

## **Explanatory Memorandum to the Government of Wales Act 2006 (Budget Motions and Designated Bodies) (Amendment) Order 2022**

This Explanatory Memorandum has been prepared by the Permanent Secretary's Group and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

### **Minister's Declaration**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Government of Wales Act 2006 (Budget Motions and Designated Bodies) (Amendment) Order 2022.

**Rebecca Evans MS**

**Minister for Finance and Local Government**

24 January 2022

## **PART 1**

### **1. Description**

1.1 The Government of Wales Act 2006 (Budget Motions and Designated Bodies) (Amendment) Order 2022 (“the 2022 Order”) amends the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018 (“the 2018 Order”), which designates bodies in relation to the Welsh Ministers. The effect of the amendment is to remove North East Property LP (company number LP017936) from the list of bodies to be added to the Schedule to the 2018 Order, and to add North East Property (GP) Limited (company number 04069901) (“the Added Body”) to that list. The purpose of such designation is so that information relating to the resources expected to be used by the Added Body can be included within a Budget Motion.

### **2. Matters of special interest to the Legislation, Justice and Constitution Committee**

2.1 Sections 126A(9) and (10) of the Government of Wales Act 2006 (“GOWA 2006”) provide that the 2022 Order may be subject to either the affirmative or the negative resolution procedure.

2.2 The Minister for Finance and Local Government is of the view that the 2022 Order be subject to the negative resolution procedure as there are no factors indicating the use of the affirmative procedure. The 2022 Order designates the Added Body for the purposes of including within a Budget motion, information relating to the resources expected to be used by that body. Inclusion of the resources of the designated bodies within the Budget Motion will minimise alignment discrepancies between the Budget, Budget Motion and consolidated accounts, but will have no effect on the resource limits of those bodies. The subject matter of the 2022 Order can therefore be regarded as administrative as the effect on the Budget will be presentational.

2.3 Conversely, factors that tend to support the use of the affirmative procedure include where the legislation involves substantial government expenditure. This Order does not give rise to substantial government expenditure.

2.4 Section 126A(3) of GOWA 2006 permits a body to be designated for a particular financial year, or generally. The Minister for Finance and Local Government is of the view that the Added Body should be designated “generally”. This is in line with all previous orders and means that the Added Body will remain designated and will not need to be designated annually.

### **3. Legislative background**

- 3.1 This 2022 Order is made by the Welsh Ministers in exercise of the powers conferred on them by section 126A(2)(a) and (3) of GOWA 2006. This is the sixth Order made by the Welsh Ministers under these powers.
- 3.2 In accordance with section 126A(6) of GOWA 2006, the Welsh Ministers have consulted with HM Treasury before making the 2022 Order. However it has not been necessary to seek the consent of HM Treasury in accordance with section 126A(4) of GOWA 2006 as the Welsh Ministers do not expect the use of resources by the Added Body to involve payments out of a relevant Consolidated Fund to or for the benefit of that body.
- 3.3 The 2022 Order is being made under the negative resolution procedure in accordance with section 126A(9) of GOWA 2006.
- 3.4 The Added Body is being designated “generally” pursuant to section 126A(3) of GOWA 2006.

### **4. Purpose and intended effect of the legislation**

#### Purpose

- 4.1 The purpose of the 2022 Order is to correct an error in the 2018 Order by removing North East Property LP (company number LP017936) from the list of designated bodies in the Schedule to the 2018 Order, which had been inserted in error by the Government of Wales Act 2006 (Budget Motions and Designated Bodies) (Amendment) Order 2021 Order (“the 2021 Order”). The 2022 Order also adds the Added Body to that Schedule. This amendment is necessary because North East Property LP (company number LP017936) has not been classified to the central government sector and does not form part of the Development Bank of Wales Group Consolidated accounts whereas the Added Body has been classified to the central government sector and does form part of Development Bank of Wales Group Consolidated accounts. It is only appropriate for bodies that fall within the central government sector to be designated by the Government of Wales Act 2006 (Budget Motions and Designated Bodies) Order 2018.
- 4.2 The 2021 Order was laid on 1 December 2021 to come into force on 1 February 2022. [The Explanatory Memorandum to the 2021 Order](#) provides more detail as to the background and effect of designating specified bodies for the purpose of including within a Budget motion the resources expected to be used by those bodies.

#### Effect

- 4.3 The 2022 Order will allow closer alignment of the Budget Motions to the existing Welsh Government Consolidated Accounts Boundary.

4.4 There would be no impact on the Main Expenditure Group budgets and limited impact on preparation of the consolidated accounts.

4.5 The 2022 Order does not amend or consolidate any other piece of legislation.

4.6 Copies of the 2022 Order will be issued to all known recipients of that Statutory Instrument to ensure that users who need to purchase it are not unnecessarily disadvantaged by having to pay for it.

## **5. Consultation**

5.1 HM Treasury were consulted in accordance with section 126A(6) of GOWA 2006, on the Added Body proposed for designation.

## **6. Regulatory Impact Assessment (RIA)**

6.1 A Regulatory Impact Assessment has not been prepared to accompany the 2022 Order; it is not expected to impose any cost on public, private, business, charity or voluntary sectors. This is consistent with the Welsh Ministers' Regulatory Impact Assessment Code for Subordinate Legislation.

6.2 The Added Body to be designated in the 2022 Order already forms part of the Welsh Government budgetary controls and so Welsh Government Groups are already monitoring in-year spending.