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## 1. Introduction

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- 1.1** The Welsh Government today tabled the Second Supplementary Budget for 2017-18 in accordance with Standing Order 20. This Supplementary Budget proposes changes to the First Supplementary Budget for 2017-18 as approved by the National Assembly for Wales ('the Assembly') on 18 July 2017.
- 1.2** Since the publication of the First Supplementary Budget there have been changes in Ministerial responsibilities. The First Supplementary Budget baseline figures in the tables within this document have been restated in accordance with the new Ministerial Portfolios announced on 3 November 2017. Annexe 1 provides a reconciliation of the movements between MEGs as a result of the changes announced. This restatement is already in the public domain having been published alongside the 2018-19 Final Budget in December 2017.
- 1.3** This Supplementary Budget reflects changes to the Wales DEL budget as a result of consequential changes received in the UK Government's November Budget 2017. It regularises a number of allocations from reserves, switches between resource and capital and transfers between portfolios. It also reflects changes in Annually Managed Expenditure forecasts, in line with our latest details provided to HM Treasury.
- 1.4** The changes proposed in this budget are summarised in chapters 2 to 7.
- 1.5** This document is supported by the detailed 'Action Tables' available on the Welsh Government's website. <http://gov.wales/funding/budget/?lang=en>

## 2 Key Allocations from Reserves

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**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 and Investment for Health and Social Services

**2.2** The Welsh Government continues to prioritise spending on health services in Wales and has made a number of key allocations to deliver on its commitments.

**2.3** In August 2017, the Cabinet Secretary for Health announced an additional budget allocation of £50m from reserves to support the continual improvements of health boards including referral to treatment, diagnostic and therapy waiting times.

**2.4** An additional £10m to help relieve winter pressures in the NHS was announced in January 2018. This was part of a £35.2m package of additional funding to manage service pressures in the NHS and to cover unplanned deficits in Betsi Cadwaladr and Hywel Dda University Health Boards.

**2.5** £26m has been provided for the estimated shortfall of income from the Pharmaceutical Price Regulation Scheme.

**2.6** A total of £41.2m capital has been allocated to further support the All Wales Capital Programme, including:

- The new Specialist and Critical Care Centre;
- Neonatal developments in Cardiff & Vale;

- Support for the Velindre Transforming Cancer Services Programme;
- On-going works at Ysbyty Glan Clwyd;
- Information Management and Technology National Programme;
- Abertawe Bro Morgannwg Health Board DR Rooms;
- Cardiff and Vale DR Room at UHW Accident and Emergency;
- Hywel Dda Ultrasound; and
- Powys Llandrindod Wells X Ray.

## **Capital Investment in Housing**

**2.7** This budget continues to support our commitment to provide 20,000 affordable homes with an additional allocation of £49.8m and a further £10m financial transaction capital for the Help to Buy II scheme.

**2.8** £40m has been allocated for the Wales Stalled Sites Fund to provide development loans to sites where financial viability is a barrier to progression and access to affordable financing is not available. £32m of this is financial transaction capital.

## **Increased Investment for Education, Local Government and Transport**

**2.9** An additional £30m has been allocated in this budget for the 21<sup>st</sup> Century Schools programme to support capital projects dedicated to supporting and growing the use of the Welsh Language in education. This funding will contribute to the growth of Welsh speakers in support of the Welsh Government's Welsh Language Strategy 'Cymraeg 2050: A Million Welsh Speakers'.

**2.10** As announced by the Cabinet Secretary for Local Government and Public Services earlier this month, a new investment of £30m has been made available to Local Authorities to maintain and prevent the deterioration of the local roads network. It will support a comprehensive refurbishment

programme and improve future resilience of the local authority roads network.

**2.11** A total of £27.8m has been allocated for costs of the M4 project in this financial year relating to the public local inquiry and enabling costs.

### **3 Changes to the Wales DEL since the First Supplementary Budget 2017-18**

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- 3.1** There are a number of changes which reflect revisions since the First Supplementary Budget 2017-18 was agreed by the Assembly on 18 July 2017. The changes comprise adjustments to Resource and Capital baselines, transfers between Ministerial portfolios and allocations from Reserves.

Tables 3.1 to 3.3 below set out the net impact of all the DEL changes.

**Table 3.1 – Allocation of the Wales DEL – Supplementary Budget**

MAIN EXPENDITURE GROUPS (MEGs)		£000s		
		2017-18 Supplementary Budget June 2017	2017-18 Changes	2017-18 Supplementary Budget New Plans February 2018
Departmental Expenditure Limits (DEL)				
Health and Social Services		7,331,724	194,287	7,526,011
Local Government and Public Services		4,120,881	133,275	4,254,156
Economy and Transport		1,191,722	70,668	1,262,390
Education		1,756,223	344,996	2,101,219
Energy, Planning and Rural Affairs		384,155	2,733	386,888
Central Services and Administration		316,018	16,390	332,408
<b>Total Allocation to Welsh Government Departments</b>		<b>15,100,723</b>	<b>762,349</b>	<b>15,863,072</b>
Resource Reserves	Fiscal Resource DEL	230,689	-85,674	145,015
	Non-Fiscal Resource DEL	109,682	8,274	117,956
Capital Reserves	General Capital DEL	122,997	-84,950	38,047
	Financial Transactions DEL	13,548	138,238	151,786
Borrowing		-20,000	20,000	0
Assembly Commission		52,545	0	52,545
Public Services Ombudsman for Wales		4,228	0	4,228
Auditor General for Wales		6,906	325	7,231
Direct Charges to the Welsh Consolidated Fund		702	0	702
<b>Total Expenditure within the Wales DEL Budget</b>		<b>15,622,020</b>	<b>758,562</b>	<b>16,380,582</b>

**Table 3.2 – Changes to the Welsh Government Resource DEL**

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2017-18 Supplementary Budget June 2017	2017-18 Changes	2017-18 Supplementary Budget New Plans February 2018	2017-18 Supplementary Budget June 2017	2017-18 Changes	2017-18 Supplementary Budget New Plans February 2018
Health and Social Services	6,890,176	106,424	6,996,600	190,000	0	190,000
Local Government and Public Services	3,624,688	3,742	3,628,430	900	-500	400
Economy and Transport	472,184	47,889	520,073	196,677	0	196,677
Education	1,547,111	1,228	1,548,339	107,039	300,000	407,039
Energy, Planning and Rural Affairs	269,338	0	269,338	13,086	0	13,086
Central Services and Administration	284,291	12,425	296,716	16,000	5,500	21,500
<b>Total Allocation to Welsh Government</b>	<b>13,087,788</b>	<b>171,708</b>	<b>13,259,496</b>	<b>523,702</b>	<b>305,000</b>	<b>828,702</b>



