

14 February 2024

Dear

ATISN FoI/COOG/OFM/Barnett formula (20097)

Information requested

Thank you for your request which I received on 17 January 2024. You asked for all correspondence submitted by Welsh Government ministers to UK Government ministers since May 2021 formally requesting a review of the Barnett formula for Wales.

Our response

The information you requested is set out below and copies of letters are included. Information redacted, does not relate to the FOI request.

The Welsh Government has set out proposals in *Reforming our Union: shared governance in the UK*¹ for a new principles-based approach to UK funding and fiscal networks, enshrined within a new Fiscal Agreement overseen and operated by a body independent of the UK Government. As part of this, Proposition 14 proposes that the Barnett formula should be replaced, and a new relative needs-based system implemented, within a comprehensive and consistent fiscal framework to which all governments in the UK agree. These proposals build on the Welsh Government's position set out in the *Securing Wales Future* series – *Reforming UK funding and fiscal arrangements after Brexit*².

Welsh Government Ministers have raised the need to reform the UK funding and fiscal arrangements in meetings and correspondence with the UK Government. In respect of correspondence:

On the 2 June 2021, the First Minister wrote to the then Prime Minister, Boris Johnson, ahead of a Covid-19 recovery meeting referring to the need for urgent and radical consideration of how the constitutional fabric of the UK needed to be reformed to provide a proper, stable basis of partnership for the voluntary association of nations which make up the UK. Within that letter, he referenced the October 2019 version of “*Reforming our Union: shared governance in the UK*” highlighting that a refreshed version of the document would be published in the coming weeks.

On the 24 June 2021, the Counsel General wrote to the Chancellor of the Duchy of Lancaster, Michael Gove MP, informing him that the First Minister would publish a refresh of the ‘*Reforming our Union: shared governance in the UK*’ document that was first published in October 2019. He emphasised that this refreshed document articulated a positive future for the UK and how the Union can and must be reformed to reflect the entrenched reality of devolution within the overall constitution.

¹ [Reforming our Union: Shared governance in the UK June 2021 \[HTML\] | GOV.WALES](#)

² [Reforming UK funding and fiscal arrangements after Brexit | GOV.WALES](#)

On the 22 January 2024, the First Minister wrote to the Prime Minister, including a copy of the final report of the Independent Commission on the Constitutional Future of Wales. The report comments on the growing case for a review of the funding of the devolved governments, jointly led by the UK and devolved governments. This review should consider from first principles how to allocate resources across the different parts of the UK, based on a shared assessment of relative needs and with a strong element of independent oversight.

On the 6 February 2024, the Minister for Finance and Local Government, in a letter to the Chancellor of the Exchequer in relation to the UK Government's financial support package for Northern Ireland, reiterated the need for a principles-based approach to the UK fiscal framework set out in Reforming the Union.

Welsh Ministers have also sought to address the immediate challenges of the existing fiscal arrangements. The Welsh Government's fiscal levers are insufficient to enable it to respond quickly to emerging needs, leaving it dependent on decisions made by the UK government and exposed to the impact of the timing of those decisions. The Welsh Government is seeking a small number of improvements to support effective budget management, including increases to its borrowing and overall reserve limits so they are indexed to inflation. These have cross-party support within the Senedd, the Institute for Fiscal Studies and the Independent Commission on the Constitutional Future of Wales.

Welsh Government Ministers have made representations to the UK government, predominantly by the Finance and Local Government Minister through the Finance: Interministerial Standing Committee (F:ISC)³ and bilateral meetings with the Chief Secretary to the Treasury. The First Minister has also raised the need for the Welsh Government to have appropriate fiscal levers and budgetary flexibilities, including at the Prime Minister and Heads of Devolved Governments Council meeting in autumn 2022.

Next steps

If you are dissatisfied with the Welsh Government's handling of your request, you can ask for an internal review within 40 working days of the date of this response. Requests for an internal review should be addressed to the Welsh Government's Freedom of Information Officer at:

Information Rights Unit,
Welsh Government,
Cathays Park,
Cardiff,
CF10 3NQ

or Email: Freedom.ofinformation@gov.wales

³ Information on F:ISC meetings is provided to the Senedd Finance and Legislative Justice and Constitution Committees and published in the Intergovernmental Relations Annual report³.

Please remember to quote the ATISN reference number above.

You also have the right to complain to the Information Commissioner. The Information Commissioner can be contacted at: Information Commissioner's Office,
Wycliffe House,
Water Lane,
Wilmslow,
Cheshire,
SK9 5AF.

However, please note that the Commissioner will not normally investigate a complaint until it has been through our own internal review process.

Yours sincerely