5% over the 2008-09 baseline, which approximately equates to an average 2.5% increase each year
7. The Finance Minister's announcement on 7 October that an additional £1 million would be included in the Heritage MEG for 2009-10 and 2010-11 financial years
8. The department's ability to continue to deliver is dependant on its ability to generate efficiency savings

General - funding

9. The Minister commented that efficiency savings needed to be made, with most money in the budget being spent by other bodies (AGSBs). He was

¹⁷ <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-third1/bus-committees-third-ccc-home/bus-committees-third-ccc-agendas.htm>

clear that efficiency savings will have to be found by these bodies, in particular the Arts Council of Wales. Although challenging, this financial settlement would allow projects within the Heritage portfolio to happen, and 3.9% is a good settlement in the current financial climate.

10. Whilst the Committee understood the challenging climate and the need to generate efficiency savings, there was no obvious strategy presented for doing so.

Dormant Accounts Scheme

11. The Minister was keen to manage expectations of this scheme. The potential sum Wales may receive is estimated to be £15 million in the first year and £1 million in subsequent years, although these sums are subject to significant change depending on how the legislation progresses and the scheme is administered.
12. The Assembly Government has launched a consultation on how to spend the funding, which is ongoing. The Minister offered to return to Committee and provide further detail about the scheme as it developed.

Loss of Lottery Funding

13. The Committee noted that Wales would lose a significant amount of previously available lottery funding – around £70 million, as a consequence of it being channelled to the London 2012 Olympic Games.
14. The Minister explained that this issue had been raised by the Finance Minister with his counterpart in Westminster, and also that it was high on the agenda of the First Minister. He suggested the argument was not the funding of the Olympic Games *per se* but that the lottery funding would be used for regeneration purposes in London and therefore there should be ‘Barnett consequentials’.
15. The Minister noted that after the Olympics, some assets will be sold and dividends shared amongst the UK governments on a pro rata basis. Under the current circumstances it is difficult to say what these assets will be worth.

Strategic Capital Investment Fund

16. The Minister reported 2 bids have been submitted to the Strategic Capital Investment Fund – one for the National Library of Wales and one for CADW regarding cultural tourism.

Recommendation 1 to Finance Committee – the Committee was not provided with detail on the functioning of the Strategic Capital Investment Fund and how the funds are prioritised and allocated by the fund’s Board. Finance Committee may wish to scrutinise the Finance Minister on this issue.

Delivering equality

17. The Minister gave examples of the Heritage department demonstrating a commitment to equality, in particular, Sports Council of Wales (SCW) provides grants conditional on opportunities being offered to both boys and girls. The recent success of the Welsh team at the Paralympic Games was also quoted.

Culture

18. The Minister explained that no specific funds are allocated in the Heritage MEG to local authorities who have a statutory obligation to encourage culture, as this duty is placed on another department.

19. The Committee asked where Casgliad y Bobl featured in the budget.

20. The Minister explained funding is derived from the £35 million Culture Fund:

- Capital Culture Fund BEL providing £600k in year 1, £400k in year 2 and £200k in year 3. Capital funding covers capital costs of the digitisation project
- Revenue Culture Fund BEL providing £250k over 3 years to cover staffing costs of the digitisation process

21. The Committee noted that in the face of a tight financial settlement, it was good news that the National Botanic Gardens and the Urdd Eisteddfod had been given a firm financial footing.

22. The Minister confirmed the funding for the Urdd Eisteddfod was not from the £1 million recently provided by the Finance Minister as this would be spent on the School Games. He acknowledged that it is an important cultural festival and has to happen, indicating funding would be met by the department's resources over the coming years and the recurrent additional £1 million funding would become available to cover it after year 1.

23. The £100k per year announced to support community radio also appears in the £35 million Culture Fund, which the Minister described as a very 'broad church', and suggested his department would review the way this budget line is presented in future.

Recommendation 2 to Finance Committee – the 'Culture Fund' BEL is significantly larger than other BELs in the Culture SPA at £35 million. There are further examples in other SPAs, e.g. the 'Sport and Active Wales Fund' and the 'Bilingual Wales Fund'. The 'Culture Fund' funds a number of programmes including funding to the Wales Millennium Centre and National Botanic Gardens. The Committee may wish to enquire why such programmes have not been separated out into discrete BELs so effective scrutiny can take place, and what the policy is for creating a BEL line.

Sports and active recreation

24. The Committee welcomed the hosting of the 'School Games' in Wales in 2009
25. The Committee asked about sport promotion in local areas. The Minister commented that the last 15 years has seen a dramatic increase in sports facilities being made available. More facilities mean more budgetary demands for upkeep. Leisure facilities are only used by 18% of the adult population, so physical activity should also be encouraged in the wider context, including increased outdoor activities. In light of this, now is the time to reassess available facilities in the wider context of improving the fitness of the people of Wales, which is why the Chief Medical Officer has taken the lead on physical activity and action will be coordinated across Ministerial portfolios.
26. In the context of One Wales commitments with respect to sport, the Minister wishes to build up sporting involvement at every level and increase youngsters' participation generally, not just with a focus on producing Olympic champions. This approach is working well in junior schools but is more challenging in secondary schools. The Sports Council will be carrying out a review of 'sporting excellence' and will be looking at developing coaches' programmes as these people do a lot of the hard work and need more support. Investment in sports coaches has a positive impact on the third sector.
27. Regarding accessing European money for coaches to improve and help disadvantaged children to positively engage in sport, the Minister stated that accessing Objective 1 European Funding has historically been successful; however, the criteria for the new European Convergence Funding are stricter and unlikely to be suitable for bids to fund coaching of disadvantaged children. The Heritage department will be looking for other potential funding streams to assist with this.
28. The Heritage department are supporting a bid led by the Environment Agency for Convergence funding for sustainable tourism. This would provide sporting facilities for tourism development including walking, fishing and other outdoor sports. Although aimed at tourists, it will benefit local people who will be able to access the facilities.

Historic environment

29. The Minister was questioned on the number of visitors to CADW sites since free entry to children and pensioners was introduced in September this year. The Minister indicated there is no clear evidence as yet that numbers have increased and the picture should be clearer in 6 months' time.

Tourism

30. The Minister explained the 'technical decrease' over the last 2 years from £1.5 million to £800k, was due to internal departmental changes and not a decrease in grass roots spending on tourism. For example, there is now less desire to use TV advertising, particularly because of difficulties in targeting audiences with the plethora of digital channels now available. Other advertising channels will be exploited including newspapers and online marketing.
31. The Minister outlined what his department are will be doing to support the tourism industry in Wales; in particular the Heritage department is working with:
- Department for Economy and Transport (DE&T) which has earmarked £3 million for capital expenditure to support tourism businesses
 - Department for Children, Education, Lifelong Learning and Skills (DCELLS) which is working across the 3rd sector, local authorities and relevant Assembly Government departments to improve tourism training and education opportunities
32. Across the Heritage portfolio CADW are bidding for European Convergence funding for cultural tourism which will contribute to the tourism industry.

Scrutiny of the Housing Minister

Affordable housing

33. The Committee noted the Minister's early report on research findings for the number of additional new homes in Wales – at least 1500 towards the Welsh Assembly Government's affordable housing target of 6500 new homes. The estimate of affordable units to be delivered under the Social Housing Grant is potentially 1000.
34. The Minister reported little change in expenditure plans in the Draft housing budget. However, efficiency savings and effective partnership working will be necessary to meet commitments, given that budget lines remain static. Demonstrating value for money will also be important to ensure any bids to the Finance Minister for additional housing finance are successful.
35. The department has made a bid to the Strategic Capital Investment Fund (SCIF) for affordable housing.

As previously recommended to Finance Committee (see recommendation 1 regarding how SCIF functions). The Committee is also concerned that the Minister is relying on it to fund a strategically important programme.

36. The Committee welcomed the Housing Minister's work with Cabinet colleagues to identify suitable land for new social housing under the Land

Release Protocol, which will allow the Social Housing Grant to go much further. This is an area where local authorities may be encouraged to follow the Welsh Assembly Government lead.

Supporting people

37. The Committee welcomed the commitment to increase funding for the Supporting People grant. £500k of the additional £4.1 million is already committed to substance misuse projects, but the remainder is uplift. Research demonstrates that consequential savings arise from funding Supporting People.

Social Housing

38. The Minister explained £5 million has been allocated to the Mortgage Rescue scheme from the Social Housing Grant. Housing Associations are also assisting with mortgage rescue. The Committee is concerned that potential beneficiaries are made aware of it.
39. The Committee also welcomes Ministerial discussions with the Counsel General to encourage courts to ensure lenders fulfil every stage of the process before repossession.
40. The Committee would like to see an awareness-raising seminar held for the courts system, to ensure repossession and eviction orders are only used as last resort.
41. The Committee welcomed the Department's discussions with finance colleagues, as part of the Finance workstream arising from the Essex Review, to move to a three year rolling programme to reduce the risk of committed funds being lost at the end of the financial year due to under-spend. The Minister observed that it would assist the Department if more housing partners submitted paperwork in a timely manner.

Homebuy scheme

42. The Committee noted the consultation on a new Homebuy scheme, and that whilst this is one of the cheapest ways of making housing available, those benefiting from the new scheme will need to be carefully targeted to ensure best value and target under occupancy. Single people in rural areas are an important demographic group who must not be left behind by such schemes. The delay in introducing a revised Homebuy scheme is concerning, however, work is now underway to rectify shortcomings of the previous scheme.

