

OFFICIAL – SENSITIVE - CABINET

Cabinet will wish to note that these minutes, except those items in italics, will be published in week commencing 15th June 2020

**The Welsh Government
Minutes of a meeting of the Cabinet
4th May 2020**

Present: Rt. Hon. Mark Drakeford AM (Chair)
Vaughan Gething AM

Via video link: Rebecca Evans AM
Lesley Griffiths AM
Julie James AM
Eluned Morgan AM
Ken Skates AM
Kirsty Williams AM
Jeremy Miles AM
Jane Hutt AM
Hannah Blythyn AM
Julie Morgan AM
Lee Waters AM

Shan Morgan, Permanent Secretary (via video link)
Des Clifford, Director General Office of the First Minister
Andrew Goodall, Director General Health
Will Whiteley, Head of Cabinet Division
Jane Runeckles, Special Adviser (via video link)
Dan Butler, Special Adviser (via video link)
Ian Butler, Special Adviser (via video link)
Paul Griffiths, Special Adviser (via video link)
Clare Jenkins, Special Adviser
[NR], Special Adviser (via video link)
Gareth Williams, Special Adviser (via video link)
Tom Woodward, Special Adviser (via video link)
Christopher W Morgan, Cabinet Secretariat (minutes)
[NR] Cabinet Secretariat
Jonathan Scourfield, Specialist Policy Adviser (via video link)
Andrew Jeffreys, Director Welsh Treasury (via video link)
Tim Render, Director COVID-19 team (via video link)
Liz Lalley, COVID-19 team (via video link)
Peter McDonald, COVID-19 team (via video link)
Gareth Bevington, COVID-19 team (via video link)
Margaret Davies, Deputy Director Strategic Budgeting (via video link)
[NR] COVID-19 project team

Apologies: Dafydd Elis Thomas AM

Item 1: Minutes of the previous meeting

- 1.1 Cymeradwydd y Cabinet gofnodion y 27 Ebrill / Cabinet approved the minutes of 27 April.

Item 2: Senedd Business

- 2.1 Cabinet noted the Plenary grid.
- 2.2 *The Minister for Finance and Trefnydd advised Cabinet that the Business Committee had discussed possible changes to future Plenary sessions, including increasing the number of Members allowed to participate, particularly Labour backbenchers. A paper exploring the options would be presented to the next meeting.*
- 2.3 *Topical Questions (TQs) would normally be taken after the First Minister's Oral Statement. The deadline for submitting TQs would be 6pm on the Tuesday before Plenary and the Llywydd would inform the Government of her decision by 8pm. The bar had been set quite high for such questions to be accepted.*

Sections 28 & 36

Item 3: COVID-19 Policy Co-ordination Dashboard CAB(19-20)53

- 3.1 *The Counsel General and Minister for European Transition introduced the paper, which invited Cabinet to consider the latest versions of the policy co-ordination dashboard and the Welsh Government Data Monitor.*
- 3.2 *The covering paper now included a narrative on those interventions that were considered to be rated red, it also highlighted those that were improving and those which were worsening. For example, the provision of PPE had improved and was no longer considered to be a significant issue, however other red ratings remained static, mostly because they were outside the control of the Welsh Government. The Dashboard now included a comments field, which provided a more detailed overview.*
- 3.3 *It was reported that there would now be a need for a further round of Ministerial discussions to consider implications over the medium term and identify the decisions that would need to be taken.*

Sections 35 & 36

Item 4: Response to COVID-19: Financial Aspects CAB(19-20)54

- 4.1 *The Minister for Finance and Trefnydd introduced the paper, which provided an outline of the fiscal implications of COVID-19 and sought Cabinet's agreement for a Supplementary Budget at the end of the month, that would regularise spending plans for 2020-21.*
- 4.2 *A COVID-19 reserve of around £2.7bn had been established, which was made up of three funding sources: almost £2.2bn of consequential funding as a result of England-only COVID-19 measures, which represented more than a 10% increase in the Welsh budget; £256m identified from within existing budgets for redeployment; and £245m of repurposed European Funding.*
- 4.3 *£2.2bn had already been committed to meet the challenge. These measures, which had been set out in the paper, demonstrated the action the Government had already taken to respond to, and mitigate the impact of, the crisis.*
- 4.4 *There were a number of other measures in the pipeline, costing around £400m, which, if they all materialised, would use up the reserve that had been created. If the reserve was fully committed there would be nothing available for further response measures or the recovery phase.*
- 4.5 *There were also other risks and uncertainties that increased the challenge. More than £350m had been allocated from the reserve for the Health Service, but greater expenditure was expected. There would be further PPE costs and more funding would be needed for testing, tracking and tracing. Also, additional resources would be required to operate the health service at a higher capacity, as more services were restarted, while continuing to deal with high numbers of COVID-19 cases.*
- 4.6 *There was also uncertainty about the prospect of further consequentials. The UK Treasury had launched a re-prioritisation exercise in Whitehall to identify existing funding to meet spending already committed by UK Ministers. It was possible that any further spending in England would be funded from existing budgets, and not new allocations from UK Treasury. Furthermore, the Chief Secretary to the Treasury had not provided any assurances that budgets for Health or Local Government would be protected.*
- 4.7 *Therefore, there was a very real risk that the Government could over commit to the response and recovery measures early in the financial year with limited opportunity to free up resources from elsewhere later.*
- 4.8 *Based on these prospects, it was very likely that Ministers would need to look again at 'business as usual budgets' to explore what could be found from existing resources to bolster the central reserve to meet the most urgent needs. This would need to be taken into account when Ministers took further decisions to commit resources over the next few months.*

