Agenda – Finance Committee

Meeting Venue: **Hybrid – Committee room 3, Senedd and video conference via Zoom**

Meeting date: 27 March 2025

Meeting time: 09.30

For further information contact:

Owain Roberts

Committee Clerk

0300 200 6388

SeneddFinance@senedd.wales

At its meeting on 6 March, the Committee agreed a motion under Standing Order 17.42(ix) to exclude the public from the start of today's meeting.

Registration

(09.00 – 09.15)

Private pre-meeting

(09.15 – 09.30)

1 Financial implications of the Disused Mine and Quarry Tips (Wales) Bill: Consideration of draft report

(09.30 – 09.45) (Pages 1 – 20)

2 Business Committee Review of Public Bill and Member Bill processes

(09.45 – 10.00) (Pages 21 – 25)

3 Introductions, apologies, substitutions and declarations of interest

(10.00)

4 Paper(s) to note

(Pages 26 – 36)

Minutes of the meetings held on 5 February, 12 February and 6 March.

4.1 PTN 1 - Letter from Audit Wales: Notification of audit deadline position - 17 February 2025

(Pages 37 - 38)

4.2 PTN 2 - Letter from Audit Wales: Sector Development Wales Partnership - 4 March 2025

(Pages 39 - 56)

4.3 PTN 3 - Welsh Government Draft Budget 2025-26: Welsh Government's response to the Finance Committee's report - 3 March 2025

(Pages 57 - 75)

4.4 PTN 4 - Welsh Government Draft Budget 2025-26: Response from the Cabinet Secretary for Education to Finance Committee's report recommendation 38 - 3 March 2025

(Pages 76 - 83)

4.5 PTN 5 - Letter from the Cabinet Secretary for Finance and Welsh Language: Finance: Interministerial Standing Committee (F:ISC) - 5 March 2025

(Pages 84 - 85)

4.6 PTN 6 - Letter from the Senedd Commission: Senedd Reform ring-fenced budget - 14 March 2025

(Pages 86 - 87)

4.7 PTN 7 - Letter from the Cabinet Secretary for Finance and Wels Government: Leadership changes at the Welsh Revenue Authority - 21 March 2025

(Page 88)

5 Cardiff Bay 2032: Evidence session with the Senedd Commission

(10.00 - 10.30) (Pages 89 - 99)

Hefin David MS, Commissioner for Budget and Governance, Senedd Commission

Ed Williams, Director of Senedd Resources, Senedd Commission

Andrew Gibson, Director, Avison Young

6 Motion under Standing Orders 17.42 (iii) and 17.42 (ix) to resolve to exclude the public from the remainder of this meeting.

(10.30)

7 Cardiff Bay 2032: Evidence session with the Senedd Commission

(10.30 - 11.00)

Hefin David MS, Commissioner for Budget and Governance, Senedd Commission

Ed Williams, Director of Senedd Resources, Senedd Commission

Jan Koziel, Head of Procurement, Senedd Commission

Andrew Gibson, Director, Avison Young

8 Cardiff Bay 2032: Consideration of evidence

(11.00 - 11.15)

9 Proposed Section 150 Order in relation to the Senedd and Elections (Wales) Act 2020 and the Public Services Ombudsman (for Wales) Act 2019

(11.15 - 11.30) (Pages 100 - 109)

10 Interparliamentary Finance Committee Forum

(11.30 - 11.35) (Pages 110 - 112)

Agenda Item 1

Document is Restricted

Agenda Item 2

Document is Restricted

Agenda Item 4

Concise Minutes - Finance Committee

Meeting Venue: **Hybrid - Committee room 3, Senedd and video conference via Zoom**

Meeting date: Wednesday, 5 February 2025

Meeting time: 09.30 - 12.06

This meeting can be viewed on Senedd TV at: http://senedd.tv/en/15057

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Mike Hedges MS Rhianon Passmore MS Sam Rowlands MS
Witnesses:	David Chapman, Executive Director, Wales, UK Hospitality Cymru Roy Church, Co-Chair, Welsh Association of Visitor Attractions Zoë Hawkins, Chief Executive, MWT Cymru Rowland Rees-Thomas, Chair, Wales Tourism Alliance Iwan Thomas, Chief Executive, PLANED Emma Thornton, Chief Executive, Visit Pembrokeshire Jim Jones, Managing Director, North Wales Tourism
Committee Staff:	Rachael Davies (Second Clerk) Mike Lewis (Deputy Clerk)

	Christian Tipples (Researcher) Ben Harris (Legal Adviser)

Registration

Private pre-meeting

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 Committee noted the papers.

2.1 PTN 1 - Letter from the Cabinet Secretary for Finance and Welsh Language: Interministerial Standing Committee (F:ISC) - 27 January 2025

2.2 PTN 2 - Letter from the Public Services Ombudsman for Wales: Response to the Committee's report on the Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales - 24 January 2025

2.3 PTN 3 - Letter from the Public Services Ombudsman for Wales: Response to the Committee's report on the Annual Scrutiny of the Public Services Ombudsman for Wales - 24 January 2025

2.4 PTN 4 - Letter from Audit Wales: Response to the Committee's report on the Annual scrutiny of the Wales Audit Office and the Auditor General for Wales - 23 January 2025

2.5 PTN 5 - Letter from the Llywydd and Chair of the Senedd Commission: Cardiff Bay 2032 project - 28 January 2025

2.6 PTN 6 - Letter from the Cabinet Secretary for Economy, Energy and Planning: Memorandum of Understanding between the UK government and the Welsh Government: Investment zones - 29 January 2025

2.7 PTN 7 - Letter from the Comptroller and Auditor General: Administration of Welsh Rates of Income Tax 2023-24 - 29 January 2025

2.8 PTN 8 - Welsh Government Draft Budget 2025-26: Written information from Sparkle (Children's Charity) - 29 January 2025

3 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill: Evidence session 9

3.1 The Committee took evidence on the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill from Rowland Rees-Evans, Chair, Wales Tourism Alliance; David Chapman, Executive Director, Wales, UK Hospitality Cymru; and Roy Church, Co-Chair, Welsh Association of Visitor Attractions.

Break

4 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill: Evidence session 10

4.1 The Committee took evidence on the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill from Zoë Hawkins, Chief Executive, MWT Cymru; Emma Thornton, Chief Executive, Visit Pembrokeshire; Jim Jones, Managing Director, North Wales Tourism; and Iwan Thomas, Chief Executive, PLANED.

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

5.1 The motion was agreed.

6 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill: Consideration of evidence

6.1 The Committee considered the evidence received.

Concise Minutes - Finance Committee

Meeting Venue: **Hybrid - Committee room 4 Tŷ Hywel and video conference via Zoom**

Meeting date: Wednesday, 12 February 2025

Meeting time: 09.30 - 12.13

This meeting can be viewed on Senedd TV at: http://senedd.tv/en/14826

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Mike Hedges MS Sam Rowlands MS Mick Antoniw MS (In place of Rhianon Passmore MS)
Witnesses:	Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language, Welsh Government Anna Adams, Deputy Director, Tax Strategy and Intergovernmental Relations, Welsh Government Emma Anderson, Solicitor, Education (Schools), Culture, Media, Sport & Tourism Team, Legal Services Department, Welsh Government David Greenhough, Head of Visitor Levy, Tax Strategy and Intergovernmental Relations, Welsh Government Nick Lambert, Senior Lawyer, Treasury and Procurement Team, Legal Services Department, Welsh Government
Committee Staff:	Owain Roberts (Clerk)

	Rachael Davies (Second Clerk) Christian Tipples (Researcher) Mike Lewis (Deputy Clerk) Ben Harris (Legal Adviser)

Registration

Private pre-meeting

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. Mick Antoniw MS substituted for Rhianon Passmore MS.

2 Paper(s) to note

2.1 The Committee noted the papers.

2.1 **PTN 1 - Letter from the Expert Advisory Group on Childcare (EAGC) to the Minister for Children and Social Care - 27 January 2025**

2.2 **PTN 2 - Letter from the Cabinet Secretary for Finance and Welsh Language: HS2 Funding - 4 February 2025**

2.3 **PTN 3 - Letter from Audit Wales: National Insurance uplift 2025-26 - 4 February 2025**

2.4 **PTN 4 - Letter from the Cabinet Secretary for Economy, Energy and Planning: Memorandum of understanding - The use of UK government funding for city and regional growth deals - 5 February 2025**

2.5 **PTN 5 - Response from the Welsh Local Government Association to a question that wasn't reached during an evidence session on the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill - 6 February 2025**

3 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill: Evidence session 11

3.1 The Committee took evidence on the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill from Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language, Welsh Government; Anna Adams, Deputy Director, Tax Strategy and Intergovernmental Relations; Nicholas Lambert, Senior Lawyer, Treasury and Procurement Team, Legal Services Department; Emma Anderson, Solicitor, Education (Schools), Culture, Media, Sport & Tourism Team, Legal Services Department; and David Greenhough, Head of Visitor Levy, Tax Strategy and Intergovernmental Relations.

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 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill: Consideration of key issues

5.1 The Committee considered the evidence received.

6 Membership of the Wales Audit Office Board: Changes to existing commitments

6.1 The Committee considered the paper and noted the notifications relating to the additional responsibilities undertaken by the Non-Executive Members of the Wales Audit Office Board.

Concise Minutes - Finance Committee

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

Meeting date: Thursday, 6 March 2025

Meeting time: 09.30 - 11.00

This meeting can be viewed on Senedd TV at: http://senedd.tv/en/14859

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Mike Hedges MS Sam Rowlands MS
Witnesses:	Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language, Welsh Government Andrew Jeffreys, Director Treasury, Welsh Government Sharon Bounds, Deputy Director, Financial Controls, Welsh Government
Committee Staff:	Owain Roberts (Clerk) Mike Lewis (Deputy Clerk) Owen Holzinger (Researcher) Ben Harris (Legal Adviser)

Registration

Private pre-meeting

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. There was no substitute for Rhianon Passmore MS.

