

Agenda – Finance Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 4 March 2020

Meeting time: 09.30

For further information contact:

Bethan Davies

Committee Clerk

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1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Paper(s) to note

(09.30)

2.1 PTN1 – Response from the Wales Audit Office to the Finance Committee's Annual Scrutiny of the Wales Audit Office and the Auditor General for Wales Report – 20 February 2020

(Pages 1 – 5)

2.2 PTN2 – Welsh Government Draft Budget 2020–21 – Response from the Minister for Finance and Trefnydd to the Finance Committee's recommendations – 28 February 2020

(Pages 6 – 17)

3 Impact of variations in national and sub-national income tax: Evidence session 3

(09.30–10.30)

(Pages 18 – 29)

Professor James Foreman–Peck, Professor in Economics, Cardiff University

Paper 1 – Written evidence: James Foreman–Peck and Peng Zhou, Cardiff University

Research brief



- 4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**
(10.30)
- 5 Impact of variations in national and sub-national income tax: Consideration of evidence**
(10.30–10.45)
- 6 Consideration of statement of principles for directly funded bodies**
(10.45–11.00) (Pages 30 – 37)
Paper 2 – Consideration of statement of principles for directly funded bodies
- 7 Retention payments in the construction sector: Consideration of draft letter**
(11.00–11.10) (Pages 38 – 43)
Paper 3 – Draft letter to the Minister for Economy, Transport and North Wales
– Inquiry into Retention Payments in the Construction Sector
- 8 Local Government and Elections (Wales) Bill: Consideration of draft report**
(11.10–11.40) (Pages 44 – 104)
Paper 4 – Draft report
Paper 5 – Letter from the Minister for Housing and Local Government –
Further information following the meeting held on 6 February 2020 – 20
February 2020



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Y Pwyllgor Cwm Finance Committee
FIN(5)-08-20 PTN1

Agenda Item 2.1

Wales Audit Office / Swyddfa Archwilio Cymru

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Mr Llyr Gruffydd AM
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Reference: IE20002/AC180/caf

Date issued: 20 February 2020

Dear Llyr

Finance Committee Report on the Wales Audit Office

We are grateful for the Committee's support for our modified Estimate for next year and for the approval of our Supplementary Budget for this year. Further to your report on your annual scrutiny of the Wales Audit Office we are writing to set out our proposed responses to the Committee's recommendations on our statutory reports.

We address each of your recommendations in turn, below:

R1. The Committee is pleased that a more inclusive approach is emerging in relation to the Board's interactions with stakeholders and would welcome an update on how the Stakeholder Strategy is improving the Board's understanding of its stakeholders.

Work will be undertaken during 2020-21 to explore different options for refining our understanding of our stakeholders and their views on the impact of our work. We are keen to bring some independent input to our process to build on our current approach.

R2. The Committee recommends that future Annual Reports set out the long-term benefits, including ongoing savings, of any voluntary exit scheme payments.

The Remuneration and Staff Report, within the Annual Report and Accounts, includes a note on expected annual savings from voluntary exit schemes. We will expand on this in future reports.

R3. The Committee recommends that the Wales Audit Office provides an update in its next Annual Report on the actions taken to address the issues

identified in the Final Audit Findings report as deficiencies in internal control.

There were 3 'Deficiencies in Internal Control' reported in the Audit Findings Report.

1. The Finance Team had not been notified that an additional bill was to be raised for an audit where costs exceeded the agreed fee. As a result, this income had not been recognised in our accounts for the year. A process has been put in place to ensure that any such variances are followed up promptly to ensure that this situation does not recur. For context, this represented £75,000 of our total fee income for the year of over £14.6million.
2. The auditors reported that the theft of a laptop was at least in part contrary to the information security policy but that there was scope for the policy to be clarified. Amended policies have now been agreed by the Board.
3. Annual declarations of interest for Board and Management Committee members had been collected but had not been published on the website at the time of the audit as translation was awaited. These are now available on our website.

R4. The Committee recommends that the Wales Audit Office's next annual report clearly sets out comparable information for its 2018-19 indicators alongside the results for its revised indicators in 2019-20, to ensure that the worst performing measures can be tracked.

Except for the indicator included in our 2018-19 Annual Plan aimed at measuring our social media influence via the now defunct Klout Score, all other key performance indicators (KPIs) were retained in our 2019-20 Annual Plan. We will report our performance against these KPIs in our 2019-20 Annual Report and Accounts.

The Committee should note that the previous staff survey-related indicators listed on page 34 of our 2018-19 Annual Plan were again included in our 2019-20 Plan as KPIs 11 and 12 (which comprises a more comprehensive suite of thematic staff survey indicators).

The Board has challenged the executive leadership to develop more-focused KPIs for next financial year which means there will be some changes in comparability year-on-year. We will happily explain our reasoning for this to the Committee as, what matters most, is our ability to use KPIs to drive business improvement in the priority areas we identify.

R5. The Committee recommends that, when reviewing key performance measures, the Wales Audit Office should ensure that the ability to track future performance against the previous year is protected.

Ensuring the ability to track future performance against that for previous years is a key principle underpinning our review of performance measures. However, determining which indicators are most aligned with our new strategic ambitions

and therefore constitute our suite of KPIs is also a critical consideration. We will continue to track performance on an ongoing basis against a much broader range of operational indicators, many of which are also reported against in our Annual Report & Accounts.

R6. The Committee recommends that the Wales Audit Office updates the Committee as its Estates Strategy develops, including the impact on the WAO's capital programme and any agreed savings targets.

An update on the Estates Strategy will be included in the Estimate for 2021-22.

R7. The Committee recommends that the Wales Audit Office provides further information on its work with partner audit bodies in relation the Data Analytics programme.

Collaboration has been a major strand of our work from the start of the Data Analytics programme. We recognise that many organisations have similar ambitions to us around transforming the use of data. And we realise that as a relatively small organisation, the WAO should not expect to have all of the answers in-house.

We have therefore been reaching out to many organisations in Wales and further afield. In particular, we have been collaborating with partner audit bodies from the UK and Ireland.

We have built good relationships with these bodies' respective data teams, through six-monthly strategy/planning meetings. These have led to monthly operational meetings that are focused on specific projects, data techniques or problems we are experiencing. We are now sharing code, and actively helping one another on specific data analytics projects. We now plan to build on these positive relationships and expand this collaboration even further.

We will report on this in our Annual Report and Accounts.

R8. The Committee recommends that future Estimates and Annual Reports set out the expected and realised costs and benefits of the Data Analytics programme.

We have set out five specific benefits that we intend to deliver from Data Analytics. These are increased confidence in our work; improved evidence base for our work; expanded range of analytical methods/visualisations; time/cost savings; and our ideas being adopted by others.

Through our Benefits Realisation Framework, we are routinely gathering information about the impact of our data analytics projects. So far, much of this information has been qualitative narrative from users of our tools.

Wherever possible, we are also collecting data to be able to quantify the scale of our impacts. This is an area that we know we need to strengthen, and for future

Estimates and Annual Reports we will include further detail on the efficiencies we have secured, as well as the other, equally important benefits.

R9. The Committee recommends that the Wales Audit Office provides an update on the replacement of its financial audit system, including any expected savings and efficiencies from this investment.

The contract for the current financial audit system expires in December 2021 and cannot be renewed. We are currently evaluating three broad options:

- procurement of an 'off the shelf' system;
- building a SharePoint-based system that would align with our performance audit system; and
- development of a bespoke system with the other UK audit agencies.

We plan to complete this evaluation by summer 2020 and will provide a further update to the Committee once that evaluation is complete, in the context of our Estimate for 2021-22 and a new approach we are establishing with a Corporate Change Programme.

R10. The Committee recommends that, prior to the Fee Scheme 2020-21 being laid before the Assembly, details are provided to the Finance Committee as to how the £240,000 increase in fee income relates directly to the cost of delivering the Auditor General's audit work.


A letter was sent to Finance Committee in December 2019, along with a copy of the Fee Scheme, which provided the details requested. We thank the Committee for its approval of the Fee Scheme.

We trust the above provides the Committee with the assurances it is seeking but please do come back to us if you have any follow-on queries.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales



ISOBEL EVERETT
Chair, Wales Audit Office



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref MA-RE-0709-20

Llyr Gruffydd AM
Chair
Finance Committee
National Assembly for Wales
Cardiff
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28 February 2020

Dear Llyr,

**Finance Committee report: Scrutiny of the Welsh Government's Draft Budget 2020-21
(January 2020)**

In line with the commitment to respond to all Committee reports on the draft Budget no later than the day before the final Budget debate, I am pleased to enclose at Annex A the Government's response to the recommendations contained in the Finance Committee's report on its scrutiny of the Draft Budget 2020-21 (January 2020).

Once again, I would like to thank the Finance Committee for its cooperation in accommodating the changes to this year's budget timetable, including the truncated period for scrutiny.

Yours sincerely,

Rebecca Evans AC/AM
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

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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.

**Response to Finance Committee's Recommendations on the
Draft Budget 2020-21**

Recommendation 1. The Committee recommends that the Welsh Government considers how a debate on spending priorities could be factored into the budget timetable, to provide an opportunity for the Assembly to influence budget priorities and allocations earlier in the process.

Response: Accept

We are committed to supporting meaningful and effective scrutiny of our budget proposals. This is demonstrated by the steps we have taken in recent years, including the move to a two-stage budget process which provides for eight weeks of scrutiny. In response to the calls made by the Finance Committee during scrutiny of the First Supplementary Budget 2019-20 for the Government to provide an early statement on spending priorities, the Minister for Finance and Trefnydd made an Oral Statement in plenary in July setting out the future outlook for public spending in Wales. We also welcomed the Finance Committee's debate on the Government's spending priorities in September. We are open to exploring with the Senedd Business and Finance Committees how a debate on spending priorities could be factored into the budget timetable.

Recommendation 2. The Committee recommends that the Welsh Government continues to press the UK Government to examine the merits of different mechanisms for overseeing application of the Statement of Funding policy, such as oversight by a body independent from government, possibly the Constitution, Democracy and Rights Commission.

Response: Accept

We welcome the Committee's acknowledgement of this important issue. Together with the Finance Ministers in Scotland and Northern Ireland, the Minister for Finance and Trefnydd has written to the new Chief Secretary to the Treasury seeking a commitment to a Finance Minister's Quadrilateral ahead of the UK Budget on 11 March. Devolved Ministers will be calling for the joint work to review and improve the Statement of Funding Policy to be completed, including putting in place effective machinery, with a credible and workable dispute avoidance and resolution mechanism, to underpin this.

Recommendation 3. The Committee recommends that the Welsh Government seeks commitments from the UK Government that UK fiscal events will normally take place by a specified date to ensure devolved administrations have sufficient time to carry out meaningful budget setting and scrutiny.

Response: Accept

The interaction between our budget timetable and that of the UK Government's is a matter that has been considered in previous years, but the awkwardness this year has been more prominent. The Committee has recommended in previous years that we should continue with the current practice of publishing the draft Budget regardless of the timing of the UK Budget. This recommendation is one we have accepted. While the timing of UK fiscal events is a matter for the UK Government, we will continue to highlight to the UK Government the importance of providing the Devolved Administrations with greater certainty and clarity in relation to the timing of UK fiscal events, given the impact this has for our respective budget procedures.

Recommendation 4. The Committee recommends that the Welsh Government continues to negotiate with the UK Government to secure more frequent and structured quadrilateral meetings of UK Finance ministers.

Response: Accept

In the recent joint letter to the Chief Secretary to the Treasury, the Devolved Finance Ministers have called on the UK Government to complete the joint work to formalise the Finance Ministers' Quadrilateral as a regular forum to discuss and resolve fiscal issues that impact on devolved governments.

Recommendation 5. The Committee recommends that an update is provided as soon as possible after the UK budget detailing any impact of the UK macroeconomic forecasts, particularly any impact on devolved tax revenues and the associated block grant adjustments.

Response: Accept

In the debate on the draft Budget, the Minister for Finance and Trefnydd committed to providing an update as soon as possible following the UK Budget on the implications for the Welsh Government's Budget. This will cover the impact of any spending announcements via the Barnett formula, and also how the new macroeconomic forecasts are likely to affect devolved tax revenues and the associated block grant adjustments.

Recommendation 6. The Committee recommends that the Welsh Government recommences talks on new taxes with the UK Government as soon as possible in order to test the process, and provide an update to the Committee in due course.

Response: Accept

The Welsh Government is making progress with the UK Government to secure powers for a vacant land tax in Wales. A Joint Exchequer Committee to discuss the proposal has now taken place, and we have sent a formal request for new tax

powers to the UK Government. The UK Government is currently considering this request.

Recommendation 7. The Committee recommends that the Welsh Government keeps under review new and emerging data sources, such as the Office for National Statistics Welsh Gross Domestic data, to improve the accuracy of Welsh economic and devolved tax forecasts.

Response: Accept

The forecasting models underpinning the Office for Budget Responsibility's forecasts for the fully devolved taxes are maintained by Welsh Government analysts and are reviewed regularly. The quality assurance procedures ensure those models make use of the best available data sources. Welsh Government analysts also liaise with OBR and HMRC analysts regarding income tax forecasts and take part in challenge sessions during each forecasting exercise.

The new ONS publication of quarterly GDP growth for the countries and regions of the UK is a welcome addition to the economic evidence base. It should however be noted that these statistics are experimental and are still being developed and tested with users. Early indications are that the series are volatile and subject to quite large revision. If they eventually prove to be a useful indicator of tax revenue growth, there will be a good case for taking them into account in the tax forecasts. They are most likely to be of use in relation to income tax forecasts, where there are long lags before outturn information is available. The OBR will be interested in any data source which can improve its assessment of the current revenue position.

As detailed in its Welsh Taxes Outlook publication, the OBR has considered the value of a full macroeconomic forecast for Wales. Due to the similarities in historic growth rates between Wales and the rest of the UK, when expressed on a "per head" basis and issues relating to data availability and reliability, it concludes that there is more value in monitoring the convergence or divergence between Wales and the UK in specific economic variables of relevance to the taxes.

Recommendation 8. The Committee notes the significant level of coding errors reported in relation to Welsh Taxpayers by HMRC and recommends that the error rate continues to be monitored by the Welsh Government and an update is provided to the Committee following the next scan.

Response: Accept

C codes were introduced to the UK tax system for the first time last April. Around 97% of C codes are now operating correctly. The Welsh Government is in regular contact with HMRC, which has an ongoing programme of compliance work to further increase the percentage of C codes being used properly. Following the latest scan, the coding errors have reduced again and are expected to reduce further when we receive data in April. We will provide an update to the Committee once data from the next scan is available.

Overall, the problems with C code operation broadly match the experience of the introduction of S codes for Scottish taxpayers, where currently only 1.5% of S codes are not being used properly. S codes were introduced into the UK tax system in April 2016. The Welsh Government monitors the situation through governance meetings with HMRC, which usually take place on a monthly basis.

Recommendation 9. The Committee recommends that the Welsh Government considers ways in which it can improve the integration of well-being goals in the presentation of future budgets to demonstrate more consistently how the Wellbeing of Future Generations Act is embedded in its decision making processes throughout departments and that this is reflected in the budget process.

Recommendation 10. The Committee recommends that the Welsh Government works with the Future Generations Commissioner and stakeholders to develop the Budget Improvement Plan.

Response: Accept

The purpose of the Budget Improvement Plan, which was published for the first time as part of the 2020-21 draft Budget, is to set out how we will use the Well-being of Future Generations Act and the five ways of working to drive continuous improvement in the budget process. As part the Plan we will explore how the presentation of future annual budgets can more clearly demonstrate how the Act and our well-being objectives have influenced our strategic spending priorities. Engagement is a key element of the Plan, which includes actions to develop how we engage with stakeholders, including the Future Generations Commissioner and her office, about the Plan's delivery.

Recommendation 11. The Committee recommends that the Welsh Government lengthens the period of time covered in the Budget Improvement Plan to reflect the spirit of the Well-being of Future Generation Act and longer term transformational change.

Response: Accept in principle

We accept the spirit of this recommendation which is about providing longer-term transformational change which is why the Plan seeks to demonstrate the journey we have been on, and the journey ahead, to improve the budget process over the course of a number of years. This is the first time we have published a Budget Improvement Plan which is intended to be developmental in nature as every time it is published, it will take a five-year horizon and be a rolling programme of improvements, demonstrating how the Act is being embedded. This approach is intended to strike the balance between being ambitious but also realistic about the time it will take to deliver the actions contained within the plan to maximise their impact and reflect meaningfully the nature of the change outlined in the plan. We will work with stakeholders, including the Future Generations Commissioner, to understand how we might improve the plan and expand its scope for future years.

Recommendation 12. The Committee recommends that the Strategic Integrated Impact Assessment accompanying the 2021-22, and future budgets, provide a transparent account of the negative as well as the positive impact of budget allocations, including the evidence base on which they draw.

Response: Accept

In line with previous evidence and feedback, the Strategic Integrated Impact Assessment of the draft Budget sets out the detail of the evidence, statistics and supporting information which underpins the spending proposals, a step acknowledged by the Committee. We recognise that impact assessments must consider both negative and positive impacts in order to mitigate negative impacts and to explore opportunities to promote a more positive approach.

The 2020-21 Budget has provided real terms increases for all portfolios. This has meant that we have been able to sustain the majority of budgets at 2019-20 levels and make a number of targeted investments in line with our cross-cutting priorities. This is reflected in the narrative of the Strategic Integrated Impact Assessment.

In line with our ongoing commitment to improve the way we assess the impact of our spending decisions the Budget Improvement Plan identifies a range of actions to further strengthen Welsh Government's approach.

Recommendation 13. The Committee recommends that the Welsh Government provides an update on the outcome of its discussions with the Scottish Government on the role of its Equality Budget Advisory Group and any changes in approach that may arise following these considerations.

Recommendation 14. The Committee urges the Welsh Government to use evidence and best practice from work undertaken elsewhere as a basis for a gender sensitive budgeting approach, in order to mainstream a gender dimension into all aspects of the budget cycle without delay.

Response: Accept

Initial discussions have been held with the Chair of Scotland's Equality Budget Advisory Group about the Group's approach in Scotland as part of discussions during the Gender Equality Review.

We are also pursuing discussions with Scottish Government as we establish our relationship with the Well-being Economy Government (WEGo) network.

In November, Welsh Government officials also held a workshop with the existing members of the Budget Advisory Group for Equality (BAGE) and wider stakeholders to consider how this group can evolve to continue to provide insight into the impact of our budget decisions, across all the impact considerations, including equality.

We will consider carefully the feedback from these sessions to frame our future approach to BAGE and how we engage more widely with stakeholders. We will update the Finance Committee in due course about any changes in our approach.

As part of the 2020-21 budget preparations we are exploring a gender budgeting approach as part of the Personal Learning Account pilot to assess how a gender budgeting approach might help identify and understand potential different impacts, including unintended impacts, to improve how we prioritise and allocate resources. The Budget Improvement Plan sets out our ambitions to test and integrate gender, exploring and developing a gender budgeting approach in our budgeting considerations. As part of this, we will be using evidence and best practice from a range of sources to inform our ongoing work.

Recommendation 15. The Committee recommends that the Welsh Government provides more detail in future years on how allocations and programmes will progress towards the commitment to be carbon neutral by 2050 and over what timescale this will be achieved.

Recommendation 16. The Committee recommends that the Welsh Government develops an understanding of the carbon impact of the budget and its spending decisions, and looks at how it can meaningfully demonstrate the carbon impact of future budgets.

Recommendation 17. The Committee encourages the Welsh Government to support the work being taken forward by the Future Generations Commissioner in relation to the development of a carbon impact account and explore other ways in which the Commissioner's office, with its degree of independence, can provide further advice and support to help the Welsh Government achieve its decarbonisation ambitions and well-being objectives.

Response: Accept

Alongside the draft Budget, the Minister for Finance and Trefnydd published the Budget Improvement Plan, which sets out further steps to explore how the assessment of the carbon impact of our spending programmes can be embedded more firmly in the budget process.

The carbon impact assessment of spending programmes is a cross cutting responsibility of all Ministers and should inform the funding decisions Ministers take in setting detailed MEG spending plans.

However, the assessment of the specific carbon impact of individual investments is not always a straightforward process. For example, the carbon reduction impact of the Welsh Government's investment in electric charging infrastructure is likely to be highly dependent on the regulatory decisions that the UK Government makes regarding fossil fuel vehicles. Where it is appropriate and meaningful, we will consider the incremental impact of Welsh Government spending, as well as the wider impact that policy implementation has on carbon emissions.

Additionally, the development of the next Low Carbon Delivery plan will set out the detail of how key policies will allow us to meet our carbon budget, providing clarity and certainty to businesses and individuals. We are already developing the policies and proposals that will allow us to implement a plan to meet our second carbon budget. We recognise that the increased ambition will mean an increased scale and rate of the policy effort required to meet our new target.

Next year, we will be receiving further Welsh-specific advice and recommendations from the UKCCC, including recommendations on changing our pathway through our 2030 and 2040 targets and our second carbon budget. We will also receive a progress report on our first carbon budget, and HM Treasury will be undertaking a review of how the transition to net zero would be funded and where the costs would fall. These are all key pieces of evidence we will need to review in evolving how we assess the impact of our budget decisions.

A workshop was held in September with officials from the Future Generations Commissioner's office, the New Economics Foundation and Welsh Government senior policy officials to reflect on the 10 point plan. This included discussion on the work the Commissioner is intending to take forward on carbon impacts.

We welcome the Commissioner's intention to undertake work in relation to the development of a carbon impact account and will look forward to considering its conclusions in due course.

Recommendation 18. The Committee recommends that the Welsh Government clearly sets out in future budget documentation how it is applying its own definition of prevention to expenditure and provides as much information as possible on the outcomes it is aiming to deliver through its preventative strategies.

Response: Accept

We are committed to supporting a continued shift in investment towards preventative activities as part of our Budget Improvement Plan. We will consider how we can set out more clearly the improvements we are making within future budget documentation, including how we take forward our definition of prevention.

Recommendation 19. The Committee recommends that the Welsh Government provides an analysis of preventative spend within the budget and accelerates actions relating to prevention in its Budget Improvement Plan.

Response: Accept in principle

We remain committed to providing greater detail about the investment we are making in preventative activity in the annual Budget. In recognising this to be a complex area, we are keen to ensure any such analysis is robust, meaningful and serves a clear purpose in improving budget allocations. Through delivery of our

Budget Improvement Plan we will consider how we might accelerate the current activities set out in the plan.

Recommendation 20. The Committee recommends that the Welsh Government engages with stakeholders to find better ways to evidence and communicate the process for identifying priorities and making budget decisions.

Response: Accept

As part of preparations for the 2020-21 draft Budget, the Minister for Finance and Trefnydd met with a range of stakeholders including each of our four statutory Commissioners and the Equality and Human Rights Commission to hear their views on priority areas for the Budget. Such engagement is a key element of our Budget Improvement Plan, which sets out our continuous ambitions to engage meaningfully with key stakeholders to shape improvements to spending and taxation proposals. These plans include using feedback from our recent workshop with the Budget Advisory Group for Equality (BAGE) and wider stakeholders to develop an enhanced approach to engaging about budget considerations in the future.

Recommendation 21. The Committee recommends that the Welsh Government develops a definition of poverty in a Welsh context and clearly sets out its vision for tackling poverty in Wales, including: distributional impacts, the intended outcomes of targeted poverty interventions, and steps to respond to the impact of UK Government decisions.

Response: Accept in principle

The Welsh Government has already adopted a definition of poverty which is broader than an income measure. This is set out in our Child Poverty Strategy.

We realise that standard measures such as basing a definition purely on income alone does not capture the multidimensional nature of poverty. The Welsh Government has already adopted one alternative model in the Wales Index of Multiple Deprivation which is used for programmes such as Flying Start. We are also exploring the feasibility of improving the precision and scope for breakdowns of Welsh poverty estimates derived from the Department for Work and Pensions' Family Resources Survey data.

It is important to recognise that measures of poverty are relative so we need to take care in applying certain definitions too rigidly. We need to recognise, as far as possible, the differences in people's circumstances and try to tailor our assistance accordingly so we maximise the impact of our investment. We are working with the Department for Work and Pensions and Social Metrics Commission on alternative measures of poverty.

Our vision of reducing poverty as far as it is possible relies on immediate measures to put additional money into people's pockets but also implementing longer term

measures in education, training and employment which will lead to a skilled and well paid workforce.

We will continuously assess the effectiveness of the policies which support our vision and will adapt them as necessary to ensure their impact is maximised and support our ambitions to reduce the levels of poverty in Wales. We also recognise that the policy levers affecting the headline poverty figure sit firmly with the UK Government and we are implementing measures aimed at alleviating the effects of these policies.

Recommendation 22. The Committee recommends that the Welsh Government develops new strategies to improve the education, skills and employment opportunities of the most disadvantaged members of society.

Response: Accept in principle

We have prioritised skills and employability in Prosperity for All, our National Strategy, recognising the positive impact that education, training and upskilling can have on employment prospects which is good for individuals and good for the economy. We have set out our strategic approach in the Employability Plan, Economic Action Plan and 'Education in Wales - Our National Mission'. These strategies guide how we tackle education, skills and employment levels in Wales and deliver opportunity, equality and prosperity for all. They also deliver the operational framework to guide cross government policy development, implementation and monitoring.

Recommendation 23. The Committee recommends that the Welsh Government considers ways to actively promote the real living wage to employers, particularly within the private sector, across Wales.

Response: Accept

The Welsh Government has a range of ways in which it can promote fair work, such as the Code of Practice of Ethical Employment in Supply Chains. We are working with relevant teams to scope how the real living wage and other elements of fair work can be promoted within the public and private sector, across Wales.

Recommendation 24. The Committee recommends that the Welsh Government provides evidence and additional details on how programmes aimed at improving the economy provide value for money whilst balancing investment to increase productivity and earnings, and to get people into employment.

Response: Accept in principle

All spending programmes are expected to demonstrate value for money based on sound evidence of what works, with ongoing performance assessed using key metrics and robust evaluation. We will explore what additional details we can provide in future budgets as part of the Ministerial evidence to Committees.

Recommendation 25. The Committee recommends that the Welsh Government reviews its strategy for bus services, ensuring that available resources are effectively targeted to better connect those who rely on this method of transport to ensure inclusive economic growth.

Response: Accept

The Buses (Wales) Bill is a key element of a wider process of reform we are undertaking in relation to the planning and delivery of bus services in Wales, which will contribute to our ambition of a high quality, low carbon, multi-modal and integrated public transport network, which meets the needs of the travelling public. The changes proposed in the Bill by the Minister for Economy, Transport and North Wales will seek to address some of the negative impacts of de-regulation on users, operators and local authorities by creating a number of tools which would enable local authorities to intervene should they choose to do so.

Recommendation 26. The Committee recommends that future Welsh Government Budgets should include flexibility and specific scenario planning to respond to economic shocks or uncertainty. Draft budgets should detail the response to negative effects or potential opportunities for different sectors of the Welsh economy.

Response: Accept in principle

The Chief Economist's Report, published alongside the draft Budget, provides a number of scenarios for the future prospects for the Welsh Government's finances and considers a range of fiscal risks. These scenarios will be adapted in future publications to reflect particular macroeconomic or fiscal concerns and emerging risks which are relevant at the time. The draft Budget includes an unallocated DEL provision which provides in-year flexibility to address unexpected changes which impact on the Welsh Government's finances. The cash reserve and borrowing powers provide further budgetary tools to enable the Welsh Government to manage its finances in as effective a manner as possible. The Minister for Finance and Trefnydd signalled to the previous Chief Secretary to the Treasury that, as part of the next Spending Review, we would be seeking a permanent increase in the maximum size of the Wales Reserve and in the annual drawdown limits, as well as an increase in the Welsh Government's annual and aggregate borrowing limits. These changes will ensure that the fiscal framework within which we operate enables the Welsh Government to manage its resources more effectively and deliver better value for money. Greater flexibility will be an important issue for discussion with the new Chief Secretary. In addition, the Budget Improvement Plan sets out the Welsh Government's intentions to explore the integration of scenario modelling into future budget planning.

Recommendation 27. The Committee recommends that the Welsh Government provides confirmation that it has obtained assurance from the UK Government on the financial support available to the agricultural industry in Wales for every year of the Parliament.

Response: Accept in principle

The UK Government has provided confirmation of funding for the Basic Payment Scheme in 2020. It has said it will seek to provide further information on funding for future years at the Comprehensive Spending Review planned for later this year. Until we receive such clarity, we are unable to provide confirmation. We will however continue to press the UK Government to end the uncertainty and confirm replacement of all European funding which currently comes to Wales without delay.

Consultation on the impact of variations in national and sub-national income tax:

Submission to the Finance Committee of the National Assembly of Wales by

James Foreman-Peck and Peng Zhou, Cardiff University, January 2020

1. If Wales' income tax rates diverge from England's, the predicted effect on tax revenue of an alteration in the income tax rate may differ from the 'mechanical effect' (multiplying the change in tax rate by the incomes of the relevant taxpayers). Those taxed may vary their effort or innovativeness, they may alter where they live and the consequences of all these decisions may have impacts on the economy that further affect tax revenue. Such migration and economy 'spillover' effects of possible income tax changes were investigated in our recent study (Foreman-Peck and Zhou 2019).
2. In 2018 the Scottish government reduced the lower Scottish tax rate and increased the higher rates but the Welsh government may need to be more restrained in making similar income tax changes. The economy in Wales is more closely integrated with England than is the Scottish economy. Around 95,000 people commuted out of Wales and almost 48,000 commuted in during 2018 (StatsWales 2019a). In 2017-18 net migration to Wales from the rest of the UK was just under 9,000, with net outflows for persons aged 15-29 (Stats Wales 2019b). Gross migration was much higher, perhaps five times. Over 1.4 million people in Wales (48% of the total) live within 25 miles of the border with England, and more than 4 million live within the same distance on the English side of the boundary. By contrast only about 200,000 people in Scotland and 260,000 in England are within 25 miles of the border between these countries (Holtham 2010 para 4.14). An income tax difference from England is therefore more likely to trigger substantial migration between England and Wales than between England and Scotland.
3. To see why some taxpayers may consider migrating because of income tax divergences, consider a five percent increase in the higher rate of tax for an individual or household earning £90,000. This would result in almost £2,000 a year more being paid in tax by the taxpayer. Over ten years with a five percent discount rate this equates to about £15,000, which might more than counterbalance relocation costs. In which case, all the tax revenue paid by that individual or household could be lost to Wales. Tax rate increases may also provide a disincentive to relocations into the jurisdiction that might otherwise have taken place.
4. The revenue impact of tax-induced mobility for even higher earners would be greater. If only 150 of Wales's highest earners moved out of Wales (10% of the total number

earning over £250,000 per year) no additional revenue would be raised from Welsh residents as a result of a one pence higher rate tax increase (Holtham, 2010, para 6.22). Conversely cutting the higher rate could potentially increase Welsh tax revenue in due course, although there could be problems of determining residential location and second homes.

5. Unfortunately, with no experience of differential tax rates there is no direct evidence of how much migration might be induced if income tax rates did diverge. We have used a systematic framework to integrate a structural economic model and an econometric model, utilising the only substantial source of tax differences between areas in England and Wales, the Council tax (for more details see Foreman-Peck and Zhou 2019).
6. The hypothetical effect of an income tax difference can be simulated by translating it into a council tax difference and estimating the migration response to council tax differences. The two taxes affect taxpayers' budgets differently – council tax raises the price of housing relative to other goods and services whereas income tax does not.
7. A Computable General Equilibrium (CGE) model of the Welsh economy with thirty endogenous variables is constructed and optimally calibrated to simulate these two tax differences. Three types of individuals are specified to correspond with those paying the three income tax rates. When the lowest rate of income tax changes (Basic Rate of income tax, 20%) all three types of individuals are affected, when the 40% Higher Rate changes those paying the Additional Rate of 45% are also affected. Council tax is more selective; a specific property tax only affects one type of taxpayer. Property (council) tax rates for each of the three types of individuals thus must be utilised to estimate the equivalent income tax.
8. An econometric model of migration augments the CGE model. The CGE model predicts the tax revenue consequences of hypothetical income tax changes. It does so by making appropriate adjustments as indicated above because current (here, property) taxes have different bases from the counter-factual income tax. When the econometrically estimated migration response is added in, the CGE model computes the full economic effect
9. The econometric model explains the bilateral flows of migration between 348 local authorities in England and Wales. Between about half the local authority pairs there was no migration. Wage levels are assumed to be fixed by migration and trade, because Wales is a small open economy and in order to keep the exercise as simple as possible. This assumption allows local policies, such as tax, to determine the long run equilibrium

population and the migration necessary to achieve it. Migration determines output and, by changing tax bases, influences tax yields.

10. When the Basic Rate (BR) of income tax is increased, the 'mechanical effect' dominates the migration effect for the Welsh government's tax revenue. If BR rises by 5p, income tax generated in Wales eventually will rise by 8.02%, about 2 percentage points less than the full mechanical effect. Income tax kept by Wales will rise by 30% but total tax revenue generated in Wales drops by 1.9%. For tax revenue as a whole the migration effect dominates because the change in population also affects all the other tax revenues paid in Wales.
11. There is a similar asymmetric pattern for Higher Rate (HR) changes, between income tax generated in, and kept by, Wales for similar reasons. Behavioural responses exactly offset mechanical effects when the Additional Rate (AR) is altered, so there is very little effect on tax revenue.
12. Tax differentials between England and Wales and the induced migration alters output per worker by changing the proportions of taxpayer types in the Welsh population. These types have different productivities and so average productivity of the economy responds to the type of tax changes. A BR increase affects all taxpayers and the proportional effect is greater on (higher productivity) HR payers than BR payers, reducing output per worker.
13. Total tax revenue responds in a similar fashion to output per worker. A BR or HR tax rise loses the UK government tax revenue while the Welsh government's revenue increases. In setting the HR and BR of devolved income tax the interests of the Welsh and UK governments are opposed. With such a small proportion of revenue devolved, tax-induced migration reduces Welsh government revenue by quite a small proportion. But the spillovers to the wider economy and the impact on other Welsh tax revenues collected by the UK government are greater.
14. Small divergencies of income tax rates may lead to quantitatively minor differences in after-tax earnings but the differences may nonetheless be sufficient to sway the locational choices of households already considering moving or staying. The full behavioural effects of a Welsh tax income change may thus take some time to emerge and also depend on whether the tax change is expected to be long lasting. So, a cut in income tax may eventually increase revenue when the behavioural responses offset the mechanical effect. But meanwhile the government's budget faces a shortfall that must be financed.

15. In the search for tax revenue, changing income tax rates seems perilous. Seeking a broader tax base or encouraging the growth of existing tax bases appear preferable.

References

Foreman-Peck J and Zhou P, (2019) 'Devolving Fiscal Policy: Migration and Tax Yields'. *Regional Studies* DoI 10.1080/00343404.2019.1602256.

Holtham Report: Independent Commission on Funding & Finance for Wales (2010). *Fairness and accountability: a new funding settlement for Wales*.

Stats Wales(2019a) <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Commuting/commutingpatternsinswales-by-measure-year>

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Agenda Item 6

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

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Agenda Item 7

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Agenda Item 8

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Llywodraeth Cymru
Welsh Government

Llyr Gruffydd AM
Chair
Finance Committee
National Assembly for Wales
Ty Hywel
Cardiff Bay
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24 February 2020

Dear Llyr,

Local Government and Elections (Wales) Bill - Further information following the meeting held on 6 February 2020

Further to my appearance at Committee on 6 February, I also enclose drafts of the proposed stage 2 amendments relating to the extension of the franchise for local government elections to certain prisoners and young people in custody from Wales.

The drafts are substantially developed and address the key issues about the proposed enfranchisement, residence and registration; we shall share the drafts with other interested persons also. We shall have the opportunity to refine the drafts in light of comments received from the Committee and others, before tabling the amendments at stage 2. I look forward to receiving any views or comment the Committee may have on these draft provisions.

Yours sincerely,

Julie James AC/AM
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

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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.

RHESTR O WELLIANNAU DRAFFT LIST OF DRAFT AMENDMENTS

Bil Llywodraeth Leol ac Etholiadau (Cymru) Local Government and Elections (Wales) Bill Gwelliannau drafft estyn y bleidlais i garcharorion Draft prisoner voting amendments 27 Ionawr 2020 27 January 2020

Julie James	1
Section 2, page 2, line 11, leave out subsection (2).	
Adran 2, tudalen 2, llinell 11, hepgorer is-adran (2).	
Julie James	2
Section 2, page 2, after line 15, insert—	
‘(3) In section 3 of the 1983 Act (disenfranchisement offenders in prison etc.)—	
(a) in subsection (1), after “election” insert “, unless subsection (1A) applies to that person”;	
(b) after subsection (1) insert—	
“(1A) A convicted person is not legally incapable of voting at a local government election in Wales by virtue of subsection (1) during the time that the person is detained in a penal institution in pursuance of a sentence imposed for a term of less than 4 years.	
(1B) But subsection (1A) does not apply if the convicted person is incapable of voting in a local government election by virtue of section 173 (persons convicted of corrupt or illegal practice).	
(1C) In calculating the term of a sentence of a convicted person for the purpose of subsection (1A), terms that are consecutive or concurrent to any extent are to be treated as a single term if the sentences were imposed on the person—	
(a) on the same occasion, or	

- (b) on different occasions but the person was not released (other than on temporary release) at any time during the period beginning with the first occasion and ending with the last.”
- (c) In subsection (2), for “this purpose” substitute “the purposes of this section”.’.

Adran 2, tudalen 2, ar ôl llinell 15, mewnosoder –

‘(3) Yn adran 3 o Ddeddf 1983 (difreinio troseddwyd sydd yn y carchar etc.) –

- (a) yn is-adran (1), ar ôl “election” mewnosoder “, unless subsection (1A) applies to that person”;
- (b) ar ôl is-adran (1) mewnosoder –
 - “(1A) A convicted person is not legally incapable of voting at a local government election in Wales by virtue of subsection (1) during the time that the person is detained in a penal institution in pursuance of a sentence imposed for a term of less than 4 years.
 - (1B) But subsection (1A) does not apply if the convicted person is incapable of voting in a local government election by virtue of section 173 (persons convicted of corrupt or illegal practice).
 - (1C) In calculating the term of a sentence of a convicted person for the purpose of subsection (1A), terms that are consecutive or concurrent to any extent are to be treated as a single term if the sentences were imposed on the person –
 - (a) on the same occasion, or
 - (b) on different occasions but the person was not released (other than on temporary release) at any time during the period beginning with the first occasion and ending with the last.”
- (c) Yn is-adran (2), yn lle “this purpose” rhodder “the purposes of this section”.’.

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Page 2, after line 24, insert a new section –

‘3 Consequential amendments to retain existing franchise for Senedd Cymru elections

In section 12 of the Government of Wales Act 2006 (c. 32) (entitlement to vote in Senedd elections) –

- (a) in subsection (1)(a), for “or fall within the extended franchise for Senedd elections as described in this section” substitute “, except those entitled to vote in such an election by virtue of section 3(1A) of the Representation of the People Act 1983 (c. 2)”;
- (b) omit subsection (1A);
- (c) omit subsection (1B).’.

Tudalen 2, ar ôl llinell 25, mewnosoder adran newydd –

‘3 Diwygiadau canlyniadol i barhau’r etholfraint bresennol yn etholiadau Senedd Cymru

Yn adran 12 o Ddeddf Llywodraeth Cymru 2006 (p. 32) (hawlogaeth i bleidleisio yn etholiadau’r Senedd) –

- (a) yn is-adran (1)(a), yn lle “or fall within the extended franchise for Senedd elections as described in this section” rhodder “, except those entitled to vote in such an election by virtue of section 3(1A) of the Representation of the People Act 1983 (c. 2)”;
- (b) hepgorer is-adran 1A);
- (c) hepgorer is-adran (1B).’.

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Section 3, page 2, after line 33, insert –

- ‘(3) Despite the coming into force of the amendments made by the provisions mentioned in subsection (4) by virtue of section 171(3), they only have effect for the purposes of an election for membership of Senedd Cymru at which the poll is held on or after 5 April 2021.
- (4) The provisions are –
 - (a) section 2, so far as it has consequential effects on section 12 of the Government of Wales Act 2006 (c. 32);
 - (b) section [*inserted by amendment 3*];
 - (c) paragraph 8(3)(b) of Schedule 2.’.

Adran 3, tudalen 2, ar ôl llinell 36, mewnosoder –

- ‘(3) Er gwaethaf y ffaith bod y diwygiadau a wneir gan y darpariaethau a grybwyllir yn is-adran (4) yn dod i rym yn rhinwedd adran 171(3), nid ydynt ond yn cael effaith at ddibenion etholiad ar gyfer aelodaeth o Senedd Cymru pan gynhelir y bleidlais ar 5 Ebrill 2021 neu ar ôl hynny.
- (4) Y darpariaethau yw –
 - (a) adran 2, i’r graddau y mae ganddi effeithiau canlyniadol ar adran 12 o Ddeddf Llywodraeth Cymru 2006 (p. 32);
 - (b) adran [*a fewnosodir gan welliant 3*];
 - (c) paragraff 8(3)(b) o Atodlen 2.’.

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Section 171, page 108, line 18, after ‘2’, insert ‘and [*section inserted by amendment 3*]’.

Adran 171, tudalen 108, llinell 18, ar ôl ‘2’, mewnosoder ‘a [*adran a fewnosodir gan welliant 3*]’.

Julie James

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Schedule 2, page 119, after line 10, insert –

‘(2) In section 7A (residence: persons remanded in custody etc.) –

(a) after subsection (1) insert –

“(1A) But this section does not apply to the registration of local government electors in Wales.”;

(b) in subsection (6), after “In this section” insert “and section 7AA”.

(3) After section 7A insert –

“7AA Residence of persons in custody for registration of local government electors in Wales

(1) This section applies to the registration of local government electors in Wales.

(2) Subsection (3) applies to –

(a) a person to whom section 3(1A) applies (convicted person detained and sentenced to a term of less than 4 years), and

(b) a person who is detained at any place pursuant to a relevant order or direction and is so detained otherwise than after –

(i) being convicted of any offence, or

(ii) a finding in criminal proceedings that the person did the act or made the omission charged.

(3) In determining whether the person is resident in a dwelling on the relevant date for the purpose of section 4(3)(a), the person’s residence is not to be taken to have been interrupted by reason of the person’s detention if –

(a) the person –

(i) intends to resume actual residence there when released from detention (other than on temporary release), and

(ii) will not be prevented from doing so by an order of any court, or

(b) the dwelling serves as a permanent place of residence (whether for the person alone or with other persons) and the person would be in actual residence there but for the convicted person’s detention.

(4) In determining whether the person is resident in a place on the relevant date for the purposes of section 4(3)(a), the person’s residence is not to be taken to have been interrupted by the person’s detention if –

(a) a declaration of local connection is in force in respect of the person, and

- (b) the declaration was made by virtue of the person falling within section 7B(2)(c)."
- (4) In section 7B (notional residence: declarations of local connection) –
 - (a) in subsection (2A) –
 - (i) omit paragraph (a);
 - (ii) in paragraph (b), for “paragraphs (a) to (c)” substitute “paragraphs (a) or (c)”;
 - (iii) in paragraph (c), after “(2B)” insert “or (2E)”;
 - (b) for subsection (2B) substitute –
 - “(2B) The requirements are that the person –
 - (a) is under 18 years of age and is, or has been, a child who is looked after by a local authority, or
 - (b) is being kept in secure accommodation.”;
 - (c) omit subsection (2C);
 - (d) after subsection (2D) insert –
 - “(2E) In relation to the registration of local government electors in Wales, this section also applies to a person who, on the date on which the person makes a declaration under subsection (1), is a person –
 - (a) to whom section 7AA applies (persons in custody), and
 - (b) who would not be entitled to be registered as resident at the place in which the person is in legal custody by virtue of section 5(6) or any other place by virtue of section 7AA.”;
 - (e) in subsection (4), after paragraph (c) insert –
 - “(d) in the case of a person falling within subsection (2E) –
 - (i) the address in Wales where the person would be residing but for the person’s detention,
 - (ii) if the person cannot give an address under subparagraph (i), the address in Wales at which the person was resident immediately before the person’s detention (but not the address of a penal institution), or if the person was homeless at that time, the address of, or which is nearest to, a place in Wales where the person commonly spent a substantial part of the person’s time (whether during the day or night), or
 - (iii) if the person can only give an address under paragraph (i) or (ii) at which the person would be prevented from residing because of an order of any court (“the prohibited address”), an address used by a council of a county or county borough in Wales in whose area the prohibited address is located.”;
 - (f) in subsection (7B)(a), after “(2A)” insert “or (2E)”;

(g) after subsection (7C), insert –

“(7D) In a relevant declaration, a person may not give an address under subsection (3)(a)(i) or subsection (4)(d)(i) or (ii) at which the person would be prevented from residing because of an order of a court.”.

Atodlen 2, tudalen 119, ar ôl llinell 11, mewnosoder –

‘(2) Yn adran 7A (preswylfa: personau sydd wedi eu remandio yn y ddalfa etc.) –

(a) ar ôl is-adran (1) mewnosoder –

“(1A) But this section does not apply to the registration of local government electors in Wales.”;

(b) yn is-adran (6), ar ôl “In this section” mewnosoder “and section 7AA”.

(3) Ar ôl is-adran 7A mewnosoder –

“7AA Residence of persons in custody for registration of local government electors in Wales

(1) This section applies to the registration of local government electors in Wales.

(2) Subsection (3) applies to –

(a) a person to whom section 3(1A) applies (convicted person detained and sentenced to a term of less than 4 years), and

(b) a person who is detained at any place pursuant to a relevant order or direction and is so detained otherwise than after –

(i) being convicted of any offence, or

(ii) a finding in criminal proceedings that the person did the act or made the omission charged.

(3) In determining whether the person is resident in a dwelling on the relevant date for the purpose of section 4(3)(a), the person’s residence is not to be taken to have been interrupted by reason of the person’s detention if –

(a) the person –

(i) intends to resume actual residence there when released from detention (other than on temporary release), and

(ii) will not be prevented from doing so by an order of any court, or

(b) the dwelling serves as a permanent place of residence (whether for the person alone or with other persons) and the person would be in actual residence there but for the convicted person’s detention.

- (4) In determining whether the person is resident in a place on the relevant date for the purposes of section 4(3)(a), the person’s residence is not to be taken to have been interrupted by the person’s detention if-
 - (a) a declaration of local connection is in force in respect of the person, and
 - (b) the declaration was made by virtue of the person falling within section 7B(2)(c).”
- (4) Yn adran 7B (preswylfa dybiannol: datganiadau o gysylltiad lleol) –
 - (a) yn is-adran (2A) –
 - (i) hepgorer paragraff (a);
 - (ii) ym mharagraff (b), yn lle “paragraphs (a) to (c)” rhodder “paragraphs (a) or (c)”;
 - (iii) ym mharagraff (c), ar ôl “(2B)” mewnosoder “or (2E)”;
 - (b) yn lle is-adran (2B) rhodder –
 - “(2B) The requirements are that the person –
 - (a) is under 18 years of age and is, or has been, a child who is looked after by a local authority, or
 - (b) is being kept in secure accommodation.”;
 - (c) hepgorer is-adran (2C);
 - (d) ar ôl is-adran (2D) mewnosoder –
 - “(2E) In relation to the registration of local government electors in Wales, this section also applies to a person who, on the date on which the person makes a declaration under subsection (1), is a person –
 - (a) to whom section 7AA applies (persons in custody), and
 - (b) who would not be entitled to be registered as resident at the place in which the person is in legal custody by virtue of section 5(6) or any other place by virtue of section 7AA.”;
 - (e) yn is-adran (4), ar ôl paragraff (c) mewnosoder –
 - “(d) in the case of a person falling within subsection (2E) –
 - (i) the address in Wales where the person would be residing but for the person’s detention,
 - (ii) if the person cannot give an address under subparagraph (i), the address in Wales at which the person was resident immediately before the person’s detention (but not the address of a penal institution), or if the person was homeless at that time, the address of, or which is nearest to, a place in Wales where the person commonly spent a substantial part of the person’s time (whether during the day or night), or

- (iii) if the person can only give an address under paragraph (i) or (ii) at which the person would be prevented from residing because of an order of any court (“the prohibited address”), an address used by a council of a county or county borough in Wales in whose area the prohibited address is located.”;
- (f) yn is-adran (7B)(a), ar ôl “(2A)” mewnosoder “or (2E)”;
- (g) ar ôl is-adran (7C), mewnosoder –
 - “(7D) In a relevant declaration, a person may not give an address under subsection (3)(a)(i) or subsection (4)(d)(i) or (ii) at which the person would be prevented from residing because of an order of a court.”.

Julie James

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Schedule 2, page 123, after line 7, insert –

- ‘(b) in paragraph 2 (manner of voting), after sub-paragraph (6) insert –
 - “(6ZA) In relation to a local government election in Wales, nothing in the preceding provisions of this paragraph applies to a person to whom section 3(1A) of the 1983 Act (convicted persons detained and sentenced to a term of less than 4 years capable of voting in local government elections) applies; and such a person may only vote by post or by proxy (where the person is entitled as an elector to vote by post or, as the case may be, by proxy at the election).”;
- (c) in paragraph 3(3) (absent vote at elections for definite or indefinite period) –
 - (i) in paragraph (c) omit the “or” at the end of the paragraph;
 - (ii) at the end of paragraph (d) insert “, or”;
 - (iii) after paragraph (d) insert –
 - “(e) in the case of local government elections in Wales, if the person is a person to whom section 3(1A) of the 1983 Act (convicted persons detained and sentenced to a term of less than 4 years capable of voting in local government elections) applies,”.

Atodlen 2, tudalen 123, ar ôl llinell 7, mewnosoder –

- ‘(b) ym mharagraff 2 (y modd o bleidleisio), ar ôl is-baragraff (6) mewnosoder –
 - “(6ZA) In relation to a local government election in Wales, nothing in the preceding provisions of this paragraph applies to a person to whom section 3(1A) of the 1983 Act (convicted persons detained and sentenced to a term of less than 4 years capable of voting in local government elections) applies; and such a person may only vote by post or by proxy (where the person is entitled as an elector to vote by post or, as the case may be, by proxy at the election).”;

- (c) ym mharagraff 3(3) (pleidlais absennol mewn etholiadau am gyfnod penodol neu amhenodol) –
- (i) ym mharagraff (c) hepgorer yr “or” ar ddiwedd y paragraff;
 - (ii) ar ddiwedd paragraff (d) mewnosoder “, or”;
 - (iii) ar ôl paragraff (d) mewnosoder –
 - “(e) in the case of local government elections in Wales, if the person is a person to whom section 3(1A) of the 1983 Act (convicted persons detained and sentenced to a term of less than 4 years capable of voting in local government elections) applies,”.

Julie James

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Schedule 2, page 123, after line 14, insert –

- ‘(5B) A person is not capable of voting as proxy at a local government election in Wales if on the date of the election section 3(1A) of the 1983 Act (convicted persons detained and sentenced to a term of less than 4 years capable of voting in local government elections) applies to the person.’.

Atodlen 2, tudalen 123, ar ôl llinell 14, mewnosoder –

- ‘(5B) A person is not capable of voting as proxy at a local government election in Wales if on the date of the election section 3(1A) of the 1983 Act (convicted persons detained and sentenced to a term of less than 4 years capable of voting in local government elections) applies to the person.’.

Julie James

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Schedule 2, page 124, after line 18, insert –

- ‘(2) Omit sections 10 and 11.’.

Atodlen 2, tudalen 124, ar ôl llinell 19, mewnosoder –

- ‘(2) Hepgorer adrannau 10 ac 11.’.