

NATIONAL ASSEMBLY FOR WALES
REPORT FROM THE FINANCE COMMITTEE

Report on Proposed Learner Travel (Wales) Measure

Background:

1. Standing Order 14.2 states:

The [Finance] Committee may also consider and, where it sees fit, report on:

(i) financial information in explanatory memoranda accompanying proposed Assembly Measures;

The proposed Measure

2. The Welsh Assembly Government introduced the Proposed Learner Travel (Wales) Measure to the Assembly on 15 April 2008. It has a number of key aims and, in particular, would
 - increase entitlement to free transport to school for primary school children if they live two miles or further away;
 - re-enact entitlement for free transport for secondary school children if they live three miles or further away from the nearest suitable school;
 - introduce a specific requirement to assess and provide for the needs of looked after children and to clarify related payment arrangements between local authorities in Wales;
 - require local authorities and the Welsh Ministers, when exercising their functions under the Measure, to promote access to Welsh medium education;
 - require Welsh Ministers to make a code of conduct in relation to travel to and from places of learning and require this to become part of a school's behaviour policy; and
 - give local authorities the power to change school session times if that can improve transport arrangements or environmental sustainability.

3. The Measure will also provide the means for Welsh Ministers to issue statutory guidance and to make future provision for young people in post-16 learning.

Timetable

4. Business Committee agreed at its meeting on 8 April that there was no need for the general principles of the proposed measure to be considered by a Committee and that it should proceed directly to a Stage 1 Plenary debate on its general principles. The Financial Resolution under Standing Orders 23.79 to 23.85 is to be considered and voted on at the same time.
5. This was scheduled for Tuesday 29 April, allowing more than the minimum time required, so as to allow time for the Finance Committee to report on the Proposed Measure.
6. This nonetheless provided a very limited time period in which to carry out the scrutiny. In particular, while the Deputy First Minister who had introduced the measure was keen to present it to the Finance Committee, it was not possible to find a suitable time for this. The Committee was nonetheless grateful that he was willing for officials to give evidence to the Committee in his absence.

Evidence

7. At its meeting on 24 April the Committee took oral evidence on the proposed measure from:
 - Mike Clancy, Head of the Learner Travel Measure team, Welsh Assembly Government;
 - Carolyn Hughes, Project Manager, Learner Travel Measure team, Welsh Assembly Government.
8. The Committee also considered written evidence from the Welsh Local Government Association although, again because of the timing, this had been prepared on the basis of the draft Measure on which the Welsh Assembly Government consulted in the autumn of 2007.

Revenue costs

9. The Committee considered the work that had been undertaken to assess the costs that would arise from implementation of the Measure. Officials told the Committee that they had gone to some lengths to ensure the information on which the costings were based was as reliable as possible. They explained that these estimates had been based on figures from the 2006 Pupil Level Annual Census and incorporated audited cost information obtained from the Wales Audit Office. These had subsequently been adjusted to project the

costs forward to 2008/9 when they expected the Measure to take effect. They felt they had gone to considerable lengths to provide estimates which were as accurate and up to date as possible.

10. The Committee recognised the efforts that had been made in this regard. However, in the discussion, officials and Members agreed that estimating the cost of the Measure was not a simple process and that there were wider issues which would impact on the costs. These included a high degree of uncertainty in relation to how the Measure would impact upon individual schools that would have to provide the transport and where the additional costs would be actually incurred. Many of these issues were highlighted by local authorities in the consultation that had taken place the previous autumn and the Committee felt that fuller account should have been taken of these concerns. Members were disappointed that local authorities had not been involved more directly in the estimation of these figures and could not see why local authority and government estimates were not, to some degree, reconciled.
11. The Committee noted that the Measure also required local authorities and the Welsh Ministers, when exercising these functions, to promote access to Welsh medium education. The Minister's letter to the Committee indicated that, since this did not change the existing discretionary nature of these powers, he did not see it imposing a new financial burden on authorities. Members noted this, but were concerned the imposition of a 'requirement' would inevitably have cost implications. They noted though that the wider availability of Welsh medium education might mean this could be a net additional increase or, possibly, even a saving. Members were concerned about this lack of clarity in the costing information and seek further clarification on the impact of such a clause.

Capital costs

12. Officials also told the Committee that they had focused on the revenue costs of the proposed Measure and, while they recognised there might be some capital implications, they felt that due to variations in school sizes, and numbers of pupils, this would be impossible to estimate. In addition, reducing the distance to 2 miles for primary schools would bring many Church and Welsh medium schools into the provision of transport for the first time and this too would lead to additional capital costs. The Committee recognised the difficulties in estimating these figures but was concerned that the capital costs, both for the provision of vehicles and the associated infrastructure work to build pick-up and drop-off points on school sites could be considerable. This seemed a major and serious omission from the analysis and, again, the Committee could not understand why work to identify these costs could not have proceeded in conjunction with local authorities as they would be well placed to identify the extent of the work necessary.

Additional funding

13. The Committee welcomed officials' assurances that before the Measure would be introduced there would be full consultation with local authorities on its financial impact. They also welcomed confirmation that full funding would be provided in line with the commitment given to local government, and recently endorsed by the Minister for Finance and Public Service Delivery, that any new responsibilities placed on local government would be fully funded.
14. The Committee was concerned that the complex nature of the local government funding regime could mean that although additional funding was provided for a service it did not go to the benefit of the authorities who had to meet the funding burden. Whichever mechanism the Government chooses to adopt it should ensure that funding was delivered to the authorities which needed it.

Subsequent secondary legislation

15. The Committee noted the proposed Measure would confer powers on the Minister to make secondary legislation in a number of areas and that the financial consequences of this could be significant. They acknowledged the Minister's assurance in his letter that the financial implications of any such regulations would be brought out and discussed with local authorities and welcomed officials' confirmation that the Finance Committee would also be given the opportunity to comment on them.

Wider issues

Finance Committee consideration of proposed Measures

16. It is early days in the consideration of proposed Assembly Measures but the Finance Committee would normally expect to consider the financial implications of a proposed Measure during the Stage 1 process at the same time as the general principles were under consideration by a Committee. However on this occasion, the Business Committee decided not to establish a Stage 1 committee and agreed to move straight to consideration of the general principles in plenary. The Finance Committee is grateful to the Business Committee for delaying the plenary debate slightly to allow evidence to be taken from Government officials but, of necessity, its consideration was limited. This is likely to happen on future occasions when the Business Committee agrees to truncate the Stage 1 process.

17. Before Stage 2 can commence, the Assembly may need to pass a financial resolution under Standing Orders 23.79 to 23.85. Such a resolution gives recognition to the fact that the proposed legislation will give rise to expenditure on new services or significant increased expenditure on existing services, and that such expenditure has been accepted both by the Government in tabling the resolution and the Assembly in accepting it. As such a motion only accepts the additional expenditure in principle, without specifying amounts, it is unlikely that the Finance Committee would wish to raise concerns that would delay the passing of such a motion even if the stage 1 process is truncated.
18. However, the Finance Committee might well wish to continue its consideration of the Measure alongside the Stage 2 process if it was unable to complete its full consideration in time for the Stage 1 plenary debate. The Finance Committee might also wish to give further consideration to the financial implications of a Measure if it is amended significantly during the Stage 2 process or after enactment if further additional costs were likely to arise as a result of related subordinate legislation.

Conclusion

19. In conclusion the Committee acknowledged the work that has been done in assessing the financial impact of the proposed Measure but was concerned that it had taken little account of the capital costs that would arise from the Measure and were disappointed that the work had not been done in closer cooperation with local authorities. Members were unclear as to the implications of the requirement to promote access to Welsh medium education.
20. The Committee welcomed the reassurance that the financial implications of the Measure would be fully funded by the Assembly and that the Government would discuss with local authorities the best way to deliver this funding.
21. The Committee welcomed the assurance that it will have the opportunity to comment on the financial implications of any subsequent secondary legislation arising from the Measure.
22. The Committee noted that the decision by Business Committee not to establish a Stage 1 scrutiny Committee has meant that the Finance Committee had a greatly reduced time in which to scrutinise the proposed Measure. It noted that in this case, and possibly other similar cases, it may wish to continue its consideration of the Measure alongside the Stage 2 process.
23. The Committee might also wish in future to give further consideration to the financial implications of a Measure if it is amended significantly during the Stage 2 process, or after enactment.

Alun Cairns
Chair, Finance Committee