



Llywodraeth Cymru
Welsh Government

Welsh Government

Supplementary Budget 2018-2019

Explanatory Note

June 2018

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1. Introduction

- 1.1** The Welsh Government today tabled the first supplementary budget for 2018-19 in accordance with Standing Order 20. This supplementary budget proposes changes to the final budget for 2018-19 as approved by the National Assembly for Wales ('the Assembly') on 16 January 2018.
- 1.2** This supplementary budget regularises a number of allocations from reserves and transfers within and between portfolios. It includes adjustments to the Wales DEL budget to reflect transfers and consequential received in the UK Government's 2018 Main Estimates exercise, and it also reflects changes in Annually Managed Expenditure forecasts, in line with the latest details provided to HM Treasury.
- 1.3** The changes proposed in this budget are summarised in the following chapters.
- 1.4** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.

2 Changes to the Wales Budget since Final Budget 2018-19

- 2.1** There are a number of changes which reflect revisions since the final budget 2018-19 was agreed by the Assembly on 16 January 2018. The changes comprise adjustments to Resource and Capital baselines, transfers between Ministerial portfolios and allocations from Reserves.
- 2.2** The supplementary budget builds on the allocations set out in the draft and final budget 2018-19 to progress the commitments in the National Strategy: Prosperity for All incorporating the objectives under the Well-being of Future Generations (Wales) Act. More detail is provided where additional allocations have been made (see chapter 5).

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

Table 2.1 – Sources of Finance for Welsh Government

COMPONENTS OF WELSH GOVERNMENT FINANCING	2018-19 Final Budget	2018-19 Changes	2018-19 Supplementary Budget New Plans June 2018
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	13,267,925	7,223	13,275,148
Non-Fiscal	664,279	0	664,279
Annually Managed Expenditure (AME):			
Fiscal	27,273	-851	26,422
Non-Fiscal	38,609	15,148	53,757
Wales Devolved Financing:			
Non Domestic Rates	1,050,000	0	1,050,000
Land Transaction Tax	250,000	0	250,000
Landfill Disposals Tax	26,000	0	26,000
Principal repayment of borrowing	-616	496	-120
TOTAL RESOURCE FINANCING	15,323,470	22,016	15,345,486
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	1,619,251	2,761	1,622,012
Financial Transactions	281,443	0	281,443
Annually Managed Expenditure (AME):			
Capital	658,439	3,377	661,816
Wales Devolved Financing:			
Borrowing	125,000	0	125,000
TOTAL CAPITAL FINANCING	2,684,133	6,138	2,690,271
TOTAL WELSH FINANCING	18,007,603	28,154	18,035,757

Table 2.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)		£000s		
		2018-19 Final Budget	Changes	2018-19 Supplementary Budget New Plans June 2018
Health and Social Services		7,723,315	72,557	7,795,872
Local Government and Public Services		5,405,368	-251	5,405,117
Economy and Transport		1,093,858	56,278	1,150,136
Education		2,351,777	65,102	2,416,879
Energy, Planning and Rural Affairs		348,568	5,286	353,854
Central Services and Administration		324,355	-307	324,048
Total Allocation to Welsh Government MEGs		17,247,241	198,665	17,445,906
Unallocated Resource	Fiscal Resource	136,713	-7,322	129,391
	Non-Fiscal Resource	138,407	0	138,407
Unallocated Capital	General	258,116	-131,736	126,380
	Financial Transactions	158,595	-31,500	127,095
National Assembly for Wales Commission		56,088	0	56,088
Public Services Ombudsman for Wales ^{Note}		4,480	0	4,480
Wales Audit Office		7,261	0	7,261
Direct Charges to the Welsh Consolidated Fund		702	47	749
TOTAL WELSH BUDGET		18,007,603	28,154	18,035,757

Note

A supplementary budget for 2018-19 has been presented to the Finance Committee by the Public Service Ombudsman for Wales (PSOW). Expenditure has increased by £45k which will be met by a corresponding increase in income in respect of a seconded member of staff. Therefore, there is no change to the total managed expenditure for PSOW.

Table 2.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2018-19 Final Budget	Changes	2018-19 Supplementary Budget New Plans June 2018	2018-19 Final Budget	Changes	2018-19 Supplementary Budget New Plans June 2018
Health and Social Services	7,117,871	6,338	7,124,209	190,000	0	190,000
Local Government and Public Services	3,718,910	100	3,719,010	400	0	400
Economy and Transport	457,948	1,000	458,948	196,677	0	196,677
Education	1,534,054	7,577	1,541,631	107,039	0	107,039
Energy, Planning and Rural Affairs	232,448	286	232,734	13,086	0	13,086
Central Services and Administration	282,329	-307	282,022	16,000	0	16,000
Total Allocation to Welsh Government MEGs	13,343,560	14,994	13,358,554	523,202	0	523,202

Table 2.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2018-19 Final Budget	Changes	2018-19 Supplementary Budget New Plans June 2018	2018-19 Final Budget	Changes	2018-19 Supplementary Budget New Plans June 2018
Health and Social Services	294,444	69,219	363,663	0	1,000	1,000
Local Government and Public Services	510,037	0	510,037	98,748	500	99,248
Economy and Transport	394,681	25,278	419,959	17,920	30,000	47,920
Education	168,627	35,000	203,627	0	0	0
Energy, Planning and Rural Affairs	94,454	5,000	99,454	6,180	0	6,180
Central Services and Administration	23,087	0	23,087	0	0	0
Total Allocation to Welsh Government MEGs	1,485,330	134,497	1,619,827	122,848	31,500	154,348

2.3 An overview of the changes to the sources of finance are provided below and details of transfers between Ministerial portfolios and allocations from Reserves can be found in sections 3 and 5 respectively.

Adjustments to Sources of Finance

Fiscal Resource

2.4 The Fiscal Resource baseline has increased by a net amount of £7,223k comprising:

- A transfer in of £7,238k from the Home Office in respect of the Immigration Health Surcharge; and
- A transfer out of £15k to the Cabinet Office which represents the Welsh Government's contribution towards funding 'Civil Service Live' events in 2018.

Non-Fiscal Resource

2.5 There have been no changes to the Non-fiscal Resource baseline since the final budget.

Wales Devolved Financing

2.6 There is a reduction of £496k to the amount of principal repayments on borrowing to reflect the lower than anticipated levels of borrowing in 2017-18. There is no change to the forecasts of devolved tax revenues.

General Capital

2.7 The General Capital baseline has increased by £2,761k as a result of consequential arisings from the 2016 Autumn Statement in respect of research and development expenditure by the Department for Business, Energy and Industrial Strategy.

Financial Transactions Capital

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

AME Financing

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

Table 2.5 – Summary of the Welsh Government MEG Total Allocations

2018-19 TOTAL MEG ALLOCATIONS as per SUPPLEMENTARY BUDGET										
£000s										
MAIN EXPENDITURE GROUPS (MEGs)	Resource			Capital			AME			TOTAL MEG ALLOCATION
	Fiscal	Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health and Social Services	7,124,209	190,000	7,314,209	363,663	1,000	364,663	117,000	0	117,000	7,795,872
Local Government and Public Services	3,719,010	400	3,719,410	510,037	99,248	609,285	1,076,422	0	1,076,422	5,405,117
Economy and Transport	458,948	196,677	655,625	419,959	47,920	467,879	26,632	0	26,632	1,150,136
Education	1,541,631	107,039	1,648,670	203,627	0	203,627	-97,234	661,816	564,582	2,416,879
Energy, Planning and Rural Affairs	232,734	13,086	245,820	99,454	6,180	105,634	2,400	0	2,400	353,854
Central Services and Administration	282,022	16,000	298,022	23,087	0	23,087	2,939	0	2,939	324,048
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	13,358,554	523,202	13,881,756	1,619,827	154,348	1,774,175	1,128,159	661,816	1,789,975	17,445,906

3. Transfers between Ministerial Portfolios

3.1 This section details the transfers between MEGs.

NHS Bursary Scheme

3.2 On 25 November 2015 the Chancellor of the Exchequer announced the decision to remove the grants based NHS Bursary in England in favour of a loans based approach for students studying nursing, midwifery and allied health subjects, to take effect from September 2017.

In order to fund interim measures whilst long term arrangements for NHS Bursaries are considered alongside the developments arising from the Diamond Review, £800k fiscal resource funding has been transferred from the Education and Training BEL within the Health and Social Services MEG to the Student Support Grants BEL in the Education MEG.

