EXPLANATORY MEMORANDUM TO

THE GOVERNMENT OF WALES ACT 2006 (DESIGNATION OF RECEIPTS) (AMENDMENT) ORDER 2015

2015 No. 640

1. Introduction

1.1. This explanatory memorandum has been prepared by Her Majesty's Treasury and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1. This Order, which is made under section 120(3) of the Government of Wales Act 2006 ("the Act"), specifies additional receipts of the Welsh Ministers which are to be designated receipts for the purposes of that section.

3. Matters of special interest to the House of Commons Select Committee on Statutory Instruments

3.1. None.

4. Legislative Context

4.1. Under section 120(1) of the Act any sums received by the Welsh Ministers, the National Assembly for Wales Commission, the Auditor General for Wales or the Public Services Ombudsman for Wales must be paid into the Welsh Consolidated Fund.

4.2. Under section 120(3) of that Act, and after consulting Welsh Ministers, the Treasury may by order designate any description of those sums. Where this is done, the Welsh Ministers must then pay to the Secretary of State sums equal to the amount of the designated receipts and section 120(6) specifies that such sums are to be charged on the Welsh Consolidated Fund.

4.3. The Government of Wales Act 2006 (Designation of Receipts) Order 2007 (S.I. 2007/848) ("the principal Order") specifies receipts of the Welsh Ministers and of the National Assembly for Wales Commission which are designated receipts for the purposes of section 120 of the Act.

4.4. This Order amends the principal Order. The effect of the amendments is to specify any settlement payment and any further payment made to Welsh Ministers under section 132 or 133 of the Housing (Wales) Act 2014 as designated receipts for the purposes of section 120 of the Act.

5. Territorial Extent and Application

5.1. This instrument extends to the United Kingdom, but it only applies in relation to Wales.

6. European Convention on Human Rights

6.1. As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Under the Act, most income received by the Welsh Ministers may be retained by them to offset expenditure. However, the principal Order designates receipts which may not be retained by Welsh Ministers. Instead, those receipts must be surrendered to the Secretary of State for Wales who will in turn pay them to the Treasury as Consolidated Fund Extra Receipts.

7.2 This Order amends the principal Order so as to designate additional receipts which must be surrendered to the Secretary of State. As a result of this Order, the Welsh Ministers may not retain any receipts from Welsh local authorities in connection with the buyout by those authorities of their liabilities under the Housing Revenue Account Subsidy system. That buyout was specifically legislated for in the Housing (Wales) Act 2014.

8. Consultation outcome

8.1 Before making the Order the Treasury consulted the Welsh Ministers in accordance with section 102(3) of the Act.

9. Guidance

9.1 No guidance is required in relation to the operation of this Order.

10. Impact

10.1 There is no impact on business, charities outside the public sector or voluntary bodies.

10.2 The impact on the public sector is that the Welsh Ministers will need to pay certain sums to the Secretary of State in accordance with section 120(4) of the Act.

10.3 An impact assessment has not been prepared for this Instrument because no impact on the private or voluntary sector is foreseen.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 Mechanisms are in place to ensure that designated receipts are paid to the Secretary of State in accordance with the principal Order, but otherwise there are no plans to monitor and review the operation of this Order.

13. Contact

13.1 Keith Jarrett at Her Majesty's Treasury Tel: 020 7270 4809 or email: keith.jarrett@hmtreasury.gsi.gov.uk can answer any queries regarding the instrument.