

Agenda – Finance Committee

Meeting Venue:	For further information contact:
Committee Room 2 – Senedd	Bethan Davies
Meeting date: Wednesday, 20 January 2016	Committee Clerk
	0300 200 6565
Meeting time: 09.00	SeneddFinance@Assembly.Wales

1 Introductions, apologies and substitutions

(09.00)

2 Welsh Government Draft Budget 2016–17: Evidence session 6

(09.00 – 11.00)

(Pages 1 – 29)

Jane Hutt AM – Minister for Finance and Government Business

Jo Salway – Deputy Director, Strategic Budgeting, Welsh Government

Jeff Andrews – Specialist Policy Advisor, Welsh Government

Research brief

3 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

(11.00)

Items 4, 5 and 6 of today's meeting and item 1 of the meeting scheduled for 28 January 2016.

Break

(11.00 – 11.10)

4 Welsh Government Draft Budget 2016–17: Consideration of evidence

(11.10 – 11.40)

5 Implementation of the Wales Act 2014

(11.40 – 11.50)

(Pages 30 – 66)



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Paper 1 – Welsh Government Report on the Wales Act 2014 – December 2015

Paper 2 – UK Government Report on the Wales Act 2014 – December 2015

6 Assembly Commission Corporate Performance Report: April 2015 to September 2015

(11.50 – 12.00)

(Pages 67 – 90)

Paper 3 – Letter from Claire Clancy, Chief Executive and Clerk to the National Assembly for Wales – 9 December 2015

Paper 4 – Assembly Commission Corporate Performance Report: April 2015 to September 2015 – December 2015

Document is Restricted

Agenda Item 3

Y Pwyllgor Cyllid a Busnes
FIN(4) 02-16-11 Finance Committee

Jane Hutt AC / AM
Y Gweinidog Cyllid a Busnes y Llywodraeth
Minister for Finance and Government Business



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-L/JH/0235/15

Jocelyn Davies AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

7 December 2015

Dear Jocelyn,

Further to the recommendation in the Finance Committee's report 'Collection and management of devolved taxes in Wales' that there should be six monthly reports on the Welsh Revenue Authority, I am pleased to enclose a copy of the Welsh Ministers' first report on the implementation and operation of Part 2 of the Wales Act 2014.

The report, which I have laid before the Assembly today, summarises the work completed to date and looks towards some of the key milestones ahead, as we take forward this important agenda.

The Secretary of State for Wales is also due to issue a report on the implementation of the Wales Act, a copy of which I expect to lay before the Assembly in the next week.

Yours sincerely,

Jane Hutt AC / AM
Y Gweinidog Cyllid a Busnes y Llywodraeth
Minister for Finance and Government Business

Bae Caerdydd • Cardiff Bay
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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.



Llywodraeth Cymru
Welsh Government

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Welsh Ministers' First Annual Report on the Implementation and Operation of Part 2 (Finance) of the Wales Act 2014

The first annual report by the Welsh Ministers on the implementation and operation of Part 2 (Finance) of the Wales Act 2014, laid before the National Assembly for Wales, and presented to the Secretary of State for Wales to lay before each House of Parliament, pursuant to Section 23 of the Wales Act 2014.

December 2015

Pack Page 31

Welsh Government first Annual Report on the implementation and operation of Part 2 (Finance) of the Wales Act 2014

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Foreword

This year has seen significant progress made towards the implementation of Wales' new tax and borrowing powers, which have been provided by Part 2 of the Wales Act 2014. There has been substantial engagement and consultation with businesses and other organisations, representatives of the Third Sector, tax experts and professionals, as well as with the National Assembly's Finance Committee and we have cleared an important milestone with the introduction of the first Welsh tax bill - the Tax Collection and Management (Wales) Bill.

The Wales Act 2014 (the "Act")¹, which gained Royal Assent in December 2014, sets out a range of new tax and borrowing powers for Wales, including full devolution of Stamp Duty Land Tax and Landfill Tax, borrowing to support capital investment and to manage budgetary fluctuations arising from tax devolution, powers to create new devolved taxes on a case by case basis (subject to the agreement of the National Assembly and both Houses of Parliament), partial devolution of income tax (if supported by the people of Wales in a referendum²), and the ability to legislate for the Assembly's budgetary procedures. The target date for implementing the majority of the new powers is April 2018.

Under section 23 of the Act, the Welsh Ministers and the Secretary of State for Wales are required to report annually on the progress made in effecting the provisions under Part 2, until the first anniversary after the final provisions have been implemented.³

The provisions in the Act will bring about an important change to the way that public services are funded in Wales. I see three main benefits:

- the ability to create better taxes, developed to meet Welsh needs and adaptable to our changing circumstances and priorities;
- greater flexibility and better control over the budget for Welsh public services, enabling us to invest in our critical infrastructure, while improving accountability and providing greater clarity about how our expenditure is financed;
- the ability to retain the taxes paid in Wales as our economy recovers - tackling avoidance, ensuring that those who are due to pay do pay.

As we approach the first anniversary of the Wales Act 2014, the Welsh Government is on track to implement the new provisions. A major programme of work is underway, built on the four key principles which drive the Welsh Government's approach to tax policy - our approach will:

- be fair to businesses or individuals who pay taxes;
- be simple with clear rules which seek to minimise compliance and administration costs;
- support growth and jobs, which will in turn help tackle poverty; and
- provide stability and certainty to tax payers, with changes subject to proper consultation with stakeholders.

¹ The Wales Act 2014 amends the Government of Wales Act 2006 and is available on the Gov.UK website: <http://www.legislation.gov.uk/ukpga/2014/29/contents/enacted>

² In the Spending Review 2015, the Chancellor announced that the UK Government would legislate to remove the requirement for a referendum, however he did not indicate what process would replace it.

³ The Wales Act 2014 gained Royal Assent on 17 December 2014. Three of the sections in Part 2 are not required to be included in the annual reports: s.10 'Welsh taxpayers for social security or child support purposes', s.11 'Amendments to the definition of a Scottish taxpayer', and s.22 'Budgetary procedures'; however the Welsh Ministers have decided to include progress towards delivering s.22 in this report.

I am placing particular emphasis on close engagement with stakeholders - for example through public consultations on tax collection and management, Land Transaction Tax and Landfill Disposals Tax, through my Tax Advisory Group, Tax Forum and Technical Experts Groups, through events arranged for specific stakeholder groups, and through working with the Finance Committee of the National Assembly. I am also committed to providing regular updates on progress to the Assembly and, as the programme develops, increasingly to the wider public, aiming to cater for different levels of interest and expertise.

The new fiscal powers give us the opportunity to reshape taxes in Wales to better meet our needs and circumstances. However, we should not seek to introduce "change for change's sake". I am acutely aware of how closely integrated the economies of Wales and England are - and of how many people travel across the border between our countries daily - so much more so than between Scotland and England. The Welsh tax regime will not be operating in a vacuum; we should pay particular attention to potential cross border issues that could impact on our businesses, employees and the wider community.

The past year has laid a strong foundation for the work ahead. This report sets out the key developments as we progress towards implementation of the new Welsh tax and borrowing powers.

A handwritten signature in black ink, reading "Jane Hutt". The signature is written in a cursive, flowing style.

Jane Hutt AM
Minister for Finance and Government Business

Purpose of this report

The Wales Act 2014⁴ mainly comprises of provisions relating to finance (such as devolution of taxes and borrowing powers) and constitutional matters (for example Assembly elections and membership of the Assembly).

Section 23 of the Act requires separate annual progress reports to be produced by the Welsh Ministers and by the Secretary of State for Wales on the financial provisions contained in Part 2 of the Act. The reports are due each year before the anniversary of the day on which the Act gained Royal Assent (17 December 2014), with the final report being due on, or as soon as practicable after, the first anniversary of the day on which the last of the provisions is implemented. Specifically, the Act specifies that the reports should provide the following information:

- (a) a summary of the steps taken towards implementation of Part 2;
- (b) a summary of the steps that should be taken towards the implementation;
- (c) an assessment of the operation of the provisions of Part 2 that have been implemented;
- (d) an assessment of the operation of other powers to devolve taxes to the Assembly or to change the powers of the Welsh Ministers to borrow money, and of any other changes affecting the provisions inserted or amended by this Part;
- (e) a statement of the effect of this Part on the amount of any payments made by the Secretary of State under section 118 of the Government of Wales Act 2006 (payments into the Welsh Consolidated Fund); and
- (f) any other matters concerning the sources of revenue for the Welsh Government that the maker of the report considers should be brought to the attention of Parliament or the Assembly.

At this early stage of implementation, the first report focuses on (a) and (b).

In accordance with Section 23 of the Wales Act 2014, copies of this report will be laid before the National Assembly and sent to the Secretary of State for Wales.

⁴ The Wales Act 2014 is available on the Gov.UK website:
<http://www.legislation.gov.uk/ukpga/2014/29/contents/enacted>

Devolved taxes

1. This section describes the progress made towards implementing the powers to devolve fully Stamp Duty Land Tax (SDLT) and Landfill Tax (LFT) to Wales, and the further work that is planned. It refers to the steps taken towards establishing arrangements for collecting and managing the devolved taxes, including the possible future role of HMRC, the impacts on the Welsh block grant and the opportunity for new devolved taxes in the future.
2. The Command Paper issued by the UK Government alongside the Wales Bill, in March 2014, confirmed that the UK taxes being devolved to Wales would be 'switched off' from April 2018.⁵ At that point, the new Welsh replacement taxes would be introduced, with the revenue passing to the Welsh Government (instead of the UK Government, as at present), and a corresponding reduction being made to the Welsh block grant.
3. The key areas of activity leading to that stage can be summarised as:
 - designing replacement Welsh taxes;
 - establishing arrangements for collecting and managing the devolved taxes; and
 - agreeing the size of the block grant adjustment.

Designing replacement Welsh taxes

4. In November 2014, the Minister for Finance and Government Business published four key principles which would underlie the Welsh Government's approach to tax policy. The approach would:
 - be fair to businesses or individuals who pay taxes;
 - be simple with clear rules which seek to minimise compliance and administration costs;
 - support growth and jobs, which will in turn help tackle poverty; and
 - provide stability and certainty to tax payers, with changes subject to proper consultation with stakeholders.
5. Devolved tax policy and strategy will be set by Welsh Ministers, however to inform this process, the Welsh Government has established a Ministerial Tax Advisory Group (TAG), a Tax Forum and Technical Expert Groups, drawing in a wide range of expertise. Further details of the TAG and Tax Forum are provided in Annex 1.
6. In early 2015, the Minister for Finance and Government Business announced that the Welsh Government would replace Stamp Duty Land Tax with Land Transaction Tax (LTT), and replace Landfill Tax with Landfill Disposals Tax (LDT).⁶
7. The consultation on a Land Transaction Tax was published in February 2015 and ran until May 2015. The Welsh Government received 38 responses to the consultation from a range of stakeholders, including businesses, tax and law professionals, and wider stakeholders. The Welsh Government published the consultation responses

⁵ 'Wales Bill: financial empowerment and accountability' Cm 8838, para 16. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/294421/Wales_Bill_Command_Paper_-_English.pdf

⁶ Ministerial Written Statements issued 15 January 2015 and 4 February 2015: <http://gov.wales/about/cabinet/cabinetstatements/2015/landtax/?lang=en>
<http://gov.wales/about/cabinet/cabinetstatements/2015/landfilldisposalstax/?lang=en>

and analysis on 15 September, alongside a Written Statement by the Minister for Finance and Government Business which noted that the key message for stakeholders was the importance of consistency with SDLT.

8. The majority of consultation respondents highlighted the positive impact of the SDLT marginal rate system, introduced by the UK Government for residential property in December 2014, which followed the decision by Scottish Government to use a marginal rate system for Land and Buildings Transaction Tax. This supported the decision that the Welsh Ministers had already made to tax residential property on a marginal basis under LTT.
9. The Minister also confirmed that the current SDLT approach to partnerships, trusts and companies, and reliefs and exemptions would be broadly retained. The consultation responses highlighted that these were well understood by the Welsh business community, and would provide the consistency that businesses desire. Furthermore, it will also assist a smooth transition for the property market, enabling individuals and businesses to plan confidently for the future.
10. It was also confirmed that the Welsh Government, further to consultation on the likely value of an overarching tax avoidance rule for the new devolved taxes, would develop a Welsh tax avoidance rule in relation to the two devolved taxes. This would provide a clear message and tool to deter and tackle any tax avoidance. This will be for the next Government to consider as they introduce the tax specific legislation after the next election.
11. The consultation on a Landfill Disposals Tax ran from February to May 2015. Nearly 300 responses were received, from the waste industry (including Landfill Site Operators), environmental bodies and the third sector as well as tax experts. The Welsh Government published the consultation responses and analysis on 15 September, alongside a Written Statement by the Minister for Finance and Government Business.
12. Consultation responses highlighted the potential impact on 'waste tourism' of material differences between the tax rates charged in Wales and England. There were a number of other areas where consistency in treatment of landfill tax would be important for Landfill Sites Operators and the wider waste industry.
13. The key area where the Welsh Government is looking to improve upon the current Landfill Tax is the intention to re-align the balance of risk so that the consequences of not complying outweigh the profit to be made from illegal waste activity. There was strong support amongst consultation respondents for extending the definition of a landfill site to include illegal deposits of waste within the scope of the tax.
14. Over half of the consultation responses were in relation to community well-being, and the Minister announced her intention to allocate a proportion of LDT revenue to community wellbeing initiatives that have an environmental focus and will include biodiversity and waste minimisation projects. This could be achieved through a LDT Community Scheme (LDT CS). The Welsh Government is exploring the development of such a scheme, both ensuring that it aligns with the goals of the Well-being of Future Generations (Wales) Act 2015, and considering options for simplifying administration, and seeking to maximise the amount of funding reaching communities.

15. It is anticipated that legislation to introduce the new taxes will be brought forward by the new Welsh Government after the Assembly elections in May 2016. Decisions on tax rates and bands will to be made closer to April 2018, when the economic position at the time can be taken into consideration.

Establishing arrangements for collecting and managing the devolved taxes

16. The Welsh Government consulted on the collection and management of devolved taxes in Wales from September to December 2014, to seek views on its proposals for administering devolved taxes. In February 2015 the Minister for Finance and Government Business issued a summary of responses to the White Paper, and on 13 July 2015 the Minister introduced the Tax Collection and Management (Wales) Bill into the National Assembly. The Bill provides for the establishment of a new non-Ministerial department, the Welsh Revenue Authority (WRA), which will be legally responsible for the collection and management of the new devolved taxes. This will be operationally separate from the Welsh Ministers to ensure that taxpayers' information is managed confidentially and appropriately. The Welsh Ministers will retain strategic oversight of the organisation to ensure that it collects Welsh devolved taxes in line with the Ministers' strategic preferences. The Bill also provides that the WRA may delegate any of its functions to any body by way of regulations made by the Welsh Ministers.
17. The Bill also provides for the corporate structure of the WRA, and its links to the National Assembly, Auditor General for Wales, and Public Services Ombudsman for Wales. It requires the WRA to produce and consult upon a Charter of standards and values for the taxpayer and tax authority.
18. The Bill confers powers and duties to enable it to collect and manage devolved taxes which are consistent with other UK tax authorities (HMRC and Revenue Scotland). These include:
- the submission of tax returns and the duty to keep records by taxpayers;
 - the undertaking of enquiries and assessments to determine the amount of devolved tax due;
 - the levying of penalties and, in certain circumstances, to pay interest;
 - the rights of review and appeal;
 - powers of civil investigation and enforcement, allowing the WRA to require information and to access and inspect premises.
19. Scrutiny of the Bill began on 17 September 2015 and is being undertaken by the National Assembly's Finance Committee⁷. The Welsh Government is hopeful of securing Royal Assent for the Bill by April 2016.
20. The Welsh Government is keen to ensure that Welsh devolved taxpayers, businesses and professionals, and communities, are aware of the move to these new taxes, and fully engage in the development of them. The Minister for Finance and Government Business will be publishing a Treasury paper on Welsh taxes in early 2016, to begin the process of wider engagement on tax devolution, taxpayer culture

⁷ Further information is on the National Assembly's website at:
<http://senedd.assembly.wales/mglIssueHistoryHome.aspx?Id=12989>

and to support the new Welsh Revenue Authority in the development of a Taxpayers' Charter for publication prior to April 2018.

Cost of collecting and managing devolved taxes

21. The UK Government has confirmed that it is not prepared to transfer to Wales the funding that would be required to pay for the administration of Wales' new fiscal responsibilities. The additional cost of establishing and operating the collection and management arrangements for devolved taxes will therefore fall to the Welsh Government.
22. Following consultation, including consideration of an inquiry by the Finance Committee of the National Assembly in May 2015, the Minister for Finance and Government Business announced her *preferred* approach to collecting and managing the devolved taxes on 30 June 2015.
 - For Land Transaction Tax: the WRA would work with HMRC - HMRC undertaking transactional and routine compliance work, and the WRA the complex compliance, avoidance and enforcement work.
 - For Landfill Disposals Tax: the WRA would work with Natural Resources Wales (NRW) - NRW undertaking compliance and enforcement functions, and the WRA the collection and management activity.
23. A final decision on these arrangements for 2018 will be taken after the May 2016 elections, and the Minister indicated that all arrangements should be reviewed after three to five years of operation (2021-23).
24. The Finance Committee recommended in its Inquiry that the Welsh Government should provide six monthly updates on progress on implementation of the Welsh Revenue Authority. This report provides the first of those updates.
25. On 4 November 2015, the Minister for Finance and Government Business wrote to the Assembly Finance Committee with an initial estimate of the costs of the collection and management arrangements for the devolved taxes. These comprised set-up costs of £4.8m-£6.3m over the period 2016/17 to 2018/19, and operating costs of £2.8m-£4m per year, beginning in 2018-19. The Minister confirmed that the cost estimates would be refined in discussion with HMRC and NRW in relation to service standards, ICT issues, and policy decisions agreed in the passage of the bills for Land Transaction Tax and Landfill Disposals Tax. The Minister confirmed that she anticipated that the next Welsh Government would update the Finance Committee on a regular basis, particularly in the context of the six-monthly implementation reports.

Agreeing the size of the block grant adjustment

26. By 2018, the yield from the two UK taxes that are due to be replaced by new Welsh taxes is likely to be around £300m. A corresponding reduction to the Welsh block grant - an 'offset' - will therefore need to be agreed beforehand.
27. The principles that would underlie the forthcoming discussions between the Welsh Government and UK Government on calculating the offset were considered at the first meeting of the Joint Exchequer Committee (see below), 20 October 2014. More in-depth talks on this will take place in the coming year.

Creating additional devolved taxes

28. The Act⁸ provides for the creation of new devolved taxes by way of Her Majesty making an Order in Council. A recommendation to Her Majesty to make an Order in Council cannot be made until a draft of the statutory instrument containing the Order has been laid before, and approved by a resolution of, each House of Parliament and the National Assembly.
29. The Wales Bill Command paper issued by the UK Government in 2014⁹ sets out the criteria against which the UK Government would assess any proposal for a new tax. The Welsh Government has no plans at this time to develop proposals for a new devolved tax.

Joint Exchequer Committee

30. As described in the Wales Bill Command Paper, the Welsh Government and UK Government have established a Joint Exchequer Committee (JEC), in order to provide Ministerial oversight of the devolution of fiscal powers. The membership of the JEC comprises the Welsh Minister for Finance, the Secretary of State for Wales, the Chief Secretary to the Treasury and the Financial Secretary to the Treasury. The JEC met for the first, and so far only, time on 20 October 2014.
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⁸ The Wales Act 2014 amended the Government of Wales Act 2006 by inserting section 116C - Power to add new devolved taxes.

⁹ 'Wales Bill: financial empowerment and accountability' Cm 8838, page 22. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/294421/Wales_Bill_Command_Paper_-_English.pdf

Borrowing

31. This section describes the progress made to implement the new Welsh borrowing powers (sections 20-21 of the Wales Act 2014).
32. The new borrowing powers will be implemented by way of a Commencement Order made by the Treasury alongside the devolution of Stamp Duty Land Tax and Landfill Tax, which is planned for April 2018. However, in the Command Paper accompanying publication of the Wales Bill, the UK Government has agreed that the Welsh Government can use its existing, more limited, borrowing powers to proceed with improvements to the M4 (should it choose to do so).

Capital Borrowing

33. Section 20 of the Act will enable the Welsh Ministers to borrow, subject to the approval of HM Treasury, up to a total of £500 million to meet capital expenditure. Within that limit, the Wales Bill 2014 Command Paper allows the Welsh Government to borrow up to £125 million per annum. The Wales Bill 2014 Command Paper¹⁰ restricts the sources of borrowing to the National Loans Fund (via the UK Government) or commercial banks, while noting that the UK Government is prepared to consider the case for Wales to issue bonds.
34. Section 20 (5) of the Act provides for the Secretary of State for Wales, by order and with the consent of HM Treasury, to vary the means by which the Welsh Ministers may borrow money. The UK Government's 'St. David's Day Process' Command Paper, issued in February 2015, agreed to add the option of bond financing.¹¹ This will need to be enacted before the capital borrowing powers become available in April 2018.
35. Section 21 provides for the repeal of the borrowing powers in Schedule 3 of the Welsh Development Agency Act 1975. This borrowing power (inherited by the Welsh Ministers following the merger of the Welsh Development Agency with the National Assembly for Wales) is of no practical use, as any income raised in this way could pass directly to the UK Consolidated Fund. The UK Government has, however, agreed to allow the Welsh Government to borrow under this power for the purposes of funding improvements to the M4 in south-east Wales until the new borrowing powers come into effect (in April 2018).
36. The Welsh Government is considering options on the approach for implementation of capital borrowing powers and the mechanisms and processes that will be required for those powers to operate effectively. This will include the approach taken to reporting on the financing of capital expenditure and levels of debt repayments and outstanding commitments.

¹⁰ "Wales Bill: financial empowerment and accountability" published in March 2014:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/294470/Wales_Bill_Command_Paper_-_English.pdf

¹¹ Following intergovernmental and cross-Party talks - the 'St. David's Day Process' - the UK Government agreed to extend the Welsh Government's borrowing powers to include the issue of bonds in the Command Paper 'Powers for a purpose: towards a lasting devolution settlement for Wales' (Cm 9020), 27 February 2015, chapter 4, page 51:

<https://www.gov.uk/government/publications/powers-for-a-purpose-towards-a-lasting-devolution-settlement-for-wales>

37. The UK Government has committed to review the Welsh Government's capital borrowing ceiling at each Spending Review, in the light of economic and fiscal circumstances, and the level of devolved taxation. A review is now due following the Spending Review 2015.

Revenue Borrowing

38. Section 20 of the Act enables the Welsh Ministers to borrow up to £500 million to manage cash-flow - helping to smooth fluctuations in tax receipts and address temporary mismatches between tax and spending. Within the limit, the Wales Bill 2014 Command Paper allows the Welsh Government to borrow up to £200 million per annum.
39. The Wales Bill 2014 Command Paper also outlines the operation of a new Cash Reserve, which will assist the Welsh Government in managing volatility by providing a mechanism for saving 'surplus revenues' - i.e. tax receipts which come in above forecasts. The first call on a surplus will be the repayment of any outstanding current borrowing, after which any remaining surplus can either be paid into a cash reserve or used to finance additional public spending on devolved matters.
40. As part of the adjustment made to enable the full devolution to Wales of Non-Domestic Rates (April 2015), the UK government added £98.5 million to the Welsh Government's new Cash Reserve. This will be available to use to address future volatility in devolved taxes.
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Income tax

41. Sections 12 - 14 of the Wales Act 2014 provide for the Assembly to vote on a resolution proposing a referendum on the partial devolution of income tax to Wales. If passed, then a recommendation would be made to Her Majesty to make an Order in Council which would cause a referendum to be held in Wales. Should a referendum be held, and should the majority of voters agree that income tax be partially devolved, Sections 8 - 11 set out how income tax would be devolved, define Welsh income tax payers and provide for the Assembly to set income tax rates in Wales. In the Spending Review 2015¹², the Chancellor announced that the UK Government would legislate to remove the requirement for a referendum, however he did not indicate what process would replace it.
42. The National Assembly has not called for a referendum on income tax devolution, and the Welsh Government has not undertaken work to prepare for a referendum or for the devolution of income tax. Any developments towards the introduction of Welsh rates of income tax will therefore be a matter for a future Assembly.

Link to fair funding for Wales

43. The first report by the UK Government's Commission on Devolution in Wales (or 'Silk Commission'), which provided the basis for much of Part 2 of the Wales Act 2014, included the recommendation that "transfer of income tax powers to the Welsh Government should be conditional upon resolving the issue of fair funding in a way that is agreed by both the Welsh and UK Governments".¹³ This followed the work of the Independent Commission on Funding and Finance for Wales ('Holtham Commission'), which identified that since the start of devolution the Barnett formula, which is used to calculate devolved public spending, had without justification reduced relative spending per head in Wales compared to the average for England, and was likely to continue to do so whenever spending on devolved policies increased. This phenomenon, which is a simple reflection of how the formula operates, is known as 'convergence', or the 'Barnett Squeeze'.¹⁴ The Silk Commission's recommendation to link income tax devolution to resolution of the funding issue is supported by the Welsh Government and by all Parties in the National Assembly.¹⁵

¹² Spending Review and Autumn Statement 2015 (page 57):

<https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents>

¹³ The first report by the Commission on Devolution in Wales (or 'Silk Commission') 'Empowerment and responsibility: financial powers to strengthen Wales' (2012):

<http://webarchive.nationalarchives.gov.uk/20140605075122/http://commissionondevolutioninwales.independent.gov.uk/>

¹⁴ The Independent Commission on Funding and Finance for Wales ('Holtham Commission') issued two reports (2009 and 2010):

<http://gov.wales/funding/financereform/reports/?lang=en>

¹⁵ Debate on 'Future of Devolution for Wales' - see National Assembly for Wales Record of Proceedings for 21 October 2014:

<http://www.assembly.wales/en/bus-home/pages/rop.aspx?meetingid=2756&language=en&assembly=4&c=Record%20of%20Proceedings&startDt=20/10/2014&keyword=NDM5605>

44. On 27 February 2015, following talks with the Welsh Government and with all other Parties in the Assembly, the UK Government announced that it would introduce a funding floor for Wales, although it did not provide any details - committing to agree this at the next Spending Review.¹⁶
 45. In the Spending Review 2015, the UK Government announced that the funding floor for Wales would be set at 115% of average spend in England for the duration of the Spending Review (i.e. up to the end of 2019-20). This funding floor would then be reset at the next Spending Review. This does not, of course, address the long-term funding of Wales and leaves open the risk of renewed convergence once spending again increases.
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¹⁶ This commitment is set out in the UK Government's Command Paper 'Powers for a purpose: towards a lasting devolution settlement for Wales' (Chapter 4, page 50):
<https://www.gov.uk/government/publications/powers-for-a-purpose-towards-a-lasting-devolution-settlement-for-wales>

Budgetary procedures

46. A report on progress towards establishing new budgetary procedures for the Assembly (section 22) is not required under the Wales Act 2014, however the Welsh Government considers it appropriate to review progress.
47. Implementing the financial provisions of the Wales Act 2014 requires changes to the budgetary procedures in Wales. The Finance Committee reported on its inquiry into 'Best Practice Budget Processes' in March 2015 and its recommendations have been helpful in developing the new procedures.
48. It has been agreed that changes to the budgetary procedures for the 2018-19 Budget will be implemented through the revision of Standing Orders and the Budget Protocol agreement between the Welsh Government and the Finance Committee. Introduction of legislation, such as a Financial Framework Bill incorporating both budgetary and accountability arrangements, will be considered in the context of the future devolution settlement.
49. The Welsh Government is working with the Assembly Commission to develop revised budgetary procedures. As well as incorporating the necessary changes required as a result of devolved taxation and borrowing powers under the Wales Act 2014, this will also consider the timescale within which scrutiny and approval of the budget takes place and the possibility of moving to a 2-stage budgetary process.
50. The Welsh Government is continuing its work to improve its approach to budgets and, particularly, the transparency and presentation of its proposals. In addition to the changes arising from the Wales Act 2014, implementation of the Well-being of Future Generations (Wales) Act 2015 requires reform to the way in which the Welsh Government plans, budgets and reports on performance. This is a further opportunity to clarify the alignment between indicators, outcomes and budget decisions, and it is vital that there is a line of sight between the goals and priorities of the Government and the plans of the public bodies that it funds.
51. Further improvements include aligning the Welsh Government's annual budget motion and consolidated accounts with that of HM Treasury's budget boundary. The implications of this are currently under consideration and the Welsh Government will engage with the Auditor General for Wales and Wales Audit Office in due course.

Forecasting revenues

52. The UK Government has asked the Office for Budget Responsibility (OBR) to forecast Welsh receipts for the two taxes which will be devolved to Wales - Stamp Duty Land Tax and Landfill Tax. The OBR produced forecasts for the first time in December 2014 and has repeated the exercise alongside the March and July 2015 Budgets, and the 2015 Spending Review.
53. The Welsh Government will generate its own forecasts of tax revenues for the replacement taxes - Land Transaction Tax and Landfill Disposals Tax - from 2018-19 onwards.
54. The Welsh Government has no plans at this stage to establish its own Fiscal Commission, although this will be kept under review as matters progress.

Appendix 1

Tax Advisory Group and Tax Forum

Tax Advisory Group (TAG)

The TAG provides strategic advice to the Welsh Ministers on tax policy and administration and considers the impact that new policies may have on the people of Wales. Its membership represents a broad range of perspectives and expertise to ensure that the needs of the people of Wales are represented at the highest level. The group is chaired by the Finance Minister and meets three times a year.

Remit

- to provide advice and support in the development of tax policy and administration in Wales;
- to give advice on the wider impact of Welsh tax policy on stakeholders and the economy and social fabric of Wales; and
- to help to improve communication across a range of stakeholders with regards to tax policy and administration to better inform Welsh Government tax consultations and legislation.

Members

Emma Watkins, CBI Wales

Ruth Marks, Wales Council for Voluntary Action

Janet Jones, Federation of Small Business

Robert Lloyd Griffiths, Institute of Directors

Dr Victoria Winckler, the Bevan Foundation

Martin Mansfield, TUC, Wales

Kay Powell, The Law Society

Councillor Aaron Shotton, Welsh Local Government Association

Martin Warren, Institute of Chartered Accountants in England and Wales

David Phillips, Institute for Fiscal Studies

Andrew Evans, Geldards LLP

Frank Haskew, Institute of Chartered Accountants in England and Wales

Tax Forum

The Welsh Government's Tax Forum engages with relevant professions and representative organisations on tax policy and administration. It provides a two-way conversation with tax professionals about the development of tax policy and legislation in Wales. It meets at least twice a year.

Remit

- to discuss, inform and feedback on the Welsh Government's approach to the devolution of taxes in Wales;
- to provide advice and support on communicating the development of tax policy and administration in Wales;

- to give advice on the wider impact of Welsh tax policy on stakeholders in Wales and;
- to work with the Welsh Government in enabling communication across key established networks with regards to tax policy and administration.

Members

The membership is drawn from those professions and organisations on which changes in tax administration will have a direct effect. The attendees vary from meeting to meeting, and include representatives of business, the public sector and the third sector. Among those who have attended meetings to date are representatives of the following:

- Association of Chartered Certified Accountants
- Association of Taxation Technicians
- Bangor Law School
- Cardiff Council
- Cardiff Law School
- Chartered Institute of Public Finance and Accountancy
- Chartered Institute of Taxation
- Conwy Council
- Country Landowners Association
- Country Land and Business Association Limited
- Cyngor Gwynedd Council
- Federation of Small Businesses
- HM Revenue & Customs
- Institute of Chartered Accountants of England and Wales
- Land Registry
- The Law Society of England & Wales
- Office of Tax Simplification
- Royal Institute of Chartered Surveyors Wales
- Valuation Office Agency
- Wales Audit Office
- Wales Social Partners Unit
- Wildlife Trust Wales
- Woodland Trust
- Welsh Local Government Association
- Wales Council for Voluntary Action

The Minister for Finance and Government Business has also attended a wide range of meetings, seminars and other events across Wales, raising awareness of the new fiscal powers and encouraging engagement in the policy development process. These include events organised by CBI Wales, the Institute of Directors, the Chartered Institute of Taxation, the Law Society, Federation of Small Businesses and Bangor University.

Annex 2

Acronyms used in this report

HMRC	Her Majesty's Revenue & Customs
JEC	Joint Exchequer Committee
LDT	Landfill Disposals Tax
LfT	Landfill Tax
LTT	Land Transaction Tax
NRW	Natural Resources Wales
OBR	Office for Budget Responsibility
SDLT	Stamp Duty Land Tax
TAG	Tax Advisory Group
WRA	Welsh Revenue Authority

Appendix 3

Further information

A range of further information on tax devolution to Wales is available on the Welsh Government's website and other websites.

Progress in devolving taxes to Wales

The Treasury Papers series - three issued to date - provides more detailed information about the progress in developing devolved taxes, including key facts and figures about the taxes being devolved to Wales and other taxes which have been raised as possible candidates for devolution in the future:

<http://gov.wales/funding/financereform/treasury-papers/?lang=en>

UK legislation and Command Papers

Wales Act 2014 and Wales Bill 2014 Command Paper

UK legislation paving the way for devolution of tax and borrowing powers:

<http://www.legislation.gov.uk/ukpga/2014/29/contents/enacted>

Some aspects of the arrangements for devolving tax and borrowing powers (such as target dates, early access to borrowing and the approach to creating new devolved taxes) were set out in the UK Government Command Paper 'Wales Bill: financial empowerment and accountability' published in March 2014:

<https://www.gov.uk/government/publications/wales-bill>

St. David's Day Command Paper

Issued in February 2015, 'Powers for a purpose: towards a lasting devolution settlement for Wales' committed the UK Government, among other things, to introduce "a floor in the level of relative funding it provides to the Welsh Government" and to "consider the case and options for devolving further powers to the Assembly over APD":

<https://www.gov.uk/government/publications/powers-for-a-purpose-towards-a-lasting-devolution-settlement-for-wales>

Welsh legislation

Tax Collection and Management (Wales) Bill

This Welsh Bill seeks to put in place the legal framework for the collection and management of devolved taxes in Wales, including establishing the Welsh Revenue Authority (WRA):

<http://gov.wales/legislation/programme/assemblybills/tax-collection-and-management/?lang=en>

Land Transaction Tax and a Landfill Disposals Tax

It is anticipated that further Assembly Bills on the two devolved taxes (to replace Stamp Duty Land Tax and Landfill Tax) will be introduced to the National Assembly in 2016.

Public consultations to inform the development of the taxes have been completed and summaries of the responses published:

Land Transaction Tax consultation:

<http://gov.wales/consultations/finance/land-transaction-tax/?lang=en>

Landfill Disposals Tax consultation:

<http://gov.wales/consultations/finance/landfill-disposals-tax/?lang=en>

Engagement

Tax Advisory Group (TAG)

Chaired by the Minister for Finance & Government Business, the TAG provides strategic advice to the Welsh Government on tax policy and administration:

<http://gov.wales/funding/financereform/tax-advisory-group/?lang=en>

Tax Forum

The Tax Forum discusses, informs and provides feedback on the Welsh Government's approach to the devolution of taxes:

<http://gov.wales/funding/financereform/tax-forum/?lang=en>

Background

Independent Commission on Funding & Finance for Wales ('Holtham Commission')

The two reports (2009 and 2010) and other material published by the commission established by the Welsh Government to consider the funding mechanism for Wales and how it could be improved, including the case for devolution of tax and borrowing powers:

<http://gov.wales/funding/financereform/reports/?lang=en>

Joint statement on funding reform

Agreeing the next steps on talks on funding reform, including recognition by the UK Government that there had been convergence in Welsh relative funding since devolution:

<https://www.gov.uk/government/publications/joint-statement-on-funding-reform>

Commission on Devolution in Wales ('Silk Commission')

The UK Government's commission tasked with considering the financial and constitutional arrangements for Wales. Its first report (2012) looked at the case for devolving tax and borrowing powers, and related institutional changes:

<http://webarchive.nationalarchives.gov.uk/20140605075122/http://commissionondevolutioninwales.independent.gov.uk/>

**FIRST ANNUAL REPORT ON THE
IMPLEMENTATION AND OPERATION OF PART 2
(FINANCE) OF THE WALES ACT 2014**

First Annual Report on the Implementation and Operation of Part 2 (Finance) of the Wales Act 2014

Presented to Parliament pursuant to Section 23(1)(b) of
the Wales Act 2014

Presented to the National Assembly for Wales pursuant to
Section 23(1)(c) of the Wales Act 2014

December 2015



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FOREWORD

The Wales Act 2014 devolves a comprehensive package of tax and borrowing powers to the National Assembly for Wales and the Welsh Government, giving them more tools to strengthen the economy and create more jobs.

One year on from its enactment, this report sets out progress in implementing the tax and borrowing powers being devolved under Part 2 of the Act. A great deal of progress has been made: business rates have been fully devolved and work is well underway to ensure Welsh taxes to replace Stamp Duty Land Tax and Landfill Tax come on stream in 2018. There is a great deal more to do, but the first year of implementation provides a solid foundation to work from.

The last year has also seen the Government map a path to a clear, robust and lasting devolution settlement for Wales. The draft Wales Bill, published in October, implements the St David's Day Agreement announced by the Prime Minister in February. It provides for a clearer devolution settlement, based on a reserved powers model, and a strengthening of devolution by devolving further powers to the Assembly and the Welsh Government.

A more accountable Assembly and Welsh Government are fundamental to the new devolution arrangements. Last month the Government announced a floor in Welsh relative funding of 115% of comparable spending in England, and our intention to remove the requirement for a referendum in order to implement the Welsh Rates of Income Tax.

These changes, and our continuing work to implement the devolution of tax and borrowing powers under the Wales Act 2014, will build a stronger Wales within a strong United Kingdom. It will mean strengthened, more accountable devolved government for Wales, with the Assembly and Welsh Government having the right tools to enable Wales to develop as a nation.

RT HON STEPHEN CRABB MP
SECRETARY OF STATE FOR WALES

CHAPTER 1

INTRODUCTION

Scope and Content of this Report

1. This report on Part 2 of the Wales Act 2014 is the first published since the Act gained Royal Assent on 17 December 2014.
2. Part 2 of the Wales Act 2014 deals exclusively with the devolution of financial powers. These include:
 - the creation of new Welsh Rates of Income Tax;
 - the disapplication of UK Stamp Duty Land Tax in Wales and provision for the introduction of a new Welsh tax on land transactions;
 - the disapplication of UK Landfill Tax in Wales and provision for the introduction of a new Welsh tax on disposals to landfill;
 - provision for borrowing by Welsh Ministers; and
 - the power to create new devolved taxes.
3. The financial provisions will be implemented over a number of years with the timetables for Stamp Duty Land Tax and Landfill Tax having been set out in the Command Paper¹ which accompanied the publication of the Wales Bill in March 2014.
4. In order that both Parliament and the National Assembly for Wales (the Assembly) are fully informed through this process, section 23 of the Wales Act 2014 requires the Secretary of State for Wales and Welsh Ministers to report annually on the implementation of this part of the Act. In order that both Parliament and the Assembly are informed of the views of both administrations: the Secretary of State for Wales is required to report to Parliament and provide a copy of the report to Welsh Ministers. Welsh Ministers are required to lay the report before the Assembly, and to report themselves to the Assembly and provide a copy to the Secretary of State. The Secretary of State is required to lay the Welsh Ministers' report before both Houses of Parliament. Both Governments will continue to report until the first anniversary of the day on which the last provisions of Part 2 come into force.
5. Section 23(7) of the Wales Act 2012 requires the annual reports to contain:
 - (a) *a statement of the steps which have been taken, whether by the maker of the report or by others, since the making of the previous report (or, in the case of the first report, since the passing of this Act) towards the commencement of the provisions of this Part,*
 - (b) *a statement of the steps which the maker of the report proposes should be taken, whether by the maker of the report or by others, towards the commencement of the provisions of this Part,*
 - (c) *an assessment of the operation of the provisions of this Part which have been commenced,*

¹ Cm 8838 *Wales Bill: Financial Empowerment and Accountability*

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/294470/Wales_Bill_Command_Paper_-_English.pdf

(d) an assessment of the operation of any other powers to devolve taxes to the Assembly or to change the powers of the Welsh Ministers to borrow money, and of any other changes affecting the provisions inserted or amended by this Part,

(e) the effect of this Part on the amount of any payments made by the Secretary of State under section 118 of GOWA 2006 (payments into the Welsh Consolidated Fund), and

(f) any other matters concerning the sources of revenue for the Welsh Government that the maker of the report considers should be brought to the attention of Parliament or the Assembly.

6. *Annex A provides a detailed list of the paragraphs in this report which address each of these requirements. However, the report is not limited to these requirements, and may also contain any other matters that each Government believes to be relevant or useful to both Parliament and the Assembly.*

CHAPTER 2

WELSH RATES OF INCOME TAX

7. The Wales Act 2014 established that subject to the outcome of a referendum in Wales on the introduction of Welsh Rates of Income Tax, the main UK rates of income tax will be reduced by 10p for those defined as Welsh taxpayers, and the Assembly will be able to set, annually, new Welsh Rates of Income Tax (WRIT) which will be added to the reduced UK rates. The rest of the income tax structure will remain a non-devolved matter, and continue to be determined by the UK Parliament.
8. In the Spending Review and Autumn Statement 2015 we stated that we will legislate to remove the requirement to hold a referendum to implement the WRIT. The Government intends to implement this change in the new Wales Bill, which was published in draft form on 20 October 2015.
9. The UK Government will discuss the change with interested stakeholders, including the Welsh Government, in the coming months.

CHAPTER 3

WELSH TAXES ON LAND TRANSACTIONS AND DISPOSALS TO LANDFILL

Introduction

10. The Wales Act 2014 provides for the power to tax land transactions and waste disposals to landfill sites in Wales to be devolved to the Welsh Government and for Stamp Duty Land Tax (SDLT) and Landfill Tax to be disapplied in Wales. The Welsh Government have announced they will be introducing a Land Transaction Tax (LTT) and a Landfill Disposals Tax (LDT), which are expected to be introduced in April 2018. The UK taxes will cease to apply in Wales at this point and a corresponding adjustment will be made to the Welsh block grant.

Steps taken towards implementation

11. The Welsh Government has also announced they will be setting up a new body – the Welsh Revenue Authority (WRA) – to oversee the administration of its devolved taxes. The Tax Collection and Management (Wales) Bill, which will create the WRA and puts in place the legal framework for the collection and management of devolved taxes in Wales, was introduced into the Assembly on 13 July 2015.
12. The Welsh Government has announced that HMRC is the preferred partner to work with the WRA in administering the LTT. The WRA will administer the LDT, working with Natural Resources Wales on compliance activity.
13. HMRC has been developing proposals for how it will administer LTT. Its intention is to adapt its existing SDLT computer system to operate the devolved tax and to use existing experienced staff working on SDLT to carry out administration activities (for example, processing returns and following-up errors).
14. HMRC will also be undertaking some compliance work on LTT, which it proposes would be carried out by a specialist team based in Wales working closely with the operational team and the WRA. The Welsh Government has said that the WRA will undertake complex compliance and avoidance work for LTT – HMRC will work with Welsh Government to establish how the two organisations can most effectively work together on these cases.
15. HMRC's estimate of the costs of implementing their aspects of the LTT was reported to the Assembly Finance Committee in a letter from the Welsh Minister for Finance and Government Business on 4 November. The set-up costs are estimated to be between £2.5 million and £3 million and the running costs up to £1 million a year. HMRC may be required to charge VAT on some implementation activity, which would increase these figures – discussions are ongoing with the Welsh Government on this point.
16. Alongside this activity, HMRC has been working with officials from the Welsh Government to increase their understanding of HMRC's administration of SDLT and Landfill Tax and HMRC's broader tax powers. HMRC staff have also twice given evidence to the Assembly's Finance Committee in support of the Committee's inquiries into devolved tax matters.

Further steps that will be taken towards implementation

17. During the next year, HMRC will continue to refine its proposals for implementing the LTT. This will be particularly focused on agreeing how issues such as information sharing and interactions between the WRA and HMRC on compliance matters should be implemented. HMRC intends to set up a project to manage this activity and also develop a plan for 'switching off' SDLT in Wales.
18. In relation to Landfill Tax, HMRC will focus on planning for the transfer of full responsibility to the Assembly for the taxation of the disposal of waste to landfill from April 2018. A communications plan to provide information to Landfill Tax operators and users of landfill sites in Wales will be developed.
19. HMRC will also continue to help the Welsh Government and the WRA to build capability by providing further support in understanding HMRC's administration of taxes, in particular issues relating to SDLT and Landfill Tax.
20. The devolution of both taxes will be accompanied by a corresponding adjustment to the block grant. Further information on the effects of the tax powers on the Welsh block grant can be found in chapter 6 of this report.

CHAPTER 4

BORROWING POWERS

21. The provisions in the Wales Act 2014 enable Welsh Ministers to borrow for the following purposes from April 2018

- The Act retained the Welsh Government's existing in-year current borrowing powers of up to £500m, whereby Welsh Ministers can borrow from the National Loans Fund (NLF) via the Secretary of State for Wales in order to provide a working balance to the Welsh Consolidated Fund (WCF) or to manage in-year volatility of receipts (where actual income differs from the forecast receipts for that month);
- The Act extended the circumstances under which the Welsh Government can access current borrowing. This enables the Welsh Government to borrow across years to deal with differences between the full year forecast and outturn receipts for devolved taxes. This across years borrowing must again be from the NLF via the Secretary of State for Wales, can be up to £200m each year (within the existing £500m overall cap) and must be repaid within 4 years.
- The statutory capital borrowing limit was set by the Wales Act 2014 at £500 million. This limit was set to reflect the c.£200 million of devolved tax revenues from April 2018 and also to enable the Welsh Government to proceed with improvements to the M4 (should it choose to do so) in advance of an element of income tax being devolved. Within the overall limit, HM Treasury agreed that the Welsh Government can borrow up to £125 million each year (from 2018-19 onwards).

22. In advance of implementing the Welsh Government's new borrowing powers in April 2018, the Government has agreed that the Welsh Government can use its existing, more limited, borrowing powers to proceed with improvements to the M4 (should it choose to do so). The amounts that the Welsh Government can borrow during this period are subject to HM Treasury agreement. This arrangement therefore provides the Welsh Government with the option to begin investing in the M4 in anticipation of devolved tax revenues. As this effectively gives the Welsh Government early access to their new borrowing powers, any amounts borrowed under these existing powers will count towards the £500 million cap.

23. In addition to borrowing from the NLF as above and from commercial banks, the St David's Day Command Paper ² committed that the Welsh Government will be able to issue bonds to borrow for capital expenditure.

Steps towards implementation

24. The UK and Welsh Governments are now working to agree a detailed process for enabling borrowing from the National Loans Fund. We will also be taking forward the creation of Welsh Bonds in due course.

² Cm 9020 *Powers For a Purpose: Towards a Lasting Devolution Settlement for Wales*

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/408587/47683_CM9020_ENGLISH.pdf

CHAPTER 5

POWER TO CREATE NEW TAXES

25. With the agreement of both governments, further existing taxes can now be devolved and the Assembly is able to introduce new Wales-specific taxes. These powers support the ongoing evolution of devolved responsibilities and provide the Assembly with a new means of achieving policy outcomes, as well as potentially raising additional revenues.

Steps towards implementation

26. A process for creating new taxes and/or devolving existing taxes was set out in the Command Paper that accompanied the Wales Act 2014 (see footnote 1).

27. A range of criteria for assessing proposals for new taxes was set out in the Command Paper and the UK Government is committed to working with the Welsh Government to assess any such proposals in a timely manner.

28. This power came into force on the same date as the Wales Act 2014.

CHAPTER 6

EFFECT OF NEW POWERS ON THE WELSH BLOCK GRANT

29. A fundamental principle of tax devolution is that an element of the block grant is exchanged for the ability to levy taxes. The arrangements for block grant adjustments in relation to the Wales Act 2014 will be agreed by the Joint Exchequer Committee.
30. The Command Paper (see footnote 1) set out the arrangements for a block grant adjustment in relation to the WRIT, reflecting a recommendation of the Silk Commission. Under these arrangements, the initial adjustment reflects the tax foregone by the UK Government, and this is then grown via the indexed deduction mechanism originally proposed by the Holtham Commission. The full details of these arrangements can be found in the Command Paper. The UK and Welsh governments will discuss the implementation of this mechanism alongside the introduction of the WRIT.
31. As the Silk Commission didn't make a recommendation for the block grant adjustment mechanism in relation to the fully devolved taxes (Stamp Duty Land Tax and Landfill Tax), the Command Paper set out a potential approach. This involves an initial adjustment (again reflecting the tax foregone by the UK Government) and then a small percentage reduction in all subsequent Barnett consequentials (to reflect the proportion of Welsh Government spending that is funded by the two taxes). Since the paper was published, a funding floor in the level of relative funding provided to the Welsh Government has been introduced. We will therefore continue to discuss the approach to these block grant adjustments with the Welsh Government, in order to agree a fair adjustment mechanism that works alongside both the Barnett Formula and the funding floor.

CHAPTER 7

OTHER ACTIVITIES TOWARDS IMPLEMENTATION

Forecasts by the Office for Budget Responsibility (OBR)

32. The OBR began publishing forecasts of Welsh taxes alongside the Autumn Statement 2014 and will continue to publish these forecasts twice a year. The forecasts at the Autumn Statement 2015 reflected the taxes that will be devolved to the Welsh Government under the Wales Act 2014, including 10 pence of each income tax band.

Cash Reserve

33. The Command Paper (footnote 1) set out that the UK Government will provide the Welsh Government with the ability to pay surplus tax revenues into a cash reserve to help manage the volatility in its budget resulting from its new tax powers.
34. The cash reserve will become operational alongside the devolution of SDLT and Landfill Tax in 2018.

CHAPTER 8

OTHER REPORTING REQUIREMENTS

35. In addition to the areas covered discussed in previous chapters **(make footnote - steps taken towards implementation, steps yet to be taken and effect of provisions on the block grant)**, section 23 of the Wales Act 2014 requires annual reports on Part 2 of the Act to include:

- an assessment of the operation of the provisions of Part 2 that have been implemented;
- an assessment of the operation of any other powers to devolve taxes to the Assembly or to change the powers of the Welsh Ministers to borrow money, and of any other changes affecting the provisions inserted or amended by Part 2;
- a statement of the effect of Part 2 on the amount of any payments made by the Secretary of State under section 118 of the Government of Wales Act 2006 (payments into the Welsh Consolidated Fund); and
- any other matters concerning the sources of revenue for the Welsh Government that the maker of the report considers should be brought to the attention of Parliament or the Assembly.

36. This report is the first following the Act receiving Royal Assent in December 2014. It should be noted that, in accordance with section 29(2)(b) of the Act, all provisions of Part 2 came into force two months after enactment with the exception of the sections relating to the WRIT and borrowing by Welsh Ministers. The borrowing provisions will require Orders from HM Treasury before they are fully implemented. An assessment of the operation of the borrowing provisions will therefore follow in future annual reports. The Government has committed to removing the requirement for a referendum in order to implement the WRIT and intends to make this change in the forthcoming Wales Bill.

37. In addition to the Wales Act 2014 provisions, Non-Domestic Rates were fully devolved on 1 April 2015 as recommended by the Silk Commission. While the Welsh Government already sets the rates (so no legislation was required in the Wales Act 2014), the revenues generated didn't previously have a direct impact on the funding available to the Welsh Government. From April 2015, under full devolution, the Welsh Government retains all Non-Domestic Rates generated in Wales rather than a population share of changes in UK Government spending funded by English Non-Domestic Rates.

CONCLUSION

38. Section 23 of the Wales Act 2014 stipulates that the Annual Report on the implementation and operation of Part 2 of that Act should be laid on or before the anniversary of the date on which Royal Assent was received (17 December 2014).
39. The past year has seen the first steps in moving toward the full implementation of the Act. Legislation is being scrutinised by the Assembly that will take forward the implementation of devolved taxes on land transactions and disposals to landfill and the UK Government has committed that the Welsh Government will be able to issue bonds in future to borrow for capital expenditure.
40. In addition, the UK Government has set out its intention to remove the requirement for a referendum on the devolution of a portion of income tax as provided for in the Wales Act.
41. The next annual report on the implementation of Part 2 of the Wales Act 2014 will be published, in accordance with Section 23(3)(b) of the Act, before 17 December 2016.

