

## Agenda – Finance Committee

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Meeting Venue: Hybrid – Committee room 5 Tŷ Hywel and video conference via Zoom	For further information contact: <b>Owain Roberts</b> Committee Clerk 0300 200 6565 <a href="mailto:SeneddFinance@senedd.wales">SeneddFinance@senedd.wales</a>
Meeting date: 1 December 2025	
Meeting time: 09.30	

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### Registration

(09.00 – 09.15)

### Private pre-meeting

(09.15 – 09.30)

- 1 Introduction, apologies, substitutions and declarations of interest**  
(09.30)
- 2 Paper(s) to note**  
(09.30)
  - 2.1 PTN 1 – Letter from the Cabinet Secretary for Transport and North Wales: Bus Services (Wales) Bill – Wales Centre for Public Policy Report – 17 November 2025**  

(Pages 1 – 2)
  - 2.2 PTN 2 – Letter from Cabinet Secretary for Finance and Welsh Language: Roundtable discussions on funding the Devolved Governments, and Welsh Taxes – 18 November 2025**  

(Pages 3 – 6)
  - 2.3 PTN 3 – Welsh Government response to the Finance Committee's report: Post-legislative review of the Public Services Ombudsman (Wales) Act 2019 – 17 November 2025**  

(Pages 7 – 8)
  - 2.4 PTN 4 – Letter from Audit Wales: Audit Fees Consultation 2026–27 – 17 November 2025**  

(Pages 9 – 16)



- 2.5 PTN 5 – Letter from the Cabinet Secretary for Finance and Welsh Language:  
Budget Process Protocol – 18 November 2025**  
(Pages 17 – 18)
- 2.6 PTN 6 – Letter from the Deputy First Minister and Cabinet Secretary for  
Climate Change and Rural Affairs: Prohibition of the Greyhound Racing  
(Wales) Bill – 18 November 2025**  
(Pages 19 – 29)
- 2.7 PTN 7 – Letter from the Deputy First Minister and Cabinet Secretary for  
Climate Change and Rural Affairs: Inter–Ministerial Standing Committee  
(IMSC) – 18 November 2025**  
(Page 30)
- 2.8 PTN 8 – Letter from the Cabinet Secretary for Finance and Welsh Language:  
Development of Tourism and Regulation of Visitor Accommodation (Wales)  
Bill – 18 November 2025**  
(Pages 31 – 35)
- 2.9 PTN 9 – Letter from the Chair of the Member Accountability Committee:  
Senedd Cymru (Member Accountability and Elections) Bill – consultation  
responses – 24 November 2025**  
(Page 36)
- 2.10 PTN 10 – Letter from the Cabinet Secretary for Finance and Welsh Language:  
Development of Tourism and Regulation of Visitor Accommodation (Wales)  
Bill – 25 November 2025**  
(Pages 37 – 47)
- 2.11 PTN 11 – Letter from the Cabinet Secretary for Transport and North Wales:  
Bus Services (Wales) Bill – Revised Explanatory Memorandum and Regulatory  
Impact Assessment – 25 November 2025**  
(Pages 48 – 51)
- 3 Welsh Government Draft Budget 2026–27: Evidence session 8**  
(09.30 – 10.15) (Pages 52 – 82)  
Professor David Miles, Budget Responsibility Committee Member, Office for  
Budget Responsibility

Tom Josephs, Budget Responsibility Committee Member, Office for Budget Responsibility

## **Break**

(10.15 – 10.30)

### **4 Welsh Government Draft Budget 2026–27: Evidence session 9**

(10.30 – 12.15)

(Pages 83 – 120)

Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language,  
Welsh Government

Andrew Jeffreys, Director Treasury, Welsh Government

Jodye Kershaw, Head of Budget Policy & Delivery, Welsh Government

### **5 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting, and the meeting on 11 December 2025**

### **6 Welsh Government Draft Budget 2026–27: Consideration of evidence**

(12.15 – 12.30)

Ken Skates AS/MS  
Ysgrifennydd y Cabinet dros Drafnidiaeth a Gogledd Cymru  
Cabinet Secretary for Transport and North Wales

Agenda Item 2.1



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: KS/PO/587/2025

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

17 November 2025

Dear Peredur

### **Bus Services (Wales) Bill – WCPP Report**

I am pleased to inform you that the Wales Centre for Public Policy (WCPP) report “*Success Factors for Contracting and Awarding Bus Franchising in Wales*” has been published, and is available at the following link, along with accompanying documents:

[Innovative approach to evidence to support Wales’ bus franchising transition | WCPP](#)

The report, which has been co-produced with WCPP, my officials and Transport for Wales, has welcomed input from various experts and franchising authorities from across the world, all of which have successfully implemented and sustained models similar to that enabled by the Bill.

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

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

The report brings together the findings from four expert authored think pieces alongside insight from eight evidence 'spotlight sessions' held between March and May 2025, featuring transport authorities from Jersey, Ireland, Norway, Sweden, Australia, and Singapore, and two UK cases (Liverpool City Region, and Cambridgeshire and Peterborough Combined Authority), plus leading academic experts.

This project has been invaluable in informing some of the policy development behind the Bill and continues to inform and steer plans for implementation, such as contract development and the development of some of the regulations and guidance.

I hope that you, and the rest of the Committee, enjoy reading the report.

I want to extend my thanks once again to the Committee for their work and scrutiny of the Bill. Your examination and challenge is vital to shaping legislation that truly serves public interest.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a stylized flourish extending to the right.

**Ken Skates AS/MS**

Ysgrifennydd y Cabinet dros Drafnidiaeth a Gogledd Cymru  
Cabinet Secretary for Transport and North Wales

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

18 November 2025

Dear Peredur,

I am writing to make you aware of two expert roundtable discussions that I recently convened. The first, held on 6 November, was to discuss ways of improving the system for funding the Devolved Governments. The second, held on 11 November, focused on the principles and practical considerations relating to taxing wealth and assets.

### Barnett Roundtable

The Welsh Government has long made the case for fundamental reform of the Barnett system. We recognise replacement of the Barnett formula would be a significant change that would also require the consent of all four nations. It will involve a considered approach with an assessment of whether a realistic alternative can be developed. More immediately, there is also scope to explore improvements to the existing operation of the Barnett formula.

To discuss these issues, the roundtable drew on expertise of UK funding arrangements, fiscal and public policy, and intergovernmental relations. Membership is outlined in the Annex.

The roundtable provided open and constructive dialogue. Initial discussion focused on the unlikelihood of a shift towards a new four nations system due to current Barnett arrangements being deeply embedded in constitutional settlements. It was also noted that the funding arrangements within England were also evolving, and this would need to be taken into consideration.

The discussion then moved to practical action that could be taken to improve the current Barnett system. There was a shared recognition of the importance of addressing concerns in respect of transparency of the operation of the system, to secure the best outcomes for Wales. This included the provision of timely, consistent and transparent information in relation to Barnett consequential decisions, including clarity on how comparability factors are determined and how decisions are taken on classification of projects.

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

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To support this, the participants reflected on whether there is a role for an independent body to have oversight of the operation of the system. Points were also raised about the need for an improved mechanism for dispute resolution with an element of independent arbitration.

It was agreed that while improvements to the system may be perceived as technical, they are grounded in a constitutional basis, and proposed improvements to the system will support fairness and sustainability. There was also consensus at the roundtable that enhanced flexibilities would be beneficial to the Welsh Government to maximise its resources.

The views provided will help to inform future thinking by the Welsh Government and feed into the joint four nations piece of work looking at ways of improving the operation of the Barnett formula which the UK Finance Ministers agreed to take forward at the meeting of the Finance: Interministerial Standing Committee (F:ISC) in October.

### Wealth Taxes Roundtable

The challenging fiscal position along with the substantial and growing wealth inequality in our society has led to increased recognition that the UK needs a fairer and more equal tax system, which would provide billions in revenue to invest in our public services, improve living standards, and grow our economy. The second roundtable brought together a small, focussed group including fiscal and tax experts and key stakeholder interests to consider the issues, opportunities and challenges associated with greater emphasis on taxing wealth and assets. Membership is outlined in the Annex.

The discussion reflected on our existing tax levers both in Wales and at the UK level, as well as potential new taxes on assets and wealth. It was clear from the discussion the importance of reflecting on the fairness and equality of the different tax levers. It was noted that the reforms already introduced to Council Tax in Wales, one of the key existing taxes on property assets, demonstrates our commitment to making our taxes more progressive.

Participants also considered some of the practical and behavioural considerations associated with making changes to taxation of assets and wealth, and the need to fully interrogate the evidence available to inform such considerations.

Finally, the discussion focussed on the opportunities associated with directing or hypothecating the revenues generated by a tax on wealth and assets. The participants discussed how investment in public services could be used to mitigate social inequality, for example in education and health funding. Participants recognised that any plans for a wealth tax must clearly articulate how additional monies raised would be spent.

The debate in the Senedd on 19<sup>th</sup> November on taxing wealth will provide a further opportunity to discuss the principle and practical considerations. I am pleased that the Senedd has the opportunity to contribute its voice to wider debate on this issue that is happening at the UK level.

Yours sincerely

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive style with a large initial 'M'.

**Mark Drakeford AS/MS**

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language

## Annex 1:

### **Membership of Barnett roundtable**

- Chair: Cabinet Secretary for Finance and Welsh Language
- Professor Gerry Holtham - Wales Centre for Public Policy and Life Fellow, Institute of Welsh Affairs
- David Philips – Associate Director, Institute for Fiscal Studies
- Guto Ifan - Wales Governance Centre, Cardiff University
- Professor Hugh Rawlings - Wales Governance Centre, Cardiff University
- Professor John Denham - University of Southampton
- Dr Victoria Winckler – Former Director, Bevan Foundation
- Professor Mairi Spowage - Director, Fraser of Allander Institute
- Sir Robert Chote - Northern Ireland Fiscal Council
- Dr Rhys Ap Gwilym - Bangor University

### **Membership of Wealth Taxes roundtable**

- Chair: Cabinet Secretary for Finance and Welsh Language
- Professor Gerry Holtham – Wales Centre for Public Policy and Life Fellow, Institute of Welsh Affairs
- Stuart Ward – Institute for Fiscal Studies
- Guto Ifan –Wales Governance Centre, Cardiff University
- Professor Mairi Spowage – Director, Fraser of Allander
- Dr Rhys Ap Gwilym - Bangor University
- Arun Advani – CenTax, University of Warwick
- David Barnett – Chartered Institute of Taxation
- Caitlin Boswell – Tax Justice UK
- Suzanne Bold – Patriotic Millionaires UK
- Jane Hutt MS– Cabinet Secretary for Social Justice, Trefnydd and Chief Whip
- Jane Dodds MS – Leader, Welsh Liberal Democrats

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

Agenda Item 2.3  


Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: MA/LN/2715/25

Peredur Owen Griffiths MS  
Chair  
Finance Committee  
Senedd Cymru

[Peredur.OwenGriffiths@senedd.wales](mailto:Peredur.OwenGriffiths@senedd.wales)

17 November 2025

Dear Peredur,

Thank you for sharing the Finance Committee's final report about its post-legislative review of the Public Services Ombudsman (Wales) Act 2019.

Please find my response to the committee's recommendation attached.

Yours sincerely,



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

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## Written response from the Welsh Government to the Finance Committee's report: Post-legislative review of the Public Services Ombudsman (Wales) Act 2019

Recommendation	Accept / Accept in principle/ Reject	Welsh Government response
<p>Recommendation 16. The Committee recommends the Ombudsman works with the Welsh Government to understand the practical implications of widening the Ombudsman's jurisdiction to cover school complaints, and share these findings by autumn 2026.</p>	<p><b>Accept</b></p>	<p>Welsh Government officials will work with officials from the Public Services Ombudsman for Wales to explore the practicalities of extending the Ombudsman's remit to include school complaints, and to share these findings by autumn 2026.</p> <p>There are policy, legal and practical matters to consider, not least the impact on school governing bodies, headteachers and local authorities in any changes to their processes and understanding of their responsibilities.</p>

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**Reference:** AC528/caf

**Date issued:** 17 November 2025

Dear Colleagues

## Audit Fees Consultation 2026-27

Over the summer we consulted all our audited bodies, along with other stakeholders, on our proposed fee rates for 2026–27 and the resulting fee scales for local government bodies. Our consultation proposal was to increase our fee rates (i.e. the charge out rates of Audit Wales staff) by 5.5%, This was driven by a combination of inflationary pressures on our cost base and heightened quality expectations.

We received 17 responses, 10 of which highlighted that the proposed fee rates for 2026-27 represent an increase greater than the expected rate of inflation. Respondents also queried how the cost of audit by Audit Wales compares with those from other providers and what Audit Wales is doing itself to minimise cost increases.

The Audit Wales Board and I are very grateful for all the feedback received and take the points raised extremely seriously. In the light of the consultation responses received, I am pleased to say that the final Fee Scheme that we will present to the Senedd's Finance Committee will reflect a lower fee rate increase of 5.3%. This will be achieved by Audit Wales increasing further what was already a stretching spending reduction and efficiency target for itself.

This letter sets out our responses to the main issues raised during the consultation and advice on how audited bodies can further minimise their audit costs.

### How we set fees

It is important to note that an increase in fee rates does not necessarily mean that the audit fee for your organisation will rise by 5.3%. The fee charged is based on an estimate of the volume of work and the skills mix required to deliver the audit. For the audit of accounts in particular, this estimate is influenced by the quality of the

accounts and supporting working papers submitted for audit, as well as the timeliness with which audit queries are resolved. Similarly, the cost of a performance audit project can be reduced by timely submission by your organisation of information requested by the audit team and positive engagement with key officers. If the final cost of the audit is lower than estimated, we will issue a refund. Conversely, if the outturn exceeds the estimated fee, an additional charge may be necessary.

For the 2024-25 accounts audits, in some cases, we were able to set audit fees that were lower than those estimated in the previous year's audit plans. These reductions typically reflected efficiencies achieved in the accounts preparation and audit process, which had enabled us to refund part of the 2023-24 fee and rebase our estimate for 2024-25.

I cannot overstate how important this is in minimising the cost of audit. I am statutorily obliged to charge no more than the actual cost of the work we undertake. Hence, if your organisation is well prepared for audit, and if your accounts, systems and supporting information are of good quality and delivered in timely fashion, your audit should be smoother and swifter. If the opposite is the case, we will need to undertake more work and your audit fee will be commensurately higher. Your audit team will be happy to explore how such efficiencies might be identified within your organisation.

### **Why are Fees rates increasing more than inflation?**

The top organisational priority for Audit Wales over the last two years has been to eliminate the backlogs of work that built up during and since the Covid pandemic. This is so that you have audited accounts on which to base decisions delivered in line with statutory deadlines, and performance audit work that is relevant and timely.

To tackle those backlogs we temporarily increased the number of CCAB qualified audit staff we employ. As our overheads must be recovered across the total number of audit staff, this increase enabled us to limit the rise in fee rates this year (2025-26) to just 1.7%, despite facing inflationary pressures of nearly 4%. Additionally, we identified efficiencies in our audit of accounts approach, allowing us to reduce fee scales for this work by an average of 3%, even with the modest increase in fee rates.

Next year we will see the opposite effect. By the end of 2026, we expect to have cleared most of the post-pandemic backlog, and we are reducing our audit staffing accordingly. This will mean fewer staff across whom overheads can be recovered. This is the main reason for the above-inflation increase in fee rates for 2026-27. Across the two years – 2025-26 and 2026-27 – however, you will note that next year's higher rate increase comes after a rise considerably lower than inflation in 2025-26.

To mitigate the impact of next year's increase, we have set an ambitious target to reduce our overheads by over 7% in 2026-27. As already mentioned, following the fee consultation, we have revisited our cost and savings assumptions and reduced our proposed increase in fee rates from 5.5% to 5.3% - although this remains subject to consideration by the Senedd Finance Committee.

## Fee comparison

We are often asked how our fees benchmark against other audit providers.

Quality pressures, and the consequent fee increases, are common across both the public and private sectors. These pressures include more demanding auditing standards and enhanced regulatory oversight; responses to audit failures and public trust issues in the private sector that have impacted the entire profession; skills shortages leading to recruitment and retention challenges; and increased complexity within the audit environment.

A recent study by [The Audit Reform Lab](#), based at the University of Sheffield, assessed the performance of the local public audit system in England and drew comparison with the position in Scotland and Wales.

One of the report's observations was that Wales:

"...appears to provide a cost effective, reliable and robust public audit of local authorities, that is now price and performance competitive with private auditors."

**Annex 1** includes the relative fee rates from our fees consultation compared with those for English local government bodies. The tables in **Annex 1** show clearly that fee rates in Wales are very significantly lower than those being charged to English local government bodies.

While it is important to highlight how our fee rates compare with publicly available information on audit fees elsewhere, our primary focus remains ensuring that our audits deliver value for money for the Welsh taxpayer while enabling us to maintain a high-quality service. As Auditor General, I am very confident that this is the case.

## Cost reduction

We recognise that public bodies are themselves facing considerable financial pressures and that any increase in audit fees will not be welcome. I fully understand, therefore, that we need to demonstrate what we are doing to control our own costs.

A significant focus for us is to reduce our cost base, while maintaining audit quality standards. Over the past ten years, we have reduced the cost of public audit in Wales by 4% in real terms, despite an expanded scope of work, and the higher audit quality requirements I have highlighted. Since I took up post as Auditor General in 2018, key savings we have delivered include:

**Reshaping our workforce:** We have reduced the proportion of directors and managers thus reducing the overall cost of audit.

**Investing for the future:** At the same time, we have also invested in our graduate and apprentice development programmes. These provide opportunities for school leavers and graduates in Wales, improve social mobility, and help develop auditors for the future and future financial managers for the Welsh public sector. Many of the people we have trained have moved successfully into finance positions in other Welsh public bodies.

**In-sourcing audit work:** Since 2021–22, we have ceased using private sector firms for audit delivery. This makes us unique among UK public audit bodies and has protected the public purse in Wales from the significant price increases charged by private providers contracted to deliver work in the public sector elsewhere in the UK.

**Reducing travel costs:** We have cut travel expenditure from £1.2 million in 2019-20 to just over £200,000 in our coming Estimate. This was achieved through a significant change in the terms and conditions of Audit Wales staff and by changing how we work to minimise travel, delivering both environmental and cost benefits.

**Smaller, more efficient offices:** We have moved to smaller, cheaper and more energy-efficient offices across Wales, saving around £250,000 annually despite rising utility costs.

**Challenging non-pay budgets:** More generally, we continually review our operating model and non-pay budgets to identify and deliver efficiencies wherever possible.

## Investing in technology

Investing in technology is central to enhancing audit quality and efficiency, with data analytics playing an increasingly important role. However, inconsistent data quality across public bodies remains a challenge - one we are working to address in collaboration with other audit bodies across the UK and Republic of Ireland. A recent AI pilot has delivered promising results, although we are taking a cautious approach to development, mindful of the risks associated with AI adoption. In the shorter term, our focus is on delivering better quality outcomes through targeted improvements; in the longer term, we aim to embed sustainable efficiencies into our work through smarter use of digital tools.

Once again, however, our ability to apply the potential of technology to our work depends equally on the readiness of our audited bodies. Many audited bodies operate financial and management information systems that are outdated, meaning that the benefits of new technology on our part will be hard to achieve. Whilst I appreciate the financial pressure that public bodies face, I very much hope that investment in such infrastructure will be prioritised. A more efficient audit process would be one small benefit, but far more important, of course, would be the associated strengthening of organisational governance and informed decision-making for our audited bodies.

## Proportionality

Some smaller bodies raised concerns during the consultation that their audit fees appeared disproportionate to their size. While I understand and empathise with these concerns, it is important to emphasise that our audit approach is determined by professional auditing standards, which do not permit the application of a different methodology for smaller organisations.

In practice, some smaller bodies can also present complexities and risks that are not necessarily reflected by their size, and these factors can influence the cost of audit delivery.

We are aware of various initiatives - both from the Financial Reporting Council and international standard-setters – which are exploring how audit can be made more proportionate. We are monitoring and engaging with these developments.

I hope this response helps to clarify the various issues raised during the fees consultation. If you have any further questions, please do not hesitate to contact either myself or Ann-Marie Harkin, Executive Director of Audit Delivery.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a horizontal line underneath.

**ADRIAN CROMPTON**  
**Auditor General for Wales**

## Annex 1: fees comparison

Table 1: Audit Wales proposed fee rates 2026-27

<b>Grade</b>	<b>Rate (£ per hour) 2026-27</b>	<b>Rate (£ per hour) 2025-26</b>
Audit Director	189	183
Audit Manager	146	141
Audit Lead	120	115
Senior Auditor	96	91
Auditor	66	66
Graduate trainee	63	59
Apprentice	50	47

Source: [Consultation on Fee Scales 2026-27](#)

Table 2: PSAA rate card for 2024-25 audits

Grade of Staff	Hourly Rate
Partner/Director	£428
Senior Manager/Manager	£236
Senior Auditor	£153
Other Staff	£117

Source: [Rate card - PSAA](#)

#### Note

Public Sector Audit Appointments Ltd (PSAA) is an independent, not-for-profit company established by the Local Government Association (LGA) in England. One of its main roles is to set audit fees for local government bodies in England. PSAA reported that around 98% of eligible local government bodies have opted in to its fee scheme.

