



Llywodraeth Cymru
Welsh Government

Welsh Government

Final Budget 2020-21

A Budget to Build a More Prosperous, More Equal and Greener Wales

February 2020

gov.wales

OGL © Crown copyright 2020, Welsh Government 39999, Digital ISBN 978-1-80038-067-7

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

Contents

Chapter 1: Introduction	1
Chapter 2: Changes between draft and final Budget	3
Chapter 3: Welsh Government final Budget allocations for 2020-21.....	5
Chapter 4: Main Expenditure Group spending plans	13
Annex A: Reconciliation between administrative Budget and Resource Allocations in the Annual Budget Motion	18
Annex B: Glossary of financial terms	19

Chapter 1: Introduction

Overview

- 1.1 The Welsh Government has tabled the final Budget for 2020-21 in accordance with Standing Order 20.
- 1.2 The final Budget sets out the Welsh Government's revenue and capital spending plans for 2020-21, the final year for which we have a settlement.
- 1.3 The final Budget reflects changes to the draft Budget which was published on 16 December 2019.

Draft Budget scrutiny

- 1.4 In light of the external factors that have influenced the timing of this year's budget, the Welsh Government, with the agreement of the Senedd Business Committee and Finance Committee, triggered exceptional arrangements in relation to this year's budget process. This includes publishing together, on 16 December, the strategic spending plans for revenue and capital, and taxation and borrowing proposals, as well as the detailed portfolio budget proposals.
- 1.5 Scrutiny of the draft Budget for 2020-21 has been structured in the same way as in recent years with the Finance Committee examining the major building blocks of the Welsh Government's Budget – where our funding comes from, including borrowing and our new taxation powers – with more detailed consideration of departmental spending plans by the Senedd policy committees.
- 1.6 The Welsh Government welcomes the important contribution provided by the Finance Committee and the policy committees in the constructive scrutiny of budget proposals. We would like to place on record our gratitude to all the committees for undertaking scrutiny and publishing their reports within the truncated timescale.
- 1.7 Building on the steps we have taken in recent years to improve the budget process, we published alongside this Budget for the first time, a Budget Improvement Plan. The Plan applies the principles of the Future Generations Commissioner and builds on the evidence and feedback received in previous budget rounds.
- 1.8 The Plan sets out our vision, including short-term and medium-term ambitions, to improve the budget process in line with the principles of the Well-being of Future Generations Act over a five-year horizon. It contains ambitions for different aspects of the budget process including areas that have been raised consistently this year during scrutiny, such as prevention, assessing impacts of spending decisions and longer-term financial planning.

- 1.9 The Welsh Government is currently reflecting on the recommendations made by the Senedd committees and will respond to these ahead of the final Budget debate on 3 March.

Changes between the draft and final Budgets

- 1.10 We have welcomed the constructive debate during the budget scrutiny and have considered all the feedback received during this period, including from stakeholders and our delivery partners.
- 1.11 In recent years, it is a common occurrence for the UK Budget to fall mid-scrutiny and before we finalise our spending plans. When we published the draft Budget, this scenario was still a possibility but following the outcome of the General Election, the UK Government confirmed the UK Budget will take place on 11 March. This means there is still a very real prospect our settlement for 2020-21 will change and hampers our ability to make any material changes to our spending plans at this stage.
- 1.12 The Minister for Finance and Trefnydd is committed to making a statement as early as possible following the UK Budget on the implications for tax forecasts and the detail of any resulting consequential to Wales. It is unclear at this stage what the UK Budget will deliver for Wales but should we not see any reduction in revenue funding from the UK Budget there may be scope to make further allocations in 2020-21 as part of the first supplementary budget.
- 1.13 Since we published the draft Budget, many communities in Wales have suffered devastating and unprecedented effects from storm damage. On 18 February, the Welsh Government announced an emergency flood relief scheme which will make available up to £10m immediately for the initial response. Work is ongoing to get a clear picture of the scale of the damage and to identify the longer term support needed. Given the close proximity to the end of this financial year (2019-20) it is likely that some costs will fall in the current year and some in 2020-21. As a result, we would expect any further financial support to be reflected in the first supplementary budget.
- 1.14 Against this backdrop, we are making a small number of revenue and capital adjustments in the final Budget. Further detail about these changes is set out in the next chapter.
- 1.15 The Welsh Government's Strategic Integrated Impact Assessment (SIIA), published as part of the draft Budget, set out the impact of the high-level decisions. Given the nature of the changes between the draft and final Budgets there are no further impact assessments provided as part of the final Budget.

