

Mark Drakeford responds to the UK government's Autumn Budget

The Autumn Budget includes approximately £1bn of additional capital funding for Wales between 2017-18 and 2020-21 – but more than half of this must be repaid to the UK Treasury.

The UK Budget also includes additional revenue funding of £215m for the period 2017-18 to 2019-20.

Finance Secretary Mark Drakeford said:

“While these small increases in the resources available to Wales are to be welcomed as they will help support our priorities, this additional funding will do little to ease the pressures on frontline public services, which have been struggling to cope as a result of the successive cuts to our budget we have experienced since 2010-11.

“Even with this additional funding, the Welsh Government's budget will be 5% lower in real terms in 2019-20 than it was in 2010-11.

“As a result of the measures the Chancellor announced today the funding Wales receives from the block grant will increase. But more than half of this increase is in the form of funding which must be paid back to the UK Treasury. £650m of the additional capital funding is in the form of financial transactions – this is a form of capital funding which must be repaid to the Treasury and there are tight restrictions on what it can be spent on.”

The Finance Secretary said the budget was also a missed opportunity to provide additional investment in infrastructure to support the economy during this period of uncertainty.

Professor Drakeford said:

“The Office for Budget Responsibility has confirmed the UK economy has slowed markedly and its growth forecasts have again been revised downwards. In my recent letter to the Chief Secretary to the Treasury, I urged the UK government to listen to the International Monetary Fund and the Organisation for Economic Co-operation and Development to take advantage of low interest rates and invest in economic infrastructure.

“This is why we called on the UK government to commit to important infrastructure projects in Wales, including the Swansea Bay tidal lagoon. Once again the UK government has failed Wales by failing to

invest in key projects.”

He added that the UK Budget gave little detail regarding additional funding about UK government plans to cut the public sector pay cap and give public sector workers a much-needed pay rise.

“The Welsh Government, standing with our hard working public sector workers and trade unions, has repeatedly called on the UK government to lift the public sector pay cap and provide additional funding to give workers across the UK the pay rise they deserve. I was clear this must be fully funded.

“Today’s Budget was a missed opportunity to do this for all public sector workers. For NHS staff who are waiting the outcome of the independent pay review body, I expect the Chancellor to honour his commitment to fund any pay recommendations in full and to provide a full Barnett consequential.”

The Cabinet Secretary also said there must now be discussions between the Welsh and UK governments about the UK government’s intention to explore a tax on plastics – the Welsh Government is currently investigating a disposable plastic tax as one of 4 new tax ideas.

“I am pleased the UK government is taking our lead in considering how to use taxation to change behaviour in areas such as disposable plastic.

“I announced a tax on disposable plastic as part of the shortlist of proposed taxes in October, I expect to discuss this in detail with the UK government as part of its evidence gathering.”