

2016 No. 1264 (C. 88)

CONSTITUTIONAL LAW

DEVOLUTION, WALES

The Wales Act 2014 (Commencement No. 1) Order 2016

Made - - - - *22nd December 2016*

The Treasury make the following Order in exercise of the power conferred by section 29(5) of the Wales Act 2014(a):

Citation

1. This Order may be cited as the Wales Act 2014 (Commencement No. 1) Order 2016.

Appointed Day

2. The day appointed for the coming into force of section 20 (borrowing by the Welsh Ministers) of the Wales Act 2014 is 1st January 2017.

Guy Opperman

Robert Syms

Two of the Lords Commissioners of Her Majesty's Treasury

22nd December 2016

EXPLANATORY NOTE

(This note is not part of the Order)

Article 2 of this Order commences section 20 of the Wales Act 2014 (c. 29) (the “2014 Act”) on 1st January 2017. This section amends sections 121 and 122 of the Government of Wales Act 2006 (c.32) and inserts a new section 121A in that Act. These amendments revise the circumstances under which the Welsh Ministers may borrow and set out the main controls and limits on such borrowing. The amendments enable the Welsh Ministers to borrow - subject to HM Treasury's controls and limits - for the following purposes:

- (a) to meet a ‘temporary excess of sums paid out of the Welsh Consolidated Fund (WCF) over the sums paid into the fund’ – this means that the Welsh Government can borrow to manage excessive in-year volatility of receipts, where actual income differs greatly from the forecast receipts for that month;
- (b) to provide a working balance to the WCF, i.e. enough balance to ensure cash-flow;

- (c) to meet the differences between forecast and outturn receipts for devolved taxes or from income tax charged by virtue of a Welsh rate resolution; and
- (d) to fund capital expenditure.

Section 29(7) of the 2014 Act provides that section 21 of that Act comes into force at the same time as the amendments made by section 20. Section 21 repeals paragraphs 3 (which provides a power for the Welsh Ministers to borrow money) and 6 (which provides a power for the Treasury to guarantee such borrowing) of Schedule 3 to the Welsh Development Agency Act 1975 (c. 70).

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£4.25

UK201612223 12/2016 19585

<http://www.legislation.gov.uk/id/uksi/2016/1264>

ISBN 978-0-11-115287-4



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