**Table 3.3 – Changes to the Welsh Government Capital DEL**

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2017-18 Supplementary Budget June 2017	2017-18 Changes	2017-18 Supplementary Budget New Plans February 2018	2017-18 Supplementary Budget June 2017	2017-18 Changes	2017-18 Supplementary Budget New Plans February 2018
Health and Social Services	251,548	87,863	339,411	0	0	0
Local Government and Public Services	379,361	83,023	462,384	115,932	47,010	162,942
Economy and Transport	486,611	5,399	492,010	36,250	17,380	53,630
Education	102,073	43,950	146,023	0	-182	-182
Energy, Planning and Rural Affairs	101,731	2,733	104,464	0	0	0
Central Services and Administration	15,727	-1,535	14,192	0	0	0
<b>Total Allocation to Welsh Government</b>	<b>1,337,051</b>	<b>221,433</b>	<b>1,558,484</b>	<b>152,182</b>	<b>64,208</b>	<b>216,390</b>

**3.2** An overview of the changes to the baselines is provided below and details of transfers between Ministerial portfolios and allocations from Reserves can be found in sections 4 and 6 respectively.

## **Adjustments to Resource Baselines**

### **Fiscal Resource DEL**

**3.3** The fiscal resource DEL baseline has increased by a net amount of £86,359k comprising:

- An increase of £24,412k as a result of consequential received from the UK Government, arising from the 2017 Autumn Budget;
- A decrease of £29,782k as a result of Efficiency Review savings by the UK Government. (This amount includes the savings for 2018-19 and 2019-20 which the Welsh Government has opted to apply in year.);
- A transfer in of £3,748k from the Home Office in respect of the Immigration Health Surcharge;
- An increase of £4,098k from HM Treasury in respect of Wales' share of the Coastal Community Fund;
- An increase of £3,807k from HM Treasury in respect of EU Structural Funds;
- An increase of £39m from HM Treasury in respect of the increase in personal injury claims liability as a result of changes in the discount rates;
- An increase of £2,950k from HM Treasury towards the cost of the UK's exit from the European Union;
- An increase of £150k from HM Treasury in respect of cash management rebate;
- An increase of £1,800k as a result of transfers with Other Government Departments;

- A decrease of £43m as a result of a switch to general capital within the Welsh Government DEL in respect of the reclassification of research and development, as agreed with HM Treasury; and
- An increase of £79,176k in respect of funding brought forward from 2016-17 under the HM Treasury's Budget Exchange System.

### Non-Fiscal Resource DEL

**3.4** There is a net increase to the non-fiscal resource DEL baseline of £313,274k comprising:

- £13,274k in respect of funding brought forward from 2016-17 under the Budget Exchange System; and
- £300m additional allocation in respect of Student Loans.

### Adjustments to Capital Baselines

#### General Capital DEL

**3.5** There is a net increase to the general capital DEL baseline of £156,483k, comprising:

- An increase of £33,724k consequential funding arising from UK Government decisions;
- An increase of £2,733k following a transfer from the Department for Business, Energy and Industrial Strategy (BEIS) in respect of Energy Efficiency;
- An increase of £2,073k following a transfer from the Department for Digital, Culture, Media and Sport (DCMS) in respect of the Broadband Extension Programme;
- An increase of £730k from HM Treasury towards the cost of the UK's exit from the European Union;
- An increase of £804k as a result of transfers with Other Government Departments;

- An increase of £43m as a result of a switch from fiscal resource within the Welsh Government DEL in respect of the reclassification of research and development, as agreed with HM Treasury; and
- An increase of £73,419k in respect of funding brought forward from 2016-17 under the Budget Exchange System.

### Financial Transactions Capital DEL

**3.6** There is a net increase to the financial transactions capital DEL baseline of £202,446k, comprising:

- An increase of £112,479k consequential funding arising from UK Government decisions; and
- An increase of £89,967k in respect of funding brought forward from 2016-17 under the Budget Exchange System.

## 4. DEL Transfers between Ministerial Portfolios

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**4.1** This section details the transfers between MEGs.

### Fiscal Resource

**4.2** The total value of fiscal resource transfers between MEGs in this Supplementary Budget is £7,047k, this includes the following transfers over £250k:

- £3,441k from Central Services and Administration to Health and Social Services in respect of Invest-to-Save schemes;
- £1,293k from Education to Economy and Transport in respect of the Work Based Learning Programme. In 2016-17 there was a year-end adjustment to the Work Based Learning Programme providing additional core funding which allowed for the deferral of EU receipts into 2017-18. This was simply a timing issue in relation to ESF draw down and had a nil effect overall on the net funding for the programme;
- £850k from Education to Central Services and Administration due to a reduction in the Invest-to-Save funding requirement for 2017-18;
- £650k from Local Government and Public Services to Health and Social Services in order to promote the well-being of children by investing in training and mentoring support for non-teaching staff in primary schools; and
- £300k from Health and Social Services to Education in respect of the Mudiad Meithrin Development Programme.

### Non-fiscal Resource

**4.3** There have been no non-fiscal resource transfers between MEGs in this Supplementary Budget.

## General Capital

**4.4** The total value of general capital transfers between MEGs in this Supplementary Budget is £7,898k, this comprises the following transfers:

- £2,328k from Central Services and Administration to Health and Social Services in respect of Invest-to-Save schemes;
- £2,050k from Local Government and Public Services to Education in respect of transfers agreed for Flying Start but not actioned prior to the changes in Ministerial portfolios;
- £2,000k from Local Government and Public Services to Economy and Transport in respect of an EU Targeted Match Funding project for 'Tourism Attractor Destinations';
- £793k from Economy and Transport to Central Services and Administration in respect of the repayment of previous investments in Invest-to-Save schemes; and
- £727k from Local Government and Public Services to Health and Social Services in respect of Regional Partnership Boards.

## Financial Transaction Capital

**4.5** There have been no financial transaction capital transfers between MEGs in this Supplementary Budget.

## 5. DEL Transfers within Ministerial Portfolios

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**5.1** In addition to the transfers between Ministerial Portfolios detailed in section 4 above there are a number of transfers between actions within the same portfolios which are included within the published Action Tables. These are administrative in nature and have no net effect on the individual MEG totals. Details of those transfers over £250k are as follows:

### Health and Social Services MEG

#### 5.2 Resource

- £1,521k has been transferred from the 'Delivery of Targeted NHS Services' action into the 'Delivery of Core NHS Services' action. It relates to a transfer from the Primary Care Estates to the GMS contract in respect of primary care centre improvement grants;
- £500k has been transferred from the 'Delivery of Core NHS Services' action to the 'Support Education & Training of the NHS Workforce' action in respect of funding for mental health nurses; and
- £269k has been transferred from the 'Public Health Programmes' action into the 'Delivery of Core NHS Services' action in relation to top up funding to the NHS for certain immunisation programmes.

