

Pwyllgor Cyllid / Finance Committee

**Y Pwyllgor Deddfwriaeth,
Cyfiawnder a'r
Cyfansoddiad**

**Legislation, Justice and
Constitution Committee**

FIN(6)-14-24 PTN 11

Y Pwyllgor Cyllid

Finance Committee

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Rebecca Evans MS
Cabinet Secretary for Finance,
Constitution and Cabinet Office

7 June 2024

Dear Rebecca,

Welsh Tax Acts etc. (Power to Modify) Act 2022: Section 6 (Review of operation and effect of this Act)

Following your initial letter to us on 6 March, to which we responded on 19 March, I would like to thank you for your further letter of 19 April, which was considered at the meetings of the Legislation, Justice and Constitution (LJC) Committee on 29 April, 7 May and 3 June, and at the Finance Committee's meeting on 1 May.

We welcome the work being undertaken by the Welsh Government in respect of reviewing the 2022 Act.

However, we remain uncertain about what is being asked of our respective Committees. Your letter appears to envisage a policy development role with our input focusing in particular on alternative legislative mechanisms that may be considered during the statutory review of the 2022 Act.

We believe such a role would blur the separation of functions between the legislature and the executive, and would therefore not be appropriate.

The statutory review of the 2022 Act is the responsibility of the Welsh Ministers, in accordance with Section 6(1) of the 2022 Act. As such, the natural starting point for any review would be for the Welsh Government to formulate its own proposals, or to provide a range of options of how the review should be conducted.



**Senedd Cymru
Welsh Parliament**

In our view, our roles should focus instead on scrutinising your proposals in line with our respective remits and making recommendations where appropriate.

We would of course welcome being consulted on your proposals in accordance with section 6(3) of the 2022 Act. We would take particular interest in your assessment, as required by section 6(2) of the 2022 Act, of alternative legislative mechanisms for making changes to the Welsh Tax Acts and regulations made under any of those Acts.

On that latter point, the LJC Committee agreed at its meeting on 7 May to draw your attention to the views it set out in chapter 3 of its Report on the Welsh Tax Acts etc. (Power to Modify) Bill; in particular, you will be aware that conclusion 2 advocates the use of primary legislation to amend the Welsh Tax Acts and that remains the LJC Committee's view.

You will be aware that the Finance Committee has long called for consideration to be given to developing a budget process that befits a modern legislature, which includes assessing the benefits of a legislative budget process or finance bill as Welsh taxes grow. We understand that this work will continue alongside any review of the 2022 Act and we welcome your ongoing engagement on those wider issues.

However, it is the view of Finance Committee that any discussions relating to the review of the 2022 Act should only proceed once a range of options have been presented, and it asks for this information to be provided ahead of any sessions being arranged as a precursor to a formal consultation process.

Your sincerely



Mike Hedges
Chair
Legislation, Justice and Constitution Committee



Peredur Owen Griffiths
Chair
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