



Llywodraeth Cymru  
Welsh Government

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## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

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**TITLE**        **Fiscal framework for Wales**

**DATE**        **19 December 2016**

**BY**            **Mark Drakeford AM, Cabinet Secretary for Finance and Local Government**

A fiscal framework for Wales, which provides long-term, fair funding for Wales, has been agreed between the Welsh and UK governments.

The package of measures which makes up the fiscal framework has been negotiated between the Welsh Government and HM Treasury.

It will ensure fair funding for Wales for the long term by implementing the funding floor recommended by the Holtham Commission. With a fair funding floor in place the agreement about how to adjust the block grant protects our budget from undue risks which could arise following the devolution of tax powers, including stamp duty land tax, landfill tax and Welsh rates of income tax.

This package of measures paves the way for the partial income tax devolution in Wales.

As part of the agreement, Wales' capital borrowing limit will double to £1bn. It also creates a new, single Welsh reserve, which will enable the Welsh Government to better manage its budget, including the new tax revenues.

The fiscal framework also includes provision for independent oversight – giving independent bodies a role, where required, to provide input into disputes between the Welsh and UK governments on matters relating to the agreement.

I will make an oral statement in the Assembly in the New Year about the agreement.