

The Rt Hon Simon Hart MP  
Secretary of State for Wales

27 November 2020

Dear Secretary of State

### **UK Government's Spending Review**

Following the Chancellor of the Exchequer's delivery of the UK Government's Spending Review on 25 November, I am writing to you as Chair of the Welsh Parliament's Finance Committee to request an urgent update on the impact of the spending review in Wales.

In light of the spending review and the concerns expressed by the Welsh Government in its written response, the Finance Committee is particularly interested for an update on the following:

- a) **Agricultural sector** – The Welsh Government states that the Chancellor's proposed replacement for the EU Common Agricultural Policy funding appears to leave Welsh farmers and rural communities £137m short of the expected funding in 2021-22. We want to understand calculations that the UK Government have made regarding access to funding from on-going EU funding and how the total funding available compares to available funding in previous years.
- b) **Shared Prosperity Fund** – The Welsh Government states that UK Government will bypass the Welsh Government in allocating funding from the Shared Prosperity Fund and that the total fund for the whole of the UK is £220m in the next financial year. Wales currently receives £375m from the European Structural and Investment Programmes, so there appears to be a significant shortfall.
- c) The change in the Statement of Funding Policy comparability factor in relation to **transport spending from 80.9% to 36.6%**, mainly as a result of HS2.
- d) **Capital consequentials for Wales** – The Welsh Government states that these are low compared to increases in UK capital investment as a whole set out in the Spending Review. In part, this is likely to be linked to HS2.



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The Finance Committee will be inviting the Minister for Finance and Trefnydd to attend a meeting on 7 December to discuss the impacts of the spending review in Wales, so we would be very grateful if we could receive your response before this date.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Llyr', is centered on a light yellow rectangular background.

**Llyr Gruffydd MS, Chair of the Finance Committee**

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

