

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee room 4 Ty Hywel and video conference via Zoom	For further information contact: Owain Roberts Committee Clerk 0300 200 6388 SeneddFinance@senedd.wales
Meeting date: 20 December 2023	
Meeting time: 09.30	

Registration (09.00–09.15)

Private Pre-meeting (09.15–09.30)

- 1 **Introductions, apologies, substitutions and declarations of interest**
(09.30)
- 2 **Paper(s) to note**
(09.30) (Pages 1 – 8)
Minutes of the meetings held on 9 November and 15 November.
 - 2.1 **PTN 1 – Letter from the Chair of the Economy, Trade and Rural Affairs Committee: Evidence papers supporting the 2024–25 Draft Budget – 27 October 2023**
(Pages 9 – 10)
 - 2.2 **PTN 2 – Letter from the First Minister: Finance Committee Stage 1 report on the Food (Wales) Bill: Recommendation 1 – 15 November 2023**
(Pages 11 – 12)
 - 2.3 **PTN 3 – Letter from the Chair of the Petitions Committee: Evidence session for Petition P-06-1358 Review the inadequate funding for Schools in Wales – 22 November 2023**
(Pages 13 – 14)



- 2.4 PTN 4 – Agriculture (Wales) Act 2023 – Revised Explanatory Memorandum – 22 November 2023**
(Page 15)
- 2.5 PTN 5 – Letter from the Minister for Finance and Local Government: Revenue Settlement Grant – 29 November 2023**
(Page 16)
- 2.6 PTN 6 – Infrastructure (Wales) Bill: Welsh Government response – 1 December 2023**
(Pages 17 – 22)
- 2.7 PTN 7 – Letter from the Minister for Finance and Local Government: Statement of Principles for Directly Funded Bodies (DFBs) – 14 November 2023**
(Page 23)
- 3 Scrutiny of the Welsh Government Draft Budget 2024–25:
Evidence session 1**
(09.30–11.00) (Pages 24 – 81)
Rebecca Evans MS, Minister for Finance and Local Government
Andrew Jeffreys, Director Treasury
Emma Watkins, Deputy Director, Budget & Government Business
- Supporting documents:**
[Consultation response pack](#)
FIN(6)–21–23 P1 – Summary of consultation responses
Research Service Brief
- 4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting**
(11.00)
- 5 Scrutiny of the Welsh Government Draft Budget 2024–25:
Consideration of evidence**
(11.00–11.15)

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 4 Ty Hywel and video conference via Zoom**

This meeting can be viewed on [Senedd TV](#) at: <http://senedd.tv/en/13544>

Meeting date: Thursday, 9 November 2023

Meeting time: 09.30 – 11.36

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Rhianon Passmore MS
Witnesses:	Adrian Crompton, Auditor General for Wales, Audit Wales Dr Kathryn Chamberlain, Audit Wales Ann-Marie Harkin, Audit Wales Kevin Thomas, Audit Wales
Committee Staff:	Owain Roberts (Clerk) Cerian Jones (Second Clerk) Mike Lewis (Deputy Clerk) Martin Jennings (Researcher) Owen Holzinger (Researcher)



Registration (09.00–09.15)

Private Pre-meeting (09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN 1 – Letter from the Minister for Finance and Local Government: Independent Review of Landfill Disposals Tax – 18 October 2023**

2.2 **PTN 2 – Letter from Disability Wales: Specific financial support for disabled people in the 2024–25 budget – 19 October 2023**

2.3 **PTN 3 – Letter from the Independent Remuneration Board of the Senedd on the Senedd Cymru (Members and Elections) Bill: Members Pension Scheme – 23 October 2023**

2.4 **PTN 4 – Additional information from the Senedd Commission in relation to the Senedd Cymru (Members and Elections) Bill – 31 October 2023**

2.5 **PTN 5 – Letter from Audit Wales to the Chair of the Reform Bill Committee: Senedd Cymru (Members and Elections) Bill – 3 November 2023**

2.6 **PTN 6 – Letter from the Chair of the Local Government and Housing Committee: Elections and Elected Bodies (Wales) Bill – 3 November 2023**

3 Audit Wales – Scrutiny of the Estimate 2024–25 and Interim Report 2023–24: Evidence session

3.1 The Committee took evidence on Audit Wales's Estimate 2024–25 and Interim Report 2023–24 from the Auditor General for Wales; Chair of the Wales Audit Office; and Audit Wales officials.

