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1. Introduction

- 1.1** The Welsh Government today tabled the first supplementary budget for 2019-20 in accordance with Standing Order 20. This supplementary budget proposes changes to the final budget for 2019-20 as approved by the National Assembly for Wales ('the Assembly') on 15 January 2019.

- 1.2** This supplementary budget regularises a number of allocations from reserves and transfers within and between portfolios. It includes adjustments to the Wales DEL budget to reflect transfers and consequential changes received in the UK Government's 2019 Main Estimates, and reflects changes in Annually Managed Expenditure forecasts, in line with the latest details provided to HM Treasury.

- 1.3** The changes proposed in this budget are summarised in the following chapters.

- 1.4** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.

2 Changes to the Wales Budget since Final Budget 2019-20

- 2.1** There are a number of changes which reflect revisions since the final budget 2019-20 was agreed by the Assembly on 15 January 2019. The changes comprise adjustments to resource and capital baselines, transfers between ministerial portfolios and allocations from reserves.

Tables 2.1 to 2.3 set out the net impact of all the changes and table 2.4 summarises the total allocations by MEG in this supplementary budget.

Table 2.1 – Sources of Finance for Welsh Government

COMPONENTS OF WELSH GOVERNMENT FINANCING	2019-20 Final Budget	Changes	2019-20 Supplementary Budget New Plans June 2019
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	11,690,806	309,363	12,000,169
Non-Fiscal	689,981	83	690,064
Drawdown from the Wales Reserve	125,000	0	125,000
Annually Managed Expenditure (AME):			
Fiscal	27,994	-2,900	25,094
Non-Fiscal	122,368	-52,765	69,603
Wales Devolved Financing:			
Non Domestic Rates	1,061,000	0	1,061,000
Welsh Rate of Income Tax	2,059,000	0	2,059,000
Land Transaction Tax	256,000	0	256,000
Landfill Disposals Tax	43,000	0	43,000
Principal repayment of borrowing	-3,147	1,919	-1,228
TOTAL RESOURCE FINANCING	16,072,002	255,700	16,327,702
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	1,827,817	17,139	1,844,956
Financial Transactions	300,219	0	300,219
Annually Managed Expenditure (AME):			
Capital	801,468	-27,166	774,302
Wales Devolved Financing:			
Borrowing	125,000	0	125,000
TOTAL CAPITAL FINANCING	3,054,504	-10,027	3,044,477
TOTAL WELSH FINANCING	19,126,506	245,673	19,372,179

Table 2.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)		£000s		
		2019-20 Final Budget	Changes	2019-20 Supplementary Budget New Plans June 2019
Health and Social Services		8,349,584	145,652	8,495,236
Housing and Local Government		5,515,138	92,433	5,607,571
Economy and Transport		1,310,245	43,129	1,353,374
Education		2,418,070	-38,508	2,379,562
International Relations and the Welsh Language		199,111	-19,344	179,767
Environment, Energy and Rural Affairs		295,455	5,385	300,840
Central Services and Administration		323,476	35,437	358,913
Total Allocation to Welsh Government MEGs		18,411,079	264,184	18,675,263
Unallocated Resource	Fiscal Resource	135,010	43,345	178,355
	Non-Fiscal Resource	155,838	0	155,838
Unallocated Capital	General	164,375	-63,952	100,423
	Financial Transactions	190,743	0	190,743
National Assembly for Wales Commission ^{Note}		57,023	965	57,988
Public Services Ombudsman for Wales ^{Note}		4,555	399	4,954
Wales Audit Office ^{Note}		7,146	732	7,878
Direct Charges to the Welsh Consolidated Fund		737	0	737
TOTAL WELSH BUDGET		19,126,506	245,673	19,372,179

Note

Each of the Direct Funded Bodies' budgets have increased to reflect the costs associated with changes to public service pension schemes, introduced by the UK government.

The Public Services Ombudsman for Wales budget has also increased in relation to the costs associated with powers arising from the new Public Services Ombudsman (Wales) Bill.

A breakdown of all these costs can be found in table 3.1 below and in the published supplementary budgets for the respective bodies.

Table 2.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2019-20 Final Budget	Changes	2019-20 Supplementary Budget New Plans June 2019	2019-20 Final Budget	Changes	2019-20 Supplementary Budget New Plans June 2019
Health and Social Services	7,625,388	185,652	7,811,040	190,000	0	190,000
Housing and Local Government	3,813,634	30,367	3,844,001	200	0	200
Economy and Transport	502,537	17,233	519,770	190,000	0	190,000
Education	1,395,432	8,267	1,403,699	107,154	0	107,154
International Relations and the Welsh Language	165,238	-10,344	154,894	6,677	0	6,677
Environment, Energy and Rural Affairs	185,436	4,268	189,704	21,592	83	21,675
Central Services and Administration	283,295	30,403	313,698	16,000	0	16,000
Total Allocation to Welsh Government MEGs	13,970,960	265,846	14,236,806	531,623	83	531,706

Table 2.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2019-20 Final Budget	Changes	2019-20 Supplementary Budget New Plans June 2019	2019-20 Final Budget	Changes	2019-20 Supplementary Budget New Plans June 2019
Health and Social Services	369,096	0	369,096	4,000	0	4,000
Housing and Local Government	539,673	64,966	604,639	72,637	0	72,637
Economy and Transport	531,015	16,802	547,817	33,350	0	33,350
Education	216,192	2,250	218,442	-191	0	-191
International Relations and the Welsh Language	24,503	-9,000	15,503	-320	0	-320
Environment, Energy and Rural Affairs	86,027	1,034	87,061	0	0	0
Central Services and Administration	21,204	5,034	26,238	0	0	0
Total Allocation to Welsh Government MEGs	1,787,710	81,086	1,868,796	109,476	0	109,476

2.2 An overview of the changes to the sources of finance are provided below and details of allocations from reserves and transfers between ministerial portfolios can be found in sections 3 and 4 respectively.

Adjustments to Sources of Finance

Fiscal Resource

- 2.3** The Fiscal Resource baseline has increased by a net amount of £309,363k comprising:
- A transfer in of £14,687k from the Home Office in respect of the Immigration Health Surcharge;
 - A transfer in of £650k from the Securities and Intelligence Agency in respect of cyber resilience;
 - A transfer in of £607k from the Department for Environment, Food and Rural Affairs (DEFRA) in respect of cross border forestry functions;
 - A transfer in of £173k from HM Revenue and Customs in respect of savings in the administrative costs of the Land Transaction and Landfill Disposals devolved taxes;
 - Barnett consequentials totalling £291,223k comprising:
 - £145,215k in respect of pension costs;
 - £51,101k in respect of Business Rates;
 - £35,406k as a result of the Department of Health and Social Care's claim on Treasury reserves;
 - £29,700k in respect of Business Rates Relief re-costing;
 - £27,500k in respect of Brexit; and
 - £2,301k as a result of the Department of Health and Social Care's claim on Treasury reserves;
 - A transfer in of £2,446k from HM Treasury in respect of Financial Advice Services;
 - A transfer out of £323k as a result of the conversion of the block grant adjustment from rounded millions to round thousands; 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

2.4 The non-fiscal resource baseline has increased by £83k as a result of a transfer from DEFRA in respect of cross border forestry functions.

Wales Devolved Financing

2.5 There is a reduction of £1,919k to the amount of principal repayments on borrowing to reflect the lower than anticipated levels of borrowing in 2018-19. There is no change to the forecasts of devolved tax revenues.

General Capital

2.6 The general capital baseline has increased by £17,139k comprising:

- A transfer in of £2,250k from the Department for Business, Energy and Industrial Strategy (BEIS) in respect of 'GovTech' competition winners in Wales;
- A transfer in of £384k from DEFRA in respect of cross border forestry functions; and
- Barnett consequentials totalling £14,505k, comprising:
 - £6,668k as a result of the Department of Health and Social Care's claim on Treasury reserves;
 - 4,253k from BEIS relating to the National Productivity Investment Fund; and
 - £3,584k in respect of Brexit.

