



Llywodraeth Cymru  
Welsh Government

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## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

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**TITLE**        **UK Budget 2015**

**DATE**        **18 March 2015**

**BY**            **Jane Hutt AM, Minister for Finance and Government Business**

The Chancellor of the Exchequer has today presented his UK Budget 2015.

The Welsh Government has presented and passed its own Budgets focused on growth and jobs, and we have consistently pressed the UK Government to take positive measures to do the same, rather than persevere with its failing austerity plan.

The Welsh Government's record is one of investing in the priorities of Wales. For example, over this year and the next, the Welsh Government is investing more than £1bn extra funding in the Welsh NHS. In contrast, as a result of its austerity programme, the UK Government has handed down cuts equivalent to £1.4bn. This is money that has been taken out of the public services across Wales since 2011. The small consequentials in 2015-16 of £17.2m revenue funding and £0.9m capital funding that arise from this Budget will do little to mitigate these cuts. We have always said that the UK Government cuts were too fast and too deep and others agree with our assessment. In the run up to the UK Budget, several independent commentators, including the LSE, said that the pace of the austerity programme had been a mistake. Large tax changes in the early years of the Parliament were a drag on growth, and the record of the UK Government is that it has left families worse off and people's wages are down.

In his statement the Chancellor confirmed his intention to instigate even deeper spending cuts in the next four years than during the past five. These cuts would devastate our public

services in Wales and the rest of the UK. The independent Institute of Fiscal Studies says the cuts will need to be on a 'colossal' scale if the Chancellor carries out his plans.

In terms of the announcements about Wales made in the Chancellor's statement, there are some welcome developments. The progress being made on the Swansea Bay Tidal Lagoon Project and the UK Government's commitment to work with the Welsh Government and Cardiff City Council towards a City Deal for Cardiff, and the broader region around Cardiff, is good news. We have pressed hard for these announcements, however much more could have been achieved by now had the UK Government responded sooner to the Welsh Government's call to embrace pro-growth measures.

Ahead of the Budget, I wrote to the Chancellor of the Exchequer setting out the Welsh Government's priorities for Wales. This is the Chancellor's fifth major Budget and another missed opportunity to address the crucial issue of fair funding for Wales, something the Welsh public also recognise according to an Edinburgh University survey. We have also been seeking greater financial flexibility to put us in line with other devolved administrations – the fact that neither of these have been addressed is disappointing.

In my letter to the Chancellor I also highlighted the potential for investment in the North Wales Connectivity project and the South Wales Metro. As a Government, we are determined that Wales should not lose out to the rest of the UK in terms of infrastructure investment. Our own Wales Infrastructure Investment Plan will deliver approximately £3.6bn of new investment in the Welsh economy and public services to boost long-term growth and create or support jobs across the whole of Wales. Our policies are making a difference - data published today shows that the labour market in Wales is improving at a faster rate than across the UK over the last quarter. We will continue to press for consequential investments for Wales from the UK Government's planned investments in HS2 and HS3 in England, so that further momentum can be injected into infrastructure investment in Wales.

The announcement that the UK Government will bring forward compensation to help energy intensive industries with higher electricity costs resulting from small scale feed-in tariffs for

renewable generation should be good news for many important employers in Wales, including Celsa. Welsh Ministers have engaged with UK Ministers across Whitehall to press the importance of these types of employers and the jobs they bring to Wales. Similarly, the reduction to Severn Bridge tolls is a measure that all Parties in the National Assembly have called for. It is disappointing though that we will have to wait until 2018 to see any benefit of this announcement.

These few actions at the end of 5 years of austerity cannot turn the tide for our public services in Wales, which would face deeper cuts as a result of this UK Government Budget.