Chapter 2: Changes between draft and final Budget

2.1 The changes made between the publication of the draft and final Budgets are outlined in this chapter.

These comprise:

- **Directly-funded Bodies** - following publication and scrutiny of the budgets of the directly-funded bodies – the National Assembly for Wales; Public Services Ombudsman Wales and Wales Audit Office, we have now received updated estimates for 2020-21. As a result, there is a marginal increase of £3.865m (£0.763m revenue, £3.084m non-cash and £0.018m capital) to the funding required with this adjustment managed through the unallocated DEL.
- **Tax forecast changes** – there is a small increase to the Office for Budget Responsibility’s Land Transaction Tax forecast, taking account of the latest in-year information. This increases the forecast by £4.446m. There is a reduction to the forecast for the Welsh Rates of Income Tax of £6.858m.
- **Cost of borrowing** - A reduction to the Central Services and Administration MEG of £2.25m revenue to reflect the fact that there will be lower capital borrowing than originally planned in the current financial year, hence in the expected interest payments. There is an accompanying reduction to the principle repayment of borrowing by £4.003m which impacts on the available unallocated DEL.
- **Invest to Save** - In relation to Amgueddfa Cymru – National Museum Wales there is an adjustment in relation to Invest to Save of £1.250m. This adjustment is due to the Museum making their final repayment to Invest to Save in the financial year 2019-20. Other adjustments relating to Invest to Save are required for 2020-21 but these will be handled via the Welsh Government’s in-year budget management process.
- **Free breakfasts eFSM** - As part of the allocations made in the draft Budget in line with our cross-cutting priorities, £450k was earmarked to support provision for a healthy and nutritious breakfast, free of charge for pupils entitled to Free School Meals, before they commence their school day or during the morning break in secondary schools. As a result of further work to design an approach, we are allocating an additional £385k revenue in 2020-21 to enable roll-out to year 7 starting from September 2020.
- **Establishment of the Land Division** – Last September we announced the establishment of a Land Division within Welsh Government. The new Land Division will promote joint working between public sector bodies to unlock the potential of our public land for development. The establishment

of the Land Division includes the transfer of land assets with residential potential from the Economy and Transport portfolio. As a result, an allocation of £5m capital is being made to the Economy and Transport MEG in 2020-21 from the unallocated DEL. A further allocation from the unallocated DEL of £560k capital and £276.5k revenue in 2020-21 is provided to the Central Services and Administration MEG for the Division's operating costs.

Chapter 3: Welsh Government final Budget allocations for 2020-21

Overview

- 3.1 The changes described in chapter two are reflected in the revised spending plans set out in this chapter, together with the Main Expenditure Group spending plans in chapter four.
- 3.2 The detailed changes to our budget proposals between publication of the draft and final Budgets in 2020-21 are set out in the final Budget 2020-21 MEG BEL tables, which are published together with this explanatory note.

