# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Welsh Government response to the UK Budget 2024** |
| **DATE**  | **6 March 2024** |
| **BY** | **Rebecca Evans MS, Minister for Finance and Local Government** |

The Chancellor of the Exchequer today presented his Budget against the backdrop of struggling public services and a prolonged cost of living crisis that continues to impact the poorest in our communities.

The UK economy remains stagnant, with GDP per person having declined in each of the last seven quarters – an unprecedented period of deterioration. Household income will be lower this year than in 2019 and will not recover to the level of the last Parliament until the end of 2025. Nothing the Chancellor said today changes the fact that real incomes will not have risen at all over the Parliament.

This time last year the Chancellor delivered “a Budget for growth”, yet the economy is smaller now than it was then. There was very little in this Budget that will provide the necessary conditions to boost productivity and create an environment for investment to support living standards and public services.

The Welsh Government will receive an additional £168m resource funding in 2024-25. There was no change to our capital settlement. The additional resource funding is a result of spending decisions made in England and relates to funding for NHS pay and local government Adult Social Care, which have already been factored into our spending plans.

Our settlement for 2024-25 is still up to £700m lower in real terms than expected at the time of the 2021 Spending Review and our Budget in 2024-25 is £3bn lower than if it had grown in line with GDP since 2010. Our general capital budget in 2024-25 is worth up to 8% less in real terms than expected at the time of the Spending Review in 2021.

There was nothing in the Chancellor’s Autumn Statement for public services and he has once again failed to recognise their vital importance in his Budget today. Properly funded, public services can help to boost productivity, drive economic growth, help get people into work and support us in achieving our net zero targets.

In preparing the Welsh Government’s Budget for 2024-25, which was agreed by the Senedd yesterday, we have taken difficult decisions to prioritise funding for those services that matter the most to people, including the Welsh NHS. In contrast, the Chancellor has chosen not to recognise the severe pressures facing schools, hospitals, and public services, leaving them exposed to real terms cuts, with NHS spending in England increasing by only 1% in cash terms.

Ahead of this Budget, the Chancellor said that his priority was helping people with cost-of-living pressures. If he was serious about this, he would have supported the Joseph Rowntree Foundation and Trussell Trust’s long-made calls to implement an Essentials Guarantee, to ensure those in receipt of Universal Credit are able to meet their essential costs. He could have also increased Local Housing Allowance rates and funding for Discretionary Housing Payments.

Instead, he has chosen to cut employee National Insurance Contributions by 2 pence. This measure fails to target those most in need, with the Institute for Public Policy Research reporting that nearly half of the benefit going to the richest 20% of households, while only 3% would end up benefitting the poorest fifth. Even taken together with the National Insurance cut announced in the autumn, these cuts only reverse half of the increase in personal taxes made by this UK Government.

Apart from a few small announcements, there was nothing in this Budget for Wales. Our core priorities for UK Government investment in coal tip safety and re-classification of HS2 have, once again, been ignored. Despite the unique step taken by all parties in the Senedd last week to jointly table a motion and vote unanimously in favour of the UK Government providing Wales with additional budget flexibilities, the UK Government has also failed to act on this simple and reasonable request.

It is deeply concerning that the Chancellor has continued to press ahead with tax cuts at the expense of public investment in infrastructure, which is so desperately needed to support key services and stimulate economic growth. This return to austerity shows a complete disregard for responsible management of public finances and will require implausible spending cuts, storing up problems for the future.

We are entering the final year of our current multi-year settlement, without any indications of what our budget may look like beyond March next year. We have no clarity on the UK Government’s plans for a spending review to support forward planning of our budget. We will work closely with our partner organisations to support budget planning, in what looks set to be a year of increased uncertainty.

We will carefully consider the implications of today’s UK Budget for our spending and taxation plans. Our priorities remain core, frontline public services, and protecting the most vulnerable people and communities across Wales.