



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

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[The Finance Committee](#)

19/10/2016

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mike Hedges Bywgraffiad Biography	Llafur Labour
Steffan Lewis Bywgraffiad Biography	Plaid Cymru The Party of Wales
Eluned Morgan Bywgraffiad Biography	Llafur Labour
Nick Ramsay Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Mark Reckless Bywgraffiad Biography	UKIP Cymru UKIP Wales
Simon Thomas Bywgraffiad Biography	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Lee Waters Bywgraffiad Biography	Llafur (yn dirprwyo ar ran David Rees) Labour (substitute for David Rees)

Eraill yn bresennol
Others in attendance

Margaret Davies	Dirprwy Gyfarwyddwr—Cyllidebu Strategol, Llywodraeth Cymru Deputy Director—Strategic Budgeting, Welsh Government
Mark Drakeford Bywgraffiad Biography	Aelod Cynulliad, Llafur (Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol) Assembly Member, Labour (The Cabinet Secretary for Finance and Local Government)
Andrew Jeffreys	Cyfarwyddwr—Trysorlys, Llywodraeth Cymru Director—Treasury, Welsh Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Bethan Davies	Clerc Clerk
Martin Jennings	Y Gwasanaeth Ymchwil The Research Service
Georgina Owen	Dirprwy Glerc Deputy Clerk
Joanest Varney- Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

*Dechreuodd y cyfarfod am 09:00.
The meeting began at 09:00.*

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest**

*Nid oes recordiad ar gael o ddechrau'r cyfarfod.
No recording is available of the start of the meeting.*

09:01

**Cyllideb Ddrafft Llywodraeth Cymru 2017–18: Sesiwn Dystiolaeth 1
Welsh Government Draft Budget 2017–18: Evidence Session 1**

[1] **Simon Thomas:** [*Anghlyw.*]—yn y gyllideb ddrafft, ond unrhyw beth penodol? Pawb yn hapus, felly? Os gaf i droi, felly, at yr Ysgrifennydd Cabinet i'w groesawu fe a jest gofyn iddo fe, ar gyfer y cofnod, i gyflwyno'r swyddogion sydd gyda chi.

Simon Thomas: [*Inaudible.*]—in the draft budget, but is there any specific to declare? No, everyone is content, I see. So, we will turn, therefore, to the Cabinet Secretary—may I welcome you and ask you, for the record, to introduce the officials with you.

[2] **Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol (Mark Drakeford):** Diolch yn fawr, Gadeirydd. Gyda fi bore yma mae

The Cabinet Secretary for Finance and Local Government (Mark Drakeford): Thank you, Chair. With me this morning is Margaret Davies,

Andrew Jeffreys, sef pennaeth y deputy director—strategic budgeting, trysorlys yn Llywodraeth Cymru, a Welsh Government, and Andrew Margaret Davies, sy'n arwain ar Jeffreys, director of treasury, Welsh bethau cyllid. Government.

[3] **Simon Thomas:** Diolch yn fawr. Cawsom ni ddatganiad ar lafar ddoe, felly, os ydych chi'n hapus i ni fwrw ymlaen gyda'r craffu ar y gyllideb ddrafft gychwynnol yma, yn gyntaf oll, un o'r pethau nodweddiadol am y gyllideb ddrafft yw cymaint o arian rydych chi wedi'i gadw wrth gefn; yn benodol, roeddech chi'n sôn am ddatganiad yr hydref. A fedrwch chi esbonio i'r pwyllgor faint yn union sydd wrth gefn, a hefyd pa ffordd y byddech chi'n dymuno dyrannu'r arian yna pe bai'r arian yn cael ei ddefnyddio?

Simon Thomas: Thank you very much. We had an oral statement yesterday, so, if you're happy we will move on with the scrutiny on this initial draft budget. First of all, one of the characteristic things about the draft budget is how much money you've kept in reserve; specifically, you talked about the autumn statement. So, can you explain to the committee precisely how much is in reserves, and also in which way you would like to allocate that money if it were to be used?

[4] **Mark Drakeford:** Mae'n ddrwg gen i, rwy'n mynd i droi i'r Saesneg i ymateb.

Mark Drakeford: I'm sorry, I'm going to turn to English to answer this question.

[5] Chair, I've taken a different course of action as far as reserves are concerned between capital and revenue in shaping the draft budget. As far as the capital side of the budget is concerned, I've taken an entirely conventional approach. We go in with a four-year capital budget, in which we have allocated to departments as much as possible in the first year, and then, by the time you get to years three and four, there is more held in reserve. That is because capital plans are clearly more fixed and certain for the first two years, and become less specific as time goes on, and we've done it in the sort of proportions you'd normally expect: sufficient capital held back, so that, if unexpected events happen, we have enough there to be confident we can cover them. In relation to revenue, at the draft budget stage I've taken the decision to hold more back as a reserve than would normally be the case. That is because of the uncertainty of the autumn statement, as I said yesterday. Agreeing revenue allocations both with the Cabinet and between my party and Plaid Cymru is a difficult process when money is so short. I didn't want to be in the position that, if the Chancellor were to

reduce the revenue available to the Welsh Government next year, I would have to go back and reopen all those negotiations that have been successfully concluded. So, I've held back a sum of money over and above the normal sum in reserves, so that, if that were to be the case, I would aim to cover those reductions from reserves. If, after 23 November, we are in a better position than that, then I will look to see whether it's possible to make allocations in advance of the final budget, so we would go into next year, then, with the reserves at the more normal level.

[6] **Simon Thomas:** Felly, a ydy'n deg i ddweud, os nad yw datganiad yr hydref yn torri'n sylweddol ar gyllideb y Llywodraeth—ac rŷm ni'n cofio y llynedd roedd toriad eithaf sydyn, mewn blwyddyn, hyd yn oed. Pe bai na ddim toriadau o'r fath yna, byddech chi'n edrych erbyn diwedd y drafft terfynol—byddech chi wedi edrych i ddsbarthu rhai o'r arian sydd nawr wrth gefn ymysg y blaenoriaethau sydd gyda chi.

Simon Thomas: So, is it fair to say that, if the autumn statement does not substantially cut the Government's budget—and we do recall that last year there was quite a sudden cut; it happened in-year, even. If there were no such cuts, you would be looking by the end of the final draft to have allocated some of the reserves among the priorities that you currently have.

[7] **Mark Drakeford:** Dyna'r bwriad; rydw i eisiau gwneud hi fel yna achos fy mod i eisiau i Aelodau'r Cynulliad weld ble mae'r arian yn mynd i fod yn y gyllideb derfynol. Mae un pwynt arall am y *reserves* nad ydw i wedi cyfeirio ato eto, ond rwy'n siŵr ei fod o ddiddordeb i aelodau'r pwyllgor, a hynny yw'r sefyllfa gyda Tata.

Mark Drakeford: That's the intention; I want to do it that way because I want Assembly Members to see where the money is going to be in the final budget. There is one other point about the reserves that I haven't referred to yet, but I'm sure it will be of interest to the committee members, and that is the situation with Tata.

[8] So, we are holding a significant sum of money in the reserve this year, which was there to take account of the negotiations that have gone on with Tata, with the Westminster Government, and with ourselves. And, particularly at the very beginning of this calendar year, when there were acute difficulties where Tata was concerned, we wanted to be in a position to be able to help, if we could, to secure the long-term future of steel making in Wales. As you know, Tata's own position has changed as the months have gone on, and it now seems more or less certain that the company will not be wishing to draw

down the bulk of the money that we have been holding against any agreement we may come to with them. That would mean that the amount of money we are holding that we would want to take forward into next year is over and above the level that the normal budget exchange mechanisms would allow. So, we've begun discussions with the Chief Secretary to the Treasury to see whether we can come to some particular arrangement over that aspect of the reserves. So, that's slightly to one side of the conversation we've just had.

[9] **Simon Thomas:** But that would be earmarked. So, if you were to come to an arrangement, that would be an earmarked provision for Tata.

[10] **Mark Drakeford:** It would be on the basis that that money is still being held for any potential—I don't want to say the word 'deal', it's not quite a deal, is it—any future arrangements we would come to with Tata that we would wish to support.

[11] **Simon Thomas:** Ac ai Tata **Simon Thomas:** And is Tata the only ydy'r unig enghraifft o'r fath yna o example of such an arrangement? drefniant?

[12] **Mark Drakeford:** Yr unig un. **Mark Drakeford:** Yes, the only one.

[13] **Simon Thomas:** Steffan Lewis.

[14] **Steffan Lewis:** Diolch, Gadeirydd. I just wanted to—[*Inaudible.*—]—in terms of so much we're relying on the autumn statement. It might be a pleasant surprise; there might be less pleasant surprises. I wondered if, therefore, you could elaborate a little on the forward work programme, and whether you have a different kind of forward work programme relating to this budget than previous ones.

[15] **Mark Drakeford:** Sorry, just to make sure I've understood the question, a forward work programme in the sense of the Government's own internal work programme to look at the—

[16] **Steffan Lewis:** Implementation of your budget.