### Local Government and Public Services MEG

#### 5.3 Resource

- £2,059k has been transferred to the 'Homelessness Prevention' action to fund projects designed to tackle homelessness and rough sleeping. This comprises the following transfers:
  - £1,000k from the 'Early Intervention, Prevention and Support' action;
  - £881k from the 'Supporting People' action; and
  - £178k from the 'Regeneration' action.

- £250k has been transferred from the 'Early Intervention, Prevention and Support' action to the 'Financial Inclusion and Third Sector' action in respect of the contract awarded to EMBARC to design and implement the Information and Advice Quality Framework (IAQF) independent assessment service.

#### Capital

- £4,000k has been transferred from the 'Regeneration' action to the 'Communities Facilities' action in respect of the funding for the Communities Facilities Programme announced in February 2017. The programme is designed to aid the sustainability of facilities in Community First areas.
- £3,800k has been transferred from the 'Achieve Quality Housing' action to the 'Increase the Supply and Choice of Affordable Housing' action. Funding was initially allocated to cover costs which could be incurred by local authorities who hold their own housing stock but are unable to meet and maintain the Welsh Housing Quality Standards. The funding has not been called upon in 2017-18 and has therefore been transferred to the Social Housing Grant.
- £1,089k has been transferred from the 'Increase the Supply and Choice of Affordable Housing' action to the 'Regeneration' action. An underspend in 2016-17 resulted in a transfer from the 'Regeneration' action to the Social Housing Grant, this transfer represents the reallocation of funds back to its intended Regeneration project.

### Economy and Transport MEG

#### 5.4 Resource

- Resource budgets have been realigned to support the portfolio's in year delivery requirements and comprise the following movements:
  - £4,100k has been transferred from the 'Sectors' action to the 'Entrepreneurship & Business Information' action;



- £2,300k has been transferred from the 'Science' action to the 'Deliver Property Related Infrastructure' action ;
- £2,000k has been transferred from the 'Innovation' action to the 'Major Events' action; and
- £1,700k has been transferred from the 'Innovation' action to the 'Entrepreneurship & Business Information' action.

## Capital

- Capital budgets have been realigned to support the portfolio's in year delivery requirements and comprise the following movements:
  - £18,400k has been transferred from the 'Deliver ICT Infrastructure' action, £8,900k to the 'Sustainable Travel' action, £5,000k to the 'Road, Rail, Air and Sea Services and Investment' action and £4,500k to the 'Motorway and Trunk Road Operations' action;
  - £10,000k has been transferred from the 'Sectors' action to the 'Sustainable Travel' action;
  - £10,000k has been transferred from the 'Deliver Property Related Infrastructure' action to the 'Road, Rail, Air and Sea Services and Investment' action;
  - £5,675k has been transferred from the 'Foster Usage and Lifelong Learning through Library Services' action to the 'Road, Rail, Air and Sea Services and Investment' action;
  - £3,600k has been transferred from the 'Corporate Programmes' action to the 'Science' action; and
  - £700k has been transferred from the 'Foster Usage and Lifelong Learning through Museum Services' action to the 'Conserve, protect, sustain and promote access to the historic and natural environment' action.

## Education MEG

### 5.5 Resource

- £4,955k has been transferred from the 'Curriculum' action to the 'Education Standards' action in respect of the following:
  - £2,955k for the consolidation of grant payments via the Education Improvement Grant; and
  - £2,000k to ensure that funding for the new GCSE Support Programme is provided via the Education Improvement Grant mechanism, to continue the development and delivery of support for teachers, schools and learners;
- £2,300k has been transferred from the 'Welsh in Education' action to the 'Welsh Language' action in respect of the following:
  - £2,000k to fund the new Welsh Language Promotion Programme, enhancing and strengthening the promotion function that is already undertaken; and
  - £300k to fund additional activities to promote the use and development of the Welsh language;
- £300k has been transferred from the 'Curriculum' action to the 'Welsh in Education' action in respect of the Mudiad Meithrin Development Programme; and
- £250k has been transferred from the 'Teaching and Leadership' action to the 'Education Standards' action for the consolidation of grant payments via the Education Improvement Grant.

## Environment and Rural Affairs MEG

### 5.6 Resource

- £6,200k has been transferred from the 'Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20' action in order to fund additional costs in key priority areas. The transfer is comprised of the following movements:

- £2,800k to the 'Developing and Marketing Welsh Food and Drink' action;
  - £2,000k to the 'Manage and Implement the Waste Strategy and Waste Procurement' action;
  - £900k to the 'Develop and Implement Climate Change Policy, Energy Efficiency, Green Growth and Environmental Protection' action; and
  - £500k to the 'Developing and Managing Welsh Marine, Fisheries and Aquaculture Including the Enforcement of Welsh Fisheries' action; in addition
- £731k has been transferred from the 'Develop and Implement Climate Change Policy, Energy Efficiency, Green Growth and Environmental Protection' action to the 'Develop and Deliver Overarching Policy and Programmes on Agriculture, Food and Marine' action as a result of the redistribution of responsibilities.

## Central Services and Administration MEG

### 5.7 Resource

- £3,500k has been transferred from the 'Invest-to-Save' action to the 'Running Costs' action in respect of a recoverable investment to help fund improvements to IT infrastructure and services;
- £2,717k has been transferred from the 'Fiscal Responsibilities' action to the 'Running Costs' action to facilitate a transfer from resource to capital to allow the Welsh Revenue Authority to purchase IT assets. A corresponding transfer of capital into the 'Fiscal Responsibilities' action is detailed below;
- £1,000k has been transferred from the 'Staff Costs' action to the 'Running Costs' action to help fund a staff severance scheme;
- £355k has been transferred from the 'Running Costs' action to the 'Staff Costs' action to fund staff working on grants management; and

- In addition to the above, £2,275k of resource funding has been reallocated between actions within the MEG in order to meet revised funding requirements.

#### Capital

- £2,717k has been transferred from the 'General Administration' action to the 'Fiscal Responsibilities' action to allow the Welsh Revenue Authority to purchase IT assets. A corresponding transfer of resource from the 'Fiscal Responsibilities' action is detailed above.

## 6. Changes to Reserves and Carry Forward

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**6.1** In addition to the baseline and main portfolio changes detailed in section 3 above, this Supplementary Budget contains a number of other movements in Reserves, including allocations to the MEGs.

### Switches affecting Reserves

**6.2** There are a number of switches between fiscal resource and general capital which impact upon reserves:

- Within the Health and Social Services MEG there has been a transfer of £43,365k from fiscal resource to general capital following the reclassification of research and development. A corresponding adjustment of £43m has been made to the DEL baselines in respect of this reclassification and this is detailed in sections 3.3 and 3.5 above. The balance of £365k is being managed within the Welsh Government budget; and
- Within the Economy and Transport MEG there has been a transfer of £30,000k from general capital to fiscal resource in order to comply with the Trunk Road Maintenance Manual. This switch does not affect the overall Wales DEL baseline position as the transfer is being managed within the Welsh Government budget.

### Changes in Other Bodies affecting Reserves

**6.3** There is a decrease in the fiscal resource Reserve of £325k reflecting an increase in the funding from the Welsh Consolidated Fund to the Wales Audit Office.

The Wales Audit Office set out this change in an Explanatory Memorandum laid before the Assembly on 26 October 2017 and reported on by the Finance Committee on 22 November 2017.

### Capital Borrowing

- 6.4** The take-up of borrowing is carefully considered during each budget period and only used when all available conventional, cheaper sources of capital financing are exhausted. Sufficient funds are available within the Welsh Government's general capital budget to cover all allocation requirements during the year therefore £20m of planned borrowing has been removed in this Supplementary Budget.
- 6.5** Table 6.1 below summarises all the movements in Reserves since the First Supplementary Budget and Table 6.2 details all allocations from Reserves to the MEGs and the other changes in Reserves detailed in paragraphs 6.2, 6.3 and 6.4 above :

**Table 6.1 – Summary of Changes to the 2017-18 Reserves since the First Supplementary Budget**

	£000s						
	Fiscal Resource DEL	Non-Fiscal Resource DEL	Total Resource DEL	General Capital DEL	Financial Transaction Capital DEL	Total Capital DEL	Total DEL
<b>Reserves at First Supplementary Budget</b>	230,689	109,682	340,371	122,997	13,548	136,545	476,916
Plus Transfers & Consequentials received since the First Supplementary Budget (See Chapter 3 above)	86,359	313,274	399,633	156,483	202,446	358,929	758,562
Less Total Allocations to the MEGs (See Table 6.2 below)	-185,073	-305,000	-490,073	-208,068	-64,208	-272,276	-762,349
Other Changes (See points 6.2, 6.3 and 6.4 above and Table 6.2 below)	13,040	0	13,040	-33,365	0	-33,365	-20,325
<b>Reserves in this Budget</b>	<b>145,015</b>	<b>117,956</b>	<b>262,971</b>	<b>38,047</b>	<b>151,786</b>	<b>189,833</b>	<b>452,804</b>

**Table 6.2 – MEG Allocations from Reserves and Other Changes in this Supplementary Budget:**

	£000s						
	Fiscal Resource DEL	Non-Fiscal Resource DEL	Total Resource DEL	General Capital DEL	Financial Transaction Capital DEL	Total Capital DEL	Total DEL
<b>Health and Social Services Allocations:</b>	<b>146,168</b>	<b>0</b>	<b>146,168</b>	<b>41,443</b>	<b>0</b>	<b>41,443</b>	<b>187,611</b>
NHS Performance	50,000	0	50,000	0	0	0	50,000
NHS Winter Pressures and Deficits	35,200	0	35,200	0	0	0	35,200
Personal Injury Claims Discount Rate	30,000	0	30,000	0	0	0	30,000
Pharmaceutical Price Regulation Scheme	26,000	0	26,000	0	0	0	26,000
Immigration Health Surcharge	3,748	0	3,748	0	0	0	3,748
LIBOR Fines – Wales Air Ambulance Service	1,000	0	1,000	0	0	0	1,000
Support, Advocacy, Information and Life coaching (SAIL) Projects	163	0	163	0	0	0	163
Abortion costs for women from Northern Ireland	57	0	57	0	0	0	57
All Wales Capital Programme	0	0	0	41,160	0	41,160	41,160
Emergency Services Mobile Communications Programme	0	0	0	283	0	283	283



	£000s						
	Fiscal Resource DEL	Non-Fiscal Resource DEL	Total Resource DEL	General Capital DEL	Financial Transaction Capital DEL	Total Capital DEL	Total DEL
<b>Local Government and Public Services Allocations:</b>	4,223	-500	3,723	87,800	47,010	134,810	138,533
Coastal Communities Fund	4,098	0	4,098	0	0	0	4,098
National Armed Forces Day	100	0	100	0	0	0	100
Cyber Resilience	25	0	25	0	0	0	25
Return to reserves of non-fiscal resource no longer required	0	-500	-500	0	0	0	-500
Affordable Homes Target	0	0	0	49,800	0	49,800	49,800
Road Refurbishment	0	0	0	30,000	0	30,000	30,000
Wales Stalled Sites Fund	0	0	0	8,000	32,000	40,000	40,000
Help to Buy Scheme	0	0	0	0	10,000	10,000	10,000
Town Centre Regeneration Scheme	0	0	0	0	5,000	5,000	5,000
Support for Credit Unions	0	0	0	0	10	10	10

	£000s						
	Fiscal Resource DEL	Non-Fiscal Resource DEL	Total Resource DEL	General Capital DEL	Financial Transaction Capital DEL	Total Capital DEL	Total DEL
<b>Economy and Transport Allocations:</b>	<b>16,665</b>	<b>0</b>	<b>16,665</b>	<b>34,192</b>	<b>17,380</b>	<b>51,572</b>	<b>68,237</b>
Transport for Wales	7,900	0	7,900	0	0	0	7,900
Public Sector Broadband Aggregation	4,000	0	4,000	0	0	0	4,000
Champions League	3,550	0	3,550	0	0	0	3,550
Traws Cymru Free Bus Scheme	1,000	0	1,000	0	0	0	1,000
WWI Commemorative Activities	188	0	188	0	0	0	188
Lloyd George Museum	27	0	27	0	0	0	27
M4 Project	0	0	0	27,819	0	27,819	27,819
Steel Industry Support	0	0	0	4,300	4,380	8,680	8,680
Broadband Extension Programme	0	0	0	2,073	0	2,073	2,073
Neptune 6	0	0	0	0	13,000	13,000	13,000

