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Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad  
a Swyddfa'r Cabinet  
Cabinet Secretary for Finance, Constitution & Cabinet Office



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref: WQ92264  
Ein cyf/Our ref

Peredur Owen Griffiths AS

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15 April 2024

Dear Peredur,

I write in response to your WQ92264 tabled on 20 March 2024 and apologies for the delayed response.

The Bank of England sets Bank Rate, which directly affects short term interest rates on savings and borrowing in the economy. Bank Rate increased from 4.25% at the beginning of the current financial year to 5.25% in August 2023, via a series of upward steps, and has been at that level since then. These increases directly impact UK public finances via increases in debt service costs. There are no direct impacts on Welsh Government finances, as the interest rates on the Welsh Government's outstanding debt are fixed. Interest payments on any new capital borrowing in 2023-24 will only begin in 2024-25 and the fixed long term interest rate on that borrowing will be largely driven by longer term macro-economic considerations. Changes to short term interest rates will have a direct impact on any public bodies in Wales which have short term debt or savings in the commercial banking sector.

There are important wider indirect impacts of Bank Rate changes on the UK and Welsh economies, which will impact on both UK and devolved government revenues and expenditure. However, the timing and scale of these impacts is highly uncertain.

Yours sincerely,

**Rebecca Evans AS/MS**  
Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad a Swyddfa'r Cabinet  
Cabinet Secretary for Finance, Constitution & Cabinet Office

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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.