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Welsh Government

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Cardiff Bay
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 October 2014

Well-being of Future Generations (Wales) Bill

Thank you for your letter of 29 September 2014 regarding the Well-being of Future Generations (Wales) Bill. The attached Annex 1 provides the information that you have requested. I trust that this is helpful and responds to the Committee's specific questions.

I would also like to use this opportunity to provide clarification on some of the issues about the structure and purpose of the Bill that have been raised in scrutiny to date.

Earlier this year the Welsh Government published our vision (the Wales we Want by 2050) for a sustainable future for the well-being of Wales, setting out a commitment to the well-being of both current and future generations. This contained draft well-being goals, our input into the pilot national conversation being led by the independent Commissioner for Sustainable Futures. We recognise that Wales faces a number of complex challenges such as climate change, declining biodiversity, poverty and creating jobs. These are as much about global problems as they are about problems for Wales. I am committed to ensuring that this legislation provides us with the right framework for a positive contribution to tackling these global challenges.

We cannot, however, rely on the well-being goals alone to drive the change that is needed to make Wales a more sustainable nation. The statutory duties in section 7 and 8(1) are of equal importance and are intended to ensure that this change happens, with specified public bodies accountable for their contribution. I have attached a diagram at Annex 2 which provides a visual representation of the architecture within the Bill and how the various sections of the Bill fit together.

The common aim set out in Section 2 reinforces the need to focus on improving the social, economic and environmental well-being of Wales in accordance with the commonly agreed principle of Sustainable Development. The six well-being goals in Section 6 therefore define 'what' is to be achieved, and, in recognising that no one organisation can

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singlehandedly achieve all aspects of the well-being goals, duties are placed on public bodies in order to maximise the contribution that each public body can make to all the well-being goals. The sustainable development principle, through the five governance approaches in Section 8(2) sets out 'how' we want organisations to work differently in order to maximise their positive contribution towards achieving the shared well-being goals for Wales. These are considering the long term; taking an integrated approach; involving people; collaboration; and preventative action.

It is also important that we can measure Wales' progress. The well-being goals approach allows this through the setting of national indicators. Their purpose is not to measure the individual contribution made by the public bodies listed. They are firmly focused on Wales' performance however will be capable of being disaggregated at the local level. In support of this, the Commissioner is under a duty to take into account the annual well-being report published by the Welsh Ministers which details the progress made towards the achievement of the well-being goals by reference to the national indicators when preparing the periodic Future Generations Report. This ensures that there is a regular independent check and opportunity to discuss Wales' progress.

The key contribution that public bodies make to a sustainable Wales is recognised by this legislation. It is therefore of fundamental importance that the Bill ensures that taking a sustainable development approach is at the heart of how the specified public bodies operate. I wish to draw members' attention to *Governing for the Future – The opportunities for mainstreaming sustainable development*, a report published by the Sustainable Development Commission (SDC) in 2011. I believe that the Bill as drafted helps us realise many of the opportunities the Commission identified. The report rightly states that sustainable development is not an 'add-on'.

To mainstream sustainable development it should be embedded in - not attached to - the existing organisational structure of Government and the specified public bodies. The Bill achieves this. It recognises that the specified public bodies already have core objectives that guide the decisions they make, influencing and changing these objectives is the aim. The intention is that the listed bodies will meet the duties using their existing systems of corporate planning and annual reporting rather than creating a bureaucratic and tick box parallel system, and we will use guidance to reinforce this message.

During the process of developing this Bill I have been aware of the support from many stakeholders for the need for this legislation, because I believe we all share the same aim. This is encouraging. Along with the emerging success of the 'Wales we Want' exercise, this provides a firm foundation for not just the implementation of this Bill, but also how we can realise well-being for our people and communities, our economy and the environment, both now and for future generations.



Carl Sargeant AC / AM

Y Gweinidog Cyfoeth Naturiol
Minister for Natural Resources

Annex 1

Defining SD in the Bill and the SD duty

The well-being goals

1. I will respond to your queries regarding the meaning of well-being, the well-being goals and the sustainable development principle together. All of these provisions, taken together, make up the governance framework established by the Bill, and are therefore dependent on each other for the successful embedding of sustainable development by the relevant bodies.
2. Section 2 establishes the aim of public bodies to improve the economic, social and environmental well-being of Wales. This secures in law the need for a balanced integration of the three internationally recognised dimensions of sustainable development, reflecting that contained in One Wales: One Planet (2009). This approach to 'well-being' reflects that in Section 60 of the Government of Wales Act 2006, in which the well-being of Wales is made up of three interlocking aspects, environmental, economic and social.
3. In order to provide the clarity needed, rather than provide for a stand-alone definition, the six well-being goals define the aspects of Wales' economic, social and environmental well-being of Wales. They collectively express a vision for the long-term economic, environmental and social well-being of Wales - in essence 'the Wales we want' - to provide a coherent framework to guide the achievement of well-being in Wales in a sustainable manner.
4. Improving the well-being of Wales is a joint responsibility and requires a joint effort. It would be unrealistic to expect any one organisation to singlehandedly achieve all aspects of the well-being of Wales as expressed in the well-being goals. The Bill recognises this by using terms such as "pursue" and "seeking to achieve", which will also foster a culture of continuous improvement. By requiring specified public bodies to set and meet their well-being objectives, the Bill recognises that each body can contribute to achieving the well-being goals. This contribution is likely to be of a different scale and focused on different areas depending on the nature of the specific public body, which is why the Bill gives public bodies discretion to set their own well-being objectives.
5. However, it is expected that specified public bodies, in setting their well-being objective set out the contribution that they can and will make to *all* of the well-being goals. They must be considered in an integrated way.
6. The sustainable development principle in section 3 provides clarity that the specified public bodies, in working towards the common aim and improving the well-being of Wales ensure that action taken to improve the well-being of people now doesn't impact the ability of future generations to meet their own needs. . The governance principles set out in section 8(2) (considering the long term; taking an integrated approach; involving people; collaboration; and preventative

action) provide further detail of the issues that these bodies must take into account when setting, and taking steps to meet their well-being objectives.

7. Therefore the elements of the governance framework can be seen as a clear focus on *what* the specified public bodies are seeking to deliver in support of the future well-being of Wales (the common aim and the well-being goals) and *how* they should be doing this (the sustainable development principle and the governance approaches in Section 8(2)).
8. In practice, a public body will demonstrate that it has taken into account the sustainable development governance approaches provided for at section 8(2) through the statement required under section 7(2).
9. The Social Services and Well-being (Wales) Act 2014 defines “well-being” at Section 2(2) of that Act in relation to a person. That is appropriate for that Act which deals specifically with Social Services and is rightly concerned with the well-being of individuals who may use or be otherwise affected by those services. This Bill has a much wider scope and is concerned with the well-being of the nation as whole, hence well-being in this context has the same meaning as in the Government of Wales Act 2006, and following internationally understood definitions of the term.

Specified Public Bodies

10. You have requested an explanation of why higher and further education institutions, registered social landlords, the Welsh Ambulance Trust (WAST) and community councils are not included in section 5. You have also asked in which circumstances the power to amend the public bodies to which the Bill applies would be used.
11. The 44 organisations subject to the Bill were identified following consideration of a set of criteria:

<i>Funding:</i>	the authority is over 50% public funded;
<i>Impact on Well-being:</i>	the authority undertakes functions or activities that impact on the economic, social and environmental well-being of Wales or their local area;
<i>Functions:</i>	the authority has strategic functions;
<i>Auditable:</i>	the authority is an ‘auditable public authority’ as defined in Schedule 7 of GOWA 2006.

