

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



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru
Cardiff Bay
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21 February 2023

Dear Peredur,

Further to my recent letter advising you of the Finance: Interministerial Standing Committee Meeting, on 9 February at St Andrew's House, Edinburgh, I would like to briefly report on the discussions. A communique was also published following the meeting: [Finance: Interministerial Standing Committee – February 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/finance-interministerial-standing-committee-february-2023)

Joining me in attendance were The Rt Hon John Glen MP, Chief Secretary to the Treasury (CST), John Swinney MSP, Deputy First Minister and Cabinet Secretary for Covid Recovery (Scottish Government) (Chair). Officials from the Northern Ireland Executive also attended virtually, to observe.

The first part of the meeting focussed on UK economic and fiscal plans where I highlighted the challenges the UK supplementary estimates process presents for the Welsh Government budget and outlined the Welsh Government priorities for the UK Government Spring Budget.

Building on previous discussions around the provision of greater funding certainty and flexibility for devolved governments, and possible adjustments to the current process that will enable me to plan my budget more effectively, I requested the CST continue to look at this issue and I have subsequently followed up my request in a letter.

During the discussions on budgetary pressures, I conveyed the Welsh Government priorities for the forthcoming UK Spring Budget, asking the UK Government to provide the necessary support to protect public services and respond to the inflationary, pay and other cost pressures.

The Prime Minister has identified reducing NHS waiting lists as one of his priorities, and I asked for more clarity on what will be done in the Spring Budget to achieve this, noting that the NHS will be marking 75 years of service in July.

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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.

I raised a number of practical suggestions which could support people with the ongoing cost of living crisis, including changes to the deductions policy for Universal Credit claimants. In relation to energy prices, I raised concerns with the level of support for public services, third sector and swimming pools and highlighted that, following the reduction in household energy support, almost half of all households in Wales will now face fuel poverty. I asked the UK Government if more could be done on windfall taxes on energy profits, to ensure reliefs are achieving their intended purposes and any loopholes closed, to help generate additional funding that could be used to support those struggling to meet energy costs.

Finally, I highlighted the challenges the timing of the UK Government Spring Budget presents for Wales, as it will be announced the week following the final passage of our Budget through the Senedd (in order to enable local authorities to set their budgets by the statutory deadline).

The second part of the meeting focussed on EU Replacement Funding, under which I outlined the impact UK Government decisions on replacement EU funding have had on Wales and the financial shortfall of £1.1 billion, providing illustrative examples of the severe impact this loss of funding is having in Wales. I secured agreement from UK and devolved governments to share information on the calculations underpinning the value of replacement EU structural funds and to explore further approaches to work together and ensure greater alignment with devolved government priorities.

Finally, I made the group aware of the recently published interim report by the Independent Commission on the Constitutional Future of Wales, drawing out a number of points that support our case for additional budgetary flexibilities.

The Welsh Government will host the next meeting, in June, which I will Chair.

Yours sincerely,

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

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