



National Assembly for Wales
Cynulliad Cenedlaethol Cymru

2004 Assembly Budget: Information for Assembly Members

Abstract

This paper provides background briefing on the Welsh Assembly Government's Draft Budget for 2005-06 to 2007-08, which was laid in the Table Office on 11 October, 2004.

It describes how the Assembly gets its money; explains how the Assembly's budget is set, highlighting in particular the functions of subject committees in helping to shape and scrutinise budget priorities; and suggests issues that committees may wish to consider at each stage.

Two tables are provided to assist initial analysis, but the main briefing on the detail of the budget will be provided for committee scrutiny at a later stage.

October 2004



2004 Assembly Budget: Information for Assembly Members

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Members' Research Service: Research Paper
Gwasanaeth Ymchwil yr Aelodau: Papur Ymchwil



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2004 Assembly Budget: Information for Assembly Members

1 Introduction

The formal procedures under which the Assembly's budget is set each year are set out in Standing Order 21. Whilst Members and Committees will, of course, discuss budgetary issues throughout the year, the annual process set out in Standing Order 21 requires subject committees to undertake specific functions at pre-determined points in the cycle.

This paper describes how the Assembly gets its money; explains how the Assembly's budget is set, highlighting in particular the functions of subject committees in helping to shape and scrutinise budget priorities; and suggests issues that committees may wish to consider at each stage.

A more detailed outline of the budget process can be found in the MRS Research Paper entitled *The Assembly Budget Process*, available at:
<http://assembly/presidingoffic/mrs/briefings/economic-development-transport-e.htm>

2 How the Assembly gets its money

The National Assembly's budget is funded largely by grant voted by the United Kingdom Parliament (from which the costs of the Wales Office are also deducted). Further elements of the budget are covered by funding from locally financed expenditure (such as non-domestic rates), the European Commission, and through borrowing by local authorities and other public bodies to fund their capital spending.

The total budget comprises two separate categories of public expenditure:

Departmental Expenditure Limit (DEL) - set over three years, most spending within DEL is undifferentiated and allows the Assembly full discretion over its spending priorities (known as 'assigned budget' items). Changes in provision for these items are determined through the Barnett Formula (see below). Some spending in DEL, however, is ring-fenced and specific to that spending priority.

Annually Managed Expenditure (AME) - set yearly, covers items whose provision cannot be reasonably subject to firm multi-year limits, such as payments under the Common Agricultural Policy. AME is demand led and can only be allocated to the programme for which it is assigned. Further AME will be drawn down from the Treasury if it is needed, while any unspent portion will be returned to the Treasury.

Wales and the other devolved administrations are free to allocate the assigned budget (once known as the 'Block') as they see fit, though in reality scope for allocation is limited by existing demand and commitments.

The Barnett Formula

When the United Kingdom Government reviews its spending plans, changes in the spending allocations to the Assembly's DEL, with some exceptions, are determined by applying the population-based Barnett Formula to changes in planned spending on comparable services. The formula works by determining how changes in allocations to UK Government services in England relate to comparable services in Wales, Scotland and Northern Ireland. The budget is then allocated based on the comparable level of service, and the relative population size within each devolved administration.

Therefore, the three factors involved in determining the changes are:

1. The change in planned spending in departments in England.
2. The extent to which the relevant English departmental programme is comparable with the services carried out by each devolved administration.
3. The population proportion in each country.

1 times 2 times 3 will give the increased spending for each country funded by central government. Hence, for the 2004 Comprehensive Spending Review, the Welsh population as a proportion of England's was 5.89% (applied using 2003 mid-year population estimates). Since the comparability factor for transport was 63.8%, if £1 billion were to be added to transport expenditure in England, then £37.6 million ($£1\text{bn} \times 5.89\% \times 63.8\%$) would be added to the Welsh assigned budget.

The Barnett Formula is explored in more detail in a Members' Research Service Research Paper entitled *The Barnett Formula*, available at:
<http://assembly/presidingoffic/mrs/briefings/economic-development-transport-e.htm>

3 The Assembly Budget Structure

The Assembly's budget is broken down into several levels of detail. At the highest level, are Main Expenditure Groups (MEGs), corresponding in the main with Ministerial portfolios. The MEGs identified in the Draft Budget Proposals for 2005-06 are:

- ◆ Health & Social Services;
- ◆ Local Government;
- ◆ Social Justice & Regeneration;
- ◆ Environment, Planning & Countryside;
- ◆ Economic Development & Transport;
- ◆ Education & Lifelong Learning;
- ◆ Culture, Welsh Language & Sport;
- ◆ Auditor General for Wales / Single Public Audit Body;
- ◆ Public Services Ombudsman for Wales;
- ◆ Assembly Parliamentary Service;
- ◆ Central Administration;
- ◆ Other Assembly Services.

Below MEG level, expenditure is identified by Sub-Expenditure Groups (SEG), which define discrete groups of expenditure within each MEG (such as the budget for each Assembly Sponsored Public Body (ASPB)). Below the SEG level, more detailed information is available at the Budget Expenditure Line (BEL) level and, below this, at account level.

Due to the high level of detail at the account code level, budget information is not usually published below the BEL level. However, it is possible to view the budget at the account level through the Management Information System (MIS) on the Assembly's Intranet (see section 7). The MIS mainly concentrates on in-year monitoring, hence budget information at account level for 2005-06 will not be published on the MIS until March 2005. However, information at account level for 2004-05 and other past years is available on the MIS.

Budget and Strategic Planning information is available on the National Assembly for Wales web-site at:

<http://www.wales.gov.uk/themesbudgetandstrategic/>

4 Setting the Assembly's budget

The key stages in determining the Assembly budget each year are set out in Standing Order 21¹. These are:

- ◆ Determination of the Budget for the Assembly Parliamentary Service (SO 21.1);
- ◆ Determination of the Assembly Budget (SO 21.2-5);
- ◆ In year-Adjustments of the Assembly Budget (SO 21.6-10).

As well as these formal procedures, the Welsh Assembly Government conducts an annual exercise, known as the Budget Planning Round, to align its spending plans to its strategic objectives. The key phases of this round are:

- ◆ Consultation with partners such as the Assembly Sponsored Public Bodies (ASPBs);
- ◆ Processing of Ministerial bids;
- ◆ Producing and publishing the Draft Budget (usually in October);
- ◆ Obtaining Committee comments on the Draft Budget;
- ◆ Publishing the Final Budget (by 10 December);
- ◆ Publishing a Supplementary Budget if necessary (by 31 March).

This year, the budget planning round has been happening with two spending reviews operating in the background:

1. The UK Government's Spending Review (SR2004), determining the Assembly's overall budget for 2005-06 to 2007-08 and unveiled by the Chancellor on the 12th of July 2004².
2. The Assembly's Spending Review and Evaluation Exercise (SpREE) – a Welsh Assembly Government exercise to better align budget allocations with its strategic objectives and priorities. In a Cabinet Statement of 4 February 2004³, the Minister for Finance stated:

“In the Autumn committees will be considering priorities for the budget and will be consulted on my draft proposals. I will make available information generated by the spending review's evaluation to inform committees' considerations. I will incorporate the outcomes of the spending review in my statement on the draft budget.”

Because of these spending reviews, indicative budget plans for 2005-06 and beyond were not finalised during the 2003 planning round.

¹ <http://www.wales.gov.uk/keypubstandingorders/index.htm>

² http://www.hm-treasury.gov.uk/spending_review/spend_sr04/spend_sr04_index.cfm

A Members' Research Service Information note on the UK Spending Review 2004 can be accessed at:

<http://assembly/presidingoffic/mrs/CBE041770%20UK%20Spending%20Review.doc>

³ <http://www.wales.gov.uk/organicabinet/content/statements/2004/040204-spend-review-e.doc>

5 The role of subject committees

Standing Order 21 requires plenary to take note of the draft budget in October/November and adopt the final budget in November/December. Under Standing Order 21, subject committees are also required to undertake specific functions at pre-determined points in the budget planning cycle. This section is concerned with the role that subject committees play in determining the Assembly budget.

The main stages for Committee input are in:

- ◆ May/June, when Committees express their priorities (SO 21.2); and
- ◆ October/November, when the draft budget is considered (SO 21.3);

Before the end of the financial year, a supplementary budget may be tabled setting out changes to the final budget arising from changes in UK Government expenditure plans or other technical changes of a budgetary nature.

May/June - First Round (Expression of Priorities)

This is the strategic overview part of the process, where Committees are invited to input into where they consider general strategic priorities lie. The Assembly Finance Minister invites subject committees to submit, no later than 31 July, their views on priorities for the Assembly's expenditure. For the 2004 budget planning round, this part of the process was completed prior to the 2004 summer recess.

Issues that Committee members may wish to raise at this stage include:

- ◆ how much money within these expenditure lines is pre-committed (to specific programmes or capital expenditure) so that Members may be able to recognise the scope for re-allocation between programmes;
- ◆ the degree of flexibility between revenue and capital expenditure;
- ◆ the flexibility to use allocations within different MEGs to achieve common goals on cross cutting issues;
- ◆ how the expenditure lines fit in with the WAG priorities outlined within Wales: A Better Country or with previously agreed committee priorities;
- ◆ which expenditure lines are demand led and so will be expected to vary throughout the year. (Demand led expenditure is usually covered by AME, though there may be other elements within the Assembly Budget which are demand led such as Regional Selective Assistance (RSA));
- ◆ the extent of any underused assets (e.g. vacant property within the portfolio which could be used to raise revenue, or enable rationalisation of services);
- ◆ information on performance against Welsh Assembly Government objectives.

October/November – Draft Budget

Not later than 15 November, the Finance Minister tables a draft budget. As soon as practicable after plenary has taken note of the draft budget, Ministers seek the views of each subject committee and pass these on to the Finance Minister.

For the 2004 budget planning round, the draft budget was published on 11 October 2004, and considered in Plenary on 20 October 2004.

Issues that Committee members may wish to explore at this stage include:

- ◆ The evidence base used by the Assembly Government to inform its decisions on funding in any given area. In a Cabinet Statement of 4 February 2004⁴, the Minister for Finance indicated that she would:

“make available information generated by the spending review’s evaluation to inform committees’ considerations.”
- ◆ In what way have Committee views, expressed at the previous budget round, been addressed?
- ◆ Are the Budget Expenditure Lines (BEL) of sufficient detail and clarity to enable Committees to fulfil their scrutiny role?
- ◆ Do any organisations within the Minister’s portfolio have the ability to allocate spending as they see fit (such as the unhypothecated element of local government expenditure)? How might this freedom to allocate impact upon the delivery of Government priorities?
- ◆ The financial implications of new or proposed legislation;
- ◆ How changes to allocations within one portfolio might impact on the strategic objectives of another, in particular where cross cutting themes exist;
- ◆ How cross cutting issues such as equal opportunities have been addressed;
- ◆ How the spending programmes outlined in the accompanying narrative document to the budget (*A Budget For The Future Of Wales The Assembly Government’s Draft Spending Plans 2005-06 to 2007-08*)⁵ relate to the expenditure lines within the draft budget;
- ◆ How any major spending announcements or specific funding commitments relate to individual expenditure lines. Whether these commitments refer to new funding, or whether they include funding from previous budgets, and to which period of time these commitments refer.

⁴ <http://www.wales.gov.uk/organicabinet/content/statements/2004/040204-spend-review-e.doc>

⁵ <http://www.wales.gov.uk/themesbudgetandstrategic/content/budget2004/spending-plans-e.pdf>



Although Standing Orders require no formal input from Committees once the draft budget stage is completed, subject committees have a general responsibility under Standing Order 9.7(ii) to “keep under review the expedition and administration” connected with the delivery of policies within their portfolios. Members may therefore wish to continue to monitor expenditure, in particular remaining aware of:

- ◆ Any significant changes to the expenditure lines within the budget and the reasons for them (i.e. due to Barnett, MEG to MEG transfer, shift of responsibility to another Minister, responsibility moved to another programme, impact of the UK Spending Review);
- ◆ The impact that any major spending announcements might have on individual expenditure lines;
- ◆ The financial implications of new or proposed legislation;
- ◆ How changes to allocations within one portfolio might impact on the strategic objectives of another, in particular where cross cutting themes exist;
- ◆ Explanations of any significant variations in spending from that outlined in the draft budget.

6 Understanding the Assembly Government Budget Tables.

Budget and Strategic Planning information is published on the National Assembly for Wales web-site at:

<http://www.wales.gov.uk/themesbudgetandstrategic/>

From here it is possible to view the latest Assembly budget, and information on budget planning rounds from previous years. For the 2004 planning round, a further document⁶ has been published which sets out the budget plans for the Assembly Government for the next three years. This document aims to present financial information in a way which links spending more closely to policy aims and the programmes for delivery in each Ministerial portfolio.

By way of example, table A shows the layout of the Culture, Welsh Language and Sport portfolio within the National Assembly for Wales Budget 2005-2006 to 2007-2008 Draft Budget Proposals, published on 11 October 2004⁷. The expenditure groups are indicated by:

- ◆ Main Expenditure Group (MEG) – Section headings (Culture, Welsh Language and Sport);
- ◆ Sub Expenditure Group (SEG) – Outlined in bold type (such as National Museums & Galleries of Wales);
- ◆ Budget Expenditure Line (BEL) – Shown in ordinary type (the 'NMGW Running Costs', 'NMGW Current Receipts', 'NMGW – Depreciation / Cost of Capital' and 'Provisions for Pensions (AME)' BELs make up the Arts Council of Wales SEG).

The tables show the draft allocation of the Assembly's budget in terms of both the Departmental Expenditure Limit (DEL), and Annually Managed Expenditure (AME). AME is demand led (money is allocated to AME programmes from HM Treasury) hence these BELs are highlighted (shaded) to differentiate them from the other BELs, over which the Assembly has financial discretion.

The ten columns provide information on the Assembly budget at specific times:

1. **2004-2005 Original Plans** – 2004-05 Assembly budget at the time of the Supplementary Budget (published March 2004). There are some minor changes to these figures to allow for the movement of programmes between MEGs and SEGs;
2. **2005-2006 Baseline** – 2005-06 Indicative Plans at the time of the Supplementary Budget;
3. **2005-2006 Changes** – Changes in the 2005-06 Assembly Budget between the Supplementary Budget and the Draft budget;
4. **2005-2006 New Plans** – 2005-06 Assembly Draft Budget, taking into account the changes since the Supplementary Budget outlined in the previous column;

⁶ *A Budget For The Future Of Wales The Assembly Government's Draft Spending Plans 2005-06 to 2007-08:*

<http://www.wales.gov.uk/themesbudgetandstrategic/content/budget2004/spending-plans-e.pdf>

⁷ <http://www.wales.gov.uk/themesbudgetandstrategic/content/budget2004/budgetplan-e.pdf>



5. **2006-2007 Baseline** – 2006-07 Indicative Plans at the time of the Supplementary Budget;
6. **2006-2007 Changes** – Changes in the 2006-07 Assembly Budget between the Supplementary Budget and the Draft budget;
7. **2006-2007 Indicative Plans** - Indicative Assembly budget for 2006-07 taking into account the changes since the Supplementary Budget outlined in the previous column;
8. **2007-2008 Baseline** – 2007-08 Indicative Plans at the time of the Supplementary Budget;
9. **2007-2008 Changes** – Changes in the 2007-08 Assembly Budget between the Supplementary Budget and the Draft budget;
10. **2007-2008 Indicative Plans** - Indicative Assembly budget for 2007-08 taking into account the changes since the Supplementary Budget outlined in the previous column.

Because of the UK Government's Spending Review (SR2004) and the Assembly's Spending Review and Evaluation Exercise (SpREE), indicative budget plans for 2005-06 and beyond were not finalised during the 2003 planning round. Hence indicative plans at the time of the supplementary budget for periods beyond 2005-06 were 'flatlined'. This should be taken into consideration when taking account of the 'changes' columns in the draft budget.



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Table A: Draft Budget Proposals, 2005-2006 to 2007-2008

£'000

<u>Expenditure Groups</u>	2004-2005 Original Plans	2005-2006 Baseline	2005-2006 Changes	2005-2006 New Plans	2006-2007 Baseline	2006-2007 Changes	2006-2007 Indicative Plans	2007-2008 Baseline	2007-2008 Changes	2007-2008 Indicative Plans
<u>CULTURE, WELSH LANGUAGE AND SPORT</u>										
NMGW Running Costs	18,352	18,352	2,289	20,641	18,352	3,170	21,522	18,352	3,907	22,259
NMGW Current Receipts	-958	-958	0	-958	-958	0	-958	-958	0	-958
NMGW Depreciation / Cost of Capital	4,654	4,654	0	4,654	4,654	0	4,654	4,654	0	4,654
Provisions for Pensions (AME) (2)	15,663	15,663	0	15,663	15,663	0	15,663	15,663	0	15,663
National Museums & Galleries of Wales	37,711	37,711	2,289	40,000	37,711	3,170	40,881	37,711	3,907	41,618
NLW Running Costs	8,909	8,909	0	8,909	8,909	850	9,759	8,909	850	9,759
NLW Current Receipts	-250	-250	0	-250	-250	0	-250	-250	0	-250
NLW Depreciation / Cost of Capital	3,210	3,210	0	3,210	3,210	0	3,210	3,210	0	3,210
Provisions for Pensions (AME) (2)	6,774	6,774	0	6,774	6,774	0	6,774	6,774	0	6,774
National Library for Wales	18,643	18,643	0	18,643	18,643	850	19,493	18,643	850	19,493
ACW Running Costs	1,945	1,945	292	2,237	1,945	360	2,305	1,945	425	2,370
ACW - Depreciation / Cost of Capital	209	209	0	209	209	0	209	209	0	209
Arts Council of Wales	2,154	2,154	292	2,446	2,154	360	2,514	2,154	425	2,579
SCW: Running Costs	1,289	1,289	365	1,654	1,289	548	1,837	1,289	741	2,030
SCW: Depreciation / Cost of Capital	1,431	1,431	0	1,431	1,431	0	1,431	1,431	0	1,431
Sports Council for Wales	2,720	2,720	365	3,085	2,720	548	3,268	2,720	741	3,461
WLB: Running Costs	3,353	3,408	221	3,629	3,408	221	3,629	3,408	221	3,629
WLB: Depreciation / Cost of Capital	86	86	0	86	86	0	86	86	0	86
Welsh Language	3,439	3,494	221	3,715	3,494	221	3,715	3,494	221	3,715
Assistance to the Welsh language - Welsh Books Council	1,019	1,019	0	1,019	1,019	0	1,019	1,019	0	1,019
Other Arts and Libraries	1,019	1,019	0	1,019	1,019	0	1,019	1,019	0	1,019



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£'000

Expenditure Groups	2004-2005 Original Plans	2005-2006 Baseline	2005-2006 Changes	2005-2006 New Plans	2006-2007 Baseline	2006-2007 Changes	2006-2007 Indicative Plans	2007-2008 Baseline	2007-2008 Changes	2007-2008 Indicative Plans
Culture Fund - Current Expenditure	48,332	50,976	3,717	54,693	50,976	7,996	58,972	50,976	14,153	65,129
Culture Fund - Current Receipts	-3,313	-3,313	0	-3,313	-3,313	0	-3,313	-3,313	0	-3,313
Culture Fund - Capital Expenditure	5,148	5,148	4,810	9,958	5,148	1,828	6,976	5,148	2,463	7,611
Culture Fund - Capital Receipts	-555	-555	0	-555	-555	0	-555	-555	0	-555
Culture Fund	49,612	52,256	8,527	60,783	52,256	9,824	62,080	52,256	16,616	68,872
RCAHM - Running Costs and Current Expenditure	1,480	1,527	186	1,713	1,527	186	1,713	1,527	186	1,713
RCAHM - Depreciation and Cost of Capital on Civil Estate	54	54	0	54	54	0	54	54	0	54
RCAHM - Depreciation and Cost of Capital	80	80	0	80	80	0	80	80	0	80
RCAHM	1,614	1,661	186	1,847	1,661	186	1,847	1,661	186	1,847
Capital expenditure	2,156	2,156	484	2,640	2,156	534	2,690	2,156	584	2,740
Depreciation and Cost of Capital	498	498		498	498	0	498	498	0	498
Current Expenditure	8,374	8,374	0	8,374	8,374	0	8,374	8,374	0	8,374
Receipts	-3,280	-3,280	0	-3,280	-3,280	0	-3,280	-3,280	0	-3,280
Cadw	7,748	7,748	484	8,232	7,748	534	8,282	7,748	584	8,332
Of which : depreciation (4)	0	0		0	0	0	0	0	0	0
CULTURE, WELSH LANGUAGE AND SPORT - TOTAL	124,660	127,406	12,364	139,770	127,406	15,693	143,099	127,406	23,530	150,936



7 Monitoring the budget in-year

The Assembly budget can be monitored from the Financial Management Information pages of the Intranet⁸. Expenditure detail is provided on a monthly basis at various levels of detail (MEG, SEG, BEL, and Account Code).

It should be noted that expenditure figures are not finalised until later in the year, hence there may be some delay in some expenditure appearing on the MIS.

Financial information for 2004-05, which includes budget and spend to date, can be found at:

http://assembly/Finance/Finance%20Business%20Applications/MIS/MIS_Important_Info_2004_2005.htm

Select the *Assembly Approved Budgets with spend: 2004-2005* link at the bottom of the page and click on the latest available month (this should be the second line down, below the line entitled *Final Outturn 2004*), from where you can select the various levels of expenditure. Final budget and expenditure information for previous years is also available within this list, and can be accessed by selecting *Final Outturn* for the financial year of interest.

Financial information for 2005-06 will be available from March 2005.

Sources:

National Assembly for Wales Intranet
National Assembly for Wales Internet
HM Treasury Web site
The Government of Wales Act 1998
Standing Order 21 - Financial Procedures
Welsh Assembly Government Financial Planning Division

⁸ <http://assembly/finance/>

8 Glossary

Aggregate External Finance (AEF) - The sum of Revenue Support Grant (RSG), the distributable amount of non-domestic rates and certain specific government grants issued to support the current element of local government revenue expenditure.

Annually Managed Expenditure (AME) – Demand led expenditure which is reviewed as part of the annual Budget process. This expenditure cannot be subject to 3 year plans. AME covers items, such as Housing Revenue Account Subsidy, whose provision is reviewed and set for the coming year annually (in March) and certain self-financed expenditure e.g. council tax, non-domestic rates. The AME element of the Budget is reviewed twice-annually and forecasts are made for the three years ahead. This element of the Budget may therefore move up or down and will therefore affect the overall Budget. As AME is demand led and ring fenced, AME cannot be recycled from one AME programme to another nor used to increase the DEL.

Barnett Formula - The formula by which the assigned budget (previously known as the Welsh Block) is calculated. The share of public expenditure which the Assembly secures reflects the relative populations in Wales and England, and which currently stands at 5.89%. The Barnett formula does not determine the size of the assigned budget, rather it determines the size of the change to the assigned budget.

Budget Expenditure Lines (BEL) - The Assembly's budget is broken down into several levels of detail for monitoring and control purposes. Budget Expenditure Lines (BEL) are the smallest level of detail published within the Assembly budget and are grouped together to form Sub Expenditure Groups (SEG). Underlying each BEL are account codes.

Budget Planning Round - The mechanism the Assembly uses to align its spending plans to its strategic objectives.

Capital Charge - Under Resource Accounting Budgeting (RAB) a Capital charge is levied to approximate the cost of using assets in service delivery. This is made up of the cost of capital and depreciation.

Capital Expenditure - is spending on fixed assets intended to benefit future accounting periods or expenditure that increases the capacity, efficiency, lifespan or economy of an existing fixed asset. Capital expenditure includes spending on buildings and fixed assets such as furniture and equipment that tend to depreciate over time.

Comprehensive Spending Review (CSR) - A Government-wide review, begun in 1997 and completed in July 1998, of how resources are used within Departments' programmes, and the allocation of resources between programmes. The outcome was announced in the White paper 'Modern Public Services for Britain: Investing in Reform', and in a consultation paper by the Welsh Office, 'Modern Public Services for Wales'. The CSR should not be confused with Spending Reviews (SR), which take place every two years.

Consolidated Fund - The central fund into which taxation and other public revenues and receipts are paid and from which the Government's expenditure is met.

Cost of Capital - The cost of capital is a nominal charge on the value of assets tied up in an organisation. This charge has been introduced to measure the "opportunity cost of capital" i.e. the cost of not investing in other sectors.



Current Expenditure – Spending other than capital expenditure, which includes most direct expenditure on public sector pay and providing services. It does not include the purchase of tangible, physical assets.

Departmental Expenditure Limits (DEL) – Fixed three year spending plans controlled directly by Departments, in this case the Assembly, with greater freedom to carry forward unspent provision, allowing for longer-term planning and management of resources. The UK Government, following the Spending Review of all public spending by the central government departments, establishes the level of provision available in the DEL. These are normally only reviewed if inflation varies substantially from forecast made at the time of the spending review (plus or minus 2 per cent). Expenditure is split between “assigned” and “non-assigned” budget items. Assigned budget items (previously known as “block”) are undifferentiated, as devolved administrations have full discretion over these.

Depreciation - A measure of the fall in value of a tangible fixed asset as a result of general usage, passage of time or obsolescence through technological or market changes.

End Year Flexibility (EYF) – Any unspent DEL is carried forward into the next financial year and is known as End Year Flexibility (EYF). This ensures that any underspend remains available to the Assembly rather than being returned to the Treasury.

Hypothecated Funding – Ring-fenced funding, which must be spent on particular services or initiatives.

Main Expenditure Groups (MEG) - The Assembly's budget is broken down into several levels of detail for monitoring and control purposes. Main Expenditure Groups (MEG) are at the highest level of this detail. Ministerial portfolios correspond to the MEG level of detail. Below MEG level, expenditure is identified by Sub-Expenditure Groups (SEG) and, within this, Budget Expenditure Lines (BEL).

Resource Accounting Budgeting (RAB) - Resource Accounting and Budgeting (RAB) is a system of planning, controlling and reporting on public spending for government. Resource accounts are accruals based accounts. Accruals accounting is a method of recording expenditure as it is incurred, not when it is paid out, and income as it is earned, not when it is received. Resource accounts provide more useful information than a simple record of cash paid out and received. They record the full costs of activities (e.g. in the use of assets as well as cash spent).

Revenue Support Grant (RSG) – Revenue Support Grant is paid to local authorities by the National Assembly for Wales as a major element of support for local authority revenue expenditure. In order to arrive at the aggregate amount of RSG, the National Assembly for Wales determines a level of total standard spending and then sets the level of Aggregate External Finance (AEF). RSG is the balancing item within AEF after the distributable amount of non-domestic rates and the levels of certain specific government grants towards revenue expenditure have been decided.

Spending Review (SR) - Spending Reviews set firm and fixed three-year Departmental Expenditure Limits and, through Public Service Agreements, define the key improvements that the public can expect from these resources. The 1998 Comprehensive Spending Review set spending plans and Public Service Agreements for 1999-2000 to 2001-02. Since the 1998 Comprehensive Spending Review there have been three Spending



Reviews, in 2000 (which set spending plans and Public Service Agreements for 2001-02 to 2003-04), 2002 (setting spending plans and Public Service Agreements for 2003-04 to 2005-06), and 2004 (for 2005-06 to 2007-08).

Spending Review and Evaluation Exercise (SpREE) – an Assembly Spending Review informing the Assembly's draft budget for the three years 2005-06, 2006-07 and 2007-08.

Standard Spending Assessments (SSAs) - Standard Spending Assessments are centrally determined assessments of each local authority's need to spend on revenue services, on the total standard spending basis. They are calculated just prior to the year to which they relate using principles established by the National Assembly for Wales encompassing the demographic, physical and social characteristics of each area, as reflected by a range of indicators.

Sub-Expenditure Groups (SEG) - The Assembly's budget is broken down into several levels of detail for monitoring and control purposes. Sub-Expenditure Groups (SEG) are the second level of detail below Main Expenditure Groups (MEG) and define discrete groups of expenditure within each MEG. Each Assembly Sponsored Public Body (ASPB) has its own SEG.

Total Managed Expenditure (TME) – The combined total of the two budget elements DEL and AME.

Unhypothecated Funding – Funding allocated without restrictions on how it should be spent.

9 Members' Research Service Budget Tables

In response to requests for simplified budget tables, and information outlining expenditure over time, the Members' Research Service has produced two tables which provide this information on a Sub Expenditure Group (SEG) basis.

Table 1

Table 1 reproduces budget information for 2004-05 to 2007-08 from the 2004 draft budget, by SEG, for each MEG. This table aims to simplify the information given in the draft budget proposals, and provide a year on year calculation of budget changes (the draft budget shows changes for each year against the baseline figure for 2005-06).

Table 1 shows (by column):

- 1. 2004-05 Supplementary** – 2004-05 budget at the time of the supplementary budget published in March 2004, and as shown as Original Plans in the 2004 budget draft proposals. As in the draft budget and as outlined above, there are some minor changes to these figures to allow for the movement of programmes between MEG and SEG since the supplementary budget was published;
- 2. 2005-06 Draft** – 2005-06 draft budget published on 11 October 2004;
- 3. 2006-07 Indicative Plans** – Indicative budget plans for 2006-07;
- 4. 2007-08 – Indicative Plans** - Indicative budget plans for 2007-08;
- 5. Changes from 2004-05 to 2005-06** – Year on year change between the 2004-05 supplementary and 2005-06 draft budget;
- 6. Changes from 2005-06 to 2006-07** – Year on year change between the 2005-06 draft and 2006-07 indicative budget;
- 7. Changes from 2006-07 to 2007-08** – Year on year change between the 2006-07 indicative and 2007-08 indicative budget;

Table 2

Table 2 shows budget and expenditure information for 2002-03 and 2003-04, by SEG, for each Main Expenditure Group (MEG), and budget information for 2004-05 and 2005-06. There is a comparison of expenditure with the budget for 2002-03 and 2003-04, and a year on year comparison of the budget for this and next year.

It is intended that, where possible, this table gives a broad view of budget and expenditure over time in order to give an indication as to where budget pressures have been experienced in the past, to highlight where these pressures have been addressed in later budgets, and to help Members in determining budget priorities.

There are a number of limitations to this analysis. Responsibilities have shifted between Ministerial portfolios over time. Some programmes have been moved between SEGs,



while others have been merged with other programmes and often renamed. Where possible, the expenditure lines for Sub Expenditure Groups have been shifted to reflect their current position within Ministerial portfolios⁹. Where SEG names have changed, it has not been possible in the scope of this exercise to track and make allowances for these programme changes.

Furthermore, care should be taken in considering the 2003-04 expenditure figures insofar as these are provisional and not yet complete.

Table 2 shows (by column):

1. **2002-03 Budget** – 2002-03 budget at March 2003 as published in the Assembly Budget Reports for 2002-03¹⁰;
2. **2002-03 Expenditure** – Expenditure for the 2002-03 financial year;
3. **2003-04 Budget** – 2003-04 budget at March 2004 as published in the Assembly Budget Reports for 2003-2004¹¹;
4. **2003-04 Expenditure to date** – Expenditure for the 2003-04 financial year (provisional figures);
5. **2004-05 Supplementary** – 2004-05 budget at the time of the supplementary budget published in March 2004, and as shown as Original Plans in the 2004 budget draft proposals. As in the draft budget, there are some minor changes to these figures to allow for the movement of programmes between MEG and SEG since the supplementary budget was published;
6. **2005-06 Draft** – 2005-06 draft budget published on 11 October 2004;
7. **2002-03 Expenditure compared with 2002-03 budget** – Comparing budget and expenditure for the 2002-03 financial year (*where expenditure exceeds budget, figures are shown as negative*);
8. **2003-04 Expenditure compared with 2003-04 budget** – Comparing budget and expenditure for the 2003-04 financial year (*provisional expenditure figures - where expenditure exceeds budget, figures are shown as negative*);
9. **Changes from 2003-04 to 2004-05** – Year on year change between the 2003-04 budget at March 2004 and 2004-05 supplementary budget;
10. **Changes from 2004-05 to 2005-06** – Year on year change between the 2004-05 supplementary and 2005-06 draft budget;

⁹ These changes consist of:

Wanless Review Implementation BEL moved from *Other Health and Social Services* SEG to *Local Health Boards and NHS Trusts* SEG in the *Health and Social Services* MEG.

Supporting People BEL moved from *Other Housing Revenue* SEG to *Supported Housing Revenue Grant* SEG in the *Social Justice & Regeneration* MEG.

School Milk has moved from the *Agriculture and Fisheries Policy* SEG in the *Environment Planning and Countryside* MEG to the *Other Education* SEG in the *Education and Lifelong Learning* MEG

¹⁰ http://qfin400/Misoutput/AssemblyBudget/March2003/MIS_Budget_by_SEG/MIS9_by_SEG.htm

¹¹ http://qfin400/Misoutput/AssemblyBudget/March2004/MIS_Budget_by_SEG/MIS9_by_SEG.htm

Members' Research Service: Research Paper
Gwasanaeth Ymchwil yr Aelodau: Papur Ymchwil



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

NATIONAL ASSEMBLY FOR WALES' 2005-2006 DRAFT BUDGET
Table 1: Budget Comparisons

								£'000
								Year on Year Changes
Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08	
HEALTH AND SOCIAL SERVICES								
Local Health Boards and NHS Trusts	3,587,514	3,813,509	4,014,651	4,273,034	225,995	201,142	258,383	
Education and Training	151,503	164,169	175,533	179,219	12,666	11,364	3,686	
Family Health Services	538,097	586,597	617,997	632,349	48,500	31,400	14,352	
Health Improvement	43,101	47,328	49,790	51,757	4,227	2,462	1,967	
Health Promotion	4,868	4,868	14,868	19,368	0	10,000	4,500	
Food Standards	2,352	2,352	2,352	2,352	0	0	0	
Welfare Food	11,000	9,000	9,000	9,000	-2,000	0	0	
Children	81,953	94,051	108,693	113,227	12,098	14,642	4,534	
Personal Social Services - General Capital Funding	6,477	6,477	6,477	6,477	0	0	0	
Other Health and Social Services	142,175	162,895	205,895	215,895	20,720	43,000	10,000	
Social Services Inspectorate (Wales)	14,150	14,150	14,150	14,150	0	0	0	
Health and Social Services of which : depreciation	12,491	0	12,491	12,491	-12,491	12,491	0	
HEALTH AND SOCIAL SERVICES - TOTAL	4,583,190	4,905,396	5,219,406	5,516,828	322,206	314,010	297,422	

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
<u>LOCAL GOVERNMENT</u>							
Local Authority Revenue	3,317,395	3,472,490	3,591,564	3,724,267	155,095	119,074	132,703
Non Domestic Rates Collection Costs	5,172	5,172	5,172	5,172	0	0	0
Valuation Office and Local Government Other Services	14,920	38,449	38,265	39,093	23,529	-184	828
Local Government: of which depreciation	3	3	3	3	0	0	0
LOCAL GOVERNMENT - TOTAL	3,337,487	3,516,111	3,635,001	3,768,532	178,624	118,890	133,531

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
<u>SOCIAL JUSTICE & REGENERATION</u>							
Social Housing Grant	59,400	76,400	86,400	96,400	17,000	10,000	10,000
Supported Housing Revenue Grant	16,477	15,064	16,425	16,796	-1,413	1,361	371
Housing - General Capital Funding / SCAs	211,200	211,200	211,200	211,200	0	0	0
Supporting people (AME) (1)	121,000	97,000	97,000	97,000	-24,000	0	0
Other Housing Revenue	155,969	135,389	136,321	136,702	-20,580	932	381
Housing Revenue Account Subsidy (AME) (1)	-78,000	-70,000	-70,000	-70,000	8,000	0	0
Community Purposes	68,619	73,273	79,047	94,842	4,654	5,774	15,795
Other Regeneration	2,104	2,248	2,292	2,238	144	44	-54
Safer Communities	20,725	22,991	24,093	25,899	2,266	1,102	1,806
Pathway to prosperity - social economy	389	1,000	1,001	1,006	611	1	5
Support for the Voluntary Sector	6,912	7,607	7,804	8,254	695	197	450
Equality	655	664	674	683	9	10	9
Social Justice and Regeneration Reserve	2,000	0	0	0	-2,000	0	0
SOCIAL JUSTICE & REGENERATION - TOTAL	466,450	475,836	495,257	524,020	9,386	19,421	28,763
SOCIAL JUSTICE & REGENERATION - TOTAL EXCLUDING AME	423,450	448,836	468,257	497,020	25,386	19,421	28,763

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
ENVIRONMENT, PLANNING AND COUNTRYSIDE							
Planning	7,296	7,296	7,296	7,296	0	0	0
Flood and Coast Protection	9,398	13,430	13,430	13,930	4,032	0	500
Other Environmental Services	1,492	1,492	1,992	1,992	0	500	0
National Parks	10,229	10,619	11,729	12,979	390	1,110	1,250
Countryside Council for Wales (CCW)	42,507	44,011	44,671	44,571	1,504	660	-100
Environment Agency	21,510	22,010	22,510	23,010	500	500	500
Countryside Grants	2,087	2,107	2,137	2,157	20	30	20
Waste Strategy	29,544	41,044	52,444	60,644	11,500	11,400	8,200
Habitats Regulations	155	155	155	155	0	0	0
Sustainable Development	932	932	932	932	0	0	0
Regeneration and other Local Services- General Capital Funding	18,324	18,324	18,324	18,324	0	0	0
Tir Cymru (AME) EC (1)	5,228	5,228		5,228	0	-5,228	5,228
Tir Cymru	50,507	57,176	59,314	59,353	6,669	2,138	39
Market Support Schemes (AME) EC (1)	165,196	165,024	165,024	165,024	-172	0	0

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
Forestation Schemes (AME) EC (1)	213	213	213	213	0	0	0
Other Agri-environment schemes (AME) EC (1)	4,617	4,617	4,617	4,617	0	0	0
Organic Conversion Scheme (AME) EC (1)	1,301	1,301	1,301	1,301	0	0	0
Rural Development Plan / Structural Funds Programme	22,042	22,042	22,042	22,042	0	0	0
Rural Policy Division	4,050	6,050	6,050	6,050	2,000	0	0
Food and Farming Development	3,949	3,979	3,959	4,239	30	-20	280
Rural development programme	900	500	500	500	-400	0	0
Animal Health	7,841	13,841	16,841	16,841	6,000	3,000	0
Agriculture and Fisheries Policy	1,879	2,879	3,579	3,179	1,000	700	-400
Other Agriculture Services	3,111	5,311	3,711	8,311	2,200	-1,600	4,600
Plant Health Services	157	157	157	157	0	0	0
Woodland grants EU Funded (AME) (1)	600	600	600	600	0	0	0
Forestry Commission	10,250	10,943	11,013	11,083	693	70	70
Forest Enterprise	17,908	18,508	19,108	19,708	600	600	600
Of which : depreciation	2,688	2,688	2,688	2,688	0	0	0
ENVIRONMENT, PLANNING AND COUNTRYSIDE - TOTAL	431,264	467,830	486,918	502,477	36,566	19,088	15,559
ENVIRONMENT, PLANNING AND COUNTRYSIDE - TOTAL EXCLUDING AME	254,109	290,847	315,163	325,494	36,738	24,316	10,331

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
<u>ECONOMIC DEVELOPMENT AND TRANSPORT</u>							
RSA AND OTHER BUSINESS SUPPORT	89,215	100,065	107,815	102,815	10,850	7,750	-5,000
ICT Advice Infrastructure	13,982	14,237	15,982	13,982	255	1,745	-2,000
Pathway To Prosperity Fund	20,165	20,165	20,165	20,165	0	0	0
Welsh Development Agency	209,241	209,241	209,241	210,941	0	0	1,700
Transfers to Local Government from Cardiff Bay Development Corporation	15,819	15,819	15,819	15,819	0	0	0
Wales Tourist Board	22,557	22,557	22,557	22,557	0	0	0
Other Economic Development	906	12,306	9,406	7,906	11,400	-2,900	-1,500
WEFO - European Funding	268,225	268,225	268,225	268,225	0	0	0
Cost of Capital (AME) (1)	233,499	233,499	233,499	233,499	0	0	0
Trunk Roads, Motorways and Transport Services	554,782	574,666	585,871	592,004	19,884	11,205	6,133
Transport Grant & Other LA Grants	123,413	149,548	141,163	142,793	26,135	-8,385	1,630
Local Transport Services Grant	8,800	8,800	8,800	8,800	0	0	0
Roads- General Capital Funding	19,809	19,809	19,809	19,809	0	0	0
Miscellaneous Transport	2,750	750	2,750	2,750	-2,000	2,000	0
Of which : depreciation	152,041	152,041	152,041	152,041	0	0	0
ECONOMIC DEVELOPMENT AND TRANSPORT - TOTAL	1,349,664	1,416,188	1,427,603	1,428,566	66,524	11,415	963
ECONOMIC DEVELOPMENT AND TRANSPORT - TOTAL EXCLUDING AME	1,116,165	1,182,689	1,194,104	1,195,067	66,524	11,415	963

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
EDUCATION AND LIFELONG LEARNING							
Training & Enterprise Support	14,657	15,657	17,657	19,657	1,000	2,000	2,000
Careers Wales	36,900	35,875	36,772	37,691	-1,025	897	919
National Council - ELWa	518,862	546,323	566,445	578,076	27,461	20,122	11,631
Higher Education Funding Council for Wales	361,899	382,827	395,495	404,724	20,928	12,668	9,229
Education Maintenance Allowances (AME) (1)	0	20,150	27,750	29,950	20,150	7,600	2,200
Student Access Funds	42,901	59,051	70,601	73,351	16,150	11,550	2,750
Youth Initiatives	5,032	5,532	12,032	36,032	500	6,500	24,000
Teaching : Restructuring	16,625	43,190	55,729	56,269	26,565	12,539	540
Schools Capital	52,185	84,185	84,185	84,185	32,000	0	0
Education - General Capital Funding	54,939	54,939	54,939	54,939	0	0	0
GEST	59,710	60,460	60,460	60,460	750	0	0
ACCAC	12,797	16,452	19,323	17,696	3,655	2,871	-1,627
Other Education	37,838	53,993	72,938	102,438	16,155	18,945	29,500
Estyn	14,575	15,719	15,298	15,593	1,144	-421	295
Of which : depreciation	649	645	645	645	-4	0	0
EDUCATION AND LIFELONG LEARNING - TOTAL	1,228,920	1,374,203	1,461,874	1,541,111	145,283	87,671	79,237
EDUCATION AND LIFELONG LEARNING - TOTAL EXCLUDING AME	1,228,920	1,354,053	1,434,124	1,511,161	125,133	80,071	77,037

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
CULTURE, WELSH LANGUAGE AND SPORT							
Provisions for Pensions (AME) (1)	15,663	15,663	15,663	15,663	0	0	0
National Museums & Galleries of Wales	37,711	40,000	40,881	41,618	2,289	881	737
Provisions for Pensions (AME) (1)	6,774	6,774	6,774	6,774	0	0	0
National Library for Wales	18,643	18,643	19,493	19,493	0	850	0
Arts Council of Wales	2,154	2,446	2,514	2,579	292	68	65
Sports Council for Wales	2,720	3,085	3,268	3,461	365	183	193
Welsh Language	3,439	3,715	3,715	3,715	276	0	0
Other Arts and Libraries	1,019	1,019	1,019	1,019	0	0	0
Culture Fund	49,612	60,783	62,080	68,872	11,171	1,297	6,792
RCAHM	1,614	1,847	1,847	1,847	233	0	0
Cadw	7,748	8,232	8,282	8,332	484	50	50
Of which : depreciation	0	0	0	0	0	0	0
CULTURE, WELSH LANGUAGE AND SPORT - TOTAL	124,660	139,770	143,099	150,936	15,110	3,329	7,837
CULTURE, WELSH LANGUAGE AND SPORT - TOTAL EXCLUDING AME	102,223	117,333	120,662	128,499	15,110	3,329	7,837

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
AUDITOR GENERAL FOR WALES / SINGLE PUBLIC AUDIT BODY	2,798	4,487	4,599	4,714	1,689	112	115
PUBLIC SERVICES OMBUDSMAN FOR WALES	600	800	820	840	200	20	20
Members and Officials Pay and Allowances	18,395	19,944	20,443	20,954	1,549	499	511
Assembly Parliamentary Service General Administrative Expenditure	8,231	9,136	9,361	9,592	905	225	231
Of which : depreciation	65	65	65	65	0	0	0
ASSEMBLY PARLIAMENTARY SERVICE	26,626	29,080	29,804	30,546	2,454	724	742

Sub-Expenditure Groups	2004-05 Supplementary	2005-06 Draft	2006-07 Indicative Plans	2007-08 Indicative Plans	Year on Year Changes		
					Changes from 2004- 05 to 2005- 06	Changes from 2005- 06 to 2006- 07	Changes from 2006- 07 to 2007- 08
<u>CENTRAL ADMINISTRATION</u>							
Staff Costs and Salaries	126,091	134,581	138,641	142,856	8,490	4,060	4,215
Capital and Current Costs	45,204	45,304	45,699	46,086	100	395	387
Other Central Administration Costs	-362	-362	-362	-362	0	0	0
Election and other Costs	110	110	110	110	0	0	0
Of which : depreciation	1,540	1,540	1,540	1,540	0	0	0
CENTRAL ADMINISTRATION	171,043	179,633	184,088	188,690	8,590	4,455	4,602
OTHER ASSEMBLY SERVICES	2,489	3,039	2,739	2,739	550	-300	0
<u>Reserves</u>							
Reserve	55,704	120,410	416,524	647,473	64,706	296,114	230,949
TOTAL ASSEMBLY EXPENDITURE	11,780,895	12,632,783	13,507,732	14,307,472	851,888	874,949	799,740
THE WALES OFFICE	4,189	4,189	4,189	4,189	0	0	0
Of which : depreciation	35	35	35			0	-35
TOTAL WELSH BUDGET	11,785,084	12,636,972	13,511,921	14,311,661	851,888	874,949	799,740

NATIONAL ASSEMBLY FOR WALES' 2005-2006 DRAFT BUDGET

Table 2: Comparisons with 2002-03 and 2003-04 Expenditure

£'000											
Sub-Expenditure Groups	2002-03 figures		2003-04 figures			Expenditure comparison				Budget Changes	
	2002-03 budget	2002-03 Expenditure	2003-04	Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06
	HEALTH AND SOCIAL SERVICES										
Local Health Boards and NHS Trusts	3,138,349	3,105,158	3,484,673		3,481,053	3,587,514	3,813,509	33,191	3,620	102,841	225,995
Education and Training	133,209	135,081	152,259		193,515	151,503	164,169	-1,872	-41,256	-756	12,666
Family Health Services	344,060	338,671	364,060		359,957	538,097	586,597	5,389	4,103	174,037	48,500
Health Improvement	36,209	31,147	39,247		33,707	43,101	47,328	5,062	5,540	3,854	4,227
Health Promotion	4,151	4,440	3,056		4,097	4,868	4,868	-289	-1,041	1,812	0
Food Standards	2,351	2,315	2,277		2,220	2,352	2,352	36	57	75	0
Welfare Food	12,000	10,907	8,300		8,447	11,000	9,000	1,093	-147	2,700	-2,000
Children	43,395	42,400	72,722		71,508	81,953	94,051	995	1,214	9,231	12,098
Social Disadvantage	16,212	15,286	0		1,087			926	-1,087		
Support for the Voluntary sector	7,331	7,221	975		799			110	176	-975	
Personal Social Services - General Capital Funding	6,477	6,477	6,477		6,477	6,477	6,477	0	0	0	0
Other Health and Social Services	94,212	92,864	100,139		95,684	142,175	162,895	1,348	4,455	42,036	20,720
Social Services Inspectorate (Wales)	8,086	7,876	11,200		9,748	14,150	14,150	210	1,452	2,950	0
Health and Social Services of which : depreciation						12,491	0			12,491	-12,491
HEALTH AND SOCIAL SERVICES - TOTAL	3,846,042	3,799,843	4,245,385		4,268,299	4,583,190	4,905,396	46,199	-22,914	337,805	322,206

	2002-03 figures		2003-04 figures				Expenditure comparison		Budget Changes		£'000
Sub-Expenditure Groups	2002-03 budget	2002-03 Expenditure	2003-04 Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06	
	LOCAL GOVERNMENT										
Local Authority Revenue	2,989,637	2,989,640	3,227,954	3,227,567	3,317,395	3,472,490	-3	387	89,441	155,095	
Non Domestic Rates Collection Costs	50,942	34,724	5,172	5,172	5,172	5,172	16,218	0	0	0	
Valuation Office and Local Government Other Services	28,233	25,754	22,079	20,502	14,920	38,449	2,479	1,577	-7,159	23,529	
Local Government: of which depreciation					3	3	0	0	3	0	
LOCAL GOVERNMENT - TOTAL	3,068,812	3,050,118	3,255,205	3,253,241	3,337,487	3,516,111	18,694	1,964	82,282	178,624	

	2002-03 figures		2003-04 figures				Expenditure comparison		Budget Changes		£'000
Sub-Expenditure Groups	2002-03 budget	2002-03 Expenditure	2003-04 Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06	
	SOCIAL JUSTICE & REGENERATION										
Social Housing Grant	56,400	54,786	56,400	51,613	59,400	76,400	1,614	4,787	3,000	17,000	
Supported Housing Revenue Grant	12,932	12,096	16,010	16,010	16,477	15,064	836	0	467	-1,413	
Housing - General Capital Funding / SCAs	209,203	209,899	206,853	207,827	211,200	211,200	-696	-974	4,347	0	
Supporting people (AME) (2)		0	122,000	118,304	121,000	97,000		3,696	-1,000	-24,000	
Other Housing Revenue	26,941	25,694	152,687	147,850	155,969	135,389	1,247	4,837	3,282	-20,580	
Housing Revenue Account Subsidy (AME) (2)	198,000	192,633	197,000	190,259	-78,000	-70,000	5,367	6,741	-275,000	8,000	
Community Purposes	27,314	25,759	73,789	90,994	68,619	73,273	1,555	-17,205	-5,170	4,654	
Other Regeneration	1,634	2,190	2,104	1,404	2,104	2,248	-556	700	0	144	
Safer Communities			12,994	12,282	20,725	22,991		712	7,731	2,266	
Pathway to prosperity - social economy			584	594	389	1,000		-10	-195	611	
Support for the Voluntary Sector			6,937	6,862	6,912	7,607		75	-25	695	
Equality			620	527	655	664		93	35	9	
Social Justice and Regeneration Reserve					2,000	0			2,000	-2,000	
SOCIAL JUSTICE & REGENERATION - TOTAL	532,424	523,057	725,978	726,222	466,450	475,836	9,367	-244	-259,528	9,386	
SOCIAL JUSTICE & REGENERATION - TOTAL EXCLUDING AME	334,424	330,424	406,978	417,659	423,450	448,836	4,000	-10,681	16,472	25,386	

	2002-03 figures		2003-04 figures				Expenditure compariso		Budget Changes		£'000
Sub-Expenditure Groups	2002-03 budget	2002-03 Expenditure	2003-04 Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06	
	ENVIRONMENT, PLANNING AND COUNTRYSIDE										
Planning	4,509	3,213	6,006	5,958	7,296	7,296	1,296	48	1,290	0	
Flood and Coast Protection	5,804	4,895	6,646	6,630	9,398	13,430	909	16	2,752	4,032	
Other Environmental Services	1,570	1,122	1,122	859	1,492	1,492	448	263	370	0	
National Parks	8,529	8,528	9,630	11,062	10,229	10,619	1	-1,432	599	390	
Countryside Council for Wales (CCW)	38,256	38,856	80,907	82,096	42,507	44,011	-600	-1,189	-38,400	1,504	
Environment Agency	17,903	17,698	18,515	18,515	21,510	22,010	205	0	2,995	500	
Countryside Grants	1,960	1,771	1,936	1,971	2,087	2,107	189	-35	151	20	
Waste Strategy	18,671	20,398	31,974	31,532	29,544	41,044	-1,727	442	-2,430	11,500	
Habitats Regulations			120	0	155	155	0	120	35	0	
Sustainable Development	888	493	932	657	932	932	395	275	0	0	
Regeneration and other Local Services- General Capital Funding	18,324	18,324	18,324	18,324	18,324	18,324	0	0	0	0	
Tir Mynydd (AME) EC (2)			5,234	4,544				690	-5,234		
Tir Mynydd			28,413	26,981				1,432	-28,413		
Tir Cymru (AME) EC (2)					5,228	5,228			5,228	0	
Tir Cymru					50,507	57,176			50,507	6,669	
Market Support Schemes (AME) EC (2)	175,444	169,545	197,005	183,250	165,196	165,024	5,899	13,755	-31,809	-172	
Forestation Schemes (AME) EC (2)	187	249	261	209	213	213	-62	52	-48	0	
Other Agri-environment schemes (AME) EC (2)	2,016	4,087	4,700	3,431	4,617	4,617	-2,071	1,269	-83	0	
Organic Conversion Scheme (AME) EC (2)	1,271	935	1,151	1,675	1,301	1,301	336	-524	150	0	
Rural Development Plan / Structural Funds Programme	1,365	893	35,913	40,735	22,042	22,042	472	-4,822	-13,871	0	
Rural Policy Division			4,151	4,119	4,050	6,050		32	-101	2,000	
Food and Farming Development			2,424	1,754	3,949	3,979		670	1,525	30	
Rural development programme			465	164	900	500		301	435	-400	
Animal Health			14,082	12,963	7,841	13,841		1,119	-6,241	6,000	
Agriculture and Fisheries Policy			2,779	2,433	1,879	2,879		346	-900	1,000	
Other Agriculture Services	28,078	24,660	5,261	4,688	3,111	5,311	3,418	573	-2,150	2,200	
Plant Health Services	277	122	142	71	157	157	155	71	15	0	
Woodland grants EU Funded (AME) (2)	600	900	600	700	600	600	-300	-100	0	0	
Forestry Commission	9,200	8,775	11,170	10,570	10,250	10,943	425	600	-920	693	
Forest Enterprise	23,753	24,486	21,538	18,760	17,908	18,508	-733	2,778	-3,630	600	
HLCAs (non-assigned budget)	31,704	42,496					-10,792				
Agri-environmental schemes (EC)	3,473	8,408					-4,935				
Agri-environment schemes (UK)	7,213	5,442					1,771				
Tir Gofal	11,900	7,654					4,246				
Foot and Mouth Rural Recovery Plan	225	313					-88				
Of which : depreciation							0				
ENVIRONMENT, PLANNING AND COUNTRYSIDE - TOTAL	412,520	413,363	510,801	493,951	431,264	467,830	-843	16,850	-79,537	36,566	
ENVIRONMENT, PLANNING AND COUNTRYSIDE - TOTAL EXCLUDING AME	233,002	237,647	301,850	300,142	254,109	290,847	-4,645	1,708	-47,741	36,738	

	2002-03 figures		2003-04 figures				Expenditure comparison		Budget Changes		£'000
Sub-Expenditure Groups	2002-03 budget	2002-03 Expenditure	2003-04 Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06	
	ECONOMIC DEVELOPMENT AND TRANSPORT										
RSA AND OTHER BUSINESS SUPPORT	75,909	85,772	85,366	64,162	89,215	100,065	-9,863	21,204	3,849	10,850	
ICT Advice Infrastructure	13,864	13,649	9,725	8,818	13,982	14,237	215	907	4,257	255	
Pathway To Prosperity Fund	19,620	19,440	35,060	29,921	20,165	20,165	180	5,139	-14,895	0	
Welsh Development Agency	258,893	251,048	230,577	230,300	209,241	209,241	7,845	277	-21,336	0	
Transfers to Local Government from Cardiff Bay Development Corporation	12,383	10,661	15,519	13,296	15,819	15,819	1,722	2,223	300	0	
Wales Tourist Board	25,218	25,225	26,004	25,360	22,557	22,557	-7	644	-3,447	0	
Other Economic Development	780	436	3,054	2,211	906	12,306	344	843	-2,148	11,400	
WEFO - European Funding	156,594	136,517	223,688	225,295	268,225	268,225	20,077	-1,607	44,537	0	
Cost of Capital (AME) (2)	550,452	649,140	233,499	273,422	233,499	233,499	-98,688	-39,923	0	0	
Trunk Roads, Motorways and Transport Services	712,028	811,368	540,232	580,352	554,782	574,666	-99,340	-40,120	14,550	19,884	
Transport Grant & Other LA Grants	80,565	76,671	57,615	59,242	123,413	149,548	3,894	-1,627	65,798	26,135	
Local Transport Services Grant	7,520	7,469	8,550	8,370	8,800	8,800	51	180	250	0	
Roads- General Capital Funding	19,809	19,809	19,809	19,809	19,809	19,809	0	0	0	0	
Miscellaneous Transport			150	38	2,750	750	0	112	2,600	-2,000	
Of which : depreciation					152,041	152,041	0	0	152,041	0	
ECONOMIC DEVELOPMENT AND TRANSPORT - TOTAL	1,383,183	1,458,065	1,255,349	1,267,174	1,349,664	1,416,188	-74,882	-11,825	94,315	66,524	
ECONOMIC DEVELOPMENT AND TRANSPORT - TOTAL EXCLUDING AME	832,731	808,925	1,021,850	993,752	1,116,165	1,182,689	23,806	28,098	94,315	66,524	

