



Llywodraeth Cymru
Welsh Government

Welsh Government

Supplementary Budget 2020-2021

Explanatory Note

October 2020

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Mae'r ddogfen yma hefyd ar gael yn Gymraeg / This document is also available in Welsh.

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1. Introduction

- 1.1** The Welsh Government today tabled the second supplementary budget for 2020-21 in accordance with Standing Order 20. This supplementary budget proposes changes to the first supplementary budget for 2020-21 as approved by Senedd Cymru ('the Senedd') on 24 June 2020.
- 1.2** The purpose of this supplementary budget is to reflect the further changes that have arisen as a result of the measures taken to respond to the immediate impacts of the coronavirus pandemic since the first supplementary budget was published in May.
- 1.3** In the period since May, the Welsh Government has announced in excess of £1.5 billion of measures in response to the pandemic. This interim supplementary budget provides an update of the amounts allocated from our reserves and changes to the resources available that have taken place over the preceding four months.
- 1.4** Although this approach necessitates a more limited explanatory document than provided alongside the earlier supplementary budget, it is important to provide transparency around the financial position and provide an interim budget at this time.
- 1.5** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.
- 1.6** This budget does not reflect the recent changes to Cabinet Ministerial portfolio responsibilities announced on 8th October. A restated position reflecting those changes will be published in due course.
- 1.7** A further supplementary budget will be published later in the financial year in line with the usual timescale for making final changes to budgets for the year. That supplementary budget will ratify changes to the Welsh budget arising from the UK Supplementary Estimate and all

additional allocations from reserves including the recently announced £320m reconstruction package.

- 1.8** As with the first supplementary budget, a more comprehensive narrative will be provided at that time.

2. Changes to the Wales Budget since the First Supplementary Budget 2020-21

2.1 Tables 2.1 to 2.3 set out the net impact of all the changes to the Welsh budget. Table 2.4 summarises the total allocations by MEG.

Table 2.1 – Sources of Finance for Welsh Government

| COMPONENTS OF WELSH GOVERNMENT FINANCING | 2020-21 Supplementary Budget May 2020 | Changes | 2020-21 Supplementary Budget New Plans October 2020 |
|----------------------------------------------|---------------------------------------|------------------|-----------------------------------------------------|
| | £000s | £000s | £000s |
| RESOURCE FINANCING | | | |
| Departmental Expenditure Limit (DEL): | | | |
| Fiscal | 14,687,353 | 2,658,376 | 17,345,729 |
| Non-Fiscal | 690,064 | 0 | 690,064 |
| Drawdown from the Wales Reserve | 125,000 | 0 | 125,000 |
| Annually Managed Expenditure (AME): | | | |
| Fiscal | 22,159 | 0 | 22,159 |
| Non-Fiscal | 135,499 | 0 | 135,499 |
| Wales Devolved Financing: | | | |
| Non Domestic Rates | 804,000 | 0 | 804,000 |
| Welsh Rate of Income Tax | 2,169,668 | 0 | 2,169,668 |
| Land Transaction Tax | 254,008 | -122,154 | 131,854 |
| Landfill Disposals Tax | 34,153 | 0 | 34,153 |
| Principal repayment of borrowing | -2,362 | 0 | -2,362 |
| TOTAL RESOURCE FINANCING | 18,919,542 | 2,536,222 | 21,455,764 |
| CAPITAL FINANCING | | | |
| Departmental Expenditure Limit (DEL): | | | |
| General | 2,127,552 | 5,593 | 2,133,145 |
| Financial Transactions | 303,906 | 668 | 304,574 |
| Annually Managed Expenditure (AME): | | | |
| Capital | 863,631 | 0 | 863,631 |
| Wales Devolved Financing: | | | |
| Borrowing | 125,000 | 0 | 125,000 |
| TOTAL CAPITAL FINANCING | 3,420,089 | 6,261 | 3,426,350 |
| TOTAL WELSH FINANCING | 22,339,631 | 2,542,483 | 24,882,114 |

Table 2.2 – Allocation of the Wales Budget

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | | |
|----------------------------------------------------|------------------------------------------------|------------------|-----------------------------------------------------------------|-----------|
| | 2020-21 Supplementary Budget May 2020 | Changes | 2020-21 Supplementary Budget New Plans October 2020 | |
| Health and Social Services | 9,439,762 | 901,453 | 10,341,215 | |
| Housing and Local Government | 6,060,999 | 348,909 | 6,409,908 | |
| Economy and Transport | 2,818,911 | 130,520 | 2,949,431 | |
| Education | 2,477,969 | 78,413 | 2,556,382 | |
| International Relations and the Welsh Language | 204,896 | 63,300 | 268,196 | |
| Environment, Energy and Rural Affairs | 572,307 | -10,800 | 561,507 | |
| Central Services and Administration | 409,702 | 4,650 | 414,352 | |
| Total Allocation to Welsh Government MEGs | 21,984,546 | 1,516,445 | 23,500,991 | |
| Repurposed EU funding for COVID-19 measures | -245,000 | 0 | -245,000 | |
| Planned Allocation to Welsh Government MEGs | 21,739,546 | 1,516,445 | 23,255,991 | |
| Unallocated Resource | Fiscal Resource | 148,353 | 1,003,065 | 1,151,418 |
| | Non-Fiscal Resource | 151,123 | 0 | 151,123 |
| Unallocated Capital | General | 177,342 | 22,305 | 199,647 |
| | Financial Transactions | 49,590 | 668 | 50,258 |
| Senedd Commission | 59,575 | 0 | 59,575 | |
| Public Services Ombudsman for Wales | 5,110 | 0 | 5,110 | |
| Wales Audit Office | 8,228 | 0 | 8,228 | |
| Direct Charges to the Welsh Consolidated Fund | 764 | 0 | 764 | |
| TOTAL WELSH BUDGET | 22,339,631 | 2,542,483 | 24,882,114 | |

Table 2.3 – Changes to the Welsh Government MEG Resource Allocations

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | | | | |
|--------------------------------------------------|---------------------------------------|------------------|-----------------------------------------------------|---------------------------------------|----------|-----------------------------------------------------|
| | FISCAL | | | NON-FISCAL | | |
| | 2020-21 Supplementary Budget May 2020 | Changes | 2020-21 Supplementary Budget New Plans October 2020 | 2020-21 Supplementary Budget May 2020 | Changes | 2020-21 Supplementary Budget New Plans October 2020 |
| Health and Social Services | 8,657,607 | 868,453 | 9,526,060 | 190,000 | 0 | 190,000 |
| Housing and Local Government | 4,496,914 | 318,909 | 4,815,823 | 240 | 0 | 240 |
| Economy and Transport | 1,806,260 | 198,671 | 2,004,931 | 192,400 | 0 | 192,400 |
| Education | 1,413,469 | 76,674 | 1,490,143 | 107,154 | 0 | 107,154 |
| International Relations and the Welsh Language | 143,788 | 64,000 | 207,788 | 8,882 | 0 | 8,882 |
| Environment, Energy and Rural Affairs | 417,240 | 0 | 417,240 | 21,675 | 0 | 21,675 |
| Central Services and Administration | 360,457 | 6,450 | 366,907 | 16,000 | 0 | 16,000 |
| Total Allocation to Welsh Government MEGs | 17,295,735 | 1,533,157 | 18,828,892 | 536,351 | 0 | 536,351 |

Table 2.4 – Changes to the Welsh Government MEG Capital Allocations

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | | | | |
|--------------------------------------------------|---------------------------------------|----------------|-----------------------------------------------------|---------------------------------------|----------|-----------------------------------------------------|
| | GENERAL CAPITAL | | | FINANCIAL TRANSACTIONS | | |
| | 2020-21 Supplementary Budget May 2020 | Changes | 2020-21 Supplementary Budget New Plans October 2020 | 2020-21 Supplementary Budget May 2020 | Changes | 2020-21 Supplementary Budget New Plans October 2020 |
| Health and Social Services | 374,488 | 33,000 | 407,488 | 0 | 0 | 0 |
| Housing and Local Government | 585,085 | 30,000 | 615,085 | 150,505 | 0 | 150,505 |
| Economy and Transport | 705,466 | -68,151 | 637,315 | 85,260 | 0 | 85,260 |
| Education | 217,711 | 1,739 | 219,450 | -195 | 0 | -195 |
| International Relations and the Welsh Language | 33,467 | -700 | 32,767 | 15,746 | 0 | 15,746 |
| Environment, Energy and Rural Affairs | 128,992 | -10,800 | 118,192 | 2,000 | 0 | 2,000 |
| Central Services and Administration | 29,246 | -1,800 | 27,446 | 1,000 | 0 | 1,000 |
| Total Allocation to Welsh Government MEGs | 2,074,455 | -16,712 | 2,057,743 | 254,316 | 0 | 254,316 |

2.2 An overview of the changes to the sources of finance are provided below and details of allocations from reserves can be found in section 3.

Adjustments to Sources of Finance

Fiscal Resource

2.3 The Fiscal Resource baseline has increased by a net amount of £2,658,376k comprising consequentials announced as a result of:

- £918,148k in respect of Covid-19 spending announcements in England;
 - £12,500k in respect of the Summer Economic Update;
 - £1,200,000k in respect of the guarantee from the UK government announced on 23rd July, the majority of which related to announcements already made; and
 - £400,000k in respect of the further guarantee from the UK government announced on 9th October;
- £127,728k relating to an estimated revision to the Block Grant Adjustment for Stamp Duty Land Tax.

Non-Fiscal Resource

2.4 There has been no change to the non-fiscal resource baseline since the first supplementary budget.

Wales Devolved Financing

2.5 From 27 July, a temporary change to the rates and thresholds of Land Transaction Tax (LTT) was applied. As a result of this policy change and using the latest determinants from the central COVID scenario published by the OBR in its Fiscal Sustainability Report in July, the forecast for LTT has reduced by £122,154k to £131,854k.

General Capital

- 2.6** The general capital baseline has increased by £5,593k comprising a Barnett consequential in respect of the Covid-19 spending announcements in England.

Financial Transactions Capital

- 2.7** The baseline ring-fenced for financial transaction capital has increased by £668k due to consequentials received as a result of the Covid-19 spending announcements in England.

AME Financing

- 2.8** There have been no adjustments to AME financing and expenditure since the first supplementary budget.

Table 2.5 – Summary of the Welsh Government MEG Total Allocations

| 2020-21 TOTAL MEG ALLOCATIONS as per SUPPLEMENTARY BUDGET | | | | | | | | | | |
|-----------------------------------------------------------|-------------------|----------------|-------------------|------------------|------------------------|------------------|-----------------|----------------|------------------|----------------------|
| £000s | | | | | | | | | | |
| MAIN EXPENDITURE GROUPS (MEGs) | Resource | | | Capital | | | AME | | | TOTAL MEG ALLOCATION |
| | Fiscal | Non Fiscal | Resource Total | General | Financial Transactions | Capital Total | Resource | Capital | AME Total | |
| Health and Social Services | 9,526,060 | 190,000 | 9,716,060 | 407,488 | 0 | 407,488 | 217,667 | 0 | 217,667 | 10,341,215 |
| Housing and Local Government | 4,815,823 | 240 | 4,816,063 | 615,085 | 150,505 | 765,590 | 828,255 | 0 | 828,255 | 6,409,908 |
| Economy and Transport | 2,004,931 | 192,400 | 2,197,331 | 637,315 | 85,260 | 722,575 | 29,525 | 0 | 29,525 | 2,949,431 |
| Education | 1,490,143 | 107,154 | 1,597,297 | 219,450 | -195 | 219,255 | -123,801 | 863,631 | 739,830 | 2,556,382 |
| International Relations and the Welsh Language | 207,788 | 8,882 | 216,670 | 32,767 | 15,746 | 48,513 | 3,013 | 0 | 3,013 | 268,196 |
| Environment, Energy and Rural Affairs | 417,240 | 21,675 | 438,915 | 118,192 | 2,000 | 120,192 | 2,400 | 0 | 2,400 | 561,507 |
| Central Services and Administration | 366,907 | 16,000 | 382,907 | 27,446 | 1,000 | 28,446 | 2,999 | 0 | 2,999 | 414,352 |
| TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs | 18,828,892 | 536,351 | 19,365,243 | 2,057,743 | 254,316 | 2,312,059 | 960,058 | 863,631 | 1,823,689 | 23,500,991 |

3. Changes to Reserves

3.1 This budget regularises a number of allocations to and from reserves. A full list can be found in table 3.1.

Allocations from Fiscal Resource and General Capital Reserves

3.2 Allocations totalling £1,558,157k have been made from the fiscal resource reserves and £69,200k from the general capital reserves. The allocations are as follows (links to public announcements are provided where possible for further information):

- Health and Social Services
 - [£800,000k for an NHS stabilisation package](#) to prepare for the anticipated challenges that winter will bring – responding to a potential second wave of the virus, alongside normal winter pressures - whilst continuing to further increase access to essential services.
 - £45,000k for the Covid-19 Contact Tracing Workforce to cover the cost of the local authority and health board workforce required to undertake population-wide contact tracing as set out in Test, Trace, Protect.;
 - £22,400k to meet adult care providers' Covid-19 costs in relation to the healthcare they provide for the second 6 months of the year. This includes continuing healthcare, NHS funded nursing care and joint packages of care, where extra costs from a range of issues are being experienced, such as greater infection control and additional staffing;
 - [£1,053k for a hardship fund](#) to mitigate the financial impact of Covid-19 on unpaid carers;
 - [£24,500k to restart the Childcare Offer for Wales](#) including a dedicated package of financial support for the childcare sector;
 - [£33,000k \(capital\) for new Cardiff and Vale Covid-19 facility](#) to manage any potential increase in Covid-19 cases this Winter.

- Housing and Local Government
 - An additional £306,559k made available via the Local Authority Hardship Fund comprising:
 - a total of £27,359k for the adult social care sector to meet the additional costs adult social care providers are incurring as a result of the pandemic. This comprises [£22,731k further funding for Adult Social Care Providers](#) as well as an additional £4,628k to reflect the actual costs arising from the extra [£40m to support adult social care](#) provided in the first supplementary budget;
 - £15,000k to support the general element of the Fund; and
 - [£264,200k to support local authorities](#) for the remainder of this financial year for additional costs and loss of income as they continue to support our response to the pandemic.
 - £2,850k reflecting the impact of Covid-19 on council tax reduction scheme applications and council tax revenue during the first quarter of the 2020-21 financial year;
 - £9,500k revenue and £30,000k capital as part of the [£50m Phase 2 Homelessness plan](#)

- Economy and Transport
 - A total of £113,000k to ensure train services continue to operate on the Wales and Borders network for key workers and others that rely on the train to travel comprising [£65,000k announced in May](#) and a further £48,000k to continue with the emergency management arrangements;
 - A total of £94,651k to support the provision of bus services comprising [£10,000k announced in August](#) and a further [£84,651k announced in September](#).

- Education
 - A total of [£50,954k to support Welsh universities, colleges and students](#) comprising £27,000k for higher education institutions; £23,954k for further education and sixth forms including £3,200k capital to provide digital equipment such as laptops for FE students;
 - £3,600k to support FE colleges with additional cleaning costs announced as part of the [support for Local Government](#) to ensure students and staff are able to work in a safe environment;
 - £16,840k reflecting the costs in the 2020-21 financial year to [recruit, recover and raise standards in Welsh schools](#) as part of a £29m package for the 2020/21 academic year

- International Relations and the Welsh Language
 - [£53,000k for the Cultural Recovery Fund](#) to help support and sustain the sector due to the ongoing challenges resulting from the pandemic comprising £50,000k revenue and £3,000k capital;
 - [£14,000k for the Sport and Leisure Recovery Fund](#) to help the sector meet the ongoing challenges and to help provide longer-term sustainability.

- Central Services and Administration
 - £3,450k to support staff and the organisation during lockdown and transitioning back into offices;
 - [£1,575k for violence against women, domestic abuse and sexual violence services](#) to help them respond to increased demands;
 - [£1,425k for services that support people in Wales to manage problem debt and improve their household income](#) to help them respond to increased demands.

Transfers to Fiscal Resource Reserves

3.3 A transfer of £25,000k has been made to the fiscal resource reserve from the Health and Social Services MEG to reflect a switch to capital to fund the new Cardiff and Vale Covid-19 facility.

Allocations from Non Fiscal Resource Reserves

3.4 There have been no allocations to or from non fiscal resource reserves in this supplementary budget.

Transfers to General Capital Reserves

3.5 Following an exercise to review capital plans across portfolios, £49,261k was identified for repurposing mainly related to likely slippage due to the Covid-19 pandemic or where the release of funding would not have a significant impact. The following amounts have been returned to the general capital reserve from each MEG:

| | |
|--------------------------------------------------|----------|
| • Economy and Transport | £31,500k |
| • Education | £1,461k |
| • International Relations and the Welsh Language | £3,700k |
| • Environment, Energy and Rural Affairs | £10,800k |
| • Central Services and Administration | £1,800k |

3.6 £36,651k has been transferred from the Economy and Transport MEG from the Concessionary Fares BEL to the general capital reserve to facilitate a capital to revenue switch to support bus services.

Allocations from and Transfers to Financial Transaction Capital Reserves

3.7 There have been no financial transaction capital allocations from or transfers to the financial transaction capital reserves in this supplementary budget.

Table 3.1 below reflects all the movements on reserves:

Table 3.1 - Changes to the 2020-21 Reserves since First Supplementary Budget and the Allocations from Reserves being made in this Supplementary Budget

| | £000s | | | | | | |
|---------------------------------------------------------------------|------------------|---------------------|------------------|-----------------|-------------------------------|----------------|------------------|
| | Fiscal Resource | Non-Fiscal Resource | Total Resource | General Capital | Financial Transaction Capital | Total Capital | Total |
| Reserves at First Supplementary Budget | 148,353 | 151,123 | 299,476 | 177,342 | 49,590 | 226,932 | 526,408 |
| Transfers & Consequentials since First Supplementary Budget | 2,658,376 | 0 | 2,658,376 | 5,593 | 668 | 6,261 | 2,664,637 |
| Revised Reserves | 2,806,729 | 151,123 | 2,957,852 | 182,935 | 50,258 | 233,193 | 3,191,045 |
| Changes: | | | | | | | |
| HEALTH & SOCIAL SERVICES | | | | | | | |
| Stabilisation for the NHS | -800,000 | | -800,000 | | | | -800,000 |
| Contact Tracing | -45,000 | | -45,000 | | | | -45,000 |
| Support for unpaid carers | -1,053 | | -1,053 | | | | -1,053 |
| Childcare Offer | -24,500 | | -24,500 | | | | -24,500 |
| Adult care providers | -22,400 | | -22,400 | | | | -22,400 |
| Revenue to capital switch for new Cardiff & Vale Covid-19 facility; | 25,000 | | 25,000 | -33,000 | | -33,000 | -8,000 |
| HEALTH & SOCIAL SERVICES | -867,953 | 0 | -867,953 | -33,000 | 0 | -33,000 | -900,953 |

| HOUSING & LOCAL GOVERNMENT | | | | | | | |
|-------------------------------------------------------|-----------------|----------|-----------------|----------------|----------|----------------|-----------------|
| Local Authority Support | -264,200 | | -264,000 | | | | -264,000 |
| Adult social care providers' costs | -27,359 | | -27,359 | | | | -27,359 |
| Local Government Hardship Fund | -15,000 | | -15,000 | | | | -15,000 |
| Council Tax Reduction Scheme | -2,850 | | -2,850 | | | | -2,850 |
| Homelessness next phase | -9,500 | | -9,500 | | | | -9,500 |
| Social Housing Grant | | | | -30,000 | | -30,000 | -30,000 |
| HOUSING & LOCAL GOVERNMENT | -318,909 | 0 | -318,909 | -30,000 | 0 | -30,000 | -348,909 |
| ECONOMY & TRANSPORT | | | | | | | |
| Rail Support | -113,000 | | -113,000 | | | | -113,000 |
| Bus Support | -94,651 | | -94,651 | 36,651 | | 36,651 | -58,000 |
| Capital repurposing exercise | | | | 31,500 | | 31,500 | 31,500 |
| ECONOMY & TRANSPORT | -207,651 | 0 | -207,651 | 68,151 | 0 | 68,151 | -139,500 |
| EDUCATION | | | | | | | |
| Support for Further Education | -24,354 | | -24,354 | | | | -24,354 |
| Support for Higher Education | -27,000 | | -27,000 | | | | -27,000 |
| Supporting Learners | -16,840 | | -16,840 | | | | -16,840 |
| Digital learning equipment for disadvantaged learners | | | | -3,200 | | -3,200 | -3,200 |
| Capital repurposing exercise | | | | 1,461 | | 1,461 | 1,461 |
| EDUCATION | -68,194 | 0 | -68,194 | -1,739 | 0 | -1,739 | -69,933 |

| INTERNATIONAL RELATIONS & THE WELSH LANGUAGE | | | | | | | |
|---------------------------------------------------------------------|------------------|----------------|------------------|----------------|---------------|----------------|------------------|
| Culture Recovery Fund | -50,000 | | -50,000 | -3,000 | | -3,000 | -53,000 |
| Sport and Leisure Fund | -14,000 | | -14,000 | | | | -14,000 |
| Capital repurposing exercise | | | | 3,700 | | 3,700 | 3,700 |
| INTERNATIONAL RELATIONS & THE WELSH LANGUAGE | -64,000 | 0 | -64,000 | 700 | 0 | 700 | -63,300 |
| ENVIRONMENT, ENERGY & RURAL AFFAIRS | | | | | | | |
| Capital repurposing exercise | | | | 10,800 | | 10,800 | 10,800 |
| ENVIRONMENT, ENERGY & RURAL AFFAIRS | 0 | 0 | 0 | 10,800 | | 10,800 | 10,800 |
| CENTRAL SERVICES & ADMINISTRATION | | | | | | | |
| Support for staff and organisation | -3,450 | | -3,450 | | | | -3,450 |
| Violence against Women, Domestic Abuse and Sexual Violence services | -1,575 | | -1,575 | | | | -1,575 |
| Debt and Income Advice | -1,425 | | -1,425 | | | | -1,425 |
| Capital repurposing exercise | | | | 1,800 | | 1,800 | 1,800 |
| CENTRAL SERVICES & ADMINISTRATION | -6,450 | 0 | -6,450 | 1,800 | 0 | 1,800 | -4,650 |
| OTHER CHANGES AFFECTING RESERVES | | | | | | | |
| Reduction in Land Transaction Tax forecast | -122,154 | | -122,154 | | | 0 | -122,154 |
| OTHER CHANGES AFFECTING RESERVES | -122,154 | 0 | -122,154 | 0 | 0 | 0 | -122,154 |
| Reserves in this Budget | 1,151,418 | 151,123 | 1,302,541 | 199,647 | 50,258 | 249,905 | 1,552,446 |

4. Transfers between and within Ministerial Portfolios

4.1 This section details the transfers between and within MEGs.

Economic Resilience Fund

4.2 To ensure anyone over 16 in Wales can access advice and support to find work, pursue self-employment or find a place in education or training, £39,673k has been transferred from the Economic Resilience Fund allocated in the first supplementary budget as follows:

- £8,480k transferred from the Economy and Transport MEG to the Education MEG to:
 - expand the Personal Learning Account Programme;
 - roll out the employment bureau approach within further education;
 - providing additional support for 'Go Wales';
 - support degree apprenticeships.

- £500k transfer from the Economy and Transport MEG to the Health and Social Services MEG for Work Support and Out of Work services.

- Within the Economy and Transport MEG:
 - £10,093k to the Employability and Skills BEL for employability interventions;
 - £1.200k to the Start Up & Youth Entrepreneurship BEL for entrepreneurship/business start up;
 - £16,400k to Work Based Learning BEL for employer recruitment and redeployment incentives;
 - £3,000k to Communities for Work BEL for Communities for Work Plus

Annex 1 – Reconciliation between the Portfolio Budgets in the Action Tables and those the Budget Motion

The Explanatory Note supports the Supplementary Budget Motion published alongside this document, which sets out the changes to both the resources that the Welsh Government is proposing to use in 2020-21 and the cash it is seeking authority to draw from the Welsh Consolidated Fund. The tables within this note use the HM Treasury control totals and align with the BEL Tables. However, the figures in the Supplementary Budget Motion align with the Statement of Resource Outturn which is used in the Welsh Government accounts and is prepared on a slightly different basis.

The Welsh Government's budget includes items which do not score as part of the 'Resources Requested' by Welsh Ministers. This Annex provides a reconciliation between the two by each portfolio.

| 2020-21 SUPPLEMENTARY BUDGET | | | | | | | | |
|------------------------------------------------------------|----------------------------|------------------------------|-----------------------|------------------|------------------------------------------------|---------------------------------------|-------------------------------------|-------------------|
| £000s | | | | | | | | |
| | Health and Social Services | Housing and Local Government | Economy and Transport | Education | International Relations and the Welsh Language | Environment, Energy and Rural Affairs | Central Services and Administration | TOTAL |
| Resource | 9,716,060 | 4,816,063 | 2,197,331 | 1,597,297 | 216,670 | 438,915 | 382,907 | 19,365,243 |
| Capital | 407,488 | 765,590 | 722,575 | 219,255 | 48,513 | 120,192 | 28,446 | 2,312,059 |
| Resource AME | 217,667 | 828,255 | 29,525 | -123,801 | 3,013 | 2,400 | 2,999 | 960,058 |
| Capital AME | 0 | 0 | 0 | 863,631 | 0 | 0 | 0 | 863,631 |
| TOTAL MANAGED EXPENDITURE | 10,341,215 | 6,409,908 | 2,949,431 | 2,556,382 | 268,196 | 561,507 | 414,352 | 23,500,991 |
| Reconciliation to Resources | | | | | | | | |
| Resource Consumption - Welsh Government Sponsored Bodies | -230 | -200 | | -305 | -7,281 | -12,400 | | -20,416 |
| Supported Borrowing | | -88,800 | | | | | | -88,800 |
| National Insurance Fund Receipts Collection Costs | -906 | | | | | | | -906 |
| National Non-Domestic Rates Payable (and Collection Costs) | | -809,172 | | | | | | -809,172 |
| Interest Repayments on Borrowing | | | | | | | -2,474 | -2,474 |
| PFI | | | -8,982 | | | | | -8,982 |
| RESOURCES REQUESTED | 10,340,079 | 5,511,736 | 2,940,449 | 2,556,077 | 260,915 | 549,107 | 411,878 | 22,570,241 |