	£000s						
	Fiscal Resource DEL	Non-Fiscal Resource DEL	Total Resource DEL	General Capital DEL	Financial Transaction Capital DEL	Total Capital DEL	Total DEL
<b>Education Allocations:</b>	<b>3,145</b>	<b>300,000</b>	<b>303,145</b>	<b>41,900</b>	<b>-182</b>	<b>41,718</b>	<b>344,863</b>
Delivery of Diamond Report recommendations	2,100	0	2,100	6,200	0	6,200	8,300
Support for the Higher Education sector	0	0	0	5,700	0	5,700	5,700
Offender Learning – HMP Berwyn	1,045	0	1,045	0	0	0	1,045
Student Loans Stock and RAB Charges	0	300,000	300,000	0	0	0	300,000
21 <sup>st</sup> Century Schools	0	0	0	30,000	0	30,000	30,000
Repayment to reserves in respect of the loan issued to Coleg y Cymoedd	0	0	0	0	-182	-182	-182

	£000s						
	Fiscal Resource DEL	Non-Fiscal Resource DEL	Total Resource DEL	General Capital DEL	Financial Transaction Capital DEL	Total Capital DEL	Total DEL
<b>Energy, Planning and Rural Affairs Allocations:</b>	0	0	0	2,733	0	2,733	2,733
Energy Efficiency Scheme	0	0	0	2,733	0	2,733	2,733
<b>Central Services and Administration Allocations:</b>	14,872	5,500	20,372	0	0	0	20,372
Welsh Revenue Authority running costs	4,000	0	4,000	0	0	0	4,000
EU Structural Funds	3,807	0	3,807	0	0	0	3,807
Devolved Taxes	2,114	0	2,114	0	0	0	2,114
Voluntary Exit Scheme costs	2,000	0	2,000	0	0	0	2,000
National Procurement Services running costs	1,700	0	1,700	0	0	0	1,700
Investigations	500	0	500	0	0	0	500
Strategic Asset Management	300	0	300	0	0	0	300
Tampon Tax receipts	267	0	267	0	0	0	267
By-election costs	140	0	140	0	0	0	140
Suffragette Centenary	44	0	44	0	0	0	44
Additional impairment costs	0	5,500	5,500	0	0	0	5,500

	£000s						
	Fiscal Resource DEL	Non-Fiscal Resource DEL	Total Resource DEL	General Capital DEL	Financial Transaction Capital DEL	Total Capital DEL	Total DEL
<b>Other Movements:</b>	<b>-13,040</b>	<b>0</b>	<b>-13,040</b>	<b>33,365</b>	<b>0</b>	<b>33,365</b>	<b>20,325</b>
Switch from General Capital to Fiscal Resource	-43,365	0	-43,365	43,365	0	43,365	0
Switch from Fiscal Resource to General Capital	30,000	0	30,000	-30,000	0	-30,000	0
Changes in Other Bodies	325	0	325	0	0	0	325
Removal of Capital Borrowing	0	0	0	20,000	0	20,000	20,000

## Carry Forward

**6.6** As part of the agreement between the devolved administrations and the UK Government, the Welsh Government was previously able to carry forward underspends, up to an agreed cap, under the Budget Exchange Mechanism.

2016-17 marked the end of this practice and balances that arise at the end of 2017-18 will be added to the Wales Reserve; a new arrangement agreed with the UK Government in the Welsh Government's fiscal framework.

The Wales Reserve is capped at £350m. Annual drawdowns are limited to £125m for resource spending and £50m for capital. There are no annual limits on payments into the reserve.

**6.7** The anticipated total DEL balance to be added to the Wales Reserve at the end of 2017-18 is £183,062k, comprising £145,015k fiscal resource and £38,047k general capital.

Financial transaction capital is repayable to HM Treasury and must be used for investment purposes. Due to these constraints, and a significant consequential of £90m received late in the year from the UK Autumn Budget, the Welsh Government is discussing additional flexibility with HM Treasury to carry over these funds outside of the Wales Reserve.

Non-fiscal resource is specifically ring-fenced for non-cash items such as depreciation and is limited in its use. The usual flexibilities to effectively manage the fiscal resource and capital finances are not generally required for non-fiscal expenditure.

- 6.8** Reserves are held in contingency and are available to cover any unforeseen events.
  
- 6.9** We will carry forward any unused reserves and any portfolio underspends. Confirmation of the final amount held in the Wales Reserves will follow the publication of the Welsh Government's Consolidated Accounts 2017-18.
  
- 6.10** The Cabinet will decide on any proposals to utilise the Wales Reserve in 2018-19.

## 7. Adjustments to Annually Managed Expenditure (AME) Budgets

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- 7.1** AME budgets detailed in this Supplementary Budget reflect the latest forecasts provided to HM Treasury. Adjustments made since the First Supplementary Budget was approved comprise:
- An increase of £95,400k in the Health and Social Services AME budget to reflect the latest forecasts for impairments and provisions relating to the NHS in Wales;
  - A decrease in the Local Government and Public Services AME budget of £7,787k to reflect the latest forecasts for the Fire Service Pensions.
  - A decrease of £74,326k in the Economy and Transport AME budget comprising:
    - A decrease of £16,976k to reflect latest forecasts for the impairment of the roads network;
    - A decrease of £76,350k to reflect latest forecasts relating to impairments on the property portfolio; and
    - An increase of £19,000k to reflect provisions for potential costs relating to the trunk road network.
  - An increase of £19,272k in the Education AME budget, £10,272k to reflect the latest Student Loans forecasts comprising:
    - A decrease in Resource AME of £9,193k; and
    - An increase in Capital AME of £19,465k; plus
    - An increase in Resource AME of £9,000k relating to the Career Wales pension provision.

Table 7.1 below sets out the net impact of all the AME changes listed above.



**Table 7.1 – Wales AME Budget**

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	RESOURCE			CAPITAL		
	2017-18 Supplementary Budget June 2017	2017-18 Changes	2017-18 Supplementary Budget New Plans February 2018	2017-18 Supplementary Budget June 2017	2017-18 Changes	2017-18 Supplementary Budget New Plans February 2018
Health and Social Services	171,500	95,400	266,900	0	0	0
Local Government and Public Services	1,094,864	-7,787	1,087,077	0	0	0
Economy and Transport	126,239	-74,326	51,913	0	0	0
Education	-98,958	-193	-99,151	513,397	19,465	532,862
Energy, Planning and Rural Affairs	2,400	0	2,400	0	0	0
Central Services and Administration	2,828	0	2,828	0	0	0
<b>Total Allocation to Welsh Government</b>	<b>1,298,873</b>	<b>13,094</b>	<b>1,311,967</b>	<b>513,397</b>	<b>19,465</b>	<b>532,862</b>

## **Annexe 1 – Restatement of the First Supplementary Budget Baselines following Changes in Ministerial Portfolios**

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The following tables show the movements between MEGs and the revised baselines for the Second Supplementary Budget as a result of the changes in Ministerial responsibilities and the new Ministerial portfolios announced on 3 November 2017.

**2017-18  
1st Supplementary Budget Allocations Prior to Changes in Ministerial Responsibilities**

**£000s**

Main Expenditure Groups (MEGs)	Resource			Capital			AME			Total MEG Allocation
	Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health, Well-being and Sport	6,874,871	190,779	<b>7,065,650</b>	251,971	0	<b>251,971</b>	171,500	0	<b>171,500</b>	<b>7,489,121</b>
Local Government	3,297,856	400	<b>3,298,256</b>	143,118	0	<b>143,118</b>	1,059,000	0	<b>1,059,000</b>	<b>4,500,374</b>
Communities and Children	370,568	500	<b>371,068</b>	241,773	115,932	<b>357,705</b>	35,864	0	<b>35,864</b>	<b>764,637</b>
Economy and Infrastructure	626,084	195,898	<b>821,982</b>	486,188	36,250	<b>522,438</b>	132,239	0	<b>132,239</b>	<b>1,476,659</b>
Education	1,371,296	107,039	<b>1,478,335</b>	100,813	0	<b>100,813</b>	<b>-104,958</b>	513,397	<b>408,439</b>	<b>1,987,587</b>
Environment and Rural Affairs	269,338	13,086	<b>282,424</b>	101,731	0	<b>101,731</b>	2,400	0	<b>2,400</b>	<b>386,555</b>
Central Services and Administration	277,775	16,000	<b>293,775</b>	11,457	0	<b>11,457</b>	2,828	0	<b>2,828</b>	<b>308,060</b>
<b>Total Allocations to Welsh Government MEGs</b>	<b>13,087,788</b>	<b>523,702</b>	<b>13,611,490</b>	<b>1,337,051</b>	<b>152,182</b>	<b>1,489,233</b>	<b>1,298,873</b>	<b>513,397</b>	<b>1,812,270</b>	<b>16,912,993</b>

**2017-18**  
**1st Supplementary Budget Allocations Following Changes in Ministerial Responsibilities**

**£000s**

Main Expenditure Groups (MEGs)	Resource			Capital			AME			Total MEG Allocation
	Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health and Social Services	6,890,176	190,000	<b>7,080,176</b>	251,548	0	<b>251,548</b>	171,500	0	<b>171,500</b>	<b>7,503,224</b>
Local Government and Public Services	3,624,688	900	<b>3,625,588</b>	379,361	115,932	<b>495,293</b>	1,094,864	0	<b>1,094,864</b>	<b>5,215,745</b>
Economy and Transport	472,184	196,677	<b>668,861</b>	486,611	36,250	<b>522,861</b>	126,239	0	<b>126,239</b>	<b>1,317,961</b>
Education	1,547,111	107,039	<b>1,654,150</b>	102,073	0	<b>102,073</b>	<b>-98,958</b>	513,397	<b>414,439</b>	<b>2,170,662</b>
Energy, Planning and Rural Affairs	269,338	13,086	<b>282,424</b>	101,731	0	<b>101,731</b>	2,400	0	<b>2,400</b>	<b>386,555</b>
Central Services and Administration	284,291	16,000	<b>300,291</b>	15,727	0	<b>15,727</b>	2,828	0	<b>2,828</b>	<b>318,846</b>
<b>Total Allocations to Welsh Government MEGs</b>	<b>13,087,788</b>	<b>523,702</b>	<b>13,611,490</b>	<b>1,337,051</b>	<b>152,182</b>	<b>1,489,233</b>	<b>1,298,873</b>	<b>513,397</b>	<b>1,812,270</b>	<b>16,912,993</b>

<b>MOVEMENTS</b>										
<b>£000s</b>										
<b>Main Expenditure Groups (MEGs)</b>	<b>Resource</b>			<b>Capital</b>			<b>AME</b>			<b>Total MEG Allocations</b>
	<b>Fiscal</b>	<b>Non-Fiscal</b>	<b>Resource Total</b>	<b>General</b>	<b>Financial Transactions</b>	<b>Capital Total</b>	<b>Resource</b>	<b>Capital</b>	<b>AME Total</b>	
Health and Social Services	15,305	-779	14,526	-423	0	-423	0	0	0	14,103
Local Government and Public Services	326,832	500	327,332	236,243	115,932	352,175	35,864	0	35,864	715,371
Communities and Children	-370,568	-500	-371,068	-241,773	-115,932	-357,705	-35,864	0	-35,864	-764,637
Economy and Transport	-153,900	779	-153,121	423	0	423	-6,000	0	-6,000	-158,698
Education	175,815	0	175,815	1,260	0	1,260	6,000	0	6,000	83,075
Energy, Planning and Rural Affairs	0	0	0	0	0	0	0	0	0	0
Central Services and Administration	6,516	0	6,516	4,270	0	4,270	0	0	0	10,786
<b>Net Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**2017-18 1st SUPPLEMENTARY BUDGET RESTATEMENT FOLLOWING CHANGES IN MINISTERIAL RESPONSIBILITIES**

<b>HEALTH and SOCIAL SERVICES</b>												
<b>£000s</b>												
<b>Movement</b>	<b>From / To</b>	<b>Action</b>	<b>Resource</b>			<b>Capital</b>			<b>AME</b>			<b>TOTAL</b>
			<b>Fiscal</b>	<b>Non-Fiscal</b>	<b>Resource Total</b>	<b>General</b>	<b>Financial Transactions</b>	<b>Capital Total</b>	<b>Resource</b>	<b>Capital</b>	<b>AME Total</b>	
<b>Health, Well-being and Sport Allocation</b>			<b>6,874,871</b>	<b>190,779</b>	<b>7,065,650</b>	<b>251,971</b>	<b>0</b>	<b>251,971</b>	<b>171,500</b>	<b>0</b>	<b>171,500</b>	<b>7,489,121</b>
Transferred in:	C&C	Supporting Children	26,953	0	<b>26,953</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>26,953</b>
	C&C	Cafcass Cymru	10,267	0	<b>10,267</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>10,267</b>
Transferred out:	E&T	Public Health Programmes <sup>Note</sup>	<b>-350</b>	0	<b>-350</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>(350)</b>
	E&T	Sports and Physical Activity	<b>-21,565</b>	<b>-779</b>	<b>-22,344</b>	<b>-423</b>	0	<b>-423</b>	0	0	<b>0</b>	<b>(22,767)</b>
<b>Restated Health and Social Services Allocation</b>			<b>6,890,176</b>	<b>190,000</b>	<b>7,080,176</b>	<b>251,548</b>	<b>0</b>	<b>251,548</b>	<b>171,500</b>	<b>0</b>	<b>171,500</b>	<b>7,503,224</b>

**Note:** The 'Public Health Programmes' action remains in the H&SS MEG but £350k has been transferred into the 'Sustainable Travel' action in the E&T MEG.

LOCAL GOVERNMENT and PUBLIC SERVICES												
£000s												
Movement	From / To	Action	Resource			Capital			AME			TOTAL
			Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
<b>Local Government Allocation</b>			<b>3,297,856</b>	<b>400</b>	<b>3,298,256</b>	<b>143,118</b>	<b>0</b>	<b>143,118</b>	<b>1,059,000</b>	<b>0</b>	<b>1,059,000</b>	<b>4,500,374</b>
Transferred in:	C&C	Early Intervention, Prevention and Support	144,056	0	144,056	0	0	0	0	0	0	144,056
	C&C	Financial Inclusion and Third Sector	20,052	0	20,052	0	0	0	0	0	0	20,052
	C&C	Fire & Rescue Services and Resilience	5,147	0	5,147	1,970	0	1,970	35,864	0	35,864	42,981
	C&C	Promoting Positive Engagement for Young People	4,420	0	4,420	0	0	0	0	0	0	4,420
	C&C	Supporting People	124,488	0	124,488	0	0	0	0	0	0	124,488
	C&C	Homelessness Prevention	5,907	0	5,907	0	0	0	0	0	0	5,907
	C&C	Independent Living	5,159	0	5,159	5,660	0	5,660	0	0	0	10,819
	C&C	Increase the Supply and Choice of Affordable Housing	7,700	0	7,700	93,733	10,000	103,733	0	0	0	111,433

C&C	Increase the Supply and Choice of Market Housing	0	0	0	0	103,337	103,337	0	0	0	103,337
C&C	Housing Revenue Funding	1,073	0	1,073	0	0	0	0	0	0	1,073
C&C	Regeneration	8,830	500	9,330	14,880	2,595	17,475	0	0	0	26,805
C&C	Communities Facilities	0	0	0	2,000	0	2,000	0	0	0	2,000
C&C	Integrated Care Fund	0	0	0	10,000	0	10,000	0	0	0	10,000
C&C	Achieve Quality Housing	0	0	0	108,000	0	108,000	0	0	0	108,000
<b>Restated Local Government and Public Services Allocation</b>		<b>3,624,688</b>	<b>900</b>	<b>3,625,588</b>	<b>379,361</b>	<b>115,932</b>	<b>495,293</b>	<b>1,094,864</b>	<b>0</b>	<b>1,094,864</b>	<b>5,215,745</b>



ECONOMY and TRANSPORT												
£000s												
Movement	From / To	Action	Resource			Capital			AME			TOTAL
			Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
<b>Economy and Infrastructure Allocation</b>			<b>626,084</b>	<b>195,898</b>	<b>821,982</b>	<b>486,188</b>	<b>36,250</b>	<b>522,438</b>	<b>132,239</b>	<b>0</b>	<b>132,239</b>	<b>1,476,659</b>
Transferred in:	H&SS	Sports and Physical Activity	21,565	779	<b>22,344</b>	423	0	<b>423</b>	0	0	<b>0</b>	<b>22,767</b>
	H&SS	Sustainable Travel Note 1	350	0	<b>350</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>350</b>
Transferred out:	Educ	Work Based Learning	<b>-126,808</b>	0	<b>-126,808</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>-126,808</b>
	Educ	Delivery Support - Skills	<b>-648</b>	0	<b>-648</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>-648</b>
	Educ	Skills Policy	<b>-1,061</b>	0	<b>-1,061</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>-1,061</b>
	Educ	Employability & Skills Note 2	<b>-28,498</b>	0	<b>-28,498</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>-28,498</b>
	Educ	Careers Wales	<b>-18,800</b>	0	<b>-18,800</b>	0	0	<b>0</b>	<b>-6,000</b>	0	<b>-6,000</b>	<b>-24,800</b>
<b>Restated Economy and Transport Allocation</b>			<b>472,184</b>	<b>196,677</b>	<b>668,861</b>	<b>486,611</b>	<b>36,250</b>	<b>522,861</b>	<b>126,239</b>	<b>0</b>	<b>126,239</b>	<b>1,317,961</b>

**Notes:** 1. £350k has been transferred in from the 'Public Health Programmes' action which remains in the H&SS MEG.

2. £360k of the Employability and Skills budget in respect of Chwarae Teg has been retained by the E&T MEG and has been added to the budget for the 'Entrepreneurship and Business' Information action.

EDUCATION												
£000s												
			Resource			Capital			AME			TOTAL
Movement	From / To	Action	Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
<b>Education Allocation</b>			<b>1,371,296</b>	<b>107,039</b>	<b>1,478,335</b>	<b>100,813</b>	<b>0</b>	<b>100,813</b>	<b>-104,958</b>	<b>513,397</b>	<b>408,439</b>	<b>1,987,587</b>
Transferred in:	E&T	Work Based Learning	126,808	0	<b>126,808</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>126,808</b>
	E&T	Delivery Support - Skills	648	0	<b>648</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>648</b>
	E&T	Skills Policy	1,061	0	<b>1,061</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>1,061</b>
	E&T	Employability & Skills <small>Note 1</small>	28,498	0	<b>28,498</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>28,498</b>
	E&T	Careers Wales	18,800	0	<b>18,800</b>	0	0	<b>0</b>	6,000	0	<b>6,000</b>	<b>24,800</b>
	C&C	Flying Start Capital <small>Note 2</small>	0	0	<b>0</b>	1,260	0	<b>1,260</b>	0	0	<b>0</b>	<b>1,260</b>
<b>Restated Education Allocation</b>			<b>1,547,111</b>	<b>107,039</b>	<b>1,654,150</b>	<b>102,073</b>	<b>0</b>	<b>102,073</b>	<b>-98,958</b>	<b>513,397</b>	<b>414,439</b>	<b>2,170,662</b>

- Notes:**
1. £360k of the 'Employability and Skills' budget in respect of Chwarae Teg has been retained by the E&T MEG;
  2. Flying Start Capital has been merged into the 'Education and IT Provision' action within the Education MEG.