Disability Wales

3.3 £100k is being transferred from the Sustainable Social Services BEL within the Health and Social Services MEG to the Equality and Prosperity BEL within the Central Services and Administration MEG in respect of Disability Wales. This represents the 3rd year of a £600k, 3 year funding package to support Disability Wales whilst it plans for the future and generates income to the point where it becomes self sustaining.

Holyhead Marina

3.4 In March 2018 Holyhead Marina suffered storm damage resulting in severe polystyrene pollution on numerous beaches around the north-west coast. £10k is being transferred from the Local Environment Quality & Keep Wales Tidy BEL within the Energy, Planning and Rural Affairs MEG to the Emergency Financial Assistance Scheme BEL within the Local Government and Public Services MEG to contribute towards a support package of £100k to the Isle of Anglesey County Council to

contribute towards a full environmental clean up. (See also paragraph 5.2.)

4. Transfers within Ministerial Portfolios

4.1 In addition to the transfers between Ministerial Portfolios detailed in section 3 there are a number of transfers between BELs within the same portfolios which are included within the published BEL Tables. These are generally administrative in nature and have no net effect on the individual MEG totals.

Health and Social Services MEG

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

Education MEG

4.3 £8,000k has been transferred into the HEFCW Programme Expenditure BEL and is comprised of the following movements:

- £5,000k from the Student Support Grant BEL to provide HEFCW with additional funding to support post graduate study in Wales; and
- £3,000k from the Work Based Learning BEL to provide HEFCW with additional funding to develop degree apprenticeships.

Energy, Planning and Rural Affairs MEG

4.4 Due to a rise in Basic Farm Payments the Agriculture EU Pillar 1 Direct Payments BEL expenditure has increased by £35,000k and is matched by a corresponding increase in the BEL Income as these payments are funded from EU receipts. There is no net change to this budget.

5. Changes to Reserves

5.1 In addition to the baseline and main portfolio changes detailed in sections 2 and 3 this Supplementary Budget contains a number of changes to Reserves.

Allocations from Fiscal Resource Reserves

5.2 The following allocations have been made from fiscal resource reserves:

- Health and Social Services:
 - £7,238k to the Core NHS Allocations BEL in respect of the Immigration Health Surcharge reflecting the transfer from the Home Office;

- Local Government and Public Services:
 - £90k to the Emergency Financial Assistance Scheme BEL to contribute towards a support package of £100k to the Isle of Anglesey County Council towards the clean up cost arising from storm damage caused at Holyhead Marina in March 2018. The funding will contribute towards a full environmental clean up and will enable the Isle of Anglesey to continue to retain businesses and attract sufficient visitors to sustain its local economy. (See also paragraph 3.4);

- Economy and Transport
 - £1,000k to the Bus Review BEL in support of free bus travel.

- Education:
 - £5,000k to the School Improvement Grant BEL as a one-off allocation for Local Government to support transitional arrangements for minority ethnic achievement and Gypsy Roma Traveller support;

- £1,777k to the Pupil Development Grant BEL to provide additional funding in line with commitments made to replace the former school uniform grant; and
- Energy, Planning and Rural Affairs:
 - £296k to the Waste BEL in support of the enforcement of measures relating to the reduction of waste crime activities.

Transfers to Fiscal Resource Reserves

5.3 The following transfers have been made to fiscal resource reserves:

- Central Services and Administration:
 - £392k from the Cost of Borrowing BEL as the capital borrowing for 2017-18 was lower than originally anticipated; and
 - £15k from the General Administration Expenditure BEL to cover the payment made to the Cabinet Office for the Welsh Government's contribution towards funding 'Civil Service Live' events in 2018.

Allocations from General Capital Reserves

5.4 The following allocations made from general capital reserves regularise previous announcements in the final budget debate and Wales Infrastructure Investment Plan:

- Health and Social Services:
 - £49,219k additional funding to the Core NHS allocations BEL to be directed across a range of clinical priorities including the continued support for the new Velindre Cancer Centre and investment in neonatal services in both Glangwili and Singleton hospitals.

- £20,000k additional funding to the Core NHS allocations BEL in respect of the All Wales Health programme including ambulances. To contribute towards the cost of the following top priority projects:
 - WAST Vehicle replacement;
 - Bronglais MRI;
 - Cardiff and Vale Hybrid Theatre;
 - Health Education Improvement Wales: and
 - Cwm Taf, Prince Charles Hospital Phase 1b.

