

David Rees MS
Chair of Senedd Reform Bill Committee
Senedd Cymru/Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

1 Cwr y Ddinas / 1 Capital Quarter
Caerdydd / Cardiff
CF10 4BZ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Reference: AC391/caf

Date issued: 3 November 2023

Dear David,

The Senedd Cymru (Members and Elections) Bill: Stage 1 scrutiny

For the reasons already covered in my previous correspondence on the subject of Senedd reform, which are referred to in the Explanatory Memorandum to the Bill (so I will not repeat them here), I am pleased to see progress in the work being done to increase the capacity of the Senedd.

I have, however, not previously commented on the proposed reversion to a four-year electoral cycle. I do not take issue with the stated benefits of that element of the Bill, but I do think that I should mention some cost implications that arise that are not covered in the Explanatory Memorandum, together with a potential solution.

Reversion to a four-year electoral cycle has consequential effects on my sustainable development examination duties set out in section 15 of the Well-being of Future Generations (Wales) Act 2015. I am required by that section to undertake at least one examination of the setting and pursuit of well-being objectives by each “public body” (as defined by the 2015 Act) in each electoral cycle. (The exact period is defined by reference to ordinary general elections under section 3 of the Government of Wales Act 2006, and there are currently 48 bodies designated as public bodies under the 2015 Act, though the Welsh Government has proposals to designate or create a further nine such bodies, which would increase the consequential effects.)

The key consequential effect of reverting to a four-year cycle in terms of my functions is therefore generally a 25% increase in the frequency of sustainable development

examination and reporting, which will almost certainly lead to some similar increase in the cost of such work. It is difficult to model the exact effect, as some work undertaken to exercise the section 15 duty also informs the exercise of other functions. However, with the present cost of such work at some £1.8 million to meet the minimum statutory requirements for 48 bodies in each election cycle (at current prices and in compliance with current quality standards), such an increase could amount to about £435,000 overall in each cycle. The increase would, of course, be greater if further bodies are designated. This is quite a small amount in the context of the overall estimated cost of the Bill, but as it will need to either be paid by individual bodies as part of their audit fees or be provided by supply from the Welsh Consolidated Fund, I think it would be remiss not to mention this effect.

Another consequential effect that I should mention, though in itself it does not affect the cost of the Bill, is that effectively increasing the frequency of mandatory reporting puts additional pressure on my overall work programme. That somewhat reduces my discretion in designing that wider programme, much of which supports the work of the Senedd itself. Given an essentially fixed amount of resources, an increase in mandatory reporting requirements reduces my scope to undertake discretionary examinations of matters that may present greater risks to value for money.

I should also note that as well as the effect on my section 15 sustainable development examination functions, there are similar electoral cycle-related effects on the Welsh Government and the Future Generations Commissioner. Section 8 of the 2015 Act requires the Welsh Government to set and publish “well-being objectives” six months after each general election. The setting of such objectives will, therefore, become more frequent, and, again, is likely to cause additional expenditure. In its Explanatory Memorandum on what was then the Well-being of Future Generations (Wales) Bill, the Welsh Government estimated the cost of setting such objectives at £186,600 (at 2016-17 prices). It is possible that repeat exercises may not be so resource intensive, but it would still be prudent for the Welsh Government and the Senedd to make some allowance for additional cost.

Section 11 of the 2015 Act also requires the Welsh Government to produce a “Future Trends Report” each electoral cycle, and section 23 requires the Future Generations Commissioner to produce a “Future Generations Report” in each cycle, though in the case of the latter, the timing may be amended by the Welsh Ministers by order. Again, it would seem that the increase in frequency of producing these documents may cause similar increases in cost. It may be helpful to consider whether such increases should be addressed in the Explanatory Memorandum.

Of course, the tail should not wag the dog, and the prospect of increases in costs in Well-being of Future Generations work arising consequentially from the current Bill to

my mind more than anything else underlines the need for post-legislative review of the 2015 Act. Noting the complexity of that Act, I have already recommended such review in my So, what's different? report in 2020 and reiterated that in response to the Welsh Government's November 2022 consultation on designating further bodies. I gather that the Welsh Government may have some post-legislative evaluation planned, but I do not know whether that will enable changes to the 2015 Act to address the effect of the Bill.

The 2015 Act has successfully embedded the concept and practice of regular external examination of adherence to the sustainable development principle in the setting and pursuit of well-being objectives, but it would now seem to be appropriate to refine the model so that such examination and reporting can be risk-based and so more proportionate and streamlined overall, thus avoiding or mitigating the additional costs I have described. Such refinement could also help to restore and protect the overall degree of discretion I have in the design of my work programme, which, among other things, is beneficial in terms of ensuring audit independence and good scrutiny of the stewardship of public money by my office and the Senedd.

In view of their interests in my functions and provision of resources, I am copying this letter to the Chairs of the Public Accounts & Public Administration Committee and the Finance Committee.

I hope that is helpful.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales