

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



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

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

1 August 2023

Dear Peredur

I am writing in response to your letter of 11th July about the one-off non-consolidated payment of £1500 to Welsh Government staff.

While we are still determining the total cost for making these payments to Welsh Government staff, current statements from the UK Government clearly indicate that such pay awards must be managed within existing settlements for Whitehall Departments, with no consequential funding being made available for Wales.

I can confirm that our funding position has not changed since the First Supplementary Budget. Given the clear steer from the UK Government, our planning assumption remains that no additional funding will be forthcoming. Therefore, the Welsh Government is having to make very difficult decisions over reductions in planned expenditure to absorb this £1500 payment to staff from within existing budgets.

There are significant economic and fiscal challenges already identified in the current financial year and Wales' current financial settlement falls far short of what is needed to meet these challenges from existing budgets that have been eroded by a range of inflationary pressures.

Work is underway across Welsh Government to clarify all budgetary pressures, including this payment to staff, and identify savings options in order to manage the overall position. At this stage I cannot confirm whether this will mean any transfers between MEGs. All changes will be reflected in the Second Supplementary Budget which I still intend to publish in February 2024 to the usual timescale.

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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.

All workers in public sector bodies in Wales should be fairly rewarded for the important work they do. Unfortunately, in the absence of any likelihood of sufficient UK Government funding consequential for pay settlements, funding for any pay awards will need to be managed within existing settlements. Welsh Government is having to make reductions in planned expenditure to absorb this £1500 staff payment from within its existing budget and as the First Minister made clear in his recent letter to the Llywydd in respect of the Senedd Commission we would expect our Directly Funded Bodies to take a similar approach and look to absorb the costs from current budget settlements. Any further requests for additional funding will inevitably lead to further cuts elsewhere.

My officials will of course be happy to give any specific advice to officials in our Directly Funded Bodies as needed to help them in their consideration of their organisations' budget position or to detail the funding assumptions around Welsh Government's pay awards.

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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