2 Paper(s) to note

2.1 The papers were noted.

2.1 **PTN 1 - Letter from the Cabinet Secretary for Economy, Energy and Planning to Legislation, Justice and Constitution Committee - Inter-Ministerial Group for Business and Industry - 17 February 2025**

2.2 **PTN 2 - Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs to the Legislation, Justice and Constitution Committee: Inter-Ministerial Standing Committee (IMSC) - 26 February 2025**

2.3 **PTN 3 - Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs: Disused Mine and Quarry Tips (Wales) Bill - 27 February 2025**

3 Scrutiny of the Second Supplementary Budget 2024-25: Evidence session

3.1 The Committee took evidence on the Second Supplementary Budget 2024-25 from Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language, Welsh Government; Andrew Jeffreys, Director Treasury, Welsh Government; and Sharon Bounds, Deputy Director, Financial Controls, Welsh Government.

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting, and the meetings on 12 March and 27 March

4.1 The motion was agreed.

5 Scrutiny of the Second Supplementary Budget 2024-25: Consideration of evidence

5.1 The Committee considered the evidence received.

6 The Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2025

6.1 The Committee considered the Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2025 and decided not to issue a report.

7 Interparliamentary Finance Committee Forum

7.1 The Committee considered the paper on the Interparliamentary Finance Committee Forum and noted the actions included within the paper.

Archwilio Cymru
Audit Wales

1 Cwr y Ddinas / 1 Capital Quarter
Caerdydd / Cardiff
CF10 4BZ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mr Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff
CF99 1SN

Reference: AMH/MJ/NG

Date issued: 17 February 2025

Dear Peredur

Notification of audit deadline position

I write further to your letter of 17 July 2023 regarding the Committee's recommendation that I notify you when I am unable to complete the audit of specified bodies within the agreed timeframe.

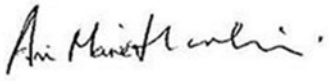
I now notify you of the following audit that has not met its deadline.

Name of body	Sector Development Wales Partnership Limited
Audit year	2023-24
Initial deadline	31 December 2024
Commentary on delay	The audit has been delayed owing to significant deficiencies in obtaining the required audit evidence to support material asset disclosures

Name of body	Sector Development Wales Partnership Limited
Date of expected audit completion	20 February 2025

I am copying this letter to Mark Isherwood MS, Chair of the Public Accounts and Public Administration Committee.

Yours sincerely



For and on behalf of
Adrian Crompton
Auditor General for Wales

Archwilio Cymru
Audit Wales

1 Cwr y Ddinas / 1 Capital Quarter
Caerdydd / Cardiff
CF10 4BZ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mark Isherwood MS
Chair, Public Accounts & Public Administration Committee
Senedd Cymru
Cardiff
CF99 1SN

Reference: AC484/caf
Date issued: 4 March 2025

Dear Mark

Sector Development Wales Partnership

On 10 February 2024 you were a copy recipient of a letter from my colleague Ann-Marie Harkin to the Chair of the Finance Committee. In line with recommendations made by both the Finance and Public Accounts & Public Administration Committee's Ann-Marie's letter related to the late audit of the 2023-24 accounts of the Sector Development Wales Partnership Limited (SDWP). She advised that the audit would not meet its deadline owing to significant difficulties in obtaining the required audit evidence to support material asset disclosures in the accounts.

In the context of your Committee's remit, I must now advise that on 19 February 2025, I 'disclaimed' my audit opinions on these accounts. This is a highly unusual position whereby I am stating that I am unable to provide either a 'true and fair' or 'regularity' opinion on the accounts as I have been unable to obtain sufficient, appropriate evidence over material assets. Unfortunately, this inability to obtain sufficient, appropriate evidence applied to multiple connected parts of the accounts. Consequently, the impact is so significant and pervasive in the context of SDWP's accounts that I am unable to give an opinion at all.

SDWP Ltd, which operates under the trading name *Industry Wales*, is a company wholly owned by the Welsh Government. It is not a large organisation, having expenditure in 2023-24 of around £1.1 million.

I attach the signed accounts for information which contain the disclaimer statements on page 5.

I am copying this letter to Peredur Owen Griffiths MS, Chair of the Finance Committee.

Yours sincerely

ADRIAN CROMPTON
Auditor General for Wales

SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED

Company Limited by Guarantee

Directors' Report and Audited Accounts

for the year ended 31 March 2024

Company No: 08379693

SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED
Company Limited by Guarantee

Accounts for the year ended 31 March 2024

SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED
Company Limited by Guarantee

General Information

Directors	Dr JT Baxter Prof T Crick Mr J Davies Ms C Lewis Dr H Miah Prof K Ridgway Mr H G Watkins
Registered office	Waterton Centre Waterton Industrial Estate Bridgend CF31 3WT
Registered number	08379693
Auditor	The Auditor General for Wales 1 Capital Quarter Tyndall Street Cardiff CF10 4BZ
Bankers	Barclays Bank Plc 73 Holton Road Barry CF6 6SU

SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED
Company Limited by Guarantee

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 31 March 2024.

DIRECTORS
The directors who served during the year and subsequently were as follows:

Dr JT Baxter
Prof T Crick
Mr J Davies
Ms C Lewis
Dr H Miah
Prof K Ridgway
Mr HG Watkins

DIRECTORS' REPORT (ctd)
for the year ended 31 March 2024

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year.
Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affaires of the company and of the profit or loss of the company for that period.

In preparing these accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

Under paragraph 18(1) of Schedule 8 to the Government of Wales Act 2006, the Welsh Ministers have appointed the Auditor General for Wales as auditor.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and

- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DIRECTORS' REPORT (ctd)
for the year ended 31 March 2024

SMALL COMPANY PROVISIONS

This report was approved by the board on 17 February 2025 and has been prepared in accordance with the small companies regime of the Companies Act 2006.

By order of the board

Dr JT Baxter
Director

SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED
Company Limited by Guarantee

INDEPENDENT AUDITOR'S REPORT to the member of Sector Development Wales Partnership Limited

Disclaimer of Opinion

I was appointed to audit the financial statements of Sector Development Wales Partnership Ltd (SDWP Ltd) for the year ended 31 March 2024, which comprise the Income and Expenditure Account, the Balance Sheet and the related notes, including a summary of material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I do not express an opinion on the financial statements of the SDWP Ltd. Because of the significance of the matter described in the 'Basis for Disclaimer of Opinions' section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Disclaimer of Opinion on Regularity

I do not express a regularity opinion on the financial statements of the SDWP Ltd.

Because of the significance of the matter described in the 'Basis for Disclaimer of Opinions' section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for a regularity opinion on these financial statements.

Basis for Disclaimer of Opinions

The balance sheet and Note 4 to the accounts, disclose Fixed Assets assets to the value of £1,053,967 which are based upon costs to date.

The majority of this balance is associated with a single asset (a packing line), currently valued at £836,000. This is not yet operational but there are indications it may have a significantly impaired value. Furthermore, for the remaining balance of Fixed Assets (£217,967), a lack of robust record keeping and accounting controls mean I have not been able to obtain the assurances I require to valuation or rights and obligations.

I have therefore been unable to obtain sufficient appropriate evidence to support the Fixed Asset balance disclosed in the financial statements.

My report, which follows on pages 7-8 provides further details of this disclaimer.

Responsibilities of the directors for the financial statements
As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for:
- maintaining proper accounting records;

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- ensuring the regularity of financial transactions;

- internal controls as the directors determine is necessary to enable the prepataion of financial statements to be free from material misstatement, whether due to fraud or error;

- assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors anticipate that the services provided by the company will not continue to be provided in the fuure.

Auditor's responsibilities for the audit of the financial statements and annual report
My responsibility is to conduct an audit and report on the financial statements in accordance with the Companies Act 2006.

My responsibilities also include reading the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

However, because of the matters described in the 'Basis for Disclaimer of Opinions' section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion or a regularity opinion on the financial statements. Nor was I able to consider information contained with the annual report.

My staff and I are independent of the Company and its directors in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

My report, which follows on pages 7-8 provides further detail of reasons why I have not been able to give an opinion or a regularity opinion on the financial statements.

Adrian Crompton
Auditor General for Wales
Date: 19 February 2025

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED
Company Limited by Guarantee

Auditor General's report to the Board of Sector Development Wales Partnership Limited

Introduction
I am reporting on these financial statements for the year ended 31 March 2024 to draw attention to:

- my disclaimer stating that I am unable to give either a 'true and fair' or 'regularity' opinion on these financial statements, as I have been unable to obtain the assurances I require relating to valuation or rights and obligations of the Fixed Assets disclosed in the balance sheet.

- my qualification on previous years 'regularity' opinion due to the failure to follow public procurement regulations.

Why I am unable to give opinions on these accounts
The balance sheet (and Note 4) of the financial statements disclose Fixed Assets to the value of £1,053,967 which are based upon costs to date.

£836,000 of this balance is associated with a single asset (an automated packing line development). I am informed that it is not yet fully operational.

When it becomes operational its value to SDWP Ltd is unclear. From discussion with management, I believe it is likely that the actual value of the packing line will be materially impaired. No impairment review had been undertaken, and I have not been provided with a reliable estimate of any possible impairment.

Furthermore, for the remaining balance of £217,967 I have not been able to obtain the assurances I require relating to valuation or rights and obligations.

Given the values and uncertainty involved, my view is that these uncertainties are pervasive to the financial statements as a whole and consequently I am unable to form an opinion on them.

As a consequence, I was unable to complete the work I was appointed to undertake and have not been able to express a view on the regularity of the transactions in the accounts.

Failure to follow Public Sector Procurement Rules

In 2021-22, Welsh Government awarded Sector Development Wales Partnership Ltd (SDWP Ltd) funding of £1.3 million in relation to a Business Innovation and Tourism Escalator Scheme. As part of this project, SDWP Ltd entered into a contract with EBS Automation to provide an automated decorating, cutting and packing line. The contract was valued at £830,820 incuding VAT.

SDWP Ltd maintain they selected EBS Automation as the contractor to supply, develop, manufacture, and install the packing line, based upon an assessment of their experience and track record within the food and drink manufacturing sector and their work on other related projects. To assess EBS Automation's competitiveness, SDWP Ltd carried out a market comparison for key parts of the packing line against three other international companies, with EBS Automation ranked second in price.

The award of the contract was approved by SDWP Ltd's Board on 21 February 2022, and the selection of the contractor was approved by Welsh Government on 16 March 2022.

