

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee room 5 Tŷ Hywel and video conference via Zoom	For further information contact: Owain Roberts Committee Clerk 0300 200 6565 SeneddFinance@senedd.wales
Meeting date: 11 February 2026	
Meeting time: 09.30	

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) (Pages 1 – 6)
 - 2.1 PTN 1 – Letter from the Cabinet Secretary for Housing and Local Government: Homelessness and Social Housing Allocation (Wales) Bill – Revised Explanatory Memorandum and Regulatory Impact Assessment – 27 January 2026**
(Pages 7 – 9)
 - 2.2 PTN 2 – Letter from the Cabinet Secretary for Finance and Welsh Language to the Economy, Trade and Rural Affairs (ETRA) Committee: Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill – 27 January 2026**
(Pages 10 – 15)
 - 2.3 PTN 3 – Building Safety (Wales) Bill: Further information from the Cabinet Secretary for Housing and Local Government to the Finance Committee's report recommendations – 28 January 2026**
(Pages 16 – 19)



- 2.4 PTN 4 – Building Safety (Wales) Bill: Further information from the Cabinet Secretary for Housing and Local Government to the Local Government and Housing Committee's report recommendations – 28 January 2026**
(Pages 20 – 21)
- 2.5 PTN 5 – Building Safety (Wales) Bill: Further information from the Cabinet Secretary for Housing and Local Government to the Legislation, Justice and Constitution Committee's report recommendations – 28 January 2026**
(Pages 22 – 28)
- 2.6 PTN 6 – Joint letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, and the Counsel General and Minister for Delivery to the Legislation, Justice and Constitution Committee: Welsh Government Draft Budget 2026–27 – 28 January 2026**
(Pages 29 – 31)
- 2.7 PTN 7 – Letter from the Counsel General and Minister for Delivery to the Member Accountability Bill Committee: Financial resolution for the Senedd Cymru (Member Accountability and Elections) Bill – 2 February 2026**
(Pages 32 – 33)
- 2.8 PTN 8 – Letter from Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs: Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill – Revised Explanatory Memorandum – 3 February 2026**
(Pages 34 – 35)
- 2.9 PTN 9 – Annual scrutiny of the Wales Audit Office and the Auditor General for Wales: Response from Audit Wales to the Committee's report – 3 February 2026**
(Pages 36 – 42)
- 3 Finance Committee Legacy work – Sixth Senedd: Evidence session**
(09.30 – 10.30) (Pages 43 – 59)
Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language

Andrew Jeffreys, Director Treasury, Welsh Government

- 4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting**
(10.30)
- 5 Finance Committee Legacy work – Sixth Senedd: Consideration of evidence**
(10.30 – 10:45)
- 6 Nomination of the Auditor General for Wales: Consideration of draft report**
(10.45 – 11.00) (Pages 60 – 77)
- 7 Interparliamentary Finance Committee Forum: Consideration of the Forum’s draft legacy report**
(11.00 – 11:15) (Pages 78 – 89)
- 8 Nomination of the Auditor General for Wales: Consideration of the Memorandum for the Accounting Officer of the Wales Audit Office**
(11.15 – 11.30) (Pages 90 – 95)
- 9 Draft Public Audit (Amendment) (Wales) Bill: Update**
(11.30 – 11.45) (Pages 96 – 117)

Concise Minutes – Finance Committee

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

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

<http://senedd.tv/en/15716>

Meeting date: Wednesday, 21 January 2026

Meeting time: 09.30 – 11.19

Hybrid

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Mike Hedges MS Rhianon Passmore MS Sam Rowlands MS
Witnesses:	Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language, Welsh Government Andrew Jeffreys, Director Treasury, Welsh Government Emma Watkins, Deputy Director, Budget and Government Business, Welsh Government
Committee Staff:	Owain Roberts (Clerk) Sian Giddins (Second Clerk) Georgina Owen (Second Clerk) Mike Lewis (Deputy Clerk) Martin Jennings (Researcher) Ben Harris (Legal Adviser)



Registration

Private pre-meeting

1 Introductions, apologies, substitutions and declarations of interest

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

2 Paper(s) to note

2.2 The papers were noted.

- 2.1 PTN 1 – Letter from the Cabinet Secretary for Finance and Welsh Language: Welsh Revenue Authority appointment – 27 November 2025
- 2.2 PTN 2 – Letter from the Cabinet Secretary for Finance and Welsh Language to the Chair of the Economy, Trade, and Rural Affairs Committee: Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill – 27 November 2025
- 2.3 PTN 3 – Post-legislative review of the Public Services Ombudsman (Wales) Act 2019: Response to the Committee's report – 5 December 2025
- 2.4 PTN 4 – Letter from the Legislation, Justice and Constitution Committee to Welsh Government: Welsh Government's Draft Budget 2026–27 – Justice – 12 December 2025
- 2.5 PTN 5 – British Sign Language (Wales) Bill: Welsh Government response to the Finance Committee's report – 28 November 2025
- 2.6 PTN 6 – British Sign Language (Wales) Bill: Response from the Member in Charge of the Bill to the Finance Committee's report – 27 November 2025
- 2.7 PTN 7 – British Sign Language (Wales) Bill: Response from the Member in Charge of the Bill to the Equality and Social Justice Committee's report – 12 December 2025
- 2.8 PTN 8 – British Sign Language (Wales) Bill: Response from the Member in Charge of the Bill to the Legislation, Justice and Constitution Committee's report – 10 December 2025
- 2.9 PTN 9 – Welsh Government Draft Budget 2026–27: Additional Evidence – Cymorth Cymru and Community Housing Cymru (CHC) – December 2025

- 2.10 PTN 10 – Welsh Government Draft Budget 2026–27: Additional Evidence – Care Forum Wales, Homecare Association and Cymorth Cymru – December 2025
- 2.11 PTN 11 – Welsh Government Draft Budget 2026–27: Additional Evidence – Wales Women's Budget Group and the Women's Equality Network (WEN) Wales – December 2025
- 2.12 PTN 12 – Letter from the Cabinet Secretary for Finance and Welsh Language: Outturn figures from 2024–25 in comparison to the proposed figures for 2026–27 – 16 December 2025
- 2.13 PTN 13 – Letter from the Cabinet Secretary for Finance and Welsh Language: Welsh Government – Report on Outturn 2024–25 – 22 December 2025
- 2.14 PTN 14 – Letter from the Cabinet Secretary for Housing and Local Government: Auditing of Local Government accounts – 17 December 2025
- 2.15 PTN 15 – Building Safety (Wales) Bill: Welsh Government response to the Finance Committee's report – 19 December 2025
- 2.16 PTN 16 – Building Safety (Wales) Bill: Welsh Government response to the Local Government and Housing Committee's report – 19 December 2025
- 2.17 PTN 17 – Building Safety (Wales) Bill: Welsh Government response to the Legislation, Justice and Constitution Committee's report – 19 December 2025
- 2.18 PTN 18 – Prohibition of Greyhound Racing (Wales) Bill: Welsh Government response to the Culture, Communications, Welsh Language, Sport, and International Relations Committee's report – 5 January 2026
- 2.19 PTN 19 – Prohibition of Greyhound Racing (Wales) Bill: Welsh Government response to the Legislation, Justice and Constitution Committee's report – 5 January 2026

- 2.20 PTN 20 – Letter from Industry Wales: Industry Wales – 2024–25 Audit Opinion and Reflections on the 2023–24 Disclaimer – 8 January 2026**
- 2.21 PTN 21 – Senedd Cymru (Member Accountability and Elections) Bill: Welsh Government response to the Finance Committee's report – 9 January 2026**
- 2.22 PTN 22 – Senedd Cymru (Member Accountability and Elections) Bill: Welsh Government response to the Member Accountability Bill Committee's report – 9 January 2026**
- 2.23 PTN 23 – Senedd Cymru (Member Accountability and Elections) Bill: Welsh Government response to the Legislation, Justice and Constitution Committee's report – 9 January 2026**
- 2.24 PTN 24 – Senedd Cymru (Member Accountability and Elections) Bill: Senedd Commission response to the Finance Committee's report – 13 January 2026**
- 2.25 PTN 25 – Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs: Inter-Ministerial Standing Committee – 9 January 2026**
- 2.26 PTN 26 – Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Welsh Government response to the Finance Committee's report – 9 January 2026**
- 2.27 PTN 27 – Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Further information from the Welsh Government to the Legislation, Justice and Constitution Committee – 9 January 2026**
- 2.28 PTN 28 – Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Welsh Government preliminary responses to specific Economy, Trade and Rural Affairs Committee report recommendations – 12 January 2026**

**2.29 PTN 29 – Letter from the Cabinet Secretary for Finance and Welsh Language:
Welsh Government's Barnett formula consequential arising from the UK
Government's autumn budget – 15 January 2026**

**2.30 PTN 30 – Welsh Government Final Budget 2026–27: Response from the Office for
Budget Responsibility to the Finance Committee's report recommendation – 16
January 2026**

3 Welsh Government Final Budget 2026–27: Evidence session

3.1 The Committee took evidence on the Welsh Government Final Budget 2026–27 from Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language, Welsh Government; Andrew Jeffreys, Director Treasury, Welsh Government; and Emma Watkins, Deputy Director, Budget and Government Business, Welsh Government.

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

4.1 The motion was agreed.

5 Welsh Government Final Budget 2026–27: Consideration of evidence

5.1 The Committee considered the evidence received.

6 Second Supplementary Budget 2025–26: Requests from the Directly Funded Bodies

6.1 The Committee considered and agreed the requested variations to the Senedd Commission's Budget 2025–26; and the Public Services Ombudsman for Wales's Estimate 2025–26.

7 Finance Committee Legacy work – Sixth Senedd: Consideration of scoping paper

7.1 The Committee considered the scoping paper on its legacy work and agreed the actions within it.

8 Approval of Audit Wales Fee Scheme 2026–27

8.1 The Committee approved the Audit Wales Fee Scheme 2026–27.

9 Legislative Consent Memorandum (LCM) on the Finance (No. 2) Bill

9.1 The Committee considered the supporting documents and the evidence received from the Cabinet Secretary for Finance and Welsh Language in relation to the Legislative Consent Memorandum, and agreed to write to the Cabinet Secretary requesting further information.

Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/JB/0084/26 (JB/PO/43/26)

Peredur Owen Griffiths MS
Chair
Finance Committee
Senedd Cymru

CC: John Griffiths MS (Chair of the Local Government and Housing Committee and Mike Hedges MS, Chair of the Legislation, Justice and Constitution Committee

27 January 2026

Homelessness and Social Housing Allocation (Wales) Bill – Revised Explanatory Memorandum and Regulatory Impact Assessment

Dear Peredur,

Following completion of stage 2 proceedings in respect of the Homelessness and Social Housing Allocation (Wales) Bill and in line with Standing Order 26.28, a revised Explanatory Memorandum (EM) has been laid to reflect new, amended or removed provisions made during this stage. I would like to bring several relevant changes to the Committee's attention.

Changes have been made to the Regulatory Impact Assessment (RIA) as result of the new or amended provisions, resulting in amendments to our cost benefit analysis and affordability assessment. Changes have also been made in response to recommendations from the stage 1 Committees and the Explanatory Memorandum and Explanatory Notes have been revised to reflect the Bill at the end of stage 2, alongside some stylistic amendments and edits. A number of amendments made at stage 2 will not result in any additional costs and they are not discussed further.

Changes made to the Regulatory Impact Assessment (RIA) as result of new or amended provisions.

Section 17: Help to retain suitable accommodation secured in exercise of homelessness functions

At stage 2, section 17 of the Bill was amended to confer a discretionary power on local housing authorities to continue assisting an applicant in retaining their accommodation by taking reasonable steps to ensure it remains available for occupation, even after the statutory duty has ended. We have revised the RIA to provide cost estimates for use of this power.

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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.

Section 43 - Progress reports on bringing the Act into force

At stage 2, section 43 was inserted into the Bill to require the Welsh Ministers to prepare progress reports if the Act is not fully in force by specified dates (31 Dec 2028, 31 Dec 2029 and biennially thereafter). These reports must set out the progress made in bringing the Act into force and further steps to be taken by the Welsh Ministers or any other person to bring the Act fully into force. An additional, recurring costs has been added to the RIA to support this change.

Section 38 - Review of the operation and effect of changes made by the Act

At stage 2, section 38 was inserted into the Bill to place a duty on the Welsh Ministers to undertake a post-implementation review of the operation and effect of the changes made by the Act. An additional one-off cost has been added to the RIA to support this change.

Transition costs

An additional cost has been added to the proposed transition costs to create sustainable training materials for local authorities which will support an ongoing offer of learning and development related to the legislative change. This change has resulted from recent pre-implementation discussion with local authorities.

Further work on Committee recommendations

The Finance Committee recommended that I work with local authorities to agree the standardised information to be included in all Common Housing Registers, identify any gaps in the information currently collected by existing registers, and confirm whether the requirement to maintain a Common Housing Register remains cost neutral for those local authorities currently operating registers.

My officials have undertaken further work in response to this recommendation; all local authorities have been surveyed, and responses have been received by 22 of the 22 authorities in Wales. Every respondent has confirmed that, whether they hold a CHR or not, they hold the specific types of information that would be held on a CHR. I remain confident that the requirement for Common Housing Registers will be cost neutral.

Duty to retain revised assumption

The Local Government and Housing Committee requested that further analysis of the potential need under the duty to provide help to retain suitable accommodation be undertaken. My officials have considered further our assumption on this duty and looked for further, alternative evidence.

Our original assumptions were based on the number of households found to be threatened with homelessness due to the loss of rented or tied accommodation. As we set out in the RIA, this will include a range of experiences, including no fault evictions, so must not be assumed to relate just to people who have been unable to sustain a tenancy due to lack of support. We, therefore applied a ratio (based on the evidence of three local authorities who were able to provide relevant detail) to this figure to estimate proxy demand.

There is no further, reliable data in Wales on support needs for homelessness applicants. However, evidence, collected as part of statutory homelessness data collection in England

provides some additional evidence relating to the support needs of applicants there, which we have used to revise our estimates for demand. We have done so, alongside a revision of the baseline total, against which this percentage is applied. It is very likely that this leads us to an over-estimate of potential costs but given the views of stakeholders and the Committee recommendation, we have erred on the side of over-estimation in this case, flagging relevant caveats in the document. The RIA, therefore, now contains cost estimates on these revised assumptions and for the additional power added at stage 2 (as set out above).

Sensitivity analysis

The Finance Committee recommended that I conduct a sensitivity analysis in relation to the public sector cost of homelessness and include this potential range of costs in the revised RIA.

The sensitivity analysis is provided at annex B. The analysis models various annual increases in homelessness, ranging from 0% to 10%. Any increase in the annual rate of growth of homelessness leads to an increase in the Net Present Value (NPV) and Benefit - Cost ratio (BCR) of the Bill. This is because any additional implementation costs incurred through having to support more people are outweighed by the additional financial and societal benefits derived from providing that support.

My officials have also reviewed and edited unnecessary text and made other stylistic changes. These have no bearing on the cost estimates contained within the document.

I would like to take the opportunity to again thank each of the Committees for their scrutiny of the Bill.

Yours sincerely,

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

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

Agenda Item 2.2

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg

Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-MDFWL-3074-25

Andrew RT Davies MS
Chair
Economy, Trade, and Rural Affairs Committee
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27 January 2026

Dear Andrew,

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

Further to my letter of 12 January 2026 and the 13 January general principles debate on the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill ("the Bill"), I am writing now to provide you with confirmation of the government responses to each of the 23 recommendations in the Economy, Trade, and Rural Affairs Committee's Stage 1 report.

Recommendation 1

Future Seneddau and governments should not take the timetable afforded to this Bill as a precedent for the making and scrutiny of non-emergency legislation. Such a short timeframe should be avoided unless exceptional circumstances demand otherwise,

Government Response - Noted

As I said during the general principles debate on 13 January, it is inevitable that where Bills are scheduled for the final year of a Senedd term this is going to create time constraints and pressures. The alternative would significantly limit the capacity of future Seneddau to legislate.

Recommendation 2

The Committee recommends that the Senedd, taking into account the recommendations in this report, agrees the general principles of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill.

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Pack Page 10

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.

Government Response - Noted

I thanked the committee for its recommendation that the Bill be supported at the general principles debate and am pleased that the Bill will now proceed to Stage 2.

Recommendation 3

The Welsh Government should amend the Bill at Stage 2 to make commencement of the licensing scheme subject to further Senedd approval.

Government Response – Reject

Commencement Orders are not subject to Senedd procedure.

Agreeing to this recommendation would mean a further approval would be required in order to implement an Act that the Senedd had already agreed. As such, the Government cannot accept this recommendation.

Recommendation 4

The Welsh Government should amend the Bill at Stage 2 to ensure that commencement of the Bill's provisions can take place no later than the end of the next scheduled Senedd term.

Government Response – Accept in principle

As confirmed in my letter of 12 January, I have now tabled various amendments, including a sunrise provision to commence the Act, if it has not been commenced by March 2030.

Recommendation 5

In his response to this report, the Cabinet Secretary should set out what discussions have taken place, and are planned to take place, with representatives of the tourism industry on proposals for the Bill's implementation.

Government Response – Accept

As I confirmed in my letter of 12 January, and during the general principles debate, Welsh Government officials have throughout the development of the Bill engaged on an ongoing basis with key stakeholders and will continue to do so. See also my response to related recommendation 21 below.

Recommendation 6

In advance of the Stage 1 debate, the Cabinet Secretary should set out what amendments he plans to bring forward at Stage 2.

Government Response – Accept

I set out in detail in my letter of 12 January, and during the general principles debate, my intended Stage 2 amendments, and I have now tabled them.

Recommendation 7

The Welsh Government should amend the Bill at Stage 2 to commit to undertaking and publishing a review of the operation and effect of the provisions in the Bill by no later than April 2034.

Government Response – Accept in principle

As I confirmed in my letter of 12 January, and during the general principles debate, I have now tabled such an amendment.

Recommendation 8

In responding to this report, the Welsh Government should set out what work has been carried out to date on developing the code of practice and associated guidance. Further, the Welsh Government should provide further detail on the anticipated content of the code.

Government Response – Accept

The guidance on the licensing scheme will be produced once the regulations have been drafted. We intend this to be issued well before the scheme is operational.

The code of practice goes far wider than the licensing scheme, but is integral to its operational delivery. Officials have been discussing a Welsh tourism code of practice with those who produce the English equivalent for some time. We would naturally want a code of practice to reflect the up-to-date legislation, so plan to reconsider the options next year.

Recommendation 9

The Welsh Government should consider amending the Bill at Stage 2 to ensure an appropriate minimum time period for Senedd consideration of regulations proposed under section 5.

Government Response – Accept in principle

As I confirmed in my letter of 12 January, and during the general principles debate, I have now tabled an amendment to consult for a minimum period prior to the use of the power under paragraph 5(1)(b).

Recommendation 10

The Welsh Government should ensure that guidance issued under section 55 addresses visitor accommodation providers' obligations in relation to the general fitness standard in section 7.

Government Response – Accept

The future guidance on the scheme will provide more detail on this, as well as other aspects of the regulatory regime under the Bill.

Recommendation 11

The Welsh Government should address waste management and anti-social behaviour issues in its code of practice, to ensure that operators are aware of their responsibilities and, further, should amend the Explanatory Memorandum to set out the licensee's existing obligations relating to the disposal of visitor waste

Government Response – Accept

Officials will address this when the code of practice is produced. In the meantime, I will be amending the Explanatory Memorandum to reflect this recommendation.

Recommendation 12

The Welsh Government should consider including energy performance certificates as an additional standard when exploring future updates to the licensing scheme.

Government Response – Accept

Energy performance policy is the responsibility of the UK Government. However, we will continue to monitor developments in that area, and consider any future potential implications for the licensing system.

Recommendation 13

In advance of the Stage 1 debate, the Cabinet Secretary should confirm whether he intends to bring forward amendments at Stage 2 to in relation to the proposed fire prevention standard in section 9.

Government Response – Accept

As confirmed in my letter of 12 January, and during the general principles debate, I have now tabled such an amendment.

Recommendation 14

The Welsh Revenue Authority should commit to providing regular updates on its work relating to the register and the licensing scheme to a relevant committee of the next Senedd.

Government Response – Noted

The WRA regularly updates the Finance Committee on its work, and I suggest that future updates should cover its work relating to the register and the licensing scheme. The relevant committee will no doubt be confirmed by the next Senedd.

Recommendation 15

In advance of the Stage 1 debate, the Cabinet Secretary should review the additional evidence provided by the Short Term Accommodation Association and confirm the average number of total licences that Rent Smart Wales deals with each year and the time taken to process applications at present. The Cabinet Secretary should also set out any estimate he has made of the length of time it will take to process and issue the estimated 30,000 visitor accommodation licences that will need to be issued in the first year of operating the licensing scheme.

Government Response – Accept

I confirmed in my letter of 12 January that officials were reviewing the additional evidence shared by the Short Term Accommodation Association and that I would follow up in writing with the Committee.

The Short Term Accommodation Association are right to highlight that the number of applications Rent Smart Wales receive year-on-year is lower than will be the case in the initial implementation of the Bill. I would not, however, draw an equivalence between the application processes. The application process for Rent Smart Wales is different to the one in the Bill: their licensing system requires a fit and proper person test for applicants, and also includes agents. Their compliance activity includes large scale agent audits, which are also not a feature of the licensing system proposed in the Bill. These differences result in a significantly different balance of where and how the compliance activity falls for the approximately 200,000 properties subject to the Rent Smart Wales regime, and I do not agree that the number of applications is the same as the number of licences Rent Smart Wales deals with year-on-year.

Officials have discussed plans for licensing with Rent Smart Wales, including processing applications and compliance checking and, where relevant, this has informed the assumptions made about how long it may take to process applications and to check documents which underpin the analysis presented in the Regulatory Impact Assessment for the Bill.

Recommendation 16

The Welsh Government should amend the Bill at Stage 2 to extend the minimum period for which a visitor accommodation licence may be granted.

Government Response – Accept in principle

As confirmed in my letter of 12 January, and during the general principles debate, I have now tabled an amendment which allows for different licence periods.

Recommendation 17

In advance of the Stage 1 debate, the Cabinet Secretary should provide further information to the Senedd about how the provision for complaints in section 22 is expected to work in practice, including how complaints will be assessed and what the practical effect will be of a complaint being upheld

Government Response – Accept

I provided a detailed response to this recommendation in my letter of 12 January.

Recommendation 18

In advance of the Stage 1 debate, the Welsh Government should update the Committee on discussions with local authorities as to their potential role in the enforcement process, and clarify the potential role Visit Wales might play.

Government Response – Accept

I provided a detailed response to this recommendation in my letter of 12 January.

Recommendation 19

The Welsh Government should bring forward an amendment to the Bill at Stage 2 to provide that the regulations made under section 38 will be subject to the Senedd approval procedure.

Government Response – Accept in principle

As I confirmed in my letter of 12 January, and during the general principles debate, I have now tabled such an amendment.

Recommendation 20

In advance of the Stage 1 debate, the Welsh Government should set out in further detail how the provision in section 42 is intended to work in practice, including its justification for the inclusion of 42(4).

Government Response – Accept

I provided a detailed response to this recommendation in my letter of 12 January.

Recommendation 21

In advance of the Stage 1 debate, the Cabinet Secretary should:

- provide an update on discussions with booking platforms / agents regarding the provisions in sections 46 and 47,
- provide further information on the rationale for extending the proposed offence to bodies other than visitor accommodation providers, and
- provide further information on the specific steps that may need to be taken to establish a defence to the proposed offence.

Government Response – Accept

I provided a detailed response to this recommendation in my letter of 12 January.

Recommendation 22

The Welsh Government should consider tabling an amendment to the Bill at Stage 2 to limit the scope of the advertising and marketing offence in section 47 to visitor accommodation providers only.

Government Response – Reject

I responded to this recommendation during the general principles debate on the Bill.

Recommendation 23

In advance of the Stage 1 debate, the Cabinet Secretary should respond to the specific additional evidence received by the Committee.

Government Response – Accept in principle

I confirmed in my letter of 12 January that analysis of the additional evidence provided to the Committee was ongoing and that I would follow up in writing with any additional clarifications or responses required as a result of that analysis.

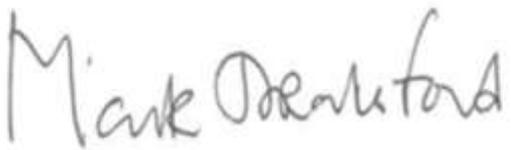
Officials have considered the evidence provided, and where I considered changes were necessary as a result, I have tabled amendments to that effect. We will continue to consider the evidence alongside the Bill throughout Stage 2, and will consider whether further amendments are necessary at Stage 3.

Many of the points raised in the additional evidence were discussed during scrutiny, including the policy intention of the Bill, the general fitness standard, and the way we will support continuity of business during the rollout of the scheme, but check documentation before issuing a licence. I addressed many of these points again in the general principles debate. In particular, I have considered these issues with the visitor in mind. For the scheme to achieve its purpose, we have to be able to reassure visitors that the accommodation they book will meet the standards they expect.

I hope this response is useful, and I look forward to continuing to work constructively with the committee during Stage 2.

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

Yours sincerely,



Mark Drakeford AS/MS

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

Agenda Item 2.3

Jayne Bryant MS/MS
 Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
 Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
 Welsh Government

Our Ref: JB/PO/51/26

Peredur Owen Griffiths MS
 Chair Finance Committee
 Senedd Cymru
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28 January 2026

Building Safety (Wales) Bill

Dear Peredur,

Following my letter of 19 December 2025 in response to the Finance Committee's recommendations, I am pleased to provide additional information below.

Further to my response to recommendation 3, I said I would write to you with information on the funding allocated to local authorities, along with an explanation of activities that the funding can be used to deliver.

£410,000 has been awarded to 13 local authorities in this financial year to begin preparatory work for the new regulatory functions under the Bill.

The funding may be used to prepare for the forthcoming building safety authority functions or delegation of those functions, including:

- a. Identifying relevant skills gaps within the local authority,
- b. Activities aimed at addressing relevant skills gaps,
- c. Provision of relevant learning and development opportunities for staff,
- d. Activities aimed at supporting effective joint working between the future enforcing authorities under the Bill,
- e. Other activities to assist the local authority in preparing to take on the functions of the building safety authority,
- f. Any work undertaken with the Welsh Government to prepare for implementation of the Bill (for example, to support the costs or workforce workstreams).

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As the Bill will be implemented in a phased manner, we have determined that funding for the current financial year should be prioritised for those local authorities with Category 1 buildings.

For this tranche of funding, 13 local authorities are eligible, as indicated in Annex 1. We have allocated a baseline of £20,000 for each local authority, with the remaining funding being allocated based on the proportion of Category 1 buildings in each authority area.

We have asked local authorities to provide reports setting out how this funding has been utilised by 31 March and I will ask officials to provide a further update once those reports have been received.

Further to my response to recommendation 6, I undertook to provide an update on the costs workstream.

We began to test the initial assumptions underpinning the Regulatory Impact Assessment (RIA) with local authorities in January 2025. Then in the summer of 2025, I wrote to all local authorities about our plans to establish a costs workstream to build on the work we had already undertaken for the RIA. That workstream met for the first time in September and has been attended by a number of local authorities along with representatives of the WLGA. The group has met monthly, and there have been additional meetings held to focus on progressing specific aspects of the work. This work will contribute to updates to key elements of the RIA, including the transitional costs and costs relating to the building certificate function and enforcement. Overall, this has resulted in an increase to the 10-year PV cost estimate for the building safety authorities of approximately £2m, with the majority of the changes relating to enforcement in Category 1 buildings and transitional costs. The updated cost estimate will be included when I issue a revised RIA after Stage 2.

The work to date on this has been extremely valuable, and I would like to put on record my thanks to the local authorities that have engaged with us in this endeavour. But there is more to do. The costs workstream will be continuing its work to review and develop the cost analysis, which will include ensuring that it reflects the discussions we are having with local authorities about the identification of a host authority for each of the three building safety authority regions.

I hope this information is helpful.

I am copying this letter to the Chair of the Local Government and Housing Committee and Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely

A handwritten signature in black ink that reads "Jayne Bryant". The signature is written in a cursive style with a large, stylized initial 'J'.

Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

Annex 1: Allocations for Transitional Funding 2025-26

Local Authority	Cat 1 buildings	Total
Cardiff Council	99	£102,500
Conwy County Borough Council	1	£20,833
Flintshire County Council	3	£22,500
Gwynedd Council	4	£23,333
Isle of Anglesey County Council	3	£22,500
Merthyr Tydfil County Borough Council	1	£20,833
Neath Port Talbot Council	8	£26,667
Newport City Council	7	£25,833
Pembrokeshire County Council	1	£20,833
Swansea Council	42	£55,000
Torfaen County Borough Council	3	£22,500
Vale of Glamorgan Council	6	£25,000
Wrexham County Borough Council	2	£21,667

Agenda Item 2.4

Jayne Bryant MS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Our Ref: JB/PO/49/26

John Griffiths MS
Chair, Local Government and Housing Committee
Senedd Cymru
Cardiff
CF99 1SN

28 January 2026

Building Safety (Wales) Bill

Dear John,

Further to my letter of 19 December 2025 in response to the Local Government and Housing Committee's recommendations, and your subsequent reply, I am pleased to provide additional information in response to recommendations 8 and 9.

With regard to recommendation 8, I note the Committee's comments. This matter is also the subject of several Stage 2 amendments tabled by Joel James. I will have more to say when the Committee considers those amendments on Thursday, including about the possibility of Government amendments at Stage 3.

With regard to recommendation 9, we are planning for a phased commencement of the new building safety regime which recognises the broader building safety environment and the need to support stakeholders through implementation. Given the large number of in-scope buildings in Category 3, we are currently planning for duties to commence in 2028, which will allow local authorities and duty-holders to acclimatise and adjust to the new regime.

We are expecting the transition to Category 3 to be relatively smooth for duty-holders, given that Category 3 buildings are already subject to fire safety duties under the Fire Safety Order, including the need to have fire risk assessments. However, the new fire safety duties we are introducing will be fit for residential buildings. The other duties we are introducing for Category 3 buildings relate to engagement with residents and resident complaints. Whilst these are new duties, they represent good practice that we would expect landlords and building owners should be already doing.

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

Yours sincerely

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

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai

Cabinet Secretary for Housing and Local Government

Agenda Item 2.5

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
 Cabinet Secretary for Housing and Local Government



Llywodraeth Cymru
 Welsh Government

Our Ref: JB/PO/50/26

Mike Hedges MS
 Chair Legislation, Justice and Constitution Committee
 Senedd Cymru
 Cardiff
 CF99 1SN

28 January 2026

Building Safety (Wales) Bill

Dear Mike,

Following my letter of 19 December 2025 in response to the Legislation, Justice and Constitution Committee's recommendations, I am pleased to provide additional information below.

Further to my response to recommendation 5; my officials are continuing to work on a draft definition of storey.

Further to my response to recommendations 6 and 7; I have tabled amendments to limit the scope of sections 14 and 16.

As a result of further consideration, I have tabled an amendment which will limit the scope of section 14 considerably i.e. to sections 8 and 9 only. As I have previously outlined, section 14 is designed to enable key terms to be supplemented, for example, to ensure that more unusual ownership models can be accounted for. Recommendation 6 provided that section 14 should be limited to the matters in sections 14(2)(a) and 14(2)(b). This is largely what the amendment that has now been tabled would achieve, although it also retains scope to make further provision for the purposes of sections 8 and 9.

In light of recommendation 7, my officials have given detailed consideration to how the power in section 16 can be limited. The amendment I am bringing forward would limit the power in section 16 to fewer sections. Further, in respect of sections 2, 3 and 6, the power could only be used for the limited purposes specified in section 16. The power would no longer apply to sections 5, 10, 11 or 14. You will be aware the power in section 16 is proposed to enable amendments to be made to the key terms sections and is not about changing the duties under the Bill. This is an important

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power which ensures that, for example, if issues arise during implementation, or in the future (perhaps with new building designs) amendments can be made so as to ensure the Bill works as intended.

I appreciate that the amendment to section 16 does not go as far as recommendation 7. However, I am wary of eroding this power further, as to do so would risk delay in making any necessary changes i.e. by having to wait for a primary legislation opportunity. A delay could potentially leave some buildings not adequately regulated, impacting on the effectiveness of the safety regime for those buildings.

The section 16 power is not intended to reduce Senedd scrutiny, rather to ensure that timely amendments can be made to certain key terms should this be necessary. The amendment to section 16 is in addition to the amendment I am bringing forward which, if accepted, would subject any regulations under section 16 to an enhanced procedure (recommendation 8).

In light of amendments to sections 14 and 16, I am now able to provide a full response to recommendation 9. To note, the intention is always to avoid overlapping provision where possible, but this is a complex and technical area where specific powers have been included to ensure the regime can accommodate certain niche buildings/ownership models and where broader powers have been included to ensure the regime can react to changes in the built environment and/or unidentified scenarios.

Please find below a list of when two or more powers in the Bill could potentially be used for the same purpose (along with the rationale):

Provision	Provision (if amendment to section 16 is accepted)	Rationale for the power
Section 4(6)	Section 16(1)(d)	The power in section 4(6) can be exercised in relation to particular circumstances. Whilst there is no intention to exercise this power in the short term, it could be used for more unusual ownership models and building designs where it may not be helpful to add detailed technical descriptions to the face of the Bill. The power in section 16 is a power to amend section 4 of the Bill and could be used more broadly e.g. if there are unforeseen consequences of the definition of “independent part”.
Section 12(3) and (4)(e)	Section 16(1)(i)	The power in section 12(3) can be exercised in relation to particular circumstances and the power in section 12(4)(e) is limited to specifying additional things as part of the “structure and exterior”.

		The power in section 16(1)(i) could be used more broadly to amend section 12 e.g. if there are unforeseen consequences/new building designs, etc.
Section 14	Section 16(1)(g) and (h)	<p>The power in section 14 (taking into account the government amendment) is limited to making further provision for the purposes of sections 8 and 9 including the provision in subsection (2). This is intended to be used for more unusual ownership models e.g. criss-cross leases where all parts of a building are in the demise of one or other residential unit.</p> <p>There are no current plans to use the powers in section 16(1)(g) and (h), but those powers could amend sections 8 and 9, for example if there are unintended consequences from the current definitions that only emerge during implementation.</p>
Section 67(3)(d)	Section 67(8)	The power in section 67(3)(d) is limited to making regulations to exclude HMOs of a particular description from the definition of “relevant HMO”. The power in section 67(8) is broader.

Please find below an analysis of the Henry VIII powers that will be included in the Bill, if my amendments are agreed. I believe these powers to be necessary, reasonable and proportionate.

Power	Why the power is necessary, reasonable and proportionate
Section 16(1) (power to amend sections 2, 3, 4, 6, 7, 8, 9, 12 and 13 and Schedule 1 (some for limited purposes only)).	<p>This regulation-making power is necessary to enable the Bill to be amended to respond to evidence of new and emerging issues and to ensure that the regime can be adapted to respond to such issues. It will also enable amendments to be made e.g. to account for new ownership models or building design. Like most of the other powers in Part 1 there is no current intention to use them. This power is distinct from those other powers as it will enable wider changes to be made, whilst the other powers in Part 1 are generally only to be used to deal with particular circumstances.</p> <p>An enhanced procedure is proposed to apply to this power (to respond to recommendation 8) and the regulations will be subject to the Senedd approval procedure which will allow additional Senedd scrutiny. In addition, there is a duty to</p>

	<p>consult each building safety authority, each fire safety authority and such other persons as the Welsh Ministers consider appropriate.</p> <p>The regulations do not amend any of the duties in the Bill. On balance, the regulation-making power is considered to be reasonable and proportionate.</p>
<p>Section 27(2) (to modify the definition of “building safety risk”)</p>	<p>This is distinct from any other power in the Bill.</p> <p>The Bill is aimed at ensuring that building safety risks are properly assessed and managed. How the risks are assessed and managed, that is, the duties we place on the principle accountable person and accountable persons, and the enforcement of those duties are at the core of this Bill. The Bill is intended to ensure the safety of people in or about regulated buildings by making sure that someone is held accountable for that.</p> <p>The regulation-making power is necessary as new evidence may emerge that there are risks other than fire and structural safety risks that, if not assessed and managed, may result in a risk to the safety of people in or about a regulated building. For example, this could be a risk arising from climate change, such as flooding.</p> <p>In response to recommendation 9 I have tabled an amendment which, if agreed, will apply an enhanced procedure to regulations under section 27(2).</p>
<p>Section 41(9) (amend the period of time when a further building certificate application must be made – to change from 5 years).</p>	<p>This is distinct from any other power in the Bill.</p> <p>The regulation-making power is necessary to allow flexibility to decrease or increase the five-year period depending on any emerging evidence about building safety risks.</p> <p>The regulation-making power is reasonable and proportionate because new evidence may emerge indicating that this timeframe should be changed. The scope of the regulation-making power is limited to only adjusting the time period.</p>
<p>Section 56(4) (amend list of “reviewable</p>	<p>This is distinct from any other power in the Bill.</p>

<p>decisions” and meaning of “affected person”)</p>	<p>This regulation-making power is necessary to provide flexibility to change the list of decisions of a building safety authority that may be reviewed on request and that may subsequently be appealed to the residential property tribunal. It also allows for a change in the description of persons who may request a review and appeal.</p> <p>The regulation-making power is reasonable and proportionate as it allows for amendments to be made if, in the light of the experience of implementation, it appears appropriate that additional or different decisions should be able to be reviewed and appealed, or that additional or different types of people who are affected by decisions should be able to request reviews and appeals. It is deemed appropriate for this type of amendments to be made via regulations.</p>
<p>Section 62 (new section 30IC of LTA1985 – meaning of building safety measure) – can amend subsections (2), (3) or (4) to amend “building safety measure”.</p>	<p>This is distinct from any other power in the Bill.</p> <p>The regulation-making power in this section is necessary in order to allow the Welsh Ministers to amend the definition of a building safety measure, should it appear in future that the definition should be amended. It may be necessary to amend the meaning of building safety measure if, for example, it is considered that the cost of compliance by accountable persons with additional duties should be recoverable though variable service charges payable under certain types of lease. A regulation-making power will enable this flexibility.</p> <p>The regulation-making power is reasonable and proportionate as it is limited to adding, removing or modifying the definition of a building safety measure. It is therefore considered appropriate for these changes to be made by secondary legislation.</p>
<p>Section 64 (new section 20FA of LTA1985 – limitation of variable service charges: excluded costs for regulated buildings). Can amend the definition of</p>	<p>This is distinct from any other power in the Bill.</p> <p>The regulation-making power in subsection (5) allows the Welsh Ministers to amend the definition of “excluded costs” in subsection (3) by adding, removing or modifying a description of excluded costs.</p> <p>The regulation-making power in subsection (5) is necessary to allow the Welsh Ministers to amend the definition of “excluded costs” should it appear that the definition should be amended.</p>

<p>“excluded costs” in new section 20FA.</p>	<p>This is to ensure that the liability for costs is passed on through service charges appropriately and that, for example, costs incurred by an accountable person because certain enforcement action has been taken against them is not recoverable through a service charge. A regulation-making power will enable this flexibility.</p> <p>The regulation-making power is reasonable and proportionate as it is limited to adding, removing or modifying the definition of “excluded costs”. It is therefore considered appropriate for these changes to be made by secondary legislation.</p>
<p>Section 67(8) (meaning of relevant HMO) power to amend section 67.</p>	<p>This is distinct from any other power in the Bill.</p> <p>The regulation-making power enables section 67 to be amended, for example to enable the meaning of ‘HMO’ for the Bill to be brought in line with changes outside of the Part 2 regime. This power provides the flexibility going forward.</p>
<p>Section 86(7) (appeal against prohibition notice) power in section 86(7) to amend who can appeal against a prohibition notice.</p>	<p>This is distinct from any other power in the Bill.</p> <p>The regulation-making power in section 86(7) is necessary in order to amend the list of persons in subsection (2). An example of when this may be necessary is, for instance, where a new entity that has an interest in regulating building safety is created, or if such an interest arose out of a new form of housing tenure. These regulations may be needed in light of future wider policy or legislative change, including new information obtained during implementation and subsequently. This regulation-making power provides flexibility should there be a need to amend this list in future. For example, if the meaning of building safety risk is modified using powers in section 27(2), then there may be other persons that have an interest in the management of that type of risk, that may need to be added to this list.</p> <p>The amendments are likely to be technical in nature, and it is therefore considered reasonable and appropriate for these changes to be made by secondary legislation.</p>
<p>Section 112(3) (consequential and transitional etc. provision).</p>	<p>This regulation-making power is necessary to ensure that incidental, supplementary, consequential, transitional and saving provision, including amendments to legislation, can be made to ensure that the Bill works together with other laws.</p>

<p>Paragraph 21(3) of Schedule 2 (Welsh Ministers can amend paragraph 21 to change the meaning of “interested person” – who is someone who must, for example, be given certain information about Special Measures Orders).</p>	<p>This regulation making-power is necessary to provide flexibility should there be a need to amend this list in future. For example, if the meaning of building safety risk is modified using powers in section 27(2), then there may be other persons that have an interest in the management of that type of risk, that would need to be added to this list.</p> <p>The amendments are likely to be technical in nature, and it is therefore considered reasonable and appropriate for these changes to be made by secondary legislation.</p>
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I am copying this letter to the Chair of the Local Government and Housing Committee and Chair of the Finance Committee.

Yours sincerely



Jayne Bryant AS/MS
Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
 Cabinet Secretary for Housing and Local Government

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

Agenda Item 2.6


Julie James AS/MS
Y Cwnsler Cyffredinol a'r Gweinidog Cyflawni
Counsel General and Minister for Delivery

Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: HID-PO-055-26

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee

28 January 2026

Dear Mike,

Thank you for your letter on the draft budget. We trust that the following will support your scrutiny of the proposals for the next financial year.

We have previously noted the Committee's desire for more in-depth information on justice spending, and agree that this could in principle be useful for developing policy in Wales. As our previous response to the Committee set out, however, there are significant structural factors that have prevented us providing this so far. These factors are still in place and not within the Welsh Government's gift to resolve. It is our hope that further devolution of justice will enable some of these structural barriers to be dismantled.

In the meantime, we are concentrating on strengthening the evidence base for justice in Wales. There has been real progress on this. The Justice Research Programme is making progress on opportunities to maximise the efficiency and value of funding for youth justice and establishing capacity and capability requirements for delivering a devolved youth justice system. As the Committee knows, the Ministry of Justice has also recently put out a first Wales statistical release, after sustained work by the Wales Governance Centre and work within Welsh Government and the MoJ. This is a positive step towards a better understanding of the actual impact of the justice system in Wales.

We understand that the Senedd Commission have commissioned Dr Robert Jones from the Wales Governance Centre to explore progress on, and the potential barriers to, implementing the recommendations of the Thomas Commission. He has met with our officials, who are providing him with the information he has requested. We anticipate that this report would also support your scrutiny of Welsh Government's justice spending.

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

In light of this and the other content of this letter, we would strongly disagree that justice has deprioritised. Instead, we would characterise the work programme as being more targeted and focused on areas of greatest impact within the limited available resource.

Devolution

We are continuing to hold in-depth discussions with the UK Government on the devolution of youth justice. As a first step, we are seeking the devolution of funding for youth justice services, and alignment of the oversight and governance arrangements (including some functions of the Youth Justice Board). We have also engaged with local government on these proposals, with support received from council leaders for changes.

We have also continued to discuss with HM Prison and Probation Service (HMPPS) the potential content of an MoU on probation services. A report is expected shortly from the Wales Centre for Public Policy (WCPP). We have seconded operational expertise from HMPPS to ensure that the MoU reflects the practical reality of service delivery. A work programme is being established to bring together key stakeholders and potential signatories, with a view to establishing potential content based on what would most effectively support greater local autonomy and service collaboration. We are aiming for a high-level agreement on the content of the MoU before the next election.

We are also actively considering the future governance arrangements for policing in Wales, in the light of the forthcoming abolition of Police and Crime Commissioners and other potential reforms to police landscapes. The Welsh Government's long stated position is that policing should be devolved in its entirety. At a minimum, we have said that functions which are currently exercised in Wales by PCCs should remain within Wales. The Home Office has acknowledged that the proposals for England are unsuitable for Wales and have been open to alternative models. We are working in partnership with PCCs and WLGA to develop potential governance models for Wales.

We have committed to keep the Committee informed on transfers and impacts on budgets, but these discussions are running in parallel with the budget process. These discussions have therefore not reached a point where we could inform LJCC of anything meaningful. If we are successful in negotiating the transfer of elements of youth justice funding for April 2026, LJCC will be informed in writing of the amounts to be transferred from MoJ and the mechanisms by which they are to be distributed at the earliest opportunity.

In advance of these discussions reaching fruition, the devolution element of the justice transformation budget is being spent on staff expertise and research to strengthen WG justice functions and to enable the effective delivery of devolved functions as well as progress negotiations. This work also supports greater bridging between devolved services and non-devolved justice functions.

Tribunals

The Welsh Tribunals have seen extensive policy development work. Resources were briefly diverted from the Tribunals Bill to the Mental Health Review Tribunal for Wales (Membership) Act, which the Senedd agreed to treat as a government Emergency Bill. This Act received Royal Assent on 21 January and came into force the following day.

The objective of the Tribunals Bill remains reform of the system of devolved tribunals to create a new coherent and unified structure for their more effective and efficient operation over the long-term. We are working to prepare a draft of the Bill for the government in the seventh Senedd to consider for introduction. Some of the additional resource budget has been

allocated to a dedicated Bill implementation and tribunal reform team, which will include specialist ICT expertise both to support the introduction of the new case management system and to prepare the ground for tribunals reform. Appointments are anticipated in spring 2026.

Monitoring the tribunal service budget is a collaborative process involving the President of Welsh Tribunals, the Counsel General and Minister for Delivery and officials as appropriate. That process is ongoing and aims to ensure resources can be aligned to operational needs both now and as the Tribunals Bill is progressed in the seventh Senedd.

Finally, the Committee's view on the budget position for the accessibility of Welsh law is once again noted.

Thank you for writing to us on this important matter. I hope you find this response helpful.

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



Julie James AS/MS

Y Cwnsler Cyffredinol a'r Gweinidog Cyflawni
Counsel General and Minister for Delivery

Agenda Item 2.7

Y Cwnsler Cyffredinol a'r Gweinidog Cyflawni
Counsel General and Minister for Delivery



Llywodraeth Cymru
Welsh Government

David Rees MS
Chair, Member Accountability Bill Committee

2 February 2026

Dear David,

Thank you for your letter of 22 January 2026 regarding the financial resolution for the Senedd Cymru (Member Accountability and Elections) Bill.

As you will be aware, the debate on the Financial Resolution has been included on the Business Statement for 10 February. I will table the motion for the Senedd to agree the financial resolution tomorrow. This will allow for stage 2 proceedings to take place as planned on 12 and – if necessary - 13 February.

I did not move the Financial Resolution motion on 13 January as I wanted to consider the implications for the Regulatory Impact Assessment of the committee recommendations to remove much of the detail from Part 2 of the Bill, in relation to lay members to be appointed the Standards of Conduct Committee.

Having reviewed the financial implications I have reached the view that if the detail currently in Part 2 of the Bill was removed by way of an amendment, the costs associated with lay members would be unknown because the planning assumptions used to provide the current estimate, which already carried a low level of confidence, would become even more uncertain. If amended in that way the Bill would provide no parameters for the numbers of lay members, and as that detail would need to be developed for inclusion in Standing Orders – where a two-thirds majority for approval would be required – there can be no confidence about when the arrangements for the appointment of lay members would be in place and therefore, when costs associated with lay members would be incurred. Consequently, I will wish to give this matter further consideration ahead of Stage 2 proceedings.

I look forward to debate on the 10 February and to discussing these matters further with Members.

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

I am copying this letter to the Chair of the Legislation, Justice and Constitution Committee, the Chair of the Finance Committee, the Business Committee and all Members.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

Julie James AS/MS

Y Cwnsler Cyffredinol a'r Gweinidog Cyflawni
Counsel General and Minister for Delivery

Agenda Item 2.8

Huw Irranca-Davies 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

Llyr Gruffydd MS
Chair of the Climate Change, Environment and Infrastructure
Committee

Mike Hedges MS
Chair of the Legislation, Justice & Constitution Committee

Peredur Owen Griffiths MS
Chair of the Finance Committee

3 February 2026

Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill – Stage 2 Explanatory Memorandum update

Ahead of the Stage 3 debate on the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill on 10 February and in accordance with Standing Order 26.28, I have today laid before the Senedd a revised Explanatory Memorandum (EM) and Explanatory Notes following conclusion of Stage 2 CCEI Committee meeting held on 11 December. Revisions have been made throughout the EM reflecting the commitments I gave in response to a number of Stage 1 Committee recommendations and to reflect the Bill as amended at Stage 2.

Please note my specific response below to Recommendation 6 from the Finance Committee.

Finance Committee Recommendation 6: *The Committee recommends that the Deputy First Minister, in consultation with the Auditor General for Wales, estimates the cost to the Wales Audit Office for engaging with, and auditing, the proposed Office of Environmental Governance Wales, and includes this information in a revised Regulatory Impact Assessment, after Stage 2*

Following further investigation and engagement, the estimated annual cost of the Wales Audit Office for engaging with and auditing the proposed Office of Environmental Governance Wales is not expected to exceed £0.5m. However, further engagement with the Wales Audit Office is planned over the next month to try and refine this estimate following Stage 2 amendments that settle the functions and scope of the OEGW. I therefore commit

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to updating the Regulatory Impact Assessment with a more accurate estimate of the cost of the Wales Audit Office for engaging and auditing the OEGW as soon as practicable.

The EM will be further updated to reflect any changes made to the Bill as amended at Stage 3.

Regards

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name 'Huw Irranca-Davies'.

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

Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru

Via email

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Dear Peredur

Finance Committee Annual Scrutiny of the Wales Audit Office

Further to your report - the *Annual scrutiny of the Wales Audit Office and the Auditor General for Wales* - we are writing to set out our responses to the Committee's recommendations, all of which we accept.

Recommendation 1

The Committee recommends that Audit Wales outlines what actions it is taking to mitigate the impact of long-term sickness absence on the successful delivery of NHS performance audit work in 2025-26.

A number of actions have been taken to pro-actively manage the impact of sickness absence on the delivery of our NHS performance audit work during 2025-26. These are as follows:

Supporting the successful return to work of colleagues who have experienced sickness absence.

In line with our policies and commitment to supporting staff well-being we have actively but sensitively managed colleagues returning to work after long-term sickness absence. That approach sees a tailored and, if appropriate, phased return to work for each colleague.

Securing additional temporary capacity.

Where it has been feasible to do so, we have secured capacity from other performance audit teams within Audit Wales to support delivery of our NHS performance audit work. We have also brought in additional temporary capacity through the engagement of relief auditors with relevant experience and skills.

Maintaining close engagement with audited bodies

We have kept NHS bodies sighted of any impact of sickness absence on the delivery timescales for our work and prioritised those pieces of work which are particularly timebound and linked to key events in NHS bodies' corporate calendars such as our annual structured assessment work. In a few instances, pace of input from NHS bodies has impacted on the delivery of work, and these issues have been proactively managed with the NHS bodies in question.

Overall impact of the above actions.

The above actions have gone a long way to mitigate the impact of the sickness absence experienced within the team and support the continued delivery of a comprehensive programme of performance audit work to NHS bodies. However, there has been some residual impact, largely linked to the fact that there is a limited supply of relief auditor capacity that we are able to draw upon. This means that we will be carrying over delivery of some pieces of work from the 2025-26 programme into the first part of 2026-27, although we expect that work to be largely completed by summer 2026.

Recommendation 2

The Committee recommends that Audit Wales considers implementing a consistent and statistically robust stakeholder engagement methodology for future KPI reporting, to ensure year-on-year comparability.

In Spring 2026, Audit Wales will be testing an updated stakeholder engagement methodology. Key officials from all principal audited bodies, including chief executives, board and audit committee chairs, council leaders, and directors of finance, alongside all members of the Senedd, will be invited to complete a survey designed to measure levels of engagement and gather views on the impact and value of our work.