Financial Transactions Capital

2.7 There are no changes to the funding baseline ring-fenced for financial transactions since the final budget.

AME Financing

2.8 Adjustments to AME financing and expenditure are detailed in Chapter 6.

Table 2.5 – Summary of the Welsh Government MEG Total Allocations

2019-20 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	7,811,040	190,000	8,001,040	369,096	4,000	373,096	121,100	0	121,100	8,495,236
Housing and Local Government	3,844,001	200	3,844,201	604,639	72,637	677,276	1,086,094	0	1,086,094	5,607,571
Economy and Transport	519,770	190,000	709,770	547,817	33,350	581,167	62,437	0	62,437	1,353,374
Education	1,403,699	107,154	1,510,853	218,442	-191	218,251	-123,844	774,302	650,458	2,379,562
International Relations and the Welsh Language	154,894	6,677	161,571	15,503	-320	15,183	3,013	0	3,013	179,767
Environment, Energy and Rural Affairs	189,704	21,675	211,379	87,061	0	87,061	2,400	0	2,400	300,840
Central Services and Administration	313,698	16,000	329,698	26,238	0	26,238	2,977	0	2,977	358,913
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	14,236,806	531,706	14,768,512	1,868,796	109,476	1,978,272	1,154,177	774,302	1,928,479	18,675,263

3. Changes to Reserves

- 3.1** This budget regularises a number of allocations to and from reserves. A full list can be found in table 3.1.
- 3.2** Supplementary budgets provide the opportunity to make changes to the Welsh Government's spending plans set out in the previous final budget. In general, allocations from reserves continue to reflect the priorities in the final budget, progressing commitments within Taking Wales Forward and the National Strategy: Prosperity for All and underpinned by the Well-being of Future Generations (Wales) Act.
- 3.3** However, by their nature supplementary budgets are also focused on the pressures and opportunities that emerge during the financial year. Not all will have arisen as a result of the Welsh Government's strategic objectives, but may require the Welsh Government's intervention with a resulting impact on the budget.

Allocations from Fiscal Resource Reserves

- 3.4** £239,438k has been allocated to meet the additional costs to public sector organisations of changes to public service pension schemes introduced by the UK government. The allocations are made to a number of portfolio areas to meet the additional costs faced by effected pension schemes for NHS Wales, teachers, fire fighters and the civil service including some arm's length bodies.

• Health and Social Services	£170,606k
• Housing and Local Government	£ 46,194k
• Education	£ 9,067k
• International Relations and the Welsh Language	£ 494k
• Environment, Energy and Rural Affairs	£ 2,011k
• Central Services and Administration	£ 11,066k

The reserve has also funded increases to the direct funded bodies of £1,845k for additional pension costs:

• Assembly Commission	£	965k
• Public Services Ombudsman for Wales	£	148k
• Wales Audit Office	£	732k

3.5 Funding for 2019-20 from the EU Transition Fund is also allocated in this supplementary budget. The Fund has been designed to help businesses, public and third sector organisations prepare for Brexit by involving businesses and communities to identify those areas that require additional support as Brexit approaches. It will provide direct financial support to sectors across Wales to plan for the significant changes associated with leaving the European Union.

3.6 A total of £8,992k fiscal resource funding has been allocated to meet a range of interventions. The total allocations per MEG are detailed below and a full breakdown of each can be found in table 3:

• Health and Social Services	£	359k
• Housing and Local Government	£	500k
• Economy and Transport	£	918k
• International Relations and the Welsh Language	£	3,460k
• Environment, Energy and Rural Affairs	£	1,650k
• Central Services and Administration	£	2,105k

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

- Health and Social Services:
 - £14,687k to the Core NHS Allocations BEL in respect of the Immigration Health Surcharge, reflecting the transfer received from the Home Office.

- Economy and Transport
 - £1,650k to the Network Operations BEL in respect of the costs associated with the removal of the tolls on Cleddau Bridge.
- International Relations and the Welsh Language
 - £27k to the Strategic Leadership for Museum, Archive and Library Services BEL in respect of the Lloyd George Museum, reflecting the transfer received from the Department for Digital, Culture, Media and Sport (DCMS).
- Environment, Energy and Rural Affairs:
 - £607k to the Forestry BEL in respect of the transfer of cross border forestry functions, reflecting the transfer received from DEFRA.
- Central Services and Administration:
 - £2,446k to the Advocacy Services BEL, reflecting the transfer received from HM Treasury in respect of Financial Advice Services.

Transfers to Fiscal Resource Reserves

3.8 The following transfers have been made into fiscal resource reserves from the Central Services and Administration MEG:

- £1,901k from the Cost of Borrowing BEL as a result of the reduction in the anticipated capital borrowing for 2019-20; and
- £100k from the Devolved Taxes BEL to cover the budget transferred to the Office of Budgetary Responsibility for the provision of independent tax forecasts.

Allocation from Non Fiscal Resource Reserves

3.9 A transfer of £83k has been made to the Forestry BEL within the Environment, Energy and Rural Affairs MEG in respect of the transfer of cross border forestry functions. This reflects the transfer received from DEFRA.

Allocations from General Capital Reserves

3.10 A total of £85,000k has been allocated from capital reserves to provide additional investment in social housing and trunk road and motorway maintenance with the aim of providing economic stimulus, giving confidence and certainty to businesses and the construction sector and improving social and environmental outcomes.

3.11 These allocations were made in line with a set of evaluation criteria covering a wide range of considerations. Proposals taken forward at this stage were those that could be delivered quickly in year whilst also providing economic benefits aligned with the Welsh Government's priorities - for example, increasing the supply of good quality, affordable housing. Priority was also given to ensure that schemes were taken forward which would stimulate economic demand, and support the wider supply chain, at a time when confidence is needed against the backdrop of Brexit uncertainty.

The allocations to portfolios were as follows:

- Housing and Local Government:
 - £50,000k to the Social Housing Grant BEL in respect of social housing investment to support the delivery of up to 650 affordable homes across Wales; and
 - £20,000k to the Local Government General Capital Funding BEL in respect of Local Authority Funding Package. Welsh Government will work closely with Local Authorities in the

deployment of this funding to where it is needed as part of this wider stimulus package.

- Economy and Transport
 - £10,000k to the Business Development BEL in respect of the Economy Futures Fund which will accelerate the delivery of the various support packages within the Fund across all Welsh regions; and
 - £5,000k to the Network Operations BEL in respect of Trunk Road and Motorway Carriageway to support the maintenance of the road network in all parts of Wales, whilst also supporting the specialist supply chain.

3.12 In addition to the allocations detailed in section 3.11 above the following allocations have been made to the portfolios from general capital reserves:

- Economy and Transport:
 - £1,802k in respect of EU transition funding.
- Education:
 - £2,250k to the Business Innovation BEL in respect of the ‘GovTech’ competition winners, reflecting the transfer received from BEIS.
- Environment, Energy and Rural Affairs:
 - £384k to the Forestry BEL in respect of the transfer of cross border forestry functions, reflecting the transfer received from DEFRA; and
 - £650k in respect of EU transition funding.

A full breakdown of the funding awarded in respect of the EU Transition Fund can be found in table 3.1.

Transfers to General Capital Reserves

3.13 £9,000k general capital funding has been transferred to reserves from the Strategic Leadership for Museum, Archive and Library Services BEL within the International Relations and the Welsh Language MEG.

(This funding is to be re-profiled in future years as part of our Budget Agreement with Plaid Cymru to take forward work resulting from the feasibility studies into a national art gallery and national football museum.)

Financial Transaction Capital Reserves

3.14 There have been no changes to the financial transaction capital reserves in this supplementary budget.

Table 3.1 below reflects all the movements on reserves:

Table 3.1 - Changes to the 2019-20 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	135,010	155,838	290,848	164,375	190,743	355,118	645,966
Transfers & Consequentials since Final Budget	309,686	83	309,769	17,139	0	17,139	326,908
Revised Reserves	444,696	155,921	600,617	181,514	190,743	372,257	972,874
Changes:							
HEALTH & SOCIAL SERVICES							
Immigration Health Surcharge – transfer from the Home Office	-14,687	0	-14,687	0	0	0	-14,687
Pension cost increase	-170,606	0	-170,606	0	0	0	-170,606
EU transition funding – Welsh NHS Confederation	-101	0	-101	0	0	0	-101
EU transition funding – Public Health Resilience	-30	0	-30	0	0	0	-30
EU transition funding – ADSSC Brexit Support	-120	0	-120	0	0	0	-120
EU transition funding – UK Field Epidemiology	-90	0	-90	0	0	0	-90