As required by Managing Welsh Public Money paragraph A4 5.11 public sector organisations are responsible for ensuring that they comply with the law on procurement. The Welsh Procurement Policy Note 03/20 Post EU Transistion Public Procurement including Find a Tender Service (FTS) applies to "all contracting authorities in Wales, including Welsh Government departments, NHS Wales bodies, Welsh Government Sponsored Bodies, local authorities and the wider public sector" and should be complied with when purchasing goods and services over a certain value. From 1 January 2022 the threshold for goods and services is £213,477. SDWP Ltd did not consider the Welsh Procurement Policy Note when procuring the packing line, and therefore have not complied with public sector procurement regulations.

Expenditure on the packing line totalled £956,000 in 2022-23 and £81,541 in 2023-24 and I consider £829,000 of this to be "irregular". Consequently, I qualified my 'regularity' opinion in 2022-23.

As described above in "Why I am unable to give an opinion on the accounts", for 2023-24 I have issued a disclaimer on my opinion and am therefore not issuing a regularity opinion.

Adrian Crompton
Auditor General for Wales
Date: 20 February 2025

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED
Company Limited by Guarantee

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2024

	Note	2024 £	2023 £
INCOME	2	1,094,949	1,163,229
Direct expenses		720,565	831,258
GROSS SURPLUS		374,384	331,971
Administrative expenses		419,140	327,016
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR	3	-44,756	4,955

SECTOR DEVELOPMENT WALES PARTNERSHIP LIMITED
Company Limited by Guarantee

BALANCE SHEET
as at 31 March 2024

	Note	£	2024 £	£	2023 £
FIXED ASSETS					
Tangible fixed assets	4		1,059,622		964,741
CURRENT ASSETS					
Debtors	5	47,521		170,574	
Cash at bank		53,517		18,242	
		101,038		188,816	
CREDITORS:Amounts falling due within one year	6	1,195,407		1,143,548	
NET CURRENT ASSETS			-1,094,369		-954,732
TOTAL ASSETS LESS CURRENT LIABILITIES			-34,747		10,009
RESERVES					
Income and expenditure account			-34,747		10,009
MEMBERS' FUNDS			-34,747		10,009

For the year ending 31 March 2024 the company was entitled to exemption from the requirements of Part 16 of the Companies Act 2006 under section 482 of this Act (non profit making companies subject to public sector audit).

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime of the Companies Act 2006 and with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements were approved by the board of directors on 17 February 2025
and were signed on its behalf by:

J Baxter.

Dr JT Baxter
Director

NOTES TO THE ACCOUNTS
for the year ended 31 March 2024

1 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost accounting rules and in accordance with United Kingdom accounting standards including the small entities regime (Section 1A) of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Non- consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group which is under the control of the Welsh Government. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts. These accounts therefore cover the individual company only.

The Welsh Government, which itself draws up consolidated financial statements, can be contacted at Cathays Park, Cardiff CF10 3NQ.

Public benefit entity

The company is a public benefit entity.

Income

The income shown in the income and expenditure account mainly represents grant funding receivable during the period and relates to the principal activity of the company which is that of a public service body. It also includes sales income earned from the rendering of services. The revenue associated with the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract cost. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost or valuation of its tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	- 3 years
Office equipment	- 3 years
Plant & equipment	- 5 years

NOTES TO THE FINANCIAL STATEMENTS (ctd.)
for the year ended 31 March 2024

2 INCOME

	2024	2023
	£	£
Grant income	1,070,013	1,104,631
Other income	9,286	56,598
Sales income	15,650	2,000
	1,094,949	1,163,229

3 DEFICIT FOR THE FINANCIAL YEAR

Deficit for the year is stated after charging:

	2024	2023
	£	£
Auditor's fees	30,374	7,094
Directors' remuneration	125,436	120,767

4 FIXED ASSETS

	Assets under construction	Computer equipment	Office equipment	TOTAL
COST	£	£	£	£
At 1 April 2023	956,259	13,466	5,088	974,813
Additions	97,708	1,424		99,132
At 31 March 2024	1,053,967	14,890	5,088	1,073,945
DEPRECIATION				
At 1 April 2023	-	10,072	-	10,072
Charge for the year	-	2,555	1,696	4,251
At 31 March 2024	-	12,627	1,696	14,323
NET BOOK VALUE				
At 31 March 2024	1,053,967	2,263	3,392	1,059,622
At 31 March 2023	956,259	3,394	5,088	964,741

5 DEBTORS	2024	2023
	£	£
Trade debtors	10,000	-
Other debtors	33,267	153,637
Prepayments	4,254	16,937
	47,521	170,574

6 CREDITORS:Amounts falling due within one year	2024	2023
	£	£
Trade creditors	8,006	16,584
Capital grant	1,057,360	961,347
Accruals and deferred income	117,596	165,617
Other taxes and social security costs	12,445	-
	1,195,407	1,143,548

The capital grant will be recognised in the income and expenditire account over the useful economic life of the asset.

Other creditors and accruals include outstanding pension contributions of £117 (2023: £3,046).
There are no secured creditors (2023: £nil).

7 EMPLOYEE NUMBERS	2024	2023
The average number of persons employed by the company was	3.8	3.5

8 RELATED PARTY TRANSACTIONS

Sector Development Wales Partnership Ltd. is controlled by the Welsh Government, which is the sole member of the company. During 2023-24, Sector Development Wales Partnership received core grant funding of £909,405 (2022-23: £964,400) from the Welsh Government. At the year end, £nil (2022-23: £151,637) was outstanding in respect of this funding.

Sector Development Wales Partnership Ltd. is the sole member of its four subsidiary companies, the Welsh Automotive Forum, Aerospace Wales Forum , the ESTnet Ltd and Net Zero Industry Wales Ltd.

8 RELATED PARTY TRANSACTIONS (ctd.)

Aggregate capital and reserves	**2024**	**Restated 2023**
	£	**£**
Welsh Automotive Forum Ltd	230,353	203,745
Aerospace Wales Forum Ltd	159,901	105,506
ESTnet Ltd	163,540	105,163
Net Zero Industry Wales Ltd	33,491	-

Surplus/(Deficit) for the year	**2024**	**2023**
	£	**£**
Welsh Automotive Forum Ltd	26,608	72,315
Aerospace Wales Forum Ltd	54,395	-127,928
ESTnet Ltd	58,377	45,905
Net Zero Industry Wales Ltd	33,491	-

During the year, Sector Development Wales Partnership Ltd provided funding of £175,850, £142,155 , £145,800 and £174,000 to the Welsh Automotive Forum, Aerospace Wales Forum, ESTnet Ltd and Net Zero Industry Wales Ltd.
Balances owing at the year end were £36,945 to the Welsh Automotive Forum, £35,655 to Aerospace Wales Forum and £17,828 to ESTnet Ltd. These were all paid in entirety in April 2024.

9 ADDITIONAL INFORMATION

The company has no share capital as it is limited by guarantee.

Its registered number is 08379693.

The company is registered in England and Wales and its registered office is:-

Waterton Centre
Waterton Industrial Estate
Bridgend
CF31 3WT

Response to Finance Committee's Scrutiny of the Welsh Government's Draft Budget 2025-26

Cabinet Secretary for Finance and Welsh Language

The Welsh Government published its Draft Budget 2025-26 on 10 December 2024.

On 3 February 2025, the Finance Committee published its report on the Draft Budget 2025-26, making 39 recommendations. 37 of these were for the Welsh Government and 2 were for the Office for Budget Responsibility.

This document sets out the Welsh Government's response to those recommendations.

Contents

Introduction

I thank the members of the Senedd Finance Committee for their work on scrutinising the Welsh Government's Draft Budget. I was pleased to attend meetings of the Committee on 12 December 2024 and 23 January 2025 to discuss the Draft Budget and to support the Finance Committee's work in this area.

The report of the Committee, and those of other Senedd Committees, have informed the development of the Final Budget 2025-26 which was published on 20 February 2025. I am grateful for the contribution that has been made to ensuring that the Final Budget delivers for the people of Wales, which enables us to make the best possible use of the funding available.

I have set out my response to the Report's individual recommendations below, building on the evidence I provided during these meetings. Furthermore, I have asked my officials to continue their engagement with the Clerk to the Finance Committee to ensure the Committee is updated on progress related to these recommendations.

1. Budget Process

Recommendation 1. The Committee recommends that if, as expected, the timetable for scrutinising the Draft Budget is curtailed for the 2026-27 budget round:

- the Cabinet Secretary and his officials continue to attend a pre-budget scrutiny session with the Finance Committee; and

- the Cabinet Secretary works with the Finance Committee to identify ways in which scrutiny opportunities can be enhanced in the Senedd.

Response: Accept

The work of the Senedd in scrutinising the Welsh Government's spending plans is an essential part of developing the Draft and Final Budgets. I am therefore keen to ensure that we make the best use of the time available for the 2026-27 budget round. I am happy to continue to attend a pre-budget scrutiny session with my officials as part of this. I welcome the work the Finance Committee is doing to enhance the scrutiny process and thank the Committee for its offer to involve the Welsh Government in these plans. I have asked my officials to work with the Clerk to the Committee to progress this.

Recommendation 2. The Committee recommends that the Cabinet Secretary:

- outlines his views on proposed changes to the Budget Process Protocol before the beginning of the next financial year; and

- works with Senedd officials to develop key principles as a basis for a fundamental redrawing of the protocol ahead of the next budget round.

Response: Accept in principle

I am grateful to the Committee for its proposed changes to the Budget Process Protocol. Whilst I support a review and I am open to changing our ways of working, it remains my view that it is not the right point in the Senedd cycle to agree a fundamental redrawing of the Protocol. It will be for future elected members, especially in light of the planned reforms to the Senedd and the increase in the number of Senedd Members in 2026 to agree their preferred outcomes for the future. These changes may well result in alterations to the scrutiny process, including in the number of Senedd committees, their responsibilities, and how many members will sit on them.

This forthcoming change does not, however, prevent us from making improvements now. We have already been able to work together to facilitate the budget process without changes to the Protocol or to Standing Orders and I am keen to continue this approach, making only essential changes to the Protocol in advance to the next Senedd. I propose that officials work together fully to consider the proposed changes in this light.

Recommendation 3. The Committee recommends that the Cabinet Secretary provides dates and details of:

- the UK Government Spending Review and the Welsh Government's involvement in that process; and
- the Welsh Government's own Spending Review, including when the outcomes of the review will be known and how the Senedd can inform that process.

Response: Accept

The Chancellor of the Exchequer announced that the UK Government Spending Review will conclude on 11 June.

I continue to engage with the UK Government through the usual channels. Most recently, I met the Chief Secretary to the Treasury with the other Devolved Government Finance Ministers at the Finance: Interministerial Standing Committee on 27 February, in addition to a bilateral meeting to discuss Wales-specific issues.

The Prif Weinidog met the Chancellor of the Exchequer on 12 February, during which they touched on aspects of the UK Spending Review. Where appropriate, the Prif Weinidog and I correspond with relevant UK Ministers on specific Spending Review-related matters.

I would expect that the initial Welsh Spending Review work begin to impact in the 2026-27 Budget. It is important to recognise however, that the Welsh Spending Review takes a longer-term, strategic approach rather than being governed by annual budget cycles. I am committed to engaging with the Finance Committee on this work. A further response on the Welsh Spending Review is included under recommendation 9.

2. Economic Context

Recommendation 4. The Committee recommends that the Cabinet Secretary explains how capital funding has changed between the 2024-25 and 2025-26 financial years, broken down by portfolio and type of investment, and that such an approach is adopted in future Budget rounds.

Response: Accept

Capital allocations are outlined throughout the annual budget documentation, broken down by portfolio or Main Expenditure Group (MEG), Budget Expenditure Line (BEL) and Investment Area. They are categorised into various types of investment, such as the split between the General Capital and the Financial Transactions Capital (FTC).

In the 2025-26 Draft Budget, FTC has been further broken down into schemes, details of which can be found in Tab 8 of the Tables Supporting Spending Plans workbook. Tables mapping MEG allocations, further broken down to Budget Expenditure Line (BEL) level, and to Sectors and Investment Areas are to be found in the same workbook at Tab 9. A table mapping capital budget allocations to Investment Areas and Sectors has been provided since the Final Budget 2022-23 enabling comparison over time. Year on year changes to capital investment by portfolio are shown in Tab 11a. Further information was also provided to the Finance Committee to enable comparison with the 2023-24 outturn.

More detailed information on capital investments is included in the Infrastructure Finance Plan 2025-26.

Recommendation 5. The Committee recommends that the Cabinet Secretary includes a comparison of outturn figures from the previous financial years against the proposed figures for the forthcoming year, as part of the Draft Budget documentation from the next budget round onwards.

Response: Accept

I am content to provide a comparison of outturn figures from the previous financial years against the proposed figures for the forthcoming year alongside the Draft Budget. Following the discussion at the Finance Committee on 12 December, I wrote providing a comparison of the outturn figures from 2023-24 against the proposed figures for 2025-26 and the revised baseline for 2024-25. I will ensure that this information is provided in future years. Provisional outturn may be provided where publication of the Draft Budget is before the previous year's accounts have been audited.

Recommendation 6. The Committee recommends that the Cabinet Secretary publishes the latest block grant transparency data before the Final Budget debate and at regular intervals thereafter.

Recommendation 7. The Committee recommends that the Cabinet Secretary shares information provided by the Treasury to the Welsh Government showing Barnett consequentials with the Senedd soon after each UK fiscal event.

Response: Accept in principle

A summary of Barnett formula consequentials for 2025-26 arising from the Autumn 2024 UK Budget is provided below. The total Barnett formula consequentials for 2025-26 are different from the year-on-year changes in the Welsh Government's resource and general capital settlements of £697m and £235m, as reported in the Draft Budget narrative. This is because the latter takes account of baseline and non-Barnett funding changes between years.

2025-26 Barnett formula consequentials from October 2024 UK Budget (£m)

	Fiscal Resource	General Capital	Financial Transactions Capital
Health and Social Care	512	54	0
Education	218	31	6
DLUHC Local Government	137	0	0
DLUHC Levelling Up, Housing and Communities	-32	85	-7
Energy Security and Net Zero	3	41	-4
HM Revenue and Customs	2	1	0
Home Office	0	0	0
Science, Innovation and Technology	0	8	0
Transport	-2	35	0
Culture, Media and Sport	-5	2	0
Environment, Food and Rural Affairs	-12	-1	0
Business Rates	-83	0	0
TOTALS	737	258	-5

Where possible, the Welsh Government will provide this information to the Finance Committee following future major UK Government fiscal events.

The block grant transparency document is an HMT publication. It is for the UK Government to publish updates, with the next one expected later this year. The Welsh Government does not hold all the detail in the format used for that publication and would not wish to replicate the work behind it. This will be kept under review if there are continuing delays to the HMT publication. In the meantime, the Draft Budget

documents contain considerable detail on the financing of the Welsh Government's Budget - including the block grant, tax revenues, and block grant adjustments.

Recommendation 8. The Committee recommends that the Cabinet Secretary works with the UK Government to ensure that issues with the Fiscal Framework regarding uprating borrowing and limits on the Wales Reserve to original real terms value; and removing the annual drawdown limit from the Wales Reserve are resolved before the end of the 2025-26 financial year and that an update is provided to the Committee on progress by the summer recess.

Response: Accept

The Prif Weinidog and I have had collaborative discussions with UK Ministers, including the Chancellor of the Exchequer, where we continue to press for further fiscal flexibilities. We have requested agreement to update the Welsh Government borrowing and reserve limits from 2018-19 to 2024-25 prices, in line with the latest Budget GDP deflators, and to index these to inflation thereafter. We have also asked for the Welsh Government annual reserve draw-down limit to be abolished.

I raised this issue with the Chief Secretary to the Treasury at our latest bilateral meeting on 27 February and will continue to raise this in future bilateral meetings if necessary. In addition to these changes, there is also a strong case for bigger increases to the annual and aggregate limits on access to capital borrowing, so they are at least in line with inflation, with the aim of providing sufficient flexibility to allow prudent budgetary management from one financial year to the next, in order to maximise the funding available to the Welsh Government.

I raised the wider issue of late UK Government allocations and end of year budget flexibilities alongside the Finance Ministers from Scotland and Northern Ireland at the Finance: Interministerial Standing Committee (F:ISC) in Cardiff on 27 February. This will be further considered as a substantive item at future meetings of the F:ISC.

The UK Government have responsibility for making decisions in this area but I will keep the Finance Committee informed of progress.

Recommendation 9. The Committee recommends that the Welsh Government provides details and timescales relating to the Welsh Spending Review, including details of documents and outputs, and commits to lay such documents before the Senedd ahead of the Draft Budget 2026-27 to allow time for Senedd committees to meaningfully inform and influence its outcomes.

Response: Accept in principle

It is important to recognise that the Welsh Spending Review is not intended to be a single episode, but rather a shift towards embedding a continuous and strategic approach to longer-term fiscal planning which will provide the best defence possible against the challenging fiscal outlook for public finances. There is no intention therefore, to conclude the work on a particular date or publish a specific report or set of documents. The outcomes of the Welsh Spending Review work are intended to feed into

future government policy and budgetary decisions, which will be published and scrutinised in their own right.

This longer term work will not replace the annual Budget process and the Senedd and its Committees will continue to inform and scrutinise this in the usual way.

The longer-term impacts of the work will extend beyond this Senedd term.

I am committed to engaging with the Finance Committee on Welsh Spending Review work and I have asked my officials to discuss with the Committee Clerk on how best to do this.

Recommendation 10. The Committee recommends that the Cabinet Secretary provides an update, as a matter of urgency and before the Final Budget debate, on funding the Welsh Government will receive from the Treasury to mitigate the impact of the increase in employer National Insurance Contributions on public services.

Response: Accept in principle

National Insurance is a reserved matter. The UK Government has confirmed it will provide funding to public sector employers to cover the increased costs of employer National Insurance Contributions using the official ONS definition of a public sector employer. Our initial estimate of the additional National Insurance costs to devolved public sector employers in Wales is £253m.

Whilst the UK Government has confirmed that the Welsh Government will receive additional funding as a result of this support, we have not yet had confirmation of how much additional funding Wales will receive. I will update the Senedd as soon as I can after receiving this confirmation.

Recommendation 11. The Committee recommends that the Cabinet Secretary undertakes an assessment of the impact that increasing employer National Insurance Contributions will have on third sector organisations in Wales, and for such information to be made publicly available ahead of the Final Budget debate.

Response: As I outlined when I attended the Finance Committee, my responsibilities as Finance Minister are to make decisions on overall spending levels, to agree with my colleagues the major spending blocks and the allocations to each department, making sure we maximise the amount of resource that is available to us. It is for my Cabinet colleagues to make decisions on how to spend the funding available to them within their area of responsibility, as they are closer to the issues and will be engaging with partners in their sectors. The Draft Budget provided significant uplifts of funding to every area of the Welsh Government to enable my colleagues to invest in their areas of responsibility and to make the spending decisions which deliver the most for the people of Wales.

Overall responsibility for the third sector in Wales falls to the Cabinet Secretary for Social Justice, Trefnydd and Chief Whip. I have brought this recommendation to her attention for consideration.

Recommendation 12. The Committee recommends that the Cabinet Secretary ensures that any additional funding provided by the UK Government to make up for the increase to employer National Insurance Contributions is distributed to local authorities based on calculations of additional costs as a result of the change.

Response: Accept

I have repeatedly committed to passing any additional funding provided to the Welsh Government in relation to increased employer National Insurance Contributions costs to those public sector bodies affected, including local authorities.

I will keep the Senedd updated on progress in this matter.

Recommendation 13. The Committee recommends that the Welsh Government works with local authorities and the public sector to understand how commissioned services are impacted by the increase in National Insurance Contributions and considers the most appropriate method of distributing funds to mitigate the financial impact.

Response: Accept in principle

National Insurance is a reserved matter for the UK Government. The Draft Budget includes significant uplifts in funding to all areas of the Welsh Government and maximises the allocation of the funding we have available to us.

The UK Government has confirmed it will provide funding to public sector employers to cover the increased costs of employer National Insurance contributions. It will use the official ONS definition of a public sector employer. However, we have not yet had confirmation of how much additional funding Wales will receive.

We expect to receive the additional funding in late spring and are working with HM Treasury to clarify the details and the level of support that will be provided.

As I said during the Draft Budget debate on 4 February, once we know the additional funding we will receive from the UK Government I will ensure that it is passed immediately to those public service employers which come under the ONS definition.