Annex A – Reporting Requirements in the Scotland Act 2012 and where they are addressed in this report

1. *a statement of the steps that have been taken, whether by the maker of the report or by others, since the making of the previous report (or, in the case of the first report, since the passing of this Act) towards implementation of the provisions of this Part,*

Chapter 2: Paragraph 8

Chapter 3: Paragraphs 11-16

Chapter 4: Paragraphs 22-23

Chapter 5: Paragraphs 26-28

2. *a statement of the steps that the maker of the report proposes should be taken, whether by the maker of the report or by others, towards the implementation of the provisions of this Part,*

Chapter 2: Paragraphs 9

Chapter 3: Paragraphs 17-20

Chapter 4: Paragraph 24

3. *an assessment of the operation of the provisions of this Part that have been implemented,*

see Chapter 9

4. *an assessment of the operation of any other powers to devolve taxes to the Assembly or to change the powers of the Welsh Ministers to borrow money, and of any other changes affecting the provisions inserted or amended by this Part,*

see Chapter 9

5. *a statement of the effect of this Part on the amount of any payments made by the Secretary of State under section 118 of GOWA 2006 (payments into the Welsh Consolidated Fund), and*

see Chapter 9

6. *any other matters concerning the sources of revenue for the Welsh Government that the maker of the report considers should be brought to the attention of Parliament or the Assembly.*

see Chapter 9

Claire Clancy

Prif Weithredwr a Chlerc y Cynulliad
Chief Executive and Clerk of the Assembly

Jocelyn Davies AM
Chair of the Finance Committee
National Assembly of Wales
Tŷ Hywel
Cardiff Bay
Cardiff
CF99 1NA

9 December 2015

Dear Jocelyn

I am pleased to provide the Finance Committee with the latest Corporate Performance Report of the Assembly Commission, for the period April 2015 to September 2015.

The format of the report has been updated to increase accessibility and clarity. In addition, a few indicator measures have been improved to provide a better reflection of the Commission's activities. In making these changes, we were mindful of the Committee's wish to be able to track trends and so we have ensured that there is sufficient continuity in the measures.

Many indicators continue to show an improving position based on comparisons with the previous year and, where that is not the case, we are taking action to make progress. You will find a summary of the highlights on pages three and four of the report.

As the Commission has agreed to produce the report twice a year, the next report will cover the financial year April 2015 to March 2016 and that will be the final report for the Fourth Assembly. The new Commission will then consider the design, focus and content of the report for the Fifth Assembly.



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I hope the Committee continues to find the report informative and helpful. Please do not hesitate to contact me if you have any queries or would like any further information. The report will now be published on the Commission's web pages.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Claire', with a long horizontal flourish extending to the right.

Claire Clancy

**Prif Weithredwr a Chlerc/Chief Executive and Clerk
Cynulliad Cenedlaethol Cymru/National Assembly for Wales**



National Assembly for Wales
Assembly Commission

Corporate Performance Report of the Assembly Commission

April 2015 – September 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Introduction

The corporate body for the National Assembly for Wales is known as the Assembly Commission. The Commission serves the National Assembly for Wales to help make it a strong, accessible and forward looking democratic institution and legislature that delivers effectively for the people of Wales.

The Commission consists of Dame Rosemary Butler AM, the Presiding Officer, and four Assembly Members nominated by each of the four party groups represented in the Assembly: Peter Black AM; Angela Burns AM; Sandy Mewies AM; and Rhodri Glyn Thomas AM. David Melding AM, the Deputy Presiding Officer also attends Commission meetings. The Commission is responsible for the strategic direction of Assembly services and is accountable to the Assembly. Day-to-day management and delivery is delegated to the **Chief Executive and Clerk**, Claire Clancy.

The **Assembly Commission Strategy 2011-16** sets out our goals for the Fourth Assembly. Our goals are to: provide outstanding parliamentary support; engage with the people of Wales and Promote Wales; and use resources wisely.

In support of the Commission's strategic goals, we have five priority areas for change, innovation and investment for this Assembly. These are set out in the **Assembly Commission Strategy 2014-2016**, a corporate plan developed to provide greater clarity and direction for staff on our strategy, priorities and various elements of governance. Our priority areas are:

- enabling the Assembly to be as effective as possible through the support we provide, including through the impact of the next stages of our ICT Strategy;
- enhanced bilingual services;
- better engagement with people in Wales;
- making the most of our Estate; and
- complete readiness for the transition to, and new challenges of, the Fifth Assembly.

Performance reporting

This is the first report for the financial year 2015-16, and provides information on the corporate performance of the Commission for the period April 2015 – September 2015, consisting of:

- highlights in performance, by strategic goal;
- a 'traffic light' summary which sets out the overall performance against our strategic goals;
- a more detailed breakdown of the individual indicators that feed into that summary, including;
 - indicators to show progress against the target, and;
 - trend arrow to show progress against the same period in the previous year.

Performance in providing outstanding parliamentary support

We continue to see sustained high levels of performance across this range of indicators. There has been an increase in performance in all areas with the exception of continuing professional development, which was expected as we move towards the end of the Fourth Assembly. In terms of performance against our corporate priorities, we continue to make good progress in delivering the ICT strategy, and our preparations for the end of this Assembly, the 2016 Election and the transition to the Fifth Assembly are all progressing well.

Performance in engaging with the people of Wales and promoting Wales

We continue to receive large numbers of visitors to the estate and we have received more during this period via organised tours. It is pleasing to see the significant take up of our Senedd.tv service, following some major improvement work. The new measures on use of Twitter show that we have a significant following and the @AssemblyWales Twitter account has been listed in the top 100 most influential Twitter accounts, both within Wales and across the whole of the UK.

In July the Assembly held its first youth conference, with a debate on lowering the voting age. Committees continue to make innovative use of public engagement activities, including workshops and engaging with minority groups, to broaden the range of people contributing to their work.

Performance in using resources wisely

During this reporting period we have introduced some significant changes – new absence monitoring processes, a new performance management system and a new telephony system across the Commission. Therefore, it is pleasing to see that performance has been sustained during these changes. Our budget performance remains on target at the mid-year point, with a number of significant projects to deliver this year.

It is particularly pleasing that the Member and Support Staff satisfaction levels have increased again in this area – a reflection that Members views are listened to and acted on.

Access to information

The Commission publishes an Annual Report and Accounts, providing an overview of performance on an annual basis, linking performance with the money we spend in providing services to the Assembly. The Commission publishes a range of other information about its annual budget and key organisational policies on the Assembly website.

The Commission is happy to provide further information if you would like to learn more about our work:

- You can contact us here: www.assembly.wales/contact
- Guidance on **access to information** is available on the Assembly website.









Corporate Performance Measures: Achievement against Strategic Goals

Summary overview of the more detailed key performance indicator (KPI) information that follows:















Providing outstanding parliamentary support

Indicator	April 2014 – September 2014	April 2015 – September 2015
KPI 1: Timeliness and Service Delivery The high performance on timeliness continues with a slight increase compared to the same period of the previous year.	 green	 green
KPI 2: Professional Development The additional opportunities available to learn Welsh is reflected in the increase in Welsh learners. The number of AMs and AMSS participating in continuous professional development has decreased, but is in line with expectations leading up to the end of the Assembly.	 green	 amber
Progress on Corporate Plan Priorities Good progress has been made on the Siambr Refresh Project and improvements have been made to the ICT provision within Members' Constituency Offices. Our preparations for the dissolution of the Fourth Assembly and transition to the Fifth Assembly are underway.	 green	 green
Member satisfaction survey The satisfaction survey 2015 has shown an improvement in scores for overall support for Plenary and committee meetings.	 green	 green

Engage with the people of Wales and promote Wales

Indicator	April 2014 – September 2014	April 2015 – September 2015
KPI 3: Engagement at the Assembly Although visitor numbers have decreased, the number engaging through tours has increased. Visitor satisfaction levels remain well above target.	 green	 amber
KPI 4: External Profile of the Assembly Considerable media coverage has been achieved for the work of committees. Enhanced information is provided on social media engagement.	 green	 green
Progress on Corporate Plan Priorities (better engagement) Good levels of engagement with Assembly business and international visits to and from the Assembly. Use of Senedd.tv continues to increase following significant improvements.	 green	 green
Member satisfaction survey The satisfaction survey 2015 has shown an improvement in the score for overall effectiveness on engagement.	 amber	 green

Use resources wisely

Indicator	April 2014 - September 2014	April 2015 – September 2015
KPI 5: Budgetary Performance Expenditure to date has been in line with spending profile. Risks around project budgets are being closely monitored.	 green	 green
KPI 6: Staff Sickness absence rates are in line with the public sector average. Enhancements to our staff performance management and development approach have been introduced. Work undertaken to embed the new approach has received positive feedback.	 green	 amber
KPI 7: ICT Customer Service Incident response targets were affected as a result of the implementation of a new telephony system during June/July.	 amber	 amber
KPI 8: Governance Improvements have been made in both the average days taken to pay Members and suppliers and the number of Freedom of Information requests answered within the statutory deadline.	 amber	 green
KPI 9: Sustainability A good start to the new reduction in total energy target. A new waste target will be set and improvements in recycling and waste segregation are planned.	 amber	 amber
Progress on Corporate Plan Priorities Good progress has been made in delivering the investment plan. Senedd and Pierhead received a Trip Advisor award.	 green	 green
Member satisfaction survey The satisfaction survey 2015 has shown a marked improvement in the scores on a range of services to Members, including ICT, in comparison to 2014.	 green	 green

Key



RED: There are significant issues impacting the achievement of business objectives. To achieve delivery, changes must be made to timing, costs and/or scope.




AMBER: There are issues or risks which must be addressed. However, successful delivery is achievable without major impacts to budget, service standards or target dates.




GREEN: Work is meeting agreed standards or is proceeding to plan. All known risks are being managed.

Goal: Provide outstanding parliamentary support


KPI 1: Timeliness and service delivery

% of Committee papers issued by deadlines agreed with each committee			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
100%	96.6%	 97%	<input type="checkbox"/>


Note: Average April – September 2015.

% of Research Service enquiries answered within agreed deadline			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
100%	98.6%	 98.9%	<input type="checkbox"/>

Note: Average April – September 2015.

% of Plenary Record of Proceedings published within deadline			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
100%	100%	 100%	<input type="checkbox"/>


Note: Average April – September 2015.

Number of Committee/Plenary meetings affected by failure to deliver Commission services			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Zero	0 out of 162	 1 out of 158	<input type="checkbox"/>

Note: Total April – September 2015. The single incident relates to an interruption to a live committee broadcast where the translated audio feed was lost for a short interval.



% of committee Record of Proceedings published within 5 working days			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
100%	98%	 98%	<input type="checkbox"/>

Note: Average April – September 2015. In June 2015, a 50% increase in the number of meetings held resulted in publication targets not being met for two committees in the following weeks.



% of Marshalled Lists for Stage 3 Bill proceedings issued by Standing Order deadline			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
>2 days of debate	100%	 100%	<input type="checkbox"/>

Note: Average April – September 2015. Time spent on Stages of each piece of legislation is shown in the graph in Annex A.



KPI 2: Professional development

Number of staff learning Welsh			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Increase number of Welsh learners	28 as at Sept 2014	 32	

Note: As at September 2015.

Total number of Assembly Members (AM)/support staff participants in continuous professional development (CPD) activity for the first time during the reporting period			
Target	Apr 2014 —Sept 2014	Apr 2015 —Sept 2015	Trend
Maintain number of AM/support staff engaging in CPD	37 AM 117 support staff	 16 AM 83 support staff	

Note: As at September 2015. The number of Assembly Members and Assembly Member Support Staff engaging in continuous professional development activity for the first time during the reporting period has decreased in comparison to the same period last year. Take up in continuous professional development activities are predicted to decrease during the period leading up to the Assembly election in May 2016.

Number of repeat AM/support staff participants in continuous professional development activity			
Target	Apr 2014 —Sept 2014	Apr 2015 —Sept 2015	Trend
Maintain number of AM/support staff engaging in CPD	155 AM 318 AMSS	 85 AM 202 AMSS	

Note: As at September 2015. Repeat participant figures reflect total attendance by all Assembly Members and their staff in all continuous professional development activity in the period.

Progress on Corporate Plan Priorities

Enabling the Assembly to be as effective as possible through the support we provide, including through the impact of the next stages of our ICT Strategy

April 2015 – September 2015

Good progress has been made on the Siambr Refresh Project during this period. Interim improvements were completed over the summer recess to the Members' working space in the Siambr. Working with the Assembly's Host Broadcaster, we have identified a preferred supplier for the new conferencing / voting system, and work is ongoing with them to develop a software system that Members and staff will use for running Plenary meetings.

The Assembly's new telephone system was introduced in July 2015. As well as being more advanced and resilient than the previous system, it is significantly cheaper to run, saving the Assembly approximately £180,000 per year.

The work of improving the ICT provision within Constituency Offices began over the summer. The new provision provides more flexible Wi-Fi access, potentially better speeds and savings for the Assembly each year.

The new host broadcasting contract began in September 2015 and will allow the development of improved audio visual systems across the Assembly estate.

Enhanced bi-lingual services

April 2015 – September 2015

In accordance with the Official Languages Scheme priorities for this year, the Assembly Commission's Bilingual Skills Strategy was agreed and launched in April 2015. Following on from the launch, Assembly Commission staff completed a language skills audit. In August 2015, Heads of Service were issued with guidance, and the results of the language skills audit to assist them in developing their individual Service Area language plans.

In July 2015, the Annual Compliance Report on the Assembly Commission's Official Languages Scheme was debated in Plenary. The report sets out how the Commission has implemented the requirements of the Official Languages Scheme over the parliamentary year, and notes any highlights or areas of weakness. It also sets targets and timescales in relation to the implementation of the Scheme over the coming parliamentary year.

One of the objectives of the Bilingual Skills Strategy is "to provide suitable training and opportunities for all staff members who wish to develop or improve their Welsh language skills". In addition to the augmented language tuition provision put in place in November 2014, Gloywi Iaith sessions have been provided for fluent Welsh speakers who wish to refresh their written language skills. A review of the language learning provision for AMs, AMSS and Staff is currently under way, and a report with recommendations is expected in November 2015.

The support provided for Assembly Members and their Support Staff to work in the language of their choice has again this year been maintained at a high level following a substantial improvement in the score in 2014.

Through the introduction of the new telephone system, customers calling the National Assembly for Wales main contact number can now select which language they would like to continue their call in.

April 2015 – September 2015

Our preparations for the dissolution of the Fourth Assembly and transition to the Fifth Assembly are underway. Key decisions have been taken by the Remuneration Board and Commission, delivery plans are being developed, guidance is being produced and liaison with external bodies, which need to be involved, such as the Electoral Commission, has begun.




In May 2015, the Remuneration Board published its Determination for the Fifth Assembly – in line with its objective to report one year before the Assembly elections in May 2016. This Remuneration Board has now completed its term of office and published its legacy report in September 2015. New members have been appointed to the Board and are now following an induction programme.

The Wales Bill will be introduced in Parliament in 2016. The priority for the Commission is to understand the implications for the Assembly and to facilitate a comprehensive debate on the contents of the Bill, as well as considering the implementation of powers flowing to the Assembly as a result of the Bill.

In September 2015, committee chairs met with the purpose of taking a strategic overview of the committee system during the Fourth Assembly and making recommendations for improving on performance in the Fifth Assembly. The Chairs were extremely positive about committee achievements in the Fourth Assembly and their conclusions and recommendations about committee structures and processes in the Fifth Assembly will be considered by the Business Committee as part of their legacy reporting.

Member satisfaction survey


On a scale of 1-10 how would you rate the overall support for:

	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Plenary meetings	7.70	8.70	
Committee meetings	7.90	8.40	
Working in language of choice	8.90	8.80	


Note: Surveys are completed on an annual basis and results collated in August.

Goal: Engage with the people of Wales and promote Wales


KPI 3: Engagement at the Assembly

Number of visitors to the Senedd / Pierhead			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Increase compared to same period of previous year	102,799	 93,547	▽


Note: Visitor numbers have decreased by 8.5% in comparison to the same period last year. However, the number of visitors participating in tours (as shown below) has increased over the same period, providing greater opportunities for us to engage with those visiting.

Number of visitors on tours			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Increase compared to same period of previous year	9,083	 9,447	△


Note: The number of visitors actively engaging with us by participating in tours rather than visiting the estate 'independently' has increased by 4% over the same period last year.

Number of events organised on estate			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Increase compared to same period of previous year	153	 129	▽

Note: The number of events on the estate decreased by 16% over the same period last year although a number of larger events, e.g. 1 – 9 June: Incredible Power of Light Roadshow, 19 May: Science and the Assembly (held across all of the estate), were hosted.



Visitor satisfaction levels			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
80% good / satisfactory ratings	88.6%	 88.1%	□

Note: Average April – September 2015. Average score from the Senedd visitors has fallen slightly to 88.1% compared to 88.6% the previous year, but is still well above the target rating.

Joint events organised with Wales Governance Centre			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
-	1	 2	△

Note: Total April – September 2015.

KPI 4: External Profile of the Assembly

Committee reports promoted by either broadcast or print media			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
100%	100%	 100%	



Note: Average April – September 2015. Considerable media coverage has been achieved for 17 Assembly committee reports during the period. Targeting of specialised audiences has also achieved results with the Stage 1 report on the Local Government Bill, in particular, featuring in relevant media outlets.

Web Traffic – Visitors / visits / page views			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to increase each period	-	39,179 visitors 77,266 visits 267,267 page views	-

Note: Average April – September 2015. Previously this measure just consisted of time spent on the website by visitors, which was not an overall reflection of use. The measure has been changed to show the number of visitors, number of visits made by a visitor and the number of page views, which gives a better reflection of the activity on the website.

Research Service Blog views			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to maintain each period	-	39,793	-

Note: Total for April – September 2015. The Research Service Blog serves as a resource-efficient and accessible way of assisting Members in their scrutiny work. The posts are also used by internal staff and researchers in other parliaments, so the Blog is a good measure of engagement and the external profile of the Assembly. There is no comparable data, as this is a new measure for the reporting year.

Facebook – Likes / engagement			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to maintain each period	2,832 likes 534 engagement	 4,056 likes 550 engagement	



Note: Total as at end of September 2015. The method for recording Facebook 'engagement' (which is likes / comments / shares taken as an average over a period of time), has changed since 2014, therefore a direct comparison can only be made for Facebook 'likes' for this report.

Twitter – Followers and engagement (main corporate accounts)			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to maintain each period	-	30,852 followers 2,405 engagement	-

Note: Total as at end of September 2015. Previously, the measure showed the followers for all Twitter accounts and engagement for the main accounts only. The measure has been changed to allow a more stable and accurate record of both followers and engagement for the main @AssemblyWales / @CynulliadCymru accounts.



Twitter – Followers (other accounts)			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to maintain each period	-	16,789	-

Note: Total as at end of September 2015. Previously, this measure was incorporated with the main Twitter accounts. It has been separated to allow flexibility in the measure, as the accounts change during the Fifth Assembly.

YouTube – Views / minutes watched			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to maintain each period	12,606 views 21,269 minutes watched	 8,933 views 18,094 minutes watched	



Note: Total April – September 2015. Although the number of YouTube video views and minutes watched has fallen slightly compared to previous year, the average view duration per video has increased. Top five viewed videos in this period were:

- 1 – Votes@16 (314 views);
- 2 – Petition Presentation: The Future of Further Education (192 views);
- 3 – The Senedd (164 views);
- 4 – Learning Welsh at the National Assembly for Wales (“Bore Da”) (156 views);
- 5 – First Minister’s Questions 17/06/14 (154 views).



Use of Senedd.tv – Views / users			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to maintain each period	38,112 views 4,159 users	 121,132 views 20,911 users	

Note: Total April – September 2015. The significant increase in figures for 2015 reflect the significant improvements made to Senedd.tv since September 2014. The top five views in this period were:



- 1 – Senedd TV English homepage (32,242 views);
- 2 – Live meetings (10,377 views);
- 3 – Archive page (4,162 views);
- 4 – Schedule page (3,085 views);
- 5 – Senedd TV Welsh homepage (2,096 views).

Number of new schools engaging with the education service for the first time			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to increase each period	50 (18 outreach)	 41 (6 outreach)	

Note: Total April – September 2015. As we engage with more new schools, it is inevitable that the number of remaining new schools will decline and this is what we are seeing. It is still a priority to provide the opportunity for the schools that have not engaged to do so before the end of the Fourth Assembly and we will be engaging with the remaining 29 secondary schools by the end of this period.

Average monthly access to Record of Proceedings pages – Plenary Only			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to increase each period	5,276	 5,825	

Note: Average April – September 2015.

International engagement to and from the Assembly			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Aim to increase each period	119	 132	

Note: Total April – September 2015. The Assembly has hosted a range of delegates from around the world, as well as undertaking visiting to our counterparts to promote Wales and the Assembly. This has included hosting a Srebrenica Memorial Service, to honour the 20th Anniversary of those killed in the Srebrenica genocide. Former Australian Prime Minister Julia Gillard gave a keynote lecture about the barriers faced by women in public life. Ms Gillard was been invited to address an audience by the Presiding Officer, as part of her #POWiPL "Women in Public Life" campaign.

Progress on Corporate Plan priorities

Better engagement with the people of Wales

April 2015 – September 2015

In July 2015, the Assembly held its first youth conference 'Assemble the Youth Conference', in which 27 different groups of young people came together to debate the outcomes of the Presiding Officer's 'Vote@16' consultation.

Between April and September 2015, the Education and Youth Engagement team delivered 193 sessions engaging with 126 different schools, colleges and youth organisations. Of those sessions, 54 involved Assembly Member engagement activities. In total they engaged with 10,419 young people on a face to face basis.

Committees have been involved in a range of public engagement activities, to broaden the range of people contributing to their work, including:

- The Environment and Sustainability Committee held a workshop in May 2015, for stakeholders to help them engage with the legislative process for the Environment (Wales) Bill.
- The Policy and Legislation Committee staff worked in partnership with Chwarae Teg on a training programme to encourage women from minority groups to give evidence to committee inquiries.