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting

4.1 The motion was agreed.

5 Audit Wales – Scrutiny of the Estimate 2024–25 and Interim Report 2023–24: Consideration of evidence

5.1 The Committee considered the evidence received.

6 Budget Process Protocol

6.1 The Committee considered the paper on the Budget Process Protocol and agreed to write to the Minister for Finance and Local Government and consult with the Directly Funded Bodies.

7 Interparliamentary Finance Committee Forum: Update

7.1 The Committee considered the paper on the Interparliamentary Finance Committee Forum.

Concise Minutes – Finance Committee

Meeting Venue: **Hybrid – Committee room 5 Ty Hywel and video conference via Zoom**

This meeting can be viewed on [Senedd TV](#) at:

<http://senedd.tv/en/13814>

Meeting date: Wednesday, 15 November 2023

Meeting time: 09.30 – 12.17

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Jack Sargeant MS (In place of Rhianon Passmore MS)
Witnesses:	Rebecca Evans MS, Minister for Finance and Local Government Andrew Jeffreys, Welsh Government Gawain Evans, Welsh Government Mick Antoniw MS, Counsel General and Minister for the Constitution Michael Kay, Welsh Government Mathew Xerri, Welsh Government
Committee Staff:	Owain Roberts (Clerk) Leanne Hatcher (Second Clerk) Cerian Jones (Second Clerk)



	Mike Lewis (Deputy Clerk) Martin Jennings (Researcher) Christian Tipples (Researcher) Božo Lugonja (Researcher) Professor Ailsa Henderson (Expert Adviser)
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Registration (09.00–09.15)

Private Pre-meeting (09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

1.2 Apologies were received from Rhianon Passmore MS.

1.3 Jack Sargeant MS substituted for Rhianon Passmore MS.

2 Paper(s) to note

2.1 The papers were noted.

- 2.1 PTN 1 – Letter from the Chair of Local Government and Housing Committee to the Counsel General and Minister of the Constitution: Elections and Elected Bodies (Wales) Bill – 3 November 2023
- 2.2 PTN 2 – Letter from the Deputy Minister for Climate Change: Environment (Air Quality and Soundscapes) (Wales) Bill – 9 November 2023
- 2.3 PTN 3 – The Senedd Commission's response to the Committee's report on the Scrutiny of the Senedd Commission Draft Budget 2024–25
- 2.4 PTN 4 – Letter from the Counsel General and Minister for the Constitution to the Chair of the Reform Bill Committee: Follow up questions on the Senedd Cymru (Members and Elections) Bill – 8 November 2023
- 2.5 PTN 5 – Letter from the Senedd Commission: Update on the Civil Service Pension triannual valuation – 13 November 2023

3 Update on Welsh Government 2023–24 in-year financial position: Evidence session

3.1 The Committee took evidence on the Welsh Government 2023–24 in-year financial position from Rebecca Evans MS, Minister for Finance and Local Government; Andrew Jeffreys, Director Treasury, Welsh Government; and Gawain Evans, Director of Finance, Welsh Government.

3.2 The Minister for Finance and Local Government agreed to:

- provide a note on the procedure for changing the Revenue Support Grant (RSG) within a financial year, and whether this procedure requires primary legislation.

- ask the Minister for Education and the Welsh Language for a note on the formula for allocating funding to secondary schools, and the assertion that similar sized schools can receive a marked difference in funding allocation.

Break

4 Financial implications of the Elections and Elected Bodies (Wales) Bill: Evidence session

4.1 The Committee took evidence on the Financial implications of the Elections and Elected Bodies (Wales) Bill from Mick Antoniw MS, Counsel General and Minister for the Constitution; Michael Kay, SRO for the Bill – Deputy Director, Elections Division; and Mathew Xerri, Head of Elections Policy, Elections Division.

