



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Stephen Kinnock MP  
House of Commons  
London  
SW1A 0AA



25 SEP 2017

Dear Stephen,

Thank you for your letter of 30 August to The Rt Hon Philip Hammond MP, about funding for Wales in the Autumn Budget. I am replying as the Minister responsible for this policy area.

The UK still faces a challenging fiscal position. The OBR's Fiscal Risks Report, published in July, highlighted the work that still needs to be done to protect the public finances from external shocks. At nearly 90% of GDP, our public debt is the highest it has been in nearly 50 years. Returning to balance in the middle of the next decade is the right medium-term fiscal objective as it ensures debt falls back to safer levels over the long-term. Our fiscal position requires us to take a balanced approach to public spending, dealing with our debts to keep our economy strong, while also making sure we invest in our public services and drive improved efficiency across the sector.

Regarding Wales' specific needs as set out in your letter, it is for the Welsh Government to decide how to allocate its funding across its devolved responsibilities, including local Government. The Welsh Government's Fiscal Framework, agreed in December, includes both tax-raising powers for the Welsh Government from next year and also a needs-based factor in the Barnett Formula to ensure that relative public spending per head in Wales does not fall below 115% of comparable funding per head in England. Taken together, the measures in the Fiscal Framework ensure that the Welsh Government has a fair level of funding for the long term, taking into account Wales' specific needs.

Thank you again for your letter.

Best wishes,

A handwritten signature in blue ink, appearing to read 'Elizabeth Truss', written in a cursive style.

RT HON ELIZABETH TRUSS