

1 July 2020

Dear Sir/Madam

Inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework – Consultation

The **Finance Committee** is undertaking an inquiry into the implementation of the **Wales Act 2014** and the operation of the Fiscal Framework. The terms of reference for the inquiry are:

Taxation

- The Welsh Government's tax principles, whether these have been met and whether the current tax regime and proposed new taxes align with these principles;
- How successful the administration of Welsh taxes and the Welsh Rates of Income Tax has been;
- What possible future tax changes could look like and what scope there is for a different approach to taxation in Wales;
- How the mechanism for devolving powers for new Welsh taxes has been performing.

The Fiscal Framework

- Consider the fiscal framework processes and how funding is allocated to the Welsh block grant;
- Examine the application of the Barnett Formula and the criteria for excluding specific funding from the formula;
- Consider the block grant adjustment mechanism and the effectiveness of the adjustment model;
- Review the suitability of the budget management tools such as the Wales Reserve, and the ability to borrow;
- Evaluate the treatment of spill-over effects and the mechanism for agreeing these effects;
- Draw comparisons between Wales and other international fiscal frameworks.

Further details about the inquiry can be found on the Welsh Parliament's website:

<https://business.senedd.wales/mgIssueHistoryHome.aspx?Ild=28925>



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Invitation to contribute to the inquiry

The Committee welcomes evidence from those with an interest in this subject.

If you are responding on behalf of an organisation, please provide a brief description of the role of your organisation.

The Welsh Parliament has two official languages, Welsh and English. In line with the Senedd's Official Languages Scheme, the Committee requests that documents or written responses to consultations intended for publication or use in Welsh Parliament proceedings are submitted bilingually. When documents or written responses are not submitted bilingually, we will publish in the language submitted, stating that it has been received in that language only.

We expect other organisations to implement their own standards or schemes and to comply with their statutory obligations.

The Committee will consider responses to the inquiry and hold oral evidence sessions during the autumn term.

If you wish to submit evidence, please send an electronic copy of your submission to: seneddfinance@senedd.wales

Submissions should arrive by **4 September 2020**. It may not be possible to take into account responses received after this date. [Guidance](#) for those providing evidence for committees is available.

We would be grateful if you could forward a copy of the letter to any individuals or organisations that might like to contribute to the inquiry. A copy of this letter has been placed on the Committee's website with an open invitation to submit views.

Disclosure of Information

The Senedd's [policy on disclosure of information](#) is available, please ensure that you have considered these details carefully before submitting information to the Committee. Alternatively a hard copy of this policy can be requested by contacting the Clerk (Bethan Davies 0300 200 6372).

Yours faithfully,



Llyr Gruffydd MS / AS

Cadeirydd / Chair