3. Taxation, Forecasts and Other Fiscal Levers

Recommendation 14. The Committee recommends that the Cabinet Secretary provides a narrative around how the impacts of key long term financial risks such as climate change, demographic and health trends are being addressed in the short, medium and long term, to enable Senedd committees to consider this approach before the Draft Budget for 2026-27 is published.

Response: Accept in principle

The Well-being of Future Generations' Future Trends Report draws together a range of information on the big trends and drivers that are likely to shape Wales' future in the long term. It includes trends linked to the five ways of working that make up the sustainable development principle and the seven well-being goals as well as an insight into trends covering public finances.

The Wales Economic and Fiscal Report (WEFR) 2024 published alongside the Draft Budget includes material on longer term fiscal risks and demographic trends, together with longer term prospects for the Welsh Government's budget.

The Welsh Government's annual budget primarily relates to the year ahead so does not deal directly with longer term risks and trends, although we have used the well-being goals and national indicators and milestones to shape and inform the budget decisions. The Welsh Spending Review process is designed to take account of longer-term issues, creating a shift towards embedding a continuous and strategic approach to longer-term fiscal planning. This approach aims to enhance the budget process, including scrutiny, by considering an evidence based preventative approach to some of the key fiscal challenges we face.

Recommendation 15. The Committee recommends that the Office for Budget Responsibility, as part of the redesign of their Wales Taxes Outlook publication, prioritises improving its analysis of the relative growth and performance of the Welsh taxbase and tax incomes compared to the UK in their Welsh tax outputs.

Recommendation 16. The Committee recommends that the Office for Budget Responsibility provides an update on its work to understand the impact that freezing income tax thresholds will have on the proportion of income tax raised in Wales, ahead of the 2026-27 budget round

Response: These recommendations are for the Office for Budget Responsibility. We will ask them to consider these recommendations.

Recommendation 17. The Committee recommends that the Cabinet Secretary provides an update on the outcome of discussions it has had with the Office for National Statistics and the Office for Budget Responsibility on steps taken to mitigate the loss of key data and its impact on Welsh forecasts.

Response: Accept

The Welsh Government is in close contact with the Office for National Statistics (ONS)regarding developments in statistical data sources. There have been well publicised issues with labour market statistics in recent years, particularly with the quality of data from the Labour Force Survey (LFS) and the speed of development of its successor survey – the transformed LFS. The Welsh Government is working with the ONS to address those concerns and in the meantime is disseminating data from a range of sources to provide the best available information on the labour market in Wales.

Welsh Government officials hold frequent meetings with the OBR on forecast methodologies and available data sources. The LFS is an important input to the OBR's macroeconomic forecast, however the devolved tax forecasts do not draw directly on LFS information. The forecast for the Welsh Rates of Income Tax utilises the latest monthly Real Time Information from HMRC Pay As You Earn sources to inform the starting point for the medium term revenue forecast. This is an administrative data source and is not subject to the same issues as survey-based information.

Recommendation 18. The Committee recommends that the Cabinet Secretary provides details of any assessments it has made of the likely impact of its plans to increase capital investment significantly in 2025-26 and how this may impact on capacity for private sector investment in Wales, both positively and negatively.

Response: Accept

The documentation published alongside the Draft Budget illustrates how capital budgets are to be used and their impacts. This includes the Infrastructure Finance Plan, the Draft Budget Narrative, Strategic Integrated Impact Assessment, and individual evidence papers from individual Cabinet Secretaries regarding their own spending plans.

Strategic public investment acts to crowd in investment from private sources. The £575m additional capital allocated through our Draft Budget 2025-26 is intended to do that: stimulating private companies in the construction industry, taking forward our ambitions for the renewable energy economy of the future, and paving the way for the Investment Summit which the First Minister will lead later this year.

The significant additional capital allocation to the Health and Social Care (HSC) MEG, for example, reflects the priority we place on improving the performance of the NHS in Wales. This funding will be for maintenance and improvement of the NHS Wales estate, such as ongoing refurbishment of Prince Charles Hospital in Merthyr Tydfil and the completion of the orthopaedic hub development at Llandudno Hospital. The funding will also be invested in the latest digital technologies, as well as the availability of fit for purpose, modern, reliable equipment. The capital allocations will have a significant beneficial impact on patients, staff and visitors through transformation of services and increasing planned procedures.

We take account of the current landscape in terms of private sector investment when considering how to allocate capital funding. Through the Draft Budget, the RSL Development Loans scheme, a key mechanism for delivering more homes for social rent

was extended for one year. This is in recognition of the current market failure due to the housing sector facing several difficult challenges including significant tender increases due to material cost rises and contractors pricing in higher risk, rising inflation and interest rates and higher bad debt and void rates. Our investment will provide a boost to the housebuilding industry and development supply chain, with new developments incorporating additional green features, such as renewable energy sources to help respond to our changing climate. For those who already own their own homes, we are investing to help retrofit and decarbonise their homes by funding heat pumps and solar panels.

4. Narrative and Strategic Approach

Recommendation 19. The Committee recommends that the Cabinet Secretary explains how the Draft Budget is moving money to support preventative measures, broken down for each Main Expenditure Group, and that this is provided ahead of the Final Budget debate.

Recommendation 20. The Committee recommends that the Cabinet Secretary works with the Future Generations Commissioner to agree an updated definition of what is meant by preventative spend, for inclusion in the Draft Budget narrative for 2026-27 and that an update on these discussions is provided by the summer recess.

Response: Accept in principle

The Welsh Government is committed to a preventive approach in its budget processes and spending plans. I agree that it is essential we have a commonly understood, clear definition of what is meant by preventative spend as a first step towards achieving these recommendations.

When I attended the Finance Committee on both 12 December and 23 January, we discussed this matter in some detail and I am grateful to the Finance Committee for the constructive approach on this issue to date. I would welcome continued dialogue with the Committee as well as with the Future Generations Commissioner to identify and agree what actions and which elements of funding should be deemed as preventative.

In developing an updated definition, we remain committed to working closely with the Budget Improvement and Impact Advisory Group to improve how we apply and reflect the Well-being of Future Generations Act within our preparation for Draft Budgets.

Further embedding a preventative approach will also be key to the Welsh Spending Review. The approach will consider the totality of the funding that is available to the Welsh Government, not just the block grant, and will enable us to consider all fiscal levers available to make up the overall spending envelope.

Recommendation 21. The Committee recommends that the Cabinet Secretary works with the Future Generations Commissioner to review its Strategic Integrated Impact Assessment to ensure it accurately reflects the ways of working outlined in the Well-being of Future Generations (Wales) Act 2015 and provides an update on those discussions ahead of the summer recess.

Response: Accept

Our Strategic Integrated Impact Assessment (SIIA) is a key tool in identifying and addressing the strategic and cumulative impacts of decisions made in throughout the budget process. A review of the SIIA is currently underway and I expect it to conclude later this year.

I have already invited the Future Generations Commissioner's office, along with all other members of the Budget Improvement and Impact Advisory Group, to contribute to this

review to ensure that the SIIA accurately reflects the ways of working outlined in the Well-being of Future Generations Act 2015.

Recommendation 22. The Committee recommends that the Cabinet Secretary evaluates the documents it produces to assess the impact of the budget, to make it as straightforward as possible for stakeholders to identify how budgetary decisions align with the Welsh Government's aims.

Response: Accept

The Welsh Government is committed to continuing improving the documentation it publishes as part of the budget process.

In December we published a comprehensive suite of documents as part of the Draft Budget which provided a detailed account of the Welsh Government's decisions and how they align with our aims and our ambitions. This information serves a wide range of people, and so it is important that we continuously evaluate the way we present information on our budgetary decisions to ensure that we do so in the most appropriate and transparent way. We will continue to evaluate these and to make improvements wherever possible.

Recommendation 23. The Committee recommends that the Welsh Government publishes, as a matter of urgency, the results of the remaining gender budget pilots and works with stakeholders to reflect the results in future budget cycles.

Response: Accept

We are committed to publishing the key findings from the gender budgeting pilot schemes as soon as possible.

The Welsh Government is working to drive a better understanding of gender budgeting, building on the work with colleagues in the Equality and Human Rights Team and with the Wales Women's Budget Group (WWBG).

As part of our review of the SIIA, we will continue to engage with the Budget Improvement and Impact Advisory Group (BIIAG) as well as with other Governments including Iceland, Canada, Scotland and Northern Ireland to draw on experience and best practice from around the world. We have also engaged with key groups such as the Women's Equality Network in Wales and will be accelerating this engagement over the next few months and seeking wider views from across Wales.

Recommendation 24. The Committee recommends that the Cabinet Secretary establishes a Standing Committee on the Cost of Living and Poverty as a matter of urgency in order to ensure that support for those most in need is provided, and that an update on progress on this issue is provided by the summer recess.

Response: Responsibility for tackling poverty falls to the Cabinet Secretary for Social Justice, Trefnydd and Chief Whip. I have brought this recommendation to her attention for consideration.

Recommendation 25. We recommend that the Cabinet Secretary provides details of where and when the Welsh Government's Baby Bundle scheme will be rolled out, and if they are not provided universally across Wales, to explain the reasons for this, and for such information to be provided ahead of the Final Budget debate.

Response: Responsibility for the Baby Bundle scheme falls to the Minister for Children and Social Care. I have brought this recommendation to her attention for consideration.

Recommendation 26. The Committee recommends that the Cabinet Secretary:

- confirms the costs associated with the roll out of Phase 3 of Flying Start;
- issues an update on the proposed full roll out of the Flying Start programme, including the associated timeframes; and
- for these to be provided ahead of the Final Budget debate.

Response: Responsibility for Flying Start falls to the Minister for Children and Social Care. I have brought this recommendation to her attention for consideration.

Recommendation 27. The Committee recommends that the Cabinet Secretary works with support and charitable organisations, including those bodies representing older people, to ensure that those who are eligible to receive financial support in lieu of the Winter Fuel Payments are able to do so.

Response: Responsibility for tackling poverty falls to the Cabinet Secretary for Social Justice, Trefnydd and Chief Whip. I have brought this recommendation to her attention for consideration.

5. Budget Priorities

Recommendation 28. The Committee recommends that the Cabinet Secretary explains how the allocations in the Draft Budget will address the increased demand for social care and outlines the actions the Welsh Government will take, as a matter of urgency, to address the social care funding model to ensure its future resilience and provides an update to the Committee by the Final Budget debate.

Response: Responsibility for social care falls to the Minister for Children and Social Care. I have brought this recommendation to her attention for consideration.

Recommendation 29. The Committee recommends that the Cabinet Secretary provides an update to the Committee on any additional funding the Welsh Government will provide to the social care sector and for associated purposes, ahead of the Final Budget debate.

Response: Accept

I am pleased to be able to allocate an additional £30m of resource funding for the social care sector at Final Budget to target delayed hospital discharges and provide more care and support in local communities. This funding will be provided the Health and Social Care MEG (Main Expenditure Group) to local authorities through a Pathways of Care Transformation Grant to boost investment in community-based social care. It will support assessments and provide packages of care to ensure people can leave hospital when they are medically fit to do so, helping to reduce the level of delayed hospital discharges. It will also strengthen community-based care services.

Recommendation 30. Following the UK Government Spending Review, the Committee recommends the Cabinet Secretary provides local authorities with multi-year funding settlements, as a matter of urgency, to ensure greater financial stability and facilitate future planning.

Response: Accept in principle

I agree that ensuring greater financial stability for local authorities and other partners that we fund is a priority and we have always committed to provide longer-term budgets when possible. We welcome the UK Government's intention to provide us with multi-year settlements from 2026-27 onwards as this will allow us greater financial stability and the ability to plan further than a single year's budget.

Recommendation 31. The Committee recommends that the Cabinet Secretary considers a funding floor for local authorities in the Final Budget 2025-26 and provides the criteria used for deciding when, and at what level, to implement a funding floor.

Response: Accept

I am pleased to be able to allocate a further £8.24m through the local government settlement to ensure every local authority sees an increase in their funding of at least 3.8% compared to 2024-25, on a like for like basis. This floor is 1.5% higher than the previous year and supports nine authorities. Every authority will see a larger increase in 2025-26 than they did in 2024-2025.

The Cabinet Secretary for Housing and Local Government published the final local government revenue and capital settlement on 20 February, this includes the final Local Government Finance Report and additional tables containing details of the final settlement by individual authority.

Recommendation 32. The Committee recommends that the Cabinet Secretary provides further clarity on the protocol being developed between the Welsh Government and local authorities that would apply in circumstances of significant financial challenge, including timescales for implementation, by the Final Budget debate.

Response: Responsibility for local government falls to the Cabinet Secretary for Housing and Local Government. I have brought this recommendation to her attention for consideration.

Recommendation 33. The Committee recommends that the Welsh Government publishes the Local Health Board allocation letter for 2025-26 and NHS Wales Planning Framework for 2025-2028 before the Final Budget debate, and reiterates its recommendation that the Welsh Government should, as a matter of course, make this information publicly available each year at the same time it is issued to the sector to facilitate scrutiny of the Draft Budget.

Response: Responsibility for the NHS falls to the Cabinet Secretary for Health and Social Care. I have brought this recommendation to his attention for consideration.

Recommendation 34. The Committee recommends that the Cabinet Secretary:

- explains how the Welsh Government is assessing productivity across the Welsh public sector;
- explains how the capital allocations are linked to making revenue more efficient; and
- outlines the improvements it expects from public services in 2025-26 in return for the capital funding provided, and that this information is provided ahead of the Final Budget debate.

Response: Accept

When allocating significant increases in capital funding for 2025-26 I have emphasised the importance of using this funding to improve productivity and enable services and workforces to work more effectively. I anticipate significant enhancements in public services as a result of over £3 billion capital investments in 2025-26. For example, over £554 million in NHS Wales infrastructure and equipment is aimed at maintaining and addressing backlog as well as improving the efficiency of healthcare delivery. Through

upgrading buildings, digital infrastructure and medical equipment, we can reduce operational costs and enhance service delivery, ultimately leading to more efficient use of revenue.

Issues around the performance and productivity of Welsh public services is an area my Cabinet colleagues focus on continually. For example, improving performance in the NHS is one of our key priorities and the Cabinet Secretary for Health and Social Care has been clear with the NHS that current and additional investment needs to demonstrate value for money. The work of the NHS Value and Sustainability Board and that of the NHS Executive supports a range of activities directed at improvements in productivity, better outcomes, cost savings and reduced variation. A Ministerial Advisory Group is also currently reviewing how the NHS could ensure improved productivity and performance related to secondary care access, unscheduled care, planned care (including cancer) and diagnostics.

Similarly, in local government, funding to improve productivity is demonstrated by allocations to support digital innovation in local government. The Welsh Government provides ongoing core funding of £900,000 for the Local Government Chief Digital Officer and her team. In addition, last year over £1.3m was also provided for the Local Government Digital Transformation Fund and Digital Skills Fund to support digital transformation projects which solve shared problems. Funding for decarbonisation in the estate is also intended to drive savings over the medium and long term, which can be seen in an increase in funding for local authority estate decarbonisation from £20m to £30m for 2025-2026.

Recommendation 35. The Committee recommends that the Cabinet Secretary explains how the £40 million for the Digital Priorities Investment Fund within the Health and Social Care Main Expenditure Group was determined, how it will be allocated and how outcomes for this funding will be evaluated.

Response: Responsibility for funding within the Health and Social Care MEG falls to the Cabinet Secretary for Health and Social Care. I have brought this recommendation to his attention for consideration.

Recommendation 36. The Committee recommends the Cabinet Secretary provides assurances that the funding allocated in the Draft Budget to alleviate workforce pressures in the NHS and Social Care workforce is sufficient to address the recruitment and retention challenges being faced.

Response: Responsibility for the NHS and social care workforces falls to the Cabinet Secretary for Health and Social Care and the Minister for Children and Social Care. I have brought this recommendation to their attention for consideration.

Recommendation 37. The Committee recommends the Cabinet Secretary confirms whether the funding for the education and training of the NHS workforce reflects the Health Education and Improvement Education and Training Plan for 2025-26, with an

explanation if this is not the case together with an assessment of the potential consequences.

Response: Responsibility for the NHS falls to the Cabinet Secretary for Health and Social Care. I have brought this recommendation to his attention for consideration.

Recommendation 38. The Committee recommends that the Cabinet Secretary outlines how funding is being prioritised to support Additional Learning Needs in the Draft Budget, and the outcomes it expects this funding to achieve, ahead of the Final Budget debate.

Response: Responsibility for education falls to the Cabinet Secretary for Education. I have brought this recommendation to her attention for consideration.

Recommendation 39. The Committee recommends that the Cabinet Secretary provides an update on the assumptions used to derive allocations to Transport for Wales in the Draft Budget ahead of the Final Budget debate.

Response: Responsibility for Transport for Wales falls to the Cabinet Secretary for Transport and North Wales. I have brought this recommendation to his attention for consideration.

Lynne Neagle AS/MS
Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education

Llywodraeth Cymru
Welsh Government

Our ref MA/LN/0527/25

Peredur Owen Griffiths MS
Chair – Finance Committee

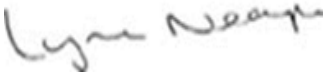
3 March 2025

Dear Peredur

Thank you for the Committee's report on the 2025-26 Welsh Government Draft Budget, published on the 3 February, outlining the recommendations for the Welsh Government.

I have agreed to provide a response on recommendation 38. Please find enclosed response to the recommendation, in advance of the vote on the Final Budget on 4 March.

Yours sincerely



Lynne Neagle AS/MS
Ysgrifennydd y Cabinet dros Addysg
Cabinet Secretary for Education

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
Gohebiaeth.Lynne.Neagle@llyw.cymru
Correspondence.Lynne.Neagle@gov.wales

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Welsh Government

Llywodraeth Cymru
Welsh Government

Welsh Government response to the Finance Committee

Scrutiny of the Welsh Government Draft Budget 2025-26 – Recommendation 38

Summary

This report sets out the Welsh Government response to recommendation 38 of the Finance Committee's Report on the Scrutiny of the Welsh Government Draft Budget 2025-26.

Contents

1. Introduction

The Welsh Government Draft Budget for 2025-26 was published on 10 December 2024. It set out revenue and capital spending plans for the period April 2025 to March 2026.

As part of the budgetary process written evidence was provided by the Cabinet Secretary for Finance and Welsh Language to inform scrutiny of the Draft Budget 2025-26. This paper provided information to the Finance Committee on budget allocations.

The Committee published its report on Scrutiny of the Welsh Government Draft Budget 2025-26 on 3 February. We thank the Committee for the report.

The Welsh Government has considered the Committee's report and responds to the recommendation 38 below.

2. Recommendation 38

The Committee recommends that the Cabinet Secretary outlines how funding is being prioritised to support Additional Learning Needs in the Draft Budget, and the outcomes it expects this funding to achieve, ahead of the Final Budget debate.

Response: Accept

Increased investment in Additional Learning Needs is prioritised in the Draft Budget. Through the following budget lines:

1. Funding for ALN is mainly provided to local authorities, through the un-hypothecated Revenue Support Grant (RSG), which we have continued to prioritise through an increase of £253m (4.3%) in 2025-26.
2. The 2025-26 draft budget includes an extra £2m to ALN programme costs increasing the budget to £5.597m to fund activities to improve national consistency and quality of delivery across Wales.
3. The 2025-26 draft budget increases the ALN grant directly allocated to local authorities and education settings, from £22m to £32m revenue, for 2025-26 within the education reform section of the LAEG.
4. The budget for Post 16 Specialist Placements will increase by £6m in 2025-26 bringing the total budget up to £19.885m in 2025-26.

<u>Local authorities and Schools</u>

Local authorities are responsible for ensuring there is suitable education for children and young people in their area. Also, together with schools and other bodies, they have specific responsibilities towards learners with Additional Learning Needs (ALN) under the ALN and Education Tribunal (Wales) Act and ALN Code for Wales.

Funding for ALN is mainly provided to local authorities, through the un-hypothecated Revenue Support Grant (RSG), which we have continued to prioritise through an increase of £253m (4.3%) in 2025-26.

On top of the funding through the RSG an extra £32m will be allocated through the LAEG, to increase capacity, enable implementation and increase provision to support ALN learners and the workforce.

