



Llywodraeth Cymru
Welsh Government

Welsh Government

Supplementary Budget Explanatory Note

February 2017

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1. Introduction

- 1.1** The Welsh Government today tabled the Second Supplementary Budget for 2016-17 in accordance with Standing Order 20. This budget amends the First Supplementary Budget approved by the Assembly on 12 July 2016.
- 1.2** The amendments include reprioritisations within portfolios, budget transfers between portfolios and a number of allocations from reserves.
- 1.3** This Supplementary Budget also reflects changes to the Wales DEL budget as a result of the UK Government's Autumn Statement announced on 23 November 2016 as well as transfers with UK Government Departments.
- 1.4** Changes proposed in this Supplementary Budget are summarised in Tables 1.1 to 1.4. Further details are available in the individual portfolio chapters.
- 1.5** This document supports the detailed 'Action Tables' available on the Welsh Government's website alongside this document.
- 1.6** A reconciliation between the portfolios budgets included in the Action Tables and those in the Budget Motion is provided at Annex 1.

Table 1.1 – Allocation of the Wales DEL – Supplementary Budget

MAIN EXPENDITURE GROUPS (MEGs)		£000s		
		Budget ¹ 2016-17	Changes	Revised Budget 2016-17
Departmental Expenditure Limits (DEL)				
Health, Well-being and Sport		7,016,347	187,138	7,203,485
Local Government		3,353,916	0	3,353,916
Communities and Children		734,001	32,058	766,059
Economy and Infrastructure		1,114,062	-242,659	871,403
Education		1,621,213	257,843	1,879,056
Environment and Rural Affairs		385,900	5,632	391,532
Central Services and Administration		321,057	3,676	324,733
Total Allocated to Welsh Government Portfolios		14,546,496	243,688	14,790,184
Resource Reserves	Fiscal Resource DEL	217,718	-148,113	69,605
	Non-Fiscal Resource DEL	209,871	220,153	430,024
Capital Reserves		173,747	11,971	185,718
Assembly Commission		54,438	0	54,438
Public Services Ombudsman for Wales		4,339	0	4,339
Auditor General for Wales		6,928	0	6,928
Direct Charges to the Welsh Consolidated Fund		707	0	707
Total Expenditure within the Wales DEL Budget		15,214,244	327,699	15,541,943

¹ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

Table 1.2 – Changes to the Welsh Government Resource DEL

MAIN EXPENDITURE GROUPS (MEGs)	£000s Fiscal Resource			£000s Non-Fiscal Resource		
	Budget ² 2016-17	Changes	Revised Budget 2016-17	Budget ³ 2016-17	Changes	Revised Budget 2016-17
Health, Well-being and Sport	6,572,192	179,751	6,751,943	170,779	4,017	174,796
Local Government	3,333,235	0	3,333,235	400	0	400
Communities and Children	357,631	4,888	362,519	0	0	0
Economy and Infrastructure	596,895	38,741	635,636	115,898	-327,898	-212,000
Education	1,338,514	31,921	1,370,435	106,931	226,100	333,031
Environment and Rural Affairs	275,260	2,273	277,533	3,340	8,441	11,781
Central Services and Administration	293,537	-6,051	287,486	16,000	0	16,000
Total Allocation to Welsh Government Portfolios	12,767,264	251,523	13,018,787	413,348	-89,340	324,008

² Budget figures as published in the Supplementary Budget Motion approved in July 2016.

³ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

Table 1.3 – Changes to the Welsh Government Capital DEL

MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	Budget ⁴ 2016-17	Changes	Revised Budget 2016-17
Health, Well-being and Sport	273,376	3,370	276,746
Local Government	20,281	0	20,281
Communities and Children	376,370	27,170	403,540
Economy and Infrastructure	401,269	46,498	447,767
Education	175,768	-178	175,590
Environment and Rural Affairs	107,300	-5,082	102,218
Central Services and Administration	11,520	9,727	21,247
Total Allocation to Welsh Government Portfolios	1,365,884	81,505	1,447,389

⁴ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

Table 1.4 – Wales AME Budget

MAIN EXPENDITURE GROUPS (MEGs)	£000s		
	Resource		
	Budget ⁵ 2016-17	Changes	Revised Budget 2016-17
Health, Well-being and Sport	135,400	130,200	265,600
Local Government	977,000	0	977,000
Communities and Children	32,627	454	33,081
Economy and Infrastructure	39,847	-13,466	26,381
Education	342,903	44,649	387,552
Environment and Rural Affairs	2,400	0	2,400
Central Services and Administration	2,652	-6	2,646
Total Welsh Government AME Budget	1,532,829	161,831	1,694,660
Assembly Commission	1,500	0	1,500
Public Services Ombudsman for Wales	-249	0	-249
Total Wales AME Budget	1,534,080	161,831	1,695,911

⁵ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

2. Key Allocations from Reserves

2.1 This budget regularises a number of allocations from reserves approved by the Welsh Government since the First Supplementary Budget. The key allocations are summarised below.

Increased Revenue Funding for the Health Service

2.2 In November 2016, the Cabinet Secretary for Health, Well-being and Sport announced an additional budget allocation of £50m from reserves to address winter pressures and to sustain and improve performance during the busy winter period.

2.3 At the same time the Cabinet Secretary for Finance and Local Government announced a further £68.4m allocation from reserves to help address overspends being forecast in two Health Boards. A further £7.5m was allocated in January for similar purposes.

2.4 In January 2017, funding of £16m was announced by the Welsh Government to support the launch of the new Treatment Fund.

2.5 Also in January, the Cabinet Secretary for Finance and Local Government allocated £27m to address the estimated shortfall of income from the Pharmaceutical Price Regulation Scheme.

Investment in Economy and Infrastructure

2.6 This budget provides investment of £33.4m in capital grants and loans to deliver economic development priorities supporting sustainable jobs and growth across the length and breadth of the country.

- 2.7** An additional £55.5m has been given to support construction and maintenance of the trunk road network in Wales. This includes capital investment of £47m and a further £8.5m revenue funding to establish Transport for Wales as a wholly owned subsidiary of the Welsh Government in preparation for franchise responsibilities.
- 2.8** In December 2016, the First Minister announced a package of support for the steel industry in Wales. This budget includes £4m allocated to Tata Steel for skills support.

Increased Higher Education Revenue Funding

- 2.9** An additional £20m funding has been allocated to the Higher Education Funding Council for Wales for a suite of measures to deal with current and future financial pressures relating to the implementation of the Diamond Report recommendations.

Investment in Social Housing

- 2.10** In November 2016, additional funding of £30m was announced by the Cabinet Secretary for Communities and Children in support of our Taking Wales Forward commitment to provide 20,000 affordable new homes across Wales. This will include continued support for construction via schemes such as the Social Housing Grant and Help to Buy.

3. Key changes in the Supplementary Budget

3.1 The key changes are summarised below.

Adjustments to Resource and Capital Baselines agreed with HM Treasury.

Fiscal Resource

3.2 There is a net increase to the Fiscal Resource DEL baseline of £51.1m, comprising:

- An increase of £2.6m consequential funding arising from UK Government decisions;
- An increase of £0.4m from HM Treasury in respect of an additional allocation relating to Fire Service Pensions;
- An increase of £2.6m from HM Treasury in respect of Wales' share of the Coastal Community Fund;
- An increase of £3.8m from HM Treasury in respect of EU Structural Funds;
- An increase of £0.2m from HM Treasury in respect of cash management rebate;
- An increase of £3.2m as a result of transfers with Other Government Departments;
- A decrease of £75m as a result of a switch to Capital within the Welsh Government DEL as agreed with HM Treasury; and
- An increase of £113.3m in respect of funding brought forward from 2015-16 under the HM Treasury's Budget Exchange System.

Non-Fiscal Resource

- 3.3** There is a net increase to the Non-Fiscal Resource DEL baseline of £168.1m comprising:
- £18.1m in respect of funding brought forward from 2015-16 under the Budget Exchange System; and
 - £150m additional allocation in respect of Student Loans.

Capital

- 3.4** There is a net increase to the Capital DEL baseline of £89.9m, comprising:
- An increase of £2.3m consequential funding arising from UK Government decisions;
 - An increase of £2.7m following a transfer from the Department of Energy and Climate Change (DECC) in respect of Energy Efficiency;
 - An increase of £75m as a result of a switch from Resource within the Welsh Government DEL agreed with HM Treasury; and
 - An increase of £9.9m in respect of funding brought forward from 2015-16 under the Budget Exchange System.

Switches between Resource and Capital

- 3.5** This budget contains a switch of £6m between Resource and Capital budgets within the Central Services and Administration MEG to optimise funding of Invest to Save and IT projects.
- 3.6** In addition, there is a switch of £23m between Capital and Resource budgets within the Economy and Infrastructure MEG in order to support the reclassification of maintenance costs under the latest Trunk Road Maintenance Manual (TRMM).
- 3.7** These switches do not affect the overall Wales DEL baseline position as the transfers are being managed within the Welsh Government budget.

Allocations to Welsh Government Portfolios from Reserves

Fiscal Resource DEL

- 3.8** There is a net transfer (not including transfers from UK Government departments) from reserves of £223.5m, comprising:
- £169.9m to the Health, Well-being and Sport MEG, which comprises:
 - £75.9m in respect of overspends being forecast by Health Boards;
 - £50m announced in November 2016, to help with winter pressures and to sustain and improve performance in the NHS;
 - £16m announced in January 2017 in respect of the new Treatment Fund;
 - £27m towards the estimated shortfall of income from the Pharmaceutical Price Regulation Scheme; and
 - £1m funding for the Air Ambulance Service.
 - £1.7m to the Communities and Children's MEG, which comprises:
 - £1.2m in respect of Childcare; and
 - £0.5m in respect of Action Aid for Children Swansea SAIL projects.
 - £18.1m to the Economy and Infrastructure MEG, which comprises:
 - £0.5m in respect of economic development priorities and the support of sustainable jobs and growth;
 - £4m in respect of training support for Tata Steel;
 - £5m in respect of the maintenance of the trunk road network;
 - £8.5m in respect of support for Transport for Wales; and
 - £0.1m to fund World War 1 commemorations.
 - £28m to the Education MEG which comprises:
 - £20m to invest in Welsh Government priorities in respect of Higher Education;
 - £4.5m towards raising school standards; and
 - £3.5m towards pressures on student finance support costs.

- £5.8m to the Central Services and Administration MEG comprising:
 - £3.8m transfer of UK Government consequential funding received to support EU Structural Funds Programmes; and
 - £2m towards the running costs of the National Procurement Service.

Non-Fiscal Resource DEL

3.9 There is a net transfer from reserves of £241.1m, comprising:

- £4m to the Health and Social Services MEG for additional depreciation and impairment of assets in the NHS Estate and the write off of obsolescent stock;
- £2.6m to the Economy and Infrastructure MEG in respect of additional depreciation charges relating ICT Infrastructure;
- £226.1m to the Education MEG comprising:
 - £226m towards the impairment of student loan's stock charge, including £150m from HM Treasury; and
 - £0.1m in respect of increased depreciation cover for Qualifications Wales; and;
- £8.4m to the Environment and Rural Affairs MEG in respect of depreciation of assets including those held by Natural Resources Wales.

Capital DEL

3.10 There is a net transfer (not including transfers from UK Government departments) from reserves of £110.6m, comprising:

- £30m to the Communities and Children MEG to support the Taking Wales Forward commitment to provide 20,000 affordable new homes.
- £80.6m to the Economy and Infrastructure MEG, comprising:
 - £22m towards the M4 route development;
 - £24.7m in respect of economic development priorities and the support of sustainable jobs and growth;

- £6.1m funding towards a new International Convention Centre Wales;
- £15m for the Eastern Bay Link Road;
- £10m for the A465 Section 2 Gilwern to Brynmawr;
- £2.6m for strategic investment to support priorities within the National Transport Finance Plan; and
- £0.2m in respect of World War 1 commemorations.

Amounts transferred to Reserves by Welsh Government Portfolios

Fiscal Resource

3.11 There is a net transfer to reserves of £1.8m, comprising:

- £0.4m from the Communities and Children MEG in respect of Housing Revenue Account Subsidy income receipts relating to prior years; and
- £1.4m from the Environment and Rural Affairs MEG in respect of wind farm income received by Natural Resources Wales.

Non Fiscal Resource

3.12 There is a net transfer to reserves of £330.5m from the Economy and Infrastructure MEG, comprising additional in-year cover for depreciation of the roads network of £76.5m less an adjustment to previous years' depreciation of £407m, following a change in the Roads Valuation Model.

Capital

3.13 There is a net transfer to reserves of £14.8m, comprising:

- £14.6m from the Economy and Infrastructure MEG in respect of loan repayments on borrowings made by Finance Wales plc; and
- £0.2m from the Education MEG in respect of other loan repayments.

4. Reserves and Carry Forward

- 4.1** As part of the agreement between the devolved administrations and the UK Government, the Welsh Government is able to carry forward underspends, up to an agreed cap. The agreed cap is 0.6% of the Resource DEL budget and 1.5% of the Capital DEL budget. However we have requested additional flexibility of £160m over and above the Capital carried forward limit for future support to the steel industry in Wales.
- 4.2** For 2016-17, this means that the cap will be £83.4m for Resource DEL which includes £78.9mm Fiscal Resource DEL and £4.5m Non-Fiscal Resource DEL, £184.5m for Capital.
- 4.3** Reserves are held in contingency and are available to cover any unforeseen events. These currently comprise £69.9m Fiscal Resource DEL and £185.7m Capital DEL.
- 4.4** We will carry forward any unused reserves and any portfolio underspends up to the agreed cap under the Budget Exchange System. The final amount carried forward will follow the publication of the Welsh Government's Consolidated Accounts 2016-17.
- 4.5** The Cabinet will decide on how best to utilise the funding in 2017-18. Some of the funding has been earmarked for projects delivering in 2017-18. This includes funding to safeguard the future of the steel industry in Wales and also the Cardiff Capital Region City Deal.

5. Health, Well-being and Sport

Overall Budget Changes

5.1 There has been an increase in the Health, Well-being and Sport DEL of £187.1m comprising an increase in Resource of £183.7m and an increase in Capital of £3.4m.

AME

5.2 The AME budget has increased by £130.2m to reflect latest forecasts of movements in provisions from NHS organisations.

UK Government Transfers

5.3 The net impact of transfers with the UK Government is an increase of £10.1m into the Delivery of Core NHS Services action from the Home Office in respect of the Immigration Health Surcharge.

Resource Changes

5.4 The net impact of transfers from reserves is an increase of £173.9m comprising:

- £75.9m to the Delivery of Core NHS Services Action, in respect of overspends being forecast by Health Boards;
- £50m to the Delivery of Core NHS Services Action which was announced in November 2016 to help with winter pressures and to sustain and improve performance in the NHS;
- £16m to the Delivery of Core NHS Services Action, which was announced in January 2017, in respect of the new Treatment Fund;
- £1m to the Delivery of Core NHS Services Action in respect of Air Ambulance;
- £27m to the Delivery of Targeted NHS Services Action towards the estimated shortfall of income from the Pharmaceutical Price Regulation Scheme; and

- £4m for Non-Fiscal Resource, to the Delivery of Core NHS Services Action, in relation to additional depreciation and impairment of assets in the NHS Estate and the write off of obsolescent stock.

5.5 The net impact of transfers with other MEGs is a decrease of £0.3m, including the following adjustments above £0.5m:

- £1m in to the Delivery of Targeted NHS Services Action (as part of a net transfer of £0.9m) from the Central Services and Administration MEG in respect of Invest-to-Save Schemes; and
- £0.9m out from the Children’s Social Services Action to the Communities and Children MEG as a result of changes in portfolio responsibilities, including £0.6m in respect of Looked After Children.

5.6 There have also been a number of transfers within the MEG, the net impact of which is neutral. The Action Tables show the net impact of these on each Action. Below is a breakdown of specific transfers above £0.5m:

Delivery of Core NHS Services Action

- A net transfer in of £54.8m including:
 - £3.6m out to the Delivery of Targeted NHS Services Action in respect of reprioritisation within the spending programme area;
 - £42.6m in from the Delivery of Targeted NHS Services Action to supplement NHS core allocation funding; and
 - £15.7m in from the Support Mental Health Policies and Legislation Action in respect of the transfer of mental health funding into the core allocation.

Delivery of Targeted NHS Services Action

- A net transfer out of £39.3m, including:
 - £42.6m out to the Delivery of Core NHS Services Action to supplement NHS core allocation funding;

- £2.1m out to the Deliver Targeted Health Protection and Immunisation Activity Action in respect of increased immunisation costs;
- £1.8m out to the Sponsorship of Public Health Bodies Action in respect of pay award funding; plus
- The following transfers in in respect of reprioritisation within the spending programme area:
 - £3.6m in from the Delivery of Core NHS Services Action;
 - £1.8m in from the Tackle Health Inequalities & Develop Partnership Working Action; and
 - £1.3m in from the Promote Healthy Improvement & Healthy Working Action.

Support Mental Health Policies & Legislation Action

- A net transfer out of £15.8m including £15.7m to the Delivery of Core NHS Services Action in respect of the transfer of mental health funding into the core allocation.

Sponsorship of Public Health Bodies Action

- A net transfer in of £2.5m including:
 - £1.8m in from the Delivery of Targeted NHS Services Action in respect of pay award funding; and
 - £0.5m in from the Promote Healthy Improvement & Healthy Working Action in respect of the consolidation of the Public Health campaigns.

Deliver Targeted Health Protection & Immunisation Activity Action

- A net transfer in of £1.6m including £2.1m in from the Delivery of Targeted NHS Services Action in respect of increased immunisation costs.

Promote Healthy Improvement & Healthy Working Action

- A net transfer out of £1.8m including:
 - £1.3m out to the Delivery of Targeted NHS Services Action in respect of reprioritisation within the spending programme area; and
 - £0.5m out to the Sponsorship of Public Health Bodies Action in respect of the consolidation of the Public Health campaigns.

Tackle Health Inequalities & Develop Partnership Working Action

- A transfer out of £1.8m to the Delivery of Targeted NHS Services Action in respect of reprioritisation within the spending programme area.

Adult and Older People Action

- A net transfer in of £0.8m including £0.7m from the Social Services Strategy Action in respect of reprioritisation within the spending programme area.

Social Services Strategy Action

- A transfer out of £0.7m to the Adult and Older People Action in respect of reprioritisation within the spending programme area.

Capital Changes

5.7 The net impact of transfers with other MEGs is an increase of £3.3m, which includes the following adjustments above £0.5m:

- £2.5m in to the Delivery of Effective Sports and Physical Activity Programmes Action from the Economy and Infrastructure MEG as a result of changes in portfolio responsibilities; and
- £0.8m in to the NHS Delivery Action from the Communities and Children MEG in respect of the All Wales Capital Programme.

Table 5.1 – Health, Well-being and Sport SPA Allocations

DEL	£000s			£000s		
	2016-17 Resource			2016-17 Capital		
	Budget ⁶	Changes	Revised Budget	Budget ⁷	Changes	Revised Budget
NHS Delivery	6,263,080	200,465	6,463,545	258,756	870	259,626
Health Central Budgets	230,691	-15,971	214,720	5,072	0	5,072
Public Health and Prevention	159,260	645	159,905	4,492	0	4,492
Social Services	67,335	-1,072	66,263	4,711	0	4,711
Delivery of Effective Sports And Physical Activity Programmes	22,605	-299	22,306	345	2,500	2,845
Total DEL	6,742,971	183,768	6,926,739	273,376	3,370	276,746
AME						
NHS Impairments	135,400	130,200	265,600	0	0	0
Total Managed Expenditure (TME)	6,878,371	313,968	7,192,339	273,376	3,370	276,746

⁶ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

⁷ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

6. Local Government

Overall Budget Changes

- 6.1** There have been no changes to the Local Government MEG since the First Supplementary Budget 2016-17.

Table 6.1 – Local Government SPA Allocations

DEL	£000s			£000s		
	2016-17 Resource			2016-17 Capital		
	Budget ⁸	Changes	Revised Budget	Budget ⁹	Changes	Revised Budget
Local Government Funding	3,301,642	0	3,301,642	20,000	0	20,000
Improving Services, Collaboration and Democracy	3,141	0	3,141	0	0	0
Care and Social Services Inspectorate	13,953	0	13,953	0	0	0
Healthcare Inspectorate Wales	3,586	0	3,586	0	0	0
Estyn	11,313	0	11,313	281	0	281
Total DEL	3,333,635	0	3,333,635	20,281	0	20,281
AME						
Local Government Funding	977,000	0	977,000	0	0	0
Total Managed Expenditure (TME)	4,310,635	0	4,310,635	20,281	0	20,281

⁸ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

⁹ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

7. Communities and Children

Overall Budget Changes

7.1 There has been a net increase in the Communities and Children DEL of £32.1m, comprising an increase in Resource of £4.9m and an increase in Capital of £27.2m.

AME

7.2 The AME budget has increased by £0.5m to reflect latest forecasts in respect of the in-year costs of Fire Service Pensions.

UK Government Transfers

7.3 There has been a transfer in of £2.6m to the Regeneration Action (Resource) from HM Treasury in respect of the Coastal Communities Fund, which supports the economic development of coastal communities by promoting sustainable economic growth and jobs.

Resource Changes

7.4 The net impact of transfers with reserves is an increase of £1.3m comprising:

- £1.7m in to the Children, Young People and Families Action:
 - £1.2m for Childcare in response to our Taking Wales Forward commitment; and
 - £0.5m to support Action Aid for Children Swansea SAIL project; and
- £0.4m from the Housing Revenue Funding Action in respect of Housing Revenue Account Subsidy income receipts relating to prior years.

- 7.5** The net impact of transfers with other MEGs is an increase of £0.9m, including the following adjustment above £0.5m:
- £0.7m in to the Children, Young People and Families Action from the Health, Well-being and Sport MEG as a result of changes in portfolio responsibilities, including £0.6m in respect of Looked After Children.

Capital Changes

- 7.6** The net impact of transfers with reserves is an increase of £30m in respect of an additional allocation to support our Taking Wales Forward commitment to provide 20,000 affordable new homes.

- 7.7** The net impact of transfers with other MEGs is a decrease of £2.8m, comprising the following adjustments:
- £0.8m out from the Intermediate Care Investment Fund Action to the Health, Well-being and Sport MEG in respect of the All Wales Capital Programme; and
 - £2m out from the Regeneration Action to the Economy and Infrastructure MEG in respect of the Tourism Attractor Destination Project.

- 7.8** There have been a number of transfers within the MEG, the net impact of which is neutral. The Action Tables show the net impact of these on each Action. Below is a breakdown of specific transfers above £0.5m:

Achieve Quality Housing Action

- A transfer out of £3.8m to the Increase the Supply and Choice of Affordable Housing Action in respect of funding no longer required for stock transfer payments.

Increase the Supply and Choice of Affordable Housing Action

- A net transfer in of £3.2m, comprising:
 - A transfer in of £3.8m from the Achieve Quality Housing Action in respect of funding no longer required for stock transfer payments; and
 - A transfer out of £0.6m to the Regeneration Action to represent a more accurate alignment of budget requirements.

Regeneration Action

- A transfer in of £0.6m from the Increase the Supply and Choice of Affordable Housing Action to represent a more accurate alignment of budget requirements.

Table 7.1 – Communities and Children SPA Allocations

DEL	£000s			£000s		
	2016-17 Resource			2016-17 Capital		
	Budget ¹⁰	Changes	Revised Budget	Budget ¹¹	Changes	Revised Budget
Children, Young People and Families	125,498	2,429	127,927	0	0	0
Supporting Communities and People	56,331	0	56,331	0	0	0
Communities and Tackling Poverty	0	0	0	15,950	0	15,950
Safer Communities	14,067	0	14,067	2,639	0	2,639
Equality and Inclusion	2,016	300	2,316	0	0	0
Housing Policy	135,554	0	135,554	15,641	-830	14,811
Homes and Places	14,003	2,264	16,267	342,140	28,000	370,140
CAFCASS Cymru	10,162	-105	10,057	0	0	0
Total DEL	357,631	4,888	362,519	376,370	27,170	403,540
AME						
Safer Communities	32,627	454	33,081	0	0	0
Total Managed Expenditure (TME)	390,258	5,342	395,600	376,370	27,170	403,540

¹⁰ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

¹¹ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

8. Economy and Infrastructure

Overall Budget Changes

8.1 There has been a net decrease in the Economy and Infrastructure DEL of £242.7m, comprising a decrease in Resource of £289.2m and an increase in Capital of £46.5m.

AME

8.2 The AME budget has decreased by £13.5m to reflect the latest forecast outturn on the valuation of the Roads portfolio.

Resource Changes

- 8.3** The net impact of transfers with reserves is a decrease of £309.7m, comprising:
- £330.5m Non-Fiscal Resource net transfer out from the Improve and Maintain Trunk Road Network (Domestic Routes) – Non Cash Action comprising:
 - an adjustment to previous years' depreciation of £407m following a change in the Roads Valuation Model; less
 - additional in-year cover for depreciation of £76.5m;
 - £2.6m Non-Fiscal Resource to the Deliver ICT Infrastructure – Non Cash Action to cover depreciation;
 - £4.5m to the Sectors Action comprising:
 - £4m in respect of training support for Tata Steel; and
 - £0.5m in respect of economic development priorities and the support of sustainable jobs and growth;
 - £5m to the Motorway and Trunk Road Operations Action in respect of maintenance costs;
 - £8.5m to the Road, Rail, Air and Sea Services and Investment Action in support of Transport for Wales running costs; and

- £0.2m to the Strategic Leadership for Museum, Archive & Library Services Action in respect of World War 1 commemorations.

8.4 There has been a transfer within the MEG, the net impact of which is an increase in Resource of £23m due to an agreed Capital to Resource switch in order to support the reclassification of maintenance costs under the latest Trunk Road Maintenance Manual (TRMM). The Action Tables show the net impact of this.

8.5 The impact of transfers with other MEGs is a net decrease of £2.4m including the following adjustments above £0.5m:

- A net movement out of £3.5m as a result of changes in portfolio responsibilities, which includes £3.3m from the Employment and Skills Action to the Education MEG in respect of Offender Learning; and
- £1.2m in to the Foster Usage and Lifelong Learning through Museum Services Action from the Central Services and Administration MEG in respect of Invest to Save.

8.6 There have also been a number of transfers within the MEG, the net impact of which is neutral. The Action Tables show the net impact of these on each Action budget. Below is a breakdown of specific transfers above £0.5m:

Sectors Action

- A transfer out of £3m to the Entrepreneurship and Business Information Action to meet the demands for project delivery.

Entrepreneurship and Business Information Action

- A net transfer in of £6m to meet the demands for project delivery, comprising:
 - £3m from the Sectors Actions; and
 - £3m from the Sustainable Travel Action.

Sustainable Travel Action

- A transfer out of £3m to the Entrepreneurship and Business Information Action to meet the demands for project delivery.

Capital Changes

8.7 The net impact of transfers with reserves is an increase of £66m, comprising:

- £14.6m from the Finance Wales Action in respect of loan repayments on borrowings made by Finance Wales PLC;
- £80.6m net transfer in comprising:
 - £30.8m to the Sectors Action in respect of economic development priorities and the support of sustainable jobs and growth, including:
 - £6.1m loan funding towards the delivery of a new International Convention Centre Wales;
 - £49.6m to the Road, Rail Air and Sea Services and Investment Action which includes:
 - £15m for the Eastern Bay Link Road;
 - £10m for the A465 Section 2 Gilwern to Brynmawr;
 - £22m towards the M4 route development scheme; and
 - £2.6m for strategic investment to support priorities within the National Transport Finance Plan; and
 - £0.2m to the Strategic Leadership for Museum, Archive & Library Services Action in respect of World War 1 commemorations.

8.8 There has been a transfer within the MEG the net impact of which is a decrease in Capital of £23m, due to a Capital to Resource switch in order to support the reclassification of maintenance costs under the latest Trunk Road Maintenance Manual (TRMM). The Action Tables show the net impact of this.

- 8.9** The net impact of transfers with other MEGs is an increase of £3.5m comprising:
- A net transfer of £0.5m out from the Sectors Action which comprises;
 - £2.5m out to the Health, Well-being and Sport MEG as a result of changes in portfolio responsibilities; and
 - £2m in from the Communities and Children MEG in respect of the Tourism Attractor Destination Project; and
 - A net transfer in of £4m from the Central Services and Administration MEG in respect of Invest to Save, which includes £3.7m to the Motorway and Trunk Road Operations Action.

8.10 There have been a number of transfers within the MEG, the net impact of which is neutral. The Action Tables show the net impact of these on each Action. Below is a breakdown of specific transfers above £0.5m:

Legacy SIF Action

- A transfer out of £3m to the Sustainable Travel Action to meet the demands for project delivery.

Sectors Action

- A transfer out of £7m to the Road, Rail, Air and Sea Services and Investment Action in respect of activities relating to Cardiff Airport.

Road, Rail, Air and Sea Services and Investment Action

- A transfer out of £7m to the Sectors Action in respect of activities relating to Cardiff Airport.

Sustainable Travel Action

- A transfer in of £3m from the Legacy SIF Action to meet the demands for project delivery.

Table 8.1 – Economy and Infrastructure SPA Allocations

DEL	£000s			£000s		
	2016-17 Resource			2016-17 Capital		
	Budget ¹²	Changes	Revised Budget	Budget ¹³	Changes	Revised Budget
Sectors and Business	38,231	7,206	45,437	93,527	20,300	113,827
Science and Innovation	10,514	0	10,514	5,541	0	5,541
Major Events	3,918	0	3,918	0	0	0
Infrastructure	13,376	2,565	15,941	489	0	489
Strategy and Corporate Programmes	6,277	0	6,277	90	-14,600	-14,510
Motorway and Trunk Road Network Operations	160,480	-302,463	-141,983	80,600	-19,276	61,324
Transport Services and Investment	185,679	8,500	194,179	123,719	56,600	180,319
Sustainable Travel	62,707	-3,103	59,604	67,447	3,000	70,447
Improve and Maintain Local Roads Infrastructure	0	0	0	13,667	0	13,667
Improve Road Safety	4,764	0	4,764	6,900	0	6,900

¹² Budget figures as published in the Supplementary Budget Motion approved in July 2016.

¹³ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

Support and Sustain a Strong Arts Sector via the Arts Council and Others	30,335	0	30,335	355	0	355
Museums, Archives and Libraries	34,388	1,628	36,016	3,973	474	4,447
Media and Publishing	3,526	0	3,526	60	0	60
Conserve, Protect, Sustain and Promote Access to the Historic and Natural Environment	13,233	0	13,233	4,901	0	4,901
Skills	145,365	-3,490	141,875	0	0	0
Total DEL	712,793	-289,157	423,636	401,269	46,498	447,767
AME						
Infrastructure	20,000	-1,400	18,600	0	0	0
Motorways and Trunkroad Network Operations	16,834	-12,066	4,768	0	0	0
Museums, Archives and Libraries	3,013	0	3,013	0	0	0
Total Managed Expenditure (TME)	752,640	-302,623	450,017	401,269	46,498	447,767

9. Education

Overall Budget Changes

9.1 There has been a net increase in the Education DEL of £257.8m, comprising an increase in Resource of £258m and a decrease in Capital of £0.2m.

AME

9.2 The AME budget has increased by £44.6m, comprising an increase in Resource AME of £13.1m and an increase in Capital AME of £31.5m, in respect of Student Loans.

UK Government Transfers

9.3 There has been a transfer in of £150m non-fiscal resource funding from HM Treasury in respect of the additional impairment of the Student Loans brought about by changes to the long term economic assumptions used in the student loans model.

Resource Changes

9.4 The net impact of transfers with reserves is an increase of £104.1m comprising:

- £20m to the Higher Education Action for the Higher Education Funding Council for Wales (HEFCW) to invest in Welsh Government priorities;
- £4.5m to the Education Standards Action as part of the £100m commitment to raise schools standards over the term of the current Assembly;
- £79.5m to the Post-16 Learner Support Action which comprises:
 - £3.5m towards pressures on student finance support costs; and
 - £76m non-fiscal resource towards the impairment of the Student Loans brought about by changes to the long term economic assumptions used in the student loans model;

- £0.1m non-fiscal resource to the Qualifications Action in relation to increased depreciation cover for Qualifications Wales.

9.5 The net impact of transfers with other MEGs is an increase of £4m which includes the following adjustment over £0.5m:

- £0.5m to the Literacy and Numeracy Action from the Central Services and Administration MEG in respect of Invest to Save; and
- £3.3m to the Youth Engagement and Employment Action from the Economy and Infrastructure MEG as a result of changes in portfolio responsibilities relating to Offender Learning.

9.6 There have also been a number of transfers within the MEG, the net impact of which is neutral. The Action Tables show the net impact of these on each Action. Below is a breakdown of specific transfers above £0.5m:

Post-16 Education Action

- A net transfer in of £1.3m from the Youth Engagement and Employment Action, including £0.9m in respect of Careers Policy and Sponsorship.

Higher Education Action

- A transfer out of £21.1m to the Post-16 Learner Support Action in respect of Tuition Fee Grant reflecting the transfer of administrative responsibilities.

Education Standards Action

- A net transfer out of £0.2m including £0.5m to the Welsh in Education Action to support the extension of the Welsh Language Charter on a national basis.

Youth Engagement and Employment Action

- A net transfer out of £1.3m to the Post-16 Education Action including £0.9m in respect of Careers Policy and Sponsorship.

Post-16 Learner Support Action

- A transfer in of £21.1m from the Higher Education Action in respect of Tuition Fee Grant reflecting the transfer of administrative responsibilities.

Welsh in Education Action

- A net transfer out of £0.4m including:
 - A transfer in of £0.5m from the Education Standards Action to support the extension of the Welsh Language Charter on a national basis; and
 - A transfer out of £0.8m to the Welsh Language Action to meet priorities within Welsh Language.

Welsh Language Action

- A transfer in of £0.8m from the Welsh in Education Action to meet priorities within Welsh Language.

Capital Changes

- 9.7** There has been a total transfer to reserves of £0.2m from the Estate and IT Provision Action in respect of loan repayments.

Table 9.1 – Education SPA Allocations

DEL	£000s			£000s		
	2016-17 Resource			2016-17 Capital		
	Budget ¹⁴	Changes	Revised Budget	Budget ¹⁵	Changes	Revised Budget
Education and Training Standards	820,232	5,042	825,274	175,768	-178	175,590
Skilled Workforce	24,653	2,020	26,673	0	0	0
Improving Wellbeing, Reducing Inequality and Increasing Participation	572,028	250,600	822,628	0	0	0
Welsh Language	25,645	359	26,004	0	0	0
Delivery Support	2,887	0	2,887	0	0	0
Total DEL	1,445,445	258,021	1,703,466	175,768	-178	175,590
AME						
Improving Wellbeing, Reducing Inequality and Increasing Participation	-77,147	13,129	-64,018	414,050	31,520	445,570
Skilled Workforce	6,000	0	6,000	0	0	0
Total Managed Expenditure (TME)	1,374,298	271,150	1,645,448	589,818	31,342	621,160

¹⁴ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

¹⁵ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

10. Environment and Rural Affairs

Overall Budget Changes

10.1 There has been a net increase in the Environment and Rural Affairs DEL of £5.6m, comprising an increase in Resource of £10.7m and a decrease in Capital of £5.1m.

Resource Changes

10.2 The net impact of transfers with reserves is an increase of £7m, comprising:

- A transfer in of £8.4m Non-Fiscal Resource including:
 - £7.9m to the Sponsor and Manage Delivery Bodies Action, in respect of increased depreciation cover for Natural Resources Wales (NRW); and
 - £0.5m to the CAP Administration and Making Payments in Accordance with EU and WG Rules Action, in respect of depreciation cover for RPW Online; and
- A transfer out of £1.4m from the Sponsor and Manage Delivery Bodies Action in respect of Windfarm Income received by NRW.

10.3 The net impact of transfers with other MEGs is an increase of £3.7m, which includes the following adjustment over £0.5m:

- £3.4m to the Sponsor and Manage Delivery Bodies Action from the Central Services and Administration MEG in respect of Invest to Save funding for NRW.

Capital Changes

UK Government Transfers

10.4 The net impact of transfers with the UK Government is an increase of £2.7m into the Develop and Implement Climate Change Policy, Energy Efficiency, Green Growth and Environmental Protection Action from the Department of Energy and Climate Change (DECC) in respect of Energy Efficiency.

10.5 The net impact of transfers with other MEGs is a decrease of £7.8m, which comprises a transfer from the Develop and Implement Climate Change Policy, Energy Efficiency, Green Growth and Environmental Protection Action to the Central Services and Administration MEG in respect of Invest to Save.

Table 10.1 – Environment and Rural Affairs SPA Allocations

DEL	£000s			£000s		
	2016-17 Resource			2016-17 Capital		
	Budget ¹⁶	Changes	Revised Budget	Budget ¹⁷	Changes	Revised Budget
Climate Change and Sustainability	110,907	294	111,201	92,244	-5,082	87,162
Environment	71,305	9,889	81,194	1,695	0	1,695
Evidence Base	836	30	866	38	0	38
Landscape and Outdoor Recreation	9,966	0	9,966	1,600	0	1,600
Planning	5,779	0	5,779	0	0	0
Agriculture and Food	49,916	496	50,412	11,723	0	11,723
Protecting and Improving Animal Health and Welfare	29,891	5	28,896	0	0	0
Total DEL	278,600	10,714	289,314	107,300	-5,082	102,218
AME						
Environment	2,400	0	2,400	0	0	0
Total Managed Expenditure (TME)	281,000	10,714	291,714	107,300	-5,082	102,218

¹⁶ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

¹⁷ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

11. Central Services and Administration

Overall Budget Changes

11.1 There has been an increase in the Central Services and Administration DEL of £3.7m, comprising a decrease in Resource of £6m and an increase in Capital of £9.7m.

Resource Changes

11.2 The impact of transfers with reserves is an increase of £5.8m, comprising:

- £3.8m to the Manage Delivery of Structural Fund Programme in Wales Action providing additional support to these programmes; and
- £2m to the National Procurement Service Action to support the running costs of the service.

11.3 There has been a transfer within the MEG the net impact of which is a decrease in Resource of £6m due to an approved Resource to Capital switch. The Action Tables show the net impact of this.

11.4 The net impact of transfers with other MEGs is a decrease of £5.9m which includes the following adjustments above £0.5m:

- A transfer out of £5.9m from the Invest-to-Save Action, including:
 - £0.9m to the Health, Well-being and Sport MEG;
 - £3.4m to the Environment and Rural Affairs MEG in respect of funding for Natural Resource Wales (NRW);
 - £1.2m to the Economy and Infrastructure MEG; and
 - £0.5m to the Education MEG.

11.5 There have been a number of transfers within the MEG, the net impact of which is neutral. These transfers are due to budget reallocations and the redeployment of resources to areas of higher priority. The Action Tables show the net impact of these on each Action. Below is a breakdown of the net transfers above £0.5m:

- £1.5m from the Staff Costs Action;
- £2.7m to the General Administration Action;
- £1.6m to the Business Improvement Action;
- £1.1m to the Tribunals Action;
- £1.6m from the Invest to Save Fund Action; and
- £2.1m from the Manage Delivery of the Structural Fund Programmes in Wales.

Capital Changes

11.6 There has been a transfer within the MEG the net impact of which is an increase in Capital of £6m due to a Resource to Capital switch. The Action Tables show the net impact of this.

11.7 The net impact of transfers with other MEGs is an increase of £3.7m to the Invest to Save Fund Action comprising the following adjustments over £0.5m:

- £7.8m from the Environment and Rural Affairs MEG; and
- £4m to the Economy and Infrastructure MEG.

11.8 There have been a number of transfers within the MEG, the net impact of which is neutral. The Action Tables show the net impact of these on each Action. Below is a breakdown of specific transfers above £0.5m:

Invest-to-Save Fund Action

- A transfer out of £1.1m to the Invest-to-Save Repayment of Investments Action to adjust the anticipated recoveries into the Fund.

Invest to Save Fund Repayment of Investments Action

- A transfer in of £1.1m from the Invest-to-Save Fund Action to adjust the anticipated recoveries into the Fund.

11.9 In addition there were a number of transfers as a result of budget reallocations and the redeployment of resources to areas of higher priority.

Below is a breakdown of the net transfers above £0.5m:

- £5.6m from the Capital Action;
- £1.1m to the IT Costs (Capital) Action;
- £2.9m to the Business Improvement Action; and
- £1.6m to the Invest to Save Fund Action.

Table 11.1 – Central Services and Administration SPA Allocations

DEL	£000s			£000s		
	2016-17 Resource			2016-17 Capital		
	Budget ¹⁸	Changes	Revised Budget	Budget ¹⁹	Changes	Revised Budget
Delegated Running Costs	201,953	-1,500	200,453	0	0	0
Central Running Costs	63,057	3,858	66,915	11,450	-1,560	9,890
Information and Support Services	19,434	3,106	22,540	0	0	0
Central Programmes	23,586	-13,222	10,364	70	11,287	11,357
WEFO	1,507	1,707	3,214	0	0	0
Total DEL	309,537	-6,051	303,486	11,520	9,727	21,247
AME						
Central Running Costs	2,652	-6	2,646	0	0	0
Total Managed Expenditure (TME)	312,189	-6,057	306,132	11,520	9,727	21,247

¹⁸ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

¹⁹ Budget figures as published in the Supplementary Budget Motion approved in July 2016.

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 2016-17 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 Action 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.

Health, Well-being and Sport

	£000s
DEL	2016-17
Resource	6,926,739
Capital	276,746
AME	
Resource	265,600
Capital	0
TME	7,469,085
Reconciliation to Budget Motion	
Resource Consumption of WGSBs and NHS bodies	-236,896
Supported Borrowing	-3,602
National Insurance Fund Receipts (and collection costs)	-1,141,558
Adjustment in Working Capital	60,000
Resources requested	6,147,029

Local Government

DEL	£000s
	2016-17
Resource	3,333,635
Capital	20,281
AME	
Resource	977,000
Capital	0
TME	4,330,916
Reconciliation to Budget Motion	
National Non Domestic Rates payable (and collection costs)	-988,134
Resource Consumption of WGSBs	-400
Resources requested	3,342,382

Communities and Children

DEL	£000s
	2016-17
Resource	362,519
Capital	403,540
AME	
Resource	33,081
Capital	0
TME	799,140
Reconciliation to Budget Motion	
Supported Borrowing	-31,340
Resources requested	767,800

Economy and Infrastructure

DEL	£000s
	2016-17
Resource	423,636
Capital	447,767
AME	
Resource	26,381
Capital	0
TME	897,784
Reconciliation to Budget Motion	
Resource Consumption of WGSBs	-5,502
Supported Borrowing	-10,336
Direct Charges on the Welsh Consolidated Fund	-1,655
PFI	-8,244
Finance Wales	14,600
Resources requested	886,647

Education

DEL	£000s
	2016-17
Resource	1,703,466
Capital	175,590
AME	
Resource	-58,018
Capital	445,570
TME	2,266,608
Reconciliation to Budget Motion	
Resource Consumption of WGSBs	-6,182
Supported Borrowing	-33,781
Resources requested	2,226,645

Environment and Rural Affairs

DEL	£000s
	2016-17
Resource	289,314
Capital	102,218
AME	
Resource	2,400
Capital	0
TME	393,932
Reconciliation to Budget Motion	
Resource Consumption of WGSBs	-13,400
Supported Borrowing	-9,741
Resources requested	370,791

Central Services and Administration

DEL	£000s
	2016-17
Resource	303,486
Capital	21,247
AME	
Resource	2,646
Capital	0
TME	327,379
Reconciliation to Budget Motion	
Direct Charges on the Welsh Consolidated Fund	-7,700
Resources requested	319,679

Annex 2 – Glossary

Action	Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions. Tables showing budgets at Action level are available at: www.wales.gov.uk/budget
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 Budget Motion. Ambits represent Ministerial Portfolios.
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 Exchange System	The system under which Wales is able to carry forward underspends, up to an agreed cap. The agreed cap is 0.6% of our Resource DEL budget and 1.5% of Capital DEL budget.
Capital	Expenditure that in the main results in a physical asset, for example a new building. It can include capital grants to other bodies. 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 are not traditional capital grants and 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 representing Ministerial Portfolios as well as one for administrative costs. There are currently 7 MEGs: Health, Wellbeing and Sport; Local Government; Communities and Children; Economy and Infrastructure; Education; Environment 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 depreciation and impairment of student loans. 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 by negative figures.
Resource budgeting	The Welsh Government's budget is set on a resource basis derived from accruals information. Accruals information measures resources as they are consumed rather than when the cash is paid. So, for example, resource budgeting includes a charge for depreciation, a measure of the consumption or wearing out of capital assets.
Spending Programme Area (SPA)	Spending Programme Areas represent an aggregation of related Action Budgets.

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 a mechanism used by HM Treasury 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 funding 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.