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# Welsh Government Draft Budget Proposals 2021-22

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*Laid before Senedd Cymru by the Minister for Finance and Trefnydd in accordance with Standing Order 20.7 and 20.7A*

*December 2020*

**Draft Budget Proposals**

1. These proposals are laid in accordance with Standing Order 20.7 and 20.7A. They are intended to be read alongside the supporting tables detailing the MEG allocations which have been published in accordance with Standing Order 20.7B.
2. Welsh Ministers propose to use resources (including accruing resources) during the financial year ending 31 March 2022:

| <b>Ambit</b>                                    | <b>2021-22</b>              |  |
|---|-----------------------------|--|
|   | <b>Resources<br/>(£000)</b> | <b>Accruing<br/>Resources<br/>(£000)</b> |
| Health and Social Services                      | 9,211,739                   | 68,636                                   |
| Housing and Local Government                    | 4,831,138                   | 22,503                                   |
| Economy and Transport                           | 1,683,355                   | 38,065                                   |
| Education                                       | 2,696,216                   | 327,718                                  |
| Mental Health, Wellbeing and the Welsh Language | 336,084                     | 12,187                                   |
| Environment, Energy and Rural Affairs           | 709,126                     | 103,439                                  |
| Central Services and Administration             | 413,251                     | 411,053                                  |
| <b>Total</b>                                    | <b>19,880,909</b>           | <b>983,601</b>                           |

3. Welsh Ministers propose to draw cash out of the Welsh Consolidated Fund for the financial year ending 31 March 2022 as follows:

|  | <b>2021-22<br/>(£000)</b> |
|--|---------------------------|
| <b>Net Resources Requirement</b>                                       | <b>19,880,909</b>         |
| Adjustments:   |                           |
| Capital Charges  | (402,385)                 |
| Impairments  | (354,821)                 |
| Movements in Provisions  | (104,696)                 |
| Profit/Loss on sale of assets  | 0                         |
| Movements in stocks  | 0                         |
| Movements in debtors/creditors   | 542,000                   |
| Use of Provisions  | 0                         |
| Other  | 0                         |
| <b>Net Cash Requirement for issue from the Welsh Consolidated Fund</b> | <b>19,561,007</b>         |

4. Welsh Ministers propose to finance its expenditure for the financial year ending 31 March 2022 as follows:

|   | <b>2021-22<br/>(£000)</b> |
|---|---------------------------|
| <b>Block Grant (Departmental Expenditure Limit)</b>             | 17,534,446                |
| <b>Annually Managed Expenditure</b>                             | 1,146,810                 |
| <b>Devolved Financing:</b>                                      |                           |
| Non Domestic Rates  | 1,101,000                 |
| Welsh Rate of Income Tax  | 2,064,061                 |
| Land Transaction Tax  | 230,998                   |
| Landfill Disposals Tax  | 32,728                    |
| Borrowing (net)   | 143,113                   |
| <b>Total financing for the Welsh Government <sup>Note</sup></b> | <b>22,253,156</b>         |

**Note:** Includes financing for expenditure outside Ambits, e.g. unallocated provisions.

5. Welsh Ministers propose borrowing for capital purposes for the financial year ending 31 March 2022 as follows:

|   | <b>2021-22<br/>(£000)</b> |
|---|---------------------------|
| Total borrowing outstanding as at 1 April (principal)         | 197,500                   |
| Proposed capital borrowing to be drawn in-year                | 150,000                   |
| Repayment of principal in-year                                | (6,887)                   |
| <b>Aggregate capital borrowing outstanding as at 31 March</b> | <b>340,613</b>            |
| Interest payments due in-year                                 | 3,569                     |

| <b>Repayment Schedule based on borrowing at the levels detailed above</b> |   |  |   |
|---|---|--|---|
|   | <b>Amounts falling due within 1 year<br/>(£000)</b> | <b>Amounts falling due within 1 – 5 years<br/>(£000)</b> | <b>Amounts falling due after 5 years<br/>(£000)</b> |
| Principal   | 6,887   | 50,188   | 290,425   |
| Interest  | 3,589   | 18,845   | 42,479  |

**Notes:**

1. Direct borrowing for capital purposes comprises funds borrowed under s122A of Government of Wales Act 2006 (as amended) and previous loans from the National Loans Fund by the former Development Board for Rural Wales and the Mid Wales Development Corporation.
2. Loans taken out by the former Development Board for Rural Wales and Mid Wales Development Corporation are due to be repaid by 2042.
3. Capital borrowing under the s122A of Government of Wales Act 2006 (as amended) is assumed to be on a 25 year term, so borrowing in 2021-22 will be repaid in 2046-47.