Table 3.1 - Sources of Finance 2020-21

2020-21 FINAL BUDGET			
COMPONENTS OF WELSH FINANCING	Plans as per 2020-21 Draft Budget	Changes	New Plans 2020-21 Final Budget
	£000s		
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	12,404,791	(422)	12,404,369
Non-Fiscal	690,064	0	690,064
Drawdown from the Wales Reserve	125,000	0	125,000
Annually Managed Expenditure (AME):			
Fiscal	22,104	55	22,159
Non-Fiscal	79,237	56,262	135,499
Wales Devolved Financing:			
Non Domestic Rates	1,136,000	0	1,136,000
Welsh Rate of Income Tax	2,206,428	(6,858)	2,199,570
Land Transaction Tax	245,234	4,446	249,680
Landfill Disposals Tax	35,612	0	35,612
Principal repayment of borrowing	(6,365)	4,003	(2,362)
TOTAL RESOURCE FINANCING	16,938,105	57,486	16,995,591

CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	1,982,009	0	1,982,009
Financial Transactions	300,255	0	300,255
Annually Managed Expenditure (AME):			
Capital	891,388	(27,757)	863,631
Wales Devolved Financing:			
Borrowing	125,000	0	125,000
TOTAL CAPITAL FINANCING	3,298,652	(27,757)	3,270,895
TOTAL WELSH FINANCING	20,236,757	29,729	20,266,486

Table 3.2 - Allocation of the Wales Budget - Resource

MAIN EXPENDITURE GROUPS (MEGs)	Plans as per 2020-21 Draft Budget	Changes	2020-21 New Plans Final Budget	
	£000s	£000s	£000s	
Health and Social Services	8,903,009	55,584	8,958,593	
Housing and Local Government	5,866,224	55	5,866,279	
Economy and Transport	1,547,711	5,000	1,552,711	
Education	2,551,295	(26,774)	2,524,521	
International Relations and the Welsh Language	219,060	1,250	220,310	
Environment, Energy and Rural Affairs	350,162	0	350,162	
Central Services and Administration	389,757	(2,664)	387,093	
Total Allocations to Welsh Government MEGs	19,827,218	32,451	19,859,669	
Unallocated Resource	Fiscal Resource	103,473	1,968	105,441
	Non-Fiscal Resource	151,193	(3,084)	148,109
Unallocated Capital	General	37,377	(5,578)	31,799
	Financial Transactions	45,939	0	45,939
Assembly Commission	57,988	3,423	61,411	
Public Services Ombudsman for Wales	4,954	172	5,126	
Wales Audit Office	7,878	350	8,228	
Direct Charges to the Welsh Consolidated Fund	737	27	764	
TOTAL WELSH BUDGET	20,236,757	29,729	20,266,486	

Table 3.3 - Summary of the Welsh Government MEG total allocations 2020-21

2020-21 FINAL BUDGET TOTAL MEG ALLOCATIONS										
£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	8,176,438	190,000	8,366,438	374,488	0	374,488	217,667	0	217,667	8,958,593
Housing and Local Government	3,970,194	240	3,970,434	585,085	150,505	735,590	1,160,255	0	1,160,255	5,866,279
Economy and Transport	540,060	192,400	732,460	705,466	85,260	790,726	29,525	0	29,525	1,552,711
Education	1,460,021	107,154	1,567,175	217,711	(195)	217,516	(123,801)	863,631	739,830	2,524,521
International Relations and the Welsh Language	159,202	8,882	168,084	33,467	15,746	49,213	3,013	0	3,013	220,310
Environment, Energy and Rural Affairs	195,095	21,675	216,770	128,992	2,000	130,992	2,400	0	2,400	350,162
Central Services and Administration	337,848	16,000	353,848	29,246	1,000	30,246	2,999	0	2,999	387,093
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	14,838,858	536,351	15,375,209	2,074,455	254,316	2,328,771	1,292,058	863,631	2,155,689	19,859,669

