

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: RE/664/22

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
CF99 1NA

11 February 2022

Dear Peredur,

Last month I wrote to the Committee to update you on my discussions with the Chief Secretary to the Treasury and Devolved Government Finance Ministers, in regards to end-of year funding certainty and flexibility. You requested a further update if any further information was received on these matters.

Each year, the Devolved Government's receive an indication from HM Treasury of any changes to the in-year budgetary position to expect at UK Supplementary Estimates. On 26 January, HM Treasury informed the Welsh Government it could expect to receive a further £178m as a result of spending in England. This was in addition to the £270m of funding announced on 19 December to respond to the Omicron variant. The Devolved Governments were instructed this funding (totalling £448m for Wales) could not be carried forward, despite this flexibility being offered in previous years, and to take action to deploy it on high value projects.

On 3 February, the UK Government announced a Council Tax Rebate scheme, from which the Welsh Government was informed it would receive a consequential of £175m (subsequently increased to £180m).

However, the latest supplementary estimates position issued to Welsh Government on 8 February reveals an increase of £180m to reflect the consequential for the Council Tax Rebate scheme which is more than offset by a reduction of £189m in our overall funding position. As a result of this significant change, the Welsh Government will receive less additional funding in the supplementary estimate than we had been led to expect before the announcement of the Council Tax Rebate scheme. It is therefore clear that the consequential funding arising from the Council Tax Rebate will not be in addition to the previous indicative funding allocations we received.

This has created an extra, unhelpful layer of uncertainty at a time when we are already facing exceptional challenges. I have urgently written with the other Devolved Finance Ministers to

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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.

the Chief Secretary to express our collective concern, to seek re-instatement of this funding, and to request the ability to carry it forward to 2022-23.

We have made a further appeal to establish the principle that funding confirmed at Supplementary Estimates can be managed across financial years in addition to any carry forward permitted under reserve arrangements to ensure its effective deployment given the late timing in the financial year.

This situation has demonstrated again the need to work together to ensure there is a system in which we can all have confidence. We are therefore also seeking a commitment from the Chief Secretary to a joint review of in-year and end-year budget processes. The overall process requires more predictability and certainty for Devolved Governments to allow us to utilise the funding in the most effective manner, to deliver the best value for money and maximise outcomes for people.

I welcome the continued support of the Finance Committee, given most recently in its recommendations on the Draft Budget, in regards to the importance of certainty and clarity in relation to funding from UK Government, alongside greater flexibility in managing our end-of-year finances. These are imperative to support effective budget planning and Senedd scrutiny.

Despite the difficult position we have been presented, the Welsh Government will continue to take every step possible to assist people across Wales through the cost of living crisis. We will be announcing further support next week.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

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