

PRESS RELEASE

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Report to the Flemish Parliament

Towards a Flemish performance budget

Since its vision statement in 2016, Flemish government has been moving towards a budget that links resources deployed to performance to be achieved. The Court of Audit examined this development and the quality of the performance information in recent budgets and accounts. It found that important steps towards performance-informed budgeting were taken during the 2019-2024 legislature, but that the integration of performance information in policy and budget documents is still in its early stages, and that these documents still provide insufficient insight into what the government exactly does and what resources are available.

Performance budgeting

To gain insight into the expenditure of public resources and accountability for this, information is required about what is actually being achieved with those resources. In recent decades, more and more countries have evolved towards a performance budget. Flemish government has also taken important steps towards performance-informed budgeting, whereby it aims to systematically link performance information, including periodic policy evaluations, expenditure reviews or indicators, to the budget. The Court of Audit has investigated how far Flanders has progressed in the rollout of its performance budget.

Budget reorganization

Initially, Flemish government expanded the program structure of the Flemish budget with a division into substantive structural elements (SSEs). These are substantively meaningful and stable clusters of credits or powers that can be linked to policy objectives. This structural change went quite well, but the Flemish government has not consistently extended the use of the SSEs to all aspects of the budget. In practice, the SSEs are not yet used sufficiently to present policy and budget information in an integrated and stable manner across legislatures.

Policy and budget explanations

Flemish government brings together the policy and budget information for each SSE in budget and policy explanatory notes (BPENs) twice a year, when drawing up the budget and when issuing accounts. When drawing up the 2024 budget, it presented 28 BPENs, the quality of which the Court of Audit examined. It found that the ambition to integrate performance information into the BPENs has remained relatively limited to date, partly due to the lack of sufficient and high-quality performance indicators. Moreover, important sources of performance information, such as the results of the first Flemish *broad reconsideration*, policy evaluations or statistical data, often remained unused. Linking policy to budget information also remains a challenge for the readability of the BPENs.

Management of performance budget development

The Finance and Budget Department has a central role in managing the Flemish performance budget. In practice, it has taken numerous steps towards performance-informed budgeting. For example, in the 2014-2019 legislature it has prepared the introduction of the SSE structure and the BPENs and in the current legislature it has implemented innovations, such as a mandatory linking of objectives with budget figures and the legal anchoring of instruments such as periodic subsidy evaluations, *broad reconsiderations* and expenditure reviews. It also offers the Flemish entities sufficient practical support in drawing up the BPENs. However, the real rollout of those instruments has been postponed to the next legislature. The Court of Audit recognizes that the implementation of the Flemish performance budget is a growth process and takes place step by step in order to maintain sufficient support.

Response from the minister

The Prime Minister of the Flemish Government and the Flemish Minister of Finance and Budget are committed to continuing to support and encourage the further rollout and optimization of the Flemish performance budget. They share the Court of Audit's view that it is important to connect policy objectives and budget information more closely and emphasize the importance of compact and high-quality BPENs.

Information for the press

The Court of Audit exerts an external control on the financial operations of the Federal State, the Communities, the Regions and the provinces. It contributes to improving public governance by transmitting to the parliamentary assemblies, to the managers and to the audited services any useful and reliable information resulting from a contradictory examination. As a collateral body of the Parliament, the Court performs its missions independently of the authorities it controls.

The report *Towards a Flemish performance budget* has been sent to the Flemish Parliament. The full version and this press release can be found on the Court's website:

www.courtfaudit.be.