National Assembly for Wales

Business Committee

October 2018

Cynulliad Cenedlaethol Cymru National Assembly for Wales



Amending Standing Orders: Standing Orders 24, 25 and 27 - Section 116C Orders

Purpose

- 1. In accordance with Standing Order 11.7(iv), the Business Committee is responsible for making recommendations on the general practice and procedures of the Assembly, including any proposals for the re-making or revision of Standing Orders.
- 2. The report recommends amendments to Standing Order 27 to introduce specific provisions for section 116C Orders, along with consequential changes to Standing Orders 24 and 25. The changes agreed by Business Committee are found in Annex A, and the proposal for a revised Standing Order 27 is at Annex B.

Background

3. On 16 January, 27 February, 17 April, 3 July and 17 July 2018 the Business Committee considered options for including a new procedure in Standing Orders for the approval of Orders in Council made under section 116C of the Act (s116C). This section was introduced to the Government of

Wales Act 2006 by the Wales Act 2017, and makes provision for new devolved taxes to be introduced, or the provisions relating to existing devolved taxes to be modified, by means of an Order in Council to be approved by each House of Parliament and the Assembly.

- 4. On 27 February 2018 Business Managers agreed to write to the Finance and Constitutional and Legislative Affairs (CLA) Committees on possible options for introducing a procedure to approve s116C Orders into the Assembly's Standing Orders. Option C, which had been put forward following discussions between officials from the Business Committee Secretariat and the Government, was unanimously agreed by the Committee as the approach to pursue. This option provided for a dedicated Standing Order process within Standing Order 27 (the existing procedure for subordinate legislation), alongside a 'protocol' agreement between the Assembly and Welsh Government regarding the information to be provided to the Assembly for the purposes of consultation and scrutiny, in advance of the formal laying of a draft Order.
- 5. In responding to the consultation, the Finance Committee was content with Option C, but questioned whether s116C Orders would be better served by a new, stand-alone Standing Order rather than integration into Standing Order 27.
- 6. CLA also considered that creating a new Standing Order 25A to deal with s116C Orders was worth pursuing, believing this would sit more comfortably within the current structure of Standing Orders and offer a clearer, neater and more accessible way to proceed. At the Business Committee meeting of 17 April 2018, the Business Committee asked the Secretariat to bring forward both options for consideration.
- 7. On 3 July and 17 July 2018, the Business Committee considered the draft proposals, either for a stand-alone procedure set out in a new Standing Order 25A, or a procedure integrated into Standing Order 27. The options differed only in their structure and drafting: the procedure provided for was

identical. Having consulted with groups, the Committee agreed in principle to the proposed changes to Standing Order 27 on 17 July 2018, with the option of integrating the procedure into Standing Order 27 being decided on after a vote.

The proposed procedure

- 8. Section 116C only requires that a draft s116C Order be laid before and approved by a resolution of each House of Parliament and the Assembly. The proposals set out a Standing Order process for scrutinising and agreeing a draft section 116C Order once it is laid by the Welsh Government. That process will be supplemented by formal commitments from Welsh Government regarding the information that will be provided to the Assembly in advance of that formal procedure being triggered.
- 9. It was agreed that the Welsh Government commitments would be set out in this report to be presented to the Assembly alongside the proposed Standing Order changes. These commitments will apply to the pre-introduction period, which is also covered by a separate agreement between the Welsh Government and HM Treasury.
- 10. The commitments made by the Welsh Government are that the Cabinet Secretary will:
 - issue a Written Statement as soon as reasonably practicable after writing formally to HM Treasury about a new tax proposal;
 - hold a meeting with the Chair of the Constitutional and Legislative
 Affairs Committee as soon as reasonably practicable following a Joint
 Exchequer Committee to provide a briefing on the latest position,
 keeping them and the committee informed of progress, and enable
 them to ask questions and feed-back Committee views, while
 respecting inter-governmental confidentiality and relationships;
 - lay a copy of any information provided by UK Ministers to the UK
 Parliament as soon as reasonably practicable after it is supplied to the
 Welsh Government; and

