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Research paper

Debate Pack: The Draft Wales Bill

February 2014

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Enquiry no: 14/0238

Paper number: 14/007

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Debate Pack: The Draft Wales Bill

February 2014

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A debate pack to accompany the Plenary debate on the Draft
Wales Bill

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Summary

This debate pack pulls together links to the key documents and proceedings to date in relation to the Draft Wales Bill, ahead of the Government debate on the draft Bill on 11 February 2014.

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Plenary Pack on the draft Wales Bill

Date of debate: 11 February 2014

1. Introduction

The **draft Wales Bill** was laid in Parliament by the UK Government on **18 December 2013**.

The main provisions of the draft Bill relate to the devolution of taxation and borrowing powers to the Welsh Government and the Assembly, following the UK Government's response to the recommendations contained in the Silk Committee report. The draft Bill also makes changes to some of the electoral arrangements for the National Assembly for Wales.

A **full summary** of the Bill and the **provisions** contained within are available in the [*Research Service Paper on the draft Wales Bill*](#), published in **January 2014**.

The Welsh Affairs Select Committee have been undertaking pre-legislative scrutiny of the draft Bill during January 2014.

2. Key Documents

18 December 2013 - [The draft Wales Bill](#)

The document includes the text of the draft Bill as well as the **explanatory memorandum** and **summary impact assessment**.

18 December 2013 - [UK Ministerial Statement](#)

The Rt. Hon David Jones MP, Secretary of State for Wales, released a statement on the publication of the draft Bill. In it he stated that:

“Specifically, it will enable the Assembly to legislate about devolved taxes – a Welsh tax on transactions involving interests in land (replacing stamp duty land tax in Wales) and a Welsh tax on disposals to landfill (replacing landfill tax in Wales); it establishes a mechanism by which the Assembly can trigger a referendum in Wales on the question of whether a part of income tax in Wales should be devolved; and, subject to a vote in favour in a referendum, the Bill will enable the Assembly to set a Welsh rate of income tax, in the same way as the Scottish rate of income tax in Scotland.[...]

[...] The Draft Bill also grants the Welsh Government new powers to borrow for capital expenditure and extends the circumstances in which it can borrow in the short term to manage its budget. These powers will enable the Welsh Government to borrow to invest in renewing Wales’s infrastructure and support growth in the Welsh economy.

In addition, as I announced to the House in March, the Draft Wales Bill sets out how we intend to implement important changes to elections to the National Assembly for Wales. The Draft Bill extends Assembly terms permanently from four to five years, making it less likely that Assembly elections will coincide with Westminster parliamentary elections in future; it will remove the prohibition on candidates in Assembly elections standing in a constituency and on a regional list; and it will prohibit “double jobbing”, by preventing MPs from also being Assembly Members.

The draft Bill also makes minor changes to the Welsh devolution settlement that we have agreed with the Welsh Government. These include changing the name of the Welsh Assembly Government to the “Welsh Government”; providing for HM Treasury to set an aggregate borrowing limit for local housing authorities in Wales and for the Welsh Ministers to set limits for each local housing authority; and enabling the Law Commission to provide advice and information to Welsh Ministers on devolved matters.

18 December 2013 - [Welsh Government Statement](#)

The First Minister released a statement following the publication of the draft Bill stating that the Welsh Government would be “studying the content of the draft Bill over the coming weeks and providing evidence during the pre-legislative scrutiny stage.”

18 November 2013 - [Empowerment and responsibility: devolving financial powers to Wales](#)

The UK Government published its **full response to the first Silk Commission report** in November 2013.

November 2012 - [Empowerment and responsibility: financial powers to strengthen Wales \(The 'Silk 1' report\) | Executive summary](#)

The **Commission on Devolution in Wales (the Silk Commission)** published its report on part 1 of its work, in relation to the National Assembly for Wales's **current financial powers in relation to taxation and borrowing**, in November 2012. The Commission made 33 recommendations.

The recommendations are listed in the [executive summary](#).

3. Assembly Business

20 January 2014 – News release: [Increased control and capacity – Presiding Officer sets out her vision for Assembly with enhanced financial powers](#)

Following the evidence session with the Welsh Affairs Committee on 20 January 2014 an Assembly press release outlined the **Presiding Officer's** evidence provided to the Committee.

In it, she set out her vision for an Assembly with enhanced financial powers, calling for the Assembly to be able control its own budget-setting process and for an increase in capacity of the Assembly in order to be able to properly scrutinise any proposed new financial powers.

22 January 2014 – [Plenary Question](#)

Simon Thomas

8. Will the Minister make a statement on the implications of the draft Wales Bill on her duties? OAQ(4)0355(FIN)

Jane Hutt

With the passage of the draft Wales Bill, the National Assembly and the Welsh Government will acquire important new powers in relation to borrowing and taxation. I am leading the work to implement and make best use of those powers.

Simon Thomas

Do you share my concern that the draft Bill does not make adequate provision for the creation of a Treasury function, which is a function that will be required by the Welsh Government in order to deal with the new borrowing powers and possible taxation powers, including powers over income tax? Furthermore, do you share my concern that there is not adequate provision made to ensure the scrutiny of the budget in the new context, and with regard to the role of all Assembly Members in ensuring that there is adequate scrutiny of the new powers?

Jane Hutt

It is very important that we develop our Treasury. Clearly, that is what we are doing in taking the lead on that. We are also engaging at official and inter-governmental level in terms of the costs and impacts of developing that Treasury, in order to deliver our new responsibilities. I certainly would want to ensure that there was full and clear opportunity for scrutiny, in terms of the development of the Treasury and its delivery, in terms of its responsibilities.

Suzy Davies

Minister, the draft Wales Bill will of course give you borrowing powers. What consideration are you giving now to the ways in which you might consult with and report to this Assembly on the terms on which those moneys might be borrowed?

Jane Hutt

Clearly, we look forward to accessing those borrowing powers. We feel that we could have a higher limit than £500 million. We need that funding to deliver on our Wales infrastructure investment plan and the infrastructure needs of Wales. We are quite clear about our priorities. Of course, I will come back to the Assembly on the delivery of those plans and the way in which we will use the borrowing powers.

4. Pre-legislative scrutiny at Westminster

The [House of Commons Select Committee on Welsh Affairs](#) (“Welsh Affairs Committee”) is conducting **pre-legislative scrutiny of the Bill**. Interested parties were invited to consider:

- Are the Government’s proposals, as set out in the draft Bill, in respect of both financial devolution and the National Assembly’s electoral arrangements sound? If not, how could the draft Bill be improved?
- Do the provisions of the draft Wales Bill deliver the policy intentions of the UK Government? Could the wording of the draft Bill be improved or changed?

The Welsh Affairs Committee began taking oral evidence on Tuesday 14 January 2014 and intends to report in **late March 2014**. Links to the transcripts of the meetings which took place in January 2014 can be found below.

30 January 2014 - [Meeting Transcript](#) | [Parliament TV](#)

Oral evidence session: Evidence given by **Andrew RT Davies AM**, Leader, Welsh Conservatives; **Kirsty Williams AM**, Leader Welsh Liberal Democrats and **Leanne Wood AM**, Leader Plaid Cymru.

30 January 2014 - [Meeting Transcript](#) | [Parliament TV](#)

Oral evidence session: Evidence given by the **Rt Hon David Jones MP**, Secretary of State for Wales and **David Gauke MP**, Exchequer Secretary to the Treasury.

21 January 2014 - [Meeting Transcript](#) | [Parliament TV](#)

Oral evidence session: Evidence given by **The Electoral Commission** and **Graham Allen MP**, Chair, Political and Constitutional Reform Committee, House of Commons.

20 January 2014 - [Meeting Transcript](#) | [Parliament TV](#)

Oral evidence session: Evidence given by **Dame Rosemary Butler AM**, Presiding Officer, National Assembly for Wales; **Jocelyn Davies AM**, Chair, National Assembly for Wales Finance Committee; **Rt. Hon Carwyn Jones AM**, First Minister of Wales, and **Jane Hutt AM**, Minister for Finance, Welsh Government.

16 January 2014 - [Meeting Transcript](#) | [Parliament TV](#)

Oral evidence session: Evidence given by **Institute of Directors Wales, Federation of Small Businesses**, and **Professor Dylan Jones-Evans OBE**, Bristol Business School; **Royal Institution of Chartered Surveyors**, and **Dr John Ball**; **The Electoral Reform Society** and **Association of Electoral Administrators**

14 January 2014 - [Meeting Transcript](#) | [Parliament TV](#)

Oral evidence session: Evidence given by **Gerald Holtham** and **Professor Jim Gallagher**; **Professor Richard Wyn Jones**, Director, and **Professor Roger Scully**, Wales Governance Centre, Cardiff University.

In addition to the oral evidence provided to the Committee, the [written submissions](#) received by the Committee in relation to the draft Bill are also published on their website.

[Written evidence to the Committee.](#)

5. Press articles

20 January 2014 BBC News online: [*Rosemary Butler Calls for AM numbers to rise from 60 to 80*](#)

19 January 2014 BBC News online: [*Income tax power 'pretty useless' says First Minister*](#)

14 January 2013 BBC News online: [*Income tax powers 'unusable'; MPs are warned*](#)

18 December 2013 BBC News online: [*Law giving Wales new financial powers is published*](#)

2 November 2013 BBC News online: [*Carwyn Jones: no income tax vote before funding reform*](#)

1 November 2013 BBC News online: [*Wales offered tax raising powers*](#)