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1. Introduction

- 1.1** The Welsh Government today tabled the first supplementary budget for 2020-21 in accordance with Standing Order 20. This supplementary budget proposes changes to the final budget for 2020-21 as approved by Senedd Cymru ('the Senedd'), formerly known as the National Assembly for Wales, on 3 March 2020.
- 1.2** Normally, supplementary budgets are primarily technical events which regularise allocations to and from reserves, transfers within portfolios and include adjustments to the Wales budget to reflect the impact of UK Government fiscal events.
- 1.3** The outbreak of the coronavirus pandemic and the unprecedented levels of Government investment that has followed requires a different approach to this first supplementary budget.
- 1.4** Not only is this budget published earlier than in previous years, the level of changes, in excess of 10% of the total Welsh budget, calls for a more comprehensive description of those changes and the impact they may have.
- 1.5** The primary focus of this first supplementary budget is the fiscal impact of the coronavirus pandemic. All changes in this budget related to the coronavirus pandemic are set out in detail in Chapter 2.
- 1.6** This budget also consolidates other adjustments arising from the UK Budget 2020 and Main Estimates and minor adjustments to the budgets of the Senedd Commission and Public Services Ombudsman for Wales. These changes are summarised in chapters 3 to 5.
- 1.7** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.

2. Coronavirus (COVID-19)

- 2.1** The evolving response to the coronavirus pandemic is requiring unprecedented levels of Government investment at pace and scale without rival in the post-war era. According to the Office for Budget Responsibility (OBR) the UK's fiscal deficit could be £273bn this year. That is 5 times higher than expected just 2 months ago at the time of the UK Budget on 11 March and significantly higher than at the peak of borrowing during the financial crisis a decade or so ago.
- 2.2** This comes at a time when public finances are still feeling the long tail of the 2008 recession, the impact of the UK Government's policy of fiscal austerity and the ongoing uncertainty in relation to the European transition.
- 2.3** Since the Welsh Government's budget for 2020-21 was approved on 3 March, the budget has increased by more than 10%. To support the Welsh economy and ensure our public services are equipped to deal with the coronavirus pandemic, the Welsh Government has acted swiftly to allocate this funding, together with repurposing existing budgets and realigning European funding.
- 2.4** In this Budget, the Welsh Government is allocating more than £2.4bn to a range of interventions to respond to, and mitigate the impact of, the current crisis. The funding is drawn from three main sources:
- **COVID-19 consequentials** – Since the UK Budget, the UK Government has announced a range of measures to respond to the COVID-19 crisis, many of which have had significant fiscal implications. While the bulk of these measures have been UK-wide, a number have been in devolved areas and have, therefore, generated consequentials. Consequentials amounting to £1.856bn have been included in the UK Main Estimates and are reflected in this Budget. Any additional consequentials will not be confirmed

until the UK Supplementary Estimates later in the year and will be reflected in our second supplementary budget.

- **Funding identified within existing MEG allocations** – The Welsh Government has reviewed departmental budgets in order to maximise the amount we can repurpose within existing budgets to respond to the crisis. As a result, £256m revenue has been identified and returned to the reserves.

Further details are set out in sections 2.45 – 2.58

- **Repurposing of European funding** - Following proposals announced by the European Commission to provide unprecedented flexibility in the application of ESF and ERDF as part of the steps the EU is taking to make money available to tackle the effects of the pandemic. At this stage, the working assumption is that up to £245m could be released for this purpose.

2.5 Alongside the allocations from central reserves, portfolio Ministers have also taken action to repurpose existing budgets within BELs to respond to this pandemic. Further details are set out in section 2.59.

Assessing the Impacts

2.6 In this unprecedented context we continue to be guided by the five ways of working in the Well-being of Future Generations Act. A significant focus of the action we have taken has been preventing harm to the most disadvantaged and preventing wider (negative) impacts on the people of Wales and the wider economy. We have involved and collaborated across public services, the private and third sector at pace in developing and delivering the interventions to respond to this pandemic. In balancing short and long term needs, we have also assessed the impact of repurposing existing budgets.

2.7 In this crisis, a high priority is our focus on the most disadvantaged in our society, including those children and young people whose family

circumstances mean that they are most adversely affected by missing out on schooling. We also recognise that the lockdown has been most difficult for those who live in cramped or unsatisfactory housing, who suffer mental health issues or who have failed to seek treatment for non-COVID related illnesses because of their fear, who are in abusive relationships or who are elderly and live alone.

2.8 Our response to the coronavirus pandemic and the additional funding we have made available is not just an immediate response to the direct health harms caused by the pandemic itself but is designed to alleviate the wider impacts caused by the unprecedented social and economic measures we have taken as a government to protect people's lives and reduce the spread of the virus. This is in recognition that COVID-19 related-harm to the people of Wales can occur in four key ways:

- Direct harm from COVID-19;
- Indirect harm if public services became overwhelmed due to any sudden large spike in demand from patients with COVID-19 on hospitals, critical care facilities and other key services from overtopping the NHS capacity;
- Indirect harm from non-COVID for example if people do not seek medical attention for their illness early and their condition worsens, or more broadly from the necessary changes in NHS service delivery made during the pandemic in Wales to pause non-essential activity; and
- Indirect socio-economic and other societal harms from the consequences of lockdown (such as the economic impact on certain socioeconomic groups of not being able to work).

2.9 In responding to this crisis, we believe we have struck the right balance between providing support quickly to those that need it most acutely and taking a proportionate approach to our assessment of the impacts of our decisions. We are closely monitoring emerging information to

identify disproportionate impacts and targeting our responses and taking steps to ensure we monitor and adapt our responses as needed.

2.10 We are also ensuring that the positive impacts emerging from this pandemic such as the development of new models of service delivery and positive environmental impacts are captured and considered as we move forwards beyond the immediate impacts towards recovery. This includes more sustainable ways of working and travelling, flexibilities for using IT in businesses, services and education, a stronger emphasis on voluntary and community action and the positive impacts on biodiversity and air quality.

2.11 We have provided at Annex 1 an overview of the emerging evidence about the disproportionate impacts of the pandemic which is helping to shape future interventions and thinking.

Revenue allocations from central reserves

2.12 This Budget allocates £2.46bn in response to our COVID-19 efforts centred around four main pillars:

Health and Public Services - £763m

2.13 Our first priority has been to ensure our healthcare system is able to cope with the unprecedented strain the pandemic is placing on it. We have provided additional funding to increase our normal capacity and give the NHS the tools it needs. Funding of **£166m** has been provided to open field hospitals across Wales, which are a crucial part of our strategy to respond to the COVID-19 outbreak. Constructed at pace, the field hospitals will allow us to care for everyone who needs it, whilst ensuring that people needing urgent treatment for other illnesses can continue to be treated in hospital settings.

2.14 In addition to field hospitals, funding has been provided for use of facilities outside of normal NHS hospitals. **£30m** has been allocated for

the use of all six private hospitals in Wales, and a further **£6m** has been allocated to provide additional mental health in-patient capacity.

Opening field hospitals and using beds in facilities outside of normal NHS hospitals has meant we can now substantially increase our normal capacity for people who require some form of hospital care, while retaining the potential to cope with any future 'waves' of coronavirus infections. We are engaging with health boards and third sector organisations weekly to monitor mental health provision.

2.15 As well as increases to hospital capacity, we have also needed to urgently increase staff resource within the NHS to cope with the extra demand. We have worked as quickly as possible to identify additional staffing. **£91m** has been made available to maximise the service contribution which can be made by healthcare students and those returning to service. This additional staffing capacity will help mitigate against the significant number of staff that will be unable to attend work and provide vital support as we rapidly increase our capacity across the NHS. We are closely monitoring this deployment against the changing needs of the pandemic.

2.16 We have also allocated **£100m** to provide the Personal Protective Equipment (PPE) our health and social care staff need to carry out their work safely, both for themselves and their patients and a further **£21.3m** to support the procurement of additional NHS equipment and consumables.

2.17 We have allocated **£1m** to extend the mental health support scheme for doctors to every frontline healthcare worker in Wales to ensure those on the frontline have access to the support they deserve.

2.18 We have also allocated **£3.5m** for the Mental Health Service Improvement Fund to enable Health Boards to respond flexibly to increased demand for mental health services. This includes bolstering

front-line support such as access to out of hours provision and increased access to psychological interventions.

- 2.19** Funding of **£30m** has also been allocated to ensure that costs of childcare for the children of critical workers and vulnerable children aged 0-5 are provided free of charge. This recognises the essential role of parents doing jobs critical to Wales' response to coronavirus, and supporting the most vulnerable children in Wales and their families. To monitor the impacts of this scheme an impact assessment of these actions and an independent evaluation of the current provision is being undertaken.
- 2.20** Testing is a vital part of our plan to reduce harm from COVID-19 and to help the public and professionals get back to their normal daily lives - **£57m** has been allocated to support the Welsh Government's Test, Trace, Protect strategy.
- 2.21** We also recognise the urgent need to protect the most disadvantaged in our communities. We have allocated **£2.3m** to establish a prescription delivery system across Wales to the 'shielded' population, to ensure they have the medication they need, when they need it.
- 2.22** Hospices and end of life care services provided by the voluntary sector, are also an important part of our compassionate community approach to end of life care. Hospices services in Wales rely on charitable fundraising for around two thirds of their income and have experienced a short-fall in funding during the coronavirus outbreak. We have allocated **£6.3m** to enable them to continue to provide vital services and high-quality care across Wales.
- 2.23** A further **£9.8m** funding has been allocated to support a range of additional actions as part of the COVID-19 response, including enhanced GP Services for the Easter Bank Holiday, increased support to those who are experiencing anxiety and/or depression and additional

Substance Misuse funding to support alternative Opioid Substitute Therapy prescribing across Wales.

- 2.24** Social care is also on the frontline in supporting people in our communities in dealing with the direct impacts of the pandemic and increased demands on it. Every day some 65,000 members of staff in the social care workforce are providing vital care, often in very challenging circumstances.
- 2.25** Social care workers are skilled individuals that are being asked to accept a greater degree of risk and responsibility. In recognition of this hard work, we have also allocated up to **£40m** to make a payment of £500 to every care home worker and domiciliary care worker providing personal care across Wales. We also recognise the essential service provided by these workers who are among the lowest paid, and in Wales nearly 80% of workers in social care are women.
- 2.26** We have also allocated a further **£10m** to Wales' health and social care organisations to help get those recovered from COVID-19 home sooner through new and enhanced home care packages. This funding will also help provide crucial community services supporting the COVID-19 response that are helping people to stay at home safely.
- 2.27** Despite the pandemic our local authorities are continuing to provide social care, education and other vital public services and playing their part in working urgently to protect their essential local services within the community. At the same time there are inevitable increased costs and lost income as a result of the necessary actions we are having to take to protect public health.
- 2.28** We have made available **£188.5m** through a Local Authority Hardship Fund in recognition of their wider role in the community during a crisis. This includes:

- **£40m** to support the extra costs adult social care services are now facing, including increased costs of basic PPE, food, staffing costs and ICT.
- **£40m** for the provision of Free School Meals to support children who are eligible. We recognised that school closures could potentially have adverse impacts on disadvantaged families who rely on the free school meals that their children receive, including the increased number of children who are likely to be eligible as a result of this pandemic. Wales was the first country in the UK to guarantee ongoing funding for children to continue to receive free school meals until schools re-open or until the end of August.
- **£10m** to help local authorities take immediate and direct action to protect against homelessness and support rough sleepers in the face of the coronavirus pandemic. Given the vulnerabilities of rough sleepers and those in inadequate temporary accommodation, our immediate focus has been on this most acute form of homelessness and ensure no one is left without suitable accommodation and support during the pandemic. We are working closely with the authorities worst affected and monitoring the use of funding through weekly monitoring of data submitted by local authorities about the support being provided.
- **£7m** to support Local Authorities in making difficult but necessary choices to create temporary facilities to handle the tragic increased number of deaths during the pandemic. This funding will ensure that Wales is adequately prepared and that the deceased are treated with the utmost dignity and respect, while also ensuring that we continue to protect public health. In delivering this support we are working closely with local authorities and wider stakeholders to as far as possible meet the moral, ethical, cultural and faith considerations as well as meeting the personal wishes of loved ones.

- **£78m** to support local government for the loss of income experienced as a direct result of the pandemic, and help maintain the sector's financial resilience and mitigate against cuts in services now and in the longer term.

Supporting the Economy - £1,608m

- 2.29** Both the OBR and the Bank of England have acknowledged it is virtually certain that the epidemic, and the necessary measures put in place to contain it, will result in an immediate reduction of economic activity to a degree that is unprecedented in living memory. We know businesses need government support at this incredibly challenging time and they need it quickly.
- 2.30** The effects of the pandemic are impacting on all parts of the Welsh economy. Latest data shows one fifth of businesses had temporarily closed by early-May. An Office for National Statistics snap survey estimates that 66% of businesses in Wales have experienced a fall in turnover. This is the highest share of all UK nations. 80% of businesses in Wales have also applied for the UK Government Coronavirus Job Retention Scheme.
- 2.31** We are committed to doing all that we can within our powers and resources to support firms and help see our economy back to pre-pandemic levels of growth and we took early action to support businesses in Wales to complement the wide range of measures put in place by the UK Government across all four nations to protect businesses and employment in the face of the pandemic. We have deployed an unprecedented **£1.7bn** (including £100m capital) package of measures to support the economy and protect jobs – the equivalent of 2.7% of Welsh GVA in 2019-20.
- 2.32** We have established a **£500m** Economic Resilience Fund (comprising £400m revenue and £100m repurposed capital funding within the

Development Bank of Wales) which is offering vital support for businesses, particularly those micro, small and medium-sized firms at the heart of our economy alongside charities and social enterprises. This support is over and above what is available to firms in England.

2.33 Less than 8 weeks from launch the Fund has already provided loans from the Development Bank worth more than £87m to more than 1,300 businesses, and grants worth almost £100m to more than 6,000 businesses, charities and social enterprises. The delivery of this fund is being closely monitored to assess the impacts it is having on the sectors, regions and types of businesses in Wales.

2.34 We have also provided **more than £1bn** that local government is distributing on our behalf in non-domestic rates relief and associated grants to businesses in the retail, leisure and hospitality sectors. To date local authorities have issued over 50,700 business rates grants totalling over £625m. This includes:

- All businesses that are eligible for Small Business Rates Relief will get a grant of £10k, recognising the vital role they play in our economy, with up to **£636m** funding made available.
- We have also provided an additional **£26m** to extend the scheme to charities and not-for-profit bodies occupying properties with a rateable value of £12,000 or below. This includes charity-run shops, sports premises and community centres which were not previously eligible for this type of support.
- Alongside this support, we have provided **£214m** for retail, leisure and hospitality businesses with a rateable value of between £12,001 and £51,000 to get a grant of £25k.
- We have committed an additional **£332m** for non-domestic rates relief for retail, leisure and hospitality businesses with a rateable value of up to £500,000 for 2020-21, recognising the important

impacts of this sector particularly in rural Wales, and the wider positive impacts on well-being includes businesses which are of cultural importance.

- 2.35** We fully recognise the unprecedented nature of the challenge facing our economy and the jobs it provides at this time and will continue to monitor the evolving nature of the pandemic in considering any further release of funding.

Voluntary Sector and Communities - £50m

- 2.36** We have also taken urgent action to respond to the emerging and evolving disproportionate impact this pandemic is having on some of the most disadvantaged in Wales.

- 2.37** Approximately 125,500 people in Wales are within the shielded population, 4% of the total population, due to having medical conditions that make them extremely vulnerable to COVID-19. To safeguard individuals who are shielding, we have allocated an initial **£15m** for a direct food delivery scheme. The scheme delivers free, weekly boxes containing food and consumer essentials to those shielding who have no other access to necessary supplies.

- 2.38** Where people and families find themselves facing unexpected financial hardship due to coronavirus, our Discretionary Assistance Fund is able to provide emergency crisis payments to those who are unable to meet immediate costs of food and energy. Since early March, families across Wales are turning to the fund for additional support to help them with some of the financial pressures and challenges they are facing. Emergency Assistance Payments from the fund have doubled over this period - within the first four weeks alone COVID-19 related claims have seen an increase to over 12,000 payments costing £750,000.

- 2.39** We have responded to this increased demand by providing an additional **£11.2m** to help support the increasing demands on the fund

and are applying greater flexibility and discretion to the number and frequency of Emergency Assistance Payments. Daily monitoring of demand is also being undertaken to ensure that the fund is targeted at those most severely affected by the impacts of COVID-19.

- 2.40** Given emerging information about the impact of the pandemic and the likelihood of increasing inequalities, particularly for individuals with protected characteristics, the important role of charities and the Third Sector in supporting and protecting our communities is needed more than ever. They include advice services, support with mental health, suicide prevention helplines, support for victims of domestic abuse, support for the elderly, food banks, cancer charities, BAME charities, small charities set up to help sufferers of specific illnesses, and many more. We also recognise that the unprecedented nature of the pandemic has had an impact on their finances and demand for their services.
- 2.41** We also recognise the important role played by volunteers. Data from Volunteer Wales highlights that 17,500 people have registered as volunteers in Wales since the start of March, with 7,000 volunteers responding to a COVID-19 related request.
- 2.42** To ensure they can continue their vital work, the Welsh Government has announced a **£24m** Third Sector COVID-19 Response Fund to support the Welsh voluntary sector. This fund aims to help charities and Third Sector organisations financially through this crisis, help more people volunteer and strengthen the essential Third Sector infrastructure. We are actively monitoring the impacts of this support package and established both formal and informal mechanisms to engage with stakeholders to ensure the support reaches as many organisations as possible.

Transport - £40m

- 2.43** Whilst staying at home, protecting the NHS and saving lives is a very important and necessary public health measure, we recognise the impact this has had on public transport. For example, bus companies' passenger numbers have fallen by up to 90%. We are taking action to ensure that our public transport sector will be able to continue to serve our communities throughout Wales.
- 2.44** In addition to repurposing expenditure within existing budgets to meet the radically different and challenging public transport environment, we have provided **£40m** to support the continued operation and maintenance of train services, also providing free travel to key workers on Transport for Wales trains.

Maximising existing resources

- 2.45** To fund the support for the Welsh economy and ensure our public services are equipped to deal with the coronavirus pandemic. Ministers have also taken action to reallocating funding or repurposing within their existing budgets to respond to this pandemic. As a result, £256m has been returned to the central reserve for redeployment.
- 2.46** This has required difficult choices to assess what could be realigned to meet the financial challenge of the pandemic. To minimise the impacts of this reprioritisation exercise we have looked to protect:
- Expenditure which protects the lives of citizens
 - Areas where we have a legal or statutory commitment to deliver
 - Areas of Government priority.
- 2.47** We have also sought to minimise the impact through identifying where funding cannot be used for its intended purposes or for new activities planned during 2020-21 but not yet started and could be deferred to a later date.

2.48 Due to the evolving nature of this pandemic we are also continuing to closely monitor the impacts of our decisions and the wider impacts of the pandemic in Wales to assess what further action we might need to take.

MAIN EXPENDITURE GROUPS (MEGs)	COVID-19 Contributions £k
Health and Social Services	(113,889)
Housing and Local Government	(5,000)
Economy and Transport	(50,000)
Education	(46,552)
International Relations and the Welsh Language	(15,414)
Environment, Energy and Rural Affairs	(24,000)
Central Services and Administration	(1,391)
TOTAL	(256,246)

2.49 The section below provides a breakdown of funding repurposed above £250k within each Main Expenditure Group and returned to the central reserve.

Health and Social Services - £114m

2.50 Funding has been repurposed within Health and Social Services in order to directly support actions for the response to the COVID-19 pandemic. The main areas where funding has been repurposed are as follows:

- **Performance fund** (£50m) – related to support for NHS Wales to address waiting times. However during the peak of COVID-19, routine activity has been stepped down due to capacity requirements in the acute sector.

- **Transformation Fund** (£11m) – Pausing Regional Partnership Boards projects. There is likely to be an overall impact on transformational impact and progress in light of the pandemic, but regular monitoring will be undertaken and the Transformation Fund evaluation will be adapted.
- **Mental Health Service Improvement Fund** (£7m) – Related to planned but uncommitted service improvement activity impacted by the current crisis.
- **Childcare Offer** (£30m) – The Childcare Offer for Wales was closed to children due to start after the Easter holidays. This is enabling funding to be redirected to support key workers with their childcare costs and support vulnerable children during the COVID-19 pandemic.
- **New Flying Start funding** (£3.5m) – The 2020-21 Final Budget included planned additional funding for the Flying Start approach to support Early Years pathfinders which had not yet been committed.
- **Transformation programme and Healthy Weight Wales** (£5m) – Related to delays in planned expenditure as a consequence of the pandemic.
- The remaining balance of funding that has been repurposed is made up of smaller amounts that are allocated to actions over a number of different areas.

Housing and Local Government - £5m

- 2.51** No disproportionate impacts on protected groups have been identified as a result of repurposing funding. Any impacts identified have been minimised wherever possible and the situation will be reviewed as the pandemic develops.

- **Transformation & Legislation** (£2.8m) – Support for the transformation of local government. The main areas where work will be affected are community council transformation, the Welsh Local Government Association improvement support programme and the development of a decarbonisation programme.
- **Academi Wales** (£330k) – Savings related to cancellation and postponement of various learning and development activities.
- **Public Services Boards** (£530k) – Related to uncommitted support for delivery of well-being plans.
- **Housing Policy** (£550k) – Related to uncommitted policy development activities.
- **Planning and Regulation** (£500k) – Related to uncommitted funding.
- The residual £285k repurposed funding relates to uncommitted activity and redirected hardship support for local authorities.

Economy and Transport - £50m

2.52 Repurposed funding related to economic infrastructure are as a result of the impacts of the COVID-19 crisis, in particular, the impact on journey numbers. The impact of the decisions being made will be continuously monitored and should it be seen that any measures are having a disproportionately negative impact then the measures will be reviewed.

- **Strategic Infrastructure Development** (£740k) – Available funding due to COVID-19 delays in the development of new projects.
- **ICT Infrastructure Operations** (£1m) – Related to delays in the research and development of new schemes.
- **Strategic Policy Development** (£450k) – Available from allocations for strategy and policy costs, and evaluation studies.

- **Aviation** (£3.9m) – Related to changes in aviation development and site management delivery as a result of COVID-19.
- **Road Safety** (£1m) – Related primarily to training budgets impacted by school closures.
- **Employability and Skills** (£5.9m) – Repurposed funding for traineeship contracts and ReAct, recognising that there will be significantly fewer individuals seeking assistance with training during the first quarter of the year. This could impact on short term unemployed adults with no or low skills, including offenders, and young people as there are expected to be fewer places available on some schemes. However, we will monitor closely the evolving impacts of the pandemic on these groups and may need to revisit this budget later in the year.
- **Business and Regional Economic Development** (£3.1m) – Funding supporting regional policy initiatives redirected to address the immediate economic priorities in response to COVID-19.
- **Healthy Working Wales** (£300k) – Related to reduction in scale of activities.
- **Corporate Programmes and Services** (£602k) – Arising from reprioritisation of administrative budgets including uncommitted funding.
- **Network operations** (£7m) – Related to a range of managed activity. The impacts of this reduction will be closely monitored and managed.
- **National Transport Infrastructure** (£650k) – Relating to delays in delivery of schemes.
- **Bus Support** (£7.5m) – Relating to a change in delivery with other funding reprioritised to support the bus industry.

- **Smartcards** (350k) – Related to IT standards and operation of administrative facilities.
- **Concessionary Fares** (£5m) – Demand-led budget impacted by reduced bus usage which has been reprioritised to support the bus industry.
- **Youth Discounted Travel Scheme** (£500k) – Reimbursement of operators is demand-led and has been impacted by reduced bus usage. Funding has been reprioritised to support the bus industry.
- **Work Based Learning** (£11.8m) – Related to apprenticeship provision. This will reduce the number of apprenticeship opportunities: it is likely to impact on females as they undertake proportionately more level 2 and non-priority provision. To mitigate some of this impact we will continue to promote females into STEM subjects and other priority areas. There will also be an impact of Degree Apprenticeship Recruitment.
- The residual £288k relates to marketing skills, **Business Wales** activities and **Strategic Business Events and Communications**.

Education - £46.6m

2.53 The pandemic is disproportionately impacting children and young people. While repurposing funding has resulted in some planned activities not being delivered as planned, or planned projects being delayed there has not been any identified negative impact on those with protected characteristics or on children’s rights at this stage. However there are some instances where there could be potential negative impacts resulting from the decisions that have been taken, despite the actions we have taken to reduce or avoid these impacts.

- **Curriculum & assessment** (£2.83m) – Relates to a range of programmes within this budget impacted by school closures in the current crisis.
- **Teacher development and support** (£7m) –Reduction in funding to a range of professional learning activity as a result of re-focused regional consortia professional learning programme delivered digitally during the crisis. Reduction to Education Workforce Council and National Academy for Educational Leadership grants recognising that there will be reduced activity during the crisis.
- **Further education provision** (£949k) – Related to a range of provision impacted by the current crisis but which does not impact on opportunities for individual learners, including those with protected characteristics. This includes £84k reduction to the Period Dignity Grant for FE colleges reflecting attendance in college not being likely in the first quarter.
- **HEFCW Programme expenditure** (£16.3m) – Reduction to HEFCW Grant in Aid for 2020-21. Discussions are ongoing with HEFCW to mitigate a disproportionate impact on students from disadvantaged backgrounds who may need to work while they study.
- **School Improvement grant** (£4.2m) – Based on 3% reduction to the total regional consortia school improvement grant reflecting that schools will be closed for a portion of the grant funding period.
- **Raising School Standards** (£3.2m) – Relating to a range of funding put on hold due to school closures and funding uncommitted for programmes including self-improving system funding for the National Evaluation and Improvement arrangements and a specific project looking at a multi-agency approach to supporting schools in the greatest need.

- **Pupil development grant** (£3m) – Related to uncommitted funding increased in the 2020-21 budget to expand PDG Access to additional school years. Other support packages for disadvantaged learners have been introduced, such as digital provision to disadvantaged learners. PDG Access will remain the same for eligible children and no families will be losing something they were previously entitled to.
- **Food & Nutrition in schools** (£1m) – Relating to a reduction in demand for milk in schools while schools are closed.
- **Student Loans Company /HMRC Administration costs** (£5m) – Release of revenue in exchange for capital to support Student Loan Company's activities.
- **Tackling Disaffection** (£1.23m) – Related to funding for Home Education that has not yet commenced. This could impact home education and family engagement, however some home educating families will benefit albeit in a different way, such as the reallocation of funds into frontline services responding to COVID-19.
- **Welsh in Education** (£350k) – Related to support for bilingual resources for the teaching and learning of the Curriculum and its qualifications and support for Welsh in Education Strategic Plans.
- **Science** (£350k) - As a result of impacts to marketing and communications activity in the current crisis.
- The residual £1.2m relates to a range of smaller budgets impacted by the current crisis, in particular schools closures and associated impacts to communication and administration activity.

International Relations and the Welsh Language £15.4m

- 2.54** The majority of reprioritised funding relates to the tourism, major events and international strategy. The current pandemic has meant these activities cannot be delivered in the same way at this time.
- 2.55** Decisions about reprioritising existing funding for the Welsh Language are also related to planned activities that can no longer happen as a result of the pandemic or can be delayed or adapted.
- 2.56** Reflecting that all organisations need to contribute towards the public health and economic emergency now facing us there are also reductions to budgets for sponsored bodies: the National Library of Wales; Amgueddfa Cymru – National Museum Wales and the Royal Commission on the Ancient and Historical Monuments of Wales. We will be working closely with these organisations to support them further through this difficult time to mitigate the impacts as far as possible.
- **Tourism** (£8m) – Related primarily to marketing activity impacted by the current crisis.
 - **Major Events** (£1m) – Related to cancellation and delays in events.
 - **Support for Local Culture and Sport** (£455k) – Available from changes in delivery primarily from the closure of leisure facilities and games venues.
 - **Welsh Language** (£2m) – Available from adapting the learning environment and managing delivery in the current climate.
 - **Export, Trade & Inward Invest** (£1.3m) – Reflecting a reduction in support activity due to COVID-19.
 - **International Relations** (£1.9m) – Relating to events, initiatives and visits that have been cancelled or postponed.

- **Amgueddfa Cymru – National Museum Wales** (£445k) – Relates to a 2% managed reduction in grant funding.
- The remaining £300k relates to a 2% reduction in grant funding to the National Library for Wales and Royal Commission as well as a small reduction in international development activity.

Environment, Energy and Rural Affairs - £24m

2.57 While there are many positive environmental impacts emerging from this pandemic, in balancing the short and longer term needs of Wales we have also had to take difficult decisions around some of the current budget plans. However in making these decisions, we have not lost sight of our priority for a greener Wales.

2.58 A number of reductions within this portfolio relate to event costs that are now not happening or the activity could be managed with reduced funding. It is therefore not intended that these reductions will impact on the delivery of our response to the climate emergency and the decline in Wales' ecosystems. We will however, continue to monitor the impacts of these decisions closely.

- **COP26 and future energy supplies** (£600k) – Related to the delay to COP26. Piloting new mechanisms to tackle fuel poverty will also be delayed until next year.
- **Enabling Natural Resources** (£4m) – While current contractual commitments will be met, this will impact on the ability to award additional grants for schemes originally planned to roll out this year.
- **Biodiversity** (£900k) - Relating to the evaluation of the Natura 2000 restoration grant scheme.
- **National Forest** (£390k) – Savings identified intended to support face to face engagement with farmers during the spring which now

cannot take place. This is not expected to have significant impact in the programme.

- **Natural Resources Wales** (£7.58m) – Related to estimated impacts on delivery during 2020-21.
- **Agriculture Strategy** (£300k) – Repurposed funding which still enables the regulatory impact assessment for the post-EU agricultural policy.
- **County Parish Holdings Project** (£300k) – Related to administrative activity.
- **Commons Act** (£433k) – Repurposed activity intended to be offset by releasing funding from wider activity.
- **Rural Development Plan 2014-20** (£7m) – Related to repurposed funding from a number of proposed grant schemes allocations and Technical Assistance funding.
- **Marine & Fisheries including marine licences** (£1.8m) – Repurposed funding from research, trade and market development, ensuring protection of the marine protected area network in Wales Budget.
- **Promoting Welsh Food and Industry Development** (£500k) – Relating to a range of activity which is impacted by the current pandemic.
- The remaining £200k of repurposed funding related to research, communication and engagement impacted by the current crisis.

Central Services and Administration - £1.4m

- **Equality and Prosperity** (£1.3m) – Relating to Gender Equality Review communications activity and other unallocated funding, uncommitted LGBT online training of front line public services staff

and Period Dignity funding as schools are not open and learners will not be utilising the products on offer, being able to access them via other routes.

- The remaining £135k relates to administration, engagement and evaluation activity and the 'Visiting Mums' project which may not be possible in the current circumstances.

Other interventions to respond to this pandemic funded within MEG Budgets

2.59 There have also been a number of COVID-19 interventions funded by Ministers within their existing MEG allocations to respond to the pandemic, the impact of which is fiscally neutral, as interventions are funded within the existing spending envelope. This includes:

- **£29m** within the transport budget for the bus hardship fund, recognising passenger numbers have fallen by up to 90%. NHS staff will also receive free travel on buses throughout Wales as part of this support package.
- **£35m** of capital funding from the Integrated Care Fund and Innovative Housing Programme to accelerate discharge from hospital and decelerate hospital admissions and for more permanent accommodation for vulnerable people temporarily housed.
- **£200k** Capital funding for the Violence Against Women, Domestic Abuse and Sexual Violence grant to address emerging issues faced by refuge providers. This includes support for additional beds, mattresses and white goods, as well as IT equipment for children, young people and adults who have to study at home due to closures of education settings.
- **£1.7m** for mental health in schools will include new support to improve counselling provision, including age appropriate support for

under-11s who may be experiencing increased stress or anxiety as a result of the coronavirus outbreak.

- **£3m** to provide digital provision to disadvantaged learners recognising that many young learners do not have access to an appropriate internet-connected device to participate in online learning activities from home and **£3m** to deliver the ‘Stay Safe Stay Learning’ programme to support the continuity of learning during the crisis.
- **£10m** of the Youth Support Grant in the education budget to enable youth services to continue to provide support, including through online outreach.
- **£5.5m** to provide extra support for Welsh farmers and also provided eligible dairy farmers with the ability to claim up to **£10,000** to cover 70% of their lost income to allow them to continue to operate without impacting on animal welfare and the environment.
- Over **£4m** from within the Third Sector Support Wales budget to more flexibly support the twenty organisations this budget funds.
- Up to **£500k** existing funding for Homelessness Prevention, to secure additional accommodation for people who are displaced during the pandemic, including victims of domestic abuse and potential early prison release persons. This funding aims to provide resilience and additional capacity in the event that local authorities are unable to meet demand locally.
- **£18m** to safeguard businesses and jobs within the culture, creative and sport sectors. The funding will be delivered in partnership with the Arts Council of Wales, Sport Wales and the Welsh Museums Federation to support vulnerable organisations within the sectors and continue to deliver our health and wellbeing ambitions.

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- Funding of **£800k** will be shared by the Eisteddfod Genedlaethol and Llangollen International Musical Eisteddfod following the cancellation of events in 2020, which will assist business continuity including planning and preparation for the 2021 events. Of this **£400k** was transferred from the Events Wales to Welsh Language budget within the International Relations and Welsh Language MEG.

3. Changes to the Wales Budget since Final Budget 2020-21

3.1 Tables 3.1 to 3.3 set out the net impact of all the changes to the Welsh budget. Table 3.4 summarises the total allocations by MEG.

Table 3.1 – Sources of Finance for Welsh Government

COMPONENTS OF WELSH GOVERNMENT FINANCING	2020-21 Final Budget	Changes	2020-21 Supplementary Budget New Plans May 2020
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	12,404,369	2,282,984	14,687,353
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	1,136,000	-332,000	804,000
Welsh Rate of Income Tax	2,199,570	-29,902	2,169,668
Land Transaction Tax	249,680	4,328	254,008
Landfill Disposals Tax	35,612	-1,459	34,153
Principal repayment of borrowing	-2,362	0	-2,362
TOTAL RESOURCE FINANCING	16,995,591	1,923,951	18,919,542
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	1,982,009	145,543	2,127,552
Financial Transactions	300,255	3,651	303,906
Annually Managed Expenditure (AME):			
Capital	863,631	0	863,631
Wales Devolved Financing:			
Borrowing	125,000	0	125,000
TOTAL CAPITAL FINANCING	3,270,895	149,194	3,420,089
TOTAL WELSH FINANCING	20,266,486	2,073,145	22,339,631

Table 3.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)	£000s			
	2020-21 Final Budget	Changes	2020-21 Supplementary Budget New Plans May 2020	
Health and Social Services	8,958,593	481,169	9,439,762	
Housing and Local Government	5,866,279	194,720	6,060,999	
Economy and Transport	1,552,711	1,266,200	2,818,911	
Education	2,524,521	-46,552	2,477,969	
International Relations and the Welsh Language	220,310	-15,414	204,896	
Environment, Energy and Rural Affairs	350,162	222,145	572,307	
Central Services and Administration	387,093	22,609	409,702	
Total Allocation to Welsh Government MEGs	19,859,669	2,124,877	21,984,546	
Repurposed EU funding for COVID-19 measures	0	-245,000	-245,000	
Planned Allocation to Welsh Government MEGs	19,859,669	1,879,877	21,739,546	
Unallocated Resource	Fiscal Resource	105,441	42,912	148,353
	Non-Fiscal Resource	148,109	3,014	151,123
Unallocated Capital	General	31,799	145,543	177,342
	Financial Transactions	45,939	3,651	49,590
Senedd Commission ^{Note 1}	61,411	-1,836	59,575	
Public Services Ombudsman for Wales ^{Note 1}	5,126	-16	5,110	
Wales Audit Office ^{Note 2}	8,228	0	8,228	
Direct Charges to the Welsh Consolidated Fund	764	0	764	
TOTAL WELSH BUDGET	20,266,486	2,073,145	22,339,631	

Notes

1. The 2020-21 Final Budget figures for direct funded bodies included the financial impact of the implementation of the new accounting standard for leases, IFRS16. The implementation of the standard has since been postponed until 2021-22 and therefore the budgets for the Senedd Commission and the Public Services Ombudsman for Wales have been amended accordingly.
2. The new standard did not impact upon the Wales Audit Office budget for 2020-21, therefore no amendment is necessary to the Final Budget figures.

Table 3.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2020-21 Final Budget	Changes	2020-21 Supplementary Budget New Plans May 2020	2020-21 Final Budget	Changes	2020-21 Supplementary Budget New Plans May 2020
Health and Social Services	8,176,438	481,169	8,657,607	190,000	0	190,000
Housing and Local Government	3,970,194	526,720	4,496,914	240	0	240
Economy and Transport	540,060	1,266,200	1,806,260	192,400	0	192,400
Education	1,460,021	-46,552	1,413,469	107,154	0	107,154
International Relations and the Welsh Language	159,202	-15,414	143,788	8,882	0	8,882
Environment, Energy and Rural Affairs	195,095	222,145	417,240	21,675	0	21,675
Central Services and Administration	337,848	22,609	360,457	16,000	0	16,000
Total Allocation to Welsh Government MEGs	14,838,858	2,456,877	17,295,735	536,351	0	536,351

Table 3.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2020-21 Final Budget	Changes	2020-21 Supplementary Budget New Plans May 2020	2020-21 Final Budget	Changes	2020-21 Supplementary Budget New Plans May 2020
Health and Social Services	374,488	0	374,488	0	0	0
Housing and Local Government	585,085	0	585,085	150,505	0	150,505
Economy and Transport	705,466	0	705,466	85,260	0	85,260
Education	217,711	0	217,711	-195	0	-195
International Relations and the Welsh Language	33,467	0	33,467	15,746	0	15,746
Environment, Energy and Rural Affairs	128,992	0	128,992	2,000	0	2,000
Central Services and Administration	29,246	0	29,246	1,000	0	1,000
Total Allocation to Welsh Government MEGs	2,074,455	0	2,074,455	254,316	0	254,316

3.2 An overview of the changes to the sources of finance are provided below and details of allocations from reserves can be found in section 4.

Adjustments to Sources of Finance

Fiscal Resource

- 3.3** The Fiscal Resource baseline has increased by a net amount of £2,282,984k comprising:
- Barnett consequentials totalling £2,002,885k comprising:
 - £19,196k as a result of adjustments made by HM Treasury in respect of consequential changes in 2019-20, which were deferred by Welsh Government until 2020-21;
 - £122,787k as a result of the UK Budget in March 2020. (£618k of which was a result of UK Government Department's claims on reserves);
 - £1,856,310k received at Main Estimates in respect of funding specifically in response to COVID-19; and
 - £4,592k received at Main Estimates as a result of other UK Government Departments' claims on reserves;
 - A transfer in of £19,188k from the Home Office in respect of the Immigration Health Surcharge;
 - A transfer in of £231,145k from HM Treasury in respect of direct payments funding for farm subsidies;
 - A transfer in of £391k from HM Treasury in respect of Financial Advice Services;
 - A transfer in of £29,475k from HM Treasury as a result of a recalculation and reduction in the block grant adjustment; and
 - A transfer out of £100k to HM Treasury in respect of funding the Office for Budget Responsibility for work undertaken on devolved tax forecasts.

Non-Fiscal Resource

3.4 There has been no change to the non-fiscal resource baseline since the Final Budget.

Wales Devolved Financing

3.5 Due to the late publication of the UK Budget the latest OBR forecasts of the Welsh Rate of Income Tax (WRIT) and devolved taxes were not reflected in the Final Budget. The forecasts published by the OBR in March 2020 reflect a combined reduction in devolved tax revenues of £(27,033)k.

General Capital

3.6 The general capital baseline has increased by £145,543k comprising:

- A decrease of £(99,985)k as a result of adjustments made by HM Treasury in respect of consequential changes in 2019-20, which were deferred by Welsh Government until 2020-21;
- Barnett consequentials totalling £245,528k, comprising:
 - £218,416k as a result of the UK Budget in March 2020. (£3,238k of which was a result of other UK Government Department's claims on reserves); and
 - £27,112k received at Main Estimates, £14,718k of which was as a result of a Department for Transport claim on reserves and £12,394k of which related to budget cover transfers with other UK Government departments.

Financial Transactions Capital

3.7 The baseline ring-fenced for financial transaction capital has increased by £3,651k due to consequentials received as a result of the UK Budget in March 2020.

AME Financing

3.8 There has been one adjustment to AME financing and expenditure since the Final Budget. The details of the adjustment are in Chapter 5.

Table 3.5 – 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	8,657,607	190,000	8,847,607	374,488	0	374,488	217,667	0	217,667	9,439,762
Housing and Local Government	4,496,914	240	4,497,154	585,085	150,505	735,590	828,255	0	828,255	6,060,999
Economy and Transport	1,806,260	192,400	1,998,660	705,466	85,260	790,726	29,525	0	29,525	2,818,911
Education	1,413,469	107,154	1,520,623	217,711	-195	217,516	-123,801	863,631	739,830	2,477,969
International Relations and the Welsh Language	143,788	8,882	152,670	33,467	15,746	49,213	3,013	0	3,013	204,896
Environment, Energy and Rural Affairs	417,240	21,675	438,915	128,992	2,000	130,992	2,400	0	2,400	572,307
Central Services and Administration	360,457	16,000	376,457	29,246	1,000	30,246	2,999	0	2,999	409,702
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	17,295,735	536,351	17,832,086	2,074,455	254,316	2,328,771	960,058	863,631	1,823,689	21,984,546

4. Changes to Reserves

4.1 This budget regularises a number of allocations to and from reserves. A full list can be found in table 4.1.

Allocations from Fiscal Resource Reserves

4.2 Allocations totalling £2,461,009k have been made from fiscal resource reserves in response to COVID-19. The allocations are as follows and full details of the BELs the allocations were made to can be found in table 4.1:

• Health and Social Services	£ 574,189k
• Housing and Local Government	£ 531,620k
• Economy and Transport	£ 1,316,200k
• Environment, Energy and Rural Affairs	£ 15,000k
• Central Services and Administration	£ 24,000k

4.3 In addition the following allocations have been made to portfolios from fiscal resource reserves:

- Health and Social Services:
 - £20,869k to the Core NHS Allocations BEL in respect of the Immigration Health Surcharge; and
- Environment, Energy and Rural Affairs:
 - £231,145k to the Agriculture EU Pillar 1 Direct Payments BEL in respect of the funding received from HM Treasury.

4.4 Additional allocations totalling £1,162k have been made from the fiscal resource reserves to the direct funded bodies as a result of the deferral of the new accounting standard for leases (IFRS16) to the 2021-22 financial year. The transfers comprise:

- £929k to the Senedd Commission; and
- £233k to the Public Services Ombudsman for Wales.

Transfers to Fiscal Resource Reserves

4.5 Transfers totalling £256,246k have been made into fiscal resource reserves as a result of the reprioritisation of funding within portfolios in order to contribute towards the response to COVID-19. The contributions per MEG are as follows and full details of the BELs the contributions were made from can be found in table 4.1:

• Health and Social Services	£113,889k
• Housing and Local Government	£ 5,000k
• Economy and Transport	£ 50,000k
• Education	£ 46,552k
• International Relations and the Welsh Language	£ 15,414k
• Environment, Energy and Rural Affairs	£ 24,000k
• Central Services and Administration	£ 1,391k

Allocations from Non Fiscal Resource Reserves

4.6 There have been no allocations from non fiscal resource reserves in this supplementary budget.

Transfers to Non Fiscal Resource Reserves

4.7 There have been transfers totalling £3,014k from the direct funded bodies to non fiscal resource reserves. The transfers have arisen as a result of the deferral of the new accounting standard for leases, IFRS16, to the 2021-22 financial year. The transfers comprise:

- £2,765k from the Senedd Commission; and
- £249k from the Public Services Ombudsman for Wales.

Allocations from and Transfers to General Capital Reserves

4.8 There have been no general capital allocations from or transfers to the general capital reserves in this supplementary budget.

Allocations from and Transfers to Financial Transaction Capital Reserves

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

Table 4.1 below reflects all the movements on reserves:

Table 4.1 - Changes to the 2020-21 Reserves since Final 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 Final Budget	105,441	148,109	253,550	31,799	45,939	77,738	331,288
Transfers & Consequentials since Final Budget	2,282,984	-1,351	2,281,633	145,543	3,651	149,194	2,430,827
Revised Reserves	2,388,425	146,758	2,535,183	177,342	49,590	226,932	2,762,115
Changes:							
HEALTH & SOCIAL SERVICES							
Immigration Health Surcharge	-20,869	0	-20,869	0	0	0	-20,869
COVID-19 Contributions:	113,889	0	113,889	0	0	0	113,889
Core NHS Allocations	68,000	0	68,000	0	0	0	68,000
Other Direct NHS Allocations	500	0	500	0	0	0	500
Health Education Improvement Wales	500	0	500	0	0	0	500
A Healthier Wales	6,500	0	6,500	0	0	0	6,500
Other NHS Budgets	327	0	327	0	0	0	327
Education and Training	3,000	0	3,000	0	0	0	3,000

Workforce Development Central Budgets	300	0	300	0	0	0	300
Health Improvements & Healthy Working	2,000	0	2,000	0	0	0	2,000
Targeted Health Protection & Immunisation	665	0	665	0	0	0	665
Safeguarding and Advocacy	702	0	702	0	0	0	702
Care Sector	244	0	244	0	0	0	244
Sustainable Social Services	195	0	195	0	0	0	195
Support for Childcare and Play	30,000	0	30,000	0	0	0	30,000
Support for Children's Rights	191	0	191	0	0	0	191
Support for Families and Children	765	0	765	0	0	0	765
COVID-19 Allocations:	-574,189	0	-574,189	0	0	0	-574,189
Core NHS Allocations	-313,501	0	-313,501	0	0	0	-313,501
Other Direct NHS Allocation	-139,675	0	-139,675	0	0	0	-139,675
Public Health Wales	-44,000	0	-44,000	0	0	0	-44,000
Other NHS Budgets	-900	0	-900	0	0	0	-900
Workforce Development Central Budgets	-1,047	0	-1,047	0	0	0	-1,047
Substance Misuse Action Plan Fund	-3,500	0	-3,500	0	0	0	-3,500
Health Improvement & Healthy Working	-425	0	-425	0	0	0	-425

Safeguarding & Advocacy	-702	0	-702	0	0	0	-702
Care Sector	-244	0	-244	0	0	0	-244
Sustainable Social Services	-40,195	0	-195	0	0	0	-195
Support for Childcare and Play	-30,000	0	-30,000	0	0	0	-30,000
HEALTH & SOCIAL SERVICES	-481,169	0	-481,169	0	0	0	-481,169
HOUSING & LOCAL GOVERNMENT							
COVID-19 Contributions:	5,000	0	5,000	0	0	0	5,000
Transformation & Legislation	2,805	0	2,805	0	0	0	2,805
Expenditure to Promote Local Democracy	76	0	76	0	0	0	76
Improvement & Support	160	0	160	0	0	0	160
Academi Wales	330	0	330	0	0	0	330
Community & Town Councils	49	0	49	0	0	0	49
Public Services Boards	530	0	530	0	0	0	530
Housing Policy	550	0	550	0	0	0	550
Planning & Regulation Expenditure	500	0	500	0	0	0	500
COVID-19 Allocations:	-531,720	0	-531,720	0	0	0	-531,720
Non-Domestic Rates Rates Relief	-332,000	0	-332,000	0	0	0	-332,000
Emergency Financial Assistance	-30,000	0	-30,000	0	0	0	-30,000

Emergency Financial Assistance	-40,000	0	-40,000	0	0	0	-40,000
Emergency Financial Assistance	-33,400	0	-33,400	0	0	0	-33,400
Emergency Financial Assistance	-7,000	0	-7,000	0	0	0	-7,000
Emergency Financial Assistance	-78,100	0	-78,100	0	0	0	-78,100
Financial Inclusion	-11,220	0	-11,220	0	0	0	-11,220
HOUSING & LOCAL GOVERNMENT	-526,720	0	-526,720	0	0	0	-526,720
ECONOMY & TRANSPORT							
COVID-19 Contributions:	50,000	0	50,000	0	0	0	50,000
Business & Regional Economic Development	3,060	0	3,060	0	0	0	3,060
Business Wales	140	0	140	0	0	0	140
Strategic Infrastructure Development	740	0	740	0	0	0	740
ICT Infrastructure Operations	1,000	0	1,000	0	0	0	1,000
Strategic Policy Development	450	0	450	0	0	0	450
Healthy Working Wales	300	0	300	0	0	0	300
Corporate Programmes & Services	602	0	602	0	0	0	602
Strategic Business Events & Communications	100	0	100	0	0	0	100
Network Operation	7,000	0	7,000	0	0	0	7,000
Aviation	3,900	0	3,900	0	0	0	3,900

National Transport Infrastructure	650	0	650	0	0	0	650
Bus Support	7,500	0	7,500	0	0	0	7,500
Smartcards	350	0	350	0	0	0	350
Concessionary Fares	5,000	0	5,000	0	0	0	5,000
Youth Discounted Travel Scheme	500	0	500	0	0	0	500
Road Safety	1,000	0	1,000	0	0	0	1,000
Work Based Learning	11,800	0	11,800	0	0	0	11,800
Marketing Skills	48	0	48	0	0	0	48
Employability & Skills	5,860	0	5,860	0	0	0	5,860
COVID-19 Allocations:	-1,316,200	0	-1,316,200	0	0	0	-1,316,200
Business Wales	-850,000	0	-850,000	0	0	0	-850,000
Business Wales	-26,000	0	-26,000	0	0	0	-26,000
Business Wales	-400,000	0	-400,000	0	0	0	-400,000
Transport for Wales	-40,200	0	-40,200	0	0	0	-40,200
ECONOMY & TRANSPORT	-1,266,200	0	-1,266,200	0	0	0	-1,266,200

EDUCATION							
COVID-19 Contributions:	46,552	0	46,552	0	0	0	46,552
Literacy & Numeracy	200	0	200	0	0	0	200
Curriculum & Assessment	2,827	0	2,827	0	0	0	2,827
Curriculum Review	200	0	200	0	0	0	200
Teacher Development & Support	7,019	0	7,019	0	0	0	7,019
Further Education Provision	949	0	949	0	0	0	949
HEFCW Programme Expenditure	16,300	0	16,300	0	0	0	16,300
School Improvement Grant	4,200	0	4,200	0	0	0	4,200
Raising School Standards	3,168	0	3,168	0	0	0	3,168
School Standards Support	200	0	200	0	0	0	200
Pupil Development Grant	3,000	0	3,000	0	0	0	3,000
Supporting Digital Learning in Education	150	0	150	0	0	0	150
Food & Nutrition in Schools	1,000	0	1,000	0	0	0	1,000
Student Loan Company / HMRC Admin Costs	5,000	0	5,000	0	0	0	5,000
Tackling Disaffection	1,231	0	1,231	0	0	0	1,231
Education Communications	188	0	188	0	0	0	188
Research Evidence and International	116	0	116	0	0	0	116

Welsh in Education	350	0	350	0	0	0	350
Business Innovation	104	0	104	0	0	0	104
Science	350	0	350	0	0	0	350
EDUCATION	46,552	0	46,552	0	0	0	46,552
INTERNATIONAL RELATIONS & THE WELSH LANGUAGE							
COVID-19 Contributions:	15,414	0	15,414	0	0	0	15,414
Export, Trade and Inward Investment	1,283	0	1,283	0	0	0	1,283
Tourism	8,012	0	8,012	0	0	0	8,012
Events Wales	1,010	0	1,010	0	0	0	1,010
National Museum of Wales	445	0	445	0	0	0	445
National Library of Wales	200	0	200	0	0	0	200
Support for Local Culture and Sport	380	0	380	0	0	0	380
Royal Commission on Ancient & Historic Monuments for Wales	33	0	33	0	0	0	33
Support for Sport	75	0	75	0	0	0	75
Welsh Language	1,995	0	1,995	0	0	0	1,995
International Development	65	0	65	0	0	0	65
International Relations	1,916	0	1,916	0	0	0	1,916
INTERNATIONAL RELATIONS & THE WELSH LANGUAGE	15,414	0	15,414	0	0	0	15,414

ENVIRONMENT, ENERGY & RURAL AFFAIRS							
Direct payments funding for farm subsidies	-231,145	0	-231,145	0	0	0	-231,145
COVID-19 Contributions:	24,000	0	24,000	0	0	0	24,000
Decarbonisation and Energy	600	0	600	0	0	0	600
Enabling Natural Resources	4,000	0	4,000	0	0	0	4,000
Biodiversity, Evidence and Plant Health	900	0	900	0	0	0	900
Forestry	390	0	390	0	0	0	390
Natural Resources Wales	7,577	0	7,577	0	0	0	7,577
Agriculture Strategy	300	0	300	0	0	0	300
Agriculture Customer Engagement	150	0	150	0	0	0	150
County Parish Holding Project	300	0	300	0	0	0	300
Commons Act	433	0	433	0	0	0	433
Rural Development Plan 2014-2020	7,000	0	7,000	0	0	0	7,000
Marine and Fisheries	1,800	0	1,800	0	0	0	1,800
Promoting Welsh Food and Industry Development	500	0	500	0	0	0	500
Animal Health & Welfare Framework	50	0	50	0	0	0	50
COVID-19 Allocations:	-15,000	0	-15,000	0	0	0	-15,000

Promoting Welsh Food and Industry Development	-15,000	0	-15,000	0	0	0	-15,000
ENVIRONMENT, ENERGY & RURAL AFFAIRS	-222,145	0	-222,145	0	0	0	-222,145
CENTRAL SERVICES & ADMINISTRATION							
COVID-19 Contributions:	1,391	0	1,391	0	0	0	1,391
Equality and Prosperity	1,256	0	1,256	0	0	0	1,256
Advocacy Services	10	0	10	0	0	0	10
Community Support Officers	37	0	37	0	0	0	37
Female Offending and Youth Justice Blueprints	88	0	88	0	0	0	88
COVID-19 Allocations:	-24,000	0	-24,000	0	0	0	-24,000
Support for the Voluntary Sector and Volunteering	-24,000	0	-24,000	0	0	0	-24,000
CENTRAL SERVICES & ADMINISTRATION	-22,609	0	-22,609	0	0	0	-22,609

OTHER CHANGES AFFECTING RESERVES							
Deferral of the implementation of the new accounting standard for leases (IFRS16) – Senedd Commission	-929	2,765	1,836	0	0	0	1,836
Deferral of the implementation of the new accounting standard for leases (IFRS16) – Public Services Ombudsman for Wales	-233	249	16	0	0	0	16
OTHER CHANGES AFFECTING RESERVES	-1,162	3,014	1,852	0	0	0	1,852
Reserves in this Budget	148,353	151,123	299,476	177,342	49,590	226,932	526,408

5. Annually Managed Expenditure (AME) Budgets

- 5.1** AME budgets detailed in the Final Budget reflected the last forecasts provided to HM Treasury.
- 5.2** One adjustment has been made since the Final Budget was approved:
- The Non Domestic Rates (NDR) Rates Relief budget within the Housing and Local Government MEG has been reduced by £332,000k to counter balance the additional £332,000k DEL funding provided to the MEG. The DEL allocation was made in response to the expected reduction of NDR revenues to local government as a result of COVID-19.

Table 5.1 below sets out the current AME budgets.

Table 5.1 – Changes to the Welsh Government MEG AME Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	RESOURCE			CAPITAL		
	2020-21 Final Budget	Changes	2020-21 Supplementary Budget New Plans May 2020	2020-21 Final Budget	Changes	2020-21 Supplementary Budget New Plans May 2020
Health and Social Services	217,667	0	217,667	0	0	0
Housing and Local Government	1,160,255	-332,000	828,255	0	0	0
Economy and Transport	29,525	0	29,525	0	0	0
Education	-123,801	0	-123,801	863,631	0	863,631
International Relations and the Welsh Language	3,013	0	3,013	0	0	0
Environment, Energy and Rural Affairs	2,400	0	2,400	0	0	0
Central Services and Administration	2,999	0	2,999	0	0	0
Total Allocation to Welsh Government	1,292,058	-332,000	960,058	863,631	0	863,631

Annex 1 - Emerging Information about the Disproportionate Impacts of the Pandemic

- 1** There is a range of information coming to light about the disproportionate impacts both in terms of the direct impacts of coronavirus and related to the necessary measures being taken across the UK in response. While emerging information mainly focuses on the immediate impacts, which is framing the action we are continuing to take, there will also be impacts related to the longer-term recovery.
- 2** This includes different impacts on people, including those with protected characteristics, whether it be through the direct impacts of those people who contract or are exposed to coronavirus, sectors being shut down or their usual operations severely affected, pressure on public services, schools being closed, social distancing and the resulting social isolation resulting from the lockdown measures.
- 3** For example, emerging global research on scientific studies of COVID-19 reveal that men are more likely to test positive for, and to die from the disease than women, but as yet the reasons for this difference are unclear.
- 4** Emerging research such as that published by both the Intensive Care National Audit & Research Centre and the Institute for Fiscal Studies, has also established that minority ethnic groups across the UK are experiencing greater harm from the virus than the majority of the population, and that there is a differential impact within BAME communities.
- 5** Women are also more likely to be affected by the COVID-19 crisis as they are more likely to work in lower paid jobs, more likely to be in an occupation that has been affected by lockdown measures, more likely to be caring for dependants and also more likely to be victims of domestic violence.

- 6** The elderly and people with chronic illnesses are being asked to self-isolate at home during the coronavirus crisis. For those with no-one to help them in obtaining vital supplies of food or medicines volunteers have been a lifeline. These groups of people are also more likely to suffer from loneliness and isolation.
- 7** Measures introduced to contain the coronavirus pandemic are also likely to have disproportionate impacts on the workforce. The Institute for Fiscal Studies has analysed effects for sectors 'shutdown' during the crisis and concluded it will hit younger, lower paid, and female workers the hardest. In Wales, females aged 25 and under have the highest proportion of workers in industries instructed to close at 28% despite that same group only making up 14% of all employees.
- 8** With the UK as a whole falling into a recessionary period, unemployment in Wales is also likely to rise sharply and based on the evidence of previous recessions the most disadvantaged – those on low pay, in insecure employment, and people with poor health – will be most at risk. Young people entering the labour market will also face potentially lasting impacts on their incomes, their health, their well-being and even that they could experience lower life-expectancy.
- 9** All this emerging information highlights the inequality dimension of this pandemic. The virus is having the greatest impact on those with the fewest resources, and will have differing impacts on individuals with protected characteristics. This impact will be more intense in Wales due to the age profile of our population, and the higher levels of deprivation in our communities.
- 10** That is why we have taken a number of immediate actions within our supplementary budget to try to protect the most disadvantaged from the worst financial impacts, and are urgently exploring emerging research with key stakeholders to better understand the unequal impacts being

seen across society while not losing sight of the wider impacts to the economy and our environment.

Annex 2 – 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	8,847,607	4,497,154	1,998,660	1,520,623	152,670	438,915	376,457	17,832,086
Capital	374,488	735,590	790,726	217,516	49,213	130,992	30,246	2,328,771
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	9,439,762	6,060,999	2,818,911	2,477,969	204,896	572,307	409,702	21,984,546
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	9,438,626	5,162,827	2,809,929	2,477,664	197,615	559,907	407,228	21,053,796

Annex 3 – 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.

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.

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.