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Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair
Finance Committee
Senedd Cymru

20 December 2024

Annwyl Peredur,

I am writing following the Finance Committee's scrutiny of the 2025-26 Draft Budget on 12 December and your subsequent letter on 13 December.

I will send the 2023-24 outturn report to the Finance Committee in line with our commitment to provide this no more than three weeks after the consolidated accounts are published. This will be on the same MEG structure as the accounts for 2023-24 (that is, the MEG structure which pertained at the time rather than the current MEG structure).

The information on the 2024-25 Final Budget and the adjustments to the baseline at First Supplementary Budget and at Draft Budget can be found in the [Tables Supporting Spending Plans](#) published as part of the 2025-26 Draft Budget.

You asked for information to be provided in a format that enables comparisons of budget changes across the period 2023-24 to 2025-26. I have asked my officials to consider what can be provided, given changes to Ministerial responsibilities and related MEG structures which have taken place in this period. I will write again in early January to update you.

You also asked about the impact of applying the Barnett Formula at 115%, rather than 105%, on Welsh Government funding levels. If the needs factor had been set at 115% at the UK Autumn budget instead of 105%, the Welsh Government's block grant would have been £76m higher in 2024-25 and £167m higher in 2025-26.

During the Finance Committee Draft Budget scrutiny session, Members asked for an estimate of the additional direct cost to the devolved public sector in Wales arising from the changes to employers National Insurance contributions (NICs) announced in the UK Government's October budget. The table below provides our current best estimate for these costs. These estimates will be further refined as organisations develop their plans for 2025-26. I would be grateful if the committee could keep this in mind when considering this table.

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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.

Pwyllgor Cyllid / Finance Committee
FIN(6)-01-25 PTN 6

HM Treasury has acknowledged the change to employer NICs will increase costs for public sector employers and it will “provide funding to the public sector to support them with the additional cost associated with these changes”. We are working with HM Treasury to clarify the details and the level of support that will be provided.

Sector/ bodies	Estimated cost (£m)
NHS (directly employed)	112
Local government, including National Park Authorities	77
Teachers	33
Fire and Rescue Services	4
Further education	9
Welsh Government	7
Arm's Length Bodies	11
Total	253

I look forward to engaging further with the committee in 2025.

Yours sincerely,



Mark Drakeford AS/MS

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