

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Committee Room 3 – Senedd	Bethan Davies
Meeting date: 29 January 2020	Committee Clerk
Meeting time: 09.00	0300 200 6372
	SeneddFinance@assembly.wales

1 Introductions, apologies, substitutions and declarations of interest

(09:00)

2 Paper(s) to note

(09:00)

(Pages 1 – 6)

Minutes of meeting held on 9 January 2020

Minutes of meeting held on 15 January 2020

2.1 Letter from the Minister of Health and Social Services on financial implications of the Health and Social Care (Quality and Engagement) (Wales) Bill – 14 January 2020

(Pages 7 – 12)

3 Local Government and Elections (Wales) Bill: Evidence session 1

(09:00–10.00)

(Pages 13 – 45)

Jon Rae, Director of Resources, Welsh Local Government Association

Cllr Anthony Hunt, Spokesperson for Finance and Resources, Welsh Local Government Association

Paper 1 – Written evidence from the Electoral Commission

Paper 2 – Written evidence from the Welsh Local Government Association

Research brief

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

(10:00)



5 Local Government and Elections (Wales) Bill: Consideration of evidence

(10:00–10:15)

Break: 10:15–10:25

6 Impact of variations in national and sub-national income tax: Consideration of consultation responses and witnesses

(10:25–10:40)

(Pages 46 – 47)

Paper 3 – Cover paper

[Consultation responses](#)

7 Retention payments in the construction sector: Inquiry update

(10:40–10:50)

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 5 – Tŷ Hywel

Meeting date: Thursday, 9 January 2020

Meeting time: 09.02 – 14.04

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/5979>

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Rhun ap Iorwerth AM Alun Davies AM Mike Hedges AM Rhianon Passmore AM Mark Reckless AM David Melding AM (In place of Nick Ramsay AM)
Witnesses:	Anna Nicholl, Welsh Council for Voluntary Action (WCVA) Helen Tilley, Wales Centre for Public Policy Victoria Winckler, Bevan Foundation Cathy Madge, Future Generations Commissioner for Wales Eurgain Powell, Office of the Future Generations Commissioner Alex Chapman, New Economics Foundation Robert Chote, Office for Budget Responsibility Andy King, Office of Budget Responsibility



Committee Staff:	Bethan Davies (Clerk)
	Leanne Hatcher (Second Clerk)
	Georgina Owen (Second Clerk)
	Samantha Williams (Deputy Clerk)
	Joanne McCarthy (Researcher)
	Owen Holzinger (Researcher)
	Christian Tipples (Researcher)

1 Welsh Government Draft Budget 2020–21: Private briefing with expert adviser

1.1 The Committee received a private briefing from the Expert Advisor, Dr Edward Jones, Lecturer in Economics, Bangor University.

2 Introductions, apologies, substitutions and declarations of interest

2.1 The Chair welcomed Members to the meeting. David Melding AM attended as a substitute for Nick Ramsay AM.

3 Paper(s) to note

3.1 The minutes were noted.

4 Welsh Government Draft Budget 2020–21: Evidence session 2

4.1 The Committee received evidence from Dr Victoria Winckler, Director, Bevan Foundation; Dr Helen Tilley, Senior Research Fellow, Wales Centre for Public Policy; and Anna Nicholl, Director of Strategy, Wales Council for Voluntary Action.

5 Welsh Government Draft Budget 2020–21: Evidence session 3

5.1 The Committee received evidence from Cathy Madge, Lead Change Maker, Office of the Future Generations Commissioner; Eurgain Powell, Change Maker, Office of the Future Generations Commissioner for Wales; and Alex Chapman, Consultant, New Economics Foundation.

5.2 Sophie Howe, Future Generations Commissioner, sent her apologies.

6 Welsh Government Draft Budget 2020–21: Evidence session 4

6.1 This session was cancelled. Edward Evans, Company Director and Secretary, Civil Engineering Contractors Association Wales sent his apologies.

7 Welsh Government Draft Budget 2020–21: Evidence session 5

7.1 The Committee received evidence from Robert Chote, Chairman, Office for Budget Responsibility and Andy King, Budget Responsibility Committee member, Office for Budget Responsibility.

8 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of this meeting and the start of the next meeting on 15 January 2020

8.1 The motion was agreed.

9 Welsh Government Draft Budget 2020–21: Consideration of evidence

9.1 The Committee considered the evidence received.

10 Scrutiny of the Wales Audit Office and the Auditor General for Wales's Annual Report and Accounts 2018–19 and Estimate 2020–21

10.1 The Committee approved the Wales Audit Office Fee Scheme 2019–20, under Standing Orders 18.10(x) and in accordance with section 24(7) of the Public Audit (Wales) Act 2013.

11 Ministerial Direction – NHS pension arrangements for 2019/20

11.1 The Committee considered the letter from the Permanent Secretary in relation to the Ministerial Direction regarding proposed changes to NHS Pension arrangements for 2019/20.

Concise Minutes – Finance Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: Wednesday, 15 January
2020

Meeting time: 08.51 – 11.59

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

<http://senedd.tv/en/5985>

Attendance

Category	Names
Assembly Members:	Llyr Gruffydd AM (Chair) Rhun ap Iorwerth AM Alun Davies AM Mike Hedges AM Rhianon Passmore AM Mark Reckless AM David Melding AM (In place of Nick Ramsay AM)
Witnesses:	Rebecca Evans AM, Minister for Finance and Trefnydd Andrew Jeffreys, Welsh Government Matt Wellington, Welsh Government David Phillips, Institute for Fiscal Studies Guto Ifan, Wales Governance Centre Cian Sion, Wales Governance Centre Michael Trickey, Cardiff University
Committee Staff:	Bethan Davies (Clerk)



	Leanne Hatcher (Second Clerk)
	Georgina Owen (Second Clerk)
	Samantha Williams (Deputy Clerk)
	Martin Jennings (Researcher)
	Joanne McCarthy (Researcher)
	Katie Wyatt (Legal Adviser)

1 Welsh Government Draft Budget 2020–21: Private briefing with expert adviser

1.1 The Committee received a private briefing from the Expert Advisor, Dr Edward Jones, Lecturer in Economics, Bangor University.

2 Introductions, apologies, substitutions and declarations of interest

2.1 The Chair welcomed Members to the meeting. David Melding AM attended as a substitute for Nick Ramsay AM.

3 Paper(s) to note

3.1 The papers were noted.

3.1 Letter from the Minister for Health and Social Services on the National Health Service (Indemnities) (Wales) Bill – 7 January 2020

3.2 Letter from the Deputy Minister for Health and Social Services on the Children (Abolition of Defence of Reasonable Punishment) (Wales) Bill – 7 January 2020

3.3 Letter from the Chair of the Public Accounts Committee on the Ministerial Direction for NHS pension arrangements 2019/20 – 8 January 2020

4 Welsh Government Draft Budget 2020–21: Evidence session 6

4.1 The Committee received evidence from David Phillips, Associate Director, Institute for Fiscal Studies; Guto Ifan, Research Associate, Wales Governance Centre, Cardiff University; Cian Sion, Research Assistant, Wales Governance Centre, Cardiff

University; and Michael Trickey, Honorary Senior Research Fellow, Wales Fiscal Analysis programme, Cardiff University.

5 Welsh Government Draft Budget 2020–21: Evidence session 7

5.1 The Committee received evidence from Rebecca Evans, Minister for Finance and Trefnydd; Andrew Jeffreys, Director, Welsh Treasury; and Matthew Wellington, Head of Budget Delivery, Welsh Government.