Participants in the survey will also be offered the opportunity to take part in a follow-up interview to explore their responses in more detail. A comprehensive communications plan for the survey exercise has been prepared, aimed at maximising the level of participation.

In the light of the results, the Board and Auditor General will consider how best to gauge stakeholder views in the future. In doing so we are conscious of the need to balance statistical robustness and comparability over time, with cost, independence and the risk of survey fatigue.

In parallel to the stakeholder survey, a small number of related questions will also be included in the March 2026 edition of the Wales Omnibus survey, to help gauge levels of awareness and gather views on our work from a representative sample of the public.

Recommendation 3

The Committee recommends that Audit Wales develops a targeted workforce retention strategy to mitigate the risk of losing staff to other public audit bodies, including benchmarking of salaries and benefits, career development pathways and succession planning.

Audit Wales developed a Strategic Workforce Plan in 2023-24 and are nearing the end of the second full year of its implementation. The Plan covers multiple dimensions, including pay and benefit benchmarking, succession planning, and learning and development. In terms of learning and development, that itself covers multiple dimensions including audit technical skills, digital skills, and an aspiring leadership course run in partnership with Audit Scotland.

In considering recruitment and retention we are mindful of the need to ensure that we manage competition not just with other public audit bodies, but also with the wider public sector, and with the private sector. We are also mindful of the establishment of the Local Audit Office (LAO) in England, with which we are working closely. This presents both opportunities for our workforce planning and risks as its establishment will be accompanied with a significant recruitment drive. The extent to which that will affect us, and its timing, are uncertain and we will continue to monitor closely the development of the office.

Recommendation 4

The Committee recommends that Audit Wales explores options for publishing a summary version of its Management Information Dashboard, or selected key metrics, on its website.

Audit Wales already publishes a considerable amount of performance and management information through its Annual Report & Accounts, the statutory Interim Report and several data tools covering our workforce diversity and pay gaps and key environmental sustainability metrics.

We continue to develop data tools for internal use and will consider if these can be used to further enhance our public reporting of key metrics.

Recommendation 5

The Committee recommends that any revisions to Audit Wales's Key Performance Indicators should be accompanied by a clear rationale and, where feasible, maintain continuity with previous indicators to allow for performance tracking over time.

Explanations for any revisions to Audit Wales's suite of key performance indicators will be provided in the appropriate published annual plan. Revisions will only be made where indicators are no longer relevant/appropriate or where important changes need to be made to retain their value and impact.

Recommendation 6

The Committee recommends that Audit Wales provides a breakdown of the factors contributing to the overall staff salaries budget in future Estimates, distinguishing between contractual increments, pay uplifts and other drivers.

The table in Part 1 of the Estimate sets out details of the overall staff salaries budget. We will consider how this can be expanded to provide greater clarity without compromising our flexibility in negotiations with our trade union partners.

Recommendation 7

The Committee recommends that Audit Wales:

- **provides clarity on any inflationary indicators used in developing its working assumption of a 2.75 per cent pay uplift in 2026-27; and**
- **includes its methodology for calculating provision for pay uplifts in future Estimates, including how it aligns with inflationary indicators.**

In setting our pay budget, we take the advice of our Remuneration & HR Committee before recommending a pay strategy to our Board. The pay budget was informed by:

- Benchmarking with the other UK audit bodies based on their plans and budgets for pay offers for 2026-27 – these are not yet in the public domain as their discussions with their Trade Union partners have not yet commenced.
- Benchmarking with other Welsh public bodies where budgets for 2026-27 have been set.
- Letter from Minister for Finance and Welsh Language to Chair of Finance Committee dated 11 July 2025.
- OBR pay and general inflation [projections](#).
- Trade union pay claim from Prospect.
- Equality impact assessment.

We are happy to set out the above methodology in future Estimates, although the Committee will understand that we will be unable to provide some details from comparator organisations that are subject to pay negotiations.

Recommendation 8

The Committee recommends that Audit Wales provides an update once pay negotiations for 2026–27 have concluded, including details of its budgetary impact on the organisation.

We will provide details of the 2026-27 pay settlement, and its impact, to the Finance Committee once agreed. However, the Board has agreed that pay negotiation will not commence until the Welsh Government budget has been approved, and there is certainty about the Audit Wales Estimate for 2026-27.

Recommendation 9

The Committee recommends that any future increases in travel and subsistence costs arising from a shift towards more on-site working should be met through efficiencies within existing budgets and balanced against environmental targets.

We are constantly bearing down on costs, and we have seen a successful reduction in our travel and subsistence costs from around £1.2m per annum in 2019-20 to just over £200,000 in 2024-25. This cost reduction has been driven in parallel with our carbon reduction plans, where we have achieved a reduction from 582 tonnes to 356 tonnes of Co2e over the same period. As part of this reduction, business travel related emissions reduced by 66%.

However, our desire to move to more on site working to support audit quality may result in pressure on this budget, which will have to be addressed by efficiencies in other budget areas. Such activity will also put pressure on our related KPI target relating to emissions reductions. We are reviewing our environmental impact KPI to ensure it remains challenging but achievable in light of those competing pressures.

Recommendation 10

In relation to the Audit Horizons programme, the Committee recommends that Audit Wales:

- **explains how it differs from, and interacts with, other transformational activity;**
- **clarifies how the £800,000 investment requirement was calculated and whether investment beyond the £150,000 requested for 2026-27 will be sought in future years;**
- **confirms what proportion of the programme's costs will be funded via fees, if any; and**
- **outlines the potential costs going forward, as well as the length of the programme.**

1. How Audit Horizons differs from and interacts with other transformational activity

Audit Horizons is a unifying framework that brings together previously separate initiatives. While other transformational activities, such as digitalisation projects, focus on specific elements (e.g., audit platform development), Audit Horizons integrates these strands - digital, sustainability, skills, and scope - into one programme with clear governance and alignment to our five-year strategy. This ensures that investment decisions are prioritised against a common set of criteria and that all parts of Audit Wales work collectively towards long-term objectives.

2. Calculation of the £800,000 investment requirement and future funding intentions.

The £800,000 figure represents the aggregated cost of bids submitted to the Executive Leadership Team and Board for developments that would advance Audit Wales' ambitions through Audit Horizons. These bids covered areas such as digital innovation, sustainability reporting, and workforce development. For 2026-27, we have requested £150,000 as an initial step, recognising that full funding is unlikely to be available in any one year. We anticipate that further investment may be sought in future years as priorities evolve and as Audit Horizons is updated annually to reflect emerging needs.

3. Proportion of programme costs funded via fees.

At present, the intention is to minimise reliance on audit fees for funding potential Audit Horizons investment. Some proposals, such as sustainability-related work, may transition from requiring Welsh Consolidated Fund support to fee-based funding if new work streams generate additional income. However, the core investment for transformational change is expected to be met through our Estimates process rather than audit fees.

4. Potential costs going forward and programme length.

Audit Horizons identifies the main forces affecting the work of Audit Wales in future years. It is not currently a programme with a finite delivery timetable. While the cost of potential activities currently identified totalled approximately £800,000, future costs will depend on prioritisation and the pace of implementation. The exercise will be refreshed annually as part of the Estimates cycle, ensuring transparency and adaptability to changing audit and public sector landscapes.

Recommendation 11

The Committee recommends that Audit Wales considers whether certain one-off items, such as funding for the independent evaluation of the Board, should be presented below the baseline for greater transparency.

We will adapt our future presentation accordingly.

Please do not hesitate to contact us if there is any further clarification we can helpfully provide.

Yours sincerely



DR IAN REES
Chair, Wales Audit Office



ADRIAN CROMPTON
Auditor General for Wales

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Agenda Item 6

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Agenda Item 7

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Agenda Item 8

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Agenda Item 9

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