

Agenda – Finance Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: 15 January 2020

Meeting time: 08.50

For further information contact:

Bethan Davies

Committee Clerk

0300 200 6372

SeneddFinance@assembly.wales

The Committee resolved on 9 January 2020 to exclude the public from the start of the meeting

1 Welsh Government Draft Budget 2020–21: Private briefing with expert adviser

(08:50–09:00)

Dr Edward Jones, Lecturer in Economics, Bangor University

2 Introductions, apologies, substitutions and declarations of interest

(09:00)

3 Paper(s) to note

(09:00)

3.1 Letter from the Minister for Health and Social Services on the National Health Service (Indemnities) (Wales) Bill – 7 January 2020

(Page 1)

3.2 Letter from the Deputy Minister for Health and Social Services on the Children (Abolition of Defence of Reasonable Punishment) (Wales) Bill – 7 January 2020

(Pages 2 – 6)

3.3 Letter from the Chair of the Public Accounts Committee on the Ministerial Direction for NHS pension arrangements 2019/20 – 8 January 2020

(Pages 7 – 8)



4 Welsh Government Draft Budget 2020–21: Evidence session 6
(09:00–09:40) (Pages 9 – 29)

David Phillips, Associate Director, Institute for Fiscal Studies

Guto Ifan, Research Associate, Wales Governance Centre, Cardiff University

Cian Sion, Research Assistant, Wales Governance Centre, Cardiff University

Michael Trickey, Honorary Senior Research Fellow, Wales Fiscal Analysis programme, Cardiff University

Research brief

5 Welsh Government Draft Budget 2020–21: Evidence session 7
(09:40–11:40) (Pages 30 – 72)

Rebecca Evans, Minister for Finance and Trefnydd

Andrew Jeffreys, Director, Welsh Treasury

Matt Wellington, Head of Budget Delivery, Welsh Government

Research brief

6 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of this meeting and for the whole of the next meeting on 23 January 2020
(11:40)

7 Welsh Government Draft Budget 2020–21: Consideration of evidence
(11:40–12:15)

8 Consideration of letter from the Chair of the Committee on Assembly Electoral Reform – 16 December 2019
(12:15–12:20) (Pages 73 – 74)

Paper 1 – Letter from the Chair of the Committee on Assembly Electoral Reform – 16 December 2019

9 Consideration of the Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2020

(12:20–12:30)

(Page 75)

[Landfill Disposals Tax \(Tax Rates\) \(Wales\) \(Amendment\) Regulations 2020](#)

Paper 2 – The Landfill Disposals Tax (Tax Rates) (Wales) (Amendment) Regulations 2020 – Legal briefing

Vaughan Gething AC/AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Ein cyf/Our ref MA/VG/5935/19

Llyr Gruffydd AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

7 January 2020

Dear Llyr,

NHS (Indemnities) (Wales) Bill : Explanatory Memorandum and Regulatory Impact Assessment

At the Bill's general principles debate in Plenary on 19 November, I confirmed that I had accepted both of the recommendations of the Finance Committee report. Changes to the Regulatory Impact Assessment have been made in Table A and at para 4.7 on page 23 in response to Recommendation 2. There are other amendments to clarify the costs of £30,000 referred to in Table A and at para 4.7.

I have made a further change to the post implementation section of the Regulatory Impact Assessment at para 4.18. This follows Stage 2 Health, Social Care and Sport Committee proceedings where I made a commitment to provide a report on the operation of the Wales state backed GP indemnity scheme (i.e. both the future liabilities and existing liabilities schemes) which will include the views of GPs and other stakeholders.

The revised Explanatory Memorandum and Regulatory Impact Assessment has been laid before the Assembly today. A copy of this letter has been sent to Dr Dai Lloyd AM Chair of the Health, Social Care and Sports Committee.

Yours sincerely,



Vaughan Gething AC/AM
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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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.

Agenda Item 3.2

Y Pwyllgor Cylidwr Finance Committee
FIN(5)02-20PTN2

Julie Morgan AC/AM

**Y Dirprwy Weinidog Iechyd a Gwasanaethau Cymdeithasol
Deputy Minister for Health and Social Services**

Ein cyf/Our ref MA/JM/5235/19



Llywodraeth Cymru
Welsh Government

Lynne Neagle AM
Chair
Children, Young People and Education Committee

Llŷr Gruffydd AM
Chair
Finance Committee

Mick Antoniw AM
Chair
Constitutional and Legislative Affairs Committee

7 January 2020

Dear Chairs,

I am writing to inform you that an updated Explanatory Memorandum (EM) was laid before the National Assembly today, in respect of the Children (Abolition of Defence of Reasonable Punishment) (Wales) Bill.

The EM reflects the changes made to the Bill by the Children, Young People and Education (CYPE) Committee during the Stage 2 proceedings and also provides new or additional data and evidence that has become available since the publication of the original EM at introduction of the Bill in March 2019.

Stage 2 of the legislative process took place between 18 September and 24 October 2019. Government amendments in relation to a duty to raise awareness and to undertake a post implementation review – both recommendations from Stage 1 scrutiny Committee Reports – were agreed. Also agreed was the Government amendment to provide certainty in relation to commencement of the Bill's core provision: the removal of the defence of reasonable punishment.

There have been developments in relation to the availability of baseline data for social services. I have written separately on this issue to the Chair of the Children, Young People and Education Committee and the Finance Committee.

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

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

The main material changes to note in the updated EM are:

Chapter 2 (Legislative Competence)

This section has been updated to provide further information on the Welsh Government's analysis of the Bill's compatibility with Article 8 and 9 of convention rights and European Union law (paragraph 2.3).

Chapter 3 (Policy objective and purpose and intended effect of the legislation)

- The section 'Context' has been updated to reflect the latest legislative developments in relation to the Bill (paragraphs 3.8 and 3.9).
- In the section 'Purpose and intended effect of the Bill' information is provided on the research commissioned by the Welsh Government on attitudes to physical punishment which was published after the legislation was introduced in March. The Committee was informed about this research when it was published in June. To take account of this research we have also updated the following sections of the Explanatory memorandum –paragraphs xi and xii; 3.32, 3.56 - 3.59.
- The section, 'Supporting the implementation of the Bill' has been updated to reflect developments to the delivery of parenting support which includes updating our Parenting. Give it time campaign, which we intend to expand to cover a wider age range of parents (paragraph 3.70); and delivery of the Healthy Child Wales programme and associated resources (paragraph 3.72, 3.73 and 3.74).

Chapter 4 (Consultation)

- 'Support for parents' - an update on our Parenting Expert Group (PEAG) has been provided. PEG will work with the Welsh Government to consider the results of the mapping exercise we carried out to examine the extent of parenting support currently provided across Wales (paragraph 4.8).
- 'Impact on public bodies' and 'Guidance/ training to support frontline professionals' – information is provided in these sections on the Strategic Implementation Group and associated task and finish groups (paragraph 4.13 - 4.18)
- Paragraph 4.15 reflects the changes to commencement arrangements made to the Bill by the Children, Young People and Education Committee during the Stage 2 proceedings.

Chapter 5 (Power to make subordinate legislation)

The table has been updated to reflect the power in the Bill as amended after Stage 2 proceedings.

Chapter 6: Summary of RIA

This section has been updated with revised figures for administrative costs for organisations to update guidance; out of court disposals, post implementation review (surveys of awareness and attitudes) and awareness raising.

In response to recommendation 20 of the CYPE Committee the section 'Unquantified costs' has been updated with further information where a best estimate of such costs has now been provided or to explain why we have been unable to do this.

The section 'Key evidence, assumptions and uncertainties' has been updated to provide information on the research commissioned by the Welsh Government on attitudes to physical punishment which was published in June.