- Economy and Transport:
 - £10,000k funding to the Sustainable Travel & Walking & Cycling BEL to accelerate the creation of active travel routes to connect residential areas with key employment and educational sites and services. This is part of a £60m allocation central to several commitments set out in Taking Wales Forward and Prosperity for All. It supports efforts to reduce carbon emissions and improve air quality and build physical activity into people's daily lives delivering wider health benefits.

 - £9,000k additional funding to the ICT Infrastructure Operations BEL - the first year of a £31.5m allocation for next generation access broadband phase two to deliver the commitment in Taking Wales Forward and Prosperity for All to deliver fast reliable broadband to those parts of Wales not currently served by the market. Access to fast, reliable broadband enables more people to work from home and more business to be completed by technology rather than face to face reducing travel and carbon emissions.

 - £5,000k funding to the Advance Materials and Manufacture BEL for the Tech Valleys. This is the first year of a 10 year £100m project which was announced in place of the Circuit of Wales in the Ebbw Vale area. The technology park will provide new

manufacturing space, with a focus on new technologies for the automotive sector. It will be one of the strategic hubs for the 'Our Valleys Our Future' programme focussed on providing the private sector opportunities to invest and create new jobs.

- £1,278k funding to the Cadw BEL to support the Cadw – Visitor Experience. Past investment has significantly increased visitor numbers, for instance visitors to Harlech Castle doubled after investment in the visitor centre on site. The major projects proposed will support:
 - Caerphilly Castle;
 - Flint Castle;
 - Tretower Court;
 - Carnarfon Castle; and
 - Porth Mawr.
- Education:
 - £25,000k funding to the Education Infrastructure BEL as part of the announcement of £75m additional funding over the next 3 years to accelerate the delivery of the 21st Century Schools education programme.
 - £10,000k funding to the Education Infrastructure BEL as part of the commitment in Prosperity for All to ensure schools become community hubs and provide community learning centres with extended services including childcare and parenting support. This investment will fund a pilot as part of the work of the Ministerial Taskforce for the South Wales Valleys and is expected to achieve efficiencies by helping to join-up communities and the services people need, if successful this could be rolled out across Wales.

- Energy, Planning and Rural Affairs:
 - £5,000k funding to the Waste BEL for waste recycling and collaborative change to support the decarbonisation programme and support the Prosperity for All commitment to move towards a more resource efficient economy.

Allocations from Financial Transaction Capital Reserves

5.5 The following allocations have been made from financial transaction capital reserves:

- Health and Social Services:
 - £1,000k funding allocated to the Core NHS Allocations BEL in support of Health Innovation Centres.
- Local Government and Public Services:
 - £500k funding allocated to the Financial Inclusion BEL in support of Credit Unions. There are certain requirements that credit unions must achieve in relation to the levels of assets compared to their number of members. The Prudential Regulatory Authority has set a mandatory capital to asset ratio. A subordinated loan to a credit union increases its capital to underpin an increase in assets from additional members.
- Economy and Transport:
 - £30,000k funding allocated to the Business Solutions BEL supporting transport developments in the Cardiff capital region to support our commitment in Prosperity for All to deliver an integrated public transport network and reduce carbon emissions.

Changes in Direct Charges affecting Reserves

5.6 There is a decrease in the Fiscal Resource Reserve of £47k as a result of an increase in the estimated value of direct charges for 2018-19. The increase comprises:

- £1k decrease (rounding adjustment) following the final pay award and pension contributions for AM's as applied to the Presiding Officer and Deputy Presiding Officer; and
- £48k increase in the remuneration of the next Auditor General for Wales.

Table 5.1 reflects the movements on Reserves:

Table 5.1 - Changes to the 2018-19 Reserves since Final Budget and the Allocations from Reserves being made in this Supplementary Budget

	£000s						
	Fiscal Resource	Non-Fiscal Resource	Total Resource	General Capital	Financial Transaction Capital	Total Capital	Total
Reserves at Final Budget	136,713	138,407	275,120	258,116	158,595	416,711	691,831
Transfers & Consequentials since Final Budget	7,223	0	7,223	2,761	0	2,761	9,984
Revised Reserves	143,936	138,407	282,343	260,877	158,595	419,472	701,815
Changes:							
Immigration Health Surcharge – transfer from the Home Office	-7,238	0	-7,238	0	0	0	-7,238
Holyhead marina storm damage	-90	0	-90	0	0	0	-90
Free bus scheme	-1,000	0	-1,000	0	0	0	-1,000
Education improvement grant	-5,000	0	-5,000	0	0	0	-5,000
Pupil Development Grant - Access	-1,777	0	-1,777	0	0	0	-1,777
Waste crime enforcement	-296	0	-296	0	0	0	-296
‘Civil Service Live’ events	15	0	15	0	0	0	15
Reduction in the cost of borrowing	392	0	392	0	0	0	392
Reduction in principal borrowing repayment	496	0	496	0	0	0	496

Changes in Direct Charges	-47	0	-47	0	0	0	-47
All Wales health programme	0	0	0	-20,000	0	-20,000	-20,000
NHS improvement support	0	0	0	-49,219	0	-49,219	-49,219
Tech valley	0	0	0	-5,000	0	-5,000	-5,000
Next generation broadband	0	0	0	-9,000	0	-9,000	-9,000
Rollout of integrated active travel	0	0	0	-10,000	0	-10,000	-10,000
Cadw – visitors' experience	0	0	0	-1,278	0	-1,278	-1,278
Education community hubs	0	0	0	-10,000	0	-10,000	-10,000
Accelerated 21 st century programme	0	0	0	-25,000	0	-25,000	-25,000
Waste recycling and collaborative change	0	0	0	-5,000	0	-5,000	-5,000
Health innovation centres	0	0	0	0	-1,000	-1,000	-1,000
Credit unions	0	0	0	0	-500	-500	-500
Cardiff central transport hub	0	0	0	0	-30,000	-30,000	-30,000
Reserves in this Budget	129,391	138,407	267,798	126,380	127,095	253,475	521,273

6. Adjustments to Annually Managed Expenditure (AME) Budgets

- 6.1** AME budgets detailed in this Supplementary Budget reflect the latest forecasts provided to HM Treasury. Adjustments made since the Final Budget was approved comprise:
- A decrease of £4,000k in the Health and Social Services AME budget to reflect the latest forecasts for impairments and provisions relating to the NHS in Wales;
 - A decrease in the Local Government and Public Services AME budget of £851k to reflect the latest forecasts for the Fire Service Pensions.
 - An increase of £22,525k in the Education AME budget to reflect the latest Student Loans forecasts comprising:
 - An increase in Resource AME of £19,148k; and
 - An increase in Capital AME of £3,377k.

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

Table 6.1 – Changes to the Welsh Government MEG AME Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	RESOURCE			CAPITAL		
	2018-19 Final Budget	Changes	2018-19 Supplementary Budget New Plans June 2018	2018-19 Final Budget	Changes	2018-19 Supplementary Budget New Plans June 2018
Health and Social Services	121,000	-4,000	117,000	0	0	0
Local Government and Public Services	1,077,273	-851	1,076,422	0	0	0
Economy and Transport	26,632	0	26,632	0	0	0
Education	-116,382	19,148	-97,234	658,439	3,377	661,816
Energy, Planning and Rural Affairs	2,400	0	2,400	0	0	0
Central Services and Administration	2,939	0	2,939	0	0	0
Total Allocation to Welsh Government	1,113,862	14,297	1,128,159	658,439	3,377	661,816

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 2018-19 and the cash it is seeking authority to draw from the Welsh Consolidated Fund. The tables within this note use the HM Treasury control totals and align with the BEL Tables. However, the figures in the Supplementary Budget Motion align with the Statement of Resource Outturn which is used in the Welsh Government accounts and is prepared on a slightly different basis.

The Welsh Government's budget includes items which do not score as part of the 'Resources Requested' by Welsh Ministers. This Annex provides a reconciliation between the two by each portfolio.

2018-19 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	7,314,209	3,719,410	655,625	1,648,670	245,820	298,022	13,881,756
Capital	364,663	609,285	467,879	203,627	105,634	23,087	1,774,175
Resource AME	117,000	1,076,422	26,632	-97,234	2,400	2,939	1,128,159
Capital AME	0	0	0	661,816	0	0	661,816
TOTAL MANAGED EXPENDITURE	7,795,872	5,405,117	1,150,136	2,416,879	353,854	324,048	17,445,906
Reconciliation to Resources							
Resource Consumption - Welsh Government Sponsored Bodies	-250	-400	-6,281	-190	-12,400		-19,521
Supported Borrowing		-88,800					-88,800
National Insurance Fund Receipts Collection Costs	-906						-906
National Non-Domestic Rates Payable (and Collection Costs)		-1,055,172					-1,055,172
Interest Repayments on Borrowing						-1,625	-1,625
PFI			-8,729				-8,729
RESOURCES REQUESTED	7,794,716	4,260,745	1,135,126	2,416,689	341,454	322,423	16,271,153

Annex 2 – Glossary

Action	Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.
Ambits	Descriptions of the specific purposes for which Welsh Ministers are authorised by the National Assembly for Wales to spend resources. Ambit Descriptions and resource limits are contained within the Annual and Supplementary Budget Motions. Ambits correspond to MEGs.
Annually Managed Expenditure (AME)	Expenditure which cannot reasonably be subject to firm, multi-year limits in the same way as DEL and is therefore reviewed twice a year as part of the HM Treasury's Budget and Pre-Budget Report processes. AME typically consists of programmes which are large, volatile or demand-led; for example the issue of student loans.
Budget Motion	The means by which the National Assembly for Wales authorises Welsh Ministers to spend resources up to a specific level for specified purposes and to draw cash up to a specific limit from the Welsh Consolidated Fund.
Budget Expenditure Line (BEL)	Within each Action budgets are allocated to a number of sub-expenditure groups known as BELs. Tables showing budgets at BEL level are available at: http://gov.wales/funding/budget/?lang=en
Capital	Expenditure that in the main results in a physical asset, for example a new building. The Welsh Government DEL and AME budgets have separate capital and resource limits.
Departmental Expenditure Limit (DEL)	The multi-year budget limit for the Welsh Government set by the HM Treasury in Spending Reviews.
Depreciation	The drop in value of an asset due to wear and tear, age and obsolescence. Under resource budgeting, depreciation is part of the Welsh Government's DEL but is a non-fiscal resource DEL item.

Direct Charges on the Welsh Consolidated Fund	Expenditure which is legally required to be charged directly to the Welsh Consolidated Fund and therefore does not score against the budgets of the Welsh Government or any other body. Direct Charges include the remuneration of the Presiding Officer and Auditor General.
Financial Transactions	Financial transactions can only be used for loans and equity purposes. A proportion of the funding also has to be repaid to the Exchequer.
Fiscal Resource DEL (sometimes referred to as revenue)	The Fiscal Resource DEL budget scores most of the department's current expenditure. Expenditure is recorded on an accruals basis. It includes expenditure on pay, current procurement, current grants and subsidies.
Main Expenditure Group (MEG)	The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently 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.
Non-Fiscal Resource DEL (sometimes referred to as 'non cash')	The Non-Fiscal Resource DEL budget scores the department's current expenditure in respect of impairment of student loans and depreciation. Non-Fiscal Resource DEL is ring-fenced and cannot be used to fund fiscal resource DEL spending.
Receipts	Some areas of Welsh Government activity generate income, for example, through the sale or rental of assets. These are represented in the budget as negative figures.
Resource budgeting	The Welsh Government's budget is set on a resource basis derived from accruals information. Accruals information measures resources as they are consumed rather than when the cash is paid. So, for example, resource budgeting includes a charge for depreciation, a measure of the consumption or wearing out of capital assets.

Resource (previously known as revenue)	Current expenditure, for example, funding for the pay of public sector workers and to purchase consumable goods and services.
Spending Review	HM Treasury periodically reviews expenditure for each UK Government Department and sets budgets for the forthcoming years. Budgets for the devolved administrations are derived from these budgets via the Barnett formula, which is the mechanism used to calculate public expenditure allocated to Wales to reflect changes in spending levels allocated to public services in England.
Total Managed Expenditure (TME)	This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure.
Welsh Consolidated Fund	The account into which the money voted by the UK Parliament for use by the Welsh Government, the Assembly Commission, the Auditor General, and the Public Services Ombudsman for Wales is paid.
WGSB	Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales.