

# Comparative Fiscal Capacity

## What Each Constitutional Path Requires Wales to Build

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This paper explains what each live constitutional path would require Wales to build, and how strong the evidence is for each requirement. It does not recommend a constitutional option. It does not argue that Wales should pursue or reject the current settlement, enhanced devolution or independence. Where it describes what a path requires or leaves unresolved, that is a statement about capacity and evidence, not a judgment about whether the path should be taken.

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### Findings at a glance

This paper compares what three constitutional paths would require Wales to build in fiscal capacity, and how well each requirement can be evidenced.

The current settlement gives Wales real but partial fiscal machinery. It administers some taxes, runs a development bank and manages devolved budgets, but the largest fiscal functions, including the main funding system, currency, the core of welfare and financial regulation, sit outside Welsh control. Its defining feature is dependency combined with partial capacity.

Enhanced devolution would change this unevenly. It would strengthen some areas, such as tax, borrowing flexibility and fiscal measurement, but only by building machinery around the powers; and it would leave others, such as currency and payment regulation, largely untouched unless the model is stretched into something else. Its defining feature is selective institutional build, not simply more devolution.

Independence would remove the reserved frame and make Wales responsible for the full fiscal architecture of a state. This does not dissolve the fiscal problem; it converts dependency into design. Most of the required institutions are well diagnosed but not yet specified in Welsh terms; the currency question is well mapped but unchosen; and debt, pensions and inherited liabilities could only be settled by negotiation.

The comparison's central point is that the paths are not steps on a single ladder of "more" or "less" power. Each asks Wales to solve a different kind of capacity problem: what already exists, what could be built by expanding current institutions, what would need a new system, and what depends on a settlement with another government.

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### 1. The question this paper asks

Debate about Wales's constitutional future often runs straight to the verdict: which path is better. This paper asks a prior and more answerable question. Whatever path Wales takes, what would it actually have to build, and how well can each requirement be evidenced today?

That question matters because constitutional models are usually compared as destinations, when the more operational question is the machinery each one demands. A power on paper is not the same as the capacity to use it. Wales can hold a competence and still lack the institution, the data, the forecasting, or the delivery system that would make it work. Throughout this paper, then, two things are kept apart: whether a function

sits within Welsh control, and whether Wales has the capacity to carry it.<sup>1</sup> Where those two diverge, the divergence is the finding.

The paper compares three live paths: the current settlement, enhanced devolution, and independence. For each, it works through eleven mechanisms of fiscal capacity, from territorial funding and borrowing to currency, welfare, payment systems and the productivity of the wider economy. The findings box above gives the argument in brief. A reader matrix later in the paper summarises the mechanism-by-mechanism comparison after the three paths have been explained. Each row is a mechanism; each column is a path; each cell is a plain-language reading of what that path would require for that mechanism, and, for independence, how strong the evidence is. A fourth model, a federal United Kingdom, was considered during the underlying assessment but is not treated as a live path here; a short note near the end explains why, and the full federal analysis is held in the evidence annex.

A word on what the readings mean. “Reserved” marks a function held at UK level. “Build-required” marks a capacity Wales would have to construct. “Sovereign build” marks a function that independence would place wholly in Welsh hands but that no existing Welsh institution yet performs. And the evidence readings matter as much as the capacity ones: to say a requirement is well diagnosed but its design absent is not to say it is impossible, only that the work of specifying it has not yet been done. The paper is an account of requirements and evidence. It is not, and does not become, an argument for a destination.

## **2. The current settlement: a partial state**

The honest reading of the current settlement is neither that Wales is powerless over its own finances nor that it is autonomous in them. It is a partial state: real machinery in several places, bounded everywhere by functions that are held at UK level or shared. To see why, it helps to look at the actual machinery Wales holds, and the machinery it does not.<sup>2</sup>

Begin with the money that funds most of Welsh government. The largest single determinant of the Welsh budget, the block grant, is set at UK level through the Barnett formula. The settlement now includes a needs-based factor, derived from the Holtham Commission’s work, which holds long-term Welsh relative funding at 115 per cent of comparable English spending, with a transition factor of 105 per cent applying while Welsh funding sits above that floor. This is real protection, and it matters, but it is protection inside a system Wales does not control: Barnett modified by a needs factor, not a needs-based formula that Wales sets or administers.<sup>3</sup>

Borrowing and reserves tell the same story in numbers. Under the fiscal framework, Wales can borrow up to £1 billion in total for capital, within an annual limit of £150 million, and up to £200 million a year for resource, within an overall £500 million cap, to manage forecast error. It can hold up to £350 million in the Wales Reserve, drawing down £125 million of resource and £50 million of capital a year. These are genuine budget-management tools, and recent budgets have increased their real value, but every figure is a ceiling agreed with the UK Government, and the Reserve itself is held within the UK Government rather than by Wales.<sup>4</sup>

Tax is where Welsh capacity is most visible and most bounded at once. Wales has its own operating tax authority, the Welsh Revenue Authority, with a workforce of over a hundred, which administers the two fully devolved taxes, Land Transaction Tax and Landfill Disposals Tax. Welsh Rates of Income Tax are set by the Senedd but collected by HMRC, not by Wales. The result is real administrative capacity over a narrow base: the Welsh Revenue Authority proves Welsh tax administration works, but the taxes it runs are a small part of the revenue that funds Welsh public services. Devolved taxes provide about 21 per cent of the Welsh Government’s day-to-day funding; the rest comes through the block grant.<sup>5</sup>

The same shape, real capacity at the margin with the main function held elsewhere, recurs across the other mechanisms. In welfare, the major cash benefits that dominate social-security spending, the state

<sup>1</sup>See Evidence Annex, Annex A, for the competence, capacity and evidence-band coding method.

<sup>2</sup>See Evidence Annex, Annex B, M01-B through M11-B.

<sup>3</sup>See Evidence Annex, Annex B, M01-B; Annex D, S001, S002.

<sup>4</sup>See Evidence Annex, Annex B, M02-B; Annex D, S002, S003.

<sup>5</sup>See Evidence Annex, Annex B, M03-B; Annex D, S070, S071, S067.

pension, Universal Credit, disability benefits and the Winter Fuel Payment, are reserved and administered by the Department for Work and Pensions. What Wales runs is a layer of devolved assistance around that system: Council Tax Reduction, Free School Meals, the School Essentials Grant, the Education Maintenance Allowance, the Discretionary Assistance Fund, now being drawn together as the Welsh Benefits System. That is genuine delivery capacity, but it sits beside the reserved system, not over it.<sup>6</sup>

In public banking, Wales has the Development Bank of Wales, which lends, invests, guarantees, co-invests and de-risks for Welsh economic purposes, including instruments such as the Sustainable Agriculture Loan Scheme. What it is not, and cannot become without UK regulatory authorisation, is a deposit-taking bank: the development-finance form is within Welsh competence, but the deposit-taking form sits behind the reserved financial-services regime.<sup>7</sup>

In payments, the pattern is sharper still. Wales intervenes in how the public sector pays its suppliers, through procurement practice and Project Bank Accounts that protect payment flows in public delivery chains, but it holds no power over the payment system itself. Payment services are reserved under the financial-services regime, regulated through the Payment Services Regulations 2017, the Financial Conduct Authority and the Payment Systems Regulator. Welsh procurement practice addresses late or unfair payment; it does nothing about dependence on externally owned card and settlement networks.<sup>8</sup>

Debt and pensions complete the picture, and pensions in particular show how a reserved competence can still land as a real Welsh cost. Sovereign debt management is wholly reserved, held by HM Treasury and the Debt Management Office; Wales has no debt-management or gilt-issuance function. Pensions are formally reserved too, but for a narrow firefighters' exception, with the public-service framework set by the Public Service Pensions Act 2013 and the schemes for NHS staff and teachers run as England-and-Wales schemes with centrally set rules. Yet the costs fall on Welsh bodies. The funded Local Government Pension Scheme is administered by Welsh pension funds, pooled through the Wales Pension Partnership and audited by Audit Wales, with employer and deficit contributions falling on Welsh local authorities. On the unfunded NHS and teachers' schemes, UK-set increases in employer contributions pass straight through Welsh health and local-government budgets. Competence is reserved; the exposure is Welsh.<sup>9</sup>

The point of this section is not to judge whether the current settlement is adequate. It is to establish, in concrete terms, the starting position from which any change is measured. That position is a partial state: an operating tax authority over a narrow base, real but capped borrowing, a development bank that is not a deposit-taking bank, a welfare layer beside a reserved system, procurement-level payment practice without payment-system power, and reserved liabilities that nonetheless cost Welsh budgets. Every requirement the other two paths impose is a change to this baseline, not to a blank page.

