



Eich cyf/Your ref
Ein cyf/Our ref

Adam Price AM
National Assembly for Wales

15 December 2016

Annwyl Adam,

In reaching the agreement in respect of the draft Budget 2017-18, we committed to discuss the implications of the Autumn Statement on our spending proposals and, in particular, to explore options to accelerate the Llandeilo Bypass in the event more capital became available. This has been the focus of recent discussions at the Finance Liaison Committee and I am writing to formally record the outcome of these discussions.

From the establishment of the committee, we have discussed a number of policy areas where we share common ground. In publishing the draft Budget, I said I would endeavour to provide additional funding in some specific areas if more capital became available. In line with this, I will be allocating additional funding in the final Budget for flooding, regeneration, energy efficiency and green growth. At the last Finance Liaison Committee, you indicated your concurrence with these decisions.

In addition, and as a result of the discussions we have had since the Autumn Statement, there are three other areas where we have reached consensus and which form part of our overall agreement about the draft Budget 2017-18:

- We have agreed the mechanism for providing a targeted non-domestic rate relief grant scheme in 2017-18. I will allocate £10m of revenue funding in the final Budget in support of this;
- An additional £15m of capital funding will be allocated over four years (2017-18 to 2020-21) to the Local Transport Fund;
- An additional £50m of capital funding, will be profiled over four years, to accelerate delivery of the A483 Llandeilo Bypass. This investment will be the single biggest spending decision in the Budget agreement. Our budget is continuing to decrease in real terms; when significant investment is allocated to one area, it means there is consequently less to spend in others. The challenge of living within a severely-constrained spending envelope and the difficult choices between priorities this entails will continue to be a feature for the rest of this Spending Review period.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Mark.Drakeford@llyw.cymru
Correspondence.Mark.Drakeford@gov.wales

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.

I would be grateful if you could confirm you agree the three additional proposals set out above, which will form part of the Budget agreement. As discussed, I propose to announce the targeted non-domestic rate relief scheme ahead of publishing the final Budget.

Yn gywir,

A handwritten signature in black ink that reads "Mark". The letters are cursive and slightly slanted to the right.

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol
Cabinet Secretary for Finance and Local Government