

# Agenda – Economy, Infrastructure and Skills Committee

---

Meeting Venue:	For further information contact:
<b>Committee Room 1 – Senedd</b>	<b>Gareth Price</b>
Meeting date: Wednesday, 21 September 2016	Committee Clerk 0300 200 6565
Meeting time: 09.15	<a href="mailto:SeneddEIS@assembly.wales">SeneddEIS@assembly.wales</a>

## Pre-meeting in private (09:15–09:30)

### 1 Introductions, apologies, substitutions and declarations of interest

### 2 Priorities for the Fifth Assembly

(09.30–10.15)

(Pages 1 – 15)

Julie James AM, Minister for Skills and Science

Dr Robert Hoyle, Head of Science Projects

Dr Rachel Garside-Jones, Head of Skills Policy Engagement

#### Attached Documents:

Research Brief

EIS(5)–04–16 (p1) Minister for Skills and Science

## Break (10.15–10.30)

### 3 Paper(s) to note

#### 3.1 Letter from the Chair of the Constitutional and Legislative Affairs Committee regarding the Wales Bill

(Pages 16 – 28)

#### Attached Documents:

EIS(5)–04–16 (p2) Letter from the Chair of the Constitutional and Legislative Affairs Committee regarding the Wales Bill



**3.2 Letter from the Chair of the Finance Committee regarding the Welsh Government draft budget 2017–18**

(Pages 29 – 31)

Attached Documents:

EIS(5)–04–16 p3 Letter from the Chair of the Finance Committee regarding the Welsh Government draft budget 2017–18

**3.3 Letter from the Presiding Officer to the Chair regarding Committee Statements in Plenary**

(Pages 32 – 33)

Attached Documents:

EIS(5)–04–16 p4 Letter from the Presiding Officer to the Chair regarding Committee Statements in Plenary

**3.4 Letter from the Chair of External Affairs and Additional Legislation Committee regarding the Implications for Wales of the UK's withdrawal from the European Union**

(Pages 34 – 35)

Attached Documents:

EIS(5)–04–16 p5 Letter from the Chair of External Affairs and Additional Legislation Committee regarding the Implications for Wales of the UK's withdrawal from the European Union

**4 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**

**5 Wales Bill update**

(10.30–11.30)

(Pages 36 – 77)

Gareth Pembridge, Legal Adviser

Attached Documents:

Legal briefing

EIS(5)-04-16 p6 Traffic Commissioner (Wales and West Midlands Traffic Area)

## **6 Forward Work Programme**

(11.30-12.00)

(Pages 78 – 81)

Attached Documents:

EIS(5)-04-16 (p7) Forward Work Programme

# Agenda Item 2

Document is Restricted

## **PAPER FOR THE ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE**

### **PRIORITIES WITHIN THE SKILLS AND SCIENCE PORTFOLIO**

As Minister for Skills and Science, I have a broad portfolio which covers our work on skills, apprenticeships and employability support as well as innovation, science and digital infrastructure. This paper seeks to provide Committee members with a summary of the broad priorities for my portfolio for this assembly term. These reflect our manifesto commitments and will be used as the basis for informing the next Programme for Government.

#### **We will create a minimum of 100,000 apprenticeship opportunities to support individuals and to help employers in growing their businesses**

Apprenticeships continue to be our flagship programme. They have proven their effectiveness in the marketplace and are highly valued by both employers and apprentices with framework completion rates remaining consistently high at over 80 per cent. In 2014/15 there were just over 19,500 new apprenticeship learning programme starts and over 44,000 apprentices in training. We are keen to engage more employers to take on apprentices in the future, recognising that only 13% of employers in Wales are currently engaged with apprenticeships.

Central to our planning is the work to make available 100,000 all-age apprenticeship places over the current Assembly term. This commitment will seek to ensure that we are able to align the skills people gain through an apprenticeship with the skills that the economy needs. We will also be seeking to extend the scope of apprenticeships, particularly in growth sectors and in sectors where future job opportunities will emerge, as well as to build on our work in delivering Higher Level apprenticeships.

We will also continue with our efforts to gain clarity from the UK Government on the impact for Wales of their Apprenticeship Levy. There are some cross-border issues which remain unclear; however I remain committed to working with providers and employers to plan provision and drive forward our changes within the system. We do not anticipate that the Apprenticeship Levy will result in new or additional money for Wales given that the outlook indicates the funding from Westminster is likely to reduce overall. This area represents a significant challenge for apprenticeships in Wales and I am in regular dialogue with providers and employers to look at how we maintain the quality and integrity of apprenticeships in Wales in light of these challenges.