The primary focus of the funding is based on the evidence and feedback from stakeholders of the growing demand and complexity in need of learners and will be used to:

- Increase and enable access to high quality additional learning provision for children and young people with ALN.
- It will also improve early planning identification of educational needs and deployment of the relevant workforce to support learners with ALN.
- It will also continue funding support costs associated with implementing and embedding the ALN system, maintain ALN processes including quality assurance and Person-Centred Practice (PCP) and support local authorities and schools to deliver their statutory duties under ALNET.

A summary of the ALN funding allocated via the LAEG in 2024-25 and 2025-26 is attached at annex A.

On 7 February I published the Review of School Funding Formula in Wales, which provides a summary of an in-depth analysis of local authority funding formulae across Wales. The aim of this analysis was to understand the complexities and decision-making processes in relation to school funding formulae. The published report includes recommendations that we will take forward to address the findings of the review, this includes a recommendation around ALN funding. This review and its recommendations will enable us to consider how the system can be

improved to make a fairer funding system across Wales, to enable more transparent, comparable and consistent funding across Welsh schools.

ALN programme costs

The budget includes £5.597m to deliver upon the ALN reform programme and increase of £2m for 25-26. This will enable delivery of a national support programme to improve national consistency and quality of delivery. Activities include developing additional guidance and information, sharing of effective practice as well as increasing the offer of professional learning to support upskilling the workforce. Alongside this we continue to fund National ALN leads to support our work on Welsh Language, Further Education and Health, train education psychologists, and deliver a comprehensive monitoring and evaluation programme.

Post 16 Specialist Placements

An additional £2.3m will support those learners over 16 who require access to independent specialist post-16 colleges. This reflects the increased costs and demand for placements for young people who could not otherwise receive education and training suitable to meet their needs, and the ongoing transfer of responsibility to local authorities. This, along with the non-recurrent budget of £3.7m to cover VAT on post-16 specialist placements in independent specialist colleges bringing the total budget to £19.885m in 25-26.

Annex A ALN LEAG Funding (all Wales) 2024-25 and 2025-26:

	FY 2024-25			FY 2025-26		
Purposes	Original Budget (£'000)	Additional Budget (£'000)	**Total Budget (£'000)**	Original Budget (£'000)	Additional Budget (£'000)	**Total Budget (£'000)**
ALN Provision - LAs	£9,100	£10,000	£19,100	£9,100	£10,000	£19,100
ALN Quality and Delivery - LAs	£2,464	£-	£2,464	£2,464	£-	£2,464
ALN Quality and Delivery and - schools	£10,436	£5,000	£15,436	£10,436	£-	£10,436
Total	**£22,000**	**£15,000**	**£37,000**	**£22,000**	**£10,000**	**£32,000**

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1NA

5 March 2025

Dear Peredur,

I can confirm that the Finance: Interministerial Standing Committee (F:ISC) meeting was held in Cardiff on 27 February. A communique has been published following the meeting: Finance: Interministerial Standing Committee - 27 February 2025 - GOV.UK.

I chaired the meeting and joining me were the Rt Hon Darren Jones MP, Chief Secretary to the Treasury (UK Government), Cabinet Secretary for Finance and Local Government, Shona Robison MSP (Scottish Government) and John O'Dowd MLA, Minister of Finance (Northern Ireland Executive).

The meeting was productive with a focus on collaboration to address the current fiscal challenges. The Chief Secretary confirmed that the Spring Forecast on 26 March will present the Office for Budget Responsibility (OBR) forecast. We also explored how we can engage to ensure our key priorities are reflected in the UK Government's Spending Review, which will conclude on 11 June. We agreed to work together to look at opportunities to align our priorities for investment and maximise available resources, including in respect of our infrastructure investments.

During discussions on fiscal plans, I explained the impact of the UK Government's National Insurance Contributions changes in Wales and the importance of the UK Government funding Welsh public sector employers' National Insurance contributions, in the same way as English public services.

Improvements in communication, including earlier notification of changes to devolved settlements from the UK Government was acknowledged and welcomed, and agreement was reached to codify these so that they are set out formally.

We discussed the importance of increased budgetary flexibilities, such as additional borrowing and reserve flexibilities to allow the devolved governments to maximise resources and adapt to unforeseen financial pressures. It was agreed that a detailed options paper will be prepared for discussion at our next meeting.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
Correspondence.Mark.Drakeford@gov.wales
Gohebiaeth.Mark.Drakeford@llyw.cymru

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

The next in person meeting will be held in London in May, with the intention to also meet virtually in April.

Yours sincerely,

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Agenda Item 4.6

Peredur Owen Griffiths AS
Chair of Finance Committee
Welsh Parliament
Tŷ Hywel
Cardiff Bay
CF99 1SN

14 March 2025

Dear Peredur

The Commission is committed to transparency in both its budget setting and expenditure.

In that regard, I would like to update you and the Committee on the approach we are taking to dynamically manage the Senedd Reform ring-fenced budget in-year, prudently to reduce risk to the two significant Senedd Reform estates projects.

These projects must, under all circumstances, be completed on time.

To manage the timeline risk to these projects, any staff underspend that occurs within the Senedd Reform ring-fence will be held as contingency for these two works projects and handed back to the Consolidated Fund at the end of the year if not required to be deployed.

This approach gives the Commission the flexibility to vire staffing underspend to non-staff use to ensure the Commission has completed all works in readiness for the start of the 7th Senedd. It will always make such a decision as a last resort and do so in accordance with Managing Welsh Public Money.

For the avoidance of doubt, this approach relates only to managing underspend, it is not a request to breach the overall Senedd Reform 25-26 ringfence total; the Commission will manage all these pressures within the funding already allocated for Senedd Reform activities.

The goal remains to deliver the projects according to the defined scope and within the indicative budgets. However, as is common with complex estates projects, there may be unforeseen costs or developments that risk the project schedule – this approach is part of managing that low likelihood but critical impact risk.

Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN
Cysylltu@senedd.cymru
0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN
Contact@senedd.wales
0300 200 6565

As always, we are committed to setting robust budgets, providing strong financial management and delivering value for money and would be happy to answer any questions you have.

Yours sincerely

Hefin David MS
cc Manon Antoniazzi, Lisa Bowkett

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru
Cardiff
CF99 1SN

21 March 2025

Annwyl Peredur,

I'm writing to update you on leadership changes at the Welsh Revenue Authority (WRA).

Dyfed Alsop will be stepping down as the Chief Executive of the WRA on 1st May 2025 to take up a new role elsewhere in Government. Whilst a full competition for a successor is carried out I am pleased that Becca Godfrey, the current Chief Operating Officer, has agreed to lead the organisation on an interim basis.

Dyfed has been the first Chief Executive of the WRA and I am grateful for all his efforts in creating an organisation that has been so key in the devolution journey of Wales- collecting the first Welsh taxes in over 800 years. The WRA has grown to become an organisation that is recognised for its excellence in service delivery, consistently ranked amongst the highest performing organisations for staff engagement, and part of the fabric of the Welsh public sector.

I am sure you will wish to join me in thanking Dyfed for his service; and wishing Becca every success as she takes on the interim Chief Executive role. I know that Becca would be happy to meet the committee to discuss her plans for this period if you would find this helpful.

Yr eiddoch yn gywir,

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
Correspondence.Mark.Drakeford@gov.wales
Gohebiaeth.Mark.Drakeford@llyw.cymru

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Agenda Item 5

Document is Restricted

Y Gwir Anrhydeddus Elin Jones AS
Llywydd, Senedd Cymru

Right Honourable Elin Jones MS
Llywydd, Welsh Parliament

Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN
Llywydd@senedd.cymru
0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN
Llywydd@senedd.wales
0300 200 6565

Peredur Owen Griffiths MS and Mike Hedges MS
Chairs of the Finance Committee and the Legislation Justice and Constitution Committee
Welsh Parliament
Cardiff Bay
CF99 1SN

18 March 2025

Dear Peredur and Mike,

Proposed Section 150 Order in relation to the Senedd and Elections (Wales) Act 2020 and the Public Services Ombudsman (Wales) Act 2019

I write to you regarding a proposed section 150 Order in relation to the Senedd and Elections (Wales) Act 2020 ("SEWA") and the Public Services Ombudsman (Wales) Act 2019 ("PSOWA"). I received a letter from Huw Irranca-Davies MS Deputy First Minster and Cabinet Secretary for Climate Change and Rural Affairs in relation to the proposed section 150 Order, which was also copied to your committee.

Before formally responding to the Welsh Government, I would like to give the Legislation, Justice and Constitution Committee and the Finance Committee an opportunity to comment given that the Order relates to SEWA, which was a Senedd Commission Bill, and the PSOWA, which was a Finance Committee Bill.

I intend to respond in the terms set out below.

Senedd and Elections (Wales) Act 2020 ("SEWA 2020")

Section 1 of SEWA 2020

When SEWA 2020 amended section 1 of GoWA to change the name of the National Assembly for Wales / Cynulliad Cenedlaethol Cymru to Senedd Cymru / the Welsh Parliament, the amendment extended only to England and Wales. Therefore, in the law of Scotland and Northern Ireland, GoWA still refers to the National Assembly for Wales / Cynulliad Cenedlaethol Cymru. This has not caused any legal or practical issues. However, it is untidy

and unsatisfactory. I understand that the proposed section 150 order will amend section 1 of GoWA so that the name-change extends to Scotland and Northern Ireland. I agree with the Welsh Government that matters such as this should be addressed via a section 150 order.

Section 36 of SEWA 2020

Section 36 amended sections 3, 4 and 5 of GoWA so that the Senedd has to meet within fourteen days of an election rather than within seven days. Sections 3, 4 and 5 extend to the whole of the United Kingdom. When the Senedd amended sections 3, 4 and 5, the amendment extended only to England and Wales. Therefore, in Scotland and Northern Ireland, sections 3, 4 and 5 of GOWA 2006 still refer to the Senedd meeting within seven days of an election. This has no practical consequence but is untidy.

I note that the Welsh Government do not believe this deficiency needs to be addressed in the section 150 order. However, I disagree and believe it should be addressed. We cannot think of any good reason to miss the opportunity to address this issue in the section 150 order. We think the original framework established by GoWA (including its extent) should be kept intact. This ensures consistency and avoids any unintended consequences.

Section 37 of SEWA 2020

Section 37 amended Schedule 2 to GoWA , clarifying that the Senedd Commission may charge for providing goods or services. Again, the original provisions in Schedule 2 to GoWA extended to the whole of the United Kingdom, but the amendments made by section 37 extend only to England and Wales.

