

The Rt Hon Simon Hart MP
Secretary of State for Wales

2 February 2021

Dear Secretary of State,

Finance Committee report: Implementation of the Wales Act 2014 and operation of the Fiscal Framework

I am pleased to inform you that the Finance Committee has reported on its inquiry into the implementation of the Wales Act 2014 and operation of the Fiscal Framework.

As you may be aware, we invited both yourself and the Chief Secretary to the Treasury to provide oral evidence during the inquiry. Unfortunately, due to the timing of the evidence session and UK fiscal events the invitations were declined. We subsequently offered you both dates in March 2021 to allow us to hear from you prior to our Plenary debate which is provisionally scheduled for 24 March 2021.

We are very pleased that you have agreed to attend, as your evidence is fundamental to the inquiry. I understand you have been offered to attend on 3 or 10 March when the Committee is scheduled to meet, but my officials have not yet received a response from your office on the suitability of these dates. Should you be unable to attend on either of these dates, I would be willing to try and accommodate a date that suits you outside of our Committee slot. It would be helpful for our work planning purposes if a date for the Committee meeting could be secured by 15 February.



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Our report identifies a number of issues where further information is required from the UK Government and these are areas that Members will wish to explore with you further during your evidence session:

- Chapter 4: Future tax changes - Tax devolution mechanism and the creation of new taxes;
- Chapter 6: Money allocated by the UK Government - the timing of UK Fiscal events; transparency and engagement with the Welsh Government over funding decisions; the potential for reviewing the Barnett formula; and calculating comparability factors used to determine funding allocations through the Barnett formula;
- Chapter 7: Borrowing powers - consideration of increasing borrowing powers;
- Chapter 8: Budget management tools - the Welsh Government's request to carry forward some of its additional COVID funding into the next financial year;
- Chapter 9: Additional issues for consideration - the mechanism used by the UK Government to make funding decisions and the Welsh Government's means of challenging such decisions.

On 8 January 2021, I wrote to the Chief Secretary to the Treasury seeking his views on a number of issues and I have written to him again following the publication of the Committee's report.

Yours sincerely,



Llyr Gruffydd MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