EU transition funding – Building Resilience in Farming Communities	-18	0	-18	0	0	0	-18
HEALTH & SOCIAL SERVICES	-185,652	0	-185,652	0	0	0	-185,652
HOUSING & LOCAL GOVERNMENT							
Pension cost increase	-46,194	0	-46,194	0	0	0	-46,194
EU transition funding – Local Resilience Forums Civil Contingencies Support	-500	0	-500	0	0	0	-500
Economic Stimulus Fund – Social Housing Investment	0	0	0	-50,000	0	-50,000	-50,000
Economic Stimulus Fund – Local Authority Funding Package	0	0	0	-20,000	0	-20,000	-20,000
HOUSING & LOCAL GOVERNMENT	-46,694	0	-46,694	-70,000	0	-70,000	-116,694
ECONOMY & TRANSPORT							
EU transition funding – Brexit Resilience Grant	-308	0	-308	-462	0	-462	-770
EU transition funding – Collective Capacity Building	-250	0	-250	0	0	0	-250
EU transition funding – Additional Support for Business Resilience	-360	0	-360	-1,340	0	-1,340	-1,700
Cleddau Bridge	-1,650	0	-1,650	0	0	0	-1,650
Economic Stimulus fund – Economy Futures Fund	0	0	0	-10,000	0	-10,000	-10,000

Economic Stimulus fund – Trunk Road & Motorway Carriageway	0	0	0	-5,000	0	-5,000	-5,000
ECONOMY & TRANSPORT	-2,568	0	-2,568	-16,802	0	-16,802	-19,370
EDUCATION							
Pension cost increase	-9,067	0	-9,067	0	0	0	-9,067
'GovTech competition winners – transfer from the BEIS	0	0	0	-2,250	0	-2,250	-2,250
EDUCATION	-9,067	0	-9,067	-2,250	0	-2,250	-11,317
INTERNATIONAL RELATIONS & THE WELSH LANGUAGE							
Pension cost increase	-494	0	-494	0	0	0	-494
Lloyd George Museum – transfer from DCMS	-27	0	-27	0	0	0	-27
EU transition funding – Enhanced Export Services	-1,500	0	-1,500	0	0	0	-1,500
EU transition funding – Enhanced Online Export Support	-150	0	-150	0	0	0	-150
EU transition funding – Business Confidence and Brexit Resilience Campaign	-450	0	-450	0	0	0	-450
EU transition funding – Trade Intelligence & Non-EU Market Scoping	-300	0	-300	0	0	0	-300
EU transition funding – Reinforcing Wales' International Reputation and Relations	-1,060	0	-1,060	0	0	0	-1,060

Reprofiling of funding in respect of our Budget Agreement with Plaid Cymru	0	0	0	9,000	0	9,000	9,000
INTERNATIONAL RELATIONS & THE WELSH LANGUAGE	-3,981	0	-3,981	9,000	0	9,000	5,019
ENVIRONMENT, ENERGY & RURAL AFFAIRS							
Pension cost increase	-2,011	0	-2,011	0	0	0	-2,011
Transfer of Cross Border Forestry Functions – transfer from DEFRA	-607	-83	-690	-384	0	-384	-1,074
EU transition funding – Brand Wales	-400	0	-400	-100	0	-100	-500
EU transition funding – Meeting WG fisheries evidence requirements for EU exit	-1,100	0	-1,100	0	0	0	-1,100
EU transition funding – Permitting and Licensing Application and Hardware	-100	0	-100	-200	0	-200	-300
EU transition funding – Compliant Wood Packaging	-50	0	-50	-350	0	-350	-400
ENVIRONMENT, ENERGY & RURAL AFFAIRS	-4,268	-83	-4,351	-1,034	0	-1,034	-5,385
CENTRAL SERVICES & ADMINISTRATION							
Pension cost increase	-11,066	0	-11,066	0	0	0	-11,066
Financial Advice Services	-2,446	0	-2,446	0	0	0	-2,446
Reduction in the cost of borrowing (interest)	1,901	0	1,901	0	0	0	1,901

