# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **UK Budget 2016** |
| **DATE** | **16 March 2016** |
| **BY** | **Jane Hutt AM, Minister for Finance and Government Business** |

The Chancellor of the Exchequer has today presented his UK Budget 2016. This is the third UK Government Budget in ten months and again the fiscal landscape has changed. Not only has GDP growth in real terms been revised down, meaning this continues to be the slowest economic recovery on record, but public expenditure across the UK is facing a new wave of spending cuts.

This incremental approach makes financial planning more difficult and does nothing to help provide the stability and certainty we know that partners and businesses need. Only last week, the Assembly agreed the Welsh Government’s Budget for 2016-17, later than normal given the timing of the Spending Review. Yet our l settlement overall for next year has changed again.

In the Spending Review last November, the UK Government set out its public spending plans until the end of the decade, with further real cuts to the Welsh Budget over the next four years. The small addition to our Budget this year does not reverse the six years of austerity we have faced or counter the further period of continued financial constraint. Today’s Budget means that we have received additions of £357.6m to our revenue budget and £22.5m to our capital budget over the next four years. Despite these small cash increases to our settlement, our Budget will still be 3% lower in real terms by 2019- 20 than it is today.

However, today’s announcement is only side of the coin. While the Chancellor has included the £3.5bn savings in 2019-20 in his financial forecast he has failed to announce how he will implement these cuts. This could mean that the positive consequentials received today could be yet again wiped out in a future fiscal event, creating more uncertainty and increasing the challenge we face.

We note the announcement to reduce the growth in spending on Personal Independence Payment by £1.2 billion in 2020 - 21 via changes to the assessment criteria for aids and appliances. We are aware that 640,000 disabled people in Great Britain will be affected by this measure. We are particularly concerned about the impact of this as our research on the tax and benefit changes announced pre-Budget 2016, to be implemented over the next four years, already shows households containing a disabled person lose significantly more than those without. This change will add to those losses, which are over £600 a year on average for disabled people. We will continue to do all we can to mitigate the effects of the welfare cuts on those most affected in Wales.

There were some welcome measures announced in the Budget. Yesterday, we reached agreement on a £1.2billion City Deal for Cardiff Capital Region providing a huge economic boost across the region and all parts of Wales. We have always said that a successful City Deal for Cardiff demonstrates our credibility and opens the door for further City Deal opportunities in Wales, including Swansea and our ambitions for North Wales. The Chancellor’s commitment today to open negotiations for a City Deal for Swansea and to explore a Growth Deal for North Wales is more good news for Wales and we look forward to actively working with the UK Government and the Regions to realise these ambitions.

Ahead of the Budget, I also called for long awaited decisions on a number of important issues. We have long argued the case for the devolution of Air Passenger Duty, removing the Severn Crossing tolls and for the green light to be given to the Swansea Bay Tidal Lagoon pathfinder project. All of these proposals would provide an important economic boost to Wales. Today’s news that the Severn Tolls will be halved is a step in the right direction but the UK Government could go further and abolish them altogether. I am disappointed that there has been no progress on either the devolution of Air Passenger Duty or Swansea Bay Tidal Lagoon. I will continue to press the UK Government for tangible action on these issues.

As a Government, we have always been clear that austerity is a choice and we are providing an alternative clear way forward. Our Budget “Fairer, Better Wales – Investing for the Future” supports our priorities for Wales - health and health services, growth and jobs, raising educational attainment, supporting children, families and deprived communities and tackling poverty. This is our distinctive Welsh approach to austerity, protecting and enhancing the public services which mean the most to the people of Wales.

Our track record of delivering in difficult financial times speaks for itself. We will not take our foot off the pedal. We will continue to deliver an alternative to austerity – investing in the future of Wales.

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