



Our ref: RE/741/22

Huw Irranca-Davies AS/MS,
Chair, Legislation, Justice and Constitution Committee

22 July 2022

Dear Huw,

Legislative Consent Memorandum (LCM) on the UK Infrastructure Bank Bill

Thank you for your letter relating to the LCM on the UK Infrastructure Bank Bill (the Bill). I have responded to your questions in turn as set out below.

1. In the Counsel General's written statement on 13 May 2022 on the UK Government's Legislative Programme he said "Following discussions at the first Inter-Ministerial Standing Committee meeting on 23 March, I am encouraged that there has been some positive engagement between UK Government and Welsh Government officials on a number of Bills in the UK Government's legislative programme". A UK Infrastructure Bank Bill is one of the 12 Bills noted in this statement. Can you confirm that the Bill was the subject of intergovernmental discussion before its introduction to the UK Parliament?

I can confirm that the Bill was subject to intergovernmental discussion before it was introduced to the UK Parliament.

Dialogue took place between HM Treasury and Welsh Government officials throughout last year, before and after the establishment of the Bank. I met with the Chair and CEO of the Bank shortly after their appointment in October 2021 to discuss the Bank's aims and objectives, and its relationship with Wales and the Welsh Government.

Engagement continued between Welsh Government and HM Treasury officials in 2022 as the Bill was proposed to put the Bank on a statutory footing.

During the Finance Inter-Ministerial Standing Committee on June 15, I voiced support for the creation of the UKIB, in principle, but noted that we would have liked to have seen a Bank with a wider remit as the UKIB could not be seen as a genuine successor to the European Investment Bank given its narrow scope. I also raised the fact that the Bill reserves powers for the Chancellor and HM Treasury and Welsh Government would like to see amendments to the Bill, such that there is equivalence of powers across UK administrations, before recommending that the Senedd consents to the passing of the Bill.

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

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

While engagement between officials continues to be reasonably constructive, concerns raised by my officials in respect of the governance of the Bank have not been addressed in the Bill to date.

2. Did the UK Government share with the Welsh Government the Bill in draft form? If so, when?

The UK Government shared the Bill in draft form with us on 14 April 2022 prior to the Bill's introduction and First Reading in the House of Lords on 11 May 2022. My officials raised our general concerns with the Bill with the UK Government shortly after the Bill had been shared with us.

3. If the UK Government did not share a draft Bill with you, given a UK Infrastructure Bank has been operating on a non-statutory footing since June 2021 and given the information the Welsh Government had received from the UK Government as regards its legislative programme, did the Welsh Government proactively seek to directly influence the drafting of the Bill?

As outlined in my response to questions 1 and 2, the UK Government did share the Bill with us in draft form and we did seek to directly influence the drafting of the Bill.

4. In the memorandum you state that you have written to the Economic Secretary to the Treasury “to urge him to amend the Bill to enable the Senedd and the Welsh Ministers to take their appropriate role within Governance structures to ensure proper democratic accountability”. What specific amendments have you sought to the Bill?

The Bill as introduced provides no role for the Senedd, the Welsh Ministers, or Welsh Government officials in the governance of the Bank, while reserving certain activities for Parliament, the Chancellor and HM Treasury, such as the power for HM Treasury to amend the Bank's strategic direction including in areas of devolved competence without consulting the Senedd or the Welsh Government.

We continue to advocate that the Senedd and the Welsh Government all exercise equivalent powers to those of our UK counterparts. This is necessary in order to be consistent with Welsh Government Cabinet principles, which have been shared with you previously, i.e., that “The Welsh Government must have an equal status to the UK Government's in governance of cross-border bodies with devolved functions which are established in UK Bills.”

We believe there should be equivalence between UK legislatures and governments in terms of the Bank's governance such that, for example, they have equivalent roles to play in the setting of the Bank's Strategic Priorities and Plans. This would allow for the honing of the Bank's objectives and for priorities and plans to be revisited where necessary while fully respecting devolved competences.

The specific detail of the amendments will be subject to ongoing discussions with UK Government and I will update the Senedd on the outcome of those discussions as appropriate in due course.

5. The scope of the Bank's activities, including the definition of “infrastructure”, may be changed via delegated powers that will be subject to the affirmative scrutiny procedure in the UK Parliament. At paragraph 49 of the memorandum you state that you have written to the Economic Secretary to the Treasury to advocate that “the

Senedd, the Welsh Ministers and Welsh Government officials all exercise equivalent powers to those of our UK counterparts”.

- i) Have you sought amendments to the Bill which would provide the Welsh Minister’s with directly equivalent delegated legislative powers, meaning the Senedd would be responsible for scrutinising the exercise of those powers?**
- ii) Have you sought amendments to the Bill which would provide the Welsh Ministers with a consultative role before UK Minister’s exercise their delegated powers, meaning there would be no role for the Senedd in scrutinising the exercise of those powers?**

We continue to advocate that the Senedd and the Welsh Government all exercise equivalent powers to those of our UK counterparts. This is necessary in order to be consistent with Welsh Government Cabinet principles. We are therefore seeking concessions to the Bill which reflect these principles.

Yours sincerely,

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

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government