

19 January 2024

Department of Finance and Budget of the Flemish Government

Measure name:

MILESTONE 207 BE-C[C61]-R[R-6]-M[207]

Milestone/target description:

For the French Community authorities: Spending review integration into budgetary process (1): Government decisions defining how spending reviews (or similar approach) are integrated into budgetary process. The decisions define the spending review strategy and a calendar for future reviews, potentially including quantified targets. In line with the Eurogroup guidance, ensure, amongst other elements, clear scope and design of the reviews as well as transparent monitoring, reporting and evaluation.

For the federal, Flemish Region, Walloon Region, Brussels Capital-Region, and French Community authorities: Spending review integration into budgetary process (2): Systematic inclusion of the outcome of spending reviews into annual and multiannual budget planning as of the preparation of the budgetary law for 2024. This shall include, among others, the quantification ex-post of the outcomes, including savings, associated to the spending review programme.

Verification mechanism:

Summary document duly justifying how the milestone (including the relevant elements of the milestone, as listed in the description of the milestone and of the corresponding measure in the CID annex) was satisfactorily fulfilled. This document shall include as an annex the following documentary evidence:

(a) For the French Community authorities, the evidence shall include: a copy of the adopted decision of the government, defining how spending reviews are to be integrated in the budgetary process.

(b) For each of the federal, Flemish Region, Walloon Region, French Community and Brussels Capital-Region authorities:

1. Copy of the relevant decree, ordinance, law, or other relevant instruments adopted by the appropriate authorities demonstrating that spending reviews have systematically been integrated in the budgetary process.

2. Report on how the outcomes, including savings, of the spending reviews were integrated in the 2024 budget.

A. Evidence provided

- i. Law of 1 July 2022 amending the Flemish Public Finance Codex (“Decreet van 1 juli 2022 tot wijziging van de Vlaamse Codex Overheidsfinanciën van 29 maart 2019”)
- ii. Consolidated Flemish Public Finance Code (“Vlaamse Codex Overheidsfinanciën van 17 mei 2019”), which also can be accessed on this [dedicated website](#).

- iii. Decision of 28 October 2022 amending the Decision of the Flemish Government implementing the Flemish Public Finance Code of 29 March 2019 (“Besluit van 28 oktober 2022 tot wijziging van *Besluit van de Vlaamse Regering van 28 oktober 2022 tot wijziging van het besluit van de Vlaamse Regering van 25 juli 2014 tot delegatie van beslissingsbevoegdheden aan de leden van de Vlaamse Regering en het Besluit Vlaamse Codex Overheidsfinanciën van 17 mei 2019*)
- iv. Consolidated Decision of the Flemish Government implementing the Flemish Public Finance Code of 29 March 2019 (“Besluit Vlaamse Codex Overheidsfinanciën van 17 mei 2019”), which also can be accessed on this [dedicated website](#).
- v. The [General Summary of the Budget 2024](#) (p. 145)
- vi. Report on the ex post quantification Flemish Broad Review (“Rapport ex post kwantitatieve gevolgen Vlaamse Brede Heroverweging”).

B. Detailed justification

1. Systematic inclusion of the outcome of spending reviews into annual and multiannual budget planning as of the preparation of the budgetary law for 2024

1.1. Integration of broad comprehensive reviews and spending reviews in the budgetary process

The structural conduct of both “broad comprehensive reviews” and “spending reviews” as part of the budgetary process has been legally enshrined in the recently revised Flemish Public Finance Code (**Supporting evidence documents i. & II.**) . Article 10 of the revised Flemish Public Finance Code, defines “broad comprehensive reviews” and “spending reviews” and integrates them into the budgetary process:

“The Flemish Government organises the budget of revenues and expenditures of the Flemish Government according to the principles of performance-informed budgeting, in light of a multi-year perspective. Broad comprehensive reviews and spending reviews are used for this purpose. The Flemish Government determines the principles with which the broad comprehensive reviews and spending reviews comply.”

In article 10, §1, par. 3, of the revised Flemish Public Finance Code “Broad comprehensive reviews” are defined as:

“Comprehensive examinations of policies with a budgetary impact, aimed at offering policy options for a more efficient or effective approach to underpin possible policy choices for the future of Flanders in the longer term.”

In article 10, §1, par. 3 of the revised Flemish Public Finance Code “Spending reviews” are defined as:

“Systematic, in-depth and specific studies of expenditure categories with a substantial budgetary impact in order to improve the effectiveness or efficiency of the policy under constant policy.”