5 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting and the meeting on 13 December.

5.1 The motion was agreed.

6 Financial implications of the Elections and Elected Bodies (Wales) Bill: Consideration of evidence

6.1 The Committee considered the evidence received.

7 Update on Welsh Government 2023–24 in-year financial position: Consideration of evidence

7.1 The Committee considered the evidence received.

8 Senedd Cymru (Members and Elections) Bill: Key issues paper

8.1 The Committee considered the key issues paper on the Senedd Cymru (Members and Elections) Bill.

9 Annual scrutiny of the Wales Audit Office and the Auditor General for Wales: Consideration of draft report

9.1 The Committee considered and agreed the draft report.

10 Annual Scrutiny of the Public Services Ombudsman for Wales: Consideration of draft report

10.1 The Committee considered and agreed the draft report.

**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

—
**Economy, Trade, and
Rural Affairs Committee**

Senedd Cymru

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Peredur Owen Griffiths MS
Chair
Finance Committee

27 October 2023

Evidence papers supporting the 2024-25 Draft Budget

Dear Peredur,

Thank you for copying me in on your [letter](#) of 22 September to the Minister for Finance and Local Government, which the Economy, Trade and Rural Affairs Committee noted at its meeting on 11 October.

As you are aware, the Minister's proposal for the development of a high-level template for evidence papers to support budget scrutiny was discussed in the Chair's Forum on Monday. In Committee today Members discussed my intention to write to you with a formal response.

My view is that, while it is recognised there could be some benefits to agreeing a baseline of information to be provided by Welsh Government in support of budget scrutiny, it would be important for that baseline not to be set too low. It should also be recognised that ultimately it is for individual Committees to decide what information they need Ministers to provide. As you state in your letter, it is important to guard against being prescriptive about the information that should be provided.

The Economy, Trade and Rural Affairs Committee certainly appreciates receiving detailed information to support its scrutiny of the Draft Budget, as is demonstrated by the Ministerial evidence request letters published on our [agenda](#) this week. We seek a range of information that

reflects responses to previous budget report recommendations; the outcome of consultation with stakeholders and priority issues raised by them; as well as other matters arising from our in-year scrutiny work.

I hope that this response is helpful.

Kind regards,

A handwritten signature in black ink that reads "Paul Davies". The signature is written in a cursive, flowing style.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English



Ein cyf/Our ref: MA/FM/MA/2299/23

Peredur Owen Griffiths MS
Chair of the Finance Committee

15 November 2023

Dear Peredur,

Finance Committee Stage 1 report on the Food (Wales) Bill: Recommendation 1

I am writing in response to Recommendation 1 of the Finance Committee's Stage 1 report on Peter Fox MS Food (Wales) Bill.

Recommendation 1: *The Committee recommends that in future, the Welsh Government commits to assisting individual Members and/or Committees proposing legislation by providing relevant financial information prior to a Bill's introduction to ensure that costs in Regulatory Impact Assessments are as comprehensive and detailed as possible.*

In the report the Committee makes reference to the correspondence exchanged during the Fifth Senedd on the Autism (Wales) Bill. I would like to re-iterate the position of the Welsh Government, which has not changed since my letter of December 2018 and is in line with Senedd guidance.

The Senedd's Guide to the Member Bill Process states, "47. *The development of the Explanatory Memorandum is ultimately the responsibility of the Member, with support from the Bill Team and their Support Staff.*"

This includes the development of the Regulatory Impact Assessment (RIA).

Where a Member in Charge does request data from the Welsh Government to support the development of an RIA, the Welsh Government will provide that data provided it is centrally held, readily available and there are no barriers to sharing the data such as data protection requirements.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Welsh Government officials will not be expected to undertake additional data gathering to supplement the information held or undertake bespoke analysis in response to a Member in Charge's request. It is the responsibility of the Member in Charge of the Bill to undertake or commission this work.

Every effort will be made by Welsh Ministers to engage with those Members successful in the Llywydd's legislative ballot.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

MARK DRAKEFORD

Peredur Owen Griffiths MS

Chair

Finance Committee

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22 November 2023

Dear Peredur

Evidence session for Petition P-06-1358 Review the inadequate funding for Schools in Wales

As you will be aware, the Petitions Committee took evidence regarding the above petition at our meeting on 13 November 2023. This was an informative and concerning session which highlighted the increasingly difficult financial situation faced by schools across Wales.

We heard from governors and head teachers, who shared the challenges they are facing when trying to deliver their statutory responsibilities while facing real-terms budget cuts, plus increasing additional learning and health needs among their pupils.

With policy committees about to start the budget scrutiny cycle, we thought that the best thing we could do as a Petitions Committee would be to share this session with those committees about to take a closer look at education funding. We believe that the evidence we received would be invaluable for your committee.

We appreciated the wealth of knowledge and expertise shared by the panel who raised a number of concerning issues. These included:

- concerns about the current funding model for schools and the inequity of funding between schools;
- the number of schools setting deficit budgets with more predicted to do so next year;
- the inability to offer permanent contracts to teaching support staff;
- reducing support for children with additional learning needs;
- the negative impact on subjects offered or school activities; and
- a significant impact on the health and wellbeing of school staff and governors.

Further information about the petition, including related correspondence, is available on our website at: <https://business.senedd.wales/ielssueDetails.aspx?IId=41888&Opt=3>

If you have any queries, please contact the Committee clerking team at the e-mail address below, or on 0300 200 6454. I would be grateful if you could send your response by e-mail to the clerking team at petitions@senedd.wales.

Yours sincerely

A handwritten signature in black ink that reads "Jack Sargeant". The signature is written in a cursive style and is underlined with a horizontal line that ends in an arrowhead pointing to the right.

Jack Sargeant MS
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Lesley Griffiths AS/MS

Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/LG/2216/23

Rt Hon Elin Jones, MS
Llywydd
Senedd Cymru

22 November 2023

Dear Elin

Agriculture (Wales) Act 2023 – Revised Explanatory Memorandum

The Explanatory Memorandum (EM) to the Agriculture (Wales) Bill has been revised to reflect the Bill as amended at Report Stage and as enacted. I enclose final versions of these documents for information and I would be grateful if these can be published on the Senedd's webpage for the Act.

Report Stage Amendment

Welsh Ministers power to provide support: The EM has been updated to reflect Government amendment 1 to section 9 (3) and (4). It provides examples of eligibility criteria that may need to be met in order for a person to be eligible for support. It replaces section 9(3) of the Bill, inserted as amendment 55 at Stage 3 (see Part 1, Chapter 3, paragraph 3.128-3.131 and Explanatory Notes).

I am copying this letter and enclosures to the Chairs of the Economy, Trade and Rural Affairs Committee, the Legislation, Justice and Constitution Committee and the Finance Committee for information.

Regards

A handwritten signature in black ink, reading 'Lesley Griffiths', written in a cursive style.

Lesley Griffiths AS/MS

**Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd**

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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Agenda Item 2.5

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru

29 November 2023

Dear Peredur,

The Committee asked whether changing the amount of revenue support grant to local authorities in-year would require primary legislation.

The primary statutory basis is set out in the Local Government Finance Act 1988 (the 1988 Act) (as amended by The Local Government Act 2003). The 1988 Act requires Welsh Ministers to “make a determination” for each financial year, stating the total amount of RSG for that year for receiving authorities and specified bodies, and the amount of grant the Welsh Ministers propose to pay each recipient. This is the Local Government Finance Report (LGFR) . The report also sets out how Non-Domestic Rates (NDR) will be distributed to Councils. The report must be approved by the Senedd each year. The report for 2023-2024 can be found here : [Provisional LGF Report 2022-23 \(gov.wales\)](#).

