



## **Amending Standing Orders: Standing Orders 16, 19, 20 and 27 – Budget Process and Finance Procedures**

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### **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 Orders 16, 19, 20 and 27 in relation to the Assembly's budget process and finance procedures. The changes agreed by Business Committee are found in Annex A, and the proposals for new Standing Orders are at Annex B.

### **Background**

3. The Wales Act 2014 gave the Assembly the ability to create new Welsh taxes, as well as borrowing powers, necessitating some changes to the Assembly's budget process. On 15 November 2016 and 14 February 2017 the Business Committee considered proposals for a new budget process for scrutiny of the financial powers contained in

the Wales Act 2014. Business Managers agreed to consider detailed proposals for amending Standing Orders based on the outline proposals presented.

4. The proposals were based on the recommendations of the Finance Committee of the Fourth Assembly, adapted to fit a non-legislative process. Welsh Government and the Assembly Commission collaborated on drawing up a procedure that took into account the government's response to the Finance Committee recommendations.

5. Following Business Committee's consideration of those initial proposals and agreement in principle, further discussions were held between Welsh Government and Assembly Commission officials on certain details. On 17 March and 23 May 2017, Business Managers then considered draft proposals for Standing Order changes to implement a new budget process. At the latter meeting, the proposals were considered alongside both a letter from the Finance Committee outlining its response to consultation by the Business Committee on the draft, and a draft protocol agreed between the Finance Committee and the Welsh Government.

6. Business Managers agreed some changes to the original draft, based on the Finance Committee and the Leader of the House's comments, and the changes subsequently agreed by the Business Committee are annexed to this report.

### **Scope and Context for Change**

7. The powers granted by the Wales Act 2014 necessitate changes to the Assembly's budget process to allow for scrutiny of the devolved taxes and borrowing that will come on-line in April 2018, i.e. in time for the 2018-19 budget scrutiny cycle. The proposed

changes to Standing Orders provide for a process to reflect the provisions of the Act.

8. The proposed budget process adapts the model suggested by the Finance Committee's Best Practice reports to fit with the requirement in GOWA to have a budget motion, and for this to be passed before the beginning of the financial year to which it relates. It also takes account of recommendations made by the OECD, which was independently commissioned to 'stress test' the developing proposals against its best practice principles for budget transparency and reform, and international best practice. On 21 September 2016, the Finance Committee endorsed a preferred option for a budget process, as a basis for discussion with the Welsh Government, and the proposals reflect the outcome of discussions from that point on.

9. As the Fiscal Framework agreed by Welsh Government and UK Government in December 2016 sets out the intention for the Welsh Rate of Income Tax (WRIT) to be devolved to the Assembly from 2019/20, it also seemed sensible for the Business Committee to take this opportunity to revise Standing Orders in readiness for that change, and so proposed changes to allow for WRIT are also proposed at this point though they will not be used for two years.

10. The budget process set out in Standing Orders will be accompanied by a revised protocol between the Assembly and Welsh Government on budget scrutiny by Assembly Committees. For the first time, it is proposed that the protocol be referred to in the Standing Orders. The budget process seeks to meet the principles set out by the previous Finance Committee in its Best Practice Reports on the budget process, whilst adhering to the current statutory requirement for an Annual Budget Motion required by the Government of Wales Act 2006 (GOWA).

11. In the longer term, following Royal Assent to the Wales Act 2017, the Assembly will also have competence over wider finance, audit and accountability arrangements in the future, and be able to consider moving to a legislative budget process. The Welsh Government has previously agreed to consider introducing comprehensive financial legislation, enabling the Assembly to move to an annual budget bill cycle in the future. The Finance Committee informed the Business Committee on 23 May 2017 that it will be undertaking a piece of work to look at the possibility of moving to a legislative budget process and what this would entail.

### **Proposed changes to the budget process**

12. It is proposed to amend Standing Order 16.1 to include scrutiny of all types of ‘financing’ within the scrutiny functions of Committees, reflecting the Welsh Government’s new powers to finance some of its own spending.

13. It is also proposed to amend Standing Order 19, which sets out the Finance Committee’s functions, to reflect the Committee’s role in scrutiny of the Assembly’s new powers over ‘financing’. A new Standing Order 19.5 defines ‘financing’ as including all possible sources of funding of the draft budget that would be subject to scrutiny.

14. With new taxation and borrowing powers, the intention is that in future the Finance Committee should focus its attention on higher level strategic spending plans and the macroeconomic impact of taxation decisions. Consequently, the scrutiny of the detailed spending plans will fall to the other Assembly Committees.

15. The proposed changes to Standing Order 20 (Finance Procedures) result in a process broadly based on the current one, but split the draft budget proposals into ‘outline’ and ‘detailed’ stages to allow more time for committee scrutiny, both of the high-level outline budget by the ‘responsible committee’ (the Finance Committee), and of the detailed expenditure plans by other Assembly Committees. The Finance Committee maintains an oversight and co-ordination role, but the process also allows for early provision of the Government’s detailed spending plans to give policy and legislation committees as much time as possible for scrutiny and reporting on the detail, including a good period for public consultation.

*Two-stage scrutiny process*

16. In addition to the proposed changes to Standing Orders to reflect a new process, a new Standing Order 20.1A is also proposed that refers to the protocol agreed between the responsible committee (Finance Committee) and the Welsh Government on budgetary matters. The protocol is intended to complement the new Standing Order provisions. As drafted, the provision leaves open the possibility of the protocol being endorsed by the whole Assembly, but does not make that a requirement.

17. The proposed changes to Standing Orders 20.2–20.6 reflect the change to a two-stage scrutiny process, where the *outline budget proposals* and the *detailed budget proposals*, that together constitute the draft budget, can be laid separately on different dates (though there is nothing to stop them being laid at the same time).

18. The process for the Minister to notify the Business Committee of the dates of publication, and for the Business Committee to then publish a timetable (with the option to amend that timetable if necessary), remains the same, except that it now reflects the move to a

'two stage' scrutiny process by providing for two separate deadlines to be set: one for the Finance Committee to report on the *outline proposals* and one for other Committees to report on the *detailed proposals*. A new heading above Standing Order 20.7 – 'Draft Budget Proposals' indicates where the new two-stage process starts, and the wording of Standing Order 20.7 itself is amended to reflect the new tax-raising powers, and the fact that the government's draft budget proposals will now be broader than just setting out the amounts of resources and cash. This Standing Order relates only to the outline proposals.

### ***Timetabling***

19. The proposed change to Standing Order 20.5 increases the number of weeks given for scrutiny. Eight weeks is proposed as the total amount of time for scrutiny of the outline budget in a normal budget year, with five being the absolute minimum. The minimum for other committees to report on the detailed proposals would always be five weeks. A paragraph will be included in the associated Budget Protocol agreed between the Finance Committee and the Welsh Government to ensure that all information relevant to the draft budget is published prior to the October half-term in all cases. The protocol will also set out some of the circumstances where the government might expect to request less than eight weeks for scrutiny of the outline budget, though the decision on the timetable will always be in the hands of Business Committee.

### ***Information required at each stage***

20. The proposed new Standing Order 20.7A requires the government to publish certain information at the same time as its outline budget

proposals, to aid scrutiny by Assembly Committees. The detail of that accompanying information will be set out in the protocol agreed between the Finance Committee and the Welsh Government.

21. A new Standing Order 20.7B then sets out the requirement for the Welsh Government to lay its detailed budget proposals, including the proposed budget allocations within each Ministerial portfolio.

22. It is also then proposed that the wording of Standing Order 20.8 is amended in line with the new two stage scrutiny process. The statement on the draft budget would be made after the outline proposals have been published.