- 4.9 *For all of these reasons, Ministers would only be able to fund the most compelling of interventions over the coming months and they would need to ensure that any proposals for drawing on the reserve made the arguments for intervention in a coherent and clear way.*
- 4.10 *The paper also set out proposals to inform the Senedd the following week of the Government's intention to publish a Supplementary Budget on 27 May.*
- 4.11 *Even before the crisis, the Government had made commitments for an early Supplementary Budget to reflect any significant changes resulting from the UK Budget in March. The unprecedented scale of the changes to funding since then, together with the inevitable impact the crisis would have on the plans already published by the Government, made the case more compelling.*
- 4.12 *The main focus of the Budget would be on COVID-19 measures but it was important to remember the actions and funding that would be needed to address the longer-term impact of the storm damage in February. Ministers noted the Minister for Finance and Trefnydd would be reminding the Chief Secretary to the Treasury that the Welsh Government would be expecting the UK Government to meet these exceptional costs, outside the normal Barnett process, once the scale of the work had been identified.*
- 4.13 *Cabinet welcomed the paper, particularly the commitment to ensure all interventions were based on the soundest possible evidence to avoid unintended disproportionate impact on those with protected characteristics.*
- 4.14 *There was a concern that the UK Government was already making high profile policy announcements on funding without providing consequentials to the Devolved Administrations.*
- 4.15 *It was important to identify all the priority interventions that would need to be funded in response to dealing with the pandemic, such as resources for test, track and trace measures and a potential vaccine.*
- 4.16 *However, there were a number of competing demands for funding, such as further support for the Economic Resilience Fund, Local Government and Higher and Further Education Institutions. There was also the issue of long term sustainability of certain Local Authorities post COVID-19, as well as non-COVID-19 related pressures, such as adequate compensation for the victims of contaminated blood.*
- 4.17 *Ministers recognised the seriousness of the situation, given that there was no guarantee that the UK Government would make any additional resources available.*

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- 4.18 *Therefore, the testing of funding proposals presented to the Star Chamber would need to be tighter and there may be a need for more time to consider bids, given the financial situation. Some thought would need to be given to repurposing capital to revenue and to seek more flexibility from the UK Government on the Welsh Revenue Reserve. In addition, Ministers would need to reassess their current budget lines to identify further savings from existing MEG allocations.*
- 4.19 *Ministers agreed that officials should produce a further paper, for the meeting of 18th May, to set out the anticipated key demands on the Welsh Government Budget over the next six to eight months against available spend, to allow Cabinet to consider its spending priorities.*
- 4.20 *Cabinet approved the paper, subject to officials taking into account comments made by Ministers*

Officials to produce a further paper to set out the anticipated key demands on the Welsh Government Budget over the next six to eight months against available spend, to allow Cabinet to consider its spending priorities.

Officials to take into account comments made by Ministers.

Sections 29, 35 & 36

Cabinet Secretariat
May 2020

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Action points and outcomes from a meeting of Cabinet on
4th May 2020

OFFICIAL SENSITIVE – Cabinet, Policy and Commercial in Confidence

<i>Item</i>	<i>Action / Outcome</i>	<i>Outcome/ Deadline</i>	<i>Officials</i>
<i>Item 4: Response to COVID-19: Financial Aspects CAB(19-20)54</i>	<i>Officials to produce a further paper to set out the anticipated key demands on the Welsh Government Budget over the next six to eight months against available spend, to allow Cabinet to consider its spending priorities.</i> <i>Officials to take into account comments made by Ministers.</i>	<i>18th May</i>	<i>Andrew Jeffreys / Margaret Davies</i>