- request copies of all consultation responses from HM Treasury and lay them before the Assembly.
- 11. The proposed Standing Order procedure is consistent with existing Assembly procedure for the approval of draft statutory instruments, while also drawing on relevant parts of the existing Standing Order 25 for draft section 109 Orders.
- 12. The Business Committee notes that it will be important to take a flexible approach to the scrutiny process for draft Orders under section 116C, and it seems likely that after testing the procedure for this particular type of statutory instrument for the first time, the Committee will then wish to review its effectiveness.
- 13. The main elements of the proposed procedure are to:
 - propose the laying of the draft Order in line with the existing approach in Standing Order 27 for other statutory instruments, and with a timetable set out in the Standing Order, as for other statutory instruments:
 - require an explanatory memorandum (EM) to be laid by a member of the government, with the requirements being based on a) those required for a proposal for a s109 Order, and b) the requirements in Standing Orders 26.6(iv) and 26.6(v) for consultation on a proposed Assembly Bill. The intention is that the EM should detail any consultation that has been undertaken at UK level or by the Welsh Government. In the case of a section 109 Order, Standing Order 25.14 requires the EM to explain any differences between a proposed Order and the final draft Order and what account has been taken of Parliamentary committee scrutiny recommendations. In the absence of a proposed Order, the EM would instead be expected to explain any changes since the initial request to HM Treasury to seek devolved tax competence;
 - as is the case for other statutory instruments, the draft Order to be referred automatically under Standing Orders to the responsible committee under Standing Order 21, currently the CLA Committee.

- Committees other than CLA may report on the draft Order but must give notice to the government of their intention to do so;
- propose a period of 40 days to have elapsed between the draft Order being laid and the motion to approve it being considered by the Assembly. Forty days is proposed as being adequate for committees to undertake scrutiny of a draft s116C Order and for the government to then table a motion for approval (Standing Order 27 would normally allow a 20 day window for a draft statutory instrument in other circumstances). The Order cannot be made until the Assembly has approved the draft, and there is no statutory limit on how long the Assembly has to consider the draft Order; and
- detail procedural provisions that are consistent with existing Assembly procedure for the approval of subordinate legislation, i.e.:
 - explaining the calculation of days for the purposes of the scrutiny procedure;
 - setting out the circumstances in which the motion to approve the draft Order may or may not be amended;
 - o the draft Order itself cannot be amended;
 - o a draft Order may be withdrawn at any time; and
 - a draft Order falls at dissolution or if it is not approved by the Assembly.

Other consequential changes

14. Standing Order 24.4 will require amendment to clarify that references to proposed Orders will only apply to those under Standing Order 25. An addition to Standing Order 25.1 is also proposed, to make it clear that the procedure in Standing Order 27 for subordinate legislation does not apply to \$109 Orders.

Action

15. The Business Committee agreed in principle to the changes to Standing Order 27 on 17 July 2018, and formally agreed them on 2 October 2018. The Assembly is now invited to approve the proposal at Annex B.

Annex A

STAND	STANDING ORDER 27 - Subordinate Legislation (Other than Subordinate Legislation Subject to Special Assembly		
Proced	Procedure)		
	Explanatory Memoranda		
27.1	Any statutory instrument or draft statutory instrument laid before the Assembly must be accompanied by an Explanatory Memorandum, which must include any Regulatory Impact Assessment prepared in relation to the instrument.	Retain Standing Order	
27.1A	Any Explanatory Memorandum accompanying a draft statutory instrument laid before the Assembly to which paragraph 4 of Schedule 7 to the European (Withdrawal) Act applies must include the statement and reasoning required by paragraph 4(3) of Schedule 7 to the European Union (Withdrawal) Act 2018.	Retain Standing Order	
<u>27.1B</u>	In the case of any draft Order in Council to be made under section 116C of the Act, the Explanatory Memorandum must provide the following information:	Amend Standing Order The proposed wording is based on the requirements of Standing Order 25.27 (Proposals for an Order by a Member, other	

than a member of the Government), and the the impact the draft Order would have on the Assembly's (i) requirements in Standing Order 26.6(iv) and <u>legislative competence</u>; (v) regarding consultation, the intention an explanation of why the draft Order is appropriate; being that (iv) would include any the policy objectives of devolving the tax; and consultation that has been undertaken at UK (iv) details of any consultation carried out and a summary of level or by the Welsh Government. the outcome of that consultation. NB: In the case of a section 109 Order, Standing Order 25.14 requires the Explanatory Memorandum (EM) to explain any differences between a proposed Order and the final draft Order and what account has been taken of Parliamentary committee scrutiny recommendations. In the absence of a proposed Order, the EM would be expected to include providing an explanation of any changes since the initial request to HM Treasury/UK Parliament to seek devolved tax competence. Motion for Annulment (Negative Resolution Procedure)

27.2	In the case of any statutory instrument which:	Retain Standing Order
	(i) is subject to annulment in pursuance of a resolution	
	of the Assembly; or	
	(ii) is laid in draft but cannot be made if the draft is	
	disapproved,	
	the Assembly may, not later than 40 days after the instrument	
	is laid, resolve that the instrument be annulled or, as the case	
27.3	may be, that the draft be disapproved.	Retain Standing Order
27.3	Any Member may table a motion for resolution under	Retain Standing Order
	Standing Order 27.2.	
27.4	A motion for resolution under Standing Order 27.2 is not	Retain Standing Order
	amendable.	
	Motion for Approval (Affirmative Resolution Procedure)	
27.5	In the case of any statutory instrument or draft statutory	Retain Standing Order
	instrument laid before the Assembly which, unless the	NB: This Standing Order provides for a
	Assembly by resolution approves it, cannot:	motion to approve a section 116C draft
	(i) be made;	Order being tabled by the a member of the
	(ii) come into force; or	government, and by implication therefore
	(iii) remain in force beyond the period specified in the	that it will be a member of the government
	enactment conferring the power to make the instrument,	who lays these draft Orders (as is the case

27.6 27.6A	any member of the government may table a motion under Standing Order 27.5 that the instrument or draft instrument be approved. A motion under Standing Order 27.5 is not amendable. In the case of a draft Order in Council to be made under section 116C of the Act, Standing Order 27.6 does not apply, but no amendment to a motion under Standing Order 27.5 may be tabled if it would not be clear from a resolution of the Assembly approving the motion as amended by such an amendment that the Assembly has approved the draft Order.	for all other SIs and draft SIs with the exception of s109 Orders covered by the separate procedure in Standing Order 25). Retain Standing Order New Standing Order Proposed wording to mirror the wording of Standing Order 25.17, for draft Orders under s109 of the Act, to set out the parameters of any proposed amendment to the Government's motion to approve the draft Order.
27.7	No motion under Standing Order 27.5 may be considered in plenary until either: (i) the committee responsible for the functions specified in Standing Orders 21.2, 21.3 and 27.8A (where relevant) and any other committee, which has given the notice mentioned in Standing Order 27.8, has reported on the instrument or draft; or	Retain Standing Order

	(ii) 20 days have elapsed since the instrument or draft	
	instrument was laid;	
	whichever is the earlier.	
27.7A	Where the enactment requiring the statutory instrument or	Retain Standing Order
	draft statutory instrument to be laid before the Assembly	
	specifies timings in relation to the Assembly's consideration	
	of the statutory instrument or draft statutory instrument,	
	Standing Order 27.7 does not apply.	
<u>27.7B</u>	In the case of a draft Order in Council to be made under	New Standing Order
	section 116C of the Act, Standing Order 27.7 does not apply.	Proposed to disapply Standing Order 27.7 in
	and no motion under Standing Order 27.5 may be considered	the case of a draft Order under section
	in plenary until either:	116C, and instead to provide for a longer
	(i) the committee responsible for the functions specified in	scrutiny window of 40 days in the case of
	Standing Orders 21.2, 21.3, and any other committee,	such a draft Order.
	which has given the notice mentioned in Standing Order	
	27.8, has reported on the draft Order; or	
	(ii) 40 days have elapsed since the instrument or draft	
	instrument was laid;	
	whichever is the earlier.	

27.8	If any committee, other than the committee responsible for	Retain Standing Order
	the functions specified in Standing Orders 21.2 and 21.3,	
	intends to report on an instrument or draft instrument to	
	which Standing Order 27.5 applies, it must give notice to the	
	government of its intention to do so no later than seven days	
	after the instrument or draft has been laid.	
27.8A	Any instrument or draft instrument relating to devolved taxes	Retain Standing Order
	to which Standing Order 27.5 applies may be considered by	NB: This Standing Order is not relevant to
	the responsible committee under Standing Order 19, as well	the proposed s116C Order procedure – it
	as the committee responsible for the functions specified in	was introduced in June 2017 to allow any
	Standing Orders 21.2 and 21.3. Standing Order 27.8 does not	instrument or draft instrument relating to
	apply to the responsible committee under Standing Order 19	devolved taxes (i.e. regulations arising from
	in relation to any such instrument or draft instrument.	tax legislation) to be considered by the
		responsible committee under Standing
		Order 19 (currently the Finance Committee),
		as well as the committee responsible for
		functions under Standing Order 21
		(currently the Constitutional and Legislative
		Affairs Committee). This means that the
		Finance Committee can, but is not obliged

		to, automatically consider any SI's relating to devolved taxes, but that it is still open to any other committee to also consider the instrument, in accordance with the established process under Standing Order 27.8. Section 116C Orders do not fall under this Standing Order, and if the responsible committee under SO19 wanted to report on them, they'd have to use SO27.8 like any other committee.
27.9	If any committee considers any instrument or draft instrument to which Standing Order 27.5 applies, the member of the government who laid it (or another member of the government nominated by the First Minister to have responsibility for it) may attend the committee and participate in its proceedings relating to the instrument or draft but may not vote.	Retain Standing Order
	Draft Statutory Instruments to which paragraph 4 of Schedule 7 to the European Union (Withdrawal) Bill applies	

27.9A	A member of the government must lay any draft statutory	Retain Standing Order
	instrument to which paragraph 4 of Schedule 7 to the	
	European (Withdrawal) Act applies before the Assembly.	
27.9B	If:	Retain Standing Order
	(i) the responsible committee under Standing Order 21.3B	
	reported in accordance with Standing Order 21.4B with	
	a recommendation that the appropriate procedure for	
	an instrument is the affirmative procedure; and	
	(ii) the Welsh Ministers are nevertheless of the opinion that	
	the appropriate procedure for the instrument is the	
	negative resolution procedure;	
	the Explanatory Memorandum laid in accordance with	
	Standing Order 27.1 must explain why the Welsh Ministers do	
	not agree with the committee's recommendation.	
	No Amendment of Instruments	
27.10	A statutory instrument or draft statutory instrument, to which	Retain Standing Order
	Standing Orders 27.2 or 27.5 apply, cannot be amended.	

	Withdrawal of Instruments	
27.11	A statutory instrument or draft statutory instrument laid before the Assembly may be withdrawn at any time by the member of the government with responsibility for that instrument.	Retain Standing Order
	Calculation of Days	
27.12	In calculating for the purposes of Standing Order 27 any period of days, no account is to be taken of any time during which the Assembly is dissolved or is in recess for more than four days.	Retain Standing Order
	Other Motions in Respect of Instruments or Draft Instruments	
27.13	Standing Orders 27.1 to 27.9 are without prejudice to the right of any Member to table any other motion in respect of an instrument or draft instrument.	Retain Standing Order
	Application to Other Subordinate Legislation	
27.14	Standing Orders 27.1 to 27.13 also apply with such modifications as are necessary, to any other subordinate	Retain Standing Order

legislation (other than that subject to Special Assembly
Procedure under Standing Order 28) in the form of a report,
guidance, code of practice or other document that is required
by any enactment to be:
(i) laid before the Assembly; and
(ii) subject to any form of Assembly procedure having the
same or equivalent effect to those mentioned in
Standing Orders 27.2 or 27.5.

Consequential Amendments

STANDIN	STANDING ORDER 24 - Definition of Member in Charge of Legislation	
General		
24.1	Standing Order 24 defines the "Member in charge" of an item of legislation.	Retain Standing Order
24.2	In Standing Order 24 "legislation" means: (i) proposed Orders under Standing Order 25; or (ii) draft Orders under Standing Order 25; or	Retain Standing Order

	(iii) Bills under Standing Order 26, and 26B.	
Governr	ment Legislation	
24.3	Legislation laid or introduced by a member of the government is referred to as "government legislation".	Retain Standing Order
24.4	The Member in charge of an item of government legislation is: (i) the member of the government who laid or introduced the legislation (or, in the case of a draft Order <u>under Standing Order 25</u> , the Member of the government who introduced the proposed Order to which the draft Order relates); (ii) a member of the government who is authorised by the First Minister; or (iii) a member of the government who is authorised by	Amend Standing Order Proposed to amend to refer to proposed Orders under Standing Order 25 only.

STANDING ORDER 25 - Orders in Council to be made under section 109 of the Act

General

25.1	Standing Order 25 applies only to Orders in Council within	Amend Standing Order
	the meaning of section 109 of the Act. Standing Order 27 does not apply to such Orders.	Proposed amendment in line with the proposed new Standing Order 25.A, to
		differentiate between the procedure for the devolution of competence by Order in Council and procedure for other
		subordinate legislation set out in Standing Order 27.

Annex B

STANDING ORDER 27 - Subordinate Legislation (Other than Subordinate Legislation Subject to Special Assembly Procedure)

Explanatory Memoranda

- 27.1 Any statutory instrument or draft statutory instrument laid before the Assembly must be accompanied by an Explanatory Memorandum, which must include any Regulatory Impact Assessment prepared in relation to the instrument.
- 27.1A Any Explanatory Memorandum accompanying a draft statutory instrument laid before the Assembly to which paragraph 4 of Schedule 7 to the European (Withdrawal) Act applies must include the statement and reasoning required by paragraph 4(3) of Schedule 7 to the European Union (Withdrawal) Act 2018.
- 27.1B In the case of any draft Order in Council to be made under section 116C of the Act, the Explanatory Memorandum must provide the following information:
 - (i) the impact the draft Order would have on the Assembly's legislative competence;
 - (ii) an explanation of why the draft Order is appropriate;
 - (iii) the policy objectives of devolving the tax; and
 - (iv) details of any consultation carried out and a summary of the outcome of that consultation.

Motion for Annulment (Negative Resolution Procedure)

- 27.2 In the case of any statutory instrument which:
 - (i) is subject to annulment in pursuance of a resolution of the Assembly; or

(ii) is laid in draft but cannot be made if the draft is disapproved,

the Assembly may, not later than 40 days after the instrument is laid, resolve that the instrument be annulled or, as the case may be, that the draft be disapproved.

- 27.3 Any Member may table a motion for resolution under Standing Order 27.2.
- 27.4 A motion for resolution under Standing Order 27.2 is not amendable.

Motion for Approval (Affirmative Resolution Procedure)

- 27.5 In the case of any statutory instrument or draft statutory instrument laid before the Assembly which, unless the Assembly by resolution approves it, cannot:
 - (i) be made:
 - (ii) come into force; or
 - (iii) remain in force beyond the period specified in the enactment conferring the power to make the instrument, any member of the government may table a motion under Standing Order 27.5 that the instrument or draft instrument be approved.
- 27.6 A motion under Standing Order 27.5 is not amendable.
- 27.6A In the case of a draft Order in Council to be made under section 116C of the Act, Standing Order 27.6 does not apply, but no amendment to a motion under Standing Order 27.5 may be tabled if it would not be clear from a resolution of the Assembly approving the motion as amended by such an amendment that the Assembly has approved the draft Order.
- 27.7 No motion under Standing Order 27.5 may be considered in plenary until either:

- (i) the committee responsible for the functions specified in Standing Orders 21.2, 21.3 and 27.8A (where relevant) and any other committee, which has given the notice mentioned in Standing Order 27.8, has reported on the instrument or draft; or
- (ii) 20 days have elapsed since the instrument or draft instrument was laid:

whichever is the earlier.

- 27.7A Where the enactment requiring the statutory instrument or draft statutory instrument to be laid before the Assembly specifies timings in relation to the Assembly's consideration of the statutory instrument or draft statutory instrument, Standing Order 27.7 does not apply.
- 27.7B In the case of a draft Order in Council to be made under section 116C of the Act, Standing Order 27.7 does not apply, and no motion under Standing Order 27.5 may be considered in plenary until either:
 - (i) the committee responsible for the functions specified in Standing Orders 21.2, 21.3, and any other committee, which has given the notice mentioned in Standing Order 27.8, has reported on the draft Order; or
 - (ii) 40 days have elapsed since the instrument or draft instrument was laid;

whichever is the earlier.

27.8 If any committee, other than the committee responsible for the functions specified in Standing Orders 21.2 and 21.3, intends to report on an instrument or draft instrument to which Standing Order 27.5 applies, it must give notice to the government of its intention to do so no later than seven days after the instrument or draft has been laid.

- Any instrument or draft instrument relating to devolved taxes to which Standing Order 27.5 applies may be considered by the responsible committee under Standing Order 19, as well as the committee responsible for the functions specified in Standing Orders 21.2 and 21.3. Standing Order 27.8 does not apply to the responsible committee under Standing Order 19 in relation to any such instrument or draft instrument.
- 27.9 If any committee considers any instrument or draft instrument to which Standing Order 27.5 applies, the member of the government who laid it (or another member of the government nominated by the First Minister to have responsibility for it) may attend the committee and participate in its proceedings relating to the instrument or draft but may not vote.

Draft Statutory Instruments to which paragraph 4 of Schedule 7 to the European Union (Withdrawal) Bill applies

A member of the government must lay any draft statutory instrument to which paragraph 4 of Schedule 7 to the European (Withdrawal) Act applies before the Assembly.

27.9B If:

- (i) the responsible committee under Standing Order 21.3B reported in accordance with Standing Order 21.4B with a recommendation that the appropriate procedure for an instrument is the affirmative procedure; and
- (ii) the Welsh Ministers are nevertheless of the opinion that the appropriate procedure for the instrument is the negative resolution procedure;

the Explanatory Memorandum laid in accordance with Standing Order 27.1 must explain why the Welsh Ministers do not agree with the committee's recommendation.

No Amendment of Instruments

27.10 A statutory instrument or draft statutory instrument, to which Standing Orders 27.2 or 27.5 apply, cannot be amended.

Withdrawal of Instruments

A statutory instrument or draft statutory instrument laid before the Assembly may be withdrawn at any time by the member of the government with responsibility for that instrument.

Calculation of Days

27.12 In calculating for the purposes of Standing Order 27 any period of days, no account is to be taken of any time during which the Assembly is dissolved or is in recess for more than four days.

Other Motions in Respect of Instruments or Draft Instruments

27.13 Standing Orders 27.1 to 27.9 are without prejudice to the right of any Member to table any other motion in respect of an instrument or draft instrument.

Application to Other Subordinate Legislation

- 27.14 Standing Orders 27.1 to 27.13 also apply with such modifications as are necessary, to any other subordinate legislation (other than that subject to Special Assembly Procedure under Standing Order 28) in the form of a report, guidance, code of practice or other document that is required by any enactment to be:
 - (i) laid before the Assembly; and

(ii) subject to any form of Assembly procedure having the same or equivalent effect to those mentioned in Standing Orders 27.2 or 27.5.

STANDING ORDER 24 - Definition of Member in Charge of Legislation

General

- 24.1 Standing Order 24 defines the "Member in charge" of an item of legislation.
- 24.2 In Standing Order 24 "legislation" means:
 - (i) proposed Orders under Standing Order 25; or
 - (ii) draft Orders under Standing Order 25; or
 - (iii) Bills under Standing Order 26, and 26B.

Government Legislation

- 24.3 Legislation laid or introduced by a member of the government is referred to as "government legislation".
- 24.4 The Member in charge of an item of government legislation is:
 - (i) the member of the government who laid or introduced the legislation (or, in the case of a draft Order under Standing Order 25, the Member of the government who introduced the proposed Order to which the draft Order relates);
 - (ii) a member of the government who is authorised by the First Minister; or
 - (iii) a member of the government who is authorised by virtue of Standing Orders 24.9 or 24.16.

STANDING ORDER 25 - Orders in Council to be made under section 109 of the Act

General

25.1 Standing Order 25 applies only to Orders in Council within the meaning of section 109 of the Act. Standing Order 27 does not apply to such Orders.