12. Higher Education Institutions and Further Education Corporations were excluded because they are not directly funded by the public purse. Further Education Corporations, for example, operate in a market which includes other training providers.
13. Registered Social Landlords, in a similar manner, are not included because of the varied level of public sector funding they receive.

14. WAST were not included in the Bill as they were also not considered to meet these criteria, however I would be happy to reconsider this in light of the evidence that they have provided.
15. The Bill recognises the key role that community councils play in promoting and improving well-being, both in their own right and as partners of Public Services Boards.
16. Community Councils who have a gross income or expenditure of at least £200,000 for each of the last three years before the local well-being plan is produced are required to take steps to meet the well-being objectives included in the local well-being plan for their area. Requiring those community councils to do so is intended to ensure that they are more transparent and accountable in terms of the contribution they are making to the local well-being plans and the resulting improvement to the well-being of their local area. The decision not to apply all the duties in the Bill to Community Councils was a reflection of their size and their consequent ability to contribute to improving the well-being of Wales. It is also our intention not to apply disproportionate duties to relatively small bodies.
17. The organisations that will be subject to the provisions of the Bill are listed on the face of the Bill. The Welsh Ministers would only use their power to amend this list by regulations if a new public body (for example a new Welsh Government sponsored body) which met the policy criteria outlined above for inclusion in the Bill was created. The power could also be used to remove a specified public body from the list if it was abolished or its remit changed making it no longer able to contribute to the provisions of the Bill.
18. The Welsh Ministers are required to consult with the Future Generations Commissioner, the relevant body and other appropriate persons before making regulations which affords sufficient opportunity for comment. In addition, the approval of the Assembly is required to any changes which enables the Assembly to consider if the proposals are appropriate.

Well-being Goals

19. As I detailed above, the well-being goals provide a concrete expression of what the environmental, social and economic well-being of Wales means. Specified public bodies will set out how they intend to maximise their contribution to the achievement of the well-being goals, by setting, publishing and meeting their well-being objectives, thereby pursuing the common aim
20. The power to amend the well-being goals gives the necessary flexibility to take account of changing circumstances and respond to new challenges if and when they arise. However, I do not anticipate that the Welsh Ministers will need to use the power to amend the well-being goals on a regular basis. The Future Trends Reports, the Future Generations Reports and any recommendations published by the Commissioner will be drawn on to judge whether amendments to the well-being goals are required.

21. The Bill requires the Welsh Ministers to consult with the Commissioner and the other public bodies as well as other persons the Welsh Ministers think are appropriate, if they wish to change the well-being goals. As these are national well-being goals, I envisage this will be a wide ranging consultation across different sectors including Assembly Members, members of the public, business and the third sector, just as with the pilot national conversation which discussed a draft set of goals earlier this year. Any proposed changes to the well-being goals will require the approval of the National Assembly for Wales, just as it will be agreeing the well-being goals on the face of the Bill

Well-being objectives and the duty on public bodies

22. We have considered the statutory duties on the public bodies listed as they apply to their governance arrangements. We see no conflict with the duties set out in this Bill.

23. The Explanatory Memorandum (EM) sets out that the requirements of the Bill are to be incorporated into existing corporate governance and business planning processes. The Bill provides the duties necessary to embed sustainable development at the heart of the public service. Whilst the Bill requires certain duties it does not prescribe that these are exercised separately. The Bill allows an organisation to discharge these duties using existing mechanisms. Where an organisation determines its priorities through a corporate plan, we would expect organisations to use this to discharge their duty. Equally, we would expect them to meet their reporting duties through their existing annual reporting mechanisms. This will be clarified further in guidance.

Measuring performance

24. The purpose of the national indicators is to measure shared progress in achieving the well-being goals, nationally and in specific areas of Wales. The indicators will also be critical to the success of the role of the Commissioner and in particular her/his functions to engage and to prepare a Future Generations Report.

25. However, public bodies under the Bill will be required to report annually on the progress they are making in meeting their respective well-being objectives. These well-being objectives must be set in a way that maximises their contribution to achieving the well-being goals.

26. Public Services Boards will also be required to publish annual progress reports to set out their progress against the objectives they have set in their local well-being plans. The Welsh Ministers will have a power (separate from the duty to publish national indicators) to set indicators and standards by reference to which Public Services Boards' performance can be measured. Any indicators or standards set for Public Services Boards would be focused at measuring performance at the local level.

Enforcement

27. It is essential that the public bodies subject to the duties contained in the Bill are accountable for their compliance with those duties, and the progress they are making. It is the intention that they should demonstrate compliance, as far as possible, through frameworks already in place rather than establishing new and separate regimes which would not be in keeping with the mainstreaming intention of the Bill.

28. The Bill builds on and strengthens the accountability of sustainable development in Wales through a “toolkit” made up of the following elements;

(a) National Assembly for Wales

29. While it will be for the National Assembly for Wales to determine how they scrutinise the effectiveness of the Bill and the progress being made by specified public bodies, the Bill ensures the following evidence, which will support this work, must be laid before National Assembly for Wales:

- the national indicators (S.11(1)(b))
- the national indicators when revised (S.11(6)(b))
- Annual reports by the Welsh Ministers setting out their progress towards meeting their well-being objectives(S.13(1)(b))
- Future Generations report published by the Future Generations Commissioner for Wales (S.21(7))
- the Commissioner’s Annual Report (Schedule 2, paragraph 16(8))

(b) Local Authority Scrutiny

30. Section 33 of the Bill requires each local authority to ensure its overview and scrutiny committee has the power to:

- Review or scrutinise the decisions made or actions taken by its public services board in the exercise of its functions;
- Review or scrutinise the board's governance arrangements;
- Make reports or recommendations to the board with respect to the board's functions or governance arrangements; and
- Consider such matters relating to the board as the Welsh Ministers may refer to it and report to the Welsh Ministers accordingly.

Please see the Public Services Boards heading below, in particular paragraphs 51 and 52 describing the central role of Local Government overview and scrutiny committees.

(c) Auditor General for Wales

31. Whilst the Future Generations Commissioner is responsible for monitoring and assessing the extent that the specified public bodies are meeting their well-being objectives, it is also important that the public bodies are accountable for their compliance with the duties contained within the Bill. It is intended that this will take the form of a review of the economy, efficiency and effectiveness of the arrangements made by each of the public bodies subject to the provisions of the

Bill to meet their respective well-being objectives in accordance with the sustainable development principle. It is the Welsh Government view that this review can be carried out by the Auditor General for Wales as part of the current audit framework which is consistent with the mainstreaming intention of the Bill.

(d) Future Generations Commissioner for Wales

32. Please see the paragraphs below which summarise the powers intended to be provided to the Future Generations Commissioner for Wales. In particular, the Bill provides the power for Commissioner to make recommendations. The Commissioner may require a public body to provide such information as she considers relevant to assist in making recommendations. The Bill places a duty on specified public bodies to either comply with the Commissioner's recommendation or publish an explanation as to why it considers there is good reason for not complying with the recommendation and/or taking an alternative course of action.

Future Generations Commissioner for Wales

Independence

33. The Commissioner will be able and expected to demonstrate independence when carrying out his/her functions. The Welsh Ministers will not have any influence over the Commissioner's functions. These include providing advice or assistance, making recommendations, preparing and publishing reports and the working relationship the Commissioner has with the Advisory Panel or any other party.
34. To date, no evidence has been provided from any stakeholders to show that the Welsh Ministers have prevented or discouraged a body or person similar to the Commissioner from carrying out their functions, for example in relation to existing statutory Commissioners
35. The appointment process will follow the Code of Practice for Ministerial Appointments to Public Bodies. The Code puts in place a well established, independent and respected process to manage the selection and appointment of candidates to public bodies. It is followed, in practice or in spirit, for the appointment of our other Commissioners as well as a number of roles across Wales and the rest of the United Kingdom. In discharging the Code, Ministers and their Departments must observe three basic principles of merit, fairness and openness. I am determined that this will be the case for the Commissioner's appointment; the appointment panel for the Commissioner will be chaired by an external assessor appointed and allocated by the Commissioner for Public Appointments. This provides safeguards of separating the role of the Welsh Ministers, as the appointer, from the process.
36. On the wider governance of the Commissioner, a number of the arrangements we have put in place are similar or the same as those of organisations such as Wales' public service Commissioners. I do not consider them to be controversial or problematic. The National Assembly for Wales will also be able to choose to

scrutinise the Commissioner, and the Bill requires the following documents to be laid before it.

- The Commissioner's Annual Report (Schedule 2, paragraph 16(8));
- The Commissioner's estimate of the income and expenses of the Commissioner and Commissioner's staff, for each financial year (Schedule 2, paragraph 17(3));
- The audit of accounts of the Commissioner, by the Auditor General for each financial year (Schedule 2, paragraph 18(2)(b));
- A report by the Auditor General for Wales of the examination into the economy, efficiency and effectiveness of the Commissioner, whenever this power is exercised (Schedule 2, paragraph 19(4)(b)).

Recommendations

37. I do not accept the argument that the Commissioner's power to make recommendations is too weak, on the basis that specified public bodies can avoid following them. The Bill places a duty on specified public bodies to either comply with the Commissioner's recommendation or publish an explanation as to why it considers there is good reason for not complying with the recommendation and/or taking an alternative course of action. These published explanations mean that specified public bodies cannot hide from difficult decisions presented to them by the Commissioner's recommendation. They must provide a justification if they disagree or decide to take an alternative approach.

38. It would not be proportionate for the Commissioner to be able to compel bodies to comply with his/her recommendations. In the case of Local Government and other elected bodies, it would undermine their democratic basis. Whilst the Commissioner will be an authority in providing advice to public bodies in the pursuit of their well-being objectives, there may be occasions when specified public bodies disagree with the recommendation, taking into account their circumstances and the views of their stakeholders. However, by compelling bodies to provide an explanation as to why they have not complied with the recommendations and/or are pursuing an alternative course of action, provides for further scrutiny, for example by the Assembly.

Providing advice and assistance on climate change

39. Climate change represents one of the most significant challenges to the well-being of future generations of our time. A Future Generations Commissioner could not therefore undertake the role without taking climate change into account. At the moment the Climate Change Commission for Wales (CCCW) is non-statutory. The provision in the Bill that the Future Generations Commissioner may provide advice or assistance (which includes providing advice to the Welsh Ministers on climate change) will build on the work currently being undertaken by the Climate Change Commission and put such advice on a statutory footing.

40. The Future Generations Commissioner will need however to decide on the best model of delivery regarding this function. In preparation, there is a need to look at the benefits and gaps within the current structures as discussed by the Climate

Change Commission for Wales at their meeting in September; the current Chair of the Climate Change Commission is taking this forward.

41. The aim is that the Future Generations Commissioner will not only be able to provide advice to the Welsh Government but also to any public body in Wales.

Circumstances for issuing guidance to other public bodies on responding to a recommendation and how the Bill ensures an appropriate response from Welsh Ministers to a recommendation

42. To ensure that there is consistency in how those public bodies respond to recommendations from the Commissioner I intend to produce guidance. This will be subject to consultation in due course.

43. The Policy Intent Statement which accompanied the Bill on introduction outlined that the guidance is likely to cover:

- Why a response is needed and how it will support the work of the Commissioner and the wider aims of the Bill;
- Who must respond to the Commissioner's recommendation, including any approval arrangements;
- The way that any response should be conveyed to the Commissioner;
- When a response should be issued to the Commissioner;
- The type of information that should be contained within that response; and
- What are the consequences if public bodies do not respond or the response provided is considered unsatisfactory?

44. I do not intend to create separate arrangements for the Welsh Ministers when responding to recommendations in respect of their well-being objectives compared to other specified public bodies. A distinction will only relate to where recommendations are made against the well-being goals or national indicators. This is likely to be necessary because the process involved in potentially changing them involves consultation with stakeholders, in the case of the national indicators and an Assembly plenary debate for the well-being goals.

Joint working – why a power and not a duty?

45. As with any fruitful collaboration, a process of agreement should be reached through discussion rather than compulsion. Our intention is that this will happen where there is a clear opportunity to work jointly. This could be when the Commissioner provides advice and assistance on issues relevant to reviews or inquiries carried out by the Commissioners for Children, Older People and the Welsh language. However, there may be circumstances, such as if the timing of the Commissioner's advice is not compatible, or if there are disagreements over the evidence, that joint working might not be appropriate. Some discretion should be available to allow the Commissioners to work separately from each other and provision has been made as a consequence. This kind of provision is similar to those found in the legislation establishing the Commissioners for Children, Older People and the Welsh Language.

The Commissioner's Advisory Panel

46. The current members of the Advisory Panel represent a range of interests that we expect will provide value in advising the Commissioner in the exercise of his/her functions. However, there are other areas of interest such as transport, business, arts and culture or education where the Commissioner may benefit from expert advice. Though I am sure there are suitable candidates who can fill these roles, I doubt there is a single person or figurehead that has universal support. Over time as well it may be decided that the balance of expertise and knowledge is not sufficient to enable the Commissioner to pursue their work programme or particular projects or activities. In these circumstances I would foresee the need to appoint additional members to the Panel.
47. As with the Commissioner's appointment I would want the appointments arrangements for the Advisory Panel to apply the same principles of openness, fairness and merit that come with the Code of Practice for Ministerial Appointments to Public Bodies. As the Advisory Panel will be working very closely with the Commissioner I want to add Ministerial oversight to the process so that any appointment is seen as objective and separate from their working relationship. However, I intend that the Commissioner will nonetheless be involved in any appointment exercise and I hope will add value to the process.

Public Services Boards

Natural Resources Wales

48. Requiring Natural Resources Wales ("NRW") to be a statutory member of the Public Services Boards (PSBs) - as the appropriate public body responsible for environmental issues - will strengthen the environmental evidence base for local well-being plans and ensure that environmental objectives are integrated with social and economic objectives.
49. The evidence provided to the committee on 25th September by representatives from Natural Resources Wales (NRW) is noted, and in responding to this concern I would suggest that resourcing demands will level off as these policies and working arrangements are established. We would expect a higher level of demand on resources at the beginning on the assessment and development of the plan, reducing from that level after that.

Local Service Boards mergers

50. Mergers have already taken place in some areas - for example Anglesey and Gwynedd and Conwy and Denbighshire - so there are already fewer Local Service Boards than existing local authorities. Furthermore, future resource will need to be considered in light of the local government reform agenda. This will help NRW with regard to their distribution of resources at the outset and establishing working practices.

Assessments of local well-being

51. Regarding the Committee's query that all assessments and reviews in Section 36(3) are socially focussed, section 35 (3)(b) of the Bill provides that an assessment of local need must include an analysis of the state of economic, social and environmental well-being in each community and in the area as a whole. It must provide a clear picture of the current and likely future condition of the well-being of the people and communities in its area. This means each PSB must assess its area's economic, social and environmental well-being in the round and its assessment cannot be confined to an analysis of issues covered by the assessments listed in section 36(3).
52. The list of assessments referred to in Section 36 is a list of existing statutory assessments which can be broadly characterised as "social" but, as is clear from section 35 of the Bill, the list in section 36(3) is far from exhaustive of the matters an assessment of well-being under section 35 must include. Section 36(3) (h) enables the Welsh Ministers, if appropriate to add to the list of assessments in section 36(3) if relevant new assessments are enacted, whether they relate to economic, social or environmental matters.

Power under section 31 to amend membership

53. On the detail of the circumstances where Welsh Ministers would exercise their power under section 31 to amend membership, only bodies or persons with public functions can be members, invited participants or other partners of a PSB. Examples of the circumstances where the Welsh Ministers would exercise the power under sections 31 would be if there was a change in name, or status (a modification of their remit, perhaps), or merger of the bodies listed.

Powers of Welsh Ministers to prescribe PSB roles, processes and outcomes

54. Local integrated planning will only be effective if the members of the Public Services Board take responsibility themselves for securing improvement, with local democratic processes providing appropriate challenge and support. For this reason, the Bill gives the Welsh Ministers relatively few powers and relies predominantly on the role of local government scrutiny and local democratic processes to secure continuous improvement.
55. The PSB has a vital role in bringing local public services organisations together. The Bill puts in place more effective governance arrangements and places local well-being planning within the wider framework of national well-being goals. The PSB prepares and agrees the local well-being plan, leads on engagement with the area's people and communities and sets out who needs to take which actions and by when. The Bill does not give the Welsh Ministers powers to prescribe the content of the PSBs' assessments of well-being or local well-being plans.
56. Local democratic process are at the heart of Part 4 of the Bill because it provides each PSB is held to account and monitored for the effectiveness of its well-being plan and its governance arrangements by a designated Local Government democratic overview and scrutiny committee. Although the Bill gives the Welsh Ministers a power to direct a PSB to review its local well-being plan, the Bill does not give them the power to set aside or overturn a local well-being plan. It should

also be noted that a local authority's decision to approve the local well-being plan is reserved to the authority itself, not its executive, so the decision is subject to local democratic processes.

57. I believe there is a good balance in the Bill between preserving the autonomy of each PSB to make its own decisions, and mechanisms to enable Welsh Ministers to raise concerns over PSBs plans, if necessary, to ensure robust delivery and performance.

The Regulatory Impact Assessment and Financial Provisions

58. In your letter you asked me to respond to the specific concerns raised by both the Auditor General for Wales (AGW) and the Chair of the Wales Audit Office (WAO) regarding the accuracy of the estimates and the approach taken to preparing cost estimates presented in the Regulatory Impact Assessment, as opposed to the extent of the likely costs themselves.

59. The concerns of the Chair of the WAO relate to the estimated on-going annual cost of audit review work of £130,000. The AGW has also made reference to this concern. The Regulatory Impact Assessment uses the figures that had already placed in the public domain, with appropriate caveats. When the Wales Audit Office officials shared further indicative costs in March 2014, Welsh Government officials understood that these figures should not be published and were shared confidentially, particularly as they were caveated as "not to be relied upon for formal regulatory impact assessment purposes".

60. I welcome the AGW's view that it is appropriate for the RIA to attempt to estimate the administrative costs associated with the Bill. The concerns raised by the AGW in paragraph 28 of their response to the Environment and Sustainability committee relate to:

- Allowances made for changing from existing corporate objective setting and reporting processes to new processes, taking into account the reporting requirements of the Local Government (Wales) Measure (2009), [28 (a) in the AGW's response]
- Using gross salary costs and not adding "unavoidable" on-costs, [28 (b) in the AGW's response]
- Local Authority salaries being underestimated [28 (c) in the AGW's response]
- The extent of work required to participate in a Local Service Board. [28 (d) in the AGW's response]

61. It is important to emphasise that the Bill will impact on the way that specified public bodies set their well-being objectives, and the nature of those well-being objectives. It will impact also on how they go about achieving those well-being objectives and how they allocate their resources. In this way, the Bill will influence the way in which an organisation as a whole works. Most importantly, the

sustainable development principle will not be an “add-on” but will be fundamental to what organisations aim to achieve and the way in which they operate.

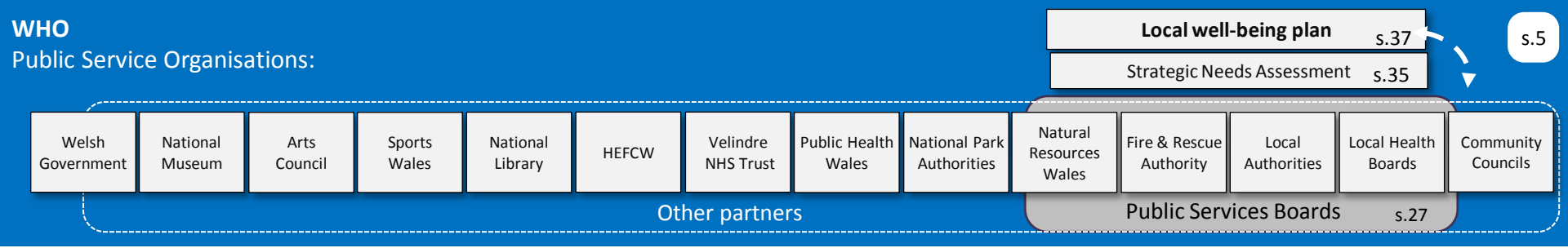
62. All the organisations captured by the provisions of the Bill already have the mechanisms in place to meet the duties in the Bill, including publishing their corporate objectives and reporting annually on their actions. Therefore, there are no additional costs anticipated as a result of the legislation.
63. In relation to the specific point about the Local Government (Wales) Measure 2009, the Committee will be aware from the Local Government White Paper that the Welsh Government intend to review the Measure to see whether there is scope for it to be changed so as more effectively to support service improvement. I note that the evidence from the WAO suggests that reforming that Measure could probably reduce local government review costs.
64. In relation to the points raised in 28(b) and 28(c), I am grateful for the useful feedback and scrutiny provided on the estimates and will ask my officials to consider these points when revising the Explanatory Memorandum after Stage 2 proceedings. I would note, however, that at the thrust of the Regulatory Impact Assessment will remain unaltered. As is set out above, the organisations captured by the provisions of the Bill already have the mechanisms in place to meet the duties in the Bill.
65. In relation to the final point, currently, LSBs meet on average 6 times a year for 2 hours. It is anticipated that additional costs associated with the Bill would be minimal since it maintains the current arrangements for Local Service Boards and the delivery of the needs assessments and single integrated plans.
66. However, it is understood that LSBs may meet more frequently during the 5-yearly plan preparation process and less frequently at other times. The Bill doesn't specify frequency, length and time for meetings, this would be locally determined by the members in assessing the input needed to progress the work.
67. I am happy to discuss this further with the AGW should there be a feeling that this estimate needs revision.

Power to make consequential etc. provision

68. The power to make consequential provision contained in section 52 of the Bill is a very common legislative provision and good drafting practice to include within the Bill. This power cannot be used widely and is limited in subsection (1) to provision “for the purposes of, or in connection with, giving full effect to a provision of this Act”. That is an important limitation in that there must be that close connection with the provisions of the Bill itself (which the Assembly will already have scrutinised and if the Bill is made law, approved). Nothing can be done under this power that is substantive and contrary to the provisions of the Bill.
69. I am confident that we have captured the necessary consequential amendments within Schedule 4 to the Bill. However, as this is an area where planning and

reporting requirements are being imposed and amended by other legislation frequently, this is a sensible provision to cover relevant changes that may occur between the Bill passing and it coming into force or subsequent to that. For example, other planning duties might be imposed on PSB members so it may be appropriate to make supplemental provision to cope with that; or there could be changes to the constitution of public bodies affected by the Bill (even simple name changes). It is sensible to have a power to be able to deal with these unforeseen things rather than rely on subsequent legislation picking them up.

Well-being of Future Generations (Wales) Bill [Architecture]



Bil Llesiant Cenedlaethau'r Dyfodol (Cymru) [Strwythur]

