

OFFICIAL – SENSITIVE - CABINET

Cabinet will wish to note that these minutes, except those items in italics, will be published in week commencing 4 July 2022

**The Welsh Government
Minutes of a meeting of the Cabinet
23 May 2022**

Present: Rt. Hon. Mark Drakeford MS
Rebecca Evans MS
Vaughan Gething MS
Lesley Griffiths MS
Jane Hutt MS
Julie James MS
Jeremy Miles MS
Eluned Morgan MS
Mick Antoniw MS

Dawn Bowden MS
Hannah Blythyn MS
Julie Morgan MS
Lynne Neagle MS
Lee Waters MS

Officials: Andrew Goodall, Permanent Secretary
Des Clifford, Director Office of the First Minister
Will Whiteley, Deputy Director Cabinet Division
Toby Mason, Strategic Communications
Madeleine Brindley, Special Adviser
Alex Bevan, Special Adviser
Daniel Butler, Special Adviser
Ian Butler, Special Adviser
Kate Edmunds, Special Adviser
Sara Faye, Special Adviser
Clare Jenkins, Special Adviser
Owen John, Special Adviser
Andrew Johnson, Special Adviser
Mitch Theaker, Special Adviser
Tom Woodward, Special Adviser
Christopher W Morgan, Head of Cabinet Secretariat (minutes)
NR Cabinet Secretariat
NR Cabinet Office
Tracey Burke, Director General, Climate Change and Rural Affairs
Jo-Anne Daniels, Director General Education, Social Justice and Welsh Language
Reg Kilpatrick, Director General, COVID-19 recovery and Local Government
Judith Paget, Director General Health
Andrew Slade, Director General, Economy, Treasury and Constitution
Chris Jones, DCMO
Rob Orford, Chief Scientific Adviser for Health
Liz Lalley, Director Recovery and Restart
Christopher Warner, Deputy Director COVID -19 Restart 21 Day Review
Tom Smithson, Deputy Director COVID-19 Review

Helen Lentle, Director Legal Services
Dylan Hughes, First Legislative Counsel
Neil Buffin, Deputy Director Legal Services
Andrew Jeffreys, Director Treasury
Jonathan Price, Chief Economist
Emma Watkins, Deputy Director Budget & Government Business

NR

 Head of Budget Policy Delivery

Item 1: Minutes of previous meetings

- 1.1 Cymeradwydd y Cabinet gofnodion y 16 Mai / Cabinet approved the minutes of 16 May.

Item 2: Senedd Business

- 2.1 Cabinet considered the contents of the Plenary grid and noted voting time was scheduled for 5:30pm on Tuesday and around 6:00pm on Wednesday.

Item 3: Coronavirus Restrictions: 21 day review due by 26 May 2022

- 3.1 The First Minister introduced the paper, which asked Cabinet to formally review the Health Protection (Coronavirus Restrictions) (No. 5) Regulations.
- 3.2 Cabinet was reminded the restrictions relating to COVID-19 within the Coronavirus Control Plan were for the purpose of preventing, protecting against, controlling or providing a public health response to the incidence, spread of infection or contamination. There must be a threat to public health and the restrictions had to be proportionate in what they were intending to achieve.
- 3.3 The paper outlined the public health situation. The latest results from the ONS Coronavirus Infection Survey estimated between 7 to 13 May, the percentage of the community population that had COVID-19 continued to decrease to 2.66%. This equated to one in 40 people.
- 3.4 As of 19 May, there were 699 COVID-19 related patients in hospital in Wales, with 247 confirmed cases, a decrease of 35% from the previous week. There were 12 ICU beds occupied by patients with confirmed cases of the virus.
- 3.5 Infection to hospital admission data ratios suggested numbers had started to stabilise and was at the lowest documented throughout the pandemic. In addition, COVID-19 related fatalities were also the lowest recorded.
- 3.6 The advice from the CMO, outlined within the paper, indicated that infection rates driven by the Omicron variant continued to wane and the high level of vaccination in Wales was limiting the number of people who were experiencing serious direct harm

from the virus. He believed it was timely to remove the remaining legal requirement relating to the use of face coverings in health and care settings, however, he recommended the continued use of such coverings and limiting the number of visitors to health care settings.

- 3.7 Taking into account the current public health situation, with case rates and hospital admissions continuing to fall, Cabinet concluded that it was no longer proportionate to retain the Regulations. Therefore, it was agreed the legal requirement to wear face coverings in health and care settings should be allowed to expire on 30th May, to be replaced by guidance, similar to the approach adopted by the rest of the UK.
- 3.8 Cabinet agreed officials should proceed with the decisions taken by Ministers and instruct lawyers accordingly

Item 4: Chief Economist's Report

- 4.1 The First Minister invited the Government's Chief Economist to provide an overview of the economic situation.
- 4.2 The labour market was continuing to perform well, with low unemployment and vacancies at a record high. Over the course of the pandemic the labour market in Wales had performed better than the UK, but a high number of vacancies were in lower paid jobs and pay was not keeping pace with inflation. There were also regional differences, with some sectors, particularly in tourism, unable to recruit. However, Bank of England forecasts indicated that unemployment levels were expected to increase over the medium term as the economy slowed as a consequence of the cost of living crisis.
- 4.3 Of particular concern was the increase in inactivity mostly driven by those aged between 50 and 64.
- 4.4 The Consumer Price Index had been increasing in recent months, mostly due to increased energy and food prices due to global supply constraints linked to the war in Ukraine and the continuing effect of the pandemic, impacting the real value of not just pay but also benefits.
- 4.5 Inflation was expected to increase further that year, with the potential to fall back over the following two years, but there was a high level of uncertainty with these forecasts.
- 4.6 A sharp slowdown in GDP growth was expected for the rest of 2022 and growth would remain slow over the next two years as consumers' living standards were eroded by higher prices.
- 4.7 The Resolution Foundation forecast income growth would be negative from 2019 to 2024, with disposable income expected to be 2% lower at the end of the current Parliament. Market expectations were for higher gas and food prices to be sustained over the longer term which would have a disproportionate impact on the poorest

households, who spend a higher proportion of their income on groceries and fuel. According to the Institute of Fiscal Studies lower income households were living with a higher personal inflation rate of around 10.7%.

- 4.8 Increased inflation and low growth would have implications for the Welsh Government's budget.
- 4.9 There were also a number of long term economic challenges, such as the aftermath of Brexit, the need to decarbonise, a decrease in birth rate with an associated reliance on in-migration and the impact of people working from home.
- 4.10 Cabinet thanked the Chief Economist for his presentation.