



Eich cyf/Your ref  
Ein cyf/Our ref

27 April 2022

Dear Peredur,

Thank you for attending the first meeting of the Budget Improvement and Impact Advisory Group (BIIAG) on 30<sup>th</sup> March 2022 and for your letter of 4<sup>th</sup> April 2022.

The Welsh Government is committed to improving our budgetary and tax processes as set out in our Budget Improvement Plan. I welcome your openness to collaborative working between the Welsh Government, BIIAG and the Finance Committee to find ways to bolster budget engagement and to explore how we can work together on these important reforms.

I am pleased that you will be holding a technical briefing on the Budget Improvement Plan. The clerks have been in contact with my officials and have suggested that the briefing take place on the morning of 18<sup>th</sup> May 2022. Officials will be in touch with the clerks to discuss the structure and agenda to best support this discussion.

Regarding your comments about the budget process, I look forward to hearing the Committee's views on the current protocol and welcome continued debate about how we can continue to improve engagement, transparency and scrutiny of budget, finance and tax matters. As you are aware, on the matter of a moving to a legislative budget process, my own view is that the benefits of making such a change have not been demonstrated. Nevertheless, I recognise the Committee's interest in this matter and I have asked my officials to explore this further with your officials, including the potential for an independent review.

On your point regarding a Finance Bill, as stated in our response to the previous Finance Committee's inquiry, we agreed with the then Finance Committee's view that a single legislative vehicle covering taxation and spending plans will raise a number of complexities and would need very careful consideration. The budgetary procedure in almost every legislature is a method specifically for approving overall spending limits and tends to be a simplified legislative procedure that limits non-government amendments, with an accelerated timescale to ensure timely approval before the start of the financial year.

Introducing other, potentially highly complex elements – such as tax changes – as part of the same vehicle could either compromise the approval of spending plans before the start of the financial year, also impacting on the ability to provide funding certainty to partners and stakeholders; or could, conversely, reduce the time for proper scrutiny of tax changes.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I would, therefore, propose that we keep issues of improvements to the budget process and improving our mechanisms for changing tax legislation separate and distinct.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca". The script is cursive and fluid.

**Rebecca Evans AS/MS**

Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government