Table 3.4 - Changes to the Welsh Government Fiscal Resource DEL

FISCAL ALLOCATIONS			
MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	Plans as per 2020-21 Draft Budget	Changes	2020-21 New Plans Final Budget
Health and Social Services	8,176,438	0	8,176,438
Housing and Local Government	3,970,194	0	3,970,194
Economy and Transport	540,060	0	540,060
Education	1,459,636	385	1,460,021
International Relations and the Welsh Language	157,952	1,250	159,202
Environment, Energy and Rural Affairs	195,095	0	195,095
Central Services and Administration	341,072	(3,224)	337,848
Total Fiscal Allocations to Welsh Government MEGs	14,840,447	(1,589)	14,838,858

Table 3.5 – Changes to the Welsh Government Non-Fiscal Resource DEL

NON-FISCAL ALLOCATIONS			
MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	Plans as per 2020-21 Draft Budget	Changes	2020-21 New Plans Final Budget
Health and Social Services	190,000	0	190,000
Housing and Local Government	240	0	240
Economy and Transport	192,400	0	192,400
Education	107,154	0	107,154
International Relations and the Welsh Language	8,882	0	8,882
Environment, Energy and Rural Affairs	21,675	0	21,675
Central Services and Administration	16,000	0	16,000
Total Non-Fiscal Allocations to Welsh Government MEGs	536,351	0	536,351

Total Resource Allocations to Welsh Government MEGs	15,376,798	(1,589)	15,375,209
--	-------------------	----------------	-------------------

Table 3.6 – Changes to the Welsh Government Capital DEL – General Capital (excluding Financial Transactions)

GENERAL CAPITAL ALLOCATIONS			
MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	Plans as per 2020-21 Draft Budget	Changes	2020-21 New Plans Final Budget
Health and Social Services	374,488	0	374,488
Housing and Local Government	585,085	0	585,085
Economy and Transport	700,466	5,000	705,466
Education	217,711	0	217,711
International Relations and the Welsh Language	33,467	0	33,467
Environment, Energy and Rural Affairs	128,992	0	128,992
Central Services and Administration	28,686	560	29,246
Total General Capital Allocations to Welsh Government MEGs	2,068,895	5,560	2,074,455

Table 3.7 – Changes to the Welsh Government Capital DEL – Financial Transactions

FINANCIAL TRANSACTION CAPITAL ALLOCATIONS			
MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	Plans as per 2020-21 Draft Budget	Changes	2020-21 New Plans Final Budget
Health and Social Services	0	0	0
Housing and Local Government	150,505	0	150,505
Economy and Transport	85,260	0	85,260
Education	(195)	0	(195)
International Relations and the Welsh Language	15,746	0	15,746
Environment, Energy and Rural Affairs	2,000	0	2,000
Central Services and Administration	1,000	0	1,000
Total Financial Transaction Capital Allocations to Welsh Government MEGs	254,316	0	254,316
Total Capital Allocations to Welsh Government MEGs	2,323,211	5,560	2,328,771

Table 3.8 – Welsh Government AME Budget – Resource allocations

RESOURCE ALLOCATIONS			
MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	Plans as per 2020-21 Draft Budget	Changes	2020-21 New Plans Final Budget
Health and Social Services	162,083	55,584	217,667
Housing and Local Government	1,160,200	55	1,160,255
Economy and Transport	29,525	0	29,525
Education	(124,399)	598	(123,801)
International Relations and the Welsh Language	3,013	0	3,013
Environment, Energy and Rural Affairs	2,400	0	2,400
Central Services and Administration	2,999	0	2,999
Total Resource AME Allocations to Welsh Government MEGs	1,235,821	56,237	1,292,058

Table 3.9 – Welsh Government AME Budget – Capital allocations

CAPITAL ALLOCATIONS			
MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	Plans as per 2020-21 Draft Budget	Changes	2020-21 New Plans Final Budget
Health and Social Services	0	0	0
Housing and Local Government	0	0	0
Economy and Transport	0	0	0
Education	891,388	(27,757)	863,631
International Relations and the Welsh Language	0	0	0
Environment, Energy and Rural Affairs	0	0	0
Central Services and Administration	0	0	0
Total Capital AME Allocations to Welsh Government MEGs	891,388	(27,757)	863,631

Total AME Allocations to Welsh Government MEGs	2,127,209	28,480	2,155,689
---	------------------	---------------	------------------

Chapter 4: Main Expenditure Group spending plans

Table 4.1 – Year on year percentage change, Total allocations

TOTAL - Year on Year Percentage Change	£000s		
	2019-20	2020-21	
MAIN EXPENDITURE GROUPS (MEGs)	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	8,495,236	8,958,593	5.45%
Housing and Local Government	5,607,571	5,866,279	4.61%
Economy and Transport	1,353,374	1,552,711	14.73%
Education	2,379,562	2,524,521	6.09%
International Relations and the Welsh Language	179,767	220,310	22.55%
Environment, Energy and Rural Affairs	300,840	350,162	16.39%
Central Services and Administration	358,913	387,093	7.85%
Total Resource Allocations to Welsh Government MEGs	18,675,263	19,859,669	

Table 4.2 – Year on year percentage change (real terms), Total allocations

TOTAL - Year on Year Percentage Change - Real Terms	£000s		
	2019-20	2020-21	
MAIN EXPENDITURE GROUPS (MEGs)	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	8,495,236	8,958,593	3.55%
Housing and Local Government	5,607,571	5,866,279	2.72%
Economy and Transport	1,353,374	1,552,711	12.65%
Education	2,379,562	2,524,521	4.17%
International Relations and the Welsh Language	179,767	220,310	20.34%
Environment, Energy and Rural Affairs	300,840	350,162	14.29%
Central Services and Administration	358,913	387,093	5.90%
Total Resource Allocations to Welsh Government MEGs	18,675,263	19,859,669	

Table 4.3 – Year on year percentage change, Fiscal Resource DEL

RESOURCE - Year on Year Percentage Change	£000s		
	2019-20	2020-21	
MAIN EXPENDITURE GROUPS (MEGs)	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	8,001,040	8,366,438	4.57%
Housing and Local Government	3,844,201	3,970,434	3.28%
Economy and Transport	709,770	732,460	3.20%
Education	1,510,853	1,567,175	3.73%
International Relations and the Welsh Language	161,571	168,084	4.03%
Environment, Energy and Rural Affairs	211,379	216,770	2.55%
Central Services and Administration	329,698	353,848	7.32%
Total Resource Allocations to Welsh Government MEGs	14,768,512	15,375,209	

Table 4.4 – Year on year percentage change (real terms), Fiscal Resource DEL

RESOURCE - Year on Year Percentage Change - Real Terms	£000s		
	2019-20	2020-21	
MAIN EXPENDITURE GROUPS (MEGs)	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	8,001,040	8,366,438	2.68%
Housing and Local Government	3,844,201	3,970,434	1.42%
Economy and Transport	709,770	732,460	1.33%
Education	1,510,853	1,567,175	1.85%
International Relations and the Welsh Language	161,571	168,084	2.15%
Environment, Energy and Rural Affairs	211,379	216,770	0.70%
Central Services and Administration	329,698	353,848	5.38%
Total Resource Allocations to Welsh Government MEGs	14,768,512	15,375,209	

Table 4.5 - Year on year percentage change, Capital DEL

CAPITAL - Year on Year Percentage Change	£000s		
	2019-20	2020-21	
MAIN EXPENDITURE GROUPS (MEGs)	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	373,096	374,488	0.37%
Housing and Local Government	677,276	735,590	8.61%
Economy and Transport	581,167	790,726	36.06%
Education	218,251	217,516	(0.34%)
International Relations and the Welsh Language	15,183	49,213	224.13%
Environment, Energy and Rural Affairs	87,061	130,992	50.46%
Central Services and Administration	26,238	30,246	15.28%
Total Capital Allocations to Welsh Government MEGs	1,978,272	2,328,771	

