

Finance Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date:

Wednesday, 19 February 2014

Meeting time:

09:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

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Agenda

1 Introductions, apologies and substitutions

2 Welsh Government Supplementary Budget 2013–2014 (09:00–10:00)

(Pages 1 – 128)

FIN(4)-03-14 (paper 1)

FIN(4)-03-14 (paper 2)

Research Service Brief

Jane Hutt, Minister for Finance

Lynne Hamilton - Director, Finance and Commercial, Welsh Government

Jo Salway - Deputy Director, Strategic Budgeting, Welsh Government

3 Draft Wales Bill: Evidence from the Welsh Government (10:00–11:00)

(Pages 129 – 143)

FIN(4)-03-14 (paper 3)

Research Service Brief

Jane Hutt, Minister for Finance

Gareth Morgan - Acting Deputy Director, Financial Reform, Welsh Government

4 Papers to note (11:00) (Pages 144 – 146)

Assembly Commission: Supplementary Budget 2013–14: Letter from Angela Burns AM (12 February 2014) (Pages 147 – 148)

Draft Wales Bill: Letter from Secretary of State for Wales (14 February 2014) (Pages 149 – 150)

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: (11:00)

Items 6, 7, 8 & 9

(Break 11:00 – 11:10)

6 Welsh Government Supplementary Budget 2013–2014: Consideration of evidence (11:10–11:35)

7 Draft Wales Bill: Consideration of evidence (11:35–12:00)

8 Approach to Budget Scrutiny: Effective scrutiny of the Budget by

Committees (12:00–12:15) (Page 151)

FIN(4)-03-14 (paper 4)

9 Welsh Government Draft Budget 2014–2015: Progress report (12:15–

12:30) (Pages 152 – 172)

FIN(4)-03-14 (paper 5)

Supplementary Budget Motion 2013-14

Laid Before the National Assembly for Wales by the Minister for Finance

February 2014

Supplementary Budget Motion**The Assembly is asked to agree the following:**

“1. This resolution for the year ending 31 March 2014 is made by the National Assembly for Wales (“the Assembly”) pursuant to Section 126 of the Government of Wales Act 2006.

Welsh Assembly Government

2. The Welsh Assembly Government is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2014 for the services and purposes specified in Column 1 of Schedule 1, up to a maximum of the corresponding amounts specified in Column 2 of that Schedule;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of each Part of Schedule 2, during the financial year ending 31 March 2014, for use on the services and purposes specified in the corresponding entries in Column 2 of each Part of that Schedule, up to the limit specified for each Part of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Schedule 1, up to the net cash requirement limit specified in Schedule 5.

3. Despite paragraphs 2(a) and (b), the resources which may be used for the services and purposes specified in Column 1 of Schedule 1 (or, as the case may be, in Column 2 of each Part of Schedule 2), may exceed the amount specified in the corresponding entry in Column 2 of Schedule 1 (or, as the case may be, in each Part of Schedule 2) if-

(a) in the case of resources other than accruing resources, the first condition is met, or

(b) in the case of accruing resources, the second condition is met.

4. The first condition is that the total resources (other than accruing resources) used during the financial year ending 31 March 2014 for all services and purposes specified in Column 1 of Schedule 1 does not exceed the total of the sum of the amounts specified in Column 2 of that Schedule.

5. The second condition is that the total accruing resources used during the financial year ending 31 March 2014 for all services and purposes specified in Column 2 of Schedule 2 does not exceed the total of the sum of the amounts specified for each part of that Schedule.

Assembly Commission

6. The Assembly Commission is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2014 for the services and purposes specified in Column 1 of Part 1 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 1 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 1 of Schedule 4, during the financial year ending 31 March 2014, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 1 of that Schedule, up to the limit specified for Part 1 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 1 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Public Services Ombudsman for Wales

7. The Public Services Ombudsman for Wales is authorised –

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2014 for the services and purposes specified in Column 1 of Part 2 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 2 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 2 of Schedule 4, during the financial year ending 31 March 2014, for use on the services and purposes specified in the corresponding entries in Column 2 of Part 2 of that Schedule, up to the limit specified for Part 2 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 2 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Auditor General for Wales

8. The Auditor General for Wales is authorised-

(a) to use resources (not including accruing resources) during the financial year ending 31 March 2014 for the services and purposes specified in Column 1 of Part 3 of Schedule 3, up to a maximum of the corresponding amounts specified in Column 2 of Part 3 of Schedule 3;

(b) in addition, to retain income, within the categories of accruing resources specified in Column 1 of Part 3 of Schedule 4, during the financial year ending 31 March 2014, for use on the services and purposes specified in the corresponding

entries in Column 2 of Part 3 of that Schedule, up to the limit specified for Part 3 of that Schedule; and

(c) to draw cash out of the Welsh Consolidated Fund for use on the services and purposes specified in Column 1 of Part 3 of Schedule 3, up to the net cash requirement limit specified in Schedule 5.

Specification of Categories of Accruing Resources

9. The categories of accruing resources listed in Column 1 of each Part of Schedule 2, and in Column 1 of each part of Schedule 4, are specified categories for the purposes of section 120(2)(a) of the Act.”

Summary of Resource and Capital Requirements
Welsh Ministers

| Ambit | Resources (£000) | Accruing Resources (£000) |
|---|-----------------------------|--|
| Health and Social Services | 5,432,630 | 951,650 |
| Local Government | 3,721,269 | 300 |
| Communities and Tackling Poverty | 203,091 | 0 |
| Economy, Science and Transport | 945,829 | 79,661 |
| Education and Skills | 2,372,495 | 131,049 |
| Natural Resources and Food | 388,796 | 357,634 |
| Housing and Regeneration | 399,978 | 73,400 |
| Culture and Sport | 136,834 | 5,366 |
| Central Services and Administration | 328,643 | 561,982 |
| Total Resources Requested and Accrued Income relating to Welsh Ministers | 13,929,565 | 2,161,042 |

Direct Funded Bodies

| Ambit | Resources (£000) | Accruing Resources (£000) |
|--|-----------------------------|--|
| National Assembly for Wales Commission | 49,950 | 250 |
| Public Services Ombudsman for Wales | 3,942 | 6 |
| Auditor General for Wales | 5,431 | 7,944 |
| Total Resources and Accrued Income for Direct Funded Bodies | 59,323 | 8,200 |

Schedule 1 – Ambits for expenditure incurred by Welsh Ministers

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|---|-------------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Health and Social Services</p> <p>For use by Welsh Ministers to spend on Health and Social Services including promoting or improving economic, social or environmental wellbeing.</p> <p>Resource and capital funding for Local Health Boards and Welsh NHS Trusts and associated healthcare providers; Public Dividend Capital to NHS Trusts; loans to NHS Trusts; payments for contracted services including dentistry, ophthalmic and pharmaceutical services; general medical services, support for education and training; research and development; mental health services; chronic disease treatment; and measures to combat Inequalities in Health; funding for the Welsh Risk Pool; funding for support for children and their families, including children and families organisations; Grants to deliver the Substance Misuse strategy and support for the Food Standards Agency; support for older person’s services and for social services and carers; social services improvement (including the funding of the Association of Directors of Social Services (ADSS) Cymru and Social Care Institute for Excellence (SCIE); for the Care Council for Wales; the National Institute for Health and Clinical Excellence (NICE); the Older People’s Commissioner; and contributions to UK health and social care bodies.</p> <p>Funding for the Children and Family Court Advisory and Support Service (CAFCASS) Cymru; funding for services provided to or on behalf of the Scottish Government, Northern Ireland Executive and Department of Health; services for the improvement of health and the prevention, diagnosis and treatment of illness; and any related expenditure and non cash resource use.</p> | <p>5,432,630</p> |

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|--|-------------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Local Government</p> <p>For use by Welsh Ministers to spend on promoting economic, social and environmental wellbeing in the areas of local government and public service delivery and the promotion of community safety. The funding of local government unitary authorities; police and crime commissioners and fire and rescue service authorities through unhypothecated grant funding by means of revenue support grant, redistributed national non-domestic rates (NNDR) and general capital funding or discrete resource and capital grant funding for specific policy purpose relevant to the above areas of activity. The funding and sponsorship of public bodies and nonstatutory organisations with functions relating to the audit, regulation and inspection; the promotion and representation of democracy; the performance development and change management; the promotion and maintenance of standards and accountability (including appellate functions); the delivery of outcomes; and the improvement of performance in respect of local government. Funding for the programme, staffing and general administrative costs (including leasing costs) of the Care and Social Services Inspectorate and the Healthcare Inspectorate Wales, Sponsorship of Estyn including staff costs and general administrative expenditure and depreciation and any related expenditure and non cash resource use. Funding in respect of community safety and development; work to support the armed forces, veterans and their families; the combating violence against women domestic abuse and sexual violence; and the prevention of young people from offending, and related expenditure and non cash resource use. Matched funding under Priority 4 of the European Social Fund and support for the Valuation Office Agency.</p> | <p>3,721,269</p> |