Reflecting our strong commitment to apprenticeships, as well as our actions to mitigate the impact of the UK Government's Apprenticeship Levy in Wales, our delivery priorities for 2016 to 2021 include:

- strengthening employer engagement with apprenticeship learning;

- expanding the take-up of apprenticeships amongst 16-19 year olds and increasing the number of school leavers going on to high quality apprenticeships;
- extending the scope of apprenticeships, particularly in growth sectors and emerging job categories, in line with priorities determined by Regional Skills Partnerships;
- developing higher level skills by focusing on apprenticeships at level 3 and above where returns tend to be better, including Higher Apprenticeships which support technical and professional opportunities at Level 4 and above, and, in tandem, continue with the phased reduction in Foundation (Level 2) Apprenticeships; and
- enhancing those skills pathways that integrate apprenticeships into the wider education system, which include the opportunities to work closely with higher education.

**We will create a new all-age programme of support for people seeking the employability skills needed to get quality jobs.**

Our new employability programme will aim to support individuals of all ages to find good quality employment. We want this support to be tailored to individual need and, where appropriate, aligned with emerging job opportunities in local communities. Our aim is to bring together the activities from our main employability programmes – Jobs Growth Wales, ReAct, Traineeships and our new Employability Skills Programme - into a single employability support programme that will better meet the needs of those requiring support to gain, retain and progress within work.

The new programme is being developed using the most recent evidence and research into the delivery of effective labour market programmes. It will be informed by evaluations of the Work Ready, Jobs Growth Wales and ReAct Programmes, the Skills Conditionality pilots which we conducted with the Department for Work and Pensions, and the Traineeships evaluation and review. We have a wealth of evidence available to us on what works.

The all-age programme is anticipated to begin delivery in 2018. Between now and then, we are conducting a series of pilot projects to test the capacity and willingness of different sectors to innovate and respond flexibly to the needs of individuals and employers. We also intend making changes to some of our existing programmes to enable us to transition smoothly to delivery of our all-age programme.

Our new Employability Skills programme is part of this transition. The programme reflects a different approach to delivery with a greater focus on a work placement and a continuation of support once an individual secures employment. The core content of the programme is a high quality work placement or employer specific training which is combined with work preparation training and essential skills provision. Our intention is that the programme will run from September 2016 until the launch of the all-age

programme and will challenge Wales' provider network to deliver differently, forging closer links with employers, with the aim of providing sustainable employment outcomes for participants. This is a demanding timetable and a complex programme of work but I am confident that it will result in a programme more fit and flexible to respond to the labour market challenges and opportunities we face, both now and in the future.

**We will promote, encourage and enable innovation and connectivity, our key drivers for economic growth and job creation, across the whole economy.**

Our Innovation strategy – Innovation Wales – made us an early adopter of the Smart Specialisation approach to interventions. This commits the Welsh Government to prioritising strategic interventions which create real critical mass in areas where we already have recognised capability. Innovation Wales also urges Welsh businesses to look beyond the UK for innovative commercial solutions.

Using this strategic approach, along with tactical interventions, we promote exploration, experimentation and discovery of new opportunities. For companies and universities, this could be within product development, diversification or new paths to market, but will be based on evidence of technology strengths which already exist in Wales

In 2015, the Welsh Government's SMART suite of innovation programmes was launched. These are SMART Innovation, SMART Cymru and SMART Expertise. SMART provides a suite of integrated programmes to provide support to Welsh businesses and research organisations to commercialise new products, processes and services developed through research, development and innovation processes. SMART Innovation is critical to the delivery of SMART Cymru (R&D funding to business) and SMART Expertise (Support for Collaboration with Research Institutions). The programme also advises on Innovate UK programmes.

The previous programme significantly increased R&D levels in Welsh businesses. It assisted 1,037 businesses, 533 new products, processes or services were launched and 327 registered with a direct profit benefit of £22.1m. They also delivered £20.8m of investment with 233 new jobs created. Our aim will be to capitalise on these achievements in furthering the deployment of Innovation Wales and to use these experiences to inform innovation funding associated with Structural Funds to 2020 as well as Horizon 2020 funding opportunities.

As mentioned by the Cabinet Secretary for Economy and Infrastructure in his presentation to Committee, ensuring that we have the right and appropriate regional delivery vehicles to drive economic development is important if we are to have the right Welsh Government support available to drive business development. Regional skills delivery not only remains a key policy focus

going forward but is part of a growing agenda set against a context of a strengthened UK Government-driven, regionally focused skills landscape.

I will therefore be continuing my support for the Regional Skills Partnerships as an important demand-led mechanism for bringing together employer demand for skills and training to inform the supply of provision at a regional level. Their annual regional employment and skills plans will continue to drive planning decisions for providers and offer a critical evidence base from which to make future skills investment decisions. This approach will also enable Welsh Government to align regional skills provision to investment and growth opportunities, including the priorities identified by Enterprise Zones, City Regions and potential cross-border collaborations, for example with Cheshire and Warrington Local Enterprise Partnership (LEP) and Northern Powerhouse.

My intention is that the Wales Employment and Skills Board will continue to play a vital role in providing an independent employer perspective on post-16 employment and skills policy and delivery mechanisms. As well as engaging closely with employers on their skills needs, we will also be continuing with our investment in fast and reliable digital communications infrastructure to further improve connectivity across Wales. This includes areas such as superfast broadband, mobile telecommunications and business class infrastructure, allowing connectivity to premises in Wales and to the rest of the world.

We are delivering digital infrastructure through a number of projects and schemes aimed at improving connectivity for residential premises, businesses of all sizes and public services. These include:

- Superfast Cymru, which to date has delivered access to fast fibre broadband under the Superfast Cymru project to 600,000 premises across Wales.
- Our work with Airband, specialists in high speed wireless broadband, to deliver to 2000 premises in business parks and industrial estates across Wales with an expected completion date of early autumn 2016.
- Access Broadband Cymru (ABC) which is a grant scheme that funds (or part-funds) the installation costs of new broadband connections for homes and businesses in Wales that deliver a step change in download speeds.
- The Ultrafast Connectivity Voucher scheme which is open to businesses across Wales to help meet the initial capital costs incurred in installing ultrafast broadband services.

In terms of mobile services, I will be continuing my engagement with the mobile network operators to identify what can be done to expand mobile coverage for both voice and data as widely as possible across Wales. This includes pressing Ofcom through meetings and consultation responses to use its regulatory powers to improve mobile coverage across Wales, including

calling for geographic coverage obligations to be included in future auctions of spectrum.

**We will use scientific research and discovery to develop ideas and innovations that will help to improve our health, protect our natural environment and contribute to our future prosperity.**

There is substantial evidence that a strong research base underpins a thriving economy, supports better health and social care, and showcases Wales as a modern, vibrant, innovative nation. Since publication of *Science for Wales* in March 2012, Welsh Government policy has focused clearly on boosting research quality and quantity in Wales' Universities, especially research in science, technology, engineering, maths (and medicine) or STEM(M) subjects.

'Sêr Cymru' ('Stars Wales'), our initial plan to expand Wales' research strength, started in early 2013 and is set to run until March 2018. Four objectively world-class academics now hold Sêr Cymru Research Chairs and to date have brought some £12 million of competitively won research grant funding into Wales. In addition, the Welsh Government, with business and higher education partners, has also won one of the largest grants yet from the EU's Horizon 2020 Marie Skłodowska-Curie COFUND – some €9.5 million (close to €24.1 million with match-funding). My intention is to work with stakeholders to build on the achievements of our existing investments via Sêr Cymru as well as other research projects maximising the research opportunities coming to Wales.

A further element for boosting research capacity and exploiting research outcomes are two Catapult Centres. These are world-leading centres designed to transform the UK's capacity to innovate in specific areas and drive economic growth. Innovate UK has awarded a regional Centre of excellence in Precision Medicine to be based in Cardiff. Furthermore, the UK Government recently announced a Compound Semi-conductor Catapult which Wales will lead.

Support for STEM engagement activities which encourage and inspire young people regarding science is achieved by our National Science Academy (NSA). The NSA has a portfolio of some 20 projects including strategic projects outside the competitive grant call (often prior successful ones). STEM engagement also sits with and supports reform of formal education, namely to deliver an engaging curriculum for science subjects, with robust and well-regarded qualifications. I will be working with the Cabinet Secretary for Education, Minister for Lifelong Learning and Welsh Language and drawing on the expertise of the Chief Scientific Adviser for Wales and her team in shaping developments in this area.

This paper provides a snapshot of the positive and hugely valuable work which is taking place across the key priorities within my Skills and Science portfolio. By no means are the priorities listed exhaustive, and undoubtedly they will be shaped further as we publish our Programme for Government and draw up our cross-cutting strategies, working across Welsh Government. I hope that Committee members are able to acknowledge the achievements which have been made to date and endorse the direction of travel that we will be taking in the future in order to achieve our key goals.

**Julie James AM**  
**Minister for Skills and Science**

Russell George AM  
Chair, Economy, Infrastructure and Skills Committee

18 July 2016

Dear Russell

### Wales Bill

We are currently scrutinising the Wales Bill as it goes through the UK Parliament. Its Committee stage was completed on 11 July in the House of Commons, and we envisage Report Stage and Third Reading will be in September, before the Bill progresses to the House of Lords.

We have already taken evidence from a range of academics and legal experts, as well as the First Minister and y Llywydd. We have invited the Secretary of State for Wales to give evidence but he has, so far, declined the invitation.

We held an excellent stakeholder event to discuss the Bill in Siambr Hywel earlier this month, which brought together stakeholders from the legal profession, academia and devolved policy areas. Building on this event, we have launched an online engagement forum to continue the discussion with stakeholders as the Bill progresses.

Our predecessor Committee was able to draw on the excellent work undertaken by your predecessor Committee when considering the draft Bill. The work of the Committees was incredibly helpful, especially in considering the policy impact of the specific reservations within their remits and the ability to make coherent, joined-up laws. I enclose a copy of the correspondence for your reference.

We would therefore welcome any views you have on the Wales Bill, particularly in respect of the impact of the reservations on your remits and whether the pre-



legislative scrutiny has changed the position outlined in your predecessor Committee's letters.

Our Committee is hoping to influence the House of Lords' scrutiny of the Bill, as well as informing the Assembly's debate when the Legislative Consent Motion is tabled. While we do not have a set timeframe for our deliberations, if you do wish to respond, it would be helpful to us, if we had this information in the first few weeks of the autumn term.

Yours sincerely

*Huw Irranca-Davies*

Huw Irranca-Davies

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Rt Hon Stephen Crabb MP  
Wales Office  
Gwydr House  
Whitehall  
London  
SW1A 2NP

16 November 2015

Dear Stephen,

### **Draft Wales Bill**

The Enterprise and Business Committee took the opportunity to discuss the Draft Wales Bill at our meeting on 5 November 2015.

While we understand that this is a draft bill, and far from the finished product, nonetheless the Committee has grave concerns about the Bill as it is currently drafted. I understand that there will be further discussions between the Welsh Government and the Wales Office but we feel that in many areas there is a level of ambiguity in the drafting such that we are not able to comment on it without further clarification.

The Assembly's Constitution and Legislative Affairs Committee is leading in relation to the 'tests' that apply to the Assembly's legislative competence, so I have restricted the committee's initial comments to the reservations that relate to our remit.

In our committee discussion, a room full of experienced legislators struggled to understand what the bill does and what it is seeking to do. For those who are not used to reading and drafting laws, it is – in its present form – very difficult to understand. Clarity and workability are important principles when it comes to legislation, and I am sure that more can be done in this regard.



Within the Committee's remit there are a number of areas which are directly affected by the proposed Reservations listed in Schedule 7A of the draft Bill and grouped under three main 'Heads': Trade and Industry, Transport and Employment.

In Annex A I have set out a summary of the concerns the Committee has in those areas and specific questions. I am writing in the hope that your office will provide the Committee with a clear steer of the effect of the provisions on the existing competence of the National Assembly for Wales, and an explanation where the competence has been reduced.

These questions set out our initial concerns regarding the scope of the Bill. We anticipate having further discussions as a committee once greater detail emerges and I will write to you as the Bill progresses.

Kind regards,



William Graham

Chair, Enterprise and Business Committee

Cc. David Melding, Chair, Constitutional and Legislative Affairs Committee,  
National Assembly for Wales

David Davies, Chair, Welsh Affairs Committee



## The Draft Wales Bill – Enterprise and Business Committee

### Annex A

The Enterprise and Business Committee of the National Assembly for Wales is seeking clarification on the following specific areas of the Draft Wales Bill:

#### Schedule 7A – Head C – Trade and Industry

##### 1.0 Section C6 Consumer protection

- 1.1 The current exception in Schedule 7' GOWA prevents the Assembly from legislating about *'consumer protection, including the sale and supply of goods to consumers, consumer guarantees, hire purchase, trade descriptions, advertising and price indication.....'*
- 1.2 The new settlement includes a more detailed description of what the reservation 'consumer protection' includes. For example, in reservation 70 the additional words 'supply of services to consumers'
- 1.3 are included in the new settlement which do not appear in the current exception in relation to consumer protection Schedule 7, GOWA This wording of this reservation is therefore, narrower.

The Committee would like clarification of whether the supply of services to consumers applies only within the context of the Sale of Goods Act 1979 or is it intended to apply further across different types of services to consumers more generally, e.g. bus services etc.

- 1.4 Further, the new settlement includes the wording *'safety of, and liability for, services supplied to consumers'*. This wording is also not currently contained in Schedule 7, GOWA and is therefore, a **reduction** of the Assembly's competence.

**The Committee wishes to understand why this competence is potentially reduced.**

- 1.5 In relation to reservation 72 and reference to 'estate agents', as the Assembly is currently able to legislate on the 'promotion of business and competitiveness' and 'estate agents' are not specifically referred to in Schedule 7 this reservation therefore, **potentially reduces** the Assembly's competence in relation to 'estate agents'.



The Committee wishes to understand the intention of this potential reduction of competence.

## 2.0 Reservation C7 Product standards, safety and liability

2.1 The new settlement reservation refers to *‘technical standards and requirement in relation to products in pursuance of an obligation under EU law’*

2.2 It is not clear if this reservation has the effect of preventing the Assembly from making legislation which engages the Technical Standards Directive.

The committee would welcome further clarification on the scope of reservation 75.

2.3 The following wording is not clear – *‘the national accreditation body and the accreditation of bodies which certify or assess conformity to technical standards in relation to products or environmental management systems.’*

The committee would welcome further clarification on the meaning of reservation 76.

## 3.0 Section C12 Assisted areas and limits on financial assistance to industry

3.1 Reservation 89 limits the Assembly’s competence in relation to:

*Section 1 and Section 8(5) (7) of the Industrial Development Act 1982 (‘the 1982’ Act)*

3.2 Section 1 allows the Secretary of State by Order to specify any areas of Great Britain as a development area or intermediate area. Further, Section 8 allows the Welsh Ministers to provide financial assistance for industry.

3.3 While executive powers are retained for the Welsh Ministers under Section 8 of the 1982 Act, the inclusion of the subject matter of the 1982 Act potentially **narrows the Assembly’s ability to legislate under** the current wording of Schedule 7 of GOWA and general heading ‘economic regeneration and development’.

The Committee wishes to understand why the Assembly’s ability to legislate is being narrowed in relation to the Industrial Development Act 1982.



### 3.4 C15: Assistance in connection with export of goods and services etc

3.5 Reservation 92 relates to the subject matter of '*the Export and Investment Guarantees Act 1991*'. The Welsh Ministers have some powers under the 1991 Act that enable them to support exporters. Further, some of the provisions of the 1991 Act are within the Assembly's current competence under Economic development, specifically '*the promotion of business and competitiveness*'. This is therefore, a **reduction** in the Assembly's competence

The Committee wishes to understand why this competence is being reduced and clarity of the scope of this reservation is needed.

### 4.0 New powers in Transport

4.1 The Assembly would **gain competence to legislate** under the new settlement in relation to:

- Registration of local bus services, and the application and enforcement of traffic regulation conditions in relation to those services
- Speed limits – save for exemptions from speed limits i.e. speed limits for emergency services
- Taxi and private hire vehicle licensing
- Private hire vehicle operator licensing
- Harbours, but not safety standards in harbours

4.3 Under the draft Bill, further **executive powers to the Welsh Ministers** will be granted in relation to:

- speed limits
- Welsh harbours
- certain executive functions in relation to Taxis
- certain executive functions in relation to Traffic Commissioners

The committee welcomes these additional powers in areas for both the Assembly to legislate and the increase of executive powers to the Welsh Ministers in relation to these specific subjects



The following sets out the Committee's view concerning specific reservations under Head E- Transport of the draft Bill.

## 5.0 Section E1 Road transport

- 5.1 Reservation 111, concerns driver licensing and includes (training, testing and certification) whereas under Schedule 7, GOWA '06 it is only referred to as 'driver licensing'.
- 5.2 The wording therefore, is narrower under the new settlement and the inclusion of the word 'training' could impact on the Assembly's ability to legislate in relation to the promotion of road safety.
- 5.3 This is therefore, a **reduction in the Assembly's competence** and further clarity on the scope of this reservation is required.

**The committee would welcome further clarification on the scope of this reservation. Also, clarification is sought that the Assembly will be able to continue to legislate in relation to the promotion of road safety.**

- 5.4 Further, the Committee notes that traffic signs are a specific reservation, 117, which doesn't seem logical, given the new powers on speed limits generally.

**The Committee would welcome additional clarification of what is intended.**

## 6.0 Section E2 Rail transport

- 6.1 The current exception under Schedule 7 GOWA, refers to 'provision and regulation of railway services' whereas under the new settlement, reservation 123 only states '*railway services*'
- 6.2 This is therefore, a **potential reduction** in competence and further clarification is needed on the scope of this reservation.

**The committee would welcome further clarification on the scope of this reservation and wishes to understand the intention of this potential reduction of competence.**

## 7.0 E3 Marine and Waterway transport



7.1 The current exception under Schedule 7, refers to ‘shipping’ with two specific exceptions relating to financial assistance for shipping services to and from or within Wales and regulation of the use of vessels carrying animals. However, the new settlement the reservation refers to *‘shipping and other marine and waterway transport including the subject matter of.....)’* This is therefore, a **reduction** in the Assembly’s competence.

**The Committee wishes to understand why this competence is being reduced.**

7.2 The wording of reservation 128 in relation to Search and rescue and coastguard services is unclear.

**The committee would welcome clarification that this phrase does not include the fire and rescue services.**

## **8.0 E6: other matters**

8.1 The current exception in Schedule 7 refers to ‘technical specification for fuel in use of internal combustion engines’ whereas the new settlement under reservation 137 refers to the same issue:

*‘technical specifications for fuel or other energy sources or processes for use in road, rail, marine waterway or air transport’*

8.2 The wording under the new settlement is more restrictive and encapsulates other wider forms of transport, and means of propulsion other than internal combustion engines, so is therefore, a **reduction** in competence.

**The Committee wishes to understand why this competence is being reduced.**

## **9.0 Bus Regulation**

The potential for the regulation of buses in Wales is an area which the Committee has previously been interested in and the Welsh Government has said it requires further powers. An example was provided to the Committee illustrating how Bus Regulation might be viewed in the new settlement is provided below.



- 9.1 Example: *Under the new settlement, there is now scope for the Assembly to legislate concerning local bus registration. Aside from these, Department for Transport told the Committee in September 2015 that it believed that the Assembly / Welsh Ministers already had powers to regulate buses.*
- 9.2 *There are also currently limited executive powers for the Welsh Ministers / local authorities to co-ordinate bus operations under current legislation, these are set out in the Transport Act and Local Transport Act 2008, and include Voluntary and Statutory Partnerships and Statutory Quality Contracts.*
- 9.3 *Both the above-mentioned levers in theory should allow for the regulation of buses in Wales. However, there is a caveat to this. This because some of the associated benefits of regulation include the possibility of capping and regulating fares and integrated ticketing. It is not clear whether issues such as these would be caught by the following reservations:*

***C3: Competition: reservation 67** 'Regulation of anti-competitive practices and agreements; abuse of dominant position; monopolies and mergers.'*

***C6: Consumer protection: reservation 70** 'Regulation of the sale and supply of..... services to consumers'*

The committee would welcome clarification that the draft Bill will allow for the regulation of buses in Wales – including issues such as fares and integrated ticketing not being caught by the above mentioned reservations should such an option be pursued in Wales.

## 10.0. Schedule 7A – Head H – Employment

### 10.1 Section H1 – Employment and industrial relations

- 10.2 Currently, the Assembly can legislate on 'silent subjects' i.e. (it is neither a devolved subject, nor an exception under Schedule 7) provided it is related to a 'conferred subject' under Schedule 7 of GOWA and the current settlement.



- 10.3 This was confirmed in the Supreme Court decision in light of the Agricultural Sector (Wales) Act 2014 where the Act was within competence despite it both relating to a devolved subject ‘agriculture’ and a silent subject ‘employment’
- 10.4 In the new settlement a silent subject ‘employment’ has become a specific reservation under Head H *‘Employment rights and duties and industrial relations including the subject of.....’* [and reference to a list of specific Employment legislation].
- 10.5 Further, a specific exception has been made to this Reservation which excludes *‘the subject-matter of the Agricultural Sector (Wales) Act 2014’* and protects the subject-matter of this Act.
- 10.6 Including ‘employment’ as a reservation in the current settlement in combination with the new legislative tests is a **significant reduction** in the Assembly’s competence in the context of employment.
- 10.7 There is also another Head under the new settlement – ‘the professions’ that includes not legislating on health professionals which seems a broader reservation than the current exception in Schedule 7, GOWA.
- 10.8 The Committee was provided with the following example of how might a proposed Bill in the new settlement be considered:
- *Proposed future Bill that is seeking to legislate on wages, conditions and training in social care sector – similar to Agricultural Sector (Wales) Act 2014.*
  - *Under present settlement in light of Supreme Court decision on 2014 Act – Bill concerning social care sector would be within competence.*
  - *Proposed reservation of ‘employment rights and duties and industrial relations’ under Head H, Section H1 of Schedule 7A – likely to take to same Bill **outside competence.***
  - *The single exception for the subject matter of the 2014 Act makes this more likely – implying that whilst agricultural wages, holidays and training are within competence, these will be reserved in other sectors.*

The Committee wishes to understand why this competence is being reduced in relation to legislating on ‘silent subjects’ such as Employment provided they



**‘relate to’ a ‘conferred subject’ under Schedule 7. This is of great concern to the Committee.**

### **11.0 Section H3 – Job search and support**

11.1 Reservation 156 ‘Arrangements for assisting persons to select, train for, obtain and retain employment and to obtain suitable employees’ potentially narrows the Assembly competence on economic development under Schedule 7 GOWA.

**The Committee wishes to understand what this reservation is expected to capture.**

### **12.0 Particular areas of uncertainty in relation to Executive powers**

12.1 Devolution of the Wales and Borders Franchise and transfer of the executive functions of the Welsh Ministers is not dealt with in the draft Bill.

12.2 The St David’s Day announcement and paragraph 2.5.10 of Powers for a Purpose document stated:

12.3 *‘The UK Government is devolving executive franchising functions to the Welsh Government, to enable them to lead on the procurement and management of the next Wales and Borders franchise.’*

**The Committee would welcome clarification on how the UK Government is proposing to devolve executive functions to the Welsh Ministers in respect of the Wales and Borders Franchise, given that this is not provided for within the draft Bill.**

12.4 Further, the Welsh Government has previously requested that a change be made to the Railways Act 1993 that would allow public sector bodies to bid for franchise contracts. This would mirror the position for Scotland where provision is provided for in relation clause 49 of the Scotland Bill ‘Rail: franchising of passenger services’. Similarly, provision has not been made in the draft Bill.

12.5 In discussing the implications of the Smith Commission for Wales, the St David’s Day announcement said analysis of “relevant Smith recommendations in the Welsh context” would be undertaken “to enable



decisions to be taken early in the next Parliament on which might be implemented for Wales”.

- 12.6 Department for Transport officials told the Committee in September 2015 that the issue was being actively considered: *“the UK Government agreed to consider which non-fiscal parts of the Smith Commission agreement, including that commitment, might be implemented for Wales. That consideration is on-going, and further discussions with the Welsh Government will take place shortly in the context of preparing the Wales Bill”*.

**The Committee would welcome clarification on what progress has been made in including this Smith Commission provision in the Wales Bill.**

---



Chair, Children, Young People and Education Committee  
Chair, Climate Change, Environment and Rural Affairs Committee  
Chair, Culture, Welsh Language and Communications Committee  
Chair, Economy, Infrastructure and Skills Committee  
Chair, Equality, Local Government and Communities Committee  
Chair, Health, Social Care and Sport Committee

18 July 2016

Dear Committee Chairs

### Welsh Government Draft Budget 2017–18

At our meeting on the 14 July, the Finance Committee agreed the approach to the budget scrutiny. I am writing to all the Chairs of subject committees to share our thinking, and to encourage your committees to consider how they can contribute to deliver the most coherent and effective scrutiny of the Government's spending plans.

#### Budget focus

In the fourth Assembly all Committees agreed to adopt a co-ordinated approach to budget scrutiny, based on the performance and outcomes to be achieved with the resources available, and priorities identified by the wider public (based on feedback from engagement).

This approach centred on the four principles of financial scrutiny: affordability, prioritisation, value for money and process. These principles were used as the basis for all Committee briefings, evidence sessions and reports. The principles are:

- **Affordability** – to look at the big picture of total revenue and expenditure, and whether these are appropriately balanced;
- **Prioritisation** – whether the division of allocations between different sectors/programmes is justifiable and coherent;



- **Value for money** – Essentially, are public bodies spending their allocations well – economy, efficiency and effectiveness (i.e.) outcomes; and
- **Budget processes** – are they effective and accessible and whether there is integration between corporate and service planning and performance and financial management.

We have identified a number of areas which we would like to see the focus of the scrutiny, these are:

- *Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early)*
- *Welsh Government policies to reduce poverty, mitigate welfare reform and prepare for an aging population*
- *Sustainability of public services, innovation and service transformation*
- *Local health board financial arrangements*
- *Preparation for the UK to leave the EU*
- *Low carbon budgeting and preparing for the Future Generations Act*
- *Preparation for the impact of further devolution included with the Wales Bill*
- *Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced*
- *Scrutiny of Welsh language, equalities and sustainability*

We would encourage you to use some of these areas as the focus for your budget scrutiny.

### **Draft budget consultation**

As has been the previous practice are consulting over the summer recess. Additionally, we intend to have a form of 'social media conversation' when the draft budget has been published, which will enable stakeholders to feed in additional views on the actual figures published within the draft budget. We invite you to direct your stakeholders to our consultation.



## Timetable

As you will be aware by now the dates for the draft budget have been agreed and are:

- Draft Budget Laid – 18 October
- Deadline for Finance Committee to Report – 29 November (5 sitting weeks/6 weeks in total)
- *Debate on the Draft Budget – 6 December*
- Annual Budget Motion tabled – 20 December

We would request that in accordance with Standing order 20.10, should your Committee report on the budget, it would be helpful to have your response by Friday 18 November.

Finally, if you have any questions about any aspect of the draft budget process, please feel free to contact me or the Clerk to the Finance Committee, Bethan Davies, 0300 200 6372, [Bethan.Davies@assembly.Wales](mailto:Bethan.Davies@assembly.Wales)

Yours sincerely



Simon Thomas

Chair



# Agenda Item 3.3

National Assembly for Wales  
Business Committee

Committee Chairs  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

21 July 2016

Dear Chair

## Committee Statements in Plenary

Over recent weeks, the Business Committee has started considering how greater variety could be introduced to Assembly time in Plenary. Part of the impetus for doing so came from the Legacy Report of the Business Committee of the Fourth Assembly which included the following recommendation:

“The new Business Committee should look at scheduling a greater variety of business during non-government time, including more committee business to increase the integration between Plenary and committees. Types of business could, for example, include statements at the beginning of committee inquiries, annual reports from committees, debate topics chosen by young people and other stakeholders, and series of debates on a particular theme.”

The view that Plenary time is not always used as effectively as it could be is one I share, and during the autumn term I will be bringing forward proposals for change for Business Managers to consider, with a view to expanding Members’ opportunities to scrutinise the government and represent their constituents.

The Committee has however taken an early decision that it would like to see greater integration between Plenary and committee work, and that one way of doing that would be to have committee Chairs make statements in Plenary from time to time regarding their committee’s work and priorities. Whilst it is up to Chairs, in consultation with their committees, to decide when they would wish to make a statement, examples we would like to encourage in the first instance include the beginning of inquiries, possibly to help scope out the committee’s



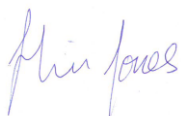
work, and follow-up work on the committee's recommendations, or when a committee was considering its work programme.

We consider that such statements would be a useful tool in increasing the profile of committees' work both among other Members and with the public more generally, and allow greater engagement with, and understanding of, committee inquiries by those who aren't directly involved with them. If properly used, we are confident that such statements and the response to them, could be a valuable tool in informing a committee's thinking and priorities. They would therefore serve a different purpose to the debates on committee reports which are a long-established feature of Assembly business, and which we would want to see continue.

The Business Committee meets weekly to agree the organisation of Assembly business, and while statements can be taken without notice with my permission, we would usually expect any request for time to be received at least a week before the statement is to be made, so that it can appear on the Business Statement and Announcement.

I'd be grateful if you would consider how you and your committee could make use of plenary statements, and I would encourage you to bring some forward in the near future. I am aware that many committees will be launching new inquiries and deciding on priorities during the autumn term, and so the coming period provides a perfect opportunity to trial the use of committee statements. I hope you can play your part in making it a success.

Yours sincerely



Elin Jones AM, Presiding Officer  
Chair, Business Committee



Chair, Children, Young People and Education Committee  
Chair, Climate Change, Environment and Rural Affairs Committee  
Chair, Constitutional and Legislative Affairs Committee  
Chair, Culture, Welsh Language and Communications Committee  
Chair, Economy, Infrastructure and Skills Committee  
Chair, Equality, Local Government and Communities Committee  
Chair, Finance Committee  
Chair, Health, Social Care and Sport Committee  
Chair, Petitions Committee  
Chair, Public Accounts Committee

25 August 2016

Dear Committee Chairs,

### **Implications for Wales of the UK's withdrawal from the European Union**

You will be aware that an additional policy and legislation committee was established to relieve pressure on other committees and to scrutinise other matters of public importance.

Business Managers re-considered the remit in light of the EU Referendum result and agreed that the Committee should prioritise its work around the effect that leaving the European Union will have on Wales.

Consequently, its name was changed to the External Affairs and Additional Legislation Committee ('the External Affairs Committee').

I would like to draw your attention to the interim remit for the External Affairs Committee proposed by the Business Committee:

1. To examine the implications for Wales of the United Kingdom's withdrawal from the European Union and to ensure Welsh interests are safeguarded during the withdrawal process, in any new relationship with the European Union and in



the intra-UK post-withdrawal arrangements for relevant policy, finance and legislation.

2. To coordinate activity across Assembly committees in relation to point 1 above.
3. To carry out the functions of the responsible committee under Standing Orders 21.8 to 21.11.
4. To consider any other matter, including legislation, referred to it by the Business Committee.

Further information can be found in the report by the Business Committee on revising the remit of the Committee, which is enclosed with this letter.

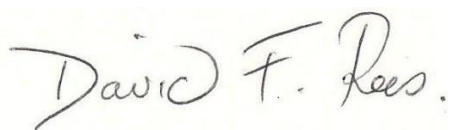
A motion to formally amend the remit of the External Affairs Committee will be tabled by the Business Committee for agreement by the Assembly on Wednesday 14 September 2016.

We will need to have a co-ordinated approach to the scrutiny of these matters across Assembly committees.

I would be grateful if you could indicate whether your committee is planning any work that relates to the United Kingdom's exit from the European Union, or any other aspect of our remit. I would also like to offer you an open invitation to attend any meeting of the External Affairs Committee that relates to matters within your committee's remit.

I look forward to building a constructive working relationship with you as this important work progresses.

Yours sincerely,



David Rees AM  
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.  
We welcome correspondence in Welsh or English.



# Agenda Item 5

Document is Restricted

Document is Restricted

# Agenda Item 6

Document is Restricted