	2002-03 figures		2003-04 figures				Expenditure comparison		Budget Changes		£'000
Sub-Expenditure Groups	2002-03 budget	2002-03 Expenditure	2003-04 Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06	
	EDUCATION AND LIFELONG LEARNING										
Training & Enterprise Support	1,978	4,587	16,622	15,859	14,657	15,657	-2,609	763	-1,965	1,000	
Careers Wales	32,800	32,722	35,000	35,425	36,900	35,875	78	-425	1,900	-1,025	
National Council - ELWa	475,761	479,593	483,870	476,747	518,862	546,323	-3,832	7,123	34,992	27,461	
Higher Education Funding Council for Wales	338,831	338,678	350,660	346,723	361,899	382,827	153	3,937	11,239	20,928	
Education Maintenance Allowances (AME) (2)					0	20,150	0	0	0	20,150	
Student Access Funds	29,459	29,614	34,373	34,341	42,901	59,051	-155	32	8,528	16,150	
Youth Initiatives		0	3,022	2,887	5,032	5,532	0	135	2,010	500	
Teaching : Restructuring	27,240	26,225	22,826	21,280	16,625	43,190	1,015	1,546	-6,201	26,565	
Schools Capital	45,185	33,876	57,886	60,560	52,185	84,185	11,309	-2,674	-5,701	32,000	
Education - General Capital Funding	54,939	54,939	54,939	54,939	54,939	54,939	0	0	0	0	
GEST	75,736	75,332	70,110	70,072	59,710	60,460	404	38	-10,400	750	
ACCAC	12,496	12,515	12,060	12,060	12,797	16,452	-19	0	737	3,655	
Other Education	17,943	16,272	31,437	27,475	37,838	53,993	1,671	3,962	6,401	16,155	
Promotion of Lifelong Learning	13,204	10,122					3,082				
Research Development Fund	11,500	11,500					0				
Schools Capital (Welfare to Work)		0					0				
Estyn	11,263	8,292	13,887	9,406	14,575	15,719	2,971	4,481	688	1,144	
Of which : depreciation					649	645	0	0	649	-4	
EDUCATION AND LIFELONG LEARNING - TOTAL	1,148,335	1,134,267	1,186,692	1,167,773	1,228,920	1,374,203	14,068	18,919	42,228	145,283	
EDUCATION AND LIFELONG LEARNING - TOTAL EXCLUDING AME	1,148,335	1,134,267	1,186,692	1,167,773	1,228,920	1,354,053	14,068	18,919	42,228	125,133	

	2002-03 figures		2003-04 figures				Expenditure comparison		Budget Changes		£'000
Sub-Expenditure Groups	2002-03 budget	2002-03 Expenditure	2003-04 Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06	
	CULTURE, WELSH LANGUAGE AND SPORT										
Provisions for Pensions (AME) (2)			15,663	0	15,663	15,663	0	15,663	0	0	
National Museums & Galleries of Wales	21,596	24,411	36,887	36,924	37,711	40,000	-2,815	-37	824	2,289	
Provisions for Pensions (AME) (2)			6,774	0	6,774	6,774	0	6,774	0	0	
National Library for Wales	13,359	13,523	18,271	18,297	18,643	18,643	-164	-26	372	0	
Arts Council of Wales	21,442	21,566	2,154	2,137	2,154	2,446	-124	17	0	292	
Sports Council for Wales	10,311	10,392	2,430	2,430	2,720	3,085	-81	0	290	365	
Welsh Language	7,397	7,452	2,860	2,861	3,439	3,715	-55	-1	579	276	
Other Arts and Libraries	7,437	6,914	1,709	1,706	1,019	1,019	523	3	-690	0	
Culture Fund			52,334	49,877	49,612	60,783		2,457	-2,722	11,171	
RCAHM	1,947	1,795	1,884	1,740	1,614	1,847	152	144	-270	233	
Millennium Centre for Wales	14,680	14,356	12,934	12,464			324	470	-12,934		
Cadw	7,987	8,993	7,571	7,561	7,748	8,232	-1,006	10	177	484	
Of which : depreciation			0	0			0	0			
CULTURE, WELSH LANGUAGE AND SPORT - TOTAL	106,156	109,402	139,034	135,997	124,660	139,770	-3,246	3,037	-14,374	15,110	
CULTURE, WELSH LANGUAGE AND SPORT - TOTAL EXCLUDING AME	106,156	109,402	116,597	135,997	102,223	117,333	-3,246	-19,400	-14,374	15,110	

	2002-03 figures		2003-04 figures				Expenditure compariso		Budget Changes		£'000
Sub-Expenditure Groups	2002-03 budget	2002-03 Expenditure	2003-04 Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06	
	AUDITOR GENERAL FOR WALES (AND SINGLE PUBLIC AUDIT BODY FROM 2004-05)	2,401	2,390	2,698	2,610	2,798	4,487	11	88	100	1,689
WELSH ADMINISTRATION OMBUDSMAN	600	551	730	734	600	800	49	-4	-130	200	
SINGLE PUBLIC AUDIT BODY			400	0			0	400	-400		
COMMISSIONER FOR PUBLIC APPOINTMENTS			230	0			0	230	-230		
Members and Officials Pay and Allowances	16,103	14,346	17,947	15,863	18,395	19,944	1,757	2,084	448	1,549	
Presiding Office General Administrative Expenditure			8,034	7,788	8,231	9,136	0	246	197	905	
Assembly Accomodation and IT	9,513	8,349					1,164	0	0		
Of which : depreciation					65	65	0	0	65	0	
ASSEMBLY PARLIAMENTARY SERVICE	25,616	22,695	25,981	23,651	26,626	29,080	2,921	2,330	645	2,454	

	2002-03 figures		2003-04 figures				Expenditure comparison		Budget Changes		£'000
Sub-Expenditure Groups	2002-03 budget	2002-03 Expenditure	2003-04 Budget	2003-04 Expenditure to date (1)	2004-05 Supplementary	2005-06 Draft	2002-03 Expenditure compared with 2002-03 budget	2003-04 Expenditure compared with 2003-04	Changes from 2003-04 to 2004-05	Changes from 2004-05 to 2005-06	
	CENTRAL ADMINISTRATION										
Staff Costs and Salaries	104,405	102,365	120,920	114,500	126,091	134,581	2,040	6,420	5,171	8,490	
Capital and Current Costs	42,389	39,477	56,571	57,499	45,204	45,304	2,912	-928	-11,367	100	
Other Central Administration Costs	95	-27	-418	-499	-362	-362	122	81	56	0	
Election and other Costs	110	6	6,110	5,775	110	110	104	335	-6,000	0	
Invest to Save	5,038	6,193	0	94			-1,155	-94	0	0	
Of which : depreciation					1,540	1,540	0	0	1,540	0	
CENTRAL ADMINISTRATION	152,037	148,014	183,183	177,369	171,043	179,633	4,023	5,814	-12,140	8,590	
Other Assembly Services											
Other Assembly Services	2,368	2,150	2,639	2,486	2,489	3,039	218	153	-150	550	
OTHER ASSEMBLY SERVICES	2,368	2,150	2,639	2,486	2,489	3,039	218	153	-150	550	
Reserves											
Capital Charges/Depreciation			0	-8,103			0	8,103	0		
Reserve	2,356	-13,294	0	-8,103	55,704	120,410	15,650	8,103	55,704	64,706	
TOTAL ASSEMBLY EXPENDITURE (3)	10,682,850	10,650,621	11,534,305	11,503,301	11,780,895	12,632,783	32,229	31,004	246,590	851,888	
THE WALES OFFICE					4,189	4,189	0	0	4,189	0	
Of which : depreciation					35	35			35	0	
TOTAL WELSH BUDGET					11,785,084	12,636,972			11,785,084	851,888	
Source: Welsh Assembly Government											
<p>(1) The expenditure for 2003-2004 is, at present, only provisional and not complete. The final expenditure outturn will probably not be available until November. These figures should, therefore, be treated with caution.</p> <p>(2) AME - annually managed expenditure - is demand led and can only be allocated to the programme for which it is assigned. Further AME will be drawn down from the Treasury if it is needed, while any unspent portion will be returned to the Treasury.</p> <p>(3) 2002-03 and 2003-04 totals are sums of expenditures and budgets from various sources as advised by Welsh Assembly Government and may not tally with other published sources.</p>											