

Council for Economic Renewal

Review of the Implementation and Impact of the Business Scheme Draft Report

Introduction

1. This paper provides Council members with a copy of the draft report for the Review of the Implementation and Impact of the Business Scheme.

Background

2. Section 75 of the Government of Wales Act 2006 requires the Welsh Ministers to make a scheme setting out how they propose, in the exercise of their functions, to take account of the interest of business.
3. The Welsh Ministers' Business Scheme ("the Business Scheme") drafted after extensive consultation with Business Wales and the Wales TUC. With Cabinet agreement the Scheme was published in 2008.
4. The Business Scheme includes the requirement that the Welsh Ministers should publish a report, at intervals of not more than two years, detailing how the proposals set out in the Business Scheme have been implemented. Welsh Ministers must lay before the Assembly a copy of each report published (Business Scheme 2006, Paragraphs 3(6) and 3(7)).
5. The first review was agreed at the Council for Economic Renewal meeting held in March 2011.
6. At its meeting on 24 September 2012, the Council for Economic Renewal (CER) commissioned the current review of the implementation and impact of the Business Scheme and endorsed following terms of reference for the review:
 - a. Examine the application of the Business Scheme to date.
 - b. Examine how effective the implementation of the Business Scheme is across Government.
 - c. Consider any lessons learned.
 - d. Make recommendations on the future operation of the Business Scheme.
7. A copy of the paper to note, including the Terms of Reference for the Review is attached at Appendix 1.
8. The Council for Economic Renewal appointed its Working Group to be the steering group for the review.
9. This review presents the views of the social partners and the Welsh Government (WG) on the effectiveness of the implementation and impact of the Business Scheme.

10. The review is to be concluded, with the final report laid before the National Assembly for Wales, by 31 March 2013. A timetable setting out the stages of the review is at Appendix 2.
11. The review has been undertaken jointly by Welsh Government Officials and the Wales Social Partners Unit (WSPU).
12. Interviews with senior Officials from across Welsh Government Departments were conducted by Officials from the Department for Business, Enterprise, Technology and Science. Interviews with social partner organisations were conducted by the Wales Social Partners Unit.
13. To ensure a consistent approach, a common set of points for discussion was drawn from the main themes of the Business Scheme.

Structure of the Report

14. The draft report has been structured as follows:
 - a. The recommendations are presented before the main report.
 - b. Section one introduces the purpose of the review and approach.
 - c. Section two provides background information.
 - d. Section three gives an update on progress of the previous Review of the Implementation of the Business Scheme (Welsh Government, March 2011).
 - e. Section four contains the views of the social partner organisations covered by the Business Scheme and of Welsh Government Officials garnered as part of this current review.
 - f. Section five summarises the main conclusions.
 - g. Appendix one lists social partner organisations that currently send representation to the Council for Economic Renewal (CER).
 - h. Appendix two details Ministers' attendance at Council for Economic Renewal Meetings.

Main Findings from the Review

15. The current review has identified that progress has been made in implementing the recommendations of the last review including:
 - a. The Welsh Government clearly restated its commitment in the Programme for Government "to build on the relationship with the business community and social partners to create the flexible framework and conditions needed for companies and businesses to thrive and grow".
 - b. The Council for Economic Renewal has been established, is chaired by the First Minister and meets three times a year. There has been a significant increase in Ministerial participation / attendance at the Council for Economic Renewal compared with the former Business Partnership Council. Ministerial attendance at the

Council meetings has been determined by the agendas, mainly put together with input from the Working Group.

- c. The Council is also now supported by a Working Group which determines the agenda, monitors, takes forward actions and work arising from the Council meetings. New approaches have also been tried as a supplement to the Council meeting, for example special meetings have been convened on certain policy areas. These have proved useful in addition to the overall Council operation.
 - d. The Wales Social Partners Unit's role was confirmed when it was awarded a three-year competitively tendered contract in 2010. At a value of £500,000 this represents a significant investment by the Welsh Government to facilitate social partner engagement with Welsh Government.
 - e. The 2011 report also noted that a senior official was being recruited to undertake an important role as Head of Stakeholder engagement within the Business Department. However, since the report, the Director has considered that engagement with stakeholders is a critical activity and so has retained operational responsibility.
16. The current review has also identified areas where there has been less progress and provides the opportunity to consider where there are further improvements and / or developments to be made and makes associated recommendations.
 17. Welsh Government Officials and social partner representatives agreed that there have been good examples of the Welsh Government and the social partners working together, however they also recognised the need for a more consistent approach to partnership across the Welsh Government.
 18. Overall awareness of the Business Scheme was limited, both across Welsh Government departments and within social partner organisations.
 19. There was general agreement that there would be merit in simplifying the scheme so that the relationship between the social partners and the Welsh Ministers, and the commitments made by the Welsh Ministers could be more easily understood.
 20. The review also highlighted that evaluation of the Business Scheme was difficult given the lack of a clear statement of specific outcomes to provide a basis for measurement.
 21. The Business Scheme identified the requirement for named officials across the Welsh Government to be key departmental contacts for social partners. Named lead officials were originally identified but due to changes in roles and personnel this has not been as effective across Welsh Government as it should have been.

22. There is some uncertainty about the optimal stage in the policy formation process when stakeholders should be engaged. There is a need to balance the social partners' desire to be involved at an early stage in the policy development process with the resources required, from all parties, to engage in productive partnership working and the need to avoid raising unnecessary concerns.
23. The social partners suggested that a more strategic approach to consultation would improve stakeholders' awareness of any interconnection or overlap of consultations and enable the social partners to engage more effectively with the Welsh Government.
24. The Welsh Government has a wide range of stakeholders which vary depending on portfolio activity. There was recognition that more needs to be done to engage a wider range of stakeholders and to ensure that there are effective relationships between stakeholders.
25. Whilst there has been regular Ministerial attendance at the Council meetings to discuss their portfolio activities, it is acknowledged that this does not equate to a formal departmental report of the Business Scheme's operation. A report to the Council by Ministers would help to raise awareness of the Business Scheme

Proposed Recommendations

26. **Proposed Recommendation 1:** The Business Scheme should be updated. The update should include indicators for determining success. Consideration of the means by which new structures established by Welsh Government are considered within the consultation architecture should be included in any update. The Council for Economic Renewal should agree the deadline for this update.
27. **Proposed Recommendation 2:** Welsh Government and social partners should commit to publicising the Business Scheme and its underpinning principles.
28. **Proposed Recommendation 3:** The Welsh Government should provide and circulate a regularly updated list of those lead senior officials within each Department who have responsibility for the Business Scheme in their Department.
29. **Proposed Recommendation 4:** A forward plan of issues for consultation should be prepared and provided to stakeholders.
30. **Proposed Recommendation 5:** When Departments propose stakeholder engagement, they should routinely include the Wales Social Partners Unit (WSPU) as part of their engagement process, which will enable WSPU to support the social partners as appropriate.

31. **Proposed Recommendation 6:** Welsh Government Officials should provide annual update reports to the Council for Economic Renewal on the implementation of the Business Scheme within each Department. The Council for Economic Renewal should agree an annual deadline date for reporting back.
32. **Proposed Recommendation 7:** The Council for Economic Renewal meetings should be focused on issues requiring decision-making and action. Representation of the Council for Economic Renewal and Working Group should be reviewed as part of the Business Scheme update (Recommendation 1) and more provision made for sub-group meetings covering specific topics for discussion or information.
33. **Proposed Recommendation 8:** The Welsh Government should ensure that capacity exists and is tasked with assessing whether or not RIAs / EIAs have properly accounted for the effect on business of proposed legislation and of proposed policy changes that do not require legislation.

Conclusions

34. This report considers the effectiveness of the implementation and impact of the Welsh Ministers' Business Scheme. It meets the requirement of the Business Scheme that it should be subject to regular review.
35. The draft recommendations are outlined below.

The Council for Economic Renewal is invited to:

1. **Note the content of the draft review.**
2. **Subject to the discussion and any amendments proposed, to agree that the review be finalised and laid before the National Assembly by 31 March 2013.**

APPENDIX 1

Terms of Reference for the Review of the Implementation and Impact of the Business Scheme

Introduction

1. This paper to note provides Council members with the Terms of Reference for the review of the implementation of the Business Scheme in accordance with Section 75 of the Government of Wales Act 2006. The review is to be completed by March 2013.
2. The Terms of Reference for the Review are attached.

Background

3. Section 75 of the Government of Wales Act 2006 requires the Welsh Ministers to make a scheme setting out how they propose, in the exercise of their functions, to take account of the interest of business. The Business Scheme (the Scheme) was drafted after extensive consultation with Business Wales and the Wales TUC. With Cabinet agreement the Scheme was published in 2008.
4. A requirement of the Scheme is that regular formal reviews, at intervals of no more than two years, should be undertaken on its implementation and a report submitted to the National Assembly. The first review was agreed at the Council for Economic Renewal meeting held in March 2011.

Approach

5. The Council for Economic Renewal will commission the review and receive the report.
6. The Council for Economic Renewal will appoint the Working Group as the Steering Group for the review.
7. The review will be conducted jointly by Welsh Government Officials and the Wales Social Partners Unit (WSPU).
8. The review will consider the report of March 2011 as a basis to informing the report on the implementation and impact of the Business Scheme.

Timing

9. The draft review will be presented to the 28 January 2013 meeting of the Council for Economic Renewal.
10. A timetable setting out the stages of the review is at Appendix 2.

**Terms of Reference
for the
Review of the Implementation and Impact of the Business Scheme**

Background

The Business Scheme was drafted after extensive consultation with Business Wales and the Wales TUC. With Cabinet agreement it was published in 2008. The main thrust of the Scheme is that business should be involved in policy formulation at the earliest possible opportunity. A requirement of the Scheme is that regular formal reviews, at intervals of no more than two years, should be undertaken on its implementation and a report submitted to the National Assembly (paragraph 43, Section 75 of the Government of Wales Act 2006). The first review was agreed at the Council for Economic Renewal meeting held in March 2011.

There continues to be widespread consensus on the validity of the underlying principles of the Business Scheme.

The Council for Economic Renewal is now well established and is supported by the Working Group – which is charged to take forward the work of the Council to ensure that it remains action focussed.

Purpose and Objectives

To undertake a review of the 'Implementation and Impact of the Business Scheme' that:

- a) Examines the application of the Business Scheme to date.
- b) Examines how effective the implementation of the Business Scheme is across Government.
- c) Considers any lessons learned.
- d) Makes recommendations on the future operation of the Business Scheme.

Timing

The draft review will be presented to the 28 January 2013 meeting of the Council for Economic Renewal. It is proposed that the Council will delegate any additional work to the Working Group of the Council to enable the final report to be laid before the National Assembly for April 2013.

Approach

- The Council for Economic Renewal will commission the review and receive the report.
- The Council for Economic Renewal Working Group will form the Steering Group for the review.
- The review itself will be conducted jointly by Welsh Government Officials and the Wales Social Partners Unit (WSPU) (on behalf of the Social Partners).
- The review will consider the report of March 2011 as a basis to informing the report on the implementation and impact of the Business Scheme.
- Input will be sought from stakeholders, internally and externally to inform the review and identify recommendations.
- The main issues and draft recommendations will be summarised into an interim review. This will be shared with stakeholders through the Officials Working Group seeking their views.
- The review will be finalised and the report laid in the National Assembly in accordance with S75 of the Government of Wales Act 2006.

APPENDIX 2

Timetable for review of the Implementation of the Business Scheme for completion by April 2013	
<i>Activity</i>	<i>Dates</i>
Terms of Reference to Council for Economic Renewal meeting.	24 September 2012
Review of the implementation of Business Scheme undertaken.	September 2012 to January 2013
Draft report to full Council for Economic Renewal meeting	28 January 2013
CfER Working Group to review final draft	8 March 2013
Report submitted to be laid before National Assembly for Wales.	29 March 2013