As a new way on engaging with the people of Wales, an online forum has been set up that allows reference groups to share their views with Assembly Members between committee meetings.


Member satisfaction survey

On a scale of 1-10 how would you rate the overall support for:


	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Engaging with the people of Wales	6.70	7.40	▲

Goal: Use resources wisely


KPI 5: Budgetary performance

Budget - % underspend forecast at year end			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
<1%	1.43%	 2%	▽

Note: As at end of September 2015. There is a risk that some projects will phase their delivery between 2015-16 and 2016-17. Whilst there is confidence that the target will be achieved, this risk remains until key project decisions are finalised in November/December 2015.


Budget – spend vs. profile			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Within 2% profile	1.42%	 0.57%	△

Note: As at end of September 2015. Expenditure to date has been in line with spending profile.



Value for money target and achievement			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
£500,000	£318,000	 £136,000	▽

Note: As at end of September 2015. Whilst the position is not as strong as the same period in the previous year, there is no undue level of risk in achieving the £500,000 target.


KPI 6: Staff

% sickness absence			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
<3%	2.74%	 3.64%	▽

Note: Rolling annual average, as at September 2015. The rolling 12 month average absence figures for the Assembly Commission continue to reflect the increased winter absence levels October-March, which peaked in February. The monthly percentage absence breakdown in the six months since April shows a reduction in absence and we will start to see a corresponding reduction in the rolling figures in the next period. During the current period there has been an increase in planned medical and maternity-related absence, all of which have been supported to return swiftly. The figures represent an average of 7.89 days per employee against the Chartered Institute of Personal and Development public sector average of 7.9 days.

% completion of staff performance reviews			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
100%	83%	 86%	

Note: Since last year we have introduced some enhancements to our staff performance management and development approach, including moving to six-monthly formal meetings and outcome-based objectives. Feedback from staff has been positive and this is reflected in the high completion rate.

Staff engagement level (from staff survey)			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Civil Service Median	-	 72%	-

Note: Employee Engagement is an index measurement of five core questions, and enables valuable benchmarking. The staff survey in May 2015 was the first time the Assembly included this measure. Benchmarking against the 101 individual Civil Service organisations from across the UK that participated in the Civil Service People Survey, only 3 have a higher engagement index score than the Assembly. Of those organisations with their main base in Wales, the Assembly's engagement index score was the highest. The Civil Service median is currently 59%.



Number of staff - headcount and FTE			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
-	426 headcount 410.4 FTE	427 headcount 406 FTE	-

Note: As at September 2015. Headcount has remained stable over the period, although turnover has increased. This reflects a number of planned leavers including fixed-term appointments and planned retirements, which are managed effectively by Heads of Service.

KPI 7: ICT customer service



% achievements against service level agreement targets for all incidents			
Target	Apr 2014 – Sep 2014	Apr 2015 – Sep 2015	Trend
100%	89.14%	 87.7%	

Note: Average April – September 2015. This period saw the rollout of the new telephony system, a major new system implementation across the Assembly Estate, which increased the number of support calls placed on the ICT team and in some cases required third-party assistance to resolve issues.

Customer satisfaction score for incident handling (out of 9)			
Target	Apr 2014 – Sep 2014	Apr 2015 – Sep 2015	Trend
9	8.74	 8.73	

Note: Average April – September 2015. The scores given reflect ICT's ability to maintain high levels of service during the implementation of a major new system.



KPI 8: Governance

Average days taken to pay Members and suppliers compared to target			
Target	Apr 2014 – Sep 2014	Apr 2015 – Sep 2015	Trend
<10 days	4.18	 3.69	



Note: Average April – September 2015.

Number of Freedom of Information requests answered			
Target	Apr 2014 – Sep 2014	Apr 2015 – Sep 2015	Trend
-	21	23	-

Note: Total April – September 2015.

% Freedom of Information requests answered to statutory deadline			
Target	Apr 2014 – Sep 2014	Apr 2015 – Sept 2015	Trend
100%	86%	 100%	

Note: All Freedom of Information requests have been answered promptly and within the 20 working day deadline.



Number of internal audit recommendations overdue			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Zero	0 out of 124	 3 out of 184	

Note: Position reported, as at September 2015. Management continue to maintain a high rate of recommendation implementation. The three recommendations currently outstanding are all being addressed and do not represent an undue level of risk to the Assembly Commission.

KPI 9: Sustainability

Combined energy footprint (Cardiff Bay Estate)			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
30% reduction in total energy emissions by 2021	35%	 3.4%	-

December 2014 saw the conclusion of the Commission's carbon management strategy, which saw us achieving a cumulative 35% reduction against a 40% energy emissions reduction target. The Commission's new target is to reduce energy emissions by a further 30% by 2021. Since April 2015, energy consumption has reduced by 3.4% against this new target.

Waste to landfill			
Target	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Zero tonnes by 31 March 2015	1.92 tonnes	 2.2 tonnes	

Note: As at September 2015. Although the Commission has a new target of further reducing energy emissions by 2021, the new target for waste has yet to be agreed; it is expected to remain broadly in line with the previous target. Although the amount of waste to landfill is slightly higher in comparison to the same period last year, we continue to strive towards zero waste to landfill and we are confident that improved recycling and advanced segregation of waste will see an overall reduction at the end of the year.

Progress on Corporate Plan Priorities

Making the most of our estate

April 2015 – September 2015

One of the Commission's strategic priorities is to make the most of our estate, so that it reflects the Assembly's position nationally and internationally, and positions the Senedd and the Pierhead at the heart of Welsh public life. To make sure we achieve this we have an investment plan for maintenance and refurbishment required over a ten-year period. Continued good progress has been made delivering investments and improvements set out in this plan. This includes projects to improve energy management in line with our Carbon Reduction objectives.

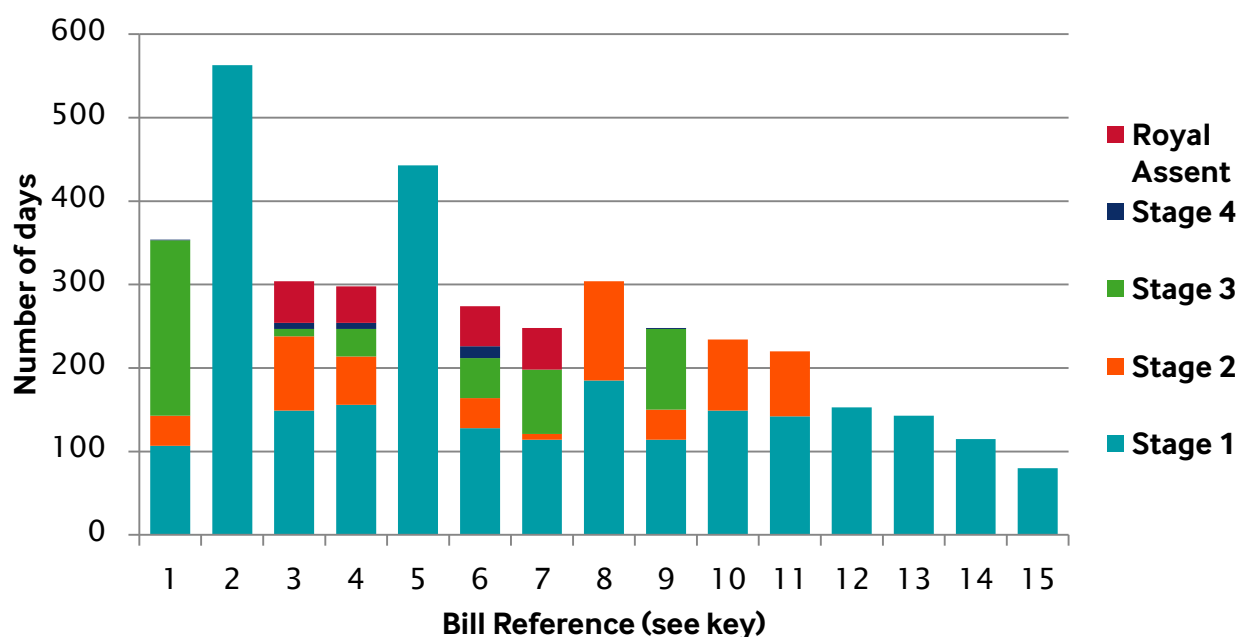
With more than 80 "excellent" or "very good" reviews praising both the Assembly's staff and its distinctive architecture, the National Assembly for Wales received the Certificate of Excellence from Trip Advisor for Pierhead and the Senedd as a visitor attraction. The Certificate of Excellence is awarded to accommodation, attractions and restaurants that consistently earn great reviews.

Member satisfaction survey

On a scale of 1-10 how would you rate the overall support for:

	Apr 2014 – Sept 2014	Apr 2015 – Sept 2015	Trend
Allowances and staffing	8.70	9.3	▲
Tŷ Hywel and Senedd	7.80	8.4	▲
Member satisfaction rating for ICT in Tŷ Hywel and Senedd	7.50	8.4	▲
Member satisfaction for ICT in Constituency / Regional Offices	6.70	7.2	▲

Annex A - Legislation Timetables - time taken to complete each Stage



Bill Reference (Stage as at 30 September 2015)

- 1 Recovery of Medical Costs for Asbestos Diseases (Wales) Bill (see narrative)
- 2 Holiday Caravan Sites (Wales) Bill (Stage 1)
- 3 Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act (complete 29 April 2015)
- 4 Well-being of Future Generations (Wales) Act (complete 29 April 2015)
- 5 Financial Education and Inclusion (Wales) Bill (Stage 1)
- 6 Planning (Wales) Act (complete 6 July 2015)
- 7 Qualifications Wales Act (complete 5 August 2015)
- 8 Safe Nurse Staffing Levels (Wales) Bill (Stage 2)
- 9 Local Government (Wales) Bill (Stage 4)
- 10 Renting Homes (Wales) Bill (Stage 2)
- 11 Regulation and Inspection of Social Care (Wales) Bill (Stage 2)
- 12 Historic Environment (Wales) Bill (Stage 1)
- 13 Environment (Wales) Bill (Stage 1)
- 14 Public Health (Wales) Bill (Stage 1)
- 15 Tax Collection and Management (Wales) Bill (Stage 1)

Narrative: This graph shows the time it has taken for each Bill to go through the legislative process. It reflects which Bills have received Royal Assent (i.e. are completed) or were still going through the legislative process in the period April 2015 to September 2015.

With regard to the Recovery of Medical Costs for Asbestos Diseases (Wales) Bill, the Supreme Court handed down its Judgment on this case on 9 February 2015. The Supreme Court found that the Assembly does not have the legislative competence to enact the Bill in its present form. Under Standing Order 26.53, any Assembly Member may propose that the Bill proceeds to Reconsideration Stage, but no such proposal has been made to date.