Whilst there is nothing in the primary legislation which expressly prohibits Welsh Ministers from making a revised LGFR to reduce the overall RSG, the 1988 Act does not contain a provision which permits them to do so either. If the legislature intended to allow the Welsh Ministers to make such revisions, arguably it would have included express provisions – similar to section 86A which allows Welsh Ministers to pay an additional grant following approval of a LGFR by the Senedd – in the 1988 Act. If Ministers nevertheless determined to issue a revised LGFR, the Welsh Government would need to consult upon a second LGFR and the Senedd would need to vote to amend.

Discussion in Committee also linked this to whether local authorities could set a supplementary or increased council tax. There is no legislative provision that enables receiving authorities to re-bill council tax payers for a higher amount as a result of a change in the calculation of the budget requirement following a repayment of the RSG.

Primary legislation would be required to change these arrangements.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans".

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Ein cyf/Our ref: MA-JJ-3057-23

Peredur Owen Griffiths MS
Chair
Finance Committee
Senedd Cymru
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1 December 2023

Dear Peredur,

Thank you for the Finance Committee Report in relation to the Infrastructure (Wales) Bill, published on 24 November 2023.

Please see my responses to the set of recommendations within the report in Annex 1. I am copying this letter to the Chair of the Climate Change, Environment, and Infrastructure Committee and the Chair of the Legislation, Justice and Constitution Committee for information.

Yours sincerely,



Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Annex 1

Infrastructure (Wales) Bill Responses to Finance Committee Recommendations

Recommendation 1. The Committee believes that the methodology paper provided in relation to this Bill serves as a good practice model for future legislation. Therefore, we recommend that the Welsh Government considers including such details, which are used to inform the cost estimates arising from each Bill, within Regulatory Impact Assessments, rather than as separate documents, as a matter of principle.

I accept the principle of this recommendation. I thank the committee for their consideration of the Regulatory Impact Assessment (RIA) and the accompany methodology paper and their conclusion that the content represents good practice. The recommendation has been shared with officials in Welsh Treasury who have oversight of the RIA process.

The Methodology Paper supplements the RIA by providing the detailed workings behind the costs and savings for the four options outlined. We believe, for this Bill, due to the extent of detailed workings and calculations informing the RIA costs and savings, it was best to locate this in a separate Methodology Paper. This decision was taken to reduce the length and complexity of the RIA and to enable it to focus on key figures and justifications for them.

In terms of future Bills, consideration will be given to the most appropriate and transparent presentation of costs and benefits on a case-by-case basis. Depending on the nature of the Bill and the complexity of the RIA, it may be possible for all information to be included in the main assessment. However it is not the intention to commit to this for every future Bill. In some cases, where it is considered it will improve the accessibility of the RIA to the general reader, we may still opt to remove some of the detailed assumptions and calculations from the main assessment and include that information in an annex to the EM/RIA.

Recommendation 2. The Committee recommends that the Minister undertakes the following and that the information is included in a revised Regulatory Impact Assessment, after Stage 2:

- **undertakes further modelling work to identify the costs and benefits for communities and/or interested parties arising from the Bill. This information should include an analysis to show the potential range of costs and benefits that might be incurred; and**
- **provides examples or further information on community involvement, how that currently works, who is involved and how it might change as a result of the Bill.**

I accept this recommendation in part.

I reject the first part of this recommendation that further modelling work should be undertaken to identify costs and benefits for communities and other parties arising

from the Bill. The costs to communities will vary greatly depending on each type of development scheme and therefore it is impossible to quantify with any accuracy. The cost will be dependent on the nature, size and location of each future scheme, as well as the extent of the interest of individuals in those schemes, the extent they wish to make their views known, and the cost incurred to make these views known. Given the uncertainties involved, we do not believe it would be possible to model these future costs in a robust and meaningful way.

However, I do accept we can provide further information on how communities can currently engage on infrastructure applications and what the Bill will mean for communities engaging in infrastructure applications under a new consenting process. We will update the RIA by providing more information on the benefits to communities arising from the new consenting regime compared to current processes. Therefore, I accept the second part of this recommendation.

Recommendation 3. The Committee recommends that the Minister undertakes further work in regard of the financial benefits arising from a streamlined consenting process. This information should be included in a revised Regulatory Impact Assessment, after Stage 2.