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|---|-----------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Communities and Tackling Poverty</p> <p>For use by Welsh Ministers to spend on promoting economic, social and environmental well being in the areas of Supporting Communities and People including the regeneration and development of communities, the funding of Third Sector organisations; Tackling Poverty initiatives; support the Communities First Programme; community development; development of voluntary organisations and volunteering; financial inclusion including credit unions; digital inclusion; post offices; Criminal Records Bureau checks; and welfare reform projects funding and administration.</p> <p>Funding for support for children and their families, including funding for Flying Start, Families First, the Children's Commissioner for Wales, child poverty strategies, childcare, play, children and young people's rights, participation and advocacy, children and families organisations, support for local authorities, the third and private sectors for childcare purposes and support for out of school and 'wrap-around' childcare.</p> <p>Funding for the support and promotion of Sustainable Development and Equality, Diversity and Inclusion including matters relating to programme funding for equality and equal opportunities; for improving social inclusion and social justice and community cohesion; projects and initiatives of the Welsh Government Sustainable Development Policy, Scheme and charter; and any other related expenditure and non-cash resource use.</p> | <p>203,091</p> |

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|--|--------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Economy, Science and Transport</p> <p>For use by Welsh Ministers on Economy, Science and Transport including promoting economic, social or environmental wellbeing.</p> <p>For the provision of resource and capital funding to assist the establishment, growth, development and sustainability of business and tourism in Wales, the development and maintenance of transport and infrastructure and any other related expenditure and non cash resource use that provides broader economic benefit to Wales.</p> <p>Resource and capital funding for road transport, including construction, operation, maintenance and improvement of trunk roads in Wales; delivery of passenger rail and air services; road safety; regulation of pedestrian crossing and on-street parking; funding and administration of programmes to local authorities and other bodies designed to deliver a range of transport schemes and services including concessionary fares; support for the promotion and development of walking and cycling; and related expenditure and non cash resource use. Capital repayments to the National Loans Fund.</p> | 945,829 |

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|---|--------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Education and Skills</p> <p>For use by Welsh Ministers on Education and Skills to fund: the Foundation Phase; provision of school milk; schools; curriculum and qualification development and regulation; schools performance improvement; the funding of inspections; tackling disaffection; school effectiveness; pupil deprivation grant; capital and resource funding for IT development in learning; support for improving standards; support for Techniquest; school uniform grant; school governor activities; capital to support the school and post-16 infrastructure; inclusion and additional learning needs; teacher training, development and support; bilingual learning; capital and resource funding for the Higher Education Funding Council for Wales; support for undergraduate medical education; support for mergers and collaborations in the education sector; resource provision for post-16 education and training including further education and work based learning; extending entitlement and 14-19 learning pathways; support for the Youth Service; learner and student finance including Student Loans Company costs and Education Maintenance Allowances; careers advice services; improving literacy and numeracy; support for international education initiatives; educational research and evaluation; skills development and workplace learning; offender learning; support for the Welsh Language Commissioner and projects which promote the Welsh Language; promotion of education and skills; associated non cash items and any related expenditure and non cash resource use.</p> | 2,372,495 |

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|---|-----------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Natural Resources and Food</p> <p>For use by Welsh Ministers on Natural Resources and Food including promoting or improving economic, social or environmental wellbeing; providing funding to support the work of Natural Resources Wales to ensure that the environment and natural resources of Wales are substantially managed, enhanced and used; provide funding, advice and administrative support for local authorities, agencies and other bodies to promote, facilitate and deliver a range of schemes and services in connection with Natural Resources and Food; promote and deliver sustainability, climate change and environment quality; support and promote low carbon energy generation; energy efficiency and sustainable management of water resources and improvements in water quality; provide and fund water sewerage services, flