

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru

28 April 2025

Dear Peredur,

Welsh Language and Education (Wales) Bill – Revised Regulatory Impact Assessment

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

The costs underpinning the RIA for the Bill have been updated in response to recommendations set out in the Finance Committee Stage 1 report on the Bill, as well as Government and Non-Government amendments agreed during Stage 2 proceedings. Furthermore, Welsh Government staff costs for developing and implementing certain Bill provisions have been updated to ensure that the RIA continues to provide our best estimate of costs at this point in time. A summary of these changes, along with an affordability assessment, is provided below.

Late Immersion Costs

The RIA laid with the Bill at introduction stipulated that the funding available for late immersion provision in 2024-25 would need to continue for the duration of the ten-year Bill appraisal period to ensure the continued viability of this provision. This equated to an annual recurrent cost of £2.3m from years 4-10 of the Bill appraisal period, totalling £16.1m.

Since the original version of the RIA was published, funding for late immersion provision has increased to £3m in 2025-26. The funding increased when the allocation of funding changed from a competitive grant process to a formula-based structure as part of the new Local Authority Education Grant (LAEG) funding arrangements. To prevent this change resulting in some local authorities receiving a cut to their funding, an additional £0.7m was added to the funding for late immersion in 2025-26 to ensure existing provision could be maintained.

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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.

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In addition to this increase, the Finance Committee report recommended “*that the Welsh Government provides cost estimates relating to increased demand for language immersion courses and that these changes are made to the Regulatory Impact Assessment after Stage 2*”. I accepted this recommendation, and a modelling exercise on late immersion costs has now been undertaken.

The Bill has also been amended as a result of the Children, Young People and Education Committee’s agreement of Amendments 136 and 137 tabled in the name of Cefin Campbell MS to ensure that local authorities are encouraged to increase demand and participation in late immersion education.

As a result of the above factors, the initial baseline cost of late immersion provision has increased from £2.3m to £3m to ensure the RIA reflects current funding levels. As with the original version of the RIA, costs of late immersion continue to be attributed to the Bill from the point the relevant provisions (i.e. the revised Local Welsh in Education Strategic Plans (WESPs)) come into effect in 2028-29. The recurrent annual cost of late immersion provision subsequently increases incrementally each year until the end of the Bill appraisal period to reflect an anticipated increase in demand and participation. The approach underpinning this modelling exercise is explained in paragraphs 8.101-8.104 of the revised RIA.

Estimated Annual Costs for Late Immersion Provision

Year	Estimated late immersion costs per year over the appraisal period
2028-29	£3,000,000
2029-30	£3,060,100
2030-31	£3,119,600
2031-32	£3,200,500
2032-33	£3,291,100
2033-34	£3,386,300
2034-35	£3,490,600
Total Cost - £22,548,300 (Additional Cost £22,548,300, Opportunity Cost £0)	

Affordability Assessment

The total cost of late immersion education in Welsh is estimated at £22.5m over the Bill appraisal period. This amounts to a £6.4m increase in costs when compared with the original RIA. The current increase of £0.7m in 2025-26 is being managed as a pressure on the Local Authority Education Grant budget within the Education Main Expenditure Group (MEG). This approach in 2025-26 has not resulted in an uplift in budget for late immersion and there is no guaranteed recurrent funding. Options to uplift the budget recurrently in future years, to £3m baseline (and any potential increase in late immersion costs due to increased participation generated by the Bill), will need to be explored as part of future budget setting processes.

Welsh Government Staff Costs

Opportunity costs have been added for Welsh Government analytical staff (Grade 7 and Senior Research Officer (SRO)) for the following parts of the RIA:

- Part 1: Reviewing the Welsh language standards and developing regulations on calculating the number of Welsh speakers (RIA Table 2).
- Part 3: Developing and consulting on regulations relating to school language categories and delivery plans (RIA Table 4).

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- Part 4: Creating and/or updating the National Framework every 5 years (RIA Table 9)
- Part 4: Developing and consulting on new local WESP regulations (RIA Table 10).

Analytical staff will play a key role in these areas on activities including collecting and analysing data, estimating costs and benefits to prepare RIAs, and assessing impacts to prepare IIAs.

Affordability Assessment

The total cost of these additions is £0.156m over the Bill appraisal period. Similar to other Welsh Government staff costs outlined in the RIA, these are opportunity costs associated with time spent by existing analytical staff on activities related to the implementation of the Bill and the development of regulations. The costs will be met from existing divisional running cost budgets. Staff costs continue to reflect 2023-24 pay scales as the RIA base year has not been changed. However, the full affordability assessment in the RIA has been adjusted to reflect anticipated inflation during the appraisal period. This adjustment has been made on the basis of the GDP deflator projections included in the Office for Budget Responsibility's (OBR) Economic and Fiscal Outlook, which was published in March 2025.

National Institute for Learning Welsh Costs

Recommendation 4 in the Finance Committee report recommended “*that the Welsh Government provides a full breakdown of how costs relating to the National Institute for Learning Welsh was estimated and how this compares with the costs relating to the National Centre for Learning Welsh, and updates the Regulatory Impact Assessment after Stage 2*”. Since the original RIA was published, my officials have also made further progress in planning the establishment of the National Institute. The best estimate of additional costs for establishing and running the National Institute compared to business as usual over the appraisal period have been updated accordingly.

Affordability Assessment

The additional cost of establishing and running the National Institute over the appraisal period has increased by £2.2m, with total additional costs compared to business-as-usual increasing from £4.161m in the original RIA to £6.345m in the updated RIA. As in the original RIA, the additional cost of establishing the National Institute will be met through reallocation of the existing grant to the National Centre for Learning Welsh and additional budget of £0.125m allocated to support Bill implementation, from Welsh Language budgets within the Central Services and Administration MEG.

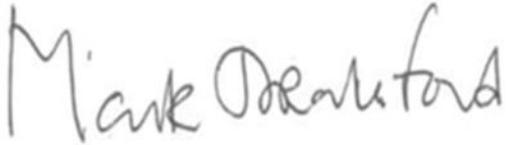
Summary

As a result of the above amendments to key costs in the RIA, the overall cost of the Bill during the appraisal period has increased from £103.2m to £111.9m. This includes opportunity costs of £11.5m and additional costs of £100.4m, and it represents an £8.7m or 8.5% cash increase in the overall cost of the Bill versus the costs outlined in the original RIA.

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

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive style with a large initial 'M'.

Mark Drakeford AS/MS

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Cabinet Secretary for Finance and Welsh Language