Chapter 8: Costs and benefits

The following sections have been updated:

- 'Introduction to Chapters 8 and 9' – paragraph 8.2 notifies the reader that the EM has been updated to take account of changes since the Bill was introduced. Paragraph 8.9 provides information on the Strategic Implementation Group and associated task and finish groups
- 'Option 1: Do nothing' – costs for Welsh Government programmes have been updated
- 'Option 2: Legislate to remove the defence of reasonable punishment'
 - Paragraph 8.22 provides an update on the order making power contained in the Bill.
 - Welsh Government costs for awareness raising have been updated to take account of the Deputy Minister for Health and Social Services' commitment to a high intensity communications and awareness raising campaign (Paragraph 8.28 – 8.32).
 - In response to recommendation 10 of the CYPE Committee, a new section 'Awareness Raising with Children', provides information on the Welsh Government's plans, and associated costs, for awareness raising with children.
 - 'A note on using New Zealand data to give an indication of potential impact of the legislation on social services, the police and justice system' – this has been updated to provide further information on differences between New Zealand and Wales (paragraph 8.44).
 - 'Local Authorities – Social Services' – In response to recommendation 4 of the Finance Committee and recommendation 6 of the CYPE Committee Stage 1 reports an update has been provided on attempts to provide accurate data for a baseline of referrals to social services and an estimate of the scale of increase in referrals following commencement of the legislation.
 - In response to recommendation 5 of the Finance Committee Stage 1 report a new section 'Out of Court Disposals' has been added to the RIA to provide a best estimate of costs associated with a diversion scheme.
 - In response to recommendation 6 of the Finance Committee the section 'Ministry of Justice - Her Majesty's Courts and Tribunals Service' provides an

analysis of whether a link can be established between estimated referrals to the police and prosecutions for offences that previously would have been covered by the defence of reasonable punishment (paragraphs 8.50- 8.58).

- A new section 'Supporting implementation' has been added to provide costs associated with implementation. In response to recommendation 9 of the Finance Committee this includes the costs associated with the post implementation review. In response to recommendation 8 of the Finance Committee's Stage 1 report this section provides the costs associated with the Welsh Government's Strategic Implementation Group and associated task and finish groups. I agreed to provide the costs associated with resourcing the activities of the Implementation Group separately, however for the convenience of the Committee, and to enable this expenditure to be seen within the overall context of costs associated with implementation activity I am providing this information in the RIA.
- In response to recommendation 7 of the Finance Committee a new section 'Transitional costs – updating guidance and training' has been added to the RIA to provide a best estimate of costs associated with organisations updating guidance and providing training for their staff.
- The 'Cost summary table' has been updated to take account of additional costs which have been added to the RIA.

Chapter 9 (Specific Impact Assessments)

The integrated impact assessment summary and the annexes relating to Children's rights, Equality and the Welsh Language have been reviewed and will be published on the Welsh Government's website ahead of Stage 3.

Chapter 10 (Post Implementation Review)

This section has been updated to provide further information on the Welsh Government's plans for implementation.

Explanatory Notes

The Explanatory Notes, which accompany the revised EM, reflect the amendments to the Bill made at Stage 2.

Annexes

Annex 4: Potential impacts on individuals and organisations

The following sections have been updated:

- 'Evidence from children' - provides further information from the Ministry of Justice on numbers of active Registered Intermediaries (paragraph 29).
- 'Cafcass Cymru' - further information is provided on Cafcass Cymru's consideration of how to monitor numbers of allegations of parental physical punishment in the context of litigation between separated couples (paragraphs 45 – 47).
- 'Impact on process' - gives the title of the Social Services and Wellbeing (Wales) Act 2014 Part 7 statutory guidance (paragraph 55).

- 'Teachers' safeguarding responsibilities' - provides further information on the duties of teachers to report safeguarding concerns (paragraph 58).

Annex 5: Criminal Records and Disclosure and Barring Service

In the section 'Enhanced checks' further information is provided on the disclosure of non-conviction information, including data relating to enhanced DBS checks (paragraphs 10,11,16,18,19 and 20).

Annex 6: Using New Zealand data as a proxy for estimates in Wales

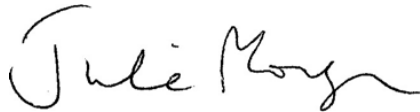
In the section 'Differences in the Legislation in New Zealand and what is proposed in Wales' additional information has been provided on commencement periods in New Zealand and Wales (paragraph 9).

Annex 8: High Level Implementation Work Plan

In response to recommendation 8 of the Finance Committee a new section has been added, which provides information about the main activities of our Strategic Implementation Group and associated task and finish groups. It also covers our plans in relation to awareness raising. This is a living document that may need to evolve as the work around implementation progresses.

I look forward to continuing to work with Members as the Bill progresses through the Assembly process.

Yours sincerely



Julie Morgan AC/AM

Y Dirprwy Weinidog Iechyd a Gwasanaethau Cymdeithasol
Deputy Minister for Health and Social Services

Dr Dai Lloyd AM
Chair, Health, Social Care & Sport Committee

Llyr Gruffydd AM
Chair, Finance Committee

8 January 2020

Dear Committee Chairs,

Ministerial Direction – NHS pension arrangements for 2019/20

As you are aware, on the 18 December 2019, the First Minister issued a Ministerial Direction to the Permanent Secretary – the first of its kind in Wales since devolution.

The First Minister and the Permanent Secretary wrote to the Public Accounts Committee, Finance Committee and the Health, Social Care and Sport Committee advising us of the direction and some of the context within which the direction was issued. We were also all in receipt of detailed advice from the Auditor General for Wales, dated 6 January 2020, setting out the nature and purpose of Ministerial Directions, suggested handling by the National Assembly and potential lines of inquiry Assembly Committees may wish to pursue.

The Public Accounts Committee considered this correspondence at its meeting on 6 January 2020. Given this is the first Ministerial Direction issued in Wales the Committee agreed it was important to examine the process in more detail and question the Permanent Secretary, as Principal Accounting Officer, on her role and seek her views on the governance arrangements surrounding the procedure.

The Committee intends to use this session to ascertain how Ministerial Directions are triggered and the thresholds involved in terms of decisions being escalated,



and in this instance the communication between the Welsh Government and Whitehall. We also want to establish whether any consultation was undertaken with HMRC either at UK Government level, Welsh Government or both. We will also take the opportunity to explore the handling of future Ministerial Directions and establish whether there are any lessons to be learned from this occasion.

The Committee agreed to hold a scrutiny session with the Permanent Secretary to discuss these matters in early February and will also be writing to HMRC seeking their views on the recent Ministerial Direction to establish whether the approach taken complies with tax rules and legislation.

However, given that the Public Accounts Committee's remit does not extend to policy or budgetary issues, I am asking that you consider scrutinising the relevant Ministers on the policy and budgetary implications of the Ministerial Direction as part of your forthcoming budget scrutiny sessions.

In this context, you may be interested in our recent work on Out of Hours Services where we raised concerns about the impact of GP Tax and Employment status on Out-of-Hours Services and the unexpected costs to Health Boards associated with this. Our findings are set out in our report on [Primary Care Out-of-hours Services](#).

I trust you will find this useful.

Yours sincerely,



Darren Millar AM
Chair (Temporary)



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Agenda Item 5

By virtue of paragraph(s) vi of Standing Order 17.42

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Committee Chairs
National Assembly for Wales

16 December 2019

Dear Chair,

Committee on Assembly Electoral Reform

As you will be aware, the **Committee on Assembly Electoral Reform** was established by the National Assembly for Wales in September 2019 with a remit to examine the recommendations of the **Expert Panel on Assembly Electoral Reform**. I am writing to invite your views on the potential implications for Assembly committees of any change in the size of the Assembly.

In particular, we would welcome the views of your Committee on:

- Whether the current size of the Assembly has given rise to any implications or limitations for your Committee's work or the way in which you approach policy, legislative and financial scrutiny of the issues within your remit.
- How any recent or anticipated changes to the Assembly's powers or responsibilities, or the broader constitutional context, might affect your Committee's remit or how you undertake your role.
- Any implications an increase in the size of the Assembly might have for the work of Assembly committees, including the support services they receive.

We would also welcome information about how your Committee assesses the impact of its scrutiny work, and examples of effective scrutiny or missed opportunities. It would be helpful to receive your response **by Monday 27 January 2020**.



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I will be making an oral statement in Plenary on Wednesday 8 January 2020 to provide an update on the Committee's work. In the meantime, if you have any questions about the work of the Committee, or would find it helpful to meet to discuss these issues, please contact the Committee clerk, Helen Finlayson, at seneddreform@assembly.wales or on 0300 200 6341.

Yours sincerely,



Dawn Bowden AM
Chair, Committee on Assembly Electoral Reform

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



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