<b>ENERGY, PLANNING and RURAL AFFAIRS</b>												
<b>£000s</b>												
<b>Movement</b>	<b>From / To</b>	<b>Action</b>	<b>Resource</b>			<b>Capital</b>			<b>AME</b>			<b>TOTAL</b>
			<b>Fiscal</b>	<b>Non-Fiscal</b>	<b>Resource Total</b>	<b>General</b>	<b>Financial Transactions</b>	<b>Capital Total</b>	<b>Resource</b>	<b>Capital</b>	<b>AME Total</b>	
<b>Environment and Rural Affairs Allocation</b>			<b>269,338</b>	<b>13,086</b>	<b>282,424</b>	<b>101,731</b>	<b>0</b>	<b>101,731</b>	<b>2,400</b>	<b>0</b>	<b>2,400</b>	<b>386,555</b>
			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Restated Energy, Planning and Rural Affairs Allocation</b>			<b>269,338</b>	<b>13,086</b>	<b>282,424</b>	<b>101,731</b>	<b>0</b>	<b>101,731</b>	<b>2,400</b>	<b>0</b>	<b>2,400</b>	<b>386,555</b>

The Energy, Planning and Rural Affairs MEG has not been affected by the recent changes in Ministerial responsibilities.

<b>CENTRAL SERVICES and ADMINISTRATION</b>												
£000s												
Movement	From / To	Action	Resource			Capital			AME			TOTAL
			Fiscal	Non-Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
<b>Central Services and Administration Allocation</b>			<b>277,775</b>	<b>16,000</b>	<b>293,775</b>	<b>11,457</b>	<b>0</b>	<b>11,457</b>	<b>2,828</b>	<b>0</b>	<b>2,828</b>	<b>308,060</b>
Transferred in:	C&C	Violence Against Women, Domestic Abuse & Sexual Violence	4,500	0	<b>4,500</b>	969	0	<b>969</b>	0	0	<b>0</b>	<b>5,469</b>
	C&C	Equality and Inclusion	2,016	0	<b>2,016</b>	0	0	<b>0</b>	0	0	<b>0</b>	<b>2,016</b>
	C&C	Gypsy Traveller Sites	0	0	<b>0</b>	3,301	0	<b>3,301</b>	0	0	<b>0</b>	<b>3,301</b>
<b>Restated Central Services and Administration Allocation</b>			<b>284,291</b>	<b>16,000</b>	<b>300,291</b>	<b>15,727</b>	<b>0</b>	<b>15,727</b>	<b>2,828</b>	<b>0</b>	<b>2,828</b>	<b>318,846</b>

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## **Annexe 2 – Reconciliation between the Portfolio Budgets in the Action Tables and those the Budget Motion**

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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 2017-18 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 Annexe provides a reconciliation between the two by each portfolio.

2017-18 SUPPLEMENTARY BUDGET							
£000s							
	Health and Social Services	Local Government and Public Services	Economy and Transport	Education	Energy, Planning and Rural Affairs	Central Services and Administration	TOTAL
Resource	7,186,600	3,628,830	716,750	1,955,378	282,424	318,216	<b>14,088,198</b>
Capital	339,411	625,326	545,640	145,841	104,464	14,192	<b>1,774,874</b>
Resource AME	266,900	1,087,077	51,913	-99,151	2,400	2,828	<b>1,311,967</b>
Capital AME	0	0	0	532,862	0	0	<b>532,862</b>
<b>TOTAL MANAGED EXPENDITURE</b>	<b>7,792,911</b>	<b>5,341,233</b>	<b>1,314,303</b>	<b>2,534,930</b>	<b>389,288</b>	<b>335,236</b>	<b>17,707,901</b>
<b>Reconciliation to Resources</b>							
Resource Consumption - Welsh Government Sponsored Bodies	-41,500	-400	-6,281	-190	-12,400	0	<b>-60,771</b>
Supported Borrowing	0	-88,800	0	0	0	0	<b>-88,800</b>
National Insurance Fund Receipts Collection Costs	-906	0	0	0	0	0	<b>-906</b>
National Non-Domestic Rates Payable (and Collection Costs)	0	-966,215	0	0	0	0	<b>-966,215</b>
Interest Repayments on Borrowing	0	0	-1,745	0	0	0	<b>-1,745</b>
PFI	0	0	-8,483	0	0	0	<b>-8,483</b>
Direct Charges on the Welsh Consolidated Fund	0	0	0	0	0	-140	<b>-140</b>
<b>RESOURCES REQUESTED</b>	<b>7,750,505</b>	<b>4,285,818</b>	<b>1,297,794</b>	<b>2,534,740</b>	<b>376,888</b>	<b>335,096</b>	<b>16,580,841</b>

## Annexe 3 – Glossary

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<b>Action</b>	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: <a href="http://www.wales.gov.uk/budget">www.wales.gov.uk/budget</a>
<b>Ambits</b>	Descriptions of the specific purposes for which Welsh Ministers are authorised by the National Assembly for Wales to spend resources. Ambit Descriptions and resource limits are contained within the Annual and Supplementary Budget Motions. Ambits correspond to MEGs.
<b>Annually Managed Expenditure (AME)</b>	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.
<b>Budget Motion</b>	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.
<b>Budget Exchange System</b>	The system under which the Welsh Government carried forward underspends prior to the year 2017-18. It is replaced by the Wales Reserve
<b>Capital</b>	Expenditure that in the main results in an asset, for example a new building. The Welsh Government DEL and AME budgets have separate capital and resource limits.
<b>Departmental Expenditure Limit (DEL)</b>	The multi-year budget limit for the Welsh Government set by the HM Treasury in Spending Reviews.
<b>Depreciation</b>	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.

<b>Direct Charges on the Welsh Consolidated Fund</b>	Expenditure which is legally required to be charged directly to the Welsh Consolidated Fund and therefore does not require the approval of the Assembly. Direct Charges include the remuneration of the Presiding Officer and Auditor General.
<b>Financial Transactions</b>	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.
<b>Fiscal Resource DEL</b> (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.
<b>Main Expenditure Group (MEG)</b>	The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently 6 MEGs: Health and Social Services; Local Government and Public Services; Economy and Transport; Education; Energy, Planning and Rural Affairs and Central Services and Administration.
<b>Non-Fiscal Resource DEL</b> (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.
<b>Receipts</b>	Some areas of Welsh Government activity generate income, for example, through the sale or rental of assets. These are represented in the budget as negative figures.
<b>Resource budgeting</b>	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.
<b>Resource</b> (previously known as revenue)	Current expenditure, for example funding for the pay of public sector workers and to purchase consumable goods and services.



<b>Spending Programme Area (SPA)</b>	Spending Programme Areas represent an aggregation of related Action Budgets.
<b>Spending Review</b>	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.
<b>Total Managed Expenditure (TME)</b>	This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure.
<b>Wales Reserve</b>	The Welsh Government's arrangement with HM Treasury to carry forward unused funding between years. It replaces the Budget Exchange Mechanism at the end of 2017-18
<b>Welsh Consolidated Fund</b>	The account into which the money voted by the UK Parliament for use by the Welsh Government, the Assembly Commission, the Auditor General, and the Public Services Ombudsman for Wales is paid.
<b>WGSB</b>	Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales.