

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Committee Room 3 – Senedd	Bethan Davies
Meeting date: Wednesday, 15 March 2017	Committee Clerk
Meeting time: 09.00	0300 200 6372
	SeneddFinance@assembly.wales

Informal Pre-meeting (8.50)

1 Introductions, apologies, substitutions and declarations of interest

(9.00)

2 Paper(s) to note

(9.00)

(Pages 1 – 4)

Letter from the Minister for Lifelong Learning and Welsh Language – Additional Learning Needs and Education Tribunal (Wales) Bill – 8 March 2017

(9.00)

(Pages 5 – 10)

Letter from the Minister for Social Services and Public Health – Public Health (Wales) Bill – 10 March 2017

(Pages 11 – 14)

3 Auditor General Wales: Natural Resources Wales Annual Accounts 2015–16

(9.00–10.00)

(Pages 15 – 29)

Huw Vaughan Thomas – Auditor General for Wales

Anthony Barrett – Assistant Auditor General and Head of Financial Audit Practice;
Wales Audit Office

Martin Peters – Law & Ethics Manager, Wales Audit Office

Supporting document:

[Natural Resources Wales Annual Accounts 2015–16](#)



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4 Motion under Standing Order 17.42 to resolve to exclude the public from the following business:

(10.00)

Items 5 and 7 of today's meeting.

5 Oversight of the Wales Audit Office: Consideration of evidence

(10.00–10.15)

Break (10.15 – 10.30)

6 Devolution of fiscal powers to Wales: Welsh tax forecast briefing

(10.30–11.15)

(Pages 30 – 41)

Robert Chote – Chairman, Office for Budget Responsibility

7 Appointment of non-executive Members and Chair of the Wales Audit Office Board

(11.15–12.30)

(Pages 42 – 54)

Paper 1 – Appointment of non-executive Members and Chair of the Wales Audit Office Board

Paper 2 – Letter from the First Minister – Remuneration of Chair and non-executive Members for the Wales Audit Office Board – 8 March 2016

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: Wednesday, 1 March 2017

Meeting time: 09.32 – 11.04

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/3881>

Private

Attendance

Category	Names
Assembly Members:	Simon Thomas AM (Chair) Mike Hedges AM Eluned Morgan AM Steffan Lewis AM Mark Reckless AM
Committee Staff:	Bethan Davies (Clerk) Georgina Owen (Deputy Clerk) Gemma Gifford (Deputy Clerk) Martin Jennings (Researcher) Owen Holzinger (Researcher) Katie Wyatt (Legal Adviser)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting.

1.2 Apologies were received from Nick Ramsay AM and David Rees AM.



2.1 Letter from Cabinet Secretary for Finance and Local Government – WRA Pre-appointment hearing report – 23 February 2017

2.1 The papers were noted.

3 Landfill Disposals Tax (Wales) Bill: Consideration of draft report

3.1 The Committee agreed the report with minor changes.

4 Welsh Government Second Supplementary Budget 2016–17: Consideration of draft report

4.1 The Committee considered the draft report and agreed to approve any further changes via email.

5 Appointment of non-executive Members and Chair of the Wales Audit Office Board

5.1 The Committee considered a paper on the appointment of non-executive Members and Chair of the Wales Audit Office Board.

6 Forward Work Programme – Scoping paper

6.1 The Committee considered the Forward Work Programme – Scoping Paper.

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: Thursday, 9 March 2017

Meeting time: 09.16 – 10.51

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/3882>

Attendance

Category	Names
Assembly Members:	Simon Thomas AM (Chair) Mike Hedges AM Eluned Morgan AM David Rees AM Steffan Lewis AM Nick Ramsay AM Mark Reckless AM
Witnesses:	Nick Bennett, Public Services Ombudsman for Wales Katrin Shaw, Public Services Ombudsman for Wales Huw Bryer, OB3 Research
Committee Staff:	Bethan Davies (Clerk) Georgina Owen (Deputy Clerk) Joanne McCarthy (Researcher) Gareth Howells (Legal Adviser)

1 Introductions, apologies, substitutions and declarations of interest



1.1 The Chair welcomed Members to the meeting.

2 Consideration of the Draft Public Services Ombudsman (Wales) Bill: Evidence session

2.1 The Committee took evidence from Nick Bennett, Public Services Ombudsman for Wales; Katrin Shaw, Assistant Director and Legal Adviser, Public Services Ombudsman for Wales; and Huw Bryer, Managing Director, OB3 Research on the Draft Public Services Ombudsman (Wales) Bill.

3 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting

3.1 The motion was agreed.

4 Consideration of the Draft Public Services Ombudsman (Wales) Bill: Consideration of evidence

4.1 The Committee considered the evidence received and agreed to consider the next steps for introducing a Committee Bill.

5 Senedd@Newport

5.1 The Committee agreed to hold a formal external meeting in Newport and to participate in an educational engagement session as part of the Senedd@Newport event on 23 March 2017.

Ein cyf/Our ref: MA-L/ARD/0166/17

Simon Thomas AM
Chair, Finance Committee
National Assembly for Wales
Ty Hywel
Cardiff Bay
CF99 1NA

SeneddFinance@assembly.wales

8 March 2017

Dear Simon,

At my evidence session with your Committee on the Additional Learning Needs and Education Tribunal (Wales) Bill on 8 February, I agreed to provide further information about how the £20 million package of support for Additional Learning Needs will facilitate and support the implementation of the Bill.

It is important to recognise that the funding I announced in February is for the ALN transformation programme as a whole. As such, it is difficult to separate out those activities that focus solely on implementation of the legislative framework. The transformation programme is about ensuring that there is a complete package of support to assist partners to transition to and deliver the new system, and also to improve working practice and relationships in the interim.

To implement the reforms successfully, we need to ensure that agencies are working together effectively, that the workforce is skilled and capable to support learners with additional learning needs, and that all those involved are aware of the changes, their new legal duties, rights and responsibilities, and what they mean for their individual practice, organisational management arrangements and for children, young people and their families.

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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.

To this end, we have developed a programme that includes five key strands:

1. the process of developing the legislative framework, including the Bill, regulations and the new ALN Code;
2. activities to support partners to prepare, plan and manage implementation and transition to the new system;
3. workforce development aimed at three levels: core skills development for all practitioners supporting learners with ALN; advanced skills development through the development of the role of Additional Learning Needs Coordinators (ALNCo); and specialist skills development for local authority-provided specialist support services;
4. awareness-raising activities to engage stakeholders about their new legislative duties, and to explain and promote the system and the rights it confers to children, young people and parents; and
5. supporting policy, including developing resources to help all those in the system understand the evidence for best practice, what can be expected from interventions, the interventions that are likely to be most effective, and the role of professionals to help ensure realistic expectations and effective deployment of resources.

As you will appreciate, this package of activities is closely inter-linked.

The Regulatory Impact Assessment, included in the Explanatory Memorandum published alongside introduction of the Bill in December, focused on an estimate of those costs related to proposed legislative changes to be brought about by the new statutory framework. That is, the activities required to move from one statutory system to another. However, the £20m package of activities that I announced on 7 February will necessarily focus on all the work strands in the transformation programme, which have been developed to support implementation of the new system, including the wholesale change in culture and practice required to ensure its success.

£10.1m of the £20m programme will be drawn from the Cabinet Secretary for Education's additional £100m to raise school standards. This will allow us to provide a greater investment in the workforce development strand of the programme, enabling us to invest in up-skilling ALNCos more quickly and provide high quality continuing professional development to help ensure a highly skilled workforce to support the delivery of the reforms.

The rest of the programme has been designed based on the planning assumption that the Government's ALN budget line is maintained at its current level until 2020-21, recognising that budgets beyond 2017-18 are subject to consideration and

agreement. Final Budget 2017-18, published on 20 December, included a budget of £2.786m in 2017-18 for Additional Learning Needs.

I must stress, therefore, that whilst the £10.1m is confirmed, the remainder of the £20m is subject to future decisions on future year budget allocations. Protecting it will, however, be a priority for me.

Below is an outline of how we anticipate allocating the £20m over the period 2017-18 to 2020-21 to support transformation. This reflects the priorities which have been discussed with a range of key partners through the ALN Strategic Implementation Group (ALN-SIG). Further work to refine the proposals is being taken forward through a number of expert working groups and where appropriate will be subject to wider or more formal consultation and engagement. Therefore, whilst the following information provides a clear indication of our spending intentions, it is subject to change as our work with delivery partners advances.

Implementation/ transition support (£7.62m between 2017-18 and 2020-21)

The implementation and transition support budget includes:

- **ALN Innovation Fund**, supporting projects to develop collaborative, multi-agency approaches to better support learners with ALN.
- **ALN implementation grants** to local authorities, FEIs, health boards, the Tribunal and Estyn to prepare for transition to the new system. The requirements of the grant will include undertaking 'readiness' self-assessments, producing implementation plans and training on the new system.
- **ALN Strategic Implementation Group and Expert Groups**. The ALN-SIG, established in 2016, is helping to develop the detailed transformation programme and support implementation of the Bill. A series of expert groups have been put in place to support the work of the ALN-SIG. These groups are considering specific issues relating to implementation and the operational detail of the new system, including, for example, early years, post-16, transition, continuing professional development, individual development plans, ALNCos and the role of the health service.
- **ALN Strategic Supporters**, who will provide advice, support and challenge to local authorities and other delivery partners in preparing for and managing transition to the new system.

- **Readiness, compliance and impact monitoring.** A programme of research, monitoring and evaluation to assess implementation, the impact of the legislative changes and application of the new Code, ensure that issues are effectively addressed for the benefit of children and young people, and that best practice is being identified and shared across Wales.

Workforce development (£12.047m between 2017-18 and 2020-21)

Workforce development activities are aimed at 3 levels:

- **Core skills development:** to facilitate access to high quality CPD and training for teachers, support staff and other education sector based staff.
- **Advanced skills development:** the Bill will require that each school and FEI has access to an ALNCo with a prescribed level of skills and qualifications. Our aspiration is a Masters-level qualified ALNCo workforce within the next decade. We are currently working with practitioners and universities to develop an outline specification for a suitable qualification. Investment here will enable us to fast track a significant number of professionals through to Post Graduate Certificate or Diploma level, enhancing the knowledge base within schools and FEIs.
- **Specialist skills development:** we are working with the WLGA to create a national workforce planning system for local authority provided specialist services, which takes into account the specific needs of local areas, including language needs and requirements. This will inform the commissioning of training placements on specialist training courses on a sustainable and evidence based basis.

Awareness-raising (£0.265m between 2017-18 and 2020-21)

The awareness-raising and communication work stream includes activities to inform and engage partners about their new legislative duties. It is about explaining and promoting the system and the rights it confers to children, young people and parents. It is also about ensuring the new system operates on the basis of evidence for best practice.

Supporting policy (£0.312m between 2017-18 and 2020-21)

Policy development will underpin the transformations. We will develop and disseminate policy and guidance on a range of issues for practitioners and children, their parents and young people in the current SEN system. This activity will, for

example, facilitate improved understanding of the role of different professionals and improve cross-border and multi-agency working, as well as ensuring there is sufficient resource in place to deliver the programme.

By way of summary, the following table sets out how I expect these work strands to be profiled over the next four financial years:

Workstream	2017-18	2018-19	2019-20	2020-21	Total activity costs
Implementation/ transition support	1,875,000	1,650,000	1,940,000	2,155,000	7,620,000
Workforce development	1,295,000	3,602,000	3,650,000	3,500,000	12,047,000
Awareness-raising	45,000	65,000	100,000	55,000	265,000
Supporting policy	171,000	69,000	46,000	26,000	312,000
TOTAL	3,386,000	5,386,000	5,736,000	5,736,000	20,244,000

I am copying this letter to Lynne Neagle AM, Chair of the Children, Young People and Education Committee.

Yours sincerely



Alun Davies AC/AM

Gweinidog y Gymraeg a Dysgu Gydol Oes
Minister for Lifelong Learning and Welsh Language



Ein cyf/Our ref: MA-L/RE/0144/17

Simon Thomas AM
Chair of the Finance Committee
National Assembly for Wales
Ty Hywel,
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10 March 2017

Dear Simon,

Public Health (Wales) Bill

Thank you once again for your Committee's consideration of the Public Health (Wales) Bill during Stage 1. I confirmed during the general principles debate on the Bill on 28 February that I would provide a specific response to the Committee's report and its eight recommendations. I hope the information enclosed demonstrates the careful consideration which has been given to each of them.

I am copying this letter to Dr. Dai Lloyd AM, Chair of the Health, Social Care and Sport Committee.

Kind regards,

Rebecca Evans AC / AM

Y Gweinidog Iechyd y Cyhoedd a Gwasanaethau Cymdeithasol
Minister for Social Services and Public Health

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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.

Response to the Finance Committee Stage 1 Report into the Public Health (Wales) Bill

I thank the Finance Committee for its detailed consideration of the Public Health (Wales) Bill. I have considered each of the Committee's recommendations and am responding accordingly.

Recommendations 1 and 2 relate to the additional costs to local authorities as a consequence of implementing the Bill. I have consistently recognised the key role of local government in implementing the legislation, particularly through existing enforcement responsibilities. Efforts have been made across the Bill to minimise the additional financial burden on local authorities, for example by introducing mechanisms for cost recovery through such arrangements as special procedure licence fees and fixed penalty notice receipts. I have also committed over the medium term to cover any shortfall between the costs of running the national register of retailers of tobacco and nicotine products, and the fees raised. Nevertheless, I **accept the principle** of these recommendations as I recognise that there may be a need to identify additional funding for local authorities to support implementation of the Bill, particularly during the initial period. Should there be agreement on any additional funding to be provided it is likely that it would be issued as a ring fenced grant to support local authorities in meeting costs during the initial transition period only, with longer term costs needing to be embedded into general local authority budget planning.

Recommendation 3 reiterates the recommendation of the previous Finance Committee to publish information setting out the costs of enforcement and the income from fixed penalty notices following implementation of the national register of retailers of tobacco and nicotine products. I am content to **accept the principle** of this recommendation. The primary purpose of the register is to reinforce the importance of protecting young people from the harms associated with tobacco and nicotine. It will provide local authorities with a definitive list of retailers who sell tobacco and nicotine products, and so support trading standards departments to enforce existing legislation. The creation of the register is not expected to generate a large number of fixed penalty notices; it is estimated in the Regulatory Impact assessment that seven fixed penalty notices would be generated per annum. However, I will ask my officials to discuss with local authorities the feasibility of tracking the level of income received from fixed penalty notices, alongside the enforcement costs specifically related to the register. Nevertheless, as it is envisaged that implementation of the register will be integrated with other provisions, it may be difficult to isolate the specific enforcement costs falling on local authorities as a result of the register.

I am content to **accept Recommendation 4** relating to guidance on health impact assessments. I have consistently emphasised that the Bill is intended to take a proportionate approach to health impact assessments and I share the Committee's wish to avoid unnecessary and costly duplication. It is intended that the requirements under the Bill will be aligned to the assessments already undertaken by public bodies. For example, health impact assessments will complement the requirements of the Well-being of Future Generations Act 2015 as they will provide an important method for demonstrating the contribution of public bodies towards their well-being objectives and the national goal of a healthier Wales. It is my intention that the guidance which will be produced to support the health impact assessment regulations will be set in the context of existing policies, assessments and legislative frameworks, and will provide practical information about how health impact assessments can be carried out in the most meaningful and efficient way.

I am also content to **accept Recommendation 5**, which sought clarification on the decision not to include monetised travel time benefits in the Regulatory Impact Assessment for the

Bill's provisions on pharmaceutical services. When the potential savings in travel time were monetised originally they were calculated using the methodology adopted for the 2010 Office of Fair Trading evaluation of changes to control of entry which took place in England in 2003. This remains the most robust methodology we have available. Whilst it is still envisaged that the changes will result in a more appropriate distribution of pharmacies and the wider availability of additional services, the decision was made to take a cautious approach by not monetising those benefits in the current Regulatory Impact Assessment. A primary consideration in this decision was the view of the previous Finance Committee when scrutinising the Bill in the previous Assembly, where it raised concerns that at the individual transaction level (i.e. each visit to the pharmacy), the benefits are likely to be small. In addition, I recognise there are limitations to the data regarding the actual number of pharmacy visits, meaning that monetising the benefits would rely on broad assumptions based on whether people travelled to the pharmacy from home or work and the number of home deliveries. In view of these factors, the decision was taken not to monetise these benefits in order to be consistent with the cautious approach taken across the Bill. This ensures that our overall estimates of benefits remain conservative.

Recommendation 6 relates to reviewing the effectiveness of the Bill's provisions on local toilet strategies. I am content to **accept** this recommendation. As a general principle it is my intention to keep under review the effectiveness of the Bill following implementation, and any work to review the provisions on local toilet strategies will form part of this wider work to monitor the impact of the legislation. In addition, there are review mechanisms built already into the Bill provisions. Local authorities will have a duty to review their local toilet strategies and as part of a review will be required to publish a statement of progress. This approach will provide transparency to council members and the electorate on the actions being taken to improve provision and access to toilets for public use across Wales.

Finally, **Recommendations 7 and 8** both relate to the subordinate legislation to be made under the Bill. I am aware that this is an issue that the Committee has also considered in the context of other Bills and I am content to **accept the principle** of these recommendations to the extent that they apply specifically to this Bill. My intention for this legislation, as is usual Welsh Government practice, is to publish separate Regulatory Impact Assessments for subordinate legislation as regulations are brought forward. This approach enables us to reflect the most accurate information at the time the regulations are needed. In addition, a recent review within the Welsh Government of legislation in the Fourth Assembly has led to a number of changes which will help deliver a consistent approach across Bills. For example, the relevant chapter of the Welsh Government's Legislation Handbook is being updated to emphasise that the Regulatory Impact Assessment for a Bill should set out a best estimate of the cost of the legislation as a whole, including any associated subordinate legislation.

I am content that the Regulatory Impact Assessment for this Bill accords with this approach as it includes estimates of costs resulting from the main activities involved in implementing the legislation, even where this will be given effect by regulations. Two specific examples of where this is done are where estimated costs of signage for new smoke-free open spaces have been included, even though the detailed requirements will be set out in regulations, and the inclusion of estimated costs to public bodies from producing additional health impact assessments, even though the precise circumstances when these will be required will be set out in regulations.

I will revise the Regulatory Impact Assessment following Stage 2, in line with normal procedure. In doing so I will consider any further details that become available on the costs of subordinate legislation. However, I would also emphasise that there are examples where it is not possible to estimate future implications at this stage. For example, if emerging evidence supports new procedures being added to the special procedures licensing system

by regulations in the future, the costs and benefits would depend on the specific procedure being considered at that time, and so estimates cannot currently be provided.

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Agenda Item 6

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

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Agenda Item 7

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