

Y Pwyllgor Cyllid | Finance Committee
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Llywodraeth Cymru
Welsh Government

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Dear Simon and Lynne,

In line with the commitment I made before the general principles debate for the Additional Learning Needs and Education Tribunal (Wales) Bill (the Bill), I enclose a copy of the Bill's revised regulatory impact assessment (RIA).

Over the summer, a comprehensive quality assurance process has been undertaken, including internal and external checks.

Internally, the focus has been on the accuracy of the calculations throughout the RIA and accessibility for readers. Nothing of concern has been uncovered during this review. Some textual changes have been made to aid clarity, for example, cross-referencing figures in the text to relevant tables and footnoting the formula used to arrive at a calculation. A £20 discrepancy was identified, which increases the projected ongoing savings by £20.

However, no inaccuracies in the calculations have been identified.

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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.

The outcome of this internal review is positive and I hope serves to increase confidence in the accuracy and reliability of the RIA.

I also commissioned an external peer review of the RIA, focusing on the methodology used. This was undertaken by Dr Miguel Garcia-Sanchez, an economist with significant expertise in cost-benefit analysis.

Dr Garcia-Sanchez assessed the technical approaches and assumptions used in the RIA and analysed the robustness of the data used. A sample of figures was subjected to a thorough interrogation and the overall method of the RIA was also scrutinised. This complemented and built on the internal review.

I enclose a copy of the report I have received from Dr Garcia-Sanchez. Some of his recommendations are specific to the Bill and some have a wider application – some of the recommendations relate to the production of RIAs more generally and suggest the Welsh Government should adopt a more economist-led model when producing RIAs than is currently the case.

These broader recommendations about the model used to produce RIAs may be of particular interest to the Finance Committee in the context of its current inquiry into the financial estimates accompanying legislation.

Of the six recommendations Dr Garcia-Sanchez has made, there is one the Welsh Government does not accept. This relates to calculating cash and net present value estimates. To alter our approach as suggested would, in our view, run counter to the guidance set out in HM Treasury's Green Book.

We have amended the RIA in line with the two specific recommendations made by Dr Garcia-Sanchez – the revised RIA now contains a clear list of unquantified costs and explains why it covers a four-year time period.

The remaining recommendations relate to the production of RIAs more generally and the Finance Committee may wish to reflect on them in the context of its inquiry. We will ensure full consideration is given to these in the production of the RIAs which will accompany the secondary legislation and ALN Code to be made under this Bill. However, given the stage at which the Bill is at and the level of resource required to action these recommendations retrospectively, I do not intend to take them forward for this RIA.

In addition to the internal and external quality assurance process, my officials have continued to work closely with SNAP Cymru to understand their concerns. The latest engagement commenced following the CYPE Committee's stage 1 evidence sessions. As a result of this work, no further changes to the costs outlined in the RIA have been made since my letter in May, but changes to the RIA narrative have been made.

I have received assurances from my officials that SNAP Cymru are content with the revisions to the RIA and I am grateful to Denise Inger and Caroline Rawson for their engagement, which has enabled us to reach this mutually-agreeable position.

In May, I wrote to tell you that the ongoing savings were expected to be £3,675,240 over the four years. In the revised RIA, the figure is £3,675,260 – a difference of £20. This is the result of a discrepancy identified through the internal review.

There is also a change to the overall cost of the Bill. In May I told you that I expected it to be £8,279,250 over the four-year period. In the revised RIA the figure is £7,853,200 – a reduction of £426,030. There are two elements to this.

First, an adjustment has been made to the Welsh Government implementation costs outlined in the RIA to include only the transition costs directly relating to the Bill. In its stage 1 report on the Bill, the Finance Committee recommended that there is greater transparency in the RIA around the additional funding being made available for the purposes of the Bill.

The adjustments to the RIA are part of our response to this recommendation. The result is a reduction of £425,930. The revised RIA seeks to more clearly distinguish between funding activity linked directly to implementation of the Bill and activity relating to the wider transformation programme.

Secondly, a minor adjustment of £100 to the Special Educational Needs Tribunal for Wales' implementation costs has also been made. This is to reflect actual costs rather than Welsh Government grant funding.

The cost of implementing this Bill will be met by the £20m funding package announced earlier this year. I will write with an update about the implementation funding but it is designed to go beyond simply funding the move from one statutory system to another. It invests in skills and professional development to ensure we are able to deliver the legislation, can change practice on the ground and improve outcomes for children and young people.

Once implemented, the new system is expected to cost less to run than the current SEN system. This is borne out by the experience of those local authorities already operating key aspects of the new ALN system. Any savings in administration will be reinvested in supporting children and young people.

I am copying this letter to all Assembly Members, further to my letter of 6 June, ahead of the Bill's financial resolution debate next month.

Yours sincerely



Alun Davies AC/AM

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