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Llywodraeth Cymru
Welsh Government

Llyr Gruffydd, MS
Chair
Finance Committee
Senedd Cymru
Ty Hywel
Cardiff Bay
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05 November 2020

Dear Llyr

Local Government and Elections (Wales) Bill – Revised Regulatory Impact Assessment

Following the completion of the Stage 2 proceedings in respect of the Local Government and Elections (Wales) Bill, and in line with Standing Order 26.28, a revised Explanatory Memorandum has been laid and I would like to bring the changes which have been made to the Regulatory Impact Assessment to the Committee's attention.

Given the extension of the scrutiny timetable for the Bill the revised Regulatory Impact Assessment has been laid in a different financial year to the original. As a result the annual salary costs used as the basis of calculating staff costs in respect of the Welsh Government and local government have been updated to reflect pay scales at April 2020.

Despite the delay to the anticipated date of Royal Assent, implementation activities will still commence in 2020-21, as such the reference period of the Regulatory Impact Assessment remains 2020-21 to 2029-30.

The overall estimated cost has reduced from £17.17m to £16.09m, within this the estimated costs to the Welsh Government have increased by £306,000 (40%), whilst the estimated costs to local government have decreased by £1.32m (7.6%).

The forecast transitional costs falling to the Electoral Commission have also reduced, the basis of these revised costs is set out in table 3 of the RIA and the surrounding narrative.

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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.

Costs to the Welsh Government

Work has continued to refine the implementation plans in order to ensure the necessary arrangements, guidance and subordinate legislation is in place to support the implementation of the Bill, subject to it being passed by the Senedd. The majority of costs have remained, fundamentally, unchanged, however there have been changes to the costs in respect of Part 1 – elections and Part 2 – general power of competence.

In terms of Part 1, as the implementation plans have developed it has become apparent that more staff resource than originally anticipated is required in order to ensure all necessary activities are completed whilst maintaining ongoing engagement with the electoral community. The revised forecast of resource requirements means the opportunity costs to the Welsh Government have increased by £272,000 over the financial years 2020-21 and 2021-22 making a total cost of £872,000. This represents an increase of 45% (although this increase also reflects the revised, and increased, pay scales).

The estimated costs to the Welsh Government in respect of Part 2 have increased by £23,000 to £42,000 over the financial years 2020-21 and 2021-22. The increase is a result of the Stage 2 amendment in respect of guidance on the exercise of the general power for a commercial purpose. The estimated costs of making Regulations to prescribe the qualification a community council clerk must hold to meet the second eligibility condition relating to the general power has also been added to the Regulatory Impact Assessment.

Costs to local government

The transitional and recurrent costs to local government have reduced as follows:

- The forecast transitional costs have reduced by £535,000 to £2,415,000 and are now forecasted over three financial years from 2021-22 rather than 2020-21.
- The forecast recurrent costs have reduced by £782,000 to £12,567,000.

Whilst the reference period is unchanged there has been a shift in the profile of costs across the 10 year period. This is primarily due to the decision to postpone commencement of a number of provisions to May 2022, this will enable these provisions to be implemented by the incoming councils following the local government elections rather than subjecting councils to the new requirements within the 12 months preceding the elections. This has contributed to the decrease in recurrent costs for local government.

There has also been a reduction in the forecast costs, both transitional and recurrent, in relation to Part 1 of the Bill, as a consequence of the Senedd and Elections (Wales) Act 2020 (the 'Senedd Act'). At the point I introduced this Bill the Senedd Act was still progressing through the Senedd, with that Act now in force there are a number of costs which will fall, in full or in part, to that Act rather than this Bill. These primarily relate to awareness raising, the annual registration of the newly franchised electorate and the re-design of the standard invitation to register forms.

The Committee's recommendations

In my letter of 23 March, following the publication of the Committee's Stage 1 report, I set out my initial response to the Committee's recommendations, and can now provide further detail in respect of those recommendations in response to which the RIA has been revised:

In response to recommendation 8, the potential savings of abolishing community polls have been considered in more detail. It has not proven feasible to offset the costs of establishing

a new petitions scheme against these savings and the RIA has been revised at paragraph 11.44 to reflect this.

Under recommendation 9 the Committee recommended the RIA be revised to include a sensitivity analysis of the impact the number of petitions may have on staff time and the cost of monitoring and reviewing the petitions received. Further detail has been provided at paragraphs 11.39 – 11.40.

The costs set out in the Regulatory Impact Assessment in respect of the electronic broadcasting of principal council meetings have not been revised at this time (recommendation 10), although there have been changes made to the narrative as set out in paragraphs 11.76 to 11.78. Following further consideration of the matters raised by the Committees and stakeholders at Stage 1, I have tabled amendments to these provisions which remove the requirement for all meetings to be broadcast live, with principal councils instead only required to make arrangements for the broadcast of meetings of the full council as the meeting takes place.

The amendments will enable the Welsh Ministers, through the making of Regulations, to add other meetings to the list of those required to be broadcast. Regulations may also be made specifying conditions for broadcast, which could include matters such as specifying which meetings must be broadcast live and which may be recorded live and broadcast at a later date. These are subjected to the affirmative Senedd procedure.

I intend to publish a revised Regulatory Impact Assessment following Stage 3 and will, where relevant and necessary, revise the costs in respect of the electronic broadcasting provisions, together with any other provisions which may be subject to amendment at Stage 3.

Finally in relation to recommendations 19 and the costs which may fall to the Welsh Government as a consequence of our post implementation review strategy, I will consider this matter when revising the Regulatory Impact Assessment post Stage 3 and include details of these opportunity costs in the revised Regulatory Impact Assessment where appropriate. I would anticipate publishing the revised Regulatory Impact Assessment shortly after the Bill receives Royal Assent.

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

This letter has been copied to the Chair of the Equality, Local Government and Communities Committee.

Yours sincerely



Julie James AS/MS

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