

**Rebecca Evans AC/AM**  
**Y Gweinidog Cyllid a'r Trefnydd**  
**Minister for Finance and Trefnydd**



**Llywodraeth Cymru**  
**Welsh Government**

Eich cyf/Your ref  
Ein cyf/Our ref

Llyr Gruffydd AM  
Chair, Finance Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

11 February 2019

Dear Llyr,

Thank you for your letter relating to directly funded bodies' annual budget process.

Austerity has been a defining feature of public services since 2010, and in times of reducing budgets it is more important than ever that we seek to provide public bodies with the best information possible in order to inform future financial planning. As you are well aware, there is particular uncertainty at the moment about the level of funding available for public spending in Wales over the next few years. However, while we were only able to publish revenue plans for 2019-20 in the recent Budget, together with capital plans for the next two years, we recognised the need to support financial planning beyond these years. The Chief Economist's report, published alongside the draft Budget, provides an analysis of the medium-term fiscal projections to help inform scenarios for future resource spending in Wales.

You acknowledge that the Welsh Government does not have a role in setting the budget of directly funded bodies. Nevertheless, I recognise the need for all public bodies in Wales to be planning on the basis of realistic and sensible planning assumptions. In line with this, and to aid the Committee's scrutiny, I would be happy to write to you before the summer recess with information on various factors which can be drawn upon to inform future budget plans such as the latest guidance on public sector pay remits, GDP deflator forecasts, forecasts of devolved taxes and our best possible assessment of the overall level of funding available in future years.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
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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.

As you set out in your letter, however, there are a number of external factors beyond our control which could impact on the overall level of resources. As a result, any guidance provided can only be the best possible assessment at that point in time and will, of course, be subject to revision. Nevertheless, I trust this will be helpful to inform budget planning.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive style with a period at the end.

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