6 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of this meeting and for the whole of the next meeting on 23 January 2020

6.1 The motion was agreed.

7 Welsh Government Draft Budget 2020–21: Consideration of evidence

7.1 The Committee considered the evidence received.

8 Consideration of letter from the Chair of the Committee on Assembly Electoral Reform – 16 December 2019

8.1 The Committee considered the letter and agreed to respond.

9 Consideration of the Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2020

9.1 The Committee noted the statutory instrument.

Vaughan Gething AC/AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/VG/5824/19

Llyr Gruffydd AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

14 January 2020

Dear Llyr,

I would like to thank the Finance Committee for its diligent and detailed work in considering the financial implications of the Health and Social Care (Quality and Engagement) (Wales) Bill. I acknowledge the 9 recommendations made by the Committee within its scrutiny report, published on 15 November 2019, and enclose my response to each of these in Annex A.

I am pleased the Committee supports our approach to developing estimates of the cost and benefits of the Bill via engagement with key stakeholders, including NHS bodies and local authorities and that it believes this will aid us in realising the cultural changes the Bill is looking to achieve.

A number of the Committee's recommendations relate to those areas where it has not been possible to meaningfully quantify the costs and benefits of those cultural changes. I remain firmly of the view that attempting to frame the conversation about quality and candour in terms of monetary value does not take into account the fact that the benefits of introducing these two duties are not capable of being monetised in a meaningful way, but do recognise the Committee's role and interest in probing this. The majority of the benefits expected to arise from the Bill's provisions are non-financial – they are benefits in terms of improved services, experiences and outcomes. These are of real and significant benefit to the people who use and provide health services but do not lend themselves to being monetised.

Consequently, it has not been possible for me to accept, in full, all of the Committee's recommendations in these areas. However, I acknowledge the intent behind them and in each case we have carried the principles and underpinning reasoning through as far as possible.

I very much value the Committee's words of caution about the accuracy of estimated costs. I am keen to emphasise my continued commitment to monitoring these very carefully and to

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Gohebiaeth.Vaughan.Gething@llyw.cymru
Correspondence.Vaughan.Gething@gov.wales

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.

will continue to work closely with our key stakeholders to keep these under constant review during the implementation phase.

Finally, I would like to make you aware that on 2 December 2019 I tabled three Government amendments to the Bill and that I intend to table a further tranche of amendments during Stage 2. Any financial impacts associated with these changes will be set out in the revised Regulatory Impact Assessment which we will table following Stage 2 proceedings.

I will also be writing to the Chairs of the Constitutional and Legislative Affairs and the Health, Social Care and Sport Committees with regard to their Stage 1 reports and will copy all letters to the three Committee Chairs.

Yours sincerely,

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

Vaughan Gething AC/AM

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

Annex A: Welsh Government response to the recommendations of the Finance Committee regarding the Health and Social Care (Quality and Engagement) (Wales) Bill.

On 3 July 2019, the Finance Committee considered the financial implications of the Health and Social Care (Quality and Engagement) (Wales) Bill and on 15 November published its scrutiny report. This document provides the Welsh Government's response to each of the 9 recommendations included in that report.

Recommendation 1: The Committee recommends the Welsh Government undertakes further work analysing and estimating the benefits of the Bill, which are identified as key drivers for implementing the legislation. This information, which should include a sensitivity analysis to show the potential range of values, should be included in a revised Regulatory Impact Assessment published following Stage 2 proceedings.

Welsh Government response: Reject

Prior to introduction of the Bill, significant work was undertaken in investigating the available evidence and our conclusion on this point was that due to the lack of data around the cost benefits of avoiding poor quality healthcare, any sensitivity analysis would have been too broad to be meaningful in practice.

The majority of the benefits expected to arise from the Bill's provisions are non-financial – they are benefits in terms of improved services, experience and outcomes. These are things that are of real benefit to the people who use and provide services but are not easily or robustly monetised. In producing the Regulatory Impact Assessment as published, we have sought to strike an appropriate balance between a quantified assessment of the costs we anticipate will result from the legislation and the risk of presenting a spurious estimation.

Work is underway to scope the programme of monitoring and evaluation activity that will measure the non-financial benefits of the Bill. This will include the specific benchmarked indicators we anticipate will show measurable improvement over the post-implementation period.

Financial Implications

There are no financial implications as a result of our response to this recommendation.

Recommendation 2: The Regulatory Impact Assessment assumes that a significant proportion of the costs arising from the requirements of the Bill will be absorbed by stakeholders, such as NHS bodies without setting out the likely implications of it. The Committee recommends that further information should be included in the revised Regulatory Impact Assessment.

Welsh Government response: Reject

The Regulatory Impact Assessment presents an appropriate assessment of the likely costs and benefits of the legislation and was developed via close engagement with

stakeholders, including NHS bodies. The RIA concludes that the duties being placed on NHS bodies through the Bill are both appropriate and proportionate. The RIA also includes, where it is possible, opportunity costs as a result of the provisions in the Bill including releasing staff for training to embed the new ways of working.

Regulatory Impact Assessments are a value for money analysis - to extend the analysis to consider how those costs will be funded moves beyond their design and intended purpose. Matters of affordability and funding are of course important considerations for the Welsh Government, but will be of interest to the Assembly, and as such will be closely monitored during the implementation phase.

Financial Implications

There are no financial implications as a result of our response to this recommendation.

Recommendation 3: The Committee recommends that further work be undertaken in respect of the likely ongoing costs to arise from the duty of quality, which are not quantified in the Regulatory Impact Assessment. This should include sensitivity analyses to show the potential range of values and be included in a revised Regulatory Impact Assessment at Stage 2.

Welsh Government response: Reject

We remain of the view the ongoing costs arising from the duty of quality will be in the main determined by decisions taken by individual NHS bodies and Welsh Government is not in a position to pre-empt those decisions. We will undertake further work in the revised EM on providing some examples of existing best practice, where some individuals are already working in the ways which will be required by the duty. This will demonstrate values on current individual best practice cases but does not provide the evidence on future decisions and outcomes that enables us to robustly present an estimate of the total cost (or even the range of costs) across Wales.

Financial Implications

There are no financial implications as a result of our response to this recommendation.

Recommendation 4: The Committee recommends the Welsh Government reconsiders the levels of costs for awareness and training for the duties of quality and candour and these are included in a revised Regulatory Impact Assessment at Stage 2.

Welsh Government response: Accept in Principle

The cost estimates for developing course materials and the public awareness campaign for the duties of quality and candour, set out in the Regulatory Impact Assessment, are based on the best available information at this time. They have been based on engagement with the relevant stakeholders and our previous

experience of implementing other comparable legislation, including the Putting Things Right campaign that was used to launch the new NHS complaints procedure, back in 2011.

In considering this recommendation, the estimates included in the Regulatory Impact Assessment have been reviewed. No new evidence was presented during Stage 1 scrutiny on the levels of costs in these areas and therefore only minor amendments have been made to better reflect inflationary pressures when referring to historic figures. We will continue to work closely with the relevant stakeholders, as the Bill progresses through scrutiny and during the implementation phase, to monitor the cost and practicalities of the proposals.

Financial Implications

Any unforeseen financial implications will be managed within the existing budget allocated for this legislation, over the budget planning period as set out in the Regulatory Impact Assessment. Any additional costs required will be incorporated into future budget plans.

Recommendation 5: The Committee recommends the Welsh Government prepares a sensitivity analysis to show the impact of changes in the number of incidents on the ongoing cost arising from the introduction of the duty of candour. This information should be included in a revised Regulatory Impact Assessment at Stage 2.

Recommendation 6: The Committee recommends the Welsh Government undertakes further work on legal costs arising from the Bill and updates the Regulatory Impact Assessment at Stage 2. This should include a sensitivity analysis to demonstrate a range of costs, where appropriate.

Recommendation 7: The Committee recommends that a sensitivity analysis is undertaken to show how fluctuations in the assumptions about the volume of additional complaints impacts on the number of staff required for the new Citizen Voice Body and its expected running costs. This information should be included in a revised Regulatory Impact Assessment at Stage 2.

Recommendation 8: The Committee recommends that the Regulatory Impact Assessment should reflect the potential range of ICT costs rather than the low cost estimate.

Welsh Government response: Accept

A revised Regulatory Impact Assessment will be laid at the end of stage 2 which will contain the additional information requested.

Financial Implications

Any unforeseen financial implications will be managed within the existing budget allocated for this legislation, over the budget planning period as set out in the

Regulatory Impact Assessment. Any additional costs required will be incorporated into future budget plans.

Recommendation 9: The Committee recommends that in revising the Regulatory Impact Assessment, information is included about the methodologies and specific content of the post implementation review. This should include information about the baseline position against which the impact of the Bill can be measured and assessed.

Welsh Government response: Accept

Work is underway to scope a programme of post implementation monitoring and review activity. A revised Regulatory Impact Assessment will be laid at the end of stage 2 which will contain some detail of the intended methodologies and planning approach to establish the baseline position to evaluate the success and impact of the Bill's provisions.

Financial Implications

Any additional financial implications will be managed within the existing budget allocated for this legislation, over the budget planning period as set out in the Regulatory Impact Assessment. Any additional costs required will be incorporated into future budget plans.

Y Comisiwn Etholiadol The Electoral Commission

Evidence to the Finance Committee: Local Government and Elections (Wales) Bill

1. The Finance Committee has requested written evidence from the Commission on the financial impact of the Local Government and Elections (Wales) Bill on the Commission's work and any additional costs that might be incurred.
2. We are only able to comment on those elements that relate directly to the Commission's work.

Figures included in the Regulatory Impact Assessment

3. The Regulatory Impact Assessment (RIA) only includes the estimated costs that will be incurred by the Electoral Commission in relation to awareness raising activities to accommodate the changes to the franchise (£112,000) and the re-design of forms (£75,000). These figures are reasonable and in line with information that we have previously supplied to Welsh Government.

Awareness raising

4. In addition to our usual spending in this area we are planning on spending £100,000 - £150,000 on our voter registration campaigns in 2021 and 2022, specifically for franchise change communications.
5. Communications activities will include:
 - Promotion of new educational resources
 - Press releases
 - Targeted paid digital and social media advertising
 - Targeted paid TV and radio advertising
 - Display and billboards
 - Public engagement activities

Re-design of forms

6. The Electoral Commission is currently creating new canvass forms and materials in time for use at the 2020 canvass. These will reflect the franchise changes contained in the Senedd and Elections (Wales) Act for Senedd elections.
7. The Electoral Commission would use these forms as a basis for any required redesign based on the changes in the Local Government and Elections (Wales) Bill.

Figures not included in the Regulatory Impact Assessment

There are some potential areas of the Commission's work that have not been considered in the Regulatory Impact Assessment. These refer to possible activities for local government elections after 2022.

Changes to the voting system

8. The Regulatory Impact Assessment does not include figures relating to any potential aspect of the Commission's work relevant to sections 5-10 of the Bill.
9. If local elections in Wales operated two separate electoral systems we would potentially need to produce additional guidance and public awareness material.
10. We have not yet estimated the cost of this work to the Commission as this provision will not come into force for the 2022 elections.

Pilot Schemes

11. Similarly, the RIA does not include any detail relating to the Commission within section 26 of the Bill - *Welsh Ministers' discretion to introduce pilot schemes*.
12. We welcome the initiative being taken by the Welsh Government to provide for election pilot schemes that would test options for changing local government electoral processes in Wales. We think that the Bill should include a duty for the Electoral Commission to evaluate any pilot scheme run at a local government election in Wales, in line with the equivalent duty for pilot schemes at local elections in England or Scotland. This will enable an independent and evidence based assessment of the success or otherwise of the scheme in facilitating and encouraging voting.
13. Again, we have not yet estimated the cost of this work to the Commission as this provision will not come into force for the 2022 elections.

January 2020

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

Document is Restricted

Agenda Item 6

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

Document is Restricted