### ***Debate on the Draft Budget***

23. Amendment to the current Standing Order 20.9 – which sets out restrictions on when a motion on the draft budget for the Government can be moved in plenary – is also proposed in line with the new 2-stage scrutiny process. As there are now two reporting deadlines – for the Finance Committee and for other Assembly Committees – the debate on the draft budget would happen after both these deadlines have passed, and neither the Finance Committee, the government nor anyone else could move a motion related to the draft budget until that had happened.

24. It is also proposed that Standing Order 20.10 – which recognises the right of any Assembly Committee other than the responsible committee to consider and report on the draft budget – is deleted. This is no longer required, as scrutiny of detailed proposals by other committees forms a core part of the new budget process.

### ***Recommending changes to the draft budget***

25. Standing Order 20.11 currently requires that any recommendation by the responsible committee to change the amounts proposed in the draft budget must have a zero-sum effect. It is proposed to change this Standing Order to make clear that any changes must be 'cost neutral' in that they either do not increase or decrease the amounts involved, or if they do, they are balanced by a commensurate change to the financing of the overall draft budget. This change is proposed in order to recognise the new financing powers, including powers to make changes to tax levels. This is also reflected in a proposed consequential change to Standing Order 20.12 with regard to any amendment to the motion on the draft budget.

### *The Commission's draft budget*

26. A small change to Standing Order 20.14 is proposed with regard to the timing of scrutiny and reporting on the Commission's budget as part of the budget process. The former Presiding Officer wrote to the Finance Committee Chair in the Fourth Assembly to suggest that the Commission budget be reported on by 22 October, which is three calendar weeks after the 1 October deadline for the Commission to lay its budget (as set out in the preceding Standing Order 20.13). The amendment to Standing Order 20.14 gives a 22 October deadline for the Finance Committee to report, and the preceding Standing Order protects a minimum 3 week scrutiny period. In practice the Commission may choose to lay its draft budget earlier and the proposed Standing Order change means that, in that case, rather than being required to report within 3 weeks of that date, the Finance Committee would have *more than* 3 weeks for scrutiny. The Assembly Commissioner with responsibility for budget and governance supports this proposed change, which mirrors the current procedures for the Wales Audit Office and Public Services Ombudsman.



### ***Annual Budget Motions***

27. It is proposed to amend Standing Order 20.28, which sets out the information to be provided in support of the Annual Budget Motion, to add a new point (vi), requiring the publication of updates to the information provided at draft budget stage (both outline and detailed proposals) alongside the annual budget motion. The purpose of this is to aid transparency in the scrutiny process for the draft budget for the government. The level of updated information to be provided will be as set out in the protocol agreed between the responsible committee and the Welsh Government, in accordance with the proposed new Standing Order 20.1A.

28. It is also proposed to amend this Standing Order to clarify that the references to 'Treasury' in the Standing Order relate to the UK Treasury and not the Welsh Treasury.

### ***Excess Use of Resources***

29. It is proposed to make some changes to the existing Standing Orders relating to excess use of resources. Separately to the Business Committee's consideration of changes to the budget process, the Auditor General for Wales had raised with Welsh Government the need to include an appropriate procedure within Standing Orders to secure the necessary retrospective authorisation of any resource limit breach within the Welsh block incurred either by a Local Health Board or by the Welsh Government itself.

30. There is provision in Standing Orders 20.38 – 20.41 for retrospective authorisation of an excess use of resources through a supplementary budget motion, but as currently worded the procedure applies to the audited accounts of the Commission, the Wales Audit

Office and the Ombudsman. In any case of overspend by those bodies, the Welsh Government may table a supplementary budget motion in accordance with standing Orders 20.30 –20.37, but there is no explicit requirement on the Welsh Government to do so in relation to its own excess use of resources. The proposal is to correct this with the addition of a new Standing Order 20.37A and consequential amendments to Standing Orders 20.40 and 20.41 to include the new Standing Order in the procedure. The procedure in 20.37A, for a Welsh Minister to table a supplementary budget motion seeking retrospective authorisation, differs from that set out for the Assembly Commission, Wales Audit Office and Ombudsman, whereby those bodies submit a request *to* the Welsh Government to table a supplementary budget motion. Consequential amendments to Standing Orders 20.40 and 20.41 are also proposed to include reference to the new Standing Order 20.37A.

### ***Welsh Rates of Income Tax (WRIT) – Welsh Rate Resolutions***

31. It is proposed to introduce a new section into Standing Order 20, before the Annual Budget Motion procedure, to allow for Welsh rate resolutions. The provisions for WRIT resolutions are detailed in GOWA as amended by the Wales Act 2014, but as these are a new concept within the Assembly's Standing Orders, the proposed Standing Orders 20.24A and 20.24B define and explain the requirements for a Welsh rate resolution (a practice also adopted by the Scottish Parliament).

32. The proposed Standing Order 20.24C implements the requirements of Section 116D(7) of the Act that only the First Minister or a Welsh Minister may move a Welsh rate resolution. It also provides that such motions are not amendable, thus protecting the government's sole right to propose financial measures, which also applies to budget motions and financial resolutions for Assembly Bills.

33. The proposed new Standing Order 20.24D prevents a Welsh rate resolution from being moved until after the Annual Budget Motion has been tabled. This serves to protect the overall integrity of the budget scrutiny process, and ensures that Members vote on the Welsh rate resolution with all the information on the Government's final budget to hand.

34. A proposed new Standing Order 20.29A provides for the dependency between a Welsh rate resolution and the agreement of the Annual Budget Motion (ABM). By using 'agreed', rather than 'tabled' or 'moved' this Standing Order would allow both a Welsh rate resolution and the ABM to be moved and debated at the same meeting if the government so wished, except that the ABM could not be voted on until the WRIT resolution had been agreed.

***Changes to Standing Order 27 – Subordinate Legislation (Other than Subordinate Legislation Subject to Special Assembly Procedure)***

35. Changes to Standing Order 27 are proposed to provide for the approval of statutory instruments relating to devolved taxes. Standing Order 27 provides for an affirmative resolution procedure for subordinate legislation. It is proposed that this procedure is amended with the addition of a new Standing Order 27.8A that will allow any instrument or draft instrument relating to devolved taxes 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 new Standing Order 27.8A 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.

A consequential change is also proposed to Standing Order 27.7 to refer to the role of the Finance Committee for tax instruments.

36. As there is no requirement on the responsible committee to consider such SIs, officials for the responsible committee under SO27.8A will share information with government officials at the earliest opportunity about whether or not the committee will be considering each item of subordinate legislation. In the same vein, government officials will inform committee staff at the earliest opportunity of when relevant SIs are likely to be laid.

### *Other minor and consequential changes*

37. It is proposed to amend the sub-heading above Standing Order 20.2 and the wording of Standing Order 20.20 in line with Section 4 of the Wales Act 2014, to replace remaining references to 'Welsh Assembly Government' with 'Welsh Government'.

38. Finally, a correction to existing Standing Order 20.36(ii) is also proposed – to replace the reference to 'Finance Committee' to 'responsible committee' in relation to the reporting role for Supplementary Budget Motions.

### **Action**

39. The Business Committee formally agreed the changes to Standing Orders on 13 June 2017 and the Assembly is invited to approve the proposals at Annex B.

## Annex A

### PROPOSED CHANGES TO STANDING ORDERS – FINANCIAL PROCEDURES ARISING FROM THE WALES ACT 2014

STANDING ORDER 16 – Establishment and Remit of Committees		
	General	
16.1	<p>The Assembly must establish committees with power within their remit to:</p> <ul style="list-style-type: none"> <li>(i) examine the expenditure, <u>financing</u>, administration and policy of the government and associated public bodies;</li> <li>(ii) examine legislation;</li> <li>(iii) undertake other functions specified in Standing Orders; and</li> <li>(iv) consider any matter affecting Wales.</li> </ul>	<p><b>Amend Standing Order</b> Proposed to include scrutiny of all types of ‘financing’ to the scrutiny functions of Committees, reflecting the Welsh Government’s new powers to finance some of its own spending.</p>
16.2	<p>The Business Committee must, as soon as possible after every Assembly election, table a motion or motions in accordance with Standing Order 16.1 proposing the titles and remits of committees.</p>	<p><b>Retain Standing Order</b></p>
16.3	<p>If it appears necessary to the Business Committee during the course of an Assembly to alter the number, title or remit of one or more committee (including by providing that any existing</p>	<p><b>Retain Standing Order</b></p>

	committee should cease to exist), the Business Committee may table a motion proposing that the alteration take place.	
16.4	<p>In tabling any motion under Standing Order 16.2 or 16.3, the Business Committee must ensure that:</p> <ul style="list-style-type: none"> <li>(i) every area of responsibility of the government and associated public bodies is subject to the scrutiny of a committee or committees;</li> <li>(ii) all matters relating to the legislative competence of the Assembly and functions of the Welsh Ministers and of the Counsel General are subject to the scrutiny of a committee or committees; and</li> <li>(iii) where reasonably practicable, there is broad balance between the delivery of responsibilities specified in Standing Orders 16.1(i) and 16.1(ii).</li> </ul>	<b>Retain Standing Order</b>
	<b>Other Committees</b>	
16.5	The Assembly may establish any other committee on a motion tabled by any Member. A motion to establish such a committee must propose its title and remit.	<b>Retain Standing Order</b>
	<b>Duration of Committees</b>	
16.6	Subject to Standing Order 16.3, all committees established under Standing Order 16 will exist for the duration of the Assembly unless otherwise specified in the motion to establish	<b>Retain Standing Order</b>

	the committee.	
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<b>STANDING ORDER 19 - Finance</b>		
	<b>Committee</b>	
19.1	In proposing the remits of committees under Standing Order 16.2 or 16.3, the Business Committee must ensure that there is a committee (referred to within Standing Order 19 as “the responsible committee”) with responsibility for the functions specified in Standing Order 19.	<b>Retain Standing Order</b>
	<b>Functions</b>	
19.2	The responsible committee must consider and report on any report or other document laid before the Assembly by Welsh Ministers or the Commission containing proposals for <u>financing, or</u> the use of resources.	<b>Amend Standing Order</b> Proposed to amend this Standing Order to recognise revenue and tax-raising powers under the Wales Act 2014, and the responsible committee’s role in scrutinising those.
19.3	The responsible committee may also consider and report on any other matter relating to or affecting <u>financing, or</u> expenditure out of the Welsh Consolidated Fund.	<b>Amend Standing Order</b> Proposed to amend this Standing Order to recognise revenue and tax-raising powers under the Wales Act 2014, and the

		responsible committee's role in scrutinising those.
19.4	A reference to the use of resources is a reference to their expenditure, consumption or reduction in value and includes expenditure payable out of the Welsh Consolidated Fund and any other expenditure met out of taxes, charges and other sources of revenue.	<b>Retain Standing Order</b>
<u>19.5</u>	<u>A reference to 'financing' is a reference to sources of funding including, but not limited to, revenues raised from taxes, the Welsh Block grant and through the use of borrowing.</u>	<b>New Standing Order</b> Proposed to define 'financing' to include all possible sources of funding of the draft budget that would be subject to scrutiny.

<b>STANDING ORDER 20 – Finance Procedures</b>		
	<b>General</b>	
20.1	References to “the responsible committee” within Standing Order 20 means the committee with responsibility for the functions specified in Standing Order 19.	<b>Retain Standing Order</b>
<u>20.1A</u>	<u>The responsible committee and the government must agree a protocol on the administrative arrangements for the scrutiny of the annual draft budget and other related budgetary matters.</u>	<b>New Standing Order</b> Proposed to include a new Standing Order to refer to the protocol agreed between the responsible Committee (Finance Committee)



		<p>and the Welsh Government on budgetary matters, which is intended to complement the new Standing Order provisions for revised budget scrutiny procedures following the devolution of taxation and borrowing powers in the Wales Act 2014.</p> <p>As drafted, the provision leaves open the possibility of the protocol being endorsed by the whole Assembly, but does not make that a requirement.</p>
	<b>Welsh Assembly Government</b>	<p><b>Amended sub-heading</b> Proposed to amend in line with Section 4 of the Wales Act 2014.</p>
20.2	<p>In each year, the Minister with responsibility for government business must notify the Business Committee of the following:</p> <ul style="list-style-type: none"> <li>(i) the date by which a Welsh Minister will lay the <u>outline draft budget proposals</u> for the government, in accordance with Standing Order 20.7; <del>and</del></li> <li>(ii) <u>the date by which a Welsh Minister will lay the detailed budget proposals for the government; and</u></li> <li>(iii) the date by which a Welsh Minister will table the</li> </ul>	<p><b>Amend Standing Order</b> The proposed changes reflect a change to a ‘two stage’ scrutiny process, where the outline proposals and the detailed proposals are laid separately and so can be laid on different dates.</p>

	annual budget motion in accordance with Standing Order 20.25, and taking account of Standing Order 20.5.	
20.3	The Minister must make the notification required under Standing Order 20.2 at least two weeks before the summer recess in each year.	<b>Retain Standing Order</b>
20.4	Having been notified under Standing Order 20.2 and consulted the responsible committee, the Business Committee must establish and publish a timetable for the consideration of the budget, which must include: <ul style="list-style-type: none"> <li>(i) the dates notified in accordance with Standing Order 20.2;</li> <li>(ii) the deadline by which the responsible committee must report to the Assembly on the <u>outline draft budget proposals</u> for the government; and</li> <li>(iii) <u>the deadline by which consideration of the detailed budget proposals by committees must be completed.</u></li> </ul>	<b>Amend Standing Order</b>  The proposed changes reflect a change to a 'two stage' scrutiny process, where the outline proposals and the detailed proposals are reported on separately by the Finance Committee, and other committees respectively. The Business Committee will need to agree two deadlines: one deadline will be for the Finance Committee to report, and one for other committees to report, though it could of course set the same date for them all.
20.5	In determining the deadlines under Standing Order 20.4(ii) or 20.6; i) the responsible committee must normally be given	<b>Amend Standing Order</b>  The proposed changes increase the number of weeks given for scrutiny. Eight weeks is

	<p>at least <del>five</del> <u>eight</u> weeks to report on the <del>draft</del> <u>outline budget proposals</u> for the government, <del>and</del> <u>must always be given at least five weeks to report;</u> <del>and</del></p> <p>ii) <u>committees must be given at least five weeks to consider the detailed budget proposals for the government.</u></p>	<p>proposed as the total amount of time for scrutiny of the outline budget in a normal budget year, with five being the absolute minimum. The minimum for other committees to report on the detailed proposals would always be five weeks.</p> <p>A paragraph will be included in the associated Budget Protocol to ensure that all information relevant to the draft budget is published prior to the October half-term. The associated protocol between the responsible committee and the Welsh Government will also set out some of the circumstances where the government might expect to request less than eight weeks for scrutiny of the outline budget, though the decision on the timetable will always be in the hands of Business Committee.</p>
20.6	At the request of the Minister with responsibility for government business, the Business Committee may make subsequent changes to the timetable published under Standing	<b>Retain Standing Order</b>

	Order 20.4, subject to Standing Order 20.5. The Business Committee must publish the revised timetable.	
	<b><u>Draft Budget Proposals</u></b>	<b>New Heading</b> This proposed heading shows where the new 'first stage' of the budget process starts.
20.7	In accordance with Standing Order 20.2 (or Standing Order 20.6), a Welsh Minister must lay before the Assembly <del>a draft</del> <u>outline budget proposals setting out financing plans, and the amounts of resources and cash which the government proposes to use for the following financial year and provisional amounts for the subsequent two years or for such other period as the Minister considers appropriate.</u>	<b>Amend Standing Order</b> Proposed to amend the wording to reflect the new tax-raising powers and the fact that the government's draft budget proposals will now be broader than just setting out the amounts of resources and cash. This Standing Order relates only to the outline proposals.
<u>20.7A</u>	<u>At the same time as a Welsh Minister lays before the Assembly outline budget proposals under Standing Order 20.7 they must also lay such accompanying information as is specified in the protocol agreed under Standing Order 20.1A.</u>	<b>New Standing Order</b> This proposed new Standing Order requires the government to publish certain information at the same time as its outline budget proposals, the detail of which will be set out in a separate protocol agreed between the responsible committee and the Welsh Government, to aid scrutiny by the

		responsible committee and the Assembly as a whole.
20.7B	<u>In accordance with Standing Order 20.2 (or Standing Order 20.6), a Welsh Minister must lay before the Assembly detailed budget proposals, including the proposed budget allocations within each Ministerial portfolio.</u>	<b>New Standing Order</b> The proposed new Standing Order sets out the requirement for the government to lay detailed budget proposals.
20.8	A Welsh Minister may make a statement in plenary on the draft budget as soon as possible after the <del>draft</del> <u>outline budget proposals are</u> <del>is</del> laid in accordance with Standing Order 20.7.	<b>Amend Standing Order</b> This proposed amendment to wording is in line with the new two stage scrutiny process. The statement on the draft budget would be made after the outline proposals have been published.
20.9	No motion may be moved in plenary in respect of the draft budget for the government until after <u>both the following dates have passed:</u> <ul style="list-style-type: none"> <li>i) the deadline by which the responsible committee is required to report on the <del>draft budget</del> <u>outline budget proposals</u> under Standing Order 20.4(ii) (or Standing Order 20.6); and</li> <li>ii) <u>the deadline by which consideration of the detailed budget proposals by other committees must be completed under Standing Order 20.4(iii) (or Standing</u></li> </ul>	<b>Amend Standing Order</b> This proposed amendment is in line with new 2-stage scrutiny process and the fact that there are now two deadlines. The debate on the draft budget would happen after both deadlines have passed, and neither the Finance Committee, the government nor anyone else could move a motion related to the draft budget until that had happened.

	<u>Order 20.6).</u>	
20.10	<del>Any committee, other than the responsible committee, may consider and report to the responsible committee on the draft budget for the government.</del>	<b>Delete Standing Order</b> This Standing Order would no longer be required, as scrutiny of detailed proposals by other committees would form a core part of the new budget process.
20.11	The responsible committee's report may recommend changes to the amounts proposed in the <del>draft outline budget proposals</del> provided that: <ul style="list-style-type: none"> <li>(i) the net effect of those changes would not increase or decrease the aggregate amounts <del>of resources or cash</del> proposed in the <del>draft outline budget proposals</del> for the government; <u>or</u></li> <li>(ii) <u>any recommendation to increase the total spend proposed is accompanied by a proposal for a commensurate increase in the level of financing; or</u></li> <li>(iii) <u>any recommendation to decrease the level of financing should include how the reduction is to be balanced by a reduction in the total spending proposed.</u></li> </ul>	<b>Amend Standing Order</b> Proposed amendment to make clear that any changes recommended by the Finance Committee must be 'cost neutral' in that they either don't increase or decrease the amounts involved, or if they do, they are balanced by a commensurate change elsewhere.
20.12	In accordance with the timetable established and published by the Business Committee under Standing Order 20.4 or Standing Order 20.6, the Assembly must consider a motion tabled by a	<b>Amend Standing Order</b> Proposed amendment consequential to changes to 20.11 above - to ensure that the

	<p>Welsh Minister that the Assembly takes note of the draft budget for the government. Any amendment to such a motion may only be tabled provided that:</p> <ul style="list-style-type: none"> <li><u>(i) the net effect of any changes would not increase or decrease the aggregate amounts of resources or cash proposed in the draft budget for the government; or</u></li> <li><u>(ii) any proposal to increase the total spend is accompanied by a proposal for a commensurate increase in the level of financing; or</u></li> <li><u>(iii) any proposal to decrease the level of financing includes how the reduction is to be balanced by a reduction in the total spending proposed.</u></li> </ul>	<p>effect of any amendments to the motion are either cost neutral or are balanced by a commensurate change elsewhere in the draft budget.</p>
	<b>The Commission</b>	
20.13	<p>Not later than 1 October in each financial year, a member of the Commission must lay before the Assembly a draft budget for the Commission setting out the amounts of resources and cash which the Commission proposes to use for the following financial year and provisional amounts for the subsequent two years or for such other period as the Commission has agreed with the Welsh Ministers.</p>	<b>Retain Standing Order</b>
20.14	<p>The responsible committee must consider and report to the Assembly on the draft budget for the Commission <del>no later than</del></p>	<p><b>Amend Standing Order</b> The former Presiding Officer wrote to the</p>

	<p><del>three weeks by 22 October after it has been laid before the Assembly.</del> The responsible committee's report may recommend variations in the amounts proposed in the draft budget provided that the net effect of those variations would not increase the aggregate amounts of resources or cash proposed in the draft budget for the Commission.</p>	<p>Finance Committee Chair suggesting that the Commission budget be considered and reported on by 22 October, which is three calendar weeks after the 1<sup>st</sup> October deadline for the Commission to lay its budget (as set out in the preceding Standing Order). Finance Committee propose this Standing Order change as soon as possible to assist the Commission budget scrutiny process. The proposed amendment gives a 22 October deadline for the Finance Committee to report, and the preceding Standing Order protects a minimum three week scrutiny period. In practice, the Commission may choose to lay its draft budget earlier than 1 October, and the proposed Standing Order change means that in that case, rather than being required to report within three weeks of that date, the Finance Committee would have <i>more than</i> three weeks for scrutiny.</p>
20.15	A member of the Commission must lay before the Assembly a	<b>Retain Standing Order</b>



	budget for the Commission. The budget may not be laid until after the deadline by which the responsible committee is required to report on the draft budget for the Commission.	
20.16	A member of the Commission must table a motion that the budget laid under Standing Order 20.15 be agreed and incorporated in the annual budget motion under Standing Order 20.26(ii). No amendment to the motion may be tabled and the motion must be debated within five working days of it being tabled (not counting working days in a non-sitting week).	<b>Retain Standing Order</b>
20.17	If the final budget for the Commission is not agreed, then a member of the Commission must lay before the Assembly a revised budget for the Commission, together with a motion that it be agreed and incorporated in the annual budget motion under Standing Order 20.26(ii). No amendment to the motion may be tabled and the motion must be debated within five working days of it being tabled (not counting working days in a non-sitting week).	<b>Retain Standing Order</b>
20.18	Further motions under Standing Order 20.17 may be tabled until such time as agreement has been reached but no such motion may be considered by the Assembly after 27 November.	<b>Retain Standing Order</b>
20.19	If the budget for the Commission has not been agreed by 27	<b>Retain Standing Order</b>

	<p>November, then the budget for the Commission to be incorporated in the annual budget motion under Standing Order 20.26(ii) is to comprise, for each service or purpose for which resources or cash were authorised to be used by the Commission in the previous financial year, 95% of the amount so authorised.</p>	
20.20	<p>When a UK Government or Welsh <del>Assembly</del> Government Spending Review takes place, a member of the Commission may, with the agreement of the Business Committee, specify different dates from those within Standing Order 20.13 by which he or she must lay the draft budget for the Commission and, consequently, the date referred to in Standing Order 20.18 and Standing Order 20.19. If the Business Committee agrees, it must notify the Assembly by laying a report.</p>	<p><b>Amend Standing Order</b> Proposed to amend wording to ‘Welsh Government’ in line with Section 4 of the Wales Act 2014.</p>
	<p><b>Auditor General and the Wales Audit Office</b></p>	
20.21	<p>The Auditor General and the Wales Audit Office must jointly lay the estimate of income and expenses required under Section 20 of the Public Audit (Wales) Act 2013 before the Assembly as soon as practicable but in any event no later than 1 November in each financial year.</p>	<p><b>Retain Standing Order</b></p>
20.22	<p>The responsible committee under Standing Order 18.10(i) must consider and lay before the Assembly, no later than 22</p>	<p><b>Retain Standing Order</b></p>

	November, a report including the estimate, with any modifications which the responsible committee, having consulted and taken into account any representations made by the Auditor General and the Wales Audit Office, considers appropriate.	
	<b>Ombudsman</b>	
20.23	The Ombudsman must submit the estimate of income and expenses required under paragraph 15 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005 to the responsible committee as soon as practicable but in any event no later than 1 November in each financial year.	<b>Retain Standing Order</b>
20.24	The responsible committee must consider and lay before the Assembly, no later than 22 November, the estimate, with any modifications which the Committee, having consulted and taken into account any representations made by the Ombudsman, considers appropriate.	<b>Retain Standing Order</b>
	<b><u>Welsh rate resolutions</u></b>	<b>New Heading</b>
20.24A	<u>A Welsh rate resolution is a resolution of the Assembly under section 116D of the Act.</u>	<b>New Standing Order</b> Proposed to include the definition of a Welsh rate resolution as defined by Section 116D of the Act. This is not essential but may be helpful - in the same way that

		<p>'financing' has been defined in Standing Order 19.5 – as 'tax-varying resolutions' are an entirely new concept within the Assembly's Standing Orders.</p>
20.24B	<p><u>A Welsh rate resolution must</u></p> <ul style="list-style-type: none"> <li>(i) <u>specify the tax year for which it applies;</u></li> <li>(ii) <u>must be made before the start of that tax year; and</u></li> <li>(iii) <u>must not be made more than 12 months before the start of that year.</u></li> </ul>	<p><b>New Standing Order</b></p> <p>Proposed to include these explanatory details from the Act in Standing Orders for clarity, as it includes information that the Table Office will need to check against at the time of tabling. It is noted that these details are also included in the Scottish Parliament's Rules for Scottish rate resolutions.</p>
20.24C	<p><u>A motion for a Welsh rate resolution, or for the cancellation of such a resolution, may only be moved by the First Minister or a Welsh Minister. A Welsh rate resolution is not amendable.</u></p>	<p><b>New Standing Order</b></p> <p>This proposed change implements the requirements of Section 116D(7) of the Act in that only the First Minister or Welsh Minister may move a Welsh rate resolution. The limit on amendments protects the Government's sole right to propose financial measures, and reflects the provisions for Annual Budget Motions, Supplementary</p>

		Budget Motions and Financial Resolutions in relation to Assembly Bills.
20.24D	<u>A motion for a Welsh rate resolution may not be moved until after the annual budget motion has been tabled in accordance with Standing Order 20.25.</u>	<b>New Standing Order</b> This is proposed both to protect the integrity of the process of scrutinising the draft budget by ensuring it cannot be pre-empted, and also to ensure that Members are able to vote on the Welsh rate resolution with all the information on the government's final budget to hand.
	<b>Annual Budget Motions</b>	
20.25	An annual budget motion as required under section 125 of the Act must be tabled by a Welsh Minister, in accordance with Standing Order 20.2 (or Standing Order 20.6).	<b>Retain this Standing Order</b>
20.26	An annual budget motion must incorporate: <ul style="list-style-type: none"> <li>(i) the final budget for the government;</li> <li>(ii) the final budget for the Commission as agreed by the Assembly under Standing Order 20.16 or 20.17, or as determined under Standing Order 20.19;</li> <li>(iii) the estimate for the Wales Audit Office, as laid before the Assembly under Standing Order 20.22; and</li> </ul>	<b>Retain this Standing Order</b>

	(iv) the estimate for the Ombudsman as laid before the Assembly under Standing Order 20.24.	
20.27	An annual budget motion may also incorporate any motion for a resolution to be made for the relevant financial year under section 120(2)(a) of the Act.	<b>Retain this Standing Order</b>
20.28	<p>The information produced in support of an annual budget motion must include as a minimum:</p> <ul style="list-style-type: none"> <li>(i) the written statement required under section 125(3) of the Act;</li> <li>(ii) the resources agreed by the <u>UK</u> Treasury for the Welsh block budget for the financial year covered by the motion;</li> <li>(iii) a reconciliation between the resources allocated to the Welsh block budget by the <u>UK</u> Treasury and the resources to be authorised for use in the motion;</li> <li>(iv) a reconciliation between the estimated amounts to be paid into the Welsh Consolidated Fund by the Secretary of State and the amounts to be authorised for payment out of the Fund in the motion; <del>and</del></li> <li>(v) a reconciliation between the resources to be authorised under section 125(1)(a) and (b) of the Act and the amounts to be authorised for payment out of the</li> </ul>	<p><b>Amend this Standing Order</b></p> <p>It is proposed that a new point (vi) is added, requiring the publication of updates to the information provided at draft budget stage (both outline and detailed proposals) alongside the annual budget motion, as set out in the protocol agreed between the responsible committee and the Welsh Government in accordance with the proposed new Standing Order 20.1A.</p> <p>It is also proposed to clarify the references to ‘Treasury’ in the Standing Order relate to the UK Treasury not the Welsh Treasury.</p>

	<p>Welsh Consolidated Fund under section 125(1)(c); and <u>(vi) details of any revisions to the information provided in accordance with Standing Orders 20.7 – 20.7B for the draft budget, as specified in the protocol agreed under Standing Order 20.1A.</u></p>	
20.29	<p>An annual budget motion may only be moved by a Welsh Minister. No amendment to an annual budget motion may be tabled.</p>	<p><b>Retain Standing Order</b></p>
20.29A	<p><u>No decision may be taken on an annual budget motion until the Assembly has agreed the Welsh rate resolution for the financial year covered by the motion.</u></p>	<p><b>New Standing Order</b>  Proposed Standing Order change to provide a dependency between a Welsh rate resolution and the agreement of the Annual Budget Motion (ABM).  By using agreed, rather than tabled or moved, this would allow both to be moved and debated at the same meeting if the government so wished, except that the ABM could not be voted on until the Welsh Rate Resolution had been agreed.</p>
	<p><b>Supplementary Budget Motions</b></p>	
20.30	<p>A Welsh Minister may table a supplementary budget motion</p>	<p><b>Retain Standing Order</b></p>

	under section 126 at any time after the annual budget resolution has been passed.	
20.31	The information provided in support of a supplementary budget motion must include any variations to that provided in accordance with Standing Order 20.28.	<b>Retain Standing Order</b>
20.32	If the supplementary budget motion proposes a variation to the budget of the Commission, a member of the Commission must lay an explanatory memorandum stating why it is required.	<b>Retain Standing Order</b>
20.33	A supplementary budget motion tabled under Standing Order 20.30 may not be moved until either: <ul style="list-style-type: none"> <li>(i) the responsible committee has reported on the motion; or</li> <li>(ii) if the responsible committee has not reported on the motion, three weeks have elapsed after it has been tabled.</li> </ul>	<b>Retain Standing Order</b>
20.34	The responsible committee's report may recommend changes to the amounts proposed in the supplementary budget motion provided that the net effect of those variations would not increase or decrease the aggregate amounts of resources or	<b>Retain Standing Order</b>



	cash proposed in the supplementary budget motion.	
20.35	<p>If the supplementary budget motion proposes a variation to the budget for the Wales Audit Office:</p> <ul style="list-style-type: none"> <li>(i) the Auditor General and the Wales Audit Office must jointly provide an explanatory memorandum to the responsible committee under Standing Order 18.10(ii) stating why the variation to the budget is required;</li> <li>(ii) the responsible committee under Standing Order 18.10(ii) may report on the proposed variation within three weeks of the supplementary budget motion being tabled. The report may propose any modifications to the proposed variation which the responsible committee under Standing Order 18.10(ii), having consulted and taken into account any representations made by the Auditor General and the Wales Audit Office, considers appropriate.</li> </ul>	<b>Retain Standing Order</b>
20.36	<p>If the supplementary budget motion proposes a variation to the budget for the Ombudsman:</p> <ul style="list-style-type: none"> <li>(i) the Ombudsman must provide an explanatory memorandum to the responsible committee stating why the variation to the budget is required;</li> <li>(ii) the responsible committee may lay before the</li> </ul>	<p><b>Amend Standing Order</b></p> <p>Proposed correction to existing Standing Order – to replace the reference to ‘Finance Committee’ to ‘responsible committee’ in 20.36 (ii).</p>