I do not accept this recommendation. The RIA contains costs for every element of the consenting process where we are able to do so. Many of those costs show clear financial benefits arising to stakeholders from a new consenting regime. For example, where we have costed the savings to statutory consultees in the RIA compared to current processes, this is obviously a clear cost benefit. The approach we have taken to other benefits in the RIA is to list those that are qualitative and descriptive in nature, it is not possible to attribute a cost to them and they have been listed for completeness.

I have elaborated on a number of examples taken from the RIA of where we have not provided a financial figure to the benefits described.

Complexity

We have stated in the RIA that a benefit of a new consenting regime would be to reduce complexity. This will result in stakeholders only having to engage with the one rather than numerous consenting regimes for infrastructure projects. This will make it easier and less onerous for developers to submit their applications and others to subsequently comment on a single scheme. That is a clear benefit, but not one that is readily quantifiable. However, what we have done in the RIA is to provide costs on complexity where we are able. This includes the costs to developers for submitting applications through the current numerous consenting systems, compared to the costs for submissions under the new single regime. Wider matters on complexity which can be viewed as a benefit of a new consenting process are not quantifiable.

Flexible process

Another example where we have stated in the RIA that a new consenting regime would provide a benefit is by providing a more flexible process than exists currently. This would be in terms of ensuring developments that may be smaller in scale or impacts are consented through a more proportionate system. It also allows us to direct individual novel schemes be considered under this process, but also where

there may be a need to identify a new type of infrastructure scheme under this process in the future due to emerging technologies.

These are benefits that will future proof the consideration of infrastructure schemes by the Welsh Ministers. They are not matters we can elaborate on in terms of a specific cost benefit as they have many variables. For example, to what extent future technologies may result in certain types of projects falling under the new regime in future.

However, in the context of applications of a smaller scale and impact that would be more appropriately determined at the local level we have assessed those on the basis of historic data. We have looked at historic applications and costed the process under which they would likely be determined. Those costs are incorporated under the various stakeholder costs listed in the RIA.

Therefore, in terms of flexibility this is more than a cost benefit and we have provided figures on costs savings to stakeholders in the RIA as far as we can.

Wider resource saving

We have further stated in the RIA that a new consenting regime would provide benefits in terms of resource savings to stakeholders and by reducing duplication. For example, one process rather than numerous processes will improve public awareness on how to participate in an infrastructure project, whereas currently members of the public may be unaware of how to engage in certain consenting processes where limited guidance may be available. For the reasons I have set out in response to recommendation two, this is not quantifiable.

However, in terms of the cost element for this matter, again we have done this where we know the costs to different stakeholders (such as statutory consultees) for participating in numerous current regimes and comparing those costs to what the likely costs would be for participating in a single process where involvement would not be duplicated.

I am happy to include further information in the benefits section of the RIA to ensure it provides clear justification for the approach that has been taken where no costs are provided.

Recommendation 4. The Committee recommends that the Minister provides further information on how fees will differ under the new regime, compared to the current regime, and the impact of this on relevant stakeholders.

I accept this recommendation. The current fees for infrastructure applications are based on what is prescribed in regulations and statutory guidance. Some operate on a full cost recovery basis whilst others do not. For example, fees for 'Developments of National Significance' operate on full cost recovery, whilst fees for Harbour Orders do not result in full cost recovery for their determination. Therefore, currently the full extent of costs for determining infrastructure applications is not recovered from applicants.

Section 121 provides for fees for performance of infrastructure consent functions and services. Under this power it is expected the new regime will allow for fixed rate and variable fees to allow for full cost recovery on all types of infrastructure applications. In terms of fixed fees, those will be for elements of the process that will always require the same level of input and resources. Setting standardised fees on those elements will therefore allow for consistency and certainty. The elements of the regime that will allow for variable fees will be for those elements of the process which will vary for each application, for example the examination procedure. It is anticipated we will introduce variable fees in the form of a daily rate, which will help keep costs down and ensure applicants are only being charged for the time spent examining and determining their application. The new fee arrangements will therefore result in a fairer system of fee charging where applicants will be charged the true extent of the costs for determining a significant infrastructure project.

In terms of impacts on relevant stakeholders, for developers or applicants, it could result in a change in the fees for specific applications to ensure the full extent of costs are covered.

In addition, the new regime will have wider changes to the fee system. Developers will now pay for the one set of fees, rather than numerous fees where a scheme would currently require numerous consents. These efficiency savings resulting from a streamlined process will result in a fee system which better reflects costs for determining projects in the round, rather than duplicating costs. Under the new system it is expected developers will be invoiced for charges on an incremental basis at different stages of the determination process. This will offer more certainty and clarity on services they are paying for, rather than paying the full fee amount in one go where they would be paying for services they are not currently receiving.

For statutory consultees, the current consenting regimes do not allow for the costs to be recovered for input into infrastructure applications. Section 121 enables consultees to be remunerated for the services they provide in the consenting process. This will enable their resources for input into infrastructure applications to be fully recovered through applicant fees.

For local authorities, again their input into infrastructure applications is not fully reimbursed through existing consenting systems. They currently only receive a fee for preparation of Local Impact Reports to inform the determination of 'Developments of National Significance' of around £8,000. Equally, Section 121 enables local authorities consultees to be remunerated for the services they provide in the consenting process.

Any specific changes to fee charges will be subject to further work and consultation, with the detail being set out in regulations.

Recommendation 5. The Committee recommends that the Minister provides further information on the process associated with the optional threshold, including whether this flexibility could lead to some variability in the efficiencies outlined in the RIA.

I accept this recommendation. For those applications falling under the thresholds for 'directed applications', the applicant can request for their application to be determined either by the Welsh Ministers under the new consenting process or by the local planning authority. Ultimately, it will be for the Welsh Ministers to make an informed decision based upon the nature of the application and the issues that it raises whether it is or is not a significant infrastructure project for the Welsh Ministers' determination.

The RIA has already estimated future costs arising from the inclusion of 'directed applications' in the modelling. This was undertaken through assessing historic applications that would fall under that process and whether they would be determined by the local planning authority or the Welsh Ministers on the basis of their scale and impacts.

Recommendation 6. The Committee recommends that any post-implementation review assesses the overall costs and benefits of the new consenting regime and whether this met the expectations set out in the Regulatory Impact Assessment.

I accept this recommendation. I can confirm the evaluation project will be undertaken within the first five years following implementation of the new regime through subordinate legislation. This work will evaluate the operation of the new consenting regime, including the costs and benefits to different stakeholders. The new regime will also be monitored on an annual basis, where the performance in meeting the statutory timeframes set out in the Bill for determining applications will be set out in an annual report laid before the Senedd.

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair of Finance Committee
Welsh Parliament
Cardiff Bay
CF99 1NA

14 November 2023

Dear Peredur,

I am writing in response to your letter regarding the review of the statement of principles for Directly Funded Bodies (DFBs).

I note the feedback you have received regarding the fiscal information in the annual letter I provide to the Committee to support forward planning for those bodies. As you say, the Welsh Government's own financial position beyond the current year is often not clear, so it is not always possible to provide detailed guidance on future fiscal prospects. However, I am happy to consider whether it's possible to provide additional longer run information if that would be helpful, looking at different potential future funding scenarios.

I already provide a Written Statement following the UK Government's Autumn Statement, setting out the implications for the Welsh Government's Budget. In addition, the Chief Economist's Report, published alongside our Draft Budget, includes information regarding medium term fiscal prospects. This takes account of the UK Government's Autumn Statement and the latest forecasts from the Office for Budget Responsibility.

Supplementary budgets are routinely published in June and February of each financial year. The exact timings can be dependent on both the Senedd calendar in respect of when recess falls and the expected publication of the UK Government's Main and Supplementary Estimates. In practice, the DFBs are notified of the dates of supplementary budgets when I inform the Committee. However, going forward I will copy my letter to the Committee to the DFBs to formalise our communication of those dates.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'R. Evans'.

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

Agenda Item 3

By virtue of paragraph(s) ix of Standing Order 17.42

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