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



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18 November 2025

Dear Peredur,

Thank you for your letter dated 24 October 2025 regarding changes to the Budget Process Protocol.

My predecessor and I have been pleased to engage constructively with the Committee on the Protocol. In my letter dated 22 July, I highlighted the benefits of the flexibility inherent in the existing Protocol, which has enabled the informal introduction of several procedures such as the Finance Committee's debate in the summer term on budget priorities and the pre-budget evidence session in the autumn.

It remains my view that changes to the Protocol are not required to achieve the majority of the improvements the Committee are seeking. I am pleased that we have been able to introduce new approaches already, and I see no reason not to continue with such arrangements for the remainder of the Senedd term. I also asked the Committee in my previous letter whether you consider there to be any essential changes which must be approved before the new Senedd is elected, I am not aware that the Committee has identified any such time critical items, but I am open to further discussions.

The forthcoming changes to the Senedd, in terms of its increased number of Members and potential changes to its scrutiny committees and plenary procedures are the most significant changes the Senedd will have experienced in its history and will result in it being a fundamentally different Senedd after the election in 2026. I have set out, and repeat here, it is my firm view that it is not for me to tie the hands of a future Senedd. Decisions on formal changes to the Protocol are for the future Welsh Government and future Finance Committee.

Your letter also highlighted a key element of our discussions about the Protocol, which is that many of our decisions have been in the context of the Welsh settlement only becoming known

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in UK budgets published late in the autumn term. Several of the proposals we have discussed previously would only apply under such timeframes. The UK Government's decision to provide longer-term settlements as part of their Spending Review process is a matter the new Senedd will wish to consider.

I am confident that the new Senedd and Welsh Government following the Senedd election will welcome the opportunity to shape arrangements suited to the newly enlarged Senedd and to consider what changes to Standing Orders and the Budget Protocol they wish to bring forward. I believe that any changes to the Protocol would be for the new Senedd to agree as a single, consolidated, package of changes.

Yours sincerely,

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

**Mark Drakeford AS/MS**

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language

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

Peredur Owen Griffiths MS  
Chair of the Finance Committee

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18 November 2025

Dear Peredur,

Thank you for your letter of 9 October regarding the Prohibition of the Greyhound Racing (Wales) Bill.

I am grateful for the opportunity to assist the Committee in its scrutiny of the financial implications of the Bill. The attached document provides the further information the Committee has requested.

As your letter to me was copied to the Culture, Communications, Welsh Language, Sport, and International Relations Committee, I am doing the same.

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

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

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

## **Establishing the Costs and Benefits of the Bill**

### **1. The Bill and Explanatory Memorandum were laid before the Senedd ahead of the Greyhound Racing Ban Implementation Group's Report and workplan, which is due this Autumn. Why have you taken this approach and how might the Implementation Group's Report impact on financial implications of the Bill?**

The decision to introduce the Bill ahead of the Implementation Group's first report reflects the Welsh Government's commitment to move to a ban as soon as practicably possible, to act decisively in response to strong public and cross-party support, as evidenced in consultation responses and Senedd debate for a ban on greyhound racing.

The Bill's introduction allows for full Senedd scrutiny, while the implementation window, between April 2027 and April 2030, provides ample time for the Implementation Group to continue its work and inform the transition.

A Regulatory Impact Assessment (RIA) has been carried out and published, based on the information available to us. Through the Implementation Group and ongoing engagement with stakeholders, we continue to gather further evidence to support the ongoing assessment of the policy's impact throughout the Bill process.

Any further information made available will be assessed and will inform the potential financial impact of the ban. Both the RIA and the Integrated Impact Assessment (IIA) will be reviewed and further developed as necessary throughout the Bill's scrutiny to its passage, ensuring that any emerging considerations are appropriately addressed and reflected.

### **2. What role has the Greyhound Racing Ban Implementation Group played in the preparation and review of the Regulatory Impact Assessment?**

A Regulatory Impact Assessment (RIA) has been carried out and published, based on the information available to us. The Implementation Group provides strategic guidance and practical advice, including on financial and socio-economic impacts. Their input will inform revisions to the RIA as the Bill progresses. Caerphilly County Borough Council and the Welsh Local Government Association (WLGA) are represented on the Implementation Group, and officials have engaged with local authority representatives in Caerphilly during the preparation of the RIA.

At present as stated in the published RIA the extent of some impacts is unknown, including on employment, the local economy and communities and industries associated to Valley. As the legislative process progresses, we hope that more detailed evidence is made available via the group, and we will continue to assess the impact of the ban.

Due to the absence of published financial accounts and limited disclosure from Valley, the full economic impact of the Bill on the business and its associates remains uncertain. However, we continue to pursue this information through the Implementation Group, direct engagement and other available sources.

Representation from Valley and SIS Media on the Implementation Group ensures that the perspectives of those directly involved in the industry are heard, and that practical insights inform the development of mitigation measures and support mechanisms.

The impact of the ban remains a key consideration, and we are actively undertaking work to seek information relating to its financial and socio-economic implications as part of our ongoing work.

**3. What specific evidence have you used to estimate the financial implications of the Bill and how have you engaged with stakeholders in deriving your estimates?**

To inform the initial assessment of financial implications and to set out the best estimates officials have made direct information requests to organisations, reviewed publicly available records, such as Companies House, and engaged with members of the Implementation Group to explore any relevant insights or data.

Officials have engaged directly with the local authority in Caerphilly as well as through the Implementation Group to provide indicative costs associated with any anticipated enforcement activity. This engagement was facilitated through the Local Government Partnership Scheme, which enabled early dialogue with relevant stakeholders and helped establish a baseline understanding of potential resource requirements.

The Welsh Government's cost estimates were informed by precedent from similar legislative exercises. Existing rates and resource requirements used for previous recent legislation were applied to calculate the level of staffing and materials likely to be required. This included consideration of the time and expertise needed to produce guidance, communication materials, and other supporting documentation necessary for implementation.

At present as stated in the published RIA the extent of some impacts is unknown, due to a lack of available information including on employment, the local economy and communities and industries associated to Valley.

My officials have on several occasions, requested detailed information from Valley and SIS Ltd, both via the Implementation Group and through direct engagement. This includes commercial, contractual, employment and financial data, as well as social and attendance figures, to support further assessment of the Bill's social, economic and financial impacts.

The information provided to date regarding Valley Stadium's operations, commercial arrangements and staffing remains high level.

Engagement with Valley Stadium and the Implementation group is ongoing and any information provided will inform future updates to the RIA and wider integrated impact assessments.

**4. Why have you adopted a five-year appraisal period for the financial implications of the Bill?**

A five-year appraisal period was adopted as it reflects the expected lifecycle of financial impact following the Bill's implementation. The primary costs associated with the Bill are one-off in nature, relating to initial setup, enforcement preparation, and the development of supporting materials. Once these systems are in place, there is no anticipated ongoing need for review of the financial implications nor significant additional expenditure.

Given that future years beyond implementation are expected to incur minimal or no costs, a five-year period was considered proportionate and sufficient to capture the relevant financial implications.

**5. What are the current annual costs incurred by relevant public bodies in Wales—including law enforcement, regulatory agencies, and any other stakeholders—in monitoring, investigating, and responding to issues relating to greyhound racing activities?**

There are currently no specific regulations governing greyhound racing in Wales, and as such, no direct annual costs are incurred by public bodies in monitoring or enforcing greyhound racing activities.

However, costs do arise in relation to broader animal welfare issues directly associated with greyhound racing activities, which are addressed and enforced under existing legislation such as the Animal Welfare Act 2006.

Caerphilly County Borough Council is the only authority identified to date as having incurred costs, specifically in relation to enforcing animal welfare provisions in relation to greyhound racing activities at Valley. We remain in close communication with Caerphilly through both the Welsh Local Government Association (WLGA), contact within the Implementation Group and through direct engagement between officials and local authority representatives.

We continue to engage with local authorities via the Implementation Group to gather any anticipated enforcement-related expenditure. At present, these costs are estimated to be negligible as set out in the published RIA.

The Bill is designed to be cost-neutral for enforcement bodies. No new systems are created, and existing local authority inspectors will enforce the ban.

**Specific Costs Associated with the Policy Proposals**

**6. The RIA notes nearly two-thirds of respondents to a public consultation supported a phased ban. How has this been reflected in the Bill and your estimate of its financial implications?**

A phased ban was considered in response to the recommendations made by the Final Bend report by the Petitions Committee, which highlighted the need for a

transitional approach. The majority of stakeholders in favour of greyhound racing acknowledged the need for a transition period to allow for appropriate preparation and mitigation for both the industry and to protect the welfare of greyhounds.

This has been reflected in the Bill through the proposed coming-into-force date, which provides a clear window for the industry to prepare for the ban. This transitional period also allows rehoming charities, local communities, and the Welsh Government to plan and implement measures to mitigate any potential socio-economic impacts.

In terms of financial implications, the RIA has accounted for the transitional phase. While any costs incurred during this window are expected to be minimal and one off, they will be monitored and, if necessary, mitigated through engagement with the Implementation Group and relevant stakeholders.

**7. All quantified costs in the RIA relate to staff time to prepare bilingual guidance and for communicating the ban, but these do not include senior officials' oversight of the guidance or publicity material prior to their publication, or any non-staff costs. How confident are you that your estimates of the financial implications of the Bill are complete and accurate; how have you tested the reasonableness of your approach and the assumptions you have adopted in the calculations?**

The RIA includes staff time for bilingual guidance and communications. While senior oversight time has not been separately quantified, it is expected to be absorbed within existing workloads and is not anticipated to materially affect the overall cost profile and is considered proportionate.

We have benchmarked our assumptions against similar activities, such as the development of guidance and communications for other Bills, to ensure our estimates are proportionate.

Given the limited scale of greyhound racing in Wales, ongoing costs are expected to be minimal. We are confident that our approach reasonably reflects the costs associated with developing guidance and communications. As no new systems or processes are required to implement the ban, the overall costs are minimal.

**8. What is the estimated cost of the Greyhound Racing Ban Implementation Group and why has this not been included in the RIA?**

£100k has been set aside for the establishment and administration of the Implementation Group in 2025/26.

The Implementation Group has been established to provide practical advice and guidance up to the point at which the ban comes into force. We expect the Group to remain active until that time, or until it reports that the implications of the Bill have been sufficiently mitigated to allow commencement.

While the costs incurred to date are considered sunk and are therefore correctly excluded from the current RIA, if the lead-in period extends into future years up to

2030, any additional costs will be factored into future revisions of the RIA as our understanding develops.

**9. The RIA does not quantify the financial loss to the only greyhound racecourse in Wales, Valley Greyhound Stadium. You note Valley does not publish full accounts but what steps have you taken to obtain financial information about its operation, including the consequences for its contract with Sports Information Services for live streaming of racing?**

My officials have, on several occasions, requested detailed information from Valley, both via the Implementation Group and through direct engagement. This includes commercial, contractual, employment and financial data, as well as social and attendance figures, to support a more comprehensive assessment of the Bill's social, economic, and financial impacts.

Engagement with Valley is ongoing and any information provided will inform future updates to the RIA and wider integrated impact assessments.

To inform the initial assessment of financial implications and to set out the best estimates officials have made direct information requests to organisations, reviewed publicly available records and data sets, such as Companies House, and engaged with members of the Implementation Group to explore any relevant insights or data,

**10. Will the owner of Valley Stadium be entitled to any compensation following the ban?**

Our view on the facts as we understand them is that the Bill achieves a fair and proportionate balance between the protection of the rights of those affected by the Bill and the effectiveness of the proposed ban without the need for compensation. There is no provision for compensation in the Bill.

**11. What assessment have you made of the impact of the ban on those directly or indirectly employed in the industry, as well as on the wider economy?**

There is currently one greyhound racing stadium in Wales, Valley. We recognise that the closure of this stadium will have economic consequences. The Bill currently includes provision for a lead in time before coming into force, no earlier than April 2027, and no later than April 2030, to help the business and the local community adjust. We're committed to working with stakeholders to manage this transition.

The RIA accompanying the draft legislation outlines our current understanding of the potential impacts of the proposed ban. It acknowledges the limitations of existing data and identifies areas where further analysis will be undertaken if additional information becomes available.

As the legislative process progresses, we are actively seeking more detailed evidence to support a robust assessment of these socio-economic implications. Understanding the impact of the ban is a key priority.

Through the Implementation Group and ongoing engagement with stakeholders, we continue to seek further evidence to support the ongoing assessment of the impact throughout the Bill process.

**12. What consideration have you made of the approach taken to estimate the financial implications of the Bill in Scotland?**

The Scottish Animal Welfare Committee's report and the Scottish Bill have informed Wales's approach. Differences in assumptions reflect Wales evidence base, stakeholder engagement and recent legislative exercises.

There are key contextual differences, which mean that direct comparisons in enforcement costs or legal processes are not always applicable. Scotland's justice and enforcement systems also differ from those in Wales, including their approach to penalties and enforcement, which further limits comparability. The scale of greyhound racing in Wales is different to that in Scotland. Wales has an active commercial greyhound track, whereas Scotland has only one independent track that is not currently operating. In Wales, the anticipated financial and operational impacts, particularly in terms of enforcement, are proportionately lower. Our estimates reflect this context, and our costs are expected to be minimal.

**13. While noting the Bills differ, the Financial Memorandum for the Bill in Scotland includes a range of costs for rehoming retired greyhounds (an estimate of which you say would be "speculative") and for prosecuting the small number of cases expected each year (you assume the cost of enforcement would be zero). On the basis of what evidence have you made different assumptions for these costs?**

It is recognised that there may be some short-term costs associated with rehoming retired greyhounds as a direct consequence of the ban. Welfare groups are actively involved in planning to mitigate these impacts independently and through their representation on the Implementation Group. We will work with animal welfare charities through the Implementation Group to minimise negative impacts.

The Bill is expected to come into force between April 2027 and 2030. The implementation of the prohibition on greyhound racing will be carefully managed to ensure a smooth transition and to mitigate the impact on those affected including rehoming organisations.

We expect breaches of the provisions of the Bill to be rare. The sole active track in Wales is licensed by the Greyhound Board of Great Britain (GBGB), and the industry operates to professional standards. Compliance with the prohibition is likely to be high, particularly given the reputational risks associated with non-compliance.

On this basis and in our discussions with the local authority, we have expected that the cost of enforcement will be minimal and are proportionate to the limited scale of greyhound racing in Wales.

The impact on the justice system has been considered, and a Justice System Impact Identification Form was submitted to the Ministry of Justice. The Lady Chief Justice's Department has also been consulted on the anticipated impact the Bill will have on the justice system. The estimated impact on the justice system is expected to be minimal.

Engagement with the Ministry of Justice is ongoing. Once this is complete, I intend to publish the JSII, and I will reflect the updated position in the Explanatory Memorandum ahead of Stage 3.

### **Methodology and approach to quantifying the benefits of the change.**

#### **14. You say the “prohibition is expected to deliver a range of social, cultural, and animal welfare benefits” but you quantify only the cost-saving from a reduction in correspondence from individuals and stakeholders calling for a ban on greyhound racing. What benefits are likely to arise from the Bill and why have you not quantified them?**

While only administrative savings are quantified, the Bill is expected to deliver broader social, cultural, and animal welfare benefits.

Currently, there is no available evidence to support a robust, quantified assessment of the societal benefits of improving animal welfare, and obtaining such evidence would be disproportionately costly. However, it is widely recognised that society places a positive value on animal welfare, as reflected in public support for animal welfare charities, demand for high-welfare food products, and preference for cruelty-free goods.

Greyhound racing is seen by many as an outdated practice, prohibiting greyhound racing can instil values of kindness and responsibility in young people, shaping a future where animals are treated with dignity, setting a positive example for future generations.

The [Animal Welfare Plan for Wales 2021-26](#) sets out our ambition for animal welfare in Wales to be recognised for its exemplary standards, its adoption and sharing of best practice, its engagement with key stakeholders, its development of effective, supportive and sustainable mechanisms for enforcement, its contribution to research, and its championing of education and responsible ownership for the benefit of our own and future generations.

A fundamental consideration of our plan is to promote education and awareness amongst everyone involved in keeping animals. This will not only help provide a good quality of life for animals in Wales, but also do much to ensure future generations of animal keepers will understand how applying best practice makes a positive difference.

There has been increasing public concern over the ethical treatment of animals, demonstrating that government policy is responsive to evolving societal values. These are difficult to monetise but are central to the policy rationale.

**15. What methodology have you used to support the stated environmental benefits arising from the Bill?**

Environmental benefits are not quantified but are expected to arise from reduced activity at the stadium and potential repurposing of the site.

Our assessment that informed the RIA published alongside the Bill including the assessment of environmental benefits, this considered the potential reduction in travel for greyhound trainers, the implications of increased travel distances if racing were relocated, the current and potential future use of the land on which the site is located, and comparative analysis of the repurposing of other recently closed stadiums, including any limitations encountered in those transitions.

The Bill does not propose or prescribe the future use of any track or stadia, decisions regarding their use rest with the owner and the local planning authority. However, the future of the Valley remains a consideration, noting that its use as a greyhound racing track will no longer be feasible.

The Implementation Group will offer practical advice and guidance, ensuring that the impacts of the ban are fully considered, including the welfare of greyhounds, and the effects on local communities and the local economy.

We have undertaken a [biodiversity impact assessment](#) which has been published.

**16. What engagement have you had with Valley Greyhounds Limited about the future use of the stadium or land for alternative uses?**

Valley is represented on the Implementation Group. While the Bill does not prescribe future use, repurposing options may be considered in collaboration with local authorities. Any planning considerations rest with the owner and local planning authority.

Relevant advice and repurposing options may be explored by the Implementation Group, on which the Valley and local authority are represented.

**Post-Implementation Review**

**17. Your post-implementation review says the Bill will be reviewed no later than five years after it has come into force. However, the RIA notes some benefits may be long-term in nature. What factors will you use to determine whether the Bill has been successful?**

While the Bill does not include a statutory requirement for post-implementation review and does not establish new systems or reporting duties that would necessitate such a provision, the Welsh Government is committed to good practice in policy evaluation. A review will be undertaken within five years of commencement, with evaluation activity beginning from 12 months after the Bill comes into force.

The review will aim to measure whether the policy objectives are being met and to identify any unintended consequences in line with the Welsh Government's principles for research and evaluation.

Success and impact will be measured through a combination of qualitative and quantitative indicators, including enforcement activities and outcomes, stakeholder feedback, welfare outcomes and the reduction in harm to greyhounds, and socio-economic impacts.

The implementation of the Bill will form part of the Welsh Government's wider programme of work on animal welfare and supports the Animal Welfare Plan for Wales 2021–26. As these plans are evaluated and renewed, the implementation and impact of the Bill will be considered within that broader context too, ensuring that success is measured not only in isolation but as part of a wider assessment of animal welfare regulation and outcomes further strengthening evaluation's scope and potential to deliver meaningful, long-term insights.

**18. How has the cost of the post implementation review been reflected in the RIA?**

The cost of the post-implementation review has not been separately quantified, as it is expected to be minimal. This reflects the limited scale of the current greyhound racing industry in Wales and the concentrated nature of the Bill's impacts. As such, the review will be proportionate and delivered within existing Welsh Government resources. Furthermore, the review will align with and contribute to the broader evaluation of ongoing animal welfare work, as set out in the Animal Welfare Plan for Wales 2021–26. As that plan is renewed and revised, the implementation of the Bill will be considered within this wider context, ensuring the Bill's evaluation contributes meaningfully to a broader understanding of animal welfare outcomes and strengthens the overall evidence base for future policy development.

# Agenda Item 2.7

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



Llywodraeth Cymru  
Welsh Government

Mike Hedges MS  
Chair  
Legislation, Justice and Constitution Committee

18 November 2025

Dear Mike,

I am writing in accordance with the Inter-Institutional Relations Agreement to notify you of the tenth meeting of the Inter-Ministerial Standing Committee (IMSC), which will take place on 20 November 2025.

I will be chairing the meeting, which will take place virtually. The discussion is anticipated to focus on International Affairs, Community Cohesion, and live issues including the upcoming UK Budget, the Memorandum of Understanding on the Sewel Convention and Legislation.

This letter has been copied to the Chairs of the following Committees: Finance; Economy, Trade and Rural Affairs; Culture, Communications, Welsh Language, Sport, and International Relations; Health and Social Care; and Equality and Social Justice.

I will provide an update after the meeting in line with established arrangements.

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

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

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

Agenda Item 2.8



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Andrew RT Davies MS  
Chair, Economy, Trade, and Rural Affairs Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

18 November 2025

Dear Andrew,

### **Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill**

Following the session on 5 November, in which I gave evidence as part of your scrutiny of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill, I wanted to write to provide further information on a handful of the points discussed. This is supplementary to the Statement of Policy Intent that was shared with you on the same date, and similarly, is intended to aid understanding of the policy and scrutiny of the Bill.

### **Transitional arrangements**

There are powers in the Bill that allow for transitional arrangements to be put in place to enable as smooth an implementation as possible.

We intend to use these powers to allow existing providers to continue operating until such time as their application is determined, so long as they have applied for a licence by the specified deadline as the scheme is rolled out. The powers in the Bill allow for this and can be used to avoid a situation where a provider is prevented from operating during that implementation period simply because the licensing authority needs more time to process the application than would normally be the case during steady state of the scheme.

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

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

## **Provisional and Renewal of Licences**

These are procedures that will continue to be in place during the scheme's steady state, and are therefore different to the transitional arrangements outlined above.

In respect of **renewal applications**, the power on the face of the Bill at section 25(2), expressly allows for provision to be made to enable a licence to continue to have effect until a renewal application has been determined. The intention is to avoid a provider who has applied for renewal being prevented from operating purely due to their application not having been determined.

As I explained during the evidence session on 5 November, this power will also allow us to ensure accommodation providers benefit from the flexibility of not having to resubmit evidence we already hold at the point of renewal, so the process can be as simple and straightforward for them as we can make it.

**Provisional licences** are intended to accommodate circumstances where a licence approval requirement cannot yet be met, for example, where a provider is building new visitor accommodation. A provisional licence would allow providers to begin advertising and taking advance bookings, while they work towards a full licence. However, until such time as they are able to meet all of the requirements for a full licence, and that licence is granted, they would not be permitted to accept guests to stay (i.e. to "*provide*" the accommodation).

This arrangement is intended to ensure new or existing providers are not deterred from expanding their businesses or pursuing new opportunities due to limitations in the licensing scheme. At the same time, it ensures these providers are aware of the requirements they will need to meet. It is also intended to help maintain the efficacy of the Directory of visitor accommodation in providing reassurance to visitors that even though the accommodation does not currently meet the requirements, they will need to be met prior to a visitor being allowed to stay.

The operational and procedural nature of those matters is part of the reason for them being left to regulations rather than being set out on the face of the Bill. The other reason is to ensure sufficient flexibility in the scheme to support business continuity in a continuously evolving sector, while maintaining transparency and the scheme's integrity.

## **Amendment of Licences**

For amendments of licences, we expect most of these to come following requests from providers, for example, where their accommodation has changed in some way. However, it is likely that amending a licence will be one of the options available for compliance and enforcement, as an additional step before revocation. This will favour licence holders, as it will, for example, allow parts of the accommodation at a premises to be removed from what is licensed, where an identified issue is localised or contained, and doesn't impact other accommodation at a premises. This would allow the provider to continue to operate any remaining accommodation at the premises, provided it is compliant, rather than revoking the whole licence. It is in this sort of scenario that an amendment may be made to a licence

without a request from the provider. This will, of course, be linked to the remedial and revocation processes, as well as appeals, so that there is a clear flow through the compliance and enforcement process, with opportunities for providers to put problems right, together with the flexibility for them to manage their own licences as necessary.

## **Appeals**

As I mentioned in my evidence on 5 November, the appeals process will be as is standard across many schemes, including under the recent Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 (“the VARL Act”), where a provider will have the right to appeal to the First-tier Tribunal on various decisions made under the scheme, as provided for under section 28. However, as you will also see from that which I have set out above, the information contained in the SoPI, and as discussed in my oral evidence, there are many steps and stages to supporting compliance with the requirements of the Bill. These processes have been included to ensure a proportionate approach to compliance and enforcement across a wide range of scenarios. Equally, in the event the licensing authority gets a decision wrong or doesn’t treat all providers fairly, the appeals process is there as a safeguard.

## **Licensing Authority and the role of the Welsh Revenue Authority**

I also wanted to set out information about the functions of managing the licensing scheme and the role of the Welsh Revenue Authority (WRA). The Bill does not establish a ‘licensing authority’ by name or by design. We have used that term for ease and brevity, to describe the functions of the licensing scheme, which sit with the Welsh Ministers, as distinct from their wider functions.

Under the Bill, the core functions of the scheme will remain with the Welsh Ministers. Nevertheless, with the powers afforded under section 83 of the Government of Wales Act 2006, for example, we are able to enter into agency arrangements with other public bodies in respect of the exercise of those functions. It is using powers such as these that we will look to other public bodies for certain elements of the operation of the scheme, where it makes more sense for those tasks to be administered by someone else.

We have been clear throughout the journey of this Bill since its inception, including during the scrutiny of the VARL Act, that wherever possible we would ensure the systems and processes for providers would be as streamlined as possible, and that we would avoid duplication of effort wherever we are able. To achieve that, our goal remains for a single point of entry when it comes to the systems that providers will need to use for registration, licensing and the visitor levy, and to avoid some providers requiring three different logins or inputting the same information three times.

It is in this context that I discussed the role of the WRA in my last evidence session. The WRA is already developing the IT system for registration; and given the registration scheme creates the foundation for both licensing and the visitor levy, I want the licensing system fully to exploit synergies with registration and the levy. Although no decision has been

made as to who will build and operate the IT system to support the licensing scheme, my view is that it should be developed as the next step to that registration system.

To that end, whilst the Senedd is yet to agree this Bill, given the current stage of the development for registration, and the time it can take to develop systems such as these, my officials are working with the WRA to scope out how this could work, and what technology might be available to assist and reduce some operational costs. For example, for licence applications or evidence, using AI and other digital functionality to undertake initial checks of documentation, before the licensing authority considers and determines whether it can or should be approved. There may also be economies of scale for some other operational customer relationship management (CRM) functions, such as helplines and IT support, and we will take advantage of those wherever it is appropriate to do so. We have provided funding this year to WRA to undertake this work, and that will inform future decisions on the WRA's role in licensing.

However, I want to make clear that there are significant aspects of the licensing system which I do not expect the WRA to deliver on our behalf. I do not anticipate them determining whether a provider's application should be approved where it cannot be done automatically, nor do I anticipate them writing guidance on fitness for visitor accommodation, deciding when compliance and enforcement action is necessary, or undertaking inspections when it is. I expect their role in the licensing system to be focussed on managing the IT system and integration with registration and the levy, both at the front end to create a single platform for providers and potentially in the back-office to support effective management of both systems. As I set out in Committee, we will be looking at Visit Wales, local authorities and other bodies for some of these other elements, but the licensing authority itself will remain the responsibility of the Welsh Government in order to maintain a national scheme and provide strategic oversight at a national level.

### **Code of Practice and Statutory Guidance**

Finally, turning to the Code of Practice and Statutory Guidance. The Bill sets out a duty for Welsh Ministers to provide guidance on the licensing scheme, and a power to publish a wider Code of Practice. The intention here is for the statutory guidance to provide the information providers of regulated visitor accommodation may need, alongside the training, in order to comply with the requirements of the scheme, and will be there for them to refer back to whenever required. That guidance will eventually sit alongside the Code of Practice, to create a single suite of information for the whole of the tourism sector; with the Code providing best practice guidance on various matters, not just in respect of licensing, to help support existing and prospective providers in the sector to continue to drive standards and maintain a sustainable tourism economy across Wales.

I look forward to discussing the Bill further at our next meeting on 20 November.

I am copying this letter to the Chairs of the Finance and Legislation, Justice and Constitution Committees for their information.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive style with a large initial 'M'.

**Mark Drakeford AS/MS**

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language

# Agenda Item 2.9

Pwyllgor y Bil Atebolydd Aelodau

Member Accountability Bill Committee

**Senedd Cymru**

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Peredur Owen Griffiths MS

Chair, Finance Committee

Dyddiad | Date: 24 November 2025

Dear Peredur

Pwnc | Subject: Senedd Cymru (Member Accountability and Elections) Bill – consultation responses

The Member Accountability Bill Committee has gathered evidence on the Senedd Cymru (Member Accountability and Elections) Bill through a public consultation. The responses the Committee has received have now been published; your committee may be particularly interested in the submissions from the Chief Executive and Clerk of the Senedd and from the Electoral Commission.

Yours sincerely



David Rees MS

Chair

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

# Agenda Item 2.10



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Mike Hedges MS  
Chair, Legislation, Justice and Constitution Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

25 November 2025

Dear Mike,

## **Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill**

During the session on 10 November, in which I gave evidence as part of your scrutiny of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill, I committed to respond in writing to any questions the Committee had that were not reached, to aid your scrutiny of the Bill. As such, please find my response below to the questions as set out in your letter of 12 November.

### **Legislative consent**

- 1. Does the Government consider that any of the provisions of the Bill require the consent of HM The King or the Prince of Wales? If so, when do you anticipate that any required consents will be received?**

The Welsh Government is of the view that given the property interests of the Duchy of Cornwall in Wales (which revert to the Crown when there is no Duke of Cornwall) that the consent of the Duke of Cornwall and the King will be required

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

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

in relation to the Bill. We anticipate these consents will be in place to allow the Bill to proceed at Stage 4, should the Senedd approve it.

## **Development of the Bill**

- 2. The Explanatory Memorandum refers to a “paucity of reliable data currently available” regarding the number of self-catering lets available in Wales and “no data available on the characteristics of premises or levels of compliance with the existing statutory obligations”. Why did you conclude that the Bill is needed?**

There has been a significant growth in the “short term let” type of accommodation in recent years. The number of self-catering properties on the non-domestic rating list increased by 60%, from 7,000 to over 11,000, between April 2019 and April 2023.

This growth reflects the contrasting ease of entry to the market. To let a house out to a long-term tenant, you have to register as a landlord, obtain a licence or appoint an agent and ensure that statutory obligations are being met. To let out a property to visitors on a short term basis, it can simply be listed on an on-line platform, and a person can start taking bookings.

Industry bodies tell us that not all providers in the short term let market are aware of their statutory obligations, and as a result they are able to operate at a lower cost than those who do what is required. This was borne out in Scotland. When they introduced a licensing scheme local authorities in Scotland found that a significant number of applicants were not able to produce the documentation which was required.

The case for the legislation is set out in the explanatory memorandum, which includes references to local authority research, academic analysis, thinktank reports, industry analysis, and a House of Commons library report on changing patterns of providing visitor accommodation in England, as well as our own work, all of which contribute to the evidence of need for this Bill.

The limitations of the evidence about compliance, are part of the reason this Bill is needed, and a paucity of specific data is not sufficient reason not to act on the patterns and impacts which are clearly evident.

- 3. You stated in Committee that: “*The Bill has been consulted upon in one way or another in every single year of this Senedd term. There have been a long series of opportunities particularly with the industry itself to make***

***sure that the Welsh Government was made aware of people’s views and to adapt the proposals to take account of that.”***

**What opportunity, if any, have stakeholders been given to comment on specific proposals as they appear in the Bill?**

Stakeholders have been consulted throughout this Senedd term, with regular engagement and specific opportunities for the industry to provide feedback. That feedback has influenced the nature of the Bill that has been introduced.

Officials have discussed key aspects of the Bill with stakeholders and industry bodies in different ways during the lead-up to introduction, including meeting with the Visitor Economy Forum, holding engagement sessions at Regional Tourism Fora meetings, and holding various separate meetings with industry representatives. This is, of course, in addition to the ongoing regular engagement with the sector by both officials and Ministers.

Stage 1 scrutiny provides a further opportunity for stakeholders to share their views. Should the Bill succeed then we will work closely with the sector to shape many of the operational details of the scheme and the development of the regulations and guidance that will underpin it.

**4. Did you consider delaying bringing forward the Bill until after the implementation of the registration regime established by Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025?**

It was considered, but we chose to bring the registration scheme forward by placing the provisions within the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 (“the VARL Act”) instead of in this Bill, as originally intended.

As it stands, we expect all providers to be registered by 2027. If we were to take time to consider the data from registration before bringing legislation to the Senedd, we would be delaying this Bill by at least another three years. This would mean the licensing scheme might not be in place until 2032 or 2033 – straddling another Senedd election, and more than a decade after we committed to deliver it in the Co-operation Agreement.

The Bill is intended to create a fair regulatory playing field, meeting the challenges which are significant enough to justify legislating now.

The licensing scheme set out in the Bill will not be implemented until after the national register is in place, allowing that data to inform and influence operational details, procedures and processes. Introducing the Bill now also allows for more coherent and efficient operational arrangements and implementation of both registration and licensing.

**5. In Committee, you stated that “the vast bulk of licenses will be issued through as automatic a process as possible by the Welsh Revenue Authority”, but that, “In the minority of cases where a more direct form of inspection or intervention is needed”, the Bill leaves it open for the Welsh Government to work with local authorities or with Visit Wales to physically inspect premises. Why hasn’t this been clarified in advance of the Bill being introduced, and why has this not been included in more detail on the face of the Bill?**

The Bill is clear that the licensing scheme is the responsibility of the Welsh Ministers and the Welsh Government, as I set out in my letter to the Economy, Trade and Rural Affairs Committee on 18 November, in order to maintain a national scheme and provide strategic oversight at a national level.

What the Bill allows for is flexibility to make the most efficient and effective arrangements to deliver that legislation in practice. This allows us to work with a range of partners to consider where others might deliver some of those functions on our behalf. It avoids creating a rigid framework so that, as operational plans develop, we are able to maximise opportunities and efficiencies, and exploit synergies, such as with registration and the levy to deliver the Bill if the Senedd chooses to pass it.

In practice Welsh Government and the Welsh Revenue Authority (WRA) will work together to ensure the registration and licensing systems are as seamless as possible for the user, WRA and the licensing authority. I would like to see a single system for visitor accommodation providers to manage their registration, licensing and levy matters in one place, reducing duplication. That is the basis we are working upon, so that the registration system managed by the WRA can be expanded to support the licensing scheme in the future.

We are also considering how large a role technology such as artificial intelligence may be able to play in the application process, which will shape the scale of the team needed to process applications, and the types of decisions they will need to make. We anticipate the majority of applications to be straightforward, and the more we are able to automate via the IT system, the better for all involved.

In what we expect to be a small number of cases, which are more complex and potentially require a physical inspection, we will work with local authorities to explore whether it would make sense for them to support us with those functions. Similarly, we will work with Visit Wales to consider what role they might play in supporting the licensing scheme.

## Delegated powers

6. During our meeting on 10 November, in response to a question about whether the Bill strikes the right balance between what is on the face of the Bill and what is provided for in terms of delegated powers, you stated that: *“Sometimes there are things where you might put something on the face of the Bill that actually create a straitjacket for the industry, and where regulations allow a different level of engagement with the industry. Most of the regulations we are talking about will be subject to consultation further to Senedd affirmation, and where the flexibility the regulations allow means that the Bill and its requirements will work better for the industry itself. Sometimes there've been choices between the two aspects you've suggested where my view was, I'd resolve them in favour of what I think works for the industry, rather than the clarity that I know the Senedd would sometimes like to see...”*

**Please can you provide us with any examples of specific provisions in the Bill that either reflect requests from the tourism industry to defer detail to regulations rather than placing it on the face of the Bill, or that support your belief that this would be their preferred approach?**

The industry has been clear with us in our engagement on the Bill that they want the licensing process to be simple and straightforward for providers who are doing the right things. The industry has asked for flexibility in how the scheme will operate; and in some areas, this can only be achieved by leaving the detail to regulations. This will allow us to work closely with the industry in the development of some of the operational practicalities, whilst still providing the Senedd with oversight of the scheme.

In terms of specific examples, I provided one during our session. Namely, the renewal of licences. Other examples include the training requirement and provisional licences. These are areas where the sector raised points during their engagement with officials, particularly in relation to business continuity and minimising bureaucracy. These views have influenced the decision to take powers to work with the sector in detail to develop operational processes and make regulations to propose to the Senedd. This will allow us to work with the sector take advantage of future advances in technology and fulfil our wish to keep things as light-touch as possible.

The specific justifications for other powers taken are varied, but follow a similar theme – they provide the flexibility to ensure an agile scheme that works in practice, enable the scheme to be extended to other types of visitor accommodation in future, or, in some cases, relate to similar powers under the VARL Act, recognising the interaction between registration and licensing. The

justification and policy intention for all of these powers has been set out in the Statement of Policy Intent, shared with Committees on 5 November.

**7. Please could you explain the Government's justification for taking the Henry VIII powers in the following sections:**

These are powers which can only be exercised with the approval of the Senedd. Their exercise is not at the discretion of the Welsh Ministers. Overall, they are intended to reduce the need for repeated new primary legislation to address minor matters, while still preserving parliamentary oversight.

**a-c Sections 6(2), 17(1) and 19(3)**

As set out in group one of the Statement of Policy Intent, the overarching policy intent for these provisions, alongside other relevant provisions, such as the power under section 5(1)(b) to prescribe additional descriptions of regulated visitor accommodation, collectively, is to allow the Welsh Ministers to extend the scope of the scheme to any other types of visitor accommodation in Wales, should the Senedd deem it appropriate.

The justification for the Henry VIII powers within these provisions, therefore, is to ensure the legislation can be considered holistically in these circumstances. The powers enable key parts of the licensing scheme to be updated or adapted to reflect any extension to the scope of the scheme, including the fitness requirements, the licence conditions that may apply, and the approval requirements for licence applications in light of any changes to the conditions. In addition, the powers provide the flexibility to update and adapt the scheme over time, to keep pace with changes across the visitor accommodation sector as new risks, technology or best practice is identified, and avoid divergence with wider regulatory standards or legislation, unless it is deemed appropriate. In this way they are necessary to ensure the scheme continues to deliver its intended purpose.

**d. Section 25(2)**

This provision is to ensure the procedures and application processes for the renewal of a licence are provided for, without requiring the duplication of information already held by the licensing authority. The regulations will also provide for the continuity of a licence during the renewal process. Setting these processes and procedures out in regulations also allows the renewal process to evolve over time, allowing for a more nuanced and responsive approach in consultation with stakeholders, and to take advantage of advances in technology

or lessons learned over time, streamlining the process and reducing requirements of providers, wherever possible.

The justification for the Henry VIII power in this provision is as that set out above for sections 6, 17 and 19. It will ensure adaptations to the scheme can be considered holistically, without the need for primary legislation to make minor or technical changes to ensure the scheme remains fit for purpose.

#### **e. Section 49**

Partnerships and unincorporated bodies can have complex structures, and the initial provisions may not cover every scenario as business practices evolve. The policy intention for this power, and consequently, the justification for the inclusion of Henry VIII powers within it, is to enable the Welsh Ministers to adapt the legislative framework and the licensing scheme it creates. In this way it will be possible to respond to new types of business arrangements as practical issues arise in the application of the Bill or the VARL Act to partnerships and unincorporated bodies during implementation or over time, and to prevent any loopholes developing that could undermine the efficacy of the licensing scheme. This power replicates corresponding powers under the VARL Act and is necessary to ensure parity between that Act and this Bill, given registration is a licence condition.

#### **f. Section 56(1)**

This provision, including the Henry VIII power it contains, is a standard provision in complex legislation such as this, primarily for the purposes of giving effect to the Bill, and ensuring that its effect in practice is as intended. It is particularly important in this Bill, given its interaction and interdependencies with the VARL Act.

### **Clarity and effect of proposals**

- 8. The Bill states that it will form part of a code of Welsh law relating to tourism. We note your comments and the comments of your official made on 10 November. In relation to the proposed code, you stated that the code will make relevant law relating to tourism “available in one place”, and your official later stated that “everything is published together in one place, and described as a code”. From a practical point of view:**

**a. Where can a user find a standard definition of what the Welsh Government means by a code?**

The publication arrangements for Welsh legislation remain the responsibility of the King's Printer for Wales. However, by also publishing on a Welsh Government website such as Cyfraith Cymru, we will be able to co-locate all of the legislation that forms part of a Code on one webpage.

Cyfraith Cymru already includes an explanation of what a code of Welsh law is, what it means, and the intended purpose of such codes via their page on [the future of Welsh law](#). And, for the purposes of the Tourism code, we will include information in the tourism context, should the Bill be passed by the Senedd.

**b. What changes, if any, will legislation.gov.uk make to their website so that a user knows that a tourism code exists, whether legislation is part of that code, and how to find other legislation that is part of the same code?**

We are still in the relatively early stages of creating codes of Welsh law in this way, and the Welsh Government will continue to work with the National Archives (who manage legislation.gov.uk) to ensure, as far as is possible, that all codes of Welsh law are clearly presented and accessible to users.

However, the primary source of legislation and information on codes, at least in the immediate future, will be Cyfraith Cymru; and we will ensure this is promoted in any communications and engagement with the tourism sector and the wider public, so that people are able to easily find the code and all relevant legislation and information contained within it, made under it, or related to it. The intention is that Cyfraith Cymru will create a "one stop shop" for tourism legislation, allowing users to see, at a glance, the legislation in the code, explanatory material, guidance and signposts to any other legislation that may be relevant.

**9. Section 39(4) of the Bill provides that disclosure of information between the Welsh Ministers and the list of bodies in subsection (3) does not breach obligations of confidence or "any other restriction on the disclosure of information (however imposed)". What types of restriction would this provision override and why is it necessary?**

Subsection 39(4) has been included to make clear that a visitor accommodation provider cannot restrict the ability of information to be shared, where this is necessary for the effective co-operation between relevant regulators, and there is otherwise a lawful basis for doing so. It is necessary to ensure information can be shared between the licensing authority and other regulators to facilitate compliance, enforcement and the consideration of applications.

However, the provisions under section 39 need to be read alongside section 183A of the Data Protection Act, as set out under 39(5). This emphasises that all processing of personal data must take place lawfully, and in line with data protection legislation.

**10. Section 46 prohibits advertising or marketing visitor accommodation at premises without including certain information in a manner and form specified by the Welsh Ministers. How will those requirements be specified in practice and why did you decide not to specify requirements in regulations?**

The Bill clearly specifies the information which must be included. This is a registration number, and information about how to access the visitor accommodation directory to find out more about it. Specifying exactly how this is provided in guidance rather than regulations gives us the room to work in detail with platforms and booking agencies to ensure the required information is communicated as clearly and effectively as possible to the visitor.

Visitor accommodation is advertised in a wide variety of ways, on many different types of platforms and in many formats. We need to work through the practical solutions for all involved, without creating an unreasonable administrative burden. This is a detailed operational matter which, I concluded, was not best navigated through regulations.

**11. Section 47 creates an offence for failing to comply with the requirements for advertising visitor accommodation in section 46. Could a letting agent or online booking platform be criminalised for non-compliance with section 46? Or just a visitor accommodation provider?**

This offence would apply to any platform advertising or otherwise marketing visitor accommodation. I do not think it is unreasonable to expect booking platforms to take responsibility for publishing accurate information. The registration number and associated information will be available through the public register, and latterly the Directory of Visitor Accommodation, for anybody to check.

It is not the purpose of the Bill to punish people who have made mistakes, but it does seek to create a robust system that gives visitors confidence in accommodation they book in Wales. The advertising requirements play a central role in that. It shows all visitors to Wales that their accommodation is operating within a clear regulatory system, and anyone seeking to advertise their visitor

accommodation in Wales should very quickly find out that they cannot do so without registering and, if necessary, obtaining a licence.

This provision will apply to all registered visitor accommodation, not just self-contained self-catering visitor accommodation.

The point at which this provision is commenced will be determined as implementation plans are developed, to ensure a smooth implementation and transition to the new scheme. We will work with booking platforms and destination management organisations to consider the timing and any additional specific transitional arrangements in this regard. This would ensure the scheme has time to bed in, and provides the opportunity to work with booking platforms and the industry, as well as WRA, to put processes in place that are reasonable, sensible and practical. These advertising requirements are an integral part of the way the scheme works, and its consistency with the corresponding enforcement regime across the rest of the Bill reflects that.

## **Other questions**

### **12. Why has the Cabinet Secretary chosen not to include a provision on the face of the Bill that requires the Welsh Ministers to undertake a post-implementation review?**

While there is no explicit provision for a post-implementation review on the face of the Bill, the Welsh Government is committed to reviewing the legislation after implementation to ensure it is operating effectively, as set out in the Explanatory Memorandum.

In addition, following on from the scrutiny of the Bill, the licensing authority and the scheme will remain the responsibility of the Welsh Ministers, who are already subject to all the normal avenues of Senedd scrutiny.

I would also want the terms and timing of any review to be dictated by what could best improve the service we offer visitors and visitor accommodation providers, and the legislative framework to promote tourism in Wales, rather than an arbitrary deadline. Similarly, the responsible Committees in the next Senedd and its successors will also be able to conduct their own inquiries.

I would, however, welcome the Committee's view as to whether they felt the Bill should specify specific aspects of the scheme which should be considered in the review.

**13. Are you expecting to bring any particular amendments to the Bill forward at Stage 2?**

We always continue to review legislation after it has been introduced, and it is likely that we will identify some areas where the intention of the Bill could be made clearer, to ensure it is interpreted as intended, and has the intended effect. I therefore expect to bring forward some amendments at Stage 2 for this purpose.

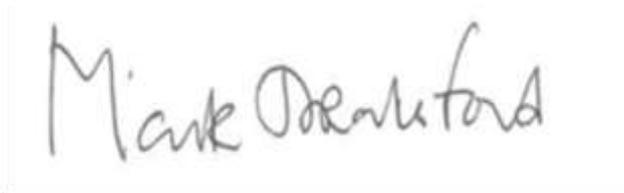
I will also, of course, consider the recommendations from all the Committees who consider the Bill during this stage of scrutiny, and whether I need to bring forward any amendments to the Bill at Stage 2 as a result.

**14. Should the Bill be passed and enacted, when do you envisage the licensing scheme being implemented?**

We expect the national register to be in force in 2027, which should enable the licensing scheme to be operational during 2029/30.

I am copying this letter to the Chairs of the Finance and Economy, Trade and Rural Affairs Committees, for their information.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive style and is enclosed in a thin black rectangular border.

**Mark Drakeford AS/MS**

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language

Llywodraeth Cymru  
Welsh Government

Our ref: MA/KSNWT/2789/25

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

25 November 2025

Dear Peredur

**Bus Services (Wales) Bill – Revised Explanatory Memorandum and Regulatory Impact Assessment**

Following the completion of the Stage 2 proceedings in respect of the Bus Services (Wales) Bill, and in line with Standing Order 26.28, a revised Explanatory Memorandum has been laid to account for amendments made to the Bill at Stage 2, to reflect new, amended or removed provisions.

I would like to bring relevant changes which have been made to the Regulatory Impact Assessment (RIA) to the Committee's attention.

The Committee's recommendations

In my letter of 8 September, following the publication of the Committee's Stage 1 report, I set out my initial response to the Committee's recommendations. I can now provide further details for those recommendations in response to which the RIA has been revised:

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

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

**Recommendation 2. The Committee recommends that the Cabinet Secretary provides clarity on the estimated additional costs to deliver Transport for Wales’s aspirational network and includes this information in a revised Regulatory Impact Assessment, after Stage 2.**

The term ‘Aspirational Network’ has been replaced with ‘aspirations for service enhancements’ to reflect the evolving nature of network improvements, which remain subject to funding availability. Clarifications have also been added regarding the potential costs of aspirational enhancements (see Paragraph 8.85), including an illustrative cost example. The update also notes that decisions on increasing vehicle kilometres to support aspirations for bus network improvements will be guided by cost and revenue modelling to be undertaken by TfW as network plans progress.

**Recommendation 3. The Committee recommends that the Cabinet Secretary explains how the estimated cost of £187.2 million for the acquisition of bus depots has been determined, including details of the assumptions made, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.**

Paragraph 8.19 has been updated with additional detail clarifying how the original cost was estimated. This was based on an exercise that was undertaken to identify the number, type and size of facilities that are needed in each region (with a unit cost for small, medium and large depots) and relates to full ownership of diesel-only depots. It is noted that there are some sensitivities around publication of unit cost estimates for depots as negotiations around the purchase of sites is ongoing.

Clarification has also been added regarding the additional costs associated with transitioning to electric depots, including a reference to the estimated cost assumption of £80 million (also derived from unit costs for small, medium, and large depots). While this cost was previously incorporated within the modelling across all options (Business as Usual, Statutory Partnerships, and Bus Reform), it had not been explicitly referenced in the text. This has now been addressed in Paragraph 8.19.

While it is acknowledged that certain post-acquisition upgrade costs (such as building refurbishment or construction, EV charging infrastructure, and grid upgrades) may exceed initial projections, these are expected to be offset by operators retaining ownership of some depots. Following a reassessment of depot cost estimates and discussions with TfW regarding evolving depot ownership plans, the overall financial envelope included in the original RIA, of an estimated £178m, is considered to remain an accurate estimate based on the latest available information.

It is also noted that the cost-benefit modelling includes optimism bias at 46% applied on top of these estimates, used in economic modelling to account for uncertainties around infrastructure costs, and hence the original assessment is considered robust and in line with economic modelling best practice.

**Recommendation 4. The Committee recommends that the Cabinet Secretary revises the cost estimates set out in the Regulatory Impact Assessment following the decision to proceed with four franchising zones, or otherwise confirms that there is no impact on costs, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.**

Clarification has been added to RIA in respect of the change from nine franchise zones to four (paragraph 8.48). Assumptions for recurring staff costs in the bus reform option have also been amended in response to the Committee's recommendation (summarised in Table A3.2), resulting in a change in recurring staff costs (after initial transition period) from £5.7M to £3.3M (Table 8.8). This impacts all assessment scenarios for the bus reform option and associated narrative, and tables have been updated throughout the document. Lastly, additional clarification has been added to reflect that the cost of staff resource is made up of salary and on-costs.

**Recommendation 5. The Committee recommends that the Cabinet Secretary explains why the assumption has been made to lease the new zero emissions bus fleet, including how the costs have been estimated, and includes this information in a revised Regulatory Impact Assessment, after Stage 2**

Clarification has been added around bus purchase and leasing costs (paragraph 8.81). Whilst there are advantages and disadvantages associated with each option, the total cost of ownership (including annual operating costs) over the lifespan of a vehicle under both options are broadly equivalent. For modelling purposes, as the profile of vehicle purchase required in the bus reform option is not yet fully developed, bus purchase costs have been included as an amortised cost within the estimated annual operational costs, although it is noted that in practice Welsh Government may decide to purchase new buses if access to capital finance is easier than revenue finance.

### Stage 2 amendments

In summary, amendments at Stage 2 to the RIA are as follows:

- Clarification that current funding for bus services support is provided by a combination of Welsh Government, and local authority contributions (e.g. paragraph 7.8)
- The TfW Pathfinder Projects section has been updated with the most recent data
- Modelling has been revised to align the carbon values used in the 'Wales Policy Methodology' scenarios with the Central values from the TAG Tables (consistent with those applied in the TAG Methodology scenarios) to ensure comparability across options and with other policy areas. Although this adjustment was reflected in the published RIA, the original modelling has now been updated, resulting in minor amendments to the outputs.

Amendments at Stage 2 to the Explanatory Memorandum (including the Explanatory Notes) have been made to:

- reflect the amendments to the Bill that were passed at Stage 2; including new sections introduced into the Bill and subsequent changes to section numbers;
- insert additional detail into the RIA that I agreed to include in my letter of response to the Finance Committee's Stage 1 Report on the Bill;
- include a definition for the 'Learner Travel (Wales) Measure 2008' in the glossary of terms;
- clarify that local bus services will be secured via contracts, permits, direct provision, the provision of certain other existing types of bus services including community transport services, or a combination of these;
- provide additional clarification with regards to section 36 (TUPE) and the regulations, to be made under it, which will be necessary to deliver on the bus reform.

I would like to take the opportunity to again thank the Finance Committee for its scrutiny of the Bill.

I have copied this letter to the Chair of the Climate Change, Environment and Infrastructure Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a large, stylized flourish extending to the right.

**Ken Skates AS/MS**

Ysgrifennydd y Cabinet dros Drafnidiaeth a Gogledd Cymru  
Cabinet Secretary for Transport and North Wales

# Agenda Item 3

Office for  
**Budget  
Responsibility**

## **Welsh taxes outlook**

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October 2025



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Charts and tables data are available on our website.



# 1 Updated tax forecasts

## Introduction

- 1.1 The February 2025 *Welsh taxes outlook (WTO)* presented five-year tax forecasts alongside the Welsh Government's final 2025-26 Budget, covering updated outturn for land transaction tax (LTT) and landfill disposals tax (LDT).<sup>1</sup> These forecasts were based on our October 2024 UK-wide economy and fiscal forecasts plus new receipts data.
- 1.2 Since then, we have produced updated forecasts for Welsh rates of income tax (WRIT), LTT and LDT as part of our *Devolved tax and spending forecasts*, published alongside our March 2025 *Economic and fiscal outlook (EFO)*. These forecasts were based on the March 2025 UK-wide economy and fiscal forecasts alongside updated outturn.
- 1.3 For its 2026-27 Draft Budget, that will be published on 14 October, the Welsh Government has requested updated forecasts for LTT and LDT. These forecasts incorporate the latest LTT and LDT outturn data but remain underpinned by the March 2025 economy forecast, as the Welsh Draft Budget will be published ahead of our next UK forecast, which is scheduled alongside the UK Budget on 26 November. Throughout this publication, comparisons are made to the February *Welsh taxes outlook*, so any changes reflect updated economic determinants from March, as well as revised judgements based on outturn since then.
- 1.4 The WRIT forecasts have not been updated for this publication, with the March 2025 forecast therefore remaining the latest available. The ONS's Public Sector Finances (PSF) bulletin published on 19 September showed the latest position for income tax receipts for the UK £1.9 billion below the March forecast profile. The shortfall is due to a different split between income tax and National Insurance contributions (NICs) than in our March 2025 forecast. A shortfall in PAYE income tax compared to outturn so far this year is largely offset by a surplus in employee NICs. The combined outturn is close to our March forecast. We have not yet assessed how much of the income tax receipts relate to non-savings, non-dividend income tax, the element which is subject to the Welsh rates or the extent to which the shortfall affects revenues from different parts of the UK.<sup>2</sup>
- 1.5 An updated view on UK-wide and Welsh income tax, including an update of the income tax and NICs split, will be provided in the next *Economic and fiscal outlook* and *Devolved tax and spending forecasts* which will be published on 26 November alongside the UK Budget. These will reflect the updated UK-wide economy and fiscal forecasts.

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<sup>1</sup> Welsh rates of income tax were not updated as part of the publication.

<sup>2</sup> For more details, see: OBR, *Commentary on the Public Sector Finances: August 2025*, September 2025.

1.6 The forecasts in this *WTO* incorporate the impacts of policies announced in the Welsh Government's Draft Budget, which we have scrutinised and certified using the same approach as we apply to the UK Government's policies. The Welsh Government policies that we have incorporated are as follows:

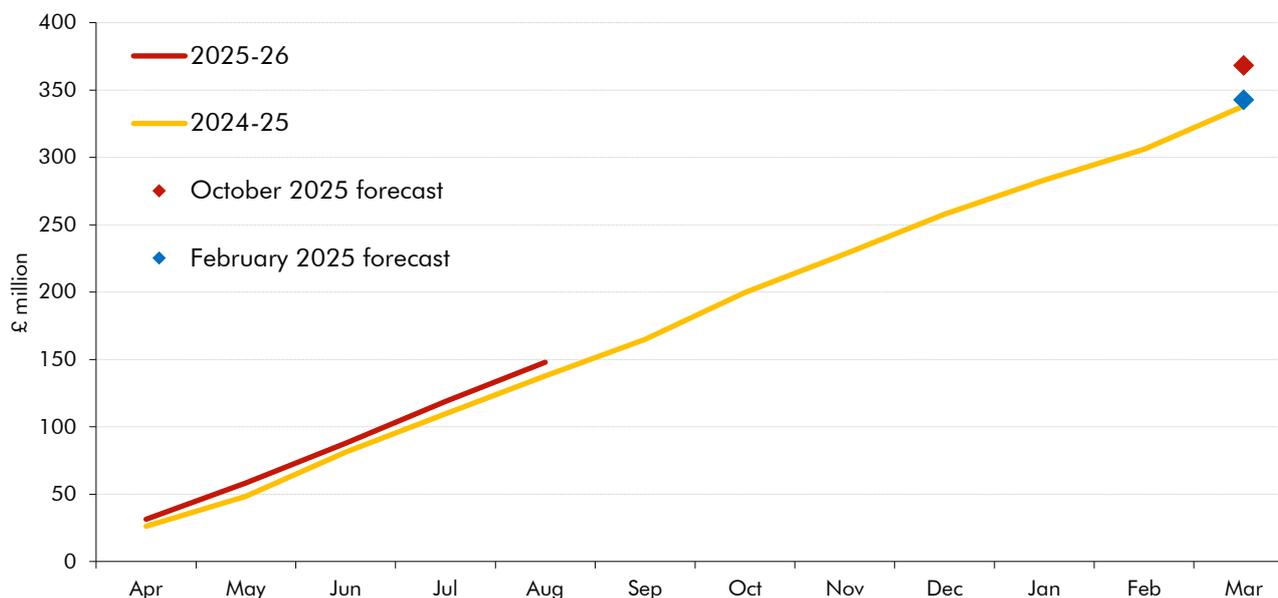
- **LDT additional compliance:** the Welsh Revenue Authority (WRA) is allocating additional resourcing for staff to undertake compliance activity on unauthorised disposals for LDT, which is estimated to increase LDT receipts by £0.7 million a year from 2026-27 onwards. The Welsh Government have confirmed the funding for this compliance activity will be additional and not offset elsewhere. Uncertainties in this costing relate to the extent of waste crime activity in the future and the complexity of the cases investigated.
- **LTT relief and rate changes:** the Welsh Government is introducing a package of measures relating to land transaction tax. These include new rules to ensure parity in tax liability between multiple and single dwelling transactions, an increase in the minimum tax rate for mixed-use multiple dwelling transactions with multiple dwellings relief (MDR) from 1 per cent to 3 per cent, and a new refund of higher residential rates for newly purchased properties placed into Leasing Scheme Wales. The net revenue gain from these measures is expected to average less than £0.1 million a year from 2026-27 onwards. Key uncertainties relate to behavioural responses to the MDR rate changes and the number of properties entering Leasing Scheme Wales.

## Land transaction tax

### Recent developments

1.7 Chart 1.1 presents monthly LTT receipts outturn for 2025-26 and compares them to the February 2025 *WTO* forecast. In the five months of outturn data published for 2025-26 receipts are up 7.5 per cent, £10.3 million on 2024-25 levels. In our March 2025 *EFO*, we revised up our near-term forecast for residential house prices, but lowered our forecasts for commercial property prices, commercial transactions, and residential transactions. Relative to the February *WTO*, these economy determinants changes therefore largely offset one another. The stronger-than-expected receipts seen in 2024-25, however, are expected to persist, which has led us to revise up the forecast by £25 million this year relative to the February forecast.

Chart 1.1: Recent land transaction tax outturns



Note: There is a slight discrepancy between the annual figure and the monthly cash position due to the timings of data reporting. The annual financial year figure is an extract taken at 30 April, whilst the monthly data are from the monthly fixed positions, with adjustments for higher rates refunds.

Source: WRA, OBR

**1.8** The LTT forecast is based on the outlook for the UK-wide property market and an assessment of whether and how far the Welsh property market is deviating from the UK outlook. In the absence of evidence to the contrary, our starting assumption is that Welsh property prices and transactions move in line with those across the UK as a whole.<sup>3</sup> That assumption is maintained in this forecast given that outturn data shows that recent house price changes across the two countries have followed similar paths. There are risks around this assumption, such as the possibility that any further changes in interest rates impact the Welsh property market differently from the rest of the UK.

## Latest forecasts

**1.9** Table 1.1 shows the updated LTT forecast and the changes since the February *WTO*. Total receipts have been revised up by £25.2 million (6.1 per cent) on average in each year of the forecast, reflecting stronger outturn receipts and higher forecast house prices from our March *EFO*.

**1.10** Breaking the overall difference down by component relative to the February *WTO*:

- The forecast for **residential main rates** has been revised up by an average of £20.5 million (8.9 per cent) a year. Residential main rate receipts in 2024-25 were £11.0 million higher than expected in our February forecast. Combined with our higher forecast for house prices from our March *EFO*, this has led us to raise the medium-term forecast.

<sup>3</sup> For residential transactions and prices, our forecast for Wales excludes the effect of the planning reforms announced by the Government, which only affect England.

## Updated tax forecasts

- The forecast for **higher rates on additional residential properties** has been revised down by an average of £7.1 million (7.1 per cent) a year. This largely reflects weaker than expected receipts since our February forecast.
- The forecast for **commercial property** has been revised up by an average of £11.8 million (14.2 per cent) a year. This is driven by higher-than-expected outturn receipts since our February forecast. Thereafter, receipts are expected to remain flat reflecting the profile for commercial prices and transactions.

**Table 1.1: Land transaction tax: October 2025 forecast**

	£ million					
	Outturn 2024-25	Forecast				
	2025-26	2026-27	2027-28	2028-29	2029-30	
<b>Total LTT</b>						
February forecast	326	343	377	415	452	486
October forecast	341	368	401	440	478	512
<b>Difference</b>	<b>14</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>26</b>	<b>26</b>
<b>Residential main rates</b>						
February forecast	167	181	204	231	257	282
October forecast	178	200	223	251	279	304
<b>Difference</b>	<b>11</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>22</b>	<b>22</b>
<b>Higher rates on additional properties</b>						
February forecast	71	86	94	102	108	114
October forecast	74	83	87	94	100	105
<b>Difference</b>	<b>2</b>	<b>-4</b>	<b>-7</b>	<b>-8</b>	<b>-8</b>	<b>-9</b>
<b>Commercial</b>						
February forecast	88	76	79	83	86	90
October forecast	89	86	91	95	99	103
<b>Difference</b>	<b>1</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>13</b>

Source: WRA, OBR

## Landfill disposals tax

1.11 Table 1.2 shows the updated LDT forecast. The forecast has been revised upwards by an average of £2.5 million (7.9 per cent) a year. Strength in receipts since our February WTO forecast explains around three-quarters of this increase, as landfill volumes have not declined as much as expected following recent rises in the lower and standard rates. The additional funding for compliance, set out above, explains the remaining increase, raising the forecast by an average of £0.7 million a year (2.4 per cent) from 2026-27 onwards.

**Table 1.2: Landfill disposals tax: October 2025 forecast**

	£ million					
	Outturn 2024-25	Forecast				
	2025-26	2026-27	2027-28	2028-29	2029-30	
February forecast	34	33	32	31	30	30
October forecast	34	35	34	34	33	32
<b>Difference</b>	<b>-0.1</b>	<b>2.1</b>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>

Source: WRA, OBR

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