



Christine Chapman AM
Chair
Communities, Equality and Local Government Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

3 March 2016

Dear Christine,

I wish to draw the Communities, Equality and Local Government Committee's attention to an important development relating to the restrictions on public sector exit payment clauses in the Enterprise Bill.

On 5 February, I laid a Legislative Consent Memorandum (Supplementary Legislative Consent Memorandum (Memorandum No. 4) on the Enterprise Bill: Public Sector Employment: Restrictions on Exit Payments) which outlined the Welsh Government's intention to oppose the Legislative Consent Motion. My decision to oppose was because the Bill did not give appropriate powers to the Welsh Ministers in respect of devolved workforces. I had raised with the UK Government my concerns over the lack of recognition of the devolved public workforce in Wales over a number of months prior to 5 February. By that date, appropriate powers had not been offered by the UK Government, and I needed to lay the Legislative Consent Memorandum to allow a reasonable amount of time for scrutiny of it.

Following my decision to oppose the LCM the UK Government has changed its stance and proposed last minute amendments that better take account of our devolved powers here in Wales. The most significant of those amendments gives the Welsh Ministers power to relax the £95k cap threshold set by the Treasury where an exit payment is made by a body wholly or mainly exercising devolved functions. This is a broad provision which gives the Welsh Ministers considerable power over the circumstances in which the cap should not apply or where different arrangements would be appropriate. The power is exercisable without a requirement to seek Treasury consent or to comply with the Treasury's directions.

The amendments guarantee that the Welsh Ministers will have power to relax a cap imposed under the Bill. This will enable the Welsh Ministers to allow payments higher than the £95k threshold should it be appropriate to do so. Further, the power will enable Ministers to relax or dis-apply certain aspects of the cap defined in the Treasury's regulations (for example pension strain costs).

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The UK Government has also proposed new amendments to provide regulation-making powers in relation to exit payments made to Members of the National Assembly for Wales, the Welsh Ministers, Deputy Welsh Ministers and First Minister, the Counsel General, members of county and county borough councils, National Park Authorities and Fire and Rescue Authorities.

I have always maintained the Welsh Government is not opposed to the capping of exit payments and that compensation paid in Wales should always represent value for money to the taxpayer. However, it's equally important that decisions and flexibilities around capping within devolved public workforces are made in the Welsh context. I am pleased that the UK Government has now acknowledged this and is now prepared to confer powers on the Welsh Ministers which will enable this to happen. As such I have decided to lay a revised Memorandum setting out the amendments, and my decision to promote the Legislation Consent Motion following the tabling of these amendments.

The UK Government amendments I have outlined above were tabled by Rt Hon Sajid Javid MP, Secretary of State for Business, Enterprise and Skills, on 1 March. They can be found on the Parliament website at the following link:

http://www.publications.parliament.uk/pa/bills/cbill/2015-2016/0142/amend/enterprise_rm_rep_0103.1-6.html

The revised Memorandum will be laid as soon as possible

You'll appreciate that the UK Government proposing such late amendments to the Bill is outside of my control. I therefore wanted to bring this change of position to the attention of the Committee at the earliest opportunity.

Best wishes,

A handwritten signature in black ink, reading "Leighton Andrews". The signature is written in a cursive style. Below the signature is a long horizontal line that ends in an arrowhead pointing to the right.

Leighton Andrews AC / AM
Y Gweinidog Gwasanaethau Cyhoeddus
Minister for Public Services