As above, we think the original framework should be kept intact. We cannot think of any good reason to miss the opportunity to address this issue in the section 150 order. Therefore, we think the issue of extent and section 37 should also be addressed in the section 150 order.

Retrospectivity

The amendments made by sections 36 and 37 to GoWA have been in force since May 2021 and January 2020, respectively. This means that those amendments have not extended to Scotland and Northern Ireland for four / five years. The proposal is to make the changes retrospectively.

We cannot see any adverse consequence to making these changes retrospectively. We, therefore, agree with the Welsh Government that extending the amendments to Scotland and Northern Ireland should be done retrospectively.

Public Services Ombudsman (Wales) Act 2019

Two minor legislative amendments have been identified by the Welsh Government in relation to the Public Services Ombudsman Act (Northern Ireland) 2016 and the Scottish Public

Services Ombudsman Act 2002. The minor changes ensure references to the current legislative framework in Wales are accurate and up to date.

We have no comments on the changes that need to be made as a consequence of the 2019 Act, other than to agree that they are required as the Welsh Government have set out.

I would be grateful if you could give this matter your attention at the first opportunity in order that I may respond to the Welsh Government.

Yours sincerely,

The Rt. Hon Elin Jones MS/AS

Llywydd

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English

Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: HIDCC/PO/0313/24

The Rt. Hon. Elin Jones
Llywydd
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

6 November 2024

Dear Elin,

I am writing to let you know about several minor and consequential legislative provisions relevant to the Senedd Commission that the Welsh Government proposes to take forward (please see attached table).

We intend to ask the UK Government to make such changes by way of an order under section 150 of the Government of Wales Act 2006 ("the 2006 Act").

A s. 150 order enables the Secretary of State to make any provision in legislation (subject to some qualifications) which is considered appropriate in consequence of Welsh legislation and where it would be outside the legislative competence of the Senedd to do so. A s. 150 order may be required either because the provisions relate to reserved matters and/or because the proposed changes require UK-wide extent.

Senedd and Elections (Wales) Act 2020

The attached table sets out various provisions of the Senedd and Elections (Wales) Act 2020 ("SEWA 2020") which the Welsh Government proposes seeking a s. 150 order in relation to. We would welcome any comments you have on this list.

I would also like to draw the following specific issues to your attention:

Retrospectivity: We are of the view that, due to the constitutionally significant nature of the changes made by SEWA 2020, the provisions identified for inclusion in the order should have retrospective effect. There is specific power in s. 150(4) of the 2006 Act to make provision retrospectively. However, whether or not the order is made with retrospective effect is a matter for the UK Government.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
Gohebiaeth.Huw.Irranca-Davies@llyw.cymru
Correspondence.Huw.Irranca-Davies@gov.wales

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

We have not identified any specific issues in the potential retrospective effect of these provisions; however, it is our intention to seek an appropriate 'savings' provision to ensure that any act done in reliance on the provision/s as amended by SEWA 2020 prior to the s. 150 order (i.e., before the extent of the provision is broadened) would not be affected by the subsequent retrospective effect of the s. 150 order. Again, whether or not this is included would also ultimately be a decision for the UK Government.

If you are aware of any issues as a result of the retrospective effect of these proposed amendments, we would be grateful if you could bring these to our attention.

s. 36 Timing of first meeting of the Senedd after a general election: This section contains amendments to sections 3, 4, and 5 of the 2006 Act. S. 36 currently only extends to England & Wales and therefore amendments made by s. 36 have only become part of the law of England & Wales.

We do not propose to include this section in the list of provisions for inclusion within the s. 150 order, but we would welcome your views on whether you consider it necessary to ensure the amendments made by this section also extend to the whole of the United Kingdom by seeking its inclusion.

s. 37 Powers of the Senedd Commission: provision of goods and services: This section contains amendments to Schedule 2 paragraph 4(4) of the 2006 Act. This amendment inserts a specific power – sub-para. (4A) – to allow the Senedd Commission to charge for goods and services. This specific power did not previously exist.

As with s. 36, s. 37 currently only extends to England & Wales and therefore the amendments made by s. 37 have only become part of the law of England & Wales. Whilst the change of name across the 2006 Act from 'National Assembly for Wales' to 'Senedd Cymru' will extend to the whole of the United Kingdom by virtue of paragraph 2 of Schedule 1 of the 2020 Act being included in the list of provisions for inclusion within the s. 150 order, the specific amendment to paragraph (4) and (4A) of Schedule 2 will not.

We would therefore welcome your views in respect of s. 37 of the 2020 Act and whether it is necessary for this section to be included in the s. 150 order to ensure the amendment made to paragraph (4) and (4A) also extend to the whole of the United Kingdom.

Public Services Ombudsman (Wales) Act 2019

As the Public Services Ombudsman (Wales) Act 2019 ("PSOW 2019") was a committee sponsored Bill, I would like to also make you aware of two minor legislative amendments we have identified as appropriate in consequence of that Act. The first (amendment to the Public Services Ombudsman Act (Northern Ireland) 2016) is appropriate for inclusion in the proposed s. 150 order. The second (amendment to the Scottish Public Services Ombudsman Act 2002) is for discussion with the Scottish Government as it falls within the competence of the Scottish Parliament.

In the spirit of the Welsh Government's commitment to improving the accessibility of Welsh law as set out in 'The Future of Welsh Law Programme 2021 – 2026', these minor legislative amendments have been identified to ensure references to the current legislative framework are accurate. The Public Services Ombudsman for Wales has been made aware of these proposals and is content with the potential amendments.

I am copying this letter to the Chairs of the Legislation, Justice, and Constitution Committee, and the Finance Committee.

Yours sincerely,

Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Section 150 Order GoWA 2006 – Summary of Proposals 2023 – Senedd Commission
Public Services Ombudsman (Wales) Act 2019 & Senedd and Elections (Wales) Act 2020

1.	2.	3.
Senedd[1] legislation: title and provision/s	**Principal Legislation: provision that is affected by Senedd legislation**	**Brief explanation as to why a s. 150 order is needed** **i.e. 'Extent: requires UK wide extent'.**
Senedd and Elections (Wales) Act 2020 ("SEWA") **Part 2 (Renaming of the NAW etc.)**	**GOWA 2006:** s. 1(1) s. 107(1) s. 1 (2A) new sub-section (2A) created by s. 4 SEWA s. 26(2) s. 27(1)	**Extent: requires UK wide extent.** The textual amendments made to the GOWA by the SEWA e.g. change of name to Senedd Cymru, currently only extend to England and Wales. *Consider making provision with retrospective effect in reliance on s. 150(4) due to the constitutionally significant nature of these amendments.*

[1] Prior to 6 May 2020 read as National Assembly for Wales.

<u>Schedule 1</u> **Para. 1**	**Freedom of Information Act 2000 (c 36) Part 6 of Schedule 1**	**Extent: requires UK wide extent.** The textual amendments made by SEWA to the FOIA 2000 only extend to England & Wales. The FOIA 2000 has UK wide extent and these amendments are included in the s. 150 Order so that they can 'extend' to Scotland and Northern Ireland. *Consider making provision with retrospective effect in reliance on s. 150(4) due to the constitutionally significant nature of these amendments.*
Para. 2	**Government of Wales Act 2006 (c 32)**	**Extent: requires UK wide extent.** *Consider making provision with retrospective effect in reliance on s. 150(4) due to the constitutionally significant nature of these amendments.*
Para. 5	**Legislation (Wales) Act 2019**	**Extent: requires UK wide extent.** *Consider making provision with retrospective effect in reliance on s. 150(4) due to the constitutionally significant nature of these amendments.*
Part 3 (Elections) Schedule 2	Amendment to para 14(1)(c) of Schedule 1 to the **Political Parties, Elections and Referendums Act 2000** to change the name from NAW to Senedd.	**Extent: requires UK wide extent** to give effect to the name change beyond England and Wales. *Consider making provision with retrospective effect in reliance on s. 150(4) due to the constitutionally significant nature of these amendments.*

Part 5 (Miscellaneous) **s. 36 Timing of first meeting of the Senedd after a general election**	Ss 3, 4, and 5 GOWA 2006.	**Extent: May require UK wide extent** **Not currently included in the draft order** *If provision is included - consider making provision with retrospective effect in reliance on s. 150(4) due to the constitutionally significant nature of these amendments.*
s.37 Powers of the Senedd Commission: provision of goods and services	Schedule 2, para. 4(4) GOWA 2006.	**Extent: May require UK wide extent** **Not currently included in the draft order** *If provision is included - consider making provision with retrospective effect in reliance on s. 150(4) due to the constitutionally significant nature of these amendments.*
	House of Commons Disqualification Act 1975 Schedule 1	**Reserved matter** *Insert "Senedd Commissioner for Standards"*
	Employers' Liability (Compulsory Insurance) Regulations 1998 Schedule 2 paragraph 20	**Reserved matter and extent** *For "The National Assembly for Wales Commissioner for Standards" substitute "The Senedd Commissioner for Standards".*

	Scottish Parliament (Disqualification) Order 2020 Schedule 1 Part 1	**Reserved matter and extent** The 2020 Order is an Order in Council made under the Scotland Act 1998 which is an Act of the UK Parliament with UK wide extent, however it is classified as a Scottish SI. *Insert "Senedd Commissioner for Standards"*

Public Services Ombudsman (Wales) Act 2019 No provision made but required in consequence of the 2019 Act.	**Public Services Ombudsman Act (Northern Ireland) 2016 s.51** (co-operation with other ombudsmen).	**Reserved matter and extent:** Textual amendment required. S.51(4)(d) to ensure the NI PSO can consult and co-operate with the PSOW replace reference to the 2005 Act with the 2019 Act. Out of date reference to - *"Public Services Ombudsman for Wales under the Public Services Ombudsman (Wales) Act 2005".*
	Scottish Public Services Ombudsman Act 2002 section 21(1)(c)	**Devolved to Scotland and outside SoS's powers under s. section 150(3) of GOWA 2006** ("*An order under this section may not make provision with respect to matters within the legislative competence of the Scottish Parliament").* Out of date reference to - *"Public Services Ombudsman for Wales under the Public Services Ombudsman (Wales) Act 2005".* *The Scottish Government may wish to amend.*

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