

Y Gwir Anrh/Rt Hon Mark Drakeford AS/MS
Prif Weinidog Cymru/First Minister of Wales



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Peredur Owen Griffiths MS
Chair of the Finance Committee

7 December 2022

Dear Peredur,

Scrutiny of the financial implications of Bills

I am writing in response to your letter of 16 November 2022 regarding the scrutiny of the financial implications of Government Bills.

Your letter highlights concern that the Welsh Government has moved away from practice in the Fifth Senedd where Welsh Ministers provided written responses to Stage 1 reports in advance of the General Principles debate and Financial Resolution.

It is during the Stage 1 debate that Ministers provide an explanation of the Government's response to the recommendations in each Committee report and in most, but not all, circumstances have provided further detail through a formal letter.

While there were occasions during the Fifth Senedd where the Government responses were issued before or on the date of the General Principles debate, this was not routine practice for all Bills. In fact, over half of responses were issued in writing after the debate or provided verbally during the debate.

Ministers endeavour to respond to the Committees as soon as reasonably possible but it is not always practical for Welsh Ministers to do this prior to the Stage 1 debate for every Bill, so in practice these written responses may be provided after the debate has taken place.

There may be circumstances where more time is required to consider the implications of the recommendations or where the detail needed to provide an informed response is not available in advance of the Stage 1 debate. In addition, the legislation may be novel and while we aim to provide best estimates of the likely costs, there are situations where multiple varying factors mean precise costings are not achievable until the provision is

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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.

tested and assessed. Nonetheless, we will continue to inform the Finance Committee of the financial information relating to each Bill as they go through the various Senedd scrutiny stages.

In addition, Welsh Ministers will continue the practice established during the Fifth Senedd of writing to the subject and Finance Committees in advance of Stage 3 proceedings of a Bill if significant changes have been made to the Regulatory Impact Assessment post Stage 2.

Your letter along with this reply has been copied to all Welsh Ministers. This reply is also issued to the Business Committee and the Chairs of Policy Committees.

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

MARK DRAKEFORD

Mark Drakeford MS
First Minister

19 December 2022

Dear First Minister

Scrutiny of the financial implications of Bills

Thank you for your letter of 7 December, in response to the Finance Committee's request for the Welsh Government to revert back to the practice of providing a written response to Committee Stage 1 reports prior to the Stage 1 debate taking place.

It is disappointing that you are not able to give a commitment to this modest request. Your letter suggests that "it is during the Stage 1 debate that Ministers provide an explanation of the Government's response to the recommendations in each Committee report". However, we believe that this should not be considered common practice as it is not always possible for Ministers to provide a full and thorough response to each recommendation given the limited time available during the debate itself. As highlighted in my initial letter, it is standard practice that the Financial Resolution motion is taken immediately after the Stage 1 motion has been agreed. The Senedd therefore has very little time to consider the Government's response, before having to make a decision to commit resources.

You also state that there may be circumstances where more time is required to consider certain recommendations or where the detail needed to provide an informed response is not available in advance of the Stage 1 debate. Given that the timetables for Government Bills are proposed by the Welsh Government, with the Business Committee agreeing the deadlines for Stages 1 and 2, consideration should be given to moving away from the practice of voting on the Financial Resolution motion on the same day as the Stage 1 debate takes place. A similar decision was taken in the Fourth Assembly, reversing the default position to delaying voting on the Stage 4 motion until a week after Stage 3 proceedings had concluded, to allow Members the opportunity to consider the



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final version of a Bill prior to the Senedd being asked to approve it. We believe the same principle should apply to the Financial Resolution motion. This would allow time for Members to reflect on the Welsh Government's response to the Finance Committee's report. We consider this to be particularly important given that there is no further opportunity for the Senedd to formally consider the financial implications of Bills after the motion has been agreed.

Finally, you state that legislation "may be novel" and that there may be "situations where multiple varying factors mean precise costings are not achievable until the provision is tested and assessed". The Committee acknowledges these challenges, however, it is not acceptable for the Welsh Government to simply not attempt to calculate the potential costs of legislation. The Regulatory Impact Assessment (RIA) is a key tool to critically assess a range of methods explored in relation to the development of a legislative proposal and to provide an evidence based approach to policy making-decisions. We recognise that "precise costings" may not always be possible but it is imperative that RIAs contain the best estimate possible for costs and benefits to enable us to fully scrutinise the overall financial implications of a Bill, a point we have made as a Committee on a number of occasions.

We find it regrettable that the RIAs that have accompanied Bills introduced so far this Senedd seem to be more of a "by-product" of the decision-making process, rather than the tool driving it. The latest Bill we considered, the Agricultural (Wales) Bill, is a framework Bill where a significant proportion of costs relate to a future Sustainable Land Management scheme that will not be finalised until next year. In these situations, the Senedd may end up agreeing a Financial Resolution to a Bill based on the information contained in the RIA on introduction that subsequently could escalate significantly. This lack of clarity makes our role as a Finance Committee very challenging and significantly hampers our ability to take a decision on whether or not costs are reasonable.

Should the Welsh Government continue to provide RIAs where information is incomplete or insufficient, it will leave the Committee with little choice but to compel Ministers to reappear before the Committee once the information requested is available to ensure the financial information provided by the Welsh Government stands up to robust scrutiny.

As you are aware, a number of Senedd Committee have raised similar concerns regarding the timeliness of Welsh Government responses ahead of Stage 1 debates. This paints an unfortunate picture and calls into question the spirit in which the Welsh Government engages with the Senedd on legislative matters. I therefore ask you to reflect on the issues above and reconsider the Welsh Government's position of providing a written response to the Finance Committee's reports prior to the Stage 1 debate and to give consideration to tabling the Financial Resolution motion at least a week after Stage 1 has been



agreed. Given the current pressures on public finances it is more important than ever that the Welsh Government provides as much clarity and assurance as possible before Members are required to authorise spending arising from a Bill.

As these issues cut across Committee remits, a copy of this letter has been sent to the Chairs of all Senedd Committees.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peredur Owen Griffiths MS'. The signature is fluid and cursive, with a prominent initial 'P' and a long, sweeping underline.

Peredur Owen Griffiths MS
Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