Transfer to the Office of Budgetary Responsibility for the provision of independent tax forecasts	100	0	100	0	0	0	100
EU transition funding – Empowering communities in the context of Brexit	-105	0	-105	0	0	0	-105
EU transition funding – Strengthening community cohesion	-760	0	-760	0	0	0	-760
EU transition funding – OECD Benchmarking	-100	0	-100	0	0	0	-100
EU transition funding – preparations for successor arrangements to EU Structural funds	-290	0	-290	0	0	0	-290
EU transition funding – Settled status and immigration advice	-250	0	-250	0	0	0	-250
EU transition funding – Tackling hate crime and community cohesion action	-600	0	-600	0	0	0	-600
CENTRAL SERVICES & ADMINISTRATION	-13,616	0	-13,616	0	0	0	-13,616
OTHER CHANGES AFFECTING RESERVES							
Reduction in principal borrowing repayment	1,919	0	1,919	0	0	0	1,919
Block grant adjustment conversion from £m to £k	-323	0	-323	0	0	0	-323
Pension cost increase – Assembly Commission	-965	0	-965	0	0	0	-965

Pension cost increase – Public Services Ombudsman for Wales	-148	0	-148	0	0	0	-148
Public Services Ombudsman for Wales additional costs associated with the new Public Service Ombudsman (Wales) Bill	-246	0	-246	-5	0	-5	-251
Pension cost increase – Wales Audit Office	-732	0	-732	0	0	0	-732
OTHER CHANGES AFFECTING RESERVES	-495	0	-495	-5	0	-5	-500
Reserves in this Budget	178,355	155,838	334,193	100,423	190,743	291,166	625,359

4. Transfers between Ministerial Portfolios

4.1 This section details the transfers between MEGs.

Changes in Ministerial Responsibilities

4.2 Following the Cabinet re-shuffle in December 2018 and the restructure of the MEGs, the 2019-20 final budget was restated to reflect the new ministerial responsibilities.

This supplementary budget includes a number of transfers between MEGs relating to the re-shuffle that were not included as part of the final budget restatement. Details of the transfers are as follows:

- The Community Support Officers and Community Facilities Programme BELs have been transferred from the Housing and Local Government MEG to the Central Services and Administration MEG resulting in the movement of £16,787k fiscal resource and £5,034k general capital funding;
- The Careers Wales BEL has transferred from the Education MEG to the Economy and Transport MEG resulting in the movement of £18,800k resource funding and £12,000k AME funding;
- The Welsh in Education BEL has transferred from the International Relations and the Welsh Language MEG to the Education MEG resulting in the movement of £14,325k fiscal resource funding;
- A net transfer of £3,675k resource funding has been actioned between a number of BELs in the Economy and Transport MEG into the Further Education Provision BEL within the Education MEG; and
- £460k fiscal resource funding transferred to the Supporting Communities BEL within the Housing and Local Government MEG

from the Communities at Work BEL within the Economy and
Transport MEG.

5. Transfers within Ministerial Portfolios

5.1 In addition to the transfers between ministerial portfolios detailed in section 4 above there are a number of transfers between BELs within the same portfolios which are included within the published BEL Tables. These are generally administrative in nature and have no net effect on the individual MEG totals.

Health and Social Services MEG

5.2 Multiple transfers between BELs have taken place within the Health and Social Services MEG to correctly align the allocations made to Local Health Boards and to fund specific commitments.

Housing and Local Government MEG

5.3 Within the Housing and Local Government MEG resource and capital funding has been transferred from the Fire and Rescue Services BEL and allocated to the new Fire and Rescue Services - Communication Systems BEL.

Economy and Transport MEG

5.4 Resource transfers have taken place within the Economy and Transport MEG in order to correctly align budgets with the Welsh Government's 'Prosperity for All - Economic Action Plan'.

International Relations and the Welsh Language MEG

5.5 A resource transfer to the Welsh Language BEL from the Welsh in Education BEL to correctly reflect ministerial responsibilities prior to the Welsh in Education BEL's transfer to the Education MEG.

A general capital transfer from the Cadw BEL to the Amgueddfa Cymru – National Museum of Wales BEL representing the repayment of an equivalent transfer from the National Museum to Cadw in 2017-18.

6. Adjustments to Annually Managed Expenditure (AME) Budgets

- 6.1** AME budgets detailed in this Supplementary Budget reflect the latest forecasts provided to HM Treasury. Adjustments made since the Final Budget was approved comprise:
- A decrease of £40,000k in the Health and Social Services AME budget to reflect the latest forecasts for impairments and provisions relating to the NHS in Wales;
 - A decrease in the Housing and Local Government AME budget of £2,900k to reflect the latest forecasts for the Fire Service Pensions;
 - An increase of £9,094k in the Economy and Transport AME budget comprising:
 - A decrease of £2,096k in the impairments for the roads network in line with latest forecasts; plus
 - An increase of £12,000k in respect of the transfer in of 'Careers Wales' from the Education MEG;
 - A decrease of £49,025k in the Education AME budget comprising:
 - An decrease of £12,000k in respect of the transfer out of 'Careers Wales' to the Economy and Transport MEG; and
 - A net decrease of £37,025k to reflect the latest Student Loans forecasts comprising:
 - A decrease in Resource AME of £9,859k; and
 - A decrease in Capital AME of £27,166k.

Table 6.1 below sets out the net impact of all the AME changes listed above.

Table 6.1 – Changes to the Welsh Government MEG AME Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	RESOURCE			CAPITAL		
	2019-20 Final Budget	Changes	2019-20 Supplementary Budget New Plans June 2019	2019-20 Final Budget	Changes	2019-20 Supplementary Budget New Plans June 2019
Health and Social Services	161,100	-40,000	121,100	0	0	0
Housing and Local Government	1,088,994	-2,900	1,086,094	0	0	0
Economy and Transport	53,343	9,094	62,437	0	0	0
Education	-101,985	-21,859	-123,844	801,468	-27,166	774,302
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	2,977	0	2,977	0	0	0
Total Allocation to Welsh Government	1,209,842	-55,665	1,154,177	801,468	-27,166	774,302

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

The Explanatory Note supports the Supplementary Budget Motion published alongside this document, which sets out the changes to both the resources that the Welsh Government is proposing to use in 2019-20 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.

2019-20 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	8,001,040	3,844,201	709,770	1,510,853	161,571	211,379	329,698	14,768,512
Capital	373,096	677,276	581,167	218,251	15,183	87,061	26,238	1,978,272
Resource AME	121,100	1,086,094	62,437	-123,844	3,013	2,400	2,977	1,154,177
Capital AME	0	0	0	774,302	0	0	0	774,302
TOTAL MANAGED EXPENDITURE	8,495,236	5,607,571	1,353,374	2,379,562	179,767	300,840	358,913	18,675,263
Reconciliation to Resources								
Resource Consumption - Welsh Government Sponsored Bodies	-250	-200		-305	-6,281	-12,400		-19,436
Supported Borrowing		-88,800						-88,800
National Insurance Fund Receipts Collection Costs	-906							-906
National Non-Domestic Rates Payable (and Collection Costs)		-1,066,172						-1,066,172
Interest Repayments on Borrowing							-2,394	-2,394
Public Corporation Borrowing			-10,700					-10,700
PFI			-8,982					-8,982
RESOURCES REQUESTED	8,494,080	4,452,399	1,333,692	2,379,257	173,486	288,440	356,519	17,477,873

Annex 2 – Glossary

Action	Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.
Ambits	Descriptions of the specific purposes for which Welsh Ministers are authorised by the National Assembly for Wales 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 the National Assembly for Wales 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.

Resource (previously known as revenue)	Current expenditure, for example, funding for the pay of public sector workers and to purchase consumable goods and services.
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 Assembly 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.