### **3. Enhanced devolution: the build question**

Enhanced devolution is most often pictured as a transfer: powers move from Westminster to Cardiff, and Wales does more. The evidence points to something different, and the difference is structural. Across the mechanisms, enhanced devolution reads less as a legal switch than as a build question. A power can be transferred in law and still not be usable until the institution behind it exists, and for several mechanisms the institution is the hard part.<sup>10</sup>

Take the fiscal core first, where the changes are real but bounded. A fuller needs-based settlement, moving beyond the present floor to a more explicit formula, is a technical model and a starting point for negotiation rather than something Wales could adopt unilaterally; it requires UK agreement and legislation. The same is true of wider borrowing flexibility, which the Holtham Commission supported in principle to lengthen planning horizons, but envisaged through UK-linked channels rather than open market borrowing. Further tax devolution is possible too, and Holtham supported it for accountability, but with a warning the paper should carry plainly: a power to vary a tax is not the same as the ability to raise revenue from it, because mobility, behavioural response and the integrated UK economy all bear on what a devolved tax actually

<sup>6</sup>See Evidence Annex, Annex B, M07-B; Annex D, S044, S045, S046, S047.

<sup>7</sup>See Evidence Annex, Annex B, M10-B; Annex D, S055, S018.

<sup>8</sup>See Evidence Annex, Annex B, M09-B; Annex D, S055, S056, S051, S052, S018.

<sup>9</sup>See Evidence Annex, Annex B, M06-B; Annex D, S018, S023, S030, S031, S035.

<sup>10</sup>See Evidence Annex, Annex B, M01-ED through M11-ED.

yields. In each case the competence question is conditional on Westminster, and the capacity question, the forecasting, the measurement, the management of the resulting risk, is a build.<sup>11</sup>

Welfare is where the build question is sharpest, and where a distinction has to be made that is easy to blur. “Devolving welfare” can mean two very different things. The first is integrating and strengthening the assistance Wales already runs: drawing Council Tax Reduction, Free School Meals, the assistance grants and the rest into a coherent Welsh Benefits System, improving take-up and access. That is available within the present settlement and is largely an organisational task. The second is devolving major social security benefits, the disability and carer benefits, or more, and that is a different proposition in kind, not degree.<sup>12</sup>

Scotland shows what the second actually involves. Under the Scotland Act 2016, eleven benefits were devolved, and Scotland chose to build its own delivery agency, Social Security Scotland, established in 2018, which by the end of 2023 employed over 3,800 staff and was paying out more than £5 billion a year. Even then the transfer was not clean: years into the programme, a large share of that spending was still being delivered by the Department for Work and Pensions under agency agreements while Scottish systems were stood up, and the new system had to manage continuous interaction with the reserved benefits that remained. The lesson is not that the task is impossible; Scotland did it. The lesson is what the task is: a multi-year institutional build of payment systems, claimant data, assessment, redetermination and appeal routes, fraud and error control, and demand forecasting, carrying real fiscal risk, undertaken before public-facing responsibility can safely move. For Wales, the Independent Commission’s evidence points the same way, judging substantial benefit devolution feasible only alongside a substantial increase in tax and borrowing powers.<sup>13</sup>

The same build logic runs through the other mechanisms, with the added point that enhanced devolution leaves some of them essentially untouched. A Welsh Green Bank in its development-finance form is buildable now, within Welsh competence, using the Development Bank of Wales as host or precedent, but the deposit-taking form stays behind the UK regulatory boundary unless financial services competence is transferred, which would take the model beyond enhanced devolution. Payment resilience is similar: Wales could build a more protected public-sector payment mechanism for its own government, public bodies and grant flows, but it could not regulate payment services or own the rails without the same competence transfer. And currency and monetary policy do not move at all under any recognisable form of enhanced devolution.<sup>14</sup>

So the enhanced-devolution finding is twofold. It is a capacity-and-design route rather than a competence switch: most of what it offers has to be built, and the building, not the legislating, is the demanding part.

It is also uneven. It strengthens some mechanisms substantially, leaves others, currency, the core of payments, the deposit-taking boundary, untouched unless the model is stretched into something else, and in the case of welfare requires Wales to construct a delivery institution before the responsibility can be carried safely. That unevenness is not a flaw in the model; it is what the evidence shows the model to be.

#### **4. Independence: the change of form**

Independence is where the comparison is most often shortcut, in both directions. It is treated either as the answer to the fiscal problem or as its refutation. The evidence supports neither shortcut. What independence does, across the fiscal settlement, is change the form of the problem. It removes the reserved dependency that defines much of the current settlement and replaces it with a sovereign build requirement.<sup>15</sup>

Start with funding and revenue, because that is where the change is most concrete. Today about 21 per cent of the Welsh Government’s day-to-day funding comes from devolved taxes and the rest, the large majority, arrives through the block grant; the Institute for Fiscal Studies put day-to-day resource funding at around £23.1 billion in 2025-26, roughly four-fifths of it from the UK Government. Independence would remove the block grant entirely and require Wales to fund public services from its own revenue, borrowing and fiscal management. That is not a neutral swap, because the Welsh fiscal starting position is not neutral. The

<sup>11</sup>See Evidence Annex, Annex B, M01-ED, M02-ED, M03-ED; Annex D, S001, S002.

<sup>12</sup>See Evidence Annex, Annex B, M07-ED; Annex D, S044, S045, S046, S047.

<sup>13</sup>See Evidence Annex, Annex B, M07-ED, M08-ED; Annex D, S044, S048.

<sup>14</sup>See Evidence Annex, Annex B, M09-ED, M10-ED, M05-ED; Annex D, S055, S018, S051, S052.

<sup>15</sup>See Evidence Annex, Annex B, M01-IND through M11-IND.

PESA Wales estimate puts Wales's net fiscal deficit at over £21.5 billion in 2022-23. That figure has to be read for what it is: an estimate of the current notional balance under existing UK spending allocations, not a forecast of an independent Wales's deficit. It attributes to Wales a population share of UK-wide spending that Wales neither controls nor would automatically reproduce, including defence and a share of UK national-debt interest. Defence is the clearest case. Ifan and Siôn note that sustaining Wales's apportioned per-capita share of UK defence spending would imply defence spending of around 2.6 per cent of Welsh GDP, which illustrates how an allocated UK cost can diverge from the budget choice a small independent state would actually make. Debt interest is similar: the apportioned cost reflects a share of existing UK-wide debt service, while the debt stock and interest burden of an independent Wales would depend on the separation settlement. What the figure does show is the structural gap on the revenue side, which is the more durable finding: successive analyses, from Wales Fiscal Analysis in 2020 through to more recent official and IFS work, link Wales's persistently low revenue per head to long-standing economic underperformance rather than to a passing shock. The numbers are dated differently and should be read as a consistent picture rather than a single headline, but the direction is stable: the revenue base currently associated with Wales falls well short of current spending levels. Independence does not dissolve that gap; it changes who decides how to manage it, and which of the apportioned costs to carry at all.<sup>16</sup>

Borrowing follows directly, and it is more than a higher cap. At present Wales borrows within fixed limits set in the fiscal framework. A sovereign Wales would issue its own debt, and that means building the apparatus that makes sovereign borrowing possible and affordable: a debt-management function, access to capital markets, a credit standing established from a standing start, and the reporting and independent fiscal scrutiny that lenders expect before they lend cheaply. Borrowing cost is not a given; it is earned through credibility, and credibility rests on the fiscal measurement and institutional machinery described below. The conversion here is from a capped facility inside someone else's framework to a sovereign function that has to be constructed and then continuously demonstrated.<sup>17</sup>

Tax and fiscal measurement are the next movement, and they belong together. Wales already has a working tax authority: the Welsh Revenue Authority collects the two devolved taxes and demonstrates that Welsh tax administration functions. But a sovereign tax system would have to absorb the whole of what HMRC currently does for Wales, income tax in full, a consumption tax, corporation tax, the rest, at a scale far beyond the authority's present remit. Beneath that sits a mechanism that is easy to overlook and impossible to do without: fiscal measurement. National accounts, fiscal statistics, revenue forecasting and independent scrutiny are not back-office optional extras; they are the instruments that make funding, borrowing and taxation credible at all. A sovereign state that cannot measure and forecast its own finances to a recognised standard cannot borrow cheaply or budget honestly. This is why fiscal measurement is a cell almost every other fiscal cell depends on, and why independence makes it a foundational build rather than an afterthought.<sup>18</sup>

Welfare and state capacity are the fourth movement, and Section 3 has already shown the shape of the welfare build. At independence it is larger again. Wales would hold the whole social-security system, not a layer of assistance beside it: the state pension and the major working-age and disability benefits, the largest single block of public spending, with all the payment systems, claimant records, assessment, redetermination and appeal routes, fraud and error control and demand-led volatility that go with them. Scotland's experience of building delivery for a subset of benefits indicates the order of the task; sovereign welfare is a larger version of it. And welfare is only one of the functions a sovereign state must run at once. This is the point of the state-capacity mechanism, which is best understood not as one more item on the list but as the aggregate of all of them: the civil service, the machinery of government, the transition planning and institutional design that every other conversion in this section draws on. Independence is not eleven separate transfers that could be timed independently; it requires the connective capacity that lets them function together.<sup>19</sup>

The fifth movement covers mechanisms that each change in a distinct way, and the distinctions matter. Currency is the mapped-but-unchosen case: the options for a newly independent state, continued use of

<sup>16</sup>See Evidence Annex, Annex B, M01-IND; Annex D, S064, S065, S066, S067.

<sup>17</sup>See Evidence Annex, Annex B, M02-IND; Annex D, S068, S069.

<sup>18</sup>See Evidence Annex, Annex B, M03-IND, M04-IND; Annex D, S070, S071, S073.

<sup>19</sup>See Evidence Annex, Annex B, M07-IND, M08-IND; Annex D, S044, S048, S049, S050.

sterling, a formal arrangement, a new currency with its own central bank, are extensively analysed in international evidence and in the Scottish debate, so what is missing is not knowledge of the options but a Welsh choice among them and a transition design.<sup>20</sup>

Payments and public banking share a different feature: in each, legal competence does not by itself supply the operating infrastructure. Payments are the build-or-join case: sovereignty would give Wales the competence to decide whether to build its own payment infrastructure or join existing systems, but competence alone does not supply rails, and dependence on externally owned card and settlement networks does not end simply because the legal power has moved. Public banking is the deposit-taking-unlocked-but-not-built case: sovereignty removes the UK regulatory ceiling that currently keeps the Development Bank of Wales to development finance, making a deposit-taking public bank legally possible, but the institution itself, with its capital, prudential standing and governance, would still have to be built.<sup>21</sup>

Debt, pensions and inherited liabilities are the last movement, and they are different in kind from everything above. The other conversions are, in essence, design problems: the requirement is known, and what is missing is the specified Welsh institution. This one is not a design gap but a contested settlement. A share of UK debt, the apportionment of accrued public-service pension rights, the division of inherited and contingent liabilities, none of these has a single correct answer that Wales could simply work out and build. They depend on the basis of apportionment chosen, population, output, historic contribution, and on what is agreed in negotiation with the continuing UK state. The honest finding is therefore not a number but a process: a sovereign Wales would require a negotiated liabilities settlement, and the terms of that settlement, not a Welsh design decision, would determine the fiscal starting position. That is why this mechanism reads as genuinely contested rather than merely unbuilt.<sup>22</sup>

Taken together, these movements give the independence finding its real shape. Independence removes the dependence that defines the current settlement and replaces it with a requirement to build sovereign fiscal architecture: most of it well diagnosed but not yet designed, the currency question well mapped but unchosen, the liabilities question resolvable only by negotiation. Whether that exchange is worth making is precisely the question this paper does not answer. What it can do, and what this section has tried to do, is set out what the exchange consists of.<sup>23</sup>

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### The comparison by mechanism

Mechanism	Current settlement	Enhanced devolution	Independence
Barnett and territorial funding	Reserved dependency	Build-required, by agreement	Sovereign build (diagnosis evidenced, design absent)
Borrowing and budget management	Reserved, bounded tools	Wider but still bounded	Sovereign build (diagnosis evidenced, design absent)
Devolved taxation and tax administration	Partial Welsh capacity	Expanded partial capacity	Sovereign build (operational base, design absent)
Fiscal measurement and instrumentation	Partial, UK-dependent	Build-required	Sovereign build, dependency cell (design absent)
Currency and monetary policy	Reserved, not held	Reserved, not held	Sovereign build (options mapped, choice unmade)
Debt, pensions and inherited liabilities	Reserved, with Welsh exposure	Reserved, with Welsh exposure	Contested settlement (result varies by basis)

<sup>20</sup>See Evidence Annex, Annex B, M05-IND; Annex D, S074, S075.

<sup>21</sup>See Evidence Annex, Annex B, M09-IND, M10-IND; Annex D, S055, S057, S018.

<sup>22</sup>See Evidence Annex, Annex B, M06-IND; Annex D, S027, S028, S029.

<sup>23</sup>See Evidence Annex, Annex A; Annex B, M01-IND through M11-IND.

Mechanism	Current settlement	Enhanced devolution	Independence
Social security and welfare	Reserved, with partial Welsh delivery	Design-dependent build	Sovereign build (base evidenced, design absent)
State capacity and transition capacity	Real but bounded	Design-dependent build	Sovereign build, dependency cell (design absent)
Payment resilience and payment rails	Reserved, with partial Welsh practice	Build-required, bounded by reserved rails	Sovereign build, build-or-join (design absent)
Green Bank and public finance vehicles	Welsh, development-finance only	Build-required within same ceiling	Sovereign build, deposit-taking unlocked (design absent)
Productivity and economic structure	Shared, partial capacity	Design-dependent build	Sovereign build (diagnosis evidenced, not convergence)

Plain-language summary. The full technical coding of competence, capacity and evidence strength is in the Evidence Annex, Annex A. The federal model was considered but archived; see the note below and Appendix F.

## 5. What the comparison shows

Having walked through the machinery, the comparison can be stated plainly. The three paths are not steps on a ladder from less power to more power. They are different relationships between competence, capacity and risk.<sup>24</sup>

The current settlement combines real machinery with dependency: Wales holds genuine capacity in places, but the largest fiscal functions, and the risks attached to them, sit elsewhere. Enhanced devolution does not simply move Wales up a scale; it shifts the balance unevenly, handing Wales more to build around powers it already partly holds, while leaving the reserved core, currency, the payment system, the deposit-taking boundary, in place unless the model is stretched into something else. Independence does not climb higher still; it changes the relationship altogether, taking the reserved frame away and converting dependency into a requirement to design and carry the whole architecture, including the risk, itself.

Seen this way, the recurring question across all three paths is not how much power Wales has but what each path asks of Welsh capacity. For any given function, four answers are possible: the capacity already exists; it could be built by expanding an institution Wales already runs; it would need a wholly new system; or it depends on a settlement reached with another government. Most of what the paper has examined falls into the middle two, capacity that exists in part and must be expanded, or capacity that would have to be built new, which is why the dominant finding is neither powerlessness nor readiness but construction. A few functions sit at the edges: currency, where the options are well understood but unchosen, and inherited liabilities, where the answer is not Wales's alone to design but must be negotiated.

That is also why the strength of the evidence matters as much as the direction of it. To say that a requirement is well diagnosed but not yet designed is a statement about how far the work has been taken, not about whether it can be done. The paper has tried to keep those two things distinct throughout: what each path would require, and how much is currently known about meeting the requirement. Both are needed to judge a path well, and neither, on its own, decides anything.

The federal model is treated separately because it was considered in the underlying assessment but is not one of the live paths compared in the reader-facing paper.

<sup>24</sup>See Evidence Annex, Annex C; Annex A.

## 6. The federal model

Federalism was considered during the underlying assessment but is not treated as a live publication spine in this paper. The reason is not that federalism is analytically irrelevant, but that it has low Welsh-specific evidence, high institutional distance from the present UK settlement, and low present political plausibility as a practical route. The federal column is therefore retained in the evidence annex as archived comparator material, rather than placed beside the current settlement, enhanced devolution and independence as a live path in the reader comparison.<sup>25</sup>

## 7. What this paper does and does not settle

This paper has set out what each live constitutional path would require Wales to build in fiscal capacity, and how strong the evidence is for each requirement. The recurring lesson is that competence and capacity are not the same thing, and that the gap between them is where the real work of any constitutional change would sit.

The three paths solve different problems. The current settlement leaves Wales with partial capacity inside a reserved frame. Enhanced devolution would require selective institutional building around powers Wales holds or could receive. Independence would convert dependency into a comprehensive design task, most of it well diagnosed but not yet specified, one part well mapped but unchosen, one part resolvable only by negotiation.

None of that tells Wales which path to take. The strength or weakness of a requirement is a statement about evidence and capacity, not a recommendation. A path that demands a large build is not for that reason a worse path, any more than a path that demands little is for that reason a better one; the costs, benefits and values of any constitutional choice turn on questions this paper does not address. What the paper offers is the ground beneath that choice: a clear account of what each path asks Wales to construct, and how much is known about each requirement today.

The evidence behind the findings is set out in full in the companion evidence annex, which carries the method, the mechanism-by-mechanism dossiers, the complete source log, and the archived federal analysis.<sup>26</sup>

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<sup>25</sup>See Evidence Annex, Appendix F.

<sup>26</sup>See the companion document, Comparative Fiscal Capacity: Evidence Annex.