Table 4.6 - Year on year percentage change (real terms), Capital DEL

CAPITAL - Year on Year Percentage Change - Real Terms	£000s		
	2019-20	2020-21	
MAIN EXPENDITURE GROUPS (MEGs)	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	373,096	374,488	(1.44%)
Housing and Local Government	677,276	735,590	6.65%
Economy and Transport	581,167	790,726	33.60%
Education	218,251	217,516	(2.14%)
International Relations and the Welsh Language	15,183	49,213	218.27%
Environment, Energy and Rural Affairs	87,061	130,992	47.74%
Central Services and Administration	26,238	30,246	13.19%
Total Capital Allocations to Welsh Government MEGs	1,978,272	2,328,771	

Table 4.7 – Year on year percentage change, Resource AME

AME RESOURCE - Year on Year Percentage Change	£000s		
MAIN EXPENDITURE GROUPS (MEGs)	2019-20	2020-21	
	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	121,100	217,667	79.74%
Housing and Local Government	1,086,094	1,160,255	6.83%
Economy and Transport	62,437	29,525	(52.71%)
Education	(123,844)	(123,801)	(0.03%)
International Relations and the Welsh Language	3,013	3,013	0.00%
Environment, Energy and Rural Affairs	2,400	2,400	0.00%
Central Services and Administration	2,977	2,999	0.74%
Total Resource AME Allocations to Welsh Government MEGs	1,154,177	1,292,058	

Table 4.8 – Year on year percentage change (real terms), Resource AME

AME RESOURCE - Year on Year Percentage Change - Real Terms	£000s		
MAIN EXPENDITURE GROUPS (MEGs)	2019-20	2020-21	
	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	121,100	217,667	76.49%
Housing and Local Government	1,086,094	1,160,255	4.90%
Economy and Transport	62,437	29,525	(53.57%)
Education	(123,844)	(123,801)	(1.84%)
International Relations and the Welsh Language	3,013	3,013	(1.81%)
Environment, Energy and Rural Affairs	2,400	2,400	(1.81%)
Central Services and Administration	2,977	2,999	(1.08%)
Total Resource AME Allocations to Welsh Government MEGs	1,154,177	1,292,058	

Table 4.9 - Year on year percentage change, Capital AME

AME CAPITAL - Year on Year Percentage Change	£000s		
	2019-20	2020-21	
MAIN EXPENDITURE GROUPS (MEGs)	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	0	0	0.00%
Housing and Local Government	0	0	0.00%
Economy and Transport	0	0	0.00%
Education	774,302	863,631	11.54%
International Relations and the Welsh Language	0	0	0.00%
Environment, Energy and Rural Affairs	0	0	0.00%
Central Services and Administration	0	0	0.00%
Total Capital AME Allocations to Welsh Government MEGs	774,302	863,631	

Table 4.10 - Year on year percentage change (real terms), Capital AME

AME CAPITAL - Year on Year Percentage Change - Real Terms	£000s		
	2019-20	2020-21	
MAIN EXPENDITURE GROUPS (MEGs)	Supplementary Budget June 2019	New Plans	% Change
Health and Social Services	0	0	0.00%
Housing and Local Government	0	0	0.00%
Economy and Transport	0	0	0.00%
Education	774,302	863,631	9.52%
International Relations and the Welsh Language	0	0	0.00%
Environment, Energy and Rural Affairs	0	0	0.00%
Central Services and Administration	0	0	0.00%
Total Capital AME Allocations to Welsh Government MEGs	774,302	863,631	

Annex A: Reconciliation between administrative Budget and Resource Allocations in the Annual Budget Motion

2020-21 FINAL 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	8,366,438	3,970,434	732,460	1,567,175	168,084	216,770	353,848	15,375,209
Capital	374,488	735,590	790,726	217,516	49,213	130,992	30,246	2,328,771
Resource AME	217,667	1,160,255	29,525	(123,801)	3,013	2,400	2,999	1,292,058
Capital AME	0	0	0	863,631	0	0	0	863,631
TOTAL MANAGED EXPENDITURE	8,958,593	5,866,279	1,552,711	2,524,521	220,310	350,162	387,093	19,859,669
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 (& Collection Costs)		(1,141,172)						(1,141,172)
Interest Repayments on Borrowing							(2,474)	(2,474)
PFI			(8,982)					(8,982)
RESOURCES REQUESTED	8,957,457	4,636,107	1,543,729	2,524,216	213,029	337,762	384,619	18,596,919

Annex B: Glossary of financial terms

Action	<i>Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.</i>
Ambits	<i>Descriptions of the specific purposes for which the Welsh Ministers are authorised by the National Assembly for Wales to spend resources. Ambit descriptions and resource limits are contained within the annual Budget motion. Ambits correspond to MEGs.</i>
Annually Managed Expenditure (AME)	<i>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.</i>
Budget Expenditure Line (BEL)	<i>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</i>
Barnett formula	<i>The formula used by the UK Government to calculate changes to the block grant allocated to the Welsh Government (and other devolved administrations). The Welsh Government receives the same changes in funding per head of the population as announced in England for services which are devolved to Wales. As part of the fiscal framework agreed between the Welsh Government and UK Government in 2016, there is also a needs-based factor applied to the Barnett formula allocations to Wales. This is currently set at an additional five per cent.</i>
Budget Motion	<i>The means by which the National Assembly for Wales authorises the 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.</i>
Capital	<i>Expenditure that in the main results in a physical asset, for example a new building. A proportion of the Capital DEL includes financial transactions capital.</i>
Departmental Expenditure Limit (DEL)	<i>The multi-year budget limit for the Welsh Government set by the HM Treasury. DEL is planned and controlled on a multi-year basis in Spending Reviews. The Welsh Government DEL and AME budgets have separate capital and resource limits.</i>
Depreciation	<i>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.</i>
Direct Charges on the Welsh Consolidated Fund	<i>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.</i>
Financial Transactions Capital	<i>Financial transactions capital is part of the capital DEL settlement that can only be used for loans and equity investments to third parties. In the main, the funding must be repaid to HM Treasury.</i>

Fiscal Resource DEL (previously known as near-cash)	<i>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, resource grants and subsidies.</i>
Main Expenditure Group (MEG)	<i>The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently seven MEGs: Health and Social Services; Housing and Local Government; Economy and Transport; Education; Energy, Environment and Rural Affairs, International Relations and Welsh Language, and Central Services and Administration.</i>
Non-Fiscal Resource DEL (previously known as non-cash)	<i>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.</i>
Receipts	<i>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.</i>
Resource budgeting	<i>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</i>
Resource (previously known as revenue)	<i>Current expenditure, for example funding for the pay of public sector workers and to purchase consumable goods and services.</i>
Spending Review	<i>Every two or three years HM Treasury 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 by HM Treasury to calculate public expenditure allocated to Wales to reflect changes in spending levels allocated to public services in England.</i>
Spending Round	<i>The Spending Round is a UK Treasury-led process to allocate resources across all government departments, according to the government's priorities. It does not include a revision to tax forecasts.</i>
Total Managed Expenditure (TME)	<i>This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure.</i>
Wales Reserve	<i>The Wales Reserve will operate from April 2018 as a new tool to enable the Welsh Government to manage its budget across years. The Welsh Government will be able to save surplus revenues from the devolved taxes and underspends on the Departmental Expenditure Limit in the Reserve for use in future years. The Reserve will be able to hold up to £350m, with an annual drawdown limit of £125m for resource and £50m for capital. There will be no annual limit for payments in to the Reserve.</i>

Welsh Consolidated Fund	<i>The account into which the money voted by the UK Parliament for use by the Welsh Government, the Assembly Commission, the Auditor General, and the Public Services Ombudsman for Wales is paid.</i>
WGSB	<i>Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales.</i>