The amendment of the Flemish Public Finance Code (“Decreet tot wijziging van de Vlaamse Codex Overheidsfinanciën van 29 maart 2019”) was adopted by the Flemish Parliament on 29 June 2022. Subsequently it has been published in the Belgian Official Journal on 16 September 2022.

Both broad comprehensive reviews and spending reviews will become recurrent exercises. Article 3/1 of the Decision of the Flemish Government implementing the Flemish Government Finance Code of 29

March 2019 (“Besluit Vlaamse Codex Overheidsfinanciën van 17 mei 2019”) as inserted by the decision of 28 October 2022 (**Supporting evidence documents iii. & iv.**), enshrines that the Flemish Government has to conduct at least one broad comprehensive review per legislature. At the beginning of each legislature the government also has to establish an indicative planning of spending reviews for its term of office (art. 3/1, §1 Decision of the Flemish Government implementing the Flemish Government Finance Code, as last modified by the decision of 28 October 2022) .

1.2. Inclusion of results into the policy and budgetary cycle

Policy areas are obliged to integrate the chosen policy options of broad comprehensive reviews and spending review into the policy and budget cycle. To ensure adequate follow up, the Inspection of Finance (IF) has been tasked, as set out in the Report to the Flemish Government on article 6 of the Flemish Government Decision of 28 October 2022 amending the Decision of 25 July 2014 on the Flemish Public Finance Code Decision of 17 May 2019 (**Supporting evidence document iii.**), to check which expenditure reviews have been conducted and in what way their results have been incorporated into the budget proposals. Concretely IF should also pay particular attention to this in its opinions as part of the preparation of the budget.

2. Ex-post description of the outcomes, including savings, associated to the spending review programme

2.1. First broad comprehensive review (“Vlaamse Brede Heroverweging”) and spending reviews

The first broad comprehensive review, which was named “De Vlaamse Brede Heroverweging”, aimed to critically examine all expenditures of the Flemish Budget. Tax expenditures and the cost recovery ratio of retributions were also included in the review.

The broad comprehensive review of 2021 resulted in final reports and external studies of the different policy areas (see below). The final reports (“Eindrapporten”) can be consulted on the [website of the Flemish Parliament](#). They include proposals for policy options as well as proposals for more in-depth spending reviews. A summary of all proposals as well as the related budgets and budget savings can be found on the same website (https://docs.vlaamsparlement.be/docs/begroting/brede-heroverweging/eindrapporten-projectgroepen/210920_Overzicht-samenvattingen-projectgroepen.pdf).

The Communication "Spending reviews for the years 2022-2024" (VR 2021 1911 MED.0394/1TER) further elaborated the framework for the spending reviews and defined the themes for the following spending reviews 2022-2024.

1. The superstructure above the subsidies of the Culture, Youth and Media Department
2. Higher education
3. Sustainable water use and the organisation of the water landscape
4. Instruments of housing policy
5. Organisational structure of the Flemish government
6. Modal shift in Flanders
7. Flemish policy on productivity
8. Integration of the three care budgets (Expenditure review of Flemish social protection)
9. Family taxation and family benefits

The reviews will be finalised at the latest by June 2024, with the purpose of the results to be taken into account in the negotiations for the next Flemish government in the second half of the year. The [General](#)

[Summary of the Budget 2024](#) on page 145 (**Supporting evidence document v.**) provides a progress report on the nine spending reviews, including a state of play and an indication as to when the reviews will be finished.

2.2. Inclusion of outcomes of the broad comprehensive review (“Vlaamse Brede Heroverweging”) into the budget

As stated above, the broad comprehensive review 2021 resulted in proposals for subsequent specific spending reviews (see title 2.1).

Furthermore in the final reports of the project groups, the different policy areas developed several alternative policy options. The following policy options stemming from the broad comprehensive review 2021, have been effectively adopted by the Flemish government:

1. Increase of the Traffic tax for oldtimers
2. Target group discounts decrease and fading out
3. Registration tax on the sale of real estate: reform of registration tax transfer (fading out so called “meeneembaarheid”)
4. Cancellation of the compensation of the kilometre charge for the transport sector

The report on the ex post quantification of the Flemish Broad Review (“Rapport ex post kwantitatieve gevolgen Vlaamse Brede Heroverweging”, **Supporting evidence document vi.**) provides an explanation of these measures and quantifies their budgetary impact.

Furthermore the report gives an overview of another type of outcome of the Flemish Broad Review. Several policy areas decided to conduct follow up studies, building on the results of the Review. The report also contains a list of these studies.