

Formal dispute resolution process underway over fair share of Barnett consequentialials from UK Government's DUP deal

The Welsh and Scottish Governments have begun the formal dispute resolution process with the UK Government over their right to receive consequential funding as a result of the Prime Minister's deal with the Democratic Unionist Party.

Both governments have made it clear any additional funding for Northern Ireland must respect the established funding principles and rules applied through the operation of the Barnett formula.

Applying the Barnett formula in the normal way, would result in Wales receiving an additional £1.67bn and Scotland receiving an additional £2.9bn.

The Welsh Government's Finance Secretary Mark Drakeford and the Scottish Government's Finance Secretary Derek Mackay have written to the Treasury to invoke the formal dispute resolution process through the Joint Ministerial Committee.

Professor Drakeford said:

"We have been clear with the UK Government that any additional funding for Northern Ireland must respect the established funding principles and rules around the Barnett formula.

"The UK Government has abandoned these well-established arrangements to the detriment of Wales and other parts of the UK.

"The arrangements offered to Northern Ireland have direct read across to areas of devolved responsibility. For this reason, the benefits of the additional spending should be mirrored across all parts of the UK.

"By operating in this way, the UK Government has failed to provide Wales with the resources we need to invest in infrastructure, the NHS and the education system – depriving Wales of an additional £1.67bn.

"At a time when public services in Wales are under pressure as a result of the UK Government's damaging and ongoing policy of austerity, it is only right that Wales gets its fair share of funding through the established rules of the Barnett formula.

"For all its faults the Barnett formula is supposed to be clear and

rules based. It is simply inexcusable that the UK Government is willing to “bypass” those rules. That is why we have begun the formal dispute resolution with the Government so that Wales is treated fairly alongside all nations of the UK.”

Derek Mackay said:

“The Scottish Government fundamentally disagrees with the way in which this additional funding for Northern Ireland has been allocated. We have repeatedly made the point that all areas to which the £1 billion funding package has been allocated are devolved matters and therefore the Barnett Formula should apply.

“Despite this, the UK Government argues that there should be no Barnett consequential from this deal and refuses to acknowledge that Scotland, Wales and England will be short-changed by billions of pounds.

“That cannot be right – and the deal goes against the principles of the UK Treasury’s own statement of funding policy.

“Any suggestion that this funding arrangement is similar to previous funding for city deals in Scotland is wrong and not in any way comparable. City deal funding is conditional on match funding from the devolved administrations’ own budgets and also requires contributions from local authorities and other regional partners. In addition, the UK Government has promised city deals for Northern Ireland on top of this £1 billion of additional expenditure

“It remains my hope that we will be able to reach a satisfactory resolution to this situation which results in a funding allocation across Scotland, Wales and England that is fair and reasonable for all – but in order to reach such a solution we now need to pursue the formal dispute resolution process.”