[17] **Mark Drakeford:** Not the forward work programme with the Plaid Cymru liaison committee. Because there is a forward work programme agreed there. Well, maybe I'll address that one first. So, as part of the agreement we come to with Plaid Cymru over this year's budget, there is an

agreed forward work programme between the two parties, which the finance liaison committee will conduct. I was very keen to agree that agenda, because it steps away from the immediate here and now of how bits of the budget are allocated to look at some more underlying issues to do with how we can pursue an efficiency agenda as far as the Welsh Government's budget is concerned and the health budget is concerned, and how we can explore new ways of innovative funding for purposes that we might want to pursue that we would not be able to pursue through the conventional budgets that we have. So, that work, I hope, will get under way very quickly and will lead to a sort of platform for any discussions we will have in the summer of next year, looking forward to next year's budget.

[18] The internal work programme of the Government does depend a great deal on us attempting to read the signs of the approach that the Westminster Government will take to the fiscal reset that the Chancellor has promised for that autumn statement. So, we know that he has already said that he no longer aims to achieve a budget surplus by 2020, and that there will be a new set of fiscal rules published in the autumn statement. Frankly, it is not easy to know how the Chancellor will decide to play the decisions that he has to make in the autumn. We are proceeding on an assessment that he is more likely to make capital investments in that autumn statement. He's said several things recently about investment in infrastructure and so on, so that's why we've got a four-year capital budget, because I'm relying on the fact that he won't be taking money away there, and that there may be some modest additions. It's much harder to read what the UK Government's position will be on any revenue boost, and it may well be, I think—but I'm simply giving you my personal view rather anything more informed here—that, when the autumn statement date was set, there were hopes in the Treasury that the impact of Brexit on the UK economy would be becoming clearer, and they may be concluding that they're not in that position and that they will need some further quarters of real data, and some of the decisions on revenue may be being postponed to the March budget rather than resolved in the autumn. So, we factor all that into our work programme, but it is largely a matter of coming to judgments rather than having hard data that we can rely on at this stage.

[19] **Steffan Lewis:** Thank you.

[20] **Simon Thomas:** Mark Reckless.

[21] **Mark Reckless:** We saw inflation rise from 0.6 per cent to 1 per cent in

the figures yesterday and various forecasts were suggesting they're moving to between 2 per cent and 3 per cent. Generally, that increased inflation tends to play through better to tax revenues in nominal terms. Is there not a risk, though, that spending in nominal terms doesn't rise by as much, so that we in Wales could see a spending squeeze, even if UK Government benefits from higher nominal tax revenues?

[22] **Mark Drakeford:** Well, I agree that the spectre of inflation is a new factor for us to think of, and a difficult factor, potentially. So, the reduction in the exchange rate of the pound at the current level could produce 3 per cent or 4 per cent in inflation terms, according to some models of it. Now, we have, to some extent, Chair, been cushioned from the effects of the reductions in our budget by the fact that inflation has been at such historically low levels. It's also been part of the way in which wage negotiations have been carried out with trade union colleagues. But, although we've gone through a terribly tough year [correction: period] in which people have seen their real wages held down, at least people have not had to face rapidly rising prices in everyday goods, and that does play a part in the negotiations. So, if the question I'm being asked is: do we have to anticipate some adverse effect on our budget from inflation? Then I think the answer would be 'yes'.

[23] **Mr Jeffreys:** A point, perhaps, to add on that is that, when the UK Government did its spending review last year, obviously, the economic forecasts were very different from what they may be in the autumn. Forecasts for inflation were very different. So, that's one of the many factors the Chancellor will have to take into account when he's looking at the Office for Budget Responsibility's forecast for the economy and tax revenues and making decisions about spending levels going forward.

[24] **Mark Reckless:** I suppose my question also applies to the fiscal framework—the point particularly, because we raise so little tax currently in Wales, we don't have the protection that the UK Treasury has from higher nominal revenues. And, if they keep nominal spending in the same terms, we would get those pressures but not the share from the uplift of the nominal tax revenues. Is that something you can take into the fiscal framework negotiations for us?

[25] **Mark Drakeford:** It's an important point and well made. The fiscal framework negotiations, which began in earnest in September, continue on Monday of next week with my next meeting with the Chief Secretary to the

Treasury, and I'm sure exactly that sort of point will be made during those discussions.

[26] **Simon Thomas:** We have written to you on this and, as you know, the committee is interested in receiving further data and taking it forward.

[27] On this point, though, Nick Ramsay, please.

[28] **Nick Ramsay:** Morning, Minister—Cabinet Secretary I should say; I'm still getting used to it. Has the devaluation of the pound already impacted on match-funding streams in terms of accessing European money, or is it still a hypothetical impact that we're looking to see over the next months and years?

[29] **Mark Drakeford:** The devaluation of the pound against the euro does have an impact on European funding for Wales. I hope I'm right in remembering—Andrew will tell me if not—that, in the agriculture field, there is a fixed exchange rate, which is agreed between the Commission and the Welsh Government, but, where structural funds are concerned, they get translated into pounds at the rate that pertains at the time. So, the Welsh European Funding Office has a planning rate that it works from, and it reports to the programme monitoring committee quite regularly on the way that planning rate changes as the pound moves around. WEFO is very used to doing this: the 2007 to 2013 programme, the pound against the euro fluctuated from €1.02 to the pound to €1.48 to the pound during that period. So, it's well used to having to deal with quite a large range of possibilities. In this round—

09:15

[30] **Nick Ramsay:** That's a good grasp of pound-euro fluctuations.

[31] **Mark Drakeford:** Thank you. I looked down to remind myself of it. [*Laughter.*] I'm anticipating that this is an important area as far as European funding is concerned. The intervention rate has been changed during this programme, so that the balance between the money you can use from Europe and the match funding you need has been altered so we can use more European funding for less match. When I met the head of WEFO last week, we rehearsed this whole question of the impact on match funding. His advice to me then was that, at the current time, our match funding availability is not under pressure, and that we are able to secure match even

against a higher flow of European income. If the pound continued to collapse, then that might be different. But at the current rates, we are confident we've got the match we need.

[32] **Nick Ramsay:** Okay. On 5 October 2016, the First Minister welcomed the Chancellor's commitment that the Treasury would provide a full lifetime guarantee for all of the structural investment projects that have been approved before the UK leaves the EU. What are your views? What actions are you taking to ensure that Wales accesses funding entitled to us from the EU in that period?

[33] **Mark Drakeford:** Chair, can I just make one point about the phrase that Nick has read out? The key part of that is: while we remain in the European Union. Of course, our ability to access structural funds in this round would have extended, potentially, well beyond the point at which we might leave. So, the guarantee is welcome. I don't dispute that. I'm happy to acknowledge that it is a helpful thing that the Chancellor has done, and he's done it twice. The first time he did it was helpful, when he said that he would guarantee all fund schemes approved before the autumn statement. He's now extended that to the point that we leave the European Union. What that means for us is that we must make sure that we maximise our drawdown during the time that that guarantee lasts. So, WEFO have already taken action to try and make sure that, as the Chancellor's letter to me repeated, well, maybe half a dozen times, approvals have to be made in the normal course of business—that we couldn't artificially approve projects in a way that we wouldn't otherwise. But WEFO had acted so that, by 23 November, we anticipate that we would have gone to 60 per cent of potential drawdown, which puts us well ahead of profiles elsewhere.

[34] **Nick Ramsay:** So, speed is important here in terms of accessing the funds within that time frame.

[35] **Mark Drakeford:** I think three things are important, Nick. We need to move as quickly as we can, so speed is important. We mustn't approve any project that we wouldn't think worth approving. So, for me, the quality of a project does still remain the most fundamental criteria. I'm not willing to accelerate a project that isn't worth approving just to get the money for it. The projects must be ones that we are confident would make a proper contribution to the future economy of Wales.

[36] **Nick Ramsay:** This must be putting a lot of pressure on your officials.

[37] **Mark Drakeford:** Well, it has put pressure on officials. It puts pressure on our partners, because our real ability to spend European funding depends on the extent to which our partners are able to accelerate their planning, their conclusion of documentation and so on.

[38] The third thing—and this is where it puts even more pressure, really, on them—is that to approve a project is one thing, but to get on with a project so we can draw down the money is another. One of the things I've had to say to partners, and say quite directly, is that we may have become a little used in Wales to the fact that there is normally a three-year project after the round. So, the round ends in 2020, but there's normally a three-year period—N+3 as it is called—where you can continue to draw down that funding. We can't afford to drift this time.

[39] **Simon Thomas:** That's not part of the Treasury's guarantee.

[40] **Mark Drakeford:** It's not, no.

[41] **Mr Jeffreys:** It's not entirely clear, actually, and that's one of the things we need to work through with the Treasury—what exactly it means for the kind of projects that, as the Minister says, tend to run on well after the end of the multi-annual framework period. So, that's a detail to be resolved.

[42] **Nick Ramsay:** Because that never mattered before. Well, it mattered, but if it was running on, then you could factor that into the—.

[43] **Mr Jeffreys:** The rules were clear, and what we don't know is exactly what the rules of the game are now.

[44] **Simon Thomas:** Just for the record, and for future reference for the committee, you talked about 60 per cent being in the pipeline already—do you have a target or an aim, or does WEFO have something planned for where you want to get to by the time we've finished the current, well, the likely round that the Treasury is going to allow for us?

[45] **Mark Drakeford:** Chair, I couldn't give you a specific figure or percentage. What I can tell you for certain is that the pipeline extends well beyond 23 November, so our—

[46] **Simon Thomas:** So, 60 per cent is the minimum.

[47] **Mark Drakeford:** Our main aim is to get 60 per cent through by 23 November, and we will continue to approve projects beyond that, and we will continue to approve projects for as long as we possibly can in order to take advantage of the guarantee that now extends a lot further than 23 November.

[48] **Simon Thomas:** Back to you, Nick.

[49] **Nick Ramsay:** Turning to the programme for government and the announcement of 'Taking Wales Forward' on 20 September, I've got a list of some of the commitments here—wonderful, wonderful things ranging from childcare to tax cuts for 70,000 small businesses; I know you're well versed in all of those areas—but, obviously, where you make funding commitments in one area, you generally have to make reductions in others. So, can you tell us what trade-offs were considered when deciding on the new programme for government and the budget allocations for 2017-18?

[50] **Mark Drakeford:** Well, there's a general point to start with, maybe, Chair, which is that in the longer run of very difficult years that we find ourselves in, next year is probably the least difficult year we will face during the whole of this Assembly term. There are some modest cash increases in our budget that came from some late consequentials in the March budget of this year, some modest uplift in our expectations of income from non-domestic rates, and there's the fact that we've been able to use reserves in this year to try and avoid expenditure that would otherwise fall into next year. So, there are no great areas in this budget where you will see massive reductions in programmes. But even when there is a slight amount of elbow room, if you want to do new things, the only way you can do that is by giving up some things you're currently doing.

[51] So, there are some time-limited programmes that were always due to come to an end, and they will not be able to be continued into next year—School Challenge Cymru being probably the most obvious example. But other than that, and it is why I was very keen in everything that I said yesterday to convey the message to our partners, this is an 18-month period of stability for them to plan for harder choices and tougher times that lie ahead during this Assembly term. It is a period for them to get on and do the difficult work of planning for a year that will not be quite like this year.

[52] **Nick Ramsay:** So, when the First Minister said that the increases in

spending required to deliver these commitments mean that there will be cuts to other areas and programmes, are you saying that those cuts aren't necessarily going to happen at this juncture, but later on in this Assembly term there are going to be cuts that people should prepare for?

[53] **Mark Drakeford:** Yes, I think that's exactly what I am saying. There will be cuts. The First Minister was absolutely right, our budget will fall by 9 per cent in revenue terms [correction: 9 per cent] and by a third in capital terms between about 2009 and 2019. There will be less money to go around every single year. For probably an unusual set of circumstances, the next financial year is not as bad as some of the others, but it's for that reason that it's a period to plan and use that opportunity to think ahead.

[54] **Nick Ramsay:** And have you already got to a point where you're planning where those cuts are going to fall in the next couple of budget rounds?

[55] **Mark Drakeford:** Well, for the reasons that I explained yesterday, that I'm only able to lay a one-year revenue budget, I'm not able to do that beyond there. What I do hope to be able to do after 23 November is to publish some planning assumptions for years 2 and 3—what otherwise would have been a three-year budget—and that will give some indication of where we think that those decisions will have to be made.

[56] **Simon Thomas:** Mike Hedges first.

[57] **Mike Hedges:** People are going to ask more detailed questions later on on specific parts of the budget, but can I ask you an overall question? How do you come to the conclusion that is very different to finance Ministers for the last five years to give another £266 million to health, well-being and sport? Are there any things you've asked them to do in exchange for it, like cut the amount of out-of-date medicines, or reduce agency costs and other inefficiencies that abound in the health service?

[58] **Mark Drakeford:** The reason why we come to the figure that we do is simply that we continue to follow the Nuffield report analysis, which has guided the way we make allocations to the health service over the last two or three years. Nuffield said that, provided the health service itself went on making the efficiencies that it has made—. You will remember that Nuffield said that if the health service in Wales had not made efficiencies, the gap we would be facing would be £1.2 billion, but because of the efficiencies the

health service has already made, £1 billion of that gap has been filled. It was left to the Government to find the £0.2 billion, or the £200 million, and that's the figure that you see broadly reflected in this budget.

[59] **Mike Hedges:** You talk about Nuffield; there are two Nuffield reports, aren't there? There's one Nuffield report that talks about that. There's another Nuffield report that talks about efficiency within the health service—the number of people that each doctor deals with. We've seen a collapse of that over a 10-year period, and for the amount of money going in, the number of patients per doctor dropped dramatically, and it dropped more in Wales than any other part of Great Britain, according to that other Nuffield report.

[60] **Mark Drakeford:** Chair, that particular figure refers, of course, to quality gains in the health service. This is why you no longer have a single surgeon dashing between two different operating theatres carrying out a bit of an operation here, leaving some junior doctor to carry on, going to the theatre next door, doing a bit there, and leaving somebody else to carry on there. The reason why doctors see fewer patients is because the quality that we require of our health service is not what it was years ago.

[61] **Simon Thomas:** This may remind you of a previous role—. Eluned Morgan as well on this.

[62] **Eluned Morgan:** I was going to ask you about this preparation time that you're giving to people. You're giving them a warning that things are going to get more difficult in particular, and most of that is because of austerity, which we know is coming down the track. I was just wondering in terms of Brexit, and the impact of that potentially, particularly in rural areas, and having no idea if anything is going to replace the common agricultural policy and the potential impact on rural economies—£2 billion could be taken out—is there any money specifically for them to prepare, potentially, for that? We have no idea what's going to come in its place, but potentially it could be quite difficult for those areas.

[63] **Mark Drakeford:** Chair, Eluned picks up a point that I was trying to make in the Chamber yesterday about the impact of uncertainty on our ability to lay a budget at this point. It's why we only have a one-year revenue budget—because of all those uncertainties. So, there is nothing in this budget, which is only for next year in revenue terms, that picks up all those potential consequences. They are absolutely real, however, and in our

discussions with the UK Government, as far as trying to shape their negotiating position going into the article 50 negotiations, these are exactly the sort of points we are making to UK Ministers, and we were making them here in this building yesterday.

[64] **Simon Thomas:** Just on the point that Eluned has also raised with you—this idea that we've got at least a year, in this budget, of stability, in order to prepare for possibly more serious consequences, both of what the Westminster Government does, and also Brexit, and the uncertainties around that—what evidence have you had from the past that gives you confidence that people will use a year of stability to plan for the future rather than simply use it to drift in the usual way?

[65] **Mark Drakeford:** I don't know that I would go so far as to say that that would be people's usual way. But I share your anxiety that, faced with a very unusual period of relative calm, people who've had to be firefighting and dealing with all sorts of difficulties may take the chance to stand back and recoup. But my message to them is that they simply can't afford to do that.

09:30

[66] In all the messages that I will be giving, and colleagues will be giving our spending Ministers, we have to impress on our partners the urgent need for them to use this opportunity to think and plan and be in a better position to deal with the more difficult times that they will face in the future. And it's part of just messaging really, isn't it? It's part of just being clear that we are alert to the risk that people may not do that, and therefore to impress on them even more directly than—

[67] **Simon Thomas:** It is messaging, but also, because you don't have years 2 and 3 here, you're not able to give those strong signals that otherwise they would be having about forward planning. So, is there an alternative way that you or other Cabinet Secretaries could give those signals?

[68] **Mark Drakeford:** It's why, in my answer to Nick Ramsay, I said that I was keen to be able to offer planning assumptions to our partners after 23 November. So, I won't be able to give them detailed, breakdown budgets, but I ought to be able to say, 'You ought to be planning in year 2 on the following sort of basis and year 3 on the following basis' and that ought to concentrate people's minds on the scale of the challenge that they will face.

[69] **Simon Thomas:** Mark Reckless.

[70] **Mark Reckless:** How has the Well-being of Future Generations (Wales) Act 2015's five ways of working shaped this draft budget?

[71] **Mark Drakeford:** I thank Mark Reckless for that question. It's been an important consideration in this budget, albeit that this is still work in progress, and the impact of the well-being of future generations Act won't stop with this budget, and we'll continue to have to think about how we deal with it, but the five ways of working have been the way in which we have tried to test the alignment of the budget with the requirements of the Act. So, Members here will be familiar that there are five different themes in that. The first one is that we must balance the decisions we make today against the long-term interests of future generations. And there are many, many examples, I think, that you can see in the budget where we are aligning our spending against those long-term needs. The metro, I think, would be a very good example of how the spending that we are setting aside in this budget is designed not to deal with the today problems of transport, but how we will shape those things for another generation—and not just in transport terms, but in the impact that the metro infrastructure will have on economic possibilities for people.

[72] In the budget agreement that we have come to with Plaid Cymru, you will see that there's another £7 million on top of the £350 million we already spend on medical health professional education. The extra doctors that we will have in training in Wales in September of next year will not be making a difference to waiting times and waiting lists probably for another two Assembly terms. If we were a Government focused simply on the here and now, we might have tried to come to an agreement where we'd have spent £7 million on a waiting list initiative that would have got people off the waiting list quickly. Instead, we've decided to invest in the long-term advantages that having more doctors will—. It'll be well beyond some people in this room's political interest in it, but it's a long-term investment.

[73] Prevention is the second theme, and there are many, many examples that people will see: the fact that we've been able to sustain the Supporting People budget, Flying Start; the fact that, quite unlike across our border, we are keeping all our public health budgets intact, with everything that that does in the prevention agenda—vaccination, early intervention and so on. Integration is the third way of working set out in the Act. And, again, we've

done our best to try and work across departments in shaping the budget, so we have a very ambitious target of 20,000 new affordable homes in Wales across this Assembly term, and releasing land that some departments hold to be able to take that target forward is one of the ways in which we've tried to approach that target in the budget.

[74] Collaboration is the fourth way of working, and maybe I'd point to the way that we're approaching local government reform and the way that we've been able to fund local government in this budget as an example of that. And, finally, the fifth of the ways of working is involvement. And the reason why we've got only £10 million in the budget next year for the childcare pledge is that we have to carry out some pilot work around the best model of doing that, and we want to do that with the direct involvement of parents to make sure that the provision that we will be engendering is provision that actually meets their needs. So, we've done our best to take every one of those steps seriously and I think you can see specific alignment between the budget and the steps in the way that it's been laid out.

[75] **Mark Reckless:** You mentioned there the metro and the long-term nature of that. The black route for the M4 relief road may also take a long time to build, if it's ever built. Would you claim that that is equally aligned with the seven well-being goals as other spending in the budget?

[76] **Mark Drakeford:** The metro proposal is the subject of an independent, local, public inquiry.

[77] **Mark Reckless:** The black route or the metro?

[78] **Mark Drakeford:** I'm sorry, the M4 relief road is the subject of an independent local inquiry. The environmental and economic goals that the Act sets out have to be balanced with one another and that will be tested in the inquiry. I was very careful in the way that we shaped our budget to make sure that there is capital available for the road, should it get the go-ahead, but to hold that money in reserve as a demonstrable way of showing that we take nothing for granted in that inquiry.

[79] **Mark Reckless:** What progress has the Government made in setting the carbon budget for 2016 to 2020?

[80] **Mark Drakeford:** The direct responsibility for de-carbonisation and carbon budgets actually lies with my colleague Lesley Griffiths.

[81] **Mark Reckless:** Is it not a cross-cutting Government responsibility?

[82] **Mark Drakeford:** It is, but Lesley has the direct responsibility. I have been on the receiving end of a meeting where she questioned me about how I was, in my local government portfolio responsibilities, measuring up to her requirements on de-carbonisation, and she's doing that with all Cabinet colleagues. I think it would be fair to say that we are at the earlier end of being able to demonstrate how, in budget allocation terms, we are taking forward the de-carbonisation agenda, although we've made a start on it and there is further work going on between my officials and Lesley Griffiths's officials to try and make sure that we can take that forward further next year.

[83] **Mark Reckless:** The budget here you are doing for the coming financial year, but the carbon budget for 2016 to 2020, I understand, doesn't need to be set until December 2018. Is that really an adequate approach to budget making, do you believe?

[84] **Mark Drakeford:** Those are the deadlines that have been agreed across the Government. We're confident that we will be able to meet those statutory timescales, because they are statutory timescales. They are laid out—

[85] **Mark Reckless:** But from your perspective in finance and the way you do budgets here, do you not think it would be desirable perhaps to beat that deadline and have the budget in place before two thirds of the period has elapsed?

[86] **Mark Drakeford:** I don't feel any tension between the two things, Chair. We are able to proceed as fast as we are able to. If we were making better progress than 2018, there's nothing that prevents us from doing that, but the 2018 deadline is the deadline that the Government as a whole works to and I'm comfortable with that.

[87] **Mark Reckless:** Thank you.

[88] **Simon Thomas:** Eluned Morgan.

[89] **Eluned Morgan:** I wanted to ask you about the childcare pledge. So, you're talking £10 million this year; when can we expect that pledge to be honoured?

[90] **Mark Drakeford:** All the pledges made in the election were five-year pledges. So, all pledges will be delivered during the lifetime of this Assembly. Some pledges are being delivered immediately.

[91] **Eluned Morgan:** Yes, but that specific one—there've been discussions about actually how much it will cost. When can we go out and tell people, 'You will be able to access this financial support or this support for childcare'?

[92] **Mark Drakeford:** Inevitably, Chair, that is a pledge that will take most of this Assembly term to meet for everybody, but it will go up every year. So, it's not a position where we go from where we are now to the full pledge in one leap. It will be incrementally built up over the period of this Assembly term, because the finance side of that pledge is only one component part of it. If I were to find the fullest amount that some organisations estimate that that pledge needs next year, you still wouldn't be able to do it, because the capacity on the ground to deliver 30 hours of childcare for three to four-year-olds of working parents simply doesn't yet exist. So, this is a combination of providing the finance, and the finance will have to be ramped up over the period of this Assembly—but also it is a matter of designing supply, and designing supply that parents will find meets their needs.

[93] **Simon Thomas:** Nick Ramsay.

[94] **Nick Ramsay:** Thanks. You mentioned the M4 black route earlier. What's your current assessment of the cost of that route? I appreciate that we're in the public inquiry phase, or entering that, but what are you budgeting for?

[95] **Mark Drakeford:** I'll probably ask Andrew just to find the exact figure for you, Nick. In the plans we have for funding it, we continue to do what we said we would do in the beginning, which is to allocate the borrowing ability that we will have to meet that need, but that figure is—?

[96] **Mr Jeffrey:** So, we've set aside around about £900 million in this budget, over these four years of the capital budget that we've set, for the M4, and that's in line with the current expectations of the profile of expenditure, if the scheme goes ahead.

[97] **Nick Ramsay:** That's including the borrowing element.

[98] **Mark Drakeford:** The borrowing element is there—

[99] **Mr Jeffreys:** Yes. We're working on the basis of borrowing £125 million a year for the latter three years.

[100] **Nick Ramsay:** Have you got leeway built in there, in case it does cost a little bit more than that?

[101] **Mark Drakeford:** Well, the leeway comes, Chair, in the way that our capital budgets have been constructed over those four years, because, as I said earlier, the first couple of years, the allocations are with the departments, because their plans are more definite. As we go further down, more is held in reserve, and reserve is there to allow you to have that flexibility. Some plans may cost more, some plans may not come to fruition in the way that are currently envisaged, and holding more back in reserve in those latter years gives you the flexibility that Mr Ramsay has pointed to.

[102] **Mr Jeffreys:** There's also a degree of contingency built into the estimates of the cost of the M4. So, there's a kind of internal contingency in there, as well as the kind of wider flexibility that we have across the capital budget.

[103] **Nick Ramsay:** Optimism—isn't there something called optimism biasing, the wonderful expression that the road engineers use?

[104] **Mr Jeffreys:** Yes.

[105] **Simon Thomas:** Just to clarify on the early access to borrowing powers, which is part of, I assume, the profile in the capital that you've got for four years, is that still an ongoing discussion around the fiscal framework, or is all of that aspect at least all sewn up now?

[106] **Mark Drakeford:** That aspect is sewn up, in the sense that that's agreed and we know we've got access to borrowing at that level, Chair, and you're right in what you said, that the capital plans that you see in the budget include all the conventional capital that we know we will have at our disposal and all the additional borrowing power that we will have for capital over this period as well. An extension to the level of borrowing does form part of the fiscal framework discussions.

[107] **Simon Thomas:** So, there is an element still under discussion.

[108] **Mark Drakeford:** Because we will, potentially, if the Wales Bill succeeds, have partial devolution of income tax, our argument with the Treasury has to be that we therefore have a greater source of income from which to support borrowing in the future, and therefore our borrowing limit should increase. But that is part of the negotiation.

[109] **Simon Thomas:** Okay, but there are no assumptions around that made in this four-year capital budget.

[110] **Mark Drakeford:** No.

[111] **Mr Jeffreys:** The budget at the moment assumes £125 million, which is the agreed—

[112] **Simon Thomas:** Which has been agreed on, yes.

[113] **Mr Jeffreys:** Previously agreed, yes.

[114] **Simon Thomas:** Okay. Mike Hedges.

[115] **Mike Hedges:** Can I start by following on from what you said? Does anybody else find it bizarre that you cannot borrow without an income stream, but you can enter into PFI schemes for a greater amount of money that have exactly the same drag on your income, but that seems to be not affected? Does anybody else find it bizarre, or is it just me?

[116] **Simon Thomas:** You're welcome to comment. [*Laughter.*]

[117] **Mark Drakeford:** Chair, as you know, in Wales, we avoided PFI to the greatest possible extent, because we weren't satisfied with the way that those arrangements had an impact on future revenue availability for public services. The arrangements we're entering into with the Treasury are of a different sort, and I think we're more comfortable with them.

[118] **Mike Hedges:** Yes, but I just find it bizarre, because it has the same drag on your expenditure, but one is allowed and one isn't. Anyway, that wasn't what I was going to ask. The question I'm asking is: we've had a lot of legislation being passed in the last term; have you got net costs or savings for each piece of legislation? We've had some predictions. Some were very accurately or apparently accurately worked out, others appeared to be less

so, when we discussed them in detail. But now it's actually happened, do we actually know? Is that available? As a lot of papers came out yesterday, if it was published yesterday I apologise for not having seen it.

09:45

[119] **Mark Drakeford:** I absolutely wouldn't expect Members to have had a chance to look at the detail of that documentation published yesterday. But because of concerns that have been raised at committee previously, Members will find that in annex E of the budget narrative there is now a table that does set out all the legislation that is currently going through the process of being embedded, the costs that were set out in the original regulatory impact assessment, and where there are changes in that cost profile we've provided the change figure as well.

[120] I've been discussing this with my officials as to thinking about what information I think we can most helpfully provide on the implementation costs of legislation. At the moment, Chair, what my proposal would be going forward—but I'm interested, obviously, in what the committee will say when you come to your conclusions—is that while legislation continues to be in the implementation phase, I think we should try and report to you how those costs have panned out over the implementation period. Once the implementation period is over and the Act is part of the normal way of doing business, then I think that should fall out of the information that we provide because now it's no longer during the RIA implementation period, it's gone beyond that. But while implementation is ongoing I'd be happy to provide a year-on-year table, which shows you how costs have shifted.

[121] **Mike Hedges:** Thank you. That would be very helpful. Can we talk about national non-domestic rates? I've got two questions. The first one is: are the assumptions for 2017-18 assuming no change in tax policy?

[122] **Mark Drakeford:** Yes, Chair, that is true. There is no change in the policy of tax.

[123] **Mike Hedges:** And the next question is: when the money comes in—and you will make an assumption for next year, obviously—who takes the risk on it being under and who gets the benefit of it being over, you or local government, because when you produce a local government settlement you put the national non-domestic rate in with the rate support grant? It will almost certainly not be exact. It might be more or it may be less. Who takes

the risk and who gets the reward?

[124] **Mark Drakeford:** I'll make sure that I'm corrected if I get this wrong, Chair, but my understanding of the system is that it is inherently volatile, in the way that Mike Hedges has said, and that it is based on estimates of the income that we expect to receive through non-domestic rates, year on year, although there is a long history of it, so it's by no means an untutored guess. The risk is held by the Welsh Government. We collect it all in and we dispose of it. If more comes in than was expected, then we are able to use that from Welsh Government. If less comes in, then we have to make that good, as far as local government is concerned. So, we hold the risk and we have the rewards when the rewards are there.

[125] **Mike Hedges:** Okay, thanks. That's me.

[126] **Simon Thomas:** Just on that point, am I correct in thinking you actually expect it to be slightly increased in this budget?

[127] **Mark Drakeford:** One of the reasons why we have slightly more revenue resource for next year is that there will be more non-domestic rate income available next year than had originally been anticipated.

[128] **Simon Thomas:** Is there a particular reason for that, do you know, or—?

[129] **Mark Drakeford:** It is partly, Chair, because of the fact that more income has been derived from domestic rates in the last financial year than was estimated for the last financial year. That creates a pool that you can take forward and deploy next year. So, there is a small increase in the estimated income for next year and there is a pool that we're able to take forward because of more buoyant incomes in the last financial year. So, I'm very well aware and very firmly advised by my officials that what goes up can go down, and next year we have the advantage of it and in other years we may be in a position of having to make that good. But that tracks directly back to Mike's point about where the risks and rewards are held.

[130] **Mr Jeffrey:** It's probably worth mentioning that it's always been the case that there's always been either a surplus or a deficit on the NDR account. The difference now, as Members will be aware, is that since the full devolution of domestic rates, those pluses and minuses have to be managed within the Welsh Government's budget. Previously, they were managed by the

Treasury, so the Treasury, sort of, bore the cost of the deficit or took the benefit of the surplus. Now, that's our challenge.

[131] **Simon Thomas:** Just on this point, Nick Ramsay.

[132] **Nick Ramsay:** This is the other important aspect of the borrowing potential, isn't it? It's not just to borrow money to spend on the projects you want, it's to smooth the period when you're transitioning from an era where you're doing better than expected to one where you're doing worse than expected.

[133] **Mark Drakeford:** Yes, that's absolutely the case, Chair.

[134] **Simon Thomas:** Lee Waters.

[135] **Lee Waters:** Thank you. Just to follow up on Nick's point on borrowing, the draft budget's showing £20 million for borrowing. I wonder if you can just tell us what the borrowing plans within the draft budget are.

[136] **Mark Drakeford:** Well, Chair, on the capital side, we have an agreement now with the Treasury. We will have early access to a small amount of borrowing, and then we're able to borrow £125 million a year for capital purposes. The capital budget that is in front of the committee deploys that ability to the full. We don't get to £500 million, which is our top line, because over four years you don't get to that. You get to—

[137] **Mr Jeffreys:** To £395 million.

[138] **Mark Drakeford:** To £395 million. Thank you. So, there's £395 million-worth of capital borrowing in this budget, set out in that yearly sequence.

[139] **Simon Thomas:** Sorry, Mike, was it specifically on this?

[140] **Mike Hedges:** Just quickly. Who are you intending to borrow from?

[141] **Mr Jeffreys:** Our intention, at the moment anyway, is to borrow through the national loans fund, which basically is via the Treasury.

[142] **Mike Hedges:** I'm very pleased to hear that answer.

[143] **Eluned Morgan:** Sorry—why have you limited it to £395 million?

[144] **Mark Drakeford:** Because the agreement we have with the Treasury is that we have a total limit of £500 million and an annual limit of £125 million, and a small amount of early drawdown ahead of the period in which that fully kicks in. Taking that all together, over the four-year period, the maximum we can use is £395 million, and we are deploying the maximum.

[145] **Lee Waters:** So, is it right that there's £20 million in the first year? What's that for?

[146] **Mark Drakeford:** Well, that is the small, early advance, and it's for M4 purposes and was specifically agreed. The reason why we were able to have early access was that it would help to support the M4.

[147] **Lee Waters:** So, even though the bulk of the M4 provision is in reserves, you're still spending £20 million this year, which you're borrowing.

[148] **Mr Jeffreys:** That borrowing is in the reserve figure at the moment and will be deployed on the M4—

[149] **Lee Waters:** Right. So, you're not inclined to draw down that £20 million this year. That's dependent on the outcome of the public inquiry.

[150] **Mr Jeffreys:** Yes, and the wider capital position. So, we wouldn't want to borrow unless we needed to. I suppose that's the point.

[151] **Lee Waters:** Right. So, as things stand, you're not currently anticipating spending that £20 million a year, but allowing yourself to borrow it.

[152] **Mark Drakeford:** I think the point that Andrew is making is that you don't borrow money until the point that you need to borrow it, because the minute you borrow it you start having to pay charges.

[153] **Lee Waters:** I understand that. I'm just trying to reconcile it with what you said earlier about the money of the M4 being held in bond until the public inquiry judgment is made.

[154] **Mark Drakeford:** Yes. So, if the money is needed for the M4, we will use it; and if it's not, we won't.

[155] **Lee Waters:** Right. Sorry, to the point of being pedantic, but just so that it's clear in my mind, this £20 million won't be used until that public inquiry concludes.

[156] **Simon Thomas:** Is that correct?

[157] **Mark Drakeford:** Again, without wanting to be pedantic, there are costs involved in holding a public inquiry connected to the M4. So, it's not as though there are no costs with the M4 until the public inquiry concludes.

[158] **Lee Waters:** So, we're borrowing money and paying interest on it to hold a public inquiry.

[159] **Mark Drakeford:** Well, it will depend on whether the public inquiry requires revenue or capital. But the public inquiry has to be paid for, and the Welsh Government will pay the costs for that.

[160] **Lee Waters:** That's what I'm asking: this money is to pay for the public inquiry and all associated costs with the M4.

[161] **Mark Drakeford:** It isn't as simple as that, Chair.

[162] **Lee Waters:** Okay.

[163] **Mark Drakeford:** I'm sorry. I'm not trying to be difficult, I'm just trying to be accurate for you.

[164] **Lee Waters:** Could you simplify it for me, then?

[165] **Mark Drakeford:** If there are capital costs that are associated with the M4, that £20 million, if it is needed next year for M4 capital purposes, can be drawn down. If there are no capital requirements for the M4 purposes, that money will not be used. That doesn't mean to say that there aren't other costs, of a revenue sort, associated with the M4—preparing for the public inquiry, holding the public inquiry and so on. So, there may be costs associated with the M4 that are still being covered next year, over and above any use of the £20 million.

[166] **Lee Waters:** Right. So, there could be capital costs for the M4 before the public inquiry concludes. Is that the position?

[167] **Ms Davies:** No.

[168] **Lee Waters:** No. Fine. So, it's all dependent on the public inquiry, but there may be other costs that are not capital that will need to be met before that.

[169] **Mark Drakeford:** Yes.

[170] **Simon Thomas:** Well, there almost certainly will be other costs.

[171] **Mark Drakeford:** Yes, there will be.

[172] **Lee Waters:** Thank you.

[173] **Mark Drakeford:** Margaret will probably—

[174] **Ms Davies:** I was just going to highlight as well that, in terms of capital reserves, on page 24 in the narrative, it shows that there's still just under £110 million. So, I think, in terms of actually how that money is deployed, you know—

[175] **Simon Thomas:** And just to be clear, if we may, you would not use that £20 million until you'd exhausted your own capital reserves. Correct?

[176] **Mark Drakeford:** That's the point Margaret just made. There is £110 million of other conventional capital in the reserves, so you wouldn't use borrowing while you could still use conventional capital.

[177] **Lee Waters:** Okay, thank you for humouring me. [*Laughter.*]

[178] **Mark Drakeford:** No, no—

[179] **Lee Waters:** Are there any other borrowing costs that the Government is currently absorbing? What's the total amount of borrowing that you're carrying?

[180] **Mark Drakeford:** Well, we do support other borrowing, Chair, of course, because, as Members will know, as conventional capital has become in shorter supply, the Welsh Government has acted to try and find other innovative ways of supporting capital spending. So, my predecessor, Jane

Hutt, supported a local government borrowing initiative for transport purposes. The way that works is that local government undertake the borrowing and we provide them with the revenue to cover the consequences of that borrowing. We've done the same with housing associations, which are able to borrow, but we provide them with the revenue to cover the costs of that. I don't have a cumulative figure of all of that immediately to hand, Chair, but I'm happy to supply one if that would be helpful.

[181] **Lee Waters:** Okay, thank you. And on the subject of housing associations, the decision of the Office for National Statistics to reclassify them as public sector bodies—what's the implication of that for the budget?

[182] **Mark Drakeford:** Well, there are no implications for the budget that I've laid in front of the Assembly this time, Chair, because we've agreed a derogation with the Treasury of that reclassification as far as the next financial year is concerned. But it's an important point that Lee is raising, because until we can find a resolution to it, there is the potential impact of up to £200 million a year.

[183] Now, ONS reclassified all of this in England ahead of us, and the Treasury agreed a derogation, in other words, for this not to happen in the short run, while things were regularised there. The Chief Secretary to the Treasury has written to me confirming that he will agree a derogation for Wales for the next financial year, and I have replied to him asking for that to be extended, because to regularise the position in Wales will require legislation, we think, to come before the Assembly, and that inevitably takes the time that the Assembly requires for legislation to be considered. I've discussed it with the Chief Secretary to the Treasury, so I know he understands the point that's being made, and I suppose we are optimistic, without having had it confirmed, that the derogation will be extended long enough for legislation to come before the Assembly to be considered, and resolve the matter in that way.

[184] **Lee Waters:** Right, okay. Just briefly on tax powers, obviously, the Welsh Government are preparing plans for tax powers, how is that reflected in the draft budget and is it in line with what was anticipated in the impact assessment?

[185] **Mark Drakeford:** Well, the main way, Chair, that Members will see it reflected in the budget is in the £2.5 million that is now set aside in the next year's budget to support the Welsh Revenue Authority. So, as we get closer

to 1 April 2018, we need the Welsh Revenue Authority to be there and capable of discharging the responsibilities that it will inherit. So, we'll be building up the authority over the next year. We think £2.5 million is what will be required; that is within the RIA estimates that were provided with the tax collection and management Bill. You will know that I gave an undertaking in front of this committee during the first scrutiny session of the land transaction tax Bill that we would update that RIA as we move into more certain territory. At the moment, we think that the range of costs provided in the original RIA is holding up, but we will refine it as we move on, and there is specific provision now for the WRA in next year's budget.

10:00

[186] **Lee Waters:** Okay. Thank you. I want to move on now to some of the submissions the committee had on the priorities for the budget, and a number of organisations told the committee they thought that preventative spend was an important priority for the budget. As we discussed earlier, in your remarks on the future generations Act, what's regarded as preventative and of long-term interest or not is often an arbitrary judgment. Is there any agreed definition of what is preventative spend for the purposes of this budget?

[187] **Mark Drakeford:** Well, Chair, I think this is a very interesting area, and one I'd be very keen to hear the committee's views on, because I tend to agree with Lee, really, that a lot of this is pretty arbitrary and capable of being argued in many different ways. So, we had a discussion amongst ourselves just last week as to whether or not orthopaedic operation spends count as preventative spend, because, clearly, on one sort of definition they are after the event, aren't they? Someone has fallen and may have broken their leg—you're not preventing that, you're dealing with the consequences of it. On the other hand, we know that there are some ways in which you can carry out orthopaedic arrangements—we know, for example, that treatment given in the ambulance immediately on arrival makes a big difference to the chances of an elderly person, in particular, being able to recover full use of a broken leg. So, you could argue that orthopaedic spend prevents the risk that someone might be in a wheelchair for the long term or will lose independence in the long term. So, even expenditure right at that end of the spectrum, which I think, conventionally, you wouldn't think of as preventative, is capable of having some preventative aspect of it.

[188] So, the definitions are slippery. I don't think we have a single

definition that would give you a firm boundary between things that are clearly preventative and things that are responsive. I think there are things that are easier to identify as being at the preventative end of the spectrum. I certainly think you would say that Supporting People, as a programme, has very clear evidence that it prevents homelessness, that it reduces A&E attendances, that it reduces attendances at GP surgeries and, therefore, prevents demand for services in that way. I think the public health budgets—with vaccination, that's a very clear example of preventative spend. If you don't vaccinate for measles, you end up with an outbreak of measles in Swansea in that sort of way. So, I think there's a wide spectrum, and some things are easier to locate than others. So far, I don't think I have been able to think of a single definition that clearly separates preventative and other spending, but I think it's definitely a debate and discussion that I'm keen to have and will be very interested in the committee's views on it.

[189] **Lee Waters:** Because almost anything could be defined as being preventative.

[190] **Mark Drakeford:** That's the slipperiness of the concept, isn't it?

[191] **Lee Waters:** So, in the absence of an agreed definition, how then do you incentivise activities that are deemed to be preventative and bring about efficiencies?

[192] **Mark Drakeford:** How you incentivise them, I think, is by providing some funding that allows services to be developed. You've got to be prepared to take some risks in that, because not everything you try will turn out to be successful, and you have to do it in a way that I think Governments have become better at, which is to build the evaluation in from the very beginning, rather than doing it in a sort of post-hoc sort of way. So, I suppose, Chair, I would argue that the intermediate care fund, which was the product of an earlier budget agreement, is a pretty good example of doing things in the way that Lee has asked. Fifty million pounds of revenue and £10 million of capital has spawned an enormous range of different schemes and different ideas, all of which are preventative in nature in that they're designed to prevent the need for older people in particular to go into hospital. They've all had evaluations built into them, and we're at the stage now where we feel that we can confidently identify some interventions that clearly are more successful than others, and then we put some of the money behind making sure that those things are now done on a Wales-wide basis. So, something may have been tried in Cwm Taf, and the evidence from the

evaluation shows that it was successful, so we now say to other health boards, 'This needs to happen everywhere'.

[193] **Lee Waters:** And finally, Chair, how are you building that in to the local government reorganisation you're planning—the collaboration, specifically in terms of health and social care integration?

[194] **Mark Drakeford:** Chair, as you know, the idea we're trying to pursue with local authority colleagues and partners is one in which the future rests on greater systematic and mandatory collaboration on a regional footprint. Social services and health are absolutely at the centre of that. We will aim to build on the regional arrangements that we already have for social services as part of the Social Services and Well-being (Wales) Act 2014. That's where the intermediate care fund spending decisions are made. That's an important point that not everybody always realises—that, although the money flows through the health budgets, spending decisions are made at a joint forum where social services, health service and third sector bodies are all around the table together. I think using that sort of model gives us the best chance of making spending decisions that are preventative in character, but researched, so we learn the lessons from them.

[195] **Simon Thomas:** Before we move on, just to stay with this concept of preventative spend, because I think it's fair to say that it was a predecessor of yours who introduced this concept—the Welsh Government, at a particular time in terms of public finances, introduced the concept of preventative spending, and I think it's true to say that this committee's always wrestled, from time to time, with that concept and what it actually means in terms of budget allocations. In the past, and you've evidenced a couple of examples now, when there's been a threat to a particular project—Supporting People is the obvious one. A challenge went out to that programme of activities to demonstrate with evidence, which they hadn't necessarily done so much in the past, how it was preventative spending. Indeed, the evidence—I remember the previous Minister came to the previous committee and was clear, and therefore an argument could be made, and, as you say, that project is now protected again within this budget and therefore seemed to have demonstrated that its worth. Your evidenced the intermediate care fund as well as something else that's taken in that way. Is the concept now, though, in the time of the kind of forward scenario that you've outlined—is this concept dying? Should we rethink it in terms of having something that's much more project based rather than an overall concept for the budget, which hasn't really helped to steer, it seems to me, budget allocations at all

in the past?

[196] **Mark Drakeford:** Chair, I don't think I would agree with that completely. Look, I think the big concept in preventative spend, isn't it, is that, as much as you are able to, you would wish to invest public spending—to use a cliché, I'm sorry—in creating the conditions of success rather than dealing with the consequences of failure. So, if that is the big principle behind preventative spend, I still think it's—

[197] **Simon Thomas:** But that's all your budget, isn't it?

[198] **Mark Drakeford:** It is, but I think you would want to try and, at the sort of macro, Welsh Government budget level, push the budget in that sort of direction, so that you are—. In the social services field, the whole of the Act is about trying to make sure you do those small things early on that mean that people are able to lead more independent lives for longer, and therefore delay or avoid the point at which they need more expensive public services. I'm in a series of discussions with Carl Sargeant, and others as well, about the extent to which we take children away from families into public care in Wales, and whether, if we were to invest in some family support services earlier on, we would be able to prevent that sort of spending, and get better outcomes for children as a result. So, I think you can see the big principle is still a very important one—that you want to align public spending in a way that it isn't just there as an ambulance, a welfare ambulance, always turning up after the problem has happened. We'd like to be able to invest in services that avoid the need for that. I don't think that's an idea that's run its course.

[199] **Simon Thomas:** We will return to it, I've no doubt, but I'll turn to Eluned Morgan now.

[200] **Eluned Morgan:** Just to follow on this theme of prevention, I think it's a crucial issue, and I understand what you say about the difficulty in defining prevention. There's a suggestion, there's a move here, to move care services into the community within this budget. Can you just elaborate on that a little bit, how you see that working?

[201] **Mark Drakeford:** Thank you, Chair. It's another good example, I think, of that big principle in action. Difficult as it has proved to be for Governments everywhere to use the dividend of extra health spending not to be sucked into the secondary sector, but to transfer more care out of the hospital and closer to home, that's the aim of it. The last Assembly term saw

a significant extra investment in primary care services to try and remodel the way we provide primary care services, and a new insistence with health boards that, when they move services from one sector to the other, they move funding to go with it so you can go on investing in services closer to home. I must be careful not to trespass into my previous responsibilities here, but I became increasingly frustrated, really, at the way that out-patient services have developed over the years, where we have large numbers of people being called back into hospital, often unwell themselves, and those journeys often difficult and inconvenient, for appointments that turned out to be nothing more than a 10-minute, 'I'll see you again in a year's time' sort of appointment—so, of very low clinical value, and a huge volume of them, taking up an awful lot of time that could have been spent with people who really needed that time, and to no great benefit to the patient either.

[202] So, the move to try and capture that activity in the community—Chairman, I don't want to take too long on this so I'll try and stop, but it's an example you'll be familiar with, because it's from the Hywel Dda Local Health Board, where the memory clinic at Bronglais, which is a fantastic service, was telling me it couldn't see any new patients that year, because it was having to see, once a year, all the patients that had built up on its books over the previous five years. Now, those patients, on average, were seeing their own GP six times a year. So, they were not people who were otherwise invisible to the health service. So, what we were trying to find is a way in which, as part of their ongoing contact with primary care, that check on whether they needed ongoing contact with the memory clinic could be discharged in the community, rather than in hospital. And I think you can see that's a big strand of thinking happening in exactly that example.

[203] **Eluned Morgan:** I haven't quite understood how this whole finance thing works yet; I'm working on it—

[204] **Mark Drakeford:** You and me. [*Laughter.*]

[205] **Eluned Morgan:** But, in particular, the issue about the transparency of the health budget, I think, is problematic for us in the sense that I think we can only see so far, because then what happens is that you pass on that responsibility to the health board. That's a problem for us in terms of scrutiny, and it's something that, perhaps, we need a broader debate on, but I'm just wondering to what extent you can force these health boards to—. You know, are you ring-fencing these things? How does that work? Can you say, 'Right, this year, we want to see an increase in how much is spent on GP

services?’ Can you be that prescriptive to health boards? I’m sorry, it’s perhaps a very ignorant question, but I don’t know to what extent you can do that.

[206] **Mark Drakeford:** I think it is a question, Chair, really for the Cabinet Secretary with those responsibilities now.

[207] **Simon Thomas:** I was going to say not to trespass too much on other people’s jobs.

[208] **Mark Drakeford:** But it’s a combination of the two approaches, isn’t it? On the whole, you have to give health boards a sum of money to allow them to get on with the business of providing all the services that they do. If you want them to do something particular or new, then you use more directed funding. The £20 million that we have agreed with Plaid Cymru as part of the budget deal for mental health will go into the mental health ring fence, and therefore is protected for mental health purposes. The £1 million that we’ve agreed for new eating disorder and gender dysphoria activity will be there protected for those purposes, but the big £240 million will, by and large, go into the general running of a health service, and you can’t from the centre manage every single strand in that.

10:15

[209] **Eluned Morgan:** Okay. Can I ask you to go back to the issue of care? In England, they’ve been allowed to put a 2 per cent precept on social care at local authority level. That hasn’t happened in Wales. Does that mean that we are, effectively, underfunding care compared to England? I don’t know—. I’m sure you’re an expert on this, Mike, but I’m not, so—

[210] **Mark Drakeford:** I think the truth is exactly the opposite way around: that we have protected the health and social care budget in the round, in the way that was not done in England, where social care budgets of local authorities were raided and handed over to the health service as though that was somehow offering a protection to people who used the health service. The result is the collapse of social care services in England. Members will have seen the figures, month on month this year, of the people who are delayed in hospitals, unable to be discharged, because there are no social care services there to provide for them. The previous Chancellor of the Exchequer used a whole series of devices to try and look as though he was not raising taxes—so the apprenticeship levy, and all those sorts of things.

And this way of allowing local authorities to put 2 per cent more on their council tax was just part of that general approach that he took. It's not one we've needed to do in Wales, and we wouldn't want to do it either.

[211] **Simon Thomas:** Quickly then, Mike.

[212] **Mike Hedges:** Just on that point, within England, what he's done is almost like a return to the poor law, that the poorer areas will have greater need to provide funding for people who can't fund themselves, and will actually have to raise more in order to provide some services where the richer areas—

[213] **Nick Ramsay:** I don't think he can be expected to answer questions on England—*[Laughter.]*

[214] **Mike Hedges:** —while the richer areas will be in a much better position. Is that your perception of it, looking at it from the outside?

[215] **Simon Thomas:** A simple answer.

[216] **Mark Drakeford:** It certainly is.

[217] **Simon Thomas:** That's fine, thank you. Without taking this too much down the English route, Nick.

[218] **Nick Ramsay:** No, not on England—I hear what you're saying about not protecting the social services and health budget in England. The corollary of that is: do you accept that in Wales over the last few years, certainly with your predecessor, the specific health budget relating to the NHS hospitals—that aspect of it—wasn't protected, and do you regret that now?

[219] **Mark Drakeford:** No, I don't accept that, Chair, because, as I say, I think it's an artificial distinction that simply doesn't work for the person who uses the service. In fact, spending on the health service in Wales went up faster last year than any other of the UK nations, but our argument has always been that if you are an elderly person having that orthopaedic operation, who then needs to go home, and needs to have four visits a day from a social care service in order to allow you to do that, the only sensible thing is to regard this as a single system in which you go and invest across it all in order to provide the service that's needed.

[220] **Mr Jeffreys:** Spending on—

[221] **Simon Thomas:** Sorry, Can I just halt you there, because I'm aware of the time? We're having a good debate around these issues, but we need to just progress while we've still got the macro picture, rather than getting down to some of the detail that we are at the moment. And we also have some questions that Steffan needs to come in on later. So, if I can ask you, Eluned, just to finish off on these?

[222] **Eluned Morgan:** Okay. Just on local government, it's the same kind of question as health, really. To what extent have you ring-fenced that funding for local government for specific areas?

[223] **Mark Drakeford:** Well, the local government settlement will be announced later today, Chair, so I've got to be careful as to how much I say. But what you will have seen from yesterday is that we have soft earmarked, as we would say, £25 million of the settlement for social services purposes. We did the same in this financial year. It is responding to the pleas that come in from local government to recognise the pressure that social services departments are under, and to send a clear signal to them, and those people who represent social services in cabinets and so on, that that money is meant to be there for those purposes.

[224] **Eluned Morgan:** And just finally, can you tell me whether you've made any assumptions in terms of expected increases in council tax in the next year on the basis of that?

[225] **Mark Drakeford:** An assumption is always made in setting budgets. We make an assumption that council tax across the board in Wales will rise by 2.5 per cent, but it is, in the end, always up to individual local authorities to make their own decisions in that area.

[226] **Simon Thomas:** Steffan Lewis.

[227] **Steffan Lewis:** Can you elaborate further on how the budget accommodates alternative delivery models, specifically things like digital first?

[228] **Mark Drakeford:** Well, Chair, in a way I think those are decisions that happen more at the portfolio level rather than at the budget-setting level. There are some specific parts of the system that do require funding of that

sort—the Social Services and Well-being (Wales) Act 2014 requires local authorities to put a duty on them to promote alternative ways of providing services, and then that gets followed through, but at that portfolio level, so the social services third sector grant scheme provides money to the Wales Co-operative Centre in Cardiff, for example, to help local authorities discharge that duty.

[229] On the digital side, in terms of the digital first approach, then there are some specific funds that support that ambition. Invest-to-save funds are often used for those purposes. There is an efficiency-through-technology programme, which is specifically funded in the health field to do that. The Welsh Revenue Authority—one of the reasons why, in the end, I decided to make the revenue authority wholly responsible for the collection of taxes in Wales is that it allows it to design a digital first approach from the very beginning rather than having to try and use the rather outdated Her Majesty's Revenue and Customs digital platform.

[230] **Steffan Lewis:** You mentioned there invest-to-save, 160 projects, I think, have been supported. What has been the success of that and how are you going to be drawing on the successes that there have been in order to roll them out across the board as best as possible?

[231] **Mark Drakeford:** Thank you. Yes, £150 million and 160 [correction: 140] schemes, I think, is the current level, and a repayment last year of around £16.5 million and an expected repayment of £21 million this year, and that all then gets recycled. About 100 of the 150 projects have either paid back all the money or are in repayment at the moment. There are lots of things to learn from it, I think. This committee and the Institute for Public Policy Research [correction: the Public Policy Institute for Wales], I think, have all carried out inquiries and are looking at it. I'm keen to take advice from the latest IPPR [correction: PPIW] report as to how we can do more in this field. They propose, for example, that we shouldn't have, as we've previously had, fixed points in the year in which proposals could be made. So, this year, proposals can be made at any point in the year.

[232] They also suggested that we should take a small amount of money for what they call, I think, an 'innovate-to-save programme', in which we could look for some ideas beyond the schemes that invest-to-save has traditionally supported. So, you might think that a standard invest-to-save scheme is where a health board asks for money to replace all the lighting in its hospital corridors. We know it will work because we know that new lighting will be

cheaper than the old one; we give them money upfront and they pay us back—it's very standard and we know it works, but it's low risk. So, we are in discussions at the moment with Nesta, Y Lab at Cardiff and the Wales Council for Voluntary Action to try and follow up that recommendation in the report and to identify a fund, which will be higher risk, so it will have to be modest, but where they could look for more innovative ways in which you could use invest-to-save for service transformation as well as for just the more mainstream ways for which it's been used in the past.

[233] **Steffan Lewis:** With a scheme like innovate-to-save, as that is a distinct difference, although the aims are broadly similar to an invest-to-save, would that open up potential alternative investment streams? So, would you be able to borrow for an arm's-length invest-to-save, or access, well, who knows, European Investment Bank funds and so on? Would that mean that, actually, the innovate-to-save might be, even though higher risk—that, fiscally, it might be something that can open up opportunities for financing?

[234] **Mark Drakeford:** That's an interesting idea, and definitely worth pursuing. It's partly why we've got Nesta round the table there, because they already do access funds for these sorts of purposes themselves in other ways. I think we would want to put a small amount of our own money on the table, which is the cheapest money—after all, it's cheaper even than the EIB. But if, in doing so, we can demonstrate that there is an appetite for such schemes, and they can be successfully carried out, then you'd want to see whether there were other innovative funding streams you could use to do more.

[235] **Steffan Lewis:** Thank you. In the little time I have left, I want to go on to anti-poverty measures, especially in light of the announcement on Communities First. Obviously, there is a combination of factors now that are beyond the control of the Welsh Government that will have an impact on devolved budgets. Can you talk us through the steps that you're taking to ensure that there's an anti-poverty strategy that is sufficiently resourced in light of both the introduction of the universal credit and also the phasing out of Communities First?

[236] **Mark Drakeford:** Well, phasing out of Communities First, Chair, is not a finance-driven matter. My colleague Carl Sargeant intends to bring together the funding streams for Communities First, Families First and Flying Start in a single sort of prevention strand, and his announcement last week, you know—. My clear understanding of it was that it's about better use of

money, rather than driven by reducing money, although money is reducing. So, you know, we have to face that, too.

[237] On universal credit, as I understand it, we won't know till November the plans of the Department for Work and Pensions in terms of the next phase of roll-out in Wales. So, it has some direct impacts on our budgets, because we have passported benefits. So, your eligibility for help with certain health costs, for example, depends upon the benefits that you receive, and universal credit alters that landscape. So, we do have to work quite hard to calibrate that.

[238] Anti-poverty measures remain right at the core of the budget. We will put £244 million of Welsh Government money into the council tax benefit scheme next year, which means that the very poorest people in our society don't end up having to pay for council services, as they do across our border. We have preserved the social fund here in Wales in a way that has just disappeared completely across our border. Those things we do in terms of free prescriptions, free access to museums, free parking at hospitals, all of those things that are the sort of social dividend are what Barbara Castle would have called the social wage—[*Interruption.*] See, I remember it very well and still like it as a concept. Government takes action, but it means that people have money in their pockets that they otherwise wouldn't have, and that money means more in the pockets of people who have the least money than it does in any other pocket, and there is a series of things that this budget both preserves and tries, where we can, to take further forward.

[239] **Steffan Lewis:** Going back to the point on the next phase of universal credit roll-out, you said that UK Government will inform you around November of its intentions. What kind of notice period will they give you in order to be able to prepare for that? Is it letting you know in November and then effect in March, or—? What kind of—? And is it your assessment that they actually give you sufficient time to adjust if necessary, because, as you say, the passporting implications could be, potentially, quite dramatic across the entire public sector?

[240] **Mark Drakeford:** They are genuinely significant, those passporting implications. I feel this will be an even greater worry if the history of universal credit was that it was coming at us faster than was originally planned, but, as you know, the actual history of universal credit is that it has limped along and successive announcements have only ever delayed its roll-out. So, our understanding is that they've not yet published their phased

plans for the expansion of universal credit full service. So, it is applying now to single claimants across England, Scotland and Wales. We are expecting to see their latest ideas of a phased schedule for roll-out in November, and it would apply to the next financial year, 2017–18.

10:30

[241] **Steffan Lewis:** Is that sufficient notice, in your—? Of course, a lot will depend on what is in it.

[242] **Mark Drakeford:** Yes. If, as, you know, history might teach us, it will be to slow down, rather than—. If it was to speed it up, it would not be sufficient. If it's a further delay in it all, well, that's a different thing to cope with.

[243] **Simon Thomas:** Very quickly.

[244] **Nick Ramsay:** Just for clarification, on the Communities First issue, you said that that is not coming from budget pressures at your end in formulating this budget. That decision on Communities First has come from the Minister and from the department end of things.

[245] **Mark Drakeford:** It's the Minister looking at that scheme, looking at the expenditure associated with it, and asking the question: could this money be better used to pursue the objectives that Communities First was originally intended to pursue in terms of prevention and support for early intervention in the lives of children?

[246] **Simon Thomas:** Os yw'n bosib **Simon Thomas:** If would be possible
 jest i ofyn un cwestiwn olaf, jest i to ask one final question just to
 gloi, Ysgrifennydd—diolch i chi am close, Cabinet Secretary—thank you
 eich amser—jest eisiau deall, ydw i, for your time—I just want to
 sut mae'r cyhoeddiad ddoe, hefyd, understand how the statement
 ynglŷn â sefydlu comisiwn seilwaith yesterday in terms of the national
 cenedlaethol, sut y bydd hynny'n infrastructure commission for Wales,
 mynd law yn llaw â'r cynlluniau how will that go hand in hand with
 buddsoddi cyfalaf sydd gyda chi, ac a your capital investment plans, and
 ydych chi wedi paratoi yn y gyllideb have you prepared in this budget at
 yma o gwbl ar gyfer adeiladu ar all for building on that, or are you
 hynny, neu a ydych yn pwyso yn ôl ac waiting for new ideas and then
 yn disgwyl am syniadau newydd ac making that provision?

wedyn yn gwneud y ddarpariaeth?

[247] **Mark Drakeford:** Well, yesterday's announcement was for consultation, and there are other ideas, as we know, in circulation, as to how that commission could best go about its work. So, it's not had an immediate impact on this budget. It's intended to give advice over the medium term rather than the immediate term, in any case, and its primary focus is meant to be on economic, energy and environmental infrastructure. So, there are whole swathes of this budget in schools and hospitals and so on where the advice of the commission wouldn't be relevant. So, I think that, for us, it has been more a matter of waiting to see what comes out of the debate that there is about what a commission—how it should be shaped, how its advice should be commissioned, what it would help us to do. Then, this time next year, we'll probably be better placed to take advantage of what comes out of that.

[248] **Simon Thomas:** You have a general mention in the budget documents about innovative financial instruments, presumably for the other parts are unaffected—as you say, schools, hospitals investment programme. Is there anything that we should know about today about those? We'll pursue them, no doubt, later on, but—.

[249] **Mark Drakeford:** Just very briefly, Chair, we intend to continue to use the instruments that were developed in the last Assembly term to take investment in housing forward, and we are going to switch the local government borrowing initiative from transport to flood prevention. We're going to have a £150 million programme for flood-prevention works funded in that way. We are working, still, on the idea that originated in Scotland on a not-for-profit-distribution way of securing capital investment, which has run into problems—as you know—in Scotland over Eurostat and the Office for National Statistics classification. So, we are having to work through the issues that have arisen there, but our ambition remains to use such innovative funding approaches, for example, for the new Velindre cancer centre.

[250] **Simon Thomas:** Ocê. Diolch yn fawr, Ysgrifennydd Cabinet. Mae'n bosib bod yna ambell gwestiwn nad ydym wedi cael amser i'w ofyn; byddwn ni'n ysgrifennu atoch, os yw hynny'n iawn. Wrth gwrs, fe gewch

Simon Thomas: Okay. Thank you very much, Cabinet Secretary. It's possible that there are some questions that we haven't had time to ask, and we will write to you, if that's okay. Of course, you will have a draft

chi drawsgrifiad o'r cyfarfod er mwyn ei wirio, jest rhag ofn—am gywirdeb, beth bynnag. Diolch yn fawr am eich amser, a diolch i chi a'ch swyddogion.

transcript of the meeting, so that you can check it for accuracy. Thank you very much for your time, and thanks to your officials as well.

[251] **Mark Drakeford:** Diolch yn fawr.

Mark Drakeford: Thank you very much.

[252] **Simon Thomas:** Dyma'r cyfarfod yn ffurfiol yn dod i ben. Ond, os caf i ofyn i chi ddod yn ôl mewn rhyw 10 munud, bydd Lakshmi yma mewn cyfarfod anffurfiol inni fynd drwy'r casgliadau ar y Bil Treth Trafodiadau Tir a Gwrthweithio Osgoi Trethi Datganoledig (Cymru). Diolch yn fawr iawn.

Simon Thomas: So, now, the formal committee meeting comes to an end. If I could ask you to come back in 10 minutes, Lakshmi will take us through, in an informal meeting, the findings on the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Bill.

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:33.
The public part of the meeting ended at 10:33.*