First time buyers

43. The Minister explained financial assistance will be provided to first time buyers through energy efficiency schemes being piloted in housing renewal areas first over three years, as the mechanism is in place to fund the scheme without additional cost to set up the pilots. The Committee will be interested to

see how effective these pilots are in improving housing stock and helping first time buyers to save money and energy.

Homelessness

44. The Homelessness Grant remains fairly static; however, there will be sufficient funds for the Homelessness Plan beginning in 2009. The Minister confirmed the Assembly Government does not directly fund most homelessness projects and will ensure that the 130 frontline projects in existence remain effective and efficient. Some projects may be funded from savings elsewhere, for example the impact of Homelessness Officers in reducing the number of homeless people being temporarily housed in bed-and-breakfast accommodation.

Nursing homes

45. The Committee welcomed the funding for not-for-profit nursing homes and noted the Minister's work with housing associations and the health sector in this area, and that the three-year spending profile could change as a result. The funding fits well with the Extra Care scheme, and priority will be given to local authorities without an Extra Care scheme in place.

Conclusion

46. The Committee is broadly content with the funding allocated in the draft budget for relevant activities within the portfolios of the Minister for Heritage and the Deputy Minister for Housing.

Communities and Culture Committee
Report of consideration of the Welsh Assembly Government draft budget
2009-10 – supplementary report on Social Justice

Background

1. In accordance with Standing Order 27.3, the Committee considered the draft budget at its meeting on 22 October and scrutinised Brian Gibbons the Minister for Social Justice and Local Government, who was unable to attend the meeting on 15 October.
2. The Minister also provided written evidence, which can be found on the Committee's website
3. This is a report of the Committee's consideration and provides recommendations to Finance Committee.

Scrutiny of the Minister for Social Justice and Local Government

General - funding

4. The Minister noted the amounts allocated in the Draft Budget for 2009-10 and 2010-11 represent uplifts of 3% and 2.9% respectively. In addition to the benefit to the revenue support grant, additional funds are available for specific projects, including an extra £2m to improve drug and substance misuse services such as counselling and tier 4 services, and an extra £250,000 to promote uptake in the benefits system. The latter is aimed at bringing benefits to children, and in particular, disabled children. Other activities include £500,000 to roll-out credit unions in secondary schools, which is a very timely initiative.

Gypsies and Travellers

5. The Committee welcomes increased capital expenditure for developing new sites for Gypsies and Travellers and extra revenue support for Gypsy and Traveller families. The Committee received assurances from the Minister that the £1.5m has been allocated on the basis of affordability, and following the £1m per annum refurbishment grant monies. This should make a significant contribution to the demand for new sites, probably at the rate of one site per year. Officials will remain alert to the possibility of re-allocating any under-spend elsewhere in the budget if demand exceeds this. Local authorities must assess need in developing their Housing Strategies, which should include assessment of permanent sites in existence without planning permission, where residents' rights are enhanced under the Human Rights Act. The Minister drew Members' attention to rule changes giving Gypsies and Travellers on managed sites the same security of tenure as residents of other caravan sites.

Strategy to tackle Hate Crime

6. The Committee notes that the Hate Crime Strategy will be funded as part of the overall strategy on Community Cohesion, and that £200,000 has been allocated to developing that.

Domestic Abuse

7. In response to the Committee's concerns that funding will be available to implement any recommendations from its domestic abuse inquiry, the Minister notes that it is about changing attitudes to domestic abuse as well as spending money. He is relatively happy with progress in partnership with the UK Government, in particular the development of Sexual Abuse Referral Centres (SARCs) over the next 18 months. The Assembly Government is putting extra funds in place alongside the Home Office funding to enhance provision for SARCs and Specialist Domestic Abuse Courts in Wales. The Committee welcomes the Minister's commitment to keep up pressure and momentum on this issue, and the plans to address increased risk of domestic abuse over the Christmas period by running awareness raising events in early December. The Minister noted the importance of initiatives aimed at changing attitudes, including through the national curriculum, and that the domestic abuse agenda was also taken into account in the context of the Integrated Family Support Service to support vulnerable families.

8. The Minister agreed to consider information from the Committee about training trainers to deliver the Freedom Programme at a cost of around £3,000 per area, which could be taken into consideration for any available under-spend.

Local Government Settlement

9. Responding to concerns that the Local Government Settlement will not impact unduly on frontline services, the Minister notes that the biggest challenge in the harsher economic climate is how to continue to deliver public services effectively within the funds available. The Minister has had a constructive meeting with the WLGA to look at where capital projects can be brought forward. There is significant variation in performance of local authorities in paying invoices on time – from 95% at best to 35% at worst. In the context of the credit crunch Assembly Government officials will also be keeping a close eye on things such as counselling services. The Committee noted the importance of tracking capital expenditure in local government and where bids were successful or not. The Minister noted that performance of local authorities was top of the agenda and that every local authority should have an asset management plan in place. He has offered to provide the Committee with more information on this issue.

Delivery of One Wales Commitments

10. Progress with delivering on the commitments is tracked on the Welsh Assembly Government's website and the Committee notes a quarterly update is due soon. It is noted that in some areas administrative issues have slowed progress, for example in taking time to flesh out proposals for Child Trust Fund accounts and ensure the best option for Wales is adopted. The Committee will

welcome more information on areas in which progress is slower, and will scrutinise the Minister for Social Justice and Local Government on his whole portfolio on 5 November.

Child Poverty and Financial Inclusion

11. Work on increasing benefits uptake is the biggest proportion of the £700,000 increase in funding to tackle child poverty in 2009-10, with an advisory group set up to assist. The roll-out of credit unions forms the second largest part of the pot, along with funds to the Welsh Financial Education Unit to develop an evidence-based approach to improving financial literacy among young people and address this within the national curriculum.

Community Cohesion Strategy and Communities First

12. The Committee notes the importance of demonstrating the results arising from expenditure on the revised Communities First scheme. The Minister reported an important shift in attitude to be seen when visiting Communities First organisations. Bids are in for the development of demonstration projects as exemplars of best practice. Officials will monitor achievements against the projects funded through the Outcomes Fund as well as core-funded activities. There will still be a bottom-up approach but work must reflect the 5-6 key themes set by the Assembly Government in line with One Wales commitments, such as tackling child poverty, maximising income and getting people into work, and sustainability.

13. The Committee notes the importance of being able to scrutinise detailed online information on progress with Communities First but the Minister also sounded a note of caution to be realistic about how long it may take Communities First partnerships to make progress against targets. Good practice guidance has also been issued on Communities First.

14. The Minister thinks that the staffing allocation for Communities First based on population size is about right, but that if some areas of Wales are perceived as having special needs, for example due to demographics or rurality, then bids to the Outcomes Fund can be used to target support.

Post Office Development Fund

15. The Minister is looking forward to considering proposals from officials following the close of consultation on the Post Office Development Fund. He is willing to consider innovative ideas put forward for services that could be offered to increase footfall. For example the use of the network for public consultation being trialled in Blaenau Gwent was noted.

Fire and Rescue Service

16. Changes to Fire Service pension arrangements in England have not been introduced in Wales and that has been welcomed by the Fire and Rescue authorities and Fire Brigades Union. The amount allocated to pensions is based

on estimates provided by the Fire and Rescue Service and fluctuate from year to year but enough funds are allocated in the budget to cover it.

17. The Committee notes the movement between capital and revenue to fund the Firelink contract. The project was originally driven by capital need but it has now been recognised that more revenue allocation is needed. The UK Department for Communities and Local Government leads on Firelink and the contract is until 2016-2017.

Substance misuse services

18. The Committee notes that following the initial 13.2% increase in funds allocated to the Substance Misuse Action Plan for 2009-10 then drops to 0.8% for 2010-11. The Minister acknowledged the real pressure in this area and would need to review how the initial spend in 2009-10 worked out. The Health Inspectorate Wales would be reviewing the commissioning and delivery of substance misuse services to ensure that they fit with the strategy.

Refugee Inclusion Strategy

19. £800,000 has been allocated to provide core funding for refugee groups to develop projects and to ensure their views are taken into account. The provision of ESOL (English for Speakers of Other Languages) is also being reviewed, funded through the Department for Children, Educational, Lifelong Learning and Skills. Programmes are being funded to allow refugees to access work – particularly important given that their skills profile may be higher than that of the indigenous population. The key aim of the strategy is to enable refugees to constructively contribute to society.

Conclusion

20. The Committee is broadly content with the funding allocated in the draft budget for relevant activities within the portfolio of the Minister for Social Justice and Local Government.

3. Report from Enterprise and Learning Committee

Enterprise and Learning Committee

Report of consideration of the Welsh Assembly Government Draft Budget 2009-10

Background

1. In accordance with Standing Order 27.3, the Committee considered the draft budget at its meeting on 15 October. We scrutinised Ieuan Wyn Jones AM, the Deputy First Minister and Minister for the Economy and Transport, and Jane Hutt AM, Minister for Children, Education, Lifelong Learning and Skills. The Ministers also provided written evidence, which can be found on the Committee's website at:
<http://www.assemblywales.org/bus-home/bus-committees/bus-committees-third1/bus-committees-third-els-home.htm>.
2. A short report of the Committee's consideration and recommendations follows.

General Comments

3. We are disappointed our concerns regarding the time constraints laid down in Standing Order 27.3, which severely restricts the opportunity for Scrutiny Committees to contribute constructively to the budget process have not been addressed. **We recommend again that the Finance Committee exploits the opportunity afforded by Standing Order 14.2(ii) to report on the timetable for consideration of budget proposals and recommend changes for future budget rounds.**
4. **Last year, we recommended that, when Ministers present budget information to Committee, figures represent real term increases and decreases taking inflation into account and calculate changes on a year-on-year basis rather than cumulative increases from the current year's baseline. Our recommendation was not implemented. Given recent rises in inflation, some of which post-date the drafting of the budget, the lack of robust, real terms figures precluded meaningful scrutiny in some areas again this year. Likewise, given the downturn in the global economy, it may be necessary for Ministers to revisit their budget projections and priorities, thus further distorting this scrutiny process. We therefore reiterate the recommendation we made last year regarding the presentation of budget information.**

Scrutiny of the Deputy First Minister and Minister for the Economy and Transport

5. From the Minister's written memorandum, we were informed that the Department for Economy and Transport Main Expenditure Group (MEG)

had undergone significant re-structuring between the Final Budget for 2008-09 agreed by the Assembly in January and the figures presented for 2008-09. The Minister's evidence described a reprioritisation exercise carried out within his department. This resulted in changes to budget expenditure lines' (BELs) amounts for 2008-09 and also changes to the make-up of the spending programme areas (SPAs) for 2009-10 onwards. Some BELs and SPAs had also been renamed. As a result of these changes, it was not possible for the Committee to see the actual changes in expenditure now proposed by the Minister for 2009-10, compared with the Final Budget for 2008-09.

6. Committee officials requested reconciliation to explain the changes. The information was received less than 24 hours before our meeting. The Minister's officials re-presented the 2008-09 current year's budget on the basis of the proposed SPA/BEL structure for 2009-10 and beyond. We were told that the changes to the final budget allocations were made following a departmental review of *One Wales* priorities and contractual and statutory obligations. In oral evidence, the Minister explained that the reprioritisation had occurred because of a need to take account of revenue pressures, particularly related to the Arriva Trains Franchise and the Concessionary fares scheme resulting in a need to reallocate funds. The Minister's Finance Director also stated that while BELs and SPAs had been restructured, monies were re-presented elsewhere in the budget.
7. It was most unhelpful to receive this partial information so late. We are of the opinion that this matter does not reflect well on the Executive and the need to promote due diligence and openness. The Minister offered to provide further, more detailed information on the reprioritisation of his budget, but this again was too late for our consideration. **We recommend that when a department of the Executive undertakes a major in-year restructuring or reprioritisation of its budget, that robust and adequate information is made available to the relevant Scrutiny Committee, and where appropriate to the Finance Committee also, to facilitate effective budget scrutiny and to promote due diligence.**
8. In scrutinising the Minister, the Committee sought clarification and further details on the following issues:
 - 8.1 We noted the shift of revenue from economic development to transport and the shift of capital from transport to economic development. On economic development, the Minister had sought to protect budgets which would be used to support the recommendations of his Ministerial Advisory Group.
 - 8.2 The balance of expenditure to meet the Minister's transport priorities therefore featured in our discussions, since most of the additional funding his department will receive, some £15 million of the £18 million increase, will be spent on those SPAs.
 - 8.3 On the trunk road programme, the Minister stated that he would be making a major announcement on future capital projects before the end of the year.

We will study the Minister's future statement carefully to ensure that all projects are fully funded; we are especially interested in support for dualling the A465 Heads of the Valley road and improvements to north-south links.

- 8.4 We have previously reported on Network Rail's Route Utilisation Strategy and Planning for Future Rail Provision. In our reports we drew attention to the need to remove the capacity constraint and develop throughput of services at Queen Street Station in Cardiff and provide better, more frequent services on the Valley Lines with greater capacity to carry passengers. In particular, we discussed the need to implement capacity improvements on the Rhymney Valley line. The Minister referred to his £40 million bid to the Department for Transport for infrastructure improvements, which had yielded £20 million under the High Level Output Specification (HLOS). He emphasised the need for revenue to fund enhanced rail services once such infrastructure improvements are completed. He made it clear that whilst there was some scope for revenue support for some new rail services within the draft budget, revenue streams to meet all the demands related to infrastructure improvements have yet to be identified. **We recommend that in planning major capital projects, for rail and other areas, Ministers identify revenue streams at the outset, in order to ensure timely delivery of improvements.**
- 8.5 We also questioned the apparent reduction in flexible business support by £6.3 million. We were told that £2 million had been moved to elsewhere in the budget and that £3.8 million was the true figure of the reduction, owing to reprioritisation. We were also informed that there was a bringing together of capital grants to respond to specific need.
- 8.6 Given our long and extensive inquiry into the economic contribution of higher education and our support for the recommendations of the Gibson review, we sought reassurance that there would be sufficient funding for commercialisation and research and development. The Minister assured us of the cross-cutting, partnership approach in this area.
- 8.7 We questioned the Minister on savings accrued from the merger of former Assembly sponsored public bodies. The Minister referred to his departmental efficiency plan. We welcome the news that the Wales Audit Office will be carrying out a thorough audit of efficiency savings as a result of the mergers in 2010.

Further information

9. The Minister undertook to provide the Committee with the following additional information, which due to time constraints laid down in Standing Orders is not included in this report, but which would be made available to the Finance Committee at a later date on request:
- An update on the progress of the Department for Economy and Transport efficiency plan, including how savings have been made following the

merger of Assembly sponsored bodies and areas where efficiency savings will be made in the future.

Scrutiny of the Minister for Children, Education, Lifelong Learning and Skills

10. In scrutinising the Minister, we recognise that with an increase of £98 million, this portfolio had done relatively well in the current round. However, we sought clarification and further details on the following issues:
 - 10.1 The perceived large funding gap between higher education in Wales and that in England. The Minister believed that she was supporting the sector adequately and referred to major projects such as the Institute of Biological, Environmental and Rural Sciences (formerly IGER), which would receive £16.5 million capital funding in total.
 - 10.2 On support for higher education with regard to the commercialisation agenda, the Minister referred to the ongoing review of the group chaired by Vice-Chancellor Professor R Merfyn Jones, which as part of stage 2 of its work would consider the mission of higher education.
 - 10.3 In light of our inquiry into the economic contribution of higher education, we are interested in the sector's development to promote regeneration in deprived areas, notably Merthyr and Ebbw Vale. The Minister would use the strategic capital investment fund, which would lever in funding from other partners, to deliver this major project.
 - 10.3 We have a number of concerns regarding levels of funding for Further Education, particularly given the likely impact on the sector of the proposed Learning and Skills (Wales) Measure and the transformation framework for collaboration. We sought details of the components in the large - £550 million – Learner Provision BEL and reassurance that issues arising from the Measure, such as IT, transport, infrastructure and new courses, would be fully funded. The Minister stated that she felt confident that the funding provided would raise performance and contribute to the needs of the wider economy.
 - 10.4 We were also concerned that Wales appears to lag behind England on the matter of training regulation qualifications for Further Education tutors and sought further information.
 - 10.5 Given the well-publicised difficulties over the introduction of the Foundation Phase and the commitment to additional funding of £60 million in the next two years, we required reassurance that funding was now adequate and sustainable.
 - 10.6 On the issue of food and nutrition in schools, and given legislation currently being scrutinised in the Assembly, we sought assurance that funding would be adequate. The Minister stated that she had brought funding streams together.

10.7 We have previously reported on school funding and the need to address the backlog of investment in the estate. The Minister said that she was taking this *One Wales* commitment forward in partnership with local government, which was linking investment in the estate to reorganisation. We believe that some frontloading in this area could give the economy a welcome boost during difficult times.

Further information

11. The Minister undertook to provide the Committee with the following additional information, which due to time constraints laid down in Standing Orders is not included in this report, but which would be made available to the Finance Committee at a later date on request:
- Clarification on the budget available for training regulation qualifications for Further Education tutors.
 - Clarification on how the Minister intends to invest the £1.8m allocated to the development plan for Autistic Spectrum Disorder (ASD) and how the £1.7m available in the Revenue Support Grant will also be invested.

Cross-cutting issues

12. Both Ministers placed considerable emphasis on cross-departmental and partnership working in delivering *One Wales* commitments. As stated above, we now have a particular interest in this, given the expected outcomes of our inquiry into the economic contribution of higher education. We await delivery of the A4B project, which will also receive £21 million of European funding.
13. Owing to changes in portfolios for Welsh Ministers, funding for tourism is now fully allocated to the Heritage MEG. We emphasised the need for a co-ordinated approach on marketing, given the economic development and social regeneration potential of major events such as the Ryder Cup in 2010, as the funding for marketing and major events is still within the Economy and Transport MEG. The Minister assured the Committee of close co-operation between his department and that of the Minister for Heritage in overseeing tourism expenditure and of a more cohesive and coherent approach by Government.

Summary of recommendations

- **We recommend again that the Finance Committee exploits the opportunity afforded by Standing Order 14.2(ii) to report on the timetable for consideration of budget proposals and recommend changes for future budget rounds.**
- **Last year, we recommended that, when Ministers present budget information to Committee, figures represent real term increases and**

decreases taking inflation into account and calculate changes on a year-on-year basis rather than cumulative increases from the current year's baseline. Our recommendation was not implemented. Given recent rises in inflation, some of which post-date the drafting of the budget, the lack of robust, real terms figures precluded meaningful scrutiny in some areas again this year. Likewise, given the downturn in the global economy, it may be necessary for Ministers to revisit their budget projections and priorities, thus further distorting this scrutiny process. We therefore reiterate the recommendation we made last year regarding the presentation of budget information.

- We recommend that when a department of the Executive undertakes a major in-year restructuring or reprioritisation of its budget, that robust and adequate information is made available to the relevant Scrutiny Committee, and where appropriate to the Finance Committee also, to facilitate effective budget scrutiny and to promote due diligence.
- We recommend that in planning major capital projects, for rail and other areas, Ministers identify revenue streams at the outset, in order to ensure timely delivery of improvements.

4. Report from the Equality of Opportunity Committee

Equality of Opportunity Committee

Pwyllgor Cyfle Cyfartal

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

Cardiff Bay
Cardiff
CF99 1NA

20 October 2008

Dear Angela

Welsh Assembly Government Draft Budget 2009-10

At its meeting on 16 October, the Equality of Opportunity Committee considered the draft budget proposals for 2009-10. On behalf of the Committee, I wish to make the following comments:

- The Committee is concerned that the Welsh Assembly Government's commitment to mainstreaming equalities, as outlined in the One Wales document, is not as transparent as hoped. The Committee noted that the Minister for Social Justice and Local Government's was unable to answer questions relating to equalities within other Ministerial portfolios, which may indicate that equality-proofing is not as mainstreamed as expected. The Committee considers that, in the future, the Welsh Assembly Government's draft budget should provide an indication of how budget allocations will impact on different groups of people, how equality of opportunity principles have influenced the formulation of the draft budget as a whole, and how policy aims are reflected across each Departmental Expenditure Limit.
- The Committee is similarly concerned that child poverty proofing is not mainstreamed across all Welsh Assembly Government policy areas. The Committee considers that, in the future, the Welsh Assembly Government's draft budget should provide a clear indication of how budget allocations will impact on child poverty.

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

Ann Jones
Chair, Equality of Opportunity Committee

5. Report from the Health, Wellbeing and Local Government Committee

**Y Pwyllgor Iechyd, Lles a
Llywodraeth Leol**

**Health, Wellbeing and Local
Government Committee**



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

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

Our ref: HWLG(3)23-08

21 October 2008

Dear Angela

DRAFT BUDGET – RECOMMENDATIONS FROM THE HEALTH, WELLBEING AND LOCAL GOVERNMENT COMMITTEE

Introduction

The Health, Wellbeing and Local Government (HWLG) Committee considered the draft budget at its meeting on 15 October in line with Standing Order 27.3. I would be grateful if the Finance Committee could take account of the issues we have identified below in your report to the Assembly under Standing Order 27.4.

We were grateful to the Minister for Health and Social Services and the Minister for Finance and Public Service Delivery for making themselves available to attend our meeting on 15 October to answer questions on the draft budget from Committee Members.

The Minister for Social Justice and Local Government was also scheduled to attend but instead represented the Assembly Government at a meeting with the Treasury to discuss the problems experienced by public authorities in Wales whose assets are held in Icelandic financial institutions. We fully understand the reasons for his absence and were grateful that the Minister's officials were able to attend and answer questions in his place.

General Observations

Expenditure falling within the Committee's remit

Total proposed expenditure within the Health and Social Services (£6.0 billion), Social Justice and Local Government (£4.4 billion) and Public Service Delivery portfolios (£59.5 million) amounts to around £10.5 billion. The bulk of this expenditure falls within the Committee's remit and represents almost 70% of the total Assembly Government budget of £15.2 billion in 2009-10.

Timescale

Standing Order 27.3 allows only 2 weeks for Committees to consider the draft budget. This effectively limits scrutiny to just one Committee meeting. It allows Committees very little advance time to adequately research and understand the implications of the budget before questioning Ministers. It allows no time for Committees to take evidence from stakeholders or others with relevant or wider expertise.

On this occasion we were unable to take evidence at all from the Minister for Social Justice and Local Government who is responsible for almost 30% of the Assembly Government's budget. Although he has now agreed to attend our meeting on 22 October to answer questions, this will be too late for us to report to your Committee in time to be taken into account for your report to the Assembly. Although we appreciate the reasons why he could not attend, it again highlights a problem that we identified in our consideration of last year's draft budget.

The Committee believes that the time allowed for consideration of the draft budget is barely adequate for anything other than the most cursory consideration. The Committee *recommends* that the Finance Committee considers whether the time allowed to scrutiny Committees to consider the budget is adequate.

Areas of Expenditure

Set out below are the areas where Committee Members have expressed concerns about, or asked for clarification of, particular budget provisions. These need to be read in the context of our general comments about the limited time available for the Committee to consider the budget.

I should also make it clear that the issues highlighted are not necessarily of concern or of equal concern to all Members of the Committee but we *recommend* that the Finance Committee draw these issues to the attention of the Assembly in its report on the draft budget.

Portfolio of the Minister for Finance and Public Service Delivery

General

The Minister answered questions in relation to his portfolio responsibilities for public service delivery rather than in his capacity as Minister for Finance.

Making the Connections SPA

- *Local Service Boards*

- *Wales Spatial Plan*
- *Governance in Wales*

Committee Members queried how the funding for the Wales Spatial Plan would be used and whether the £0.49 million allocated was sufficient. The Minister felt that the funding proposed was adequate, particularly given the wider financial position.

Committee Members asked for an explanation of the reduction of funding in the “Making the Connections SPA” where there was an overall reduction of 14% compared to last year and a reduction of £2.4 million in the Making the Connections Improvement Fund. The Minister and his officials explained that the Improvement Fund was essentially pump-priming in nature and was always intended as a three year programme that was now coming to its end.

The Minister also explained how the Spatial Plan fitted in with some of his other responsibilities, including Local Service Boards and partnership working. He agreed to consider whether any further action was required to ensure that key cross-cutting equality themes were mainstreamed in the work of Local Service Boards and other partnerships.

In response to Members questions, he also explained that a further £50,000 would be available to each Local Service Board, from the making the Connections Development BEL, to help meet development costs. The Minister’s officials have since clarified that this is in addition to the £50,000 offered to the six pilot LSBs in 2007-08 and the same sum available to each of the 22 LSB areas in 2008-09.

Funding for Inspectorates

- *Care & Social Services Inspectorate Wales*
- *Healthcare Inspectorate*
- *Estyn*

Members expressed concern that budgets for Inspectorates were showing little or no real terms increase. Good inspection helped maintain and drive up standards and required adequate funding. The Minister was confident that the funding proposed was sufficient to enable the various inspectorates to do their job well. However, he was also aware of demands from local government in particular that the burden of regulation should be reduced through less duplication and greater coherence of effort.

Concern was also expressed that cash reductions were proposed for the Social Services Workforce and Quality and Training Support Programme BELs (refs 0780 & 0800). The Minister and his officials explained that these budgets had under spent in previous years and the proposed funding was in part a reflection of this. The Minister has subsequently provided the following further explanatory background information on this point:

“Historically both of these budget lines have returned an under spend year on year. What appears to be a baseline reduction in the draft budget is not

intended as a real terms reduction in resources available. It reflects management action to encourage these programmes to make more use of the resources available by eliminating the pattern of under spending whilst retaining the scope to increase activity and deliver more outputs. The amount of under spend in previous years far exceeds the baseline reduction in 2009-10 and 2010-2011 so by reducing the historical under spend it should be possible to increase investment in these areas.”

Committee Members also noted that funding for Inspectorates was now the responsibility of the Minister for Finance and Public Service Delivery rather than individual departmental Ministers and that this might be considered anomalous. The Minister explained that this funding route was felt to better reflect the professional independence of the inspectorates from the organisations they were meant to inspect and which were the responsibility of departmental Ministers.

Census

Committee Members noted the Minister’s assurance that there were no resource implications for the Assembly Government arising from the arrangements for the next Census. He was also satisfied that the UK Government had accommodated the Assembly Government’s priorities for the Census.

Portfolio of the Minister for Social Justice and Local Government

Provisional Local Government Revenue and Capital Settlement

The Committee was unable to consider the detail of the provisional Local Government settlement as it was not announced until after the Committee’s consideration of the draft budget. As noted earlier, there will be an opportunity for the Committee to question the Minister on 22 October but this will not allow time for recommendations arising from this scrutiny to be considered by the Finance Committee.

Assembly Government officials outlined some of the main features of the provisional settlement and these are set out in the written statement made by the Minister on 15 October and in the supporting information published by the Assembly Government. Among the specific points that officials drew to our attention were:

- The overall increase in revenue support for local authorities in 2009-10 is 2.9% compared to the current financial year. This included provision for a “floor” arrangement where the minimum increase that any local authority would receive would be 1.5%;
- the provisional settlement includes the additional £12.6 million announced as part of the draft budget proposals, £3.7 million to support the extension of free school travel arising from the Learner

- Travel Measure, £250,000 for measures to support the take up of child benefit, and the full consequential of the funding for the Local Authority Business Grant Incentive scheme;
- in addition to the unhypothecated support, the settlement also included hypothecated specific grants totalling around £676 million; and
 - £636 million was proposed for local authority capital programmes.

Local Authority Business Grant Incentive Scheme

Members queried whether the consequential funding from the Local Authority Business Grant Scheme could be considered additional funding for local authorities. Assembly Government officials said that the resources concerned (some £3 million) had been transferred to the Welsh Block and that the Assembly Government had decided to include the funding in the local government settlement although they were not required to do so.

Evaluation of Additional Costs and Role of Expenditure Sub Group (ESG)

Members asked what account had been taken of increased cost pressures on local government in arriving at the provisional settlement. In particular, energy costs had increased significantly and wider inflationary pressures had also increased significantly. Members also asked how far the ESG process reflected an agreed position between the Assembly Government and local authorities.

Officials explained that the additional £10 million was in part a response to wider inflationary pressures. While they accepted that energy costs had increased significantly recently there was considerable volatility which made it difficult to predict the overall impact on budgets. It had also proven to be quite difficult to get a firm figure on a standard increase for fuel increases. Authorities negotiated fuel contracts on a rolling basis, some for twelve months or longer. It was difficult to see the full impact of energy costs until it was clear when contracts came up for renewal. This may, therefore have implications for future years.

They also pointed out that a substantial element of local authority spending was taken up in wage costs where inflationary pressures were more predictable. The ESG provided a mechanism for a mutual understanding of the underlying basis on which estimates are prepared but it was recognised that there were differences of view between the Assembly Government and local government and that resources would always be finite.

Performance Targets and Efficiency Savings

Members asked to what extent authorities were meeting Assembly Government performance targets and efficiency savings and whether

there was in fact scope for further efficiency savings given the relatively tight settlement proposed this year.

Officials explained that there were no plans to change the current 1% efficiency savings requirement. These savings are audited by the Wales Audit Office, which is generally satisfied that savings are being achieved as required. Performance targets were a matter between individual Assembly Government Departments and local authorities, although there was some central monitoring.

Child Poverty Targets

Committee Members asked how the Social Justice and Local Government budget was contributing to the Assembly Government's commitment to halving child poverty by 2010 and eradicating it by 2020. Members were also concerned that specific funding was available to address deprivation taking account of indices such as the Index of Multiple deprivation.

Officials explained that around 25% of RSG weightings are deprivation related and there were a number of deprivation related specific grants. In addition there was also the £22 million deprivation fund. Specific funding was also provided to encourage families with disabled children to take up benefits and also to encourage take-up of Council Tax Benefit. More generally, the Government will be introducing an Assembly Measure which will seek to place a duty on local authorities to address child poverty. The Assembly Government were also working with the WLGA and the Save the Children's Fund to develop a practical toolkit to help local authorities address the issue.

Mainstreaming Equality

Members asked how cross-cutting equality themes were being mainstreamed in the budget. Officials indicated a range of funding measures that supported equality issues. However, Committee Members were concerned that the concept of mainstreaming did not appear to have been taken on board in a cohesive way in setting the budget. Members indicated that this was a point which they intended to pursue further with the Minister on 22 October.

The Committee *recommends* that the Finance Committee considers how mainstreaming of equality issues can best be reflected in the budget setting process.

Equal Pay

Members asked for more information and clarity on progress by local authorities in implementing equal pay commitments. Officials indicated that funding was built into the proposed settlement as unhypothecated RSG and had been built in for a number of years. Officials agreed to provide the Committee with further detailed information tracking the amount of money that had been put into the system over a period of years. I attach a subsequent

letter from the Minister for Social Justice and Local Government providing further information.

Gypsy Travellers

Members asked for further information on the use that would be made of the £200,000 for Gypsy Travellers in the Inclusion BEL. Officials explained that funding had previously been mainly capital expenditure aimed at Gypsy Traveller sites. The £200,000 was new and would be mainly used to support groups who work with Gypsy Travellers. Officials agreed to provide further information on the uptake of previous capital funding. I attach a subsequent letter from the Minister for Social Justice and Local Government providing this further information.

Impact of Potential Loss of Funds held in Icelandic Banks

Members asked what support would be given to local authorities to mitigate the impact of the potential loss of funds held in Icelandic banks.

Officials explained that this was something that the Minister was discussing with the Treasury at that time. It was too early to be able to say whether authorities would eventually be reimbursed for their losses, although this was clearly the hope.

If any authority was facing specific difficulties then the Assembly Government would consider each case to see what could be done to help them deal with the situation. This could for instance include capitalisation directions but the Assembly Government could not offer a blanket commitment to underwrite possible losses.

Officials felt that it was important to get the amounts concerned into context. The total exposure of Welsh Local Authorities was around £60 million out of total funding of around £4 billion. There was also no reason to believe that there was any immediate threat to services as most of the funding concerned was money held in reserve or on relatively medium to long-term deposit.

Members also expressed concern about the impact on local government if private sector bodies, working under contract or in partnership with local authorities, suffered losses. Although there were cases of this sort in England it was not clear whether this problem affected authorities in Wales. Officials agreed to discuss the matter with the Minister and ask the WLGA for further information on their understanding of the position.

Other Issues

Members questioned the reduction from £12.0 million to £1.5 million in the *Social Services Capital* BEL (within the portfolio of the Minister for Health and Social Services). This was mainly due to the end of a planned programme to purchase Telecare Equipment.

Members asked for further information on the significant reduction in the *Town Centre Regeneration Programme*. Officials indicated that funding had been transfers to the Community Facilities Programme Investment budget for an Asset Transfer Fund, which would be used for strategic regeneration.

The *Severe Weather Capital Grant* has been reduced from £1.5 million to zero. This was due to the grant not being used for a number of years. The reduction in funding did not affect the rules of the Bellwin Scheme which would continue to be available in exceptional circumstances.

Portfolio of the Minister for Health and Social Services

Main Features of Draft Budget

The Minister outlined some of the main features of the draft budget proposals. Among the specific points that she drew to the Committee's attention were:

- An increase of 5.3% in the Health and Social Services MEG, this included £63 million to meet and maintain the December 2009 waiting times targets;
- Since the publication of the budget, the Finance Minister had also agreed a further £31 million from End Year Finance (EYF). £21 million of this would also be used to help meet the waiting times targets and £10 million would be directed to the NHS. This funding was shown as recurrent from 2010-11 in the draft budget;
- £41 million was being made available for pandemic flu preparedness;
- However, pressure on the budget is intense and around £80 million was being redirected within the MEG to meet the most pressing service pressures. This meant that other pressures would be unfunded;
- Health service inflation, outside of wage costs, was running at around 9.75%. The NHS was also being asked to make efficiency savings of 3%.

Inflationary Pressures

Members referred to the significant increases in inflationary pressures, including energy costs, the 9.75% inflation rate referred to by the Minister, and factors such as increased mileage rates and asked whether she was satisfied that these would be able to be accommodated within the draft budget.

The Minister felt that the additional funding and reprioritisation was sufficient to be able to deal with these pressures particularly as inflation was probably at a high point at present and would reduce over the coming year. She also felt that the NHS's energy efficiency record was good and would help them deal with the current pressures. However, energy costs were a concern, particularly for the Ambulance Service. She intended to look again at this area in-year.

Members asked for further details on areas where there were unfunded additional pressures. The Minister highlighted social care, access to wheelchair services, academic clinical careers, adult social services, improving ambulance response times and cardiac services as areas that she intended to look at again to see if additional funding would be possible from 2010 onward.

Domiciliary Care

The Minister was asked about the funding available for the "One Wales" commitment in relation to domiciliary care services. She said that funding would need to be made available in due course in relation to the domiciliary care Legislative Competence Order (LCO).

Waiting Time Targets & NHS Capacity

Committee Members pointed to written evidence from NHS Finance Directors to the Finance Committee Meeting on 16 October. This questioned whether the resources available and the current capacity of the NHS would allow the Assembly's Government's maximum waiting time target set for delivery by December 2009 (26 weeks from referral to treatment) to be met.

The Minister felt that there was always doubt within the NHS about whether targets could be met and efficiencies made. Similar concerns had been expressed last year despite which the NHS budget had been in balance. She accepted that this was a very challenging target but was confident that the additional £63 million in this year's budget combined with the £21 million from EYF would be sufficient to meet the target. There were continuing discussions with the NHS around capacity including how greater capacity could be delivered, as had happened recently in relation to Wet AMD.

Accident & Emergency Services

The 4 hour turnaround target for Accident & Emergency had not been met by April 2008 as planned. Some reports suggested the situation was getting worse. Members asked what specific funding was available to meet this target. The Minister indicated that she felt that these targets should be able to be met within existing budgets and that the inability to meet targets was in part a reflection of poor management within Trusts.

In response to further questions, the Minister did not feel that any greater allowance should be made within budgets for issues specific to urban or city areas. Rural areas also had specific pressures and the real issue was ensuring that services were managed as well as possible.

Continuing Care

Recent court judgements on continuing care are likely to increase cost pressures on the relevant budgets. Members asked whether the Minister was satisfied that these demands had been taken into account in the overall

allocations. The Minister indicated that she had some concerns in relation to social services funding and would be looking at this area in more depth to ensure that budgets were in tune with needs.

Prescribing Budget

There is no separate budget line for prescribing. Members asked how much was available for prescribing and whether there had been an uplift in the amount available to ensure equal access to treatments. The Minister indicated that prescribing was included in the baseline figures for the LHBs and Trusts. There had been a re-prioritisation of resources to provide an additional £30 million for these budgets to meet prescribing pressures in the coming year as well as £10 million for Health Commission Wales. However, there was a range of difficult issues around the escalating costs of drugs, the relationship of Government with drug companies and the use of unlicensed drugs that might be less expensive than established treatments.

In response to further questions the Minister promised to let the Committee have further information in due course on the costs of prescribing in both primary and secondary care and in particular how the cost savings from medicines coming "off patent" were re-deployed by NHS organisations.

Primary Care SPA

The Primary Care SPA was to reduce from £21.1 million in 2008-09 to £16.6 million in 2009-10. Members asked for further information on what would be funded from this SPA. In response the Minister said that there were a wide range of initiatives but highlighted the eye care initiative, low vision aids, diabetic services and pharmacy and prescription issues as examples of the initiatives funded.

Wellbeing Centres

Members also asked for information on the source of funding for the piloting of wellbeing centres. The Minister indicated that the first pilot would be around the Merthyr Health Park initiative. This would initially be a capital project but the revenue consequences would be managed across a number of budget lines.

NHS Restructuring

Restructuring Costs

Members asked what allowance had been made in the draft budget to accommodate additional up front costs arising from the proposed NHS restructuring. The Minister anticipated long term cost savings following restructuring as a result of service rationalisation but did not see any immediate impact on next year's budget.

Debt and Townsend Formula

Noting that the debts of the Hywel Dda Trust and new North Wales Trust were to be written off, the Minister was asked what the debt positions of the new NHS organisations and Health Commission Wales would be following restructuring. She was also asked whether she intended to review the Townsend Formula to ensure that debt was not due to any structural unfairness in the way the formula operates.

The Minister had not yet decided how to deal with historic debt. There was an argument in favour of providing the new organisations with a clean slate but the reason debt had built up in each case, in particular whether it was through poor management or some other reason, also needed to be taken into account in deciding the way forward. She felt the Townsend formula was generally accepted but was also aware of some anomalies and retained an open mind on whether changes to it were needed.

Redundancy Costs

Members asked whether, as a result of moving from a larger to a smaller number of NHS organisations, there would be significant numbers of redundancies among the senior staff of the current Trusts and LHBs, what the estimated cost of redundancies would be and in what financial year costs were likely to fall. The Minister said she was looking to minimise any redundancies and was looking at ways of keeping displaced staff working for the benefit of the NHS.

Cancer SPA

Members noted the £2 million increase in the Hospice BEL compared to the current year and that a further increase was planned for 2010-11 but asked for clarification of whether funding was available to children and young people's hospices, such as Tŷ Hafan, or whether funding was designated for adult hospice care.

The Minister indicated that funding would be available for all types of care. However, Assembly Government funding would be for the clinical palliative care services that hospices provide. Other aspects of care would continue to be provided by the hospices themselves via their own fund raising.

Mental Health SPA

Members noted the increase of £1.4 in the Mental Health SPA compared to 2008-09 but queried how much of the total SPA of £16.1 million was designated for Child and Adolescent Mental Health Services (CAMHS).

The Minister pointed out that funding for CAMHS was in fact held in the Services for Children BEL. Within this BEL, CAMHS was to receive an additional £2.3 million in 2009-10. The Mental Health Spa included funding for Improved Adult Services, implications of the Mental Health LCO and work related to eating disorders issues. On eating disorders, funding would be

geared toward advice on diet and dietetics as well as support for psychiatric and clinical psychological services where appropriate.

Children and Youth Justice Services

A further £2.3 million within the Services for Children BEL is to support vulnerable children and autism strategies. Members asked for more detail on how this money would be used. The Minister promised to provide a more detailed written response on this issue in due course.

Members also asked for an update on the work of identifying the various sources of funding for children and children's issues throughout the budget. The Minister indicated that figure would be available by the time the final budget was published.

Local Authority Social Services Budgets

Members were aware of considerable additional pressure on local authority Social Services budgets and overspends against allocations of as much as £50 million. In the light of this the Minister was asked what discussions there had been with the WLGA or the Directors of Social Services to identify specific pressures and whether additional resources could be provided to help meet demands.

The Deputy Minister for Social Services had met regularly with Directors of Social Services to discuss pressures. However, the Minister would require more information from local government to back up their case for more resources. In particular, there was a paucity of information from them to demonstrate that they were making the sort of efficiency savings needed to demonstrate best value.

Other Adult Social Care SPA

Members queried whether the "One Wales" commitment, emphasising the importance that unpaid care provided by family and friends, was reflected in the draft budget and what mechanisms there might be to make this commitment more meaningful. In particular, whether possible legislative duties, to put statutory duties on authorities to support carers, might increase funding pressures in this area.

The Minister and Deputy Minister were concerned that the needs of unpaid carers were not being met and a possible statutory duty on local authorities was under consideration; this could well have financial implications. Carers in general were extremely undervalued for the work they do and how to value this work more was one of the major challenges facing society.

Social Care Workforce Development SPA

The Minister indicated that £0.5 million would be available to the Care Council for Wales (which was also the Sector Skills Council for this area) to

register more of the social care workforce. The Minister acknowledged that with budgets tight this area was not considered to be of the highest priority.

Influenza Pandemic Preparedness

The Committee sought clarification of the apparent discrepancy of £19.4 million between the £66.3 million announced for the Influenza Pandemic Preparedness Programme (IPPP) and the £46.9 million that had apparently been allocated for this purpose in the budget over the next two years. The Committee also queried whether flu vaccine should properly be charged to capital budgets.

The Minister's officials explained that the apparent discrepancy was because the shortfall would be met from 2008-09 allocations which would be provided for by an in-year budget motion around the turn of the year. The items being purchased were considered stock and were, therefore, properly allocated as capital rather than revenue expenditure.

Conclusion

As mentioned earlier, the Committee will take further evidence from the Minister for Social Justice and Local Government on 22 October. I recognise that this is outside the timescale allowed in Standing Order 27.3 and is unlikely to allow the Finance Committee time to consider any conclusions we may reach before you have to report under Standing Order 27.4. However, I will write to you again if any further issues arise from the Minister's evidence as you may be able to append any additional evidence to your final report.

I would be grateful if you could draw this letter to the attention of Members of the Finance Committee. A copy of this letter goes to Edwina Hart, Andrew Davies and Brian Gibbons for information.

Yours sincerely

Jonathan Morgan
Chair

6. Report from the Sustainability Committee

Adroddiad ar y Gyllideb Ddrafft

1. Mae'r pwyllgor wedi trafod ei gynlluniau gwario ar gyfer blaenoriaethau Llywodraeth Cynulliad Cymru o ran cynaliadwyedd fel y'u nodir yng *Nghynigion y Gyllideb Ddrafft 2009/10* a'r dogfennau cysylltiedig.

2. Bu'r pwyllgor yn craffu ar *Gynigion y Gyllideb Ddrafft 2009/10* ar 16 Hydref 2008, pan glywodd dystiolaeth gan Jane Davidson AC, y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai, Claire Bennett, Pennaeth yr Adran Newid yn yr Hinsawdd a Dŵr; Philip Nash, Pennaeth Strategaeth Gorfforaethol a Jasper Roberts, Pennaeth yr Uned Gwastraff ac Ansawdd yr Amgylchedd Lleol.

3. Gofynnodd y pwyllgor am eglurhad a rhagor o fanylion ynghylch y pwyntiau a ganlyn yn ystod ei sesiwn graffu gyda'r Gweinidog:

- Lefel y gwariant yr ymrwymwyd iddi yn y gyllideb ddrafft.
- Nifer y ceisiadau am arian o'r Gronfa Buddsoddi Cyfalaf Strategol a wnaed gan y Gweinidog, a'u gwerth.
 - Nifer a gwerth y ceisiadau am arian gan yr UE a wnaed gan y Gweinidog
 - Yr arian ar gyfer y Cynllun Effeithlonrwydd Ynni Cartref (HEES) a'r cynllun HEES newydd. Yn benodol, y dulliau o nodi'r rhai sy'n dioddef tloidi tanwydd a dyrannu buddsoddiadau cyfalaf.
 - Cyflwyno a blaenoriaethu amcanion strategaeth yr amgylchedd.
 - Cyflwyno ac ariannu cynlluniau i gyflawni'r targed i sicrhau gostyngiad o 3% mewn carbon erbyn 2011 ac esboniad o ran pryd y bydd y rhaglen hon yn dechrau.
- A yw'r gyllideb yn darparu ar gyfer y raddfa chwyddiant?
- Y penderfyniad i gynyddu dim ond gwariant referniw ar gyfer gwariant ar wastraff.
 - Arian ar gyfer draenio dŵr wyneb
 - Goblygiadau posibl o ran fformiwla Barnett yn dilyn deddfwriaeth San Steffan a'r Mesurau Morol a Chynllunio'n benodol.
 - Darpariaethau'r gyllideb ar gyfer y Gorchymyn ynghylch Diogelu'r Amgylchedd a Rheoli Gwastraff.

4. Cytunodd y Gweinidog i roi rhagor o wybodaeth am y pwyntiau a ganlyn:

- Rhestr o brosiectau cyfalaf arfaethedig
- Dadansoddiad o gais SCIF am £46 miliwn ar gyfer HEES
- Nodyn am y buddsoddiad arfaethedig mewn gwastraff

5. Ar ôl y sesiwn, nododd y pwyllgor eu pryderon am y pwyntiau a ganlyn:

- Y ffaith bod cyllideb y Gweinidog yn dibynnu ar geisiadau am arian o'r Gronfa Buddsoddiadau Cyfalaf Strategol neu gan yr Undeb Ewropeaidd. Er

bod y pwyllgor yn croesawu'r ceisiadau sylweddol a wnaed gan y Gweinidog, roeddynt yn pryderu am yr hyn a fyddai'n digwydd i'r cynlluniau arfaethedig yr oeddynt i fod i'w hariannu pe na bai'r ceisiadau hyn yn llwyddiannus. Roeddynt yn pryderu'n benodol am y ffaith bod y gyllideb yn dibynnu ar lwyddiant y cais am £46 miliwn i fynd i'r afael â phroblem gynyddol tlodi tanwydd yng Nghymru ac i gyfrannu at darged Cymru'n Un i sicrhau gostyngiad o 3% mewn allyriadau carbon ynghyd â thargedau microgynhyrchu Llywodraeth Cynulliad Cymru.

- Diffyg paratoi o du'r Llywodraeth, yn enwedig Adran yr Amgylchedd, Cynaliadwyedd a Thai, sef yr adran arweiniol, yn yr ymdrech i gyrraedd y targed i sicrhau gostyngiad o 3% mewn allyriadau carbon erbyn 2011. Teimlai'r pwyllgor y byddai angen cynyddu'r buddsoddiad yn ystod 2009-10 er mwyn paratoi'n ddigonol i gyrraedd y targed hwn a rhaid sicrhau bod esboniad brys yn cael ei roi o ran pryd y bydd rhaglen y Llywodraeth ar ostyngiad o 3% mewn allyriadau carbon yn dechrau .

- Diffyg buddsoddiad cyfalaf yn HEES. Roedd y pwyllgor yn amau a oedd modd rhoi'r cynllun ar waith, ac oherwydd y bwriad i newid y meini prawf awgrymodd y byddai angen blaenlwytho'r gyllideb i ateb y galw a ragwelir ar ddiwedd rhaglen bresennol HESS a dechrau'r rhaglen newydd.

- Y gostyngiad o £8.1 miliwn yn y cynlluniau drafft ar wario ar wastraff a'r polisi arfaethedig o sicrhau £500 miliwn o'r farchnadfa i roi'r polisi gwastraff ar waith. Roedd y maes hwn yn peri cryn bryder i'r pwyllgor o gofio hinsawdd y farchnad ar hyn o bryd.

- Lefel y buddsoddiad cyfalaf arfaethedig mewn mesurau amddiffyn rhag llifogydd, yn cynnwys y rhai a nodwyd ar gyfer ceisiadau am arian o'r Gronfa Buddsoddi Cyfalaf Strategol a chan yr Undeb Ewropeaidd, a gallu'r adnoddau arfaethedig i ddiwallu'r angen i wella'r mesurau amddiffyn rhag llifogydd. Roedd y pwyllgor yn pryderu am y system gymhleth ar gyfer buddsoddi yn y maes hwn a oedd yn cynnwys y Llywodraeth, Awdurdodau Lleol a chwmnïau dŵr gan nad oedd yn glir pwy oedd yn gyfrifol am y gwariant.

Argymhellion

6. Mae'r pwyllgor, gan hynny, yn argymhell:

- Bod y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai yn paratoi cynllun manwl, yn nodi o ble y daw'r arian cyfalaf ychwanegol i sicrhau bod modd gweithredu'r prosiectau y bwriedir eu cyflwyno drwy ddefnyddio arian SCIF a'r Undeb Ewropeaidd, os bydd y ceisiadau hynny'n aflwyddiannus.
- Bod y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai yn adolygu'r paratodau y mae angen ymgymryd â nhw yn ystod 2009-10 i sicrhau gostyngiad o 3% (neu ragor) bob blwyddyn mewn allyriadau carbon o 2011 ymlaen ac yn sicrhau bod digon o arian ar gael yn ei hadran ei hun ac yn adrannau Gweinidogion eraill i sicrhau'r newidiadau priodol.

- Bod y Gweinidog yn adolygu'r gwaith o gyflwyno cynllun newydd HESS ac yn dyrannu arian ychwanegol ar gyfer blwyddyn gyntaf y cynllun i sicrhau bod modd ariannu'r holl geisiadau newydd a'r holl geisiadau a wnaed eisoes.
- O gofio bod mwy o risg o lifogydd o ganlyniad i newid yn yr hinsawdd, mae'r pwyllgor yn argymhell y dylai'r Gweinidog geisio buddsoddi mwy o adnoddau o'i chyllideb ar gyfer gwariant cyfalaf ar fesurau amddiffyn rhag llifogydd.

7. Report from the Rural Development Sub-Committee

Yr Is-bwyllgor Datblygu Gwledig

Adroddiad ar y Gyllideb

1. Mae'r pwyllgor wedi ystyried y cynlluniau gwario ar gyfer blaenoriaethau materion gwledig Llywodraeth Cynulliad Cymru, fel y'u nodir yn y *Cynigion Drafft ar gyfer Cyllideb 2009/10* a'r dogfennau cysylltiedig.

2. Craffodd y pwyllgor ar y *Cynigion Drafft ar gyfer Cyllideb 2009/10* ar 20 Hydref 2008, pan glywodd dystiolaeth gan Elin Jones AC, y Gweinidog dros Faterion Gwledig; Huw Brodie, Pennaeth yr Adran Materion Gwledig a Threftadaeth; Huw Davies, Pennaeth Uned Fusnes yr Adran Materion Gwledig a Threftadaeth; a Rory O'Sullivan, Pennaeth yr Is-adran Polisi Cefn Gwlad.

3. Gofynnodd y pwyllgor am eglurhad a manylion pellach ar y pwyntiau a ganlyn yn ystod ei sesiwn graffu gyda'r Gweinidog:

- cysoni cyllideb 2008/09 gyda chyllideb ddrafft 2009/10
- yr ymrwymadau Cymru'n Un yr oedd cyllid ar eu cyfer yn y gyllideb
- gwahanu'r llinell wariant yn y gyllideb ar gyfer y cynllun lles anifeiliaid anwes a rhannu cyfrifoldebau a chostau o'r maes rhaglenni gwariant ar gyfer rheoli clefydau anifeiliaid a lles
- y darpariaethau yn y gyllideb ar gyfer y Gorchymyn cymhwysedd deddfwriaethol ynghylch cig coch
- y trefniadau cyllido ar gyfer y cynllun trosi ffermydd organig
- y cyllid y bwriedir ei wario ar gyfer dileu TB mewn gwartheg ac a yw'r dyraniad yn ddigonol
- a ddyrannwyd unrhyw gyllid i gyflwyno profion Gamma Interferon ar gyfer TB mewn gwartheg
- y gwariant ar TB mewn gwartheg yr oedd DEFRA yn gyfrifol amdano a'r gwariant oedd o fewn cylch gwaith Llywodraeth y Cynulliad
- y darpariaethau cyllidebol o ran y cynllun datblygu gwledig ar gyfer y gwahaniaethau yn y raddfa gyfnewid rhwng yr ewro a sterling
- a fydd unrhyw oblygiadau cyllidebol o ganlyniad i'r adolygiad o Echel 2 y cynllun datblygu gwledig
- y canlyniadau cyllido a allai ddeillio o'r Mesurau Morol arfaethedig.
- y cyllid ar gyfer y cynllun newydd-ddyfodiaid
- y cynnydd yng nghostau cyfalaf y Comisiwn Coedwigaeth

4. Addawodd y Gweinidog y byddai'n darparu gwybodaeth bellach ar y pwyntiau a ganlyn:

- yr arian yn weddill nas gwariwyd o'r cyllid ar gyfer modiwlleiddio gwirfoddol.

5. Yn dilyn y sesiwn, mynegodd y pwyllgor bryder ynghylch y pwyntiau a ganlyn:

- bu'n anodd cysoni'r cynigion yn y gyllideb ddrafft ar gyfer eleni gyda'r ffigurau a gyflwynwyd yng nghyllideb derfynol 2007 oherwydd i'r prif grŵp gwariant gael ei ailstrwythuro. Er bod y pwyllgor yn croesawu'r ffaith y bydd yr ailstrwythuro hwn yn arwain at eglurder wrth graffu ar gyllidebau yn y dyfodol, roedd y broses ar gyfer eleni yn fwy cymhleth. Cyflwynwyd ffigurau oedd yn gwrthddweud ei gilydd yn nhablau dyrannu'r prif grŵp gwariant ac yn yr Adroddiad Drafft ar Gyllideb 2009-10. Achosodd hyn broblemau mawr o ran craffu ar y newidiadau yn y gwariant rhwng 2008-09 a 2009-10.
- y cyllid ar gyfer y cynllun iawndal ar gyfer TB mewn gwartheg. Er bod y pwyllgor yn deall bod iawndal yn cael ei dalu yn ôl y galw, yr oedd yn pryderu bod y gyllideb wedi aros yn £11 miliwn, er bod cyfanswm y taliadau ar gyfer 2008-09 yn uwch na £16 miliwn; ac o gofio y byddai cyflwyno'r profion iechyd ar gyfer TB mewn gwartheg ym mis Hydref 2008 o bosibl yn golygu y byddai llawer mwy o alw am daliadau yn ystod 2009-10, teimlai y byddai'r ddarpariaeth yn annigonol. Yn ogystal, mynegodd y pwyllgor bryder mawr nad oedd ffynhonnell sicr i gwrdd â'r taliadau hyn oherwydd byddai'n rhaid i'r cyllid ychwanegol cychwynnol ar gyfer taliadau iawndal ddod o'r gyllideb materion gwledig, a byddai'n rhaid cael trafodaeth gyda'r Gweinidog cyllid er mwyn codi arian ychwanegol.
- arian ar gyfer y cynllun trosi ffermydd organig. Cydnabu'r pwyllgor fod hwn yn gynllun sy'n dibynnu ar y galw hefyd, ond roedd yn pryderu nad oedd rheolaethau o ran y ceisiadau ac nad oedd darpariaeth ar gyfer arian ychwanegol os oedd cynnydd sylweddol yn y ffermydd sy'n gymwys. Yr oedd y pwyllgor yn pryderu y byddai sut mae'r Gweinidog wedi ailstrwythuro'r cyllid o fewn ei chyllideb ar gyfer y cynllun hwn yn cael effaith ddifrifol ar newydd-ddyfodiaid i Tir Cynnal a Tir Gofal.

Argymhellion

6. Felly, mae'r pwyllgor yn argymhell:

- y dylai'r Gweinidog dros Faterion Gwledig adolygu'r cyllid ar gyfer taliadau iawndal ar gyfer TB mewn gwartheg a darparu cynllun i ddangos lle gellir canfod arian ychwanegol yn y gyllideb materion gwledig.
- y dylai Llywodraeth Cynulliad Cymru ystyried yr effaith y gallai ailstrwythuro unrhyw gyllidebau yn y dyfodol ei gael ar gysoni cyllidebau a darparu gwybodaeth ddigonol i hyrwyddo eglurder a thryloywder.
- y dylai'r Gweinidog dros Faterion Gwledig adolygu'r arian ar gyfer y cynllun trosi ffermydd organig a nodi lle gellir canfod arian ychwanegol o fewn y gyllideb materion gwledig.