Annex 2 – Glossary

| | |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Action | Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions. |
| Ambits | Descriptions of the specific purposes for which Welsh Ministers are authorised by Senedd Cymru to spend resources. Ambit Descriptions and resource limits are contained within the Annual and Supplementary Budget Motions. Ambits correspond to MEGs. |
| Annually Managed Expenditure (AME) | Expenditure which cannot reasonably be subject to firm, multi-year limits in the same way as DEL and is therefore reviewed twice a year as part of the HM Treasury's Budget and Pre-Budget Report processes. AME typically consists of programmes which are large, volatile or demand-led; for example the issue of student loans. |
| Budget Motion | The means by which Senedd Cymru authorises Welsh Ministers to spend resources up to a specific level for specified purposes and to draw cash up to a specific limit from the Welsh Consolidated Fund. |
| Budget Expenditure Line (BEL) | Within each Action budgets are allocated to a number of sub-expenditure groups known as BELs. Tables showing budgets at BEL level are available at: http://gov.wales/funding/budget/?lang=en |
| Capital | Expenditure that in the main results in a physical asset, for example a new building. The Welsh Government DEL and AME budgets have separate capital and resource limits. |
| Departmental Expenditure Limit (DEL) | The multi-year budget limit for the Welsh Government set by the HM Treasury in Spending Reviews. |
| Depreciation | The drop in value of an asset due to wear and tear, age and obsolescence. Under resource budgeting, depreciation is part of the Welsh Government's DEL but is a non-fiscal resource DEL item. |

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| Direct Charges on the Welsh Consolidated Fund | Expenditure which is legally required to be charged directly to the Welsh Consolidated Fund and therefore does not score against the budgets of the Welsh Government or any other body. Direct Charges include the remuneration of the Presiding Officer and Auditor General. |
| Financial Transactions | Financial transactions can only be used for loans and equity purposes. A proportion of the funding also has to be repaid to the Exchequer. |
| Fiscal Resource DEL (sometimes referred to as revenue) | The Fiscal Resource DEL budget scores most of the department's current expenditure. Expenditure is recorded on an accruals basis. It includes expenditure on pay, current procurement, current grants and subsidies. |
| Main Expenditure Group (MEG) | The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently 7 MEGs: Health and Social Services; Housing and Local Government; Economy and Transport; Education; International Relations and the Welsh Language; Environment, Energy and Rural Affairs and Central Services and Administration. |
| Non-Fiscal Resource DEL (sometimes referred to as 'non cash') | The Non-Fiscal Resource DEL budget scores the department's current expenditure in respect of impairment of student loans and depreciation. Non-Fiscal Resource DEL is ring-fenced and cannot be used to fund fiscal resource DEL spending. |
| Receipts | Some areas of Welsh Government activity generate income, for example, through the sale or rental of assets. These are represented in the budget as negative figures. |
| Resource budgeting | The Welsh Government's budget is set on a resource basis derived from accruals information. Accruals information measures resources as they are consumed rather than when the cash is paid. So, for example, resource budgeting includes a charge for depreciation, a measure of the consumption or wearing out of capital assets. |

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| Spending Review | HM Treasury periodically reviews expenditure for each UK Government Department and sets budgets for the forthcoming years. Budgets for the devolved administrations are derived from these budgets via the Barnett formula, which is the mechanism used to calculate public expenditure allocated to Wales to reflect changes in spending levels allocated to public services in England. |
| Total Managed Expenditure (TME) | This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure. |
| Welsh Consolidated Fund | The account into which the money voted by the UK Parliament for use by the Welsh Government, the Senedd Commission, the Auditor General, and the Public Services Ombudsman for Wales is paid. |
| WGSB | Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales. |