	<p>Assembly a report on the proposed variation within three weeks of the supplementary budget motion being tabled. The report may propose any modifications to the proposed variation which the <u>Finance responsible</u> committee, having consulted and taken into account any representations made by the Ombudsman, considers appropriate.</p>	
20.37	<p>A supplementary budget motion may only be moved by a Welsh Minister. No amendment may be tabled or moved except by a Welsh Minister.</p>	<b>Retain Standing Order</b>
	<b>Excess Use of Resources</b>	
20.37A	<p><u>If the audited accounts of the Welsh Government for any financial year record an excess of resources used to the amounts authorised or deemed under the Act to be authorised by Assembly budget resolutions, a Welsh Minister may table a supplementary budget motion seeking retrospective authorisation for excesses recorded in the Welsh Government's audited accounts.</u></p>	<p><b>New Standing Order</b>  Proposed to provide the required procedure in the case of a qualification of the Welsh Government's Consolidated Resource Accounts by the Wales Audit Office. The procedure differs from that set out in Standing Order 20.39 below for the Assembly Commission, Wales Audit Office and Ombudsman, whereby those bodies submit a request <i>to</i> the Welsh Government to table a supplementary budget motion.</p>

20.38	Standing Order 20.39 applies if the audited accounts of the Commission, the Wales Audit Office or the Ombudsman for any financial year record an excess of resources used to the amounts authorised or deemed under the Act to be authorised by Assembly budget resolutions.	<b>Retain Standing Order</b>
20.39	A Welsh Minister must, if requested to do so by the Commission, the Wales Audit Office or the Ombudsman, table a supplementary budget motion seeking retrospective authorisation for excesses recorded in that person's audited accounts.	<b>Retain Standing Order</b>
20.40	<p>A supplementary budget motion tabled under Standing Orders <u>20.37A</u> or 20.39 may not be moved until either:</p> <ul style="list-style-type: none"> <li>(i) the Public Accounts Committee, or the responsible committee under Standing Order 18.10(iv) if it relates to the Wales Audit Office, has reported on the motion; or</li> <li>(ii) if the Public Accounts Committee, or the responsible committee under Standing Order 18.10(iv) if it relates to the Wales Audit Office, has not reported on the motion, 6 months have elapsed after it has been tabled.</li> </ul>	<p><b>Amend Standing Order</b></p> <p>This consequential amendment is proposed in line with the proposed new Standing Order 20.37A above.</p>
20.41	Standing Orders 20.30 to 20.36 do not apply to motions tabled under Standing Orders <u>20.37A</u> or 20.39.	<p><b>Amend Standing Order</b></p> <p>This consequential amendment is proposed</p>

		in line with the proposed new Standing Order 20.37A above.
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**OTHER PROPOSED STANDING ORDER CHANGES REQUIRED FOR SUBORDINATE LEGISLATION RELATING TO TAX**

<b>STANDING ORDER 27 – Subordinate Legislation (Other than Subordinate Legislation Subject to Special Assembly Procedure)</b>		
	<b>Explanatory Memoranda</b>	
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.	<b>Retain Standing Order</b>
	<b>Motion for Annulment (Negative Resolution Procedure)</b>	<b>Retain Standing Order</b>
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	<b>Retain Standing Order</b>

	disapproved.	
27.3	Any Member may table a motion for resolution under Standing Order 27.2.	<b>Retain Standing Order</b>
27.4	A motion for resolution under Standing Order 27.2 is not amendable.	<b>Retain Standing Order</b>
	<b>Motion for Approval (Affirmative Resolution Procedure)</b>	<b>Retain Standing Order</b>
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: <ul style="list-style-type: none"> <li>(i) be made;</li> <li>(ii) come into force; or</li> <li>(iii) remain in force beyond the period specified in the enactment conferring the power to make the instrument,</li> </ul> any member of the government may table a motion under Standing Order 27.5 that the instrument or draft instrument be approved.	<b>Retain Standing Order</b>
27.6	A motion under Standing Order 27.5 is not amendable.	<b>Retain Standing Order</b>
27.7	No motion under Standing Order 27.5 may be considered in plenary until either: <ul style="list-style-type: none"> <li>(i) the committee responsible for the functions specified in Standing Orders 21.2, <del>and 21.3</del> <u>and 27.8A</u></li> </ul>	<b>Amend Standing Order</b> This consequential change is proposed as arising from the proposed new Standing Order 27.8A below.

	<p>(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</p> <p>(ii) 20 days have elapsed since the instrument or draft instrument was laid;</p> <p>whichever is the earlier.</p>	
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.	<b>Retain Standing Order</b>
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.	<b>Retain Standing Order</b>
<u>27.8A</u>	<u>Any instrument or draft instrument relating to devolved taxes 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.</u> Standing Order 27.8 does not apply to the responsible	<b>New Standing Order</b> The proposed new Standing Order would mean that the Finance Committee (as the responsible committee under Standing Order 19) may automatically consider any

	<p><u>committee under Standing Order 19 in relation to any such instrument or draft instrument.</u></p>	<p>Statutory Instruments relating to devolved taxes. The proposed new Standing Order has been worded in such a way that it would still open to any other committee to consider such Statutory Instruments, using the established process under Standing Order 27.8.</p> <p>As there is no requirement on the responsible committee to consider such SIs, officials for the responsible committee under SO27.8A will share information with government officials at the earliest opportunity about whether or not the committee will be considering each item of subordinate legislation. In the same vein, government officials will inform committee staff at the earliest opportunity of when relevant SIs are likely to be laid.</p>
27.9	<p>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</p>	<p><b>Retain Standing Order</b></p>

	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.	
	<b>No Amendment of Instruments</b>	
27.10	A statutory instrument or draft statutory instrument, to which Standing Orders 27.2 or 27.5 apply, cannot be amended.	<b>Retain Standing Order</b>
	<b>Withdrawal of Instruments</b>	
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.	<b>Retain Standing Order</b>
	<b>Calculation of Days</b>	
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.	<b>Retain Standing Order</b>
	<b>Other Motions in Respect of Instruments or Draft Instruments</b>	
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.	<b>Retain Standing Order</b>



	<b>Application to Other Subordinate Legislation</b>	
27.14	<p>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:</p> <ul style="list-style-type: none"> <li>(i) laid before the Assembly; and</li> <li>(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.</li> </ul>	<b>Retain Standing Order</b>

## Annex B

### STANDING ORDER 16 – Establishment and Remit of Committees

#### General

- 16.1 The Assembly must establish committees with power within their remit to:
- (i) examine the expenditure, financing, administration and policy of the government and associated public bodies;
  - (ii) examine legislation;
  - (iii) undertake other functions specified in Standing Orders; and
  - (iv) consider any matter affecting Wales.
- 16.2 The Business Committee must, as soon as possible after every Assembly election, table a motion or motions in accordance with Standing Order 16.1 proposing the titles and remits of committees.
- 16.3 If it appears necessary to the Business Committee during the course of an Assembly to alter the number, title or remit of one or more committee (including by providing that any existing committee should cease to exist), the Business Committee may table a motion proposing that the alteration take place.
- 16.4 In tabling any motion under Standing Order 16.2 or 16.3, the Business Committee must ensure that:
- (i) every area of responsibility of the government and associated public bodies is subject to the scrutiny of a committee or committees;
  - (ii) all matters relating to the legislative competence of the Assembly and functions of the Welsh Ministers and of

the Counsel General are subject to the scrutiny of a committee or committees; and

(iii) where reasonably practicable, there is broad balance between the delivery of responsibilities specified in Standing Orders 16.1(i) and 16.1(ii).

### **Other Committees**

16.5 The Assembly may establish any other committee on a motion tabled by any Member. A motion to establish such a committee must propose its title and remit.

### **Duration of Committees**

16.6 Subject to Standing Order 16.3, all committees established under Standing Order 16 will exist for the duration of the Assembly unless otherwise specified in the motion to establish the committee.

## **STANDING ORDER 19 – Finance**

### **Committee**

19.1 In proposing the remits of committees under Standing Order 16.2 or 16.3, the Business Committee must ensure that there is a committee (referred to within Standing Order 19 as “the responsible committee”) with responsibility for the functions specified in Standing Order 19.

### **Functions**

19.2 The responsible committee must consider and report on any report or other document laid before the Assembly by Welsh Ministers or the Commission containing proposals for financing, or the use of resources.

- 19.3 The responsible committee may also consider and report on any other matter relating to or affecting financing, or expenditure out of the Welsh Consolidated Fund.
- 19.4 A reference to the use of resources is a reference to their expenditure, consumption or reduction in value and includes expenditure payable out of the Welsh Consolidated Fund and any other expenditure met out of taxes, charges and other sources of revenue.
- 19.5 A reference to ‘financing’ is a reference to sources of funding including, but not limited to, revenues raised from taxes, the Welsh Block grant and through the use of borrowing.

## **STANDING ORDER 20 – Finance Procedures**

### **General**

- 20.1 References to “the responsible committee” within Standing Order 20 means the committee with responsibility for the functions specified in Standing Order 19.
- 20.1A The responsible committee and the government must agree a protocol on the administrative arrangements for the scrutiny of the annual draft budget and other related budgetary matters.

### **Welsh Government**

- 20.2 In each year, the Minister with responsibility for government business must notify the Business Committee of the following:
- (i) the date by which a Welsh Minister will lay the outline budget proposals for the government, in accordance with Standing Order 20.7;

- (ii) the date by which a Welsh Minister will lay the detailed budget proposals for the government; and
- (iii) the date by which a Welsh Minister will table the annual budget motion in accordance with Standing Order 20.25, and taking account of Standing Order 20.5.

20.3 The Minister must make the notification required under Standing Order 20.2 at least two weeks before the summer recess in each year.

20.4 Having been notified under Standing Order 20.2 and consulted the responsible committee, the Business Committee must establish and publish a timetable for the consideration of the budget, which must include:

- (i) the dates notified in accordance with Standing Order 20.2;
- (ii) the deadline by which the responsible committee must report to the Assembly on the outline budget proposals for the government; and
- (iii) the deadline by which consideration of the detailed budget proposals by committees must be completed.

20.5 In determining the deadlines under Standing Order 20.4 or 20.6;

- (i) the responsible committee must normally be given at least eight weeks to report on the outline budget proposals for the government, and must always be given at least five weeks to report; and
- (ii) committees must be given at least five weeks to consider the detailed budget proposals for the government.

20.6 At the request of the Minister with responsibility for government business, the Business Committee may make subsequent changes to the timetable published under Standing Order 20.4, subject to Standing Order 20.5. The Business Committee must publish the revised timetable.

### **Draft Budget Proposals**

20.7 In accordance with Standing Order 20.2 (or Standing Order 20.6), a Welsh Minister must lay before the Assembly outline budget proposals setting out financing plans, and the amounts of resources and cash which the government proposes to use for the following financial year and provisional amounts for the subsequent two years or for such other period as the Minister considers appropriate.

20.7A At the same time as a Welsh Minister lays before the Assembly outline budget proposals under Standing Order 20.7 they must also lay such accompanying information as is specified in the protocol agreed under Standing Order 20.1A.

20.7B In accordance with Standing Order 20.2 (or Standing Order 20.6), a Welsh Minister must lay before the Assembly detailed budget proposals, including the proposed budget allocations within each Ministerial portfolio.

20.8 A Welsh Minister may make a statement in plenary on the draft budget as soon as possible after the outline budget proposals are laid in accordance with Standing Order 20.7.

20.9 No motion may be moved in plenary in respect of the draft budget for the government until after both the following dates have passed:

- (i) the deadline by which the responsible committee is required to report on the outline budget proposals under Standing Order 20.4(ii) (or Standing Order 20.6); and
- (ii) the deadline by which consideration of the detailed budget proposals by other committees must be completed under Standing Order 20.4(iii) (or Standing Order 20.6).

20.10 *[Standing Order removed by resolution in Plenary on XX XXXX XXXX]*

20.11 The responsible committee's report may recommend changes to the amounts proposed in the outline budget proposals provided that:

- (i) the net effect of those changes would not increase or decrease the aggregate amounts proposed in the outline budget proposals for the government; or
- (ii) any recommendation to increase the total spend proposed is accompanied by a proposal for a commensurate increase in the level of financing; or
- (iii) any recommendation to decrease the level of financing should include how the reduction is to be balanced by a reduction in the total spending proposed.

20.12 In accordance with the timetable established and published by the Business Committee under Standing Order 20.4 or Standing Order 20.6, the Assembly must consider a motion tabled by a Welsh Minister that the Assembly takes note of the draft budget for the government. Any amendment to such a motion may only be tabled provided that:

- (i) the net effect of any changes would not increase or decrease the aggregate amounts of resources or

- cash proposed in the draft budget for the government; or
- (ii) any proposal to increase the total spend is accompanied by a proposal for a commensurate increase in the level of financing; or
  - (iii) any proposal to decrease the level of financing includes how the reduction is to be balanced by a reduction in the total spending proposed.

### **The Commission**

- 20.13 Not later than 1 October in each financial year, a member of the Commission must lay before the Assembly a draft budget for the Commission setting out the amounts of resources and cash which the Commission proposes to use for the following financial year and provisional amounts for the subsequent two years or for such other period as the Commission has agreed with the Welsh Ministers.
- 20.14 The responsible committee must consider and report to the Assembly on the draft budget for the Commission by 22 October. The responsible committee's report may recommend variations in the amounts proposed in the draft budget provided that the net effect of those variations would not increase the aggregate amounts of resources or cash proposed in the draft budget for the Commission.
- 20.15 A member of the Commission must lay before the Assembly a budget for the Commission. The budget may not be laid until after the deadline by which the responsible committee is required to report on the draft budget for the Commission.
- 20.16 A member of the Commission must table a motion that the budget laid under Standing Order 20.15 be agreed and incorporated in the



annual budget motion under Standing Order 20.26(ii). No amendment to the motion may be tabled and the motion must be debated within five working days of it being tabled (not counting working days in a non-sitting week).

- 20.17 If the final budget for the Commission is not agreed, then a member of the Commission must lay before the Assembly a revised budget for the Commission, together with a motion that it be agreed and incorporated in the annual budget motion under Standing Order 20.26(ii). No amendment to the motion may be tabled and the motion must be debated within five working days of it being tabled (not counting working days in a non-sitting week).
- 20.18 Further motions under Standing Order 20.17 may be tabled until such time as agreement has been reached but no such motion may be considered by the Assembly after 27 November.
- 20.19 If the budget for the Commission has not been agreed by 27 November, then the budget for the Commission to be incorporated in the annual budget motion under Standing Order 20.26(ii) is to comprise, for each service or purpose for which resources or cash were authorised to be used by the Commission in the previous financial year, 95% of the amount so authorised.
- 20.20 When a UK Government or Welsh Government Spending Review takes place, a member of the Commission may, with the agreement of the Business Committee, specify different dates from those within Standing Order 20.13 by which he or she must lay the draft budget for the Commission and, consequently, the date referred to in Standing Order 20.18 and Standing Order 20.19. If the Business Committee agrees, it must notify the Assembly by laying a report.

### **Auditor General and the Wales Audit Office**

- 20.21 The Auditor General and the Wales Audit Office must jointly lay the estimate of income and expenses required under Section 20 of the

Public Audit (Wales) Act 2013 before the Assembly as soon as practicable but in any event no later than 1 November in each financial year.

- 20.22 The responsible committee under Standing Order 18.10(i) must consider and lay before the Assembly, no later than 22 November, a report including the estimate, with any modifications which the responsible committee, having consulted and taken into account any representations made by the Auditor General and the Wales Audit Office, considers appropriate.

### **Ombudsman**

- 20.23 The Ombudsman must submit the estimate of income and expenses required under paragraph 15 of Schedule 1 to the Public Services Ombudsman (Wales) Act 2005 to the responsible committee as soon as practicable but in any event no later than 1 November in each financial year.
- 20.24 The responsible committee must consider and lay before the Assembly, no later than 22 November, the estimate, with any modifications which the Committee, having consulted and taken into account any representations made by the Ombudsman, considers appropriate.

### **Welsh rate resolutions**

- 20.24A A Welsh rate resolution is a resolution of the Assembly under section 116D of the Act.
- 20.24B A Welsh rate resolution must
- (i) specify the tax year for which it applies;
  - (ii) must be made before the start of that tax year; and
  - (iii) must not be made more than 12 months before the start of that year.

20.24C A motion for a Welsh rate resolution, or for the cancellation of such a resolution, may only be moved by the First Minister or a Welsh Minister. A Welsh rate resolution is not amendable.

20.24D A motion for a Welsh rate resolution may not be moved until after the annual budget motion has been tabled in accordance with Standing Order 20.25.

### **Annual Budget Motions**

20.25 An annual budget motion as required under section 125 of the Act must be tabled by a Welsh Minister, in accordance with Standing Order 20.2 (or Standing Order 20.6).

20.26 An annual budget motion must incorporate:

- (i) the final budget for the government;
- (ii) the final budget for the Commission as agreed by the Assembly under Standing Order 20.16 or 20.17, or as determined under Standing Order 20.19;
- (iii) the estimate for the Wales Audit Office, as laid before the Assembly under Standing Order 20.22; and
- (iv) the estimate for the Ombudsman as laid before the Assembly under Standing Order 20.24.

20.27 An annual budget motion may also incorporate any motion for a resolution to be made for the relevant financial year under section 120(2)(a) of the Act.

20.28 The information produced in support of an annual budget motion must include as a minimum:

- (i) the written statement required under section 125(3) of the Act;

- (ii) the resources agreed by the UK Treasury for the Welsh block budget for the financial year covered by the motion;
- (iii) a reconciliation between the resources allocated to the Welsh block budget by the UK Treasury and the resources to be authorised for use in the motion;
- (iv) a reconciliation between the estimated amounts to be paid into the Welsh Consolidated Fund by the Secretary of State and the amounts to be authorised for payment out of the Fund in the motion;
- (v) a reconciliation between the resources to be authorised under section 125(1)(a) and (b) of the Act and the amounts to be authorised for payment out of the Welsh Consolidated Fund under section 125(1)(c); and
- (vi) details of any revisions to the information provided in accordance with Standing Orders 20.7 – 20.7B for the draft budget, as specified in the protocol agreed under Standing Order 20.1A.

20.29 An annual budget motion may only be moved by a Welsh Minister. No amendment to an annual budget motion may be tabled.

20.29A No decision may be taken on an annual budget motion until the Assembly has agreed the Welsh rate resolution for the financial year covered by the motion.

### **Supplementary Budget Motions**

20.30 A Welsh Minister may table a supplementary budget motion under section 126 at any time after the annual budget resolution has been passed.

- 20.31 The information provided in support of a supplementary budget motion must include any variations to that provided in accordance with Standing Order 20.28.
- 20.32 If the supplementary budget motion proposes a variation to the budget of the Commission, a member of the Commission must lay an explanatory memorandum stating why it is required.
- 20.33 A supplementary budget motion tabled under Standing Order 20.30 may not be moved until either:
- (i) the responsible committee has reported on the motion; or
  - (ii) if the responsible committee has not reported on the motion, three weeks have elapsed after it has been tabled.
- 20.34 The responsible committee's report may recommend changes to the amounts proposed in the supplementary budget motion provided that the net effect of those variations would not increase or decrease the aggregate amounts of resources or cash proposed in the supplementary budget motion.
- 20.35 If the supplementary budget motion proposes a variation to the budget for the Wales Audit Office:
- (i) the Auditor General and the Wales Audit Office must jointly provide an explanatory memorandum to the responsible committee under Standing Order 18.10(ii) stating why the variation to the budget is required;
  - (ii) the responsible committee under Standing Order 18.10(ii) may report on the proposed variation within three weeks of the supplementary budget motion being tabled. The report may propose any modifications to the proposed variation which the responsible committee

under Standing Order 18.10(ii), having consulted and taken into account any representations made by the Auditor General and the Wales Audit Office, considers appropriate.

20.36 If the supplementary budget motion proposes a variation to the budget for the Ombudsman:

(i) the Ombudsman must provide an explanatory memorandum to the responsible committee stating why the variation to the budget is required;

(ii) the responsible committee may lay before the Assembly a report on the proposed variation within three weeks of the supplementary budget motion being tabled. The report may propose any modifications to the proposed variation which the responsible committee, having consulted and taken into account any representations made by the Ombudsman, considers appropriate.

20.37 A supplementary budget motion may only be moved by a Welsh Minister. No amendment may be tabled or moved except by a Welsh Minister.

### **Excess Use of Resources**

20.37A If the audited accounts of the Welsh Government for any financial year record an excess of resources used to the amounts authorised or deemed under the Act to be authorised by Assembly budget resolutions, a Welsh Minister may table a supplementary budget motion seeking retrospective authorisation for excesses recorded in the Welsh Government's audited accounts.

20.38 Standing Order 20.39 applies if the audited accounts of the Commission, the Wales Audit Office or the Ombudsman for any

financial year record an excess of resources used to the amounts authorised or deemed under the Act to be authorised by Assembly budget resolutions.

- 20.39 A Welsh Minister must, if requested to do so by the Commission, the Wales Audit Office or the Ombudsman, table a supplementary budget motion seeking retrospective authorisation for excesses recorded in that person's audited accounts.
- 20.40 A supplementary budget motion tabled under Standing Orders 20.37A or 20.39 may not be moved until either:
- (i) the Public Accounts Committee, or the responsible committee under Standing Order 18.10(iv) if it relates to the Wales Audit Office, has reported on the motion; or
  - (ii) if the Public Accounts Committee, or the responsible committee under Standing Order 18.10(iv) if it relates to the Wales Audit Office, has not reported on the motion, 6 months have elapsed after it has been tabled.
- 20.41 Standing Orders 20.30 to 20.36 do not apply to motions tabled under Standing Orders 20.37A or 20.39.

## **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.

### **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.

27.7 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.
- 27.8 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.
- 27.8A Any instrument or draft instrument relating to devolved taxes 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.

### **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**

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.

### **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.