Annex 2: Further technical and presentational considerations

A. 2007 Comprehensive Spending Review

- Schedule 6 to the draft budget proposals (page 24) indicates that the resources to be made available by the Treasury for 2009-10 can be analysed as follows:

£bn			
	Revenue	Capital	Total
DEL	13.555	1.679	15.234
AME	0.385	0.164	0.549
			15.782

- The equivalent DEL figures for 2009-10 presented in the final budget of January 2008 were £13.573 bn revenue and £1.679 bn capital.
- The DEL available to the Welsh block from the 2007 Comprehensive Spending Review as reported by the Treasury is as follows:

£bn				
	2007-08 baseline	2008-09	2009-10	2010-11
Revenue	12.392	12.988	13.569	14.215
Capital	1.480	1.568	1.678	1.842
Total	13.872	14.556	15.247	16.057

Source: HM Treasury's 2007 Pre-Budget Report and Comprehensive Spending Review - Table D28

- The Annually Managed Expenditure (AME) is not easily predictable and is reviewed every six months. However, the DEL was fixed at the time of the 2007 CSR and should only be subject to change if new money is made available by the UK Government or if budgets are transferred as a result of machinery of government changes.
- The 2009-10 capital DEL figures from these three sources are consistent but the revenue DEL presented in the draft budget is some £13.5 million lower than the amount promised in the 2007 CSR. Officials explained that the difference was due to transfers – mainly in respect of the police authorities and the Wales Office allocation. **The Finance Committee considers that it would have aided transparency if these adjustments had been explained in the explanatory document.**

B. End of Year Flexibility

1. Table A2 to the explanatory document shows the cumulative “stock” of EYF built up over the financial years to 2006-07 and the provisional position at the end of 2007-08. As EYF originated from unspent DEL, the amounts carried forward can be split between capital and revenue. As revenue DEL is partly made up of non-cash resource such as depreciation and interest on capital, the revenue component of EYF can be similarly disaggregated.
2. The provisional EYF to be carried forward at the end of 2007-08 (£388 million cash and £512 million non-cash) is consistent with the amounts reported in the 2008 Public Expenditure Provisional Outturn White Paper (HM Treasury: July 2008). However, the total reported in the equivalent White Paper for 2007 was £607 million at the end of 2006-07 which is more than the £536 million reported in Table A2 (£240 million cash and £296 million non-cash). **The Finance Committee appreciates that the White paper figures are provisional but would like an explanation for the difference and confirmation of the confirmed figure for the end of 2007-08 in due course with an explanation if it is significantly different from the provisional amount.**
3. The Government intends to fully utilise the stock of EYF accumulated up to the end of 2006-07 during 2008-0 to 2010-11 with the capital amounts being available to support the Strategic Capital Investment Framework. **The Finance Committee would like to be provided with clear information on how stocks of EYF are to be used and asks the Government to fully explain all movements as part of the documentation accompanying the supplementary budget motions.**

C. Direct Charges on the Welsh Consolidated Fund

1. The Total Managed Expenditure in the Welsh Block Budget is made up of the amounts allocated under the latest Comprehensive Spending Review (known as Departmental Expenditure Limits (DEL)) and the more unpredictable Annually Managed Expenditure (AME).
2. Schedule 6 to the draft budget motion indicated that the adjusted DEL allocation for 2009-10 is £15,233,525,000. After removing the direct charges on the Welsh Consolidated Fund, the amounts allocated to the Wales Office, Assembly Commission, Auditor General and Ombudsman, and the amounts retained in reserves, the amount available for allocation by the Government is £14,984,021,000. This differs from the amount shown in Table 1.1 of the explanatory document (£14,985,914,000). The difference (£1,893,000) is the direct charges on the Welsh Consolidated Fund in respect of election expenses and repayments to the National Loans Fund which are included within the departmental allocations in Table 1.1.
3. Furthermore the unallocated revenue reserve in Schedule 6 to the draft budget motion (£133,497,000) differs from the figure shown in Table 1.1 (£134,150,000). The difference (£653,000) is the salary costs of the Presiding Officer, the Deputy Presiding Officer and constitutional office holders, which are also direct charges on the Welsh Consolidated Fund but are administered by the Assembly Commission.
4. The inclusion of the direct charges within Ministerial allocations and as adjustments to the unallocated reserve in Table 1.1 is, in the Finance Committee's view, somewhat confusing – not least because the Welsh Consolidated Fund direct charges are never available for allocation to Ministers by budget motion and nor should they be ever be mixed up with unallocated reserves. **The Finance Committee considers that Table 1.1 could be improved and made consistent with Schedule 6 if all the Welsh Consolidated Fund direct charges were shown as a separate reconciling item.**

D. Difference between allocations and amounts to be authorised in the budget motion

1. The DEL and AME amounts allocated to Ministers and central administration also differs from the amounts authorised for use by Ministers within the draft budget motion. This is because the amounts allocated by the Treasury include amounts for capital charges in respect of Assembly Government Sponsored Bodies and NHS bodies and local authority supported borrowing. These are included within the budget boundary set by the Treasury but are not included within the Government's accounts – although they are included within the accounts of the bodies to which they relate. The total adjustment is significant - £213 million for 2009-10.
2. Section 125 of the Government of Wales Act 2006 was drafted having regard to the principle that the statutory amounts of resource authorised for use by Ministers should be calculated on a basis which is consistent with the way in which the outturn is required to be presented in the accounts. This is no different to the regime operated elsewhere in the UK where similar adjustments to the Treasury allocations are needed to derive the resource amounts to be authorised by statute on a basis consistent with the accounts.
3. The inclusion of an audited 'Statement of Supply', as part of the accounts, to show the resources used compared with the resources authorised, is a vital part of the overall accountability framework. This is because Accounting Officers have a duty to manage the affairs of the organisations they represent within the statutory limits set by the legislature. Nonetheless, the Finance Committee considers that the need to exclude monetary items within the Treasury budget from the statutory authorisation process that are within the Government's control and oversight, only serves to confuse and undermine the accountability for the use of those resources to the Assembly.
4. **The Finance Committee recognises that legislation may be necessary to change the current regime but would encourage the Government to move towards a position where statutory authorisation by Assembly budget motion is required for the use of all resources allocated within the Welsh Block except for those that are authorised elsewhere (e.g. by the UK Parliament for the Wales Office) or are authorised as a direct charge on the Welsh Consolidated Fund by statute (and therefore cannot fall within the scope of a budget motion).**
5. If such an outcome can be achieved, it is essential that an audited statement of outturn for comparison with the authorised amounts is retained. The Finance Committee therefore encourages the Government to work with the Wales Audit Office to establish how this might be achieved – perhaps as part of the "Whole of Government of Wales" accounts produced under Section 141 of the 2006 Act.

E. Departmental restructuring exercises

1. The Department of Economy and Transport underwent significant restructuring between the Final Budget for 2008-09 and the current draft budget. This resulted in changes being made to Budget Expenditure Line (BEL) allocations for 2008-09, as well as changes to the Spending Programme Areas (SPAs) from 2009-10 onwards. The changes to the 2008-09 BEL figures were reflected in the MEG allocation tables accompanying the draft budget proposals and thus it was impossible to reconcile these figures to those presented in Final Budget 2008-09. However, the MEG allocation tables did not reflect the changes in SPA composition, which were referred to in the accompanying explanatory document. Therefore, it was not possible to reconcile the explanatory document, the MEG allocation tables and the figures from Final Budget 2008-09. This made it impossible to see actual changes in expenditure and to scrutinise the proposals for this MEG in any meaningful manner.
2. The Department was subsequently requested to provide a reconciliation of the 2008-09 allocations to reflect the changes made. This was received, however the timing of the response made it difficult for sufficient account to be taken of this reconciliation prior to the scrutiny session.
3. The re-structuring undertaken within Economy and Transport resulted in a transfer of £0.35m to the Children, Education, Lifelong Learning and Skills (CELLS) MEG during 2008-09. This was detailed in Table 4.1 of the explanatory document, where it is also stated that it is planned that this transfer will be formalised in a supplementary budget. However, the CELLS MEG does not recognise this amount as being transferred in.
4. The Rural Affairs MEG has also undergone a restructuring exercise since last years Final Budget, and thus similar problems were encountered by the Rural Development Sub-Committee. The problems encountered in this MEG were not as complex as those in Economy and Transport, however still presented problems with scrutinising the draft budget proposals and also required the provision of a reconciliation.
5. **The Finance Committee considers that consistency of approach, and provision of all pertinent information relating to changes made in-year is essential in order to maintain the clarity and transparency of the budget process and to allow for adequate scrutiny.**

F. Auditor General and Public Services Ombudsman

1. The estimated resource requirements included within the draft budget motion for the Auditor General and Ombudsman appear to be provisional and do not agree with the formal estimates that those officers have now submitted. These figures will need to be updated when the final budget is presented.

Annex 3: Recommended process for Committee scrutiny of the Assembly Budget

Week		
1	<i>(Mon)</i>	Welsh Assembly Government lays draft Budget
	<i>(Wed/Thurs)</i>	Finance Minister presents and explains draft budget to Finance Committee
2		Finance and Other Committees take evidence from main stakeholders
3		Other Committees take evidence from Departmental Ministers
4	<i>(Mon/Tues)</i>	Other Committees lay reports
	<i>(Wed/Thurs)</i>	Finance Committee considers reports from other Committees
5		Finance Minister discusses draft budget with Finance Committee
6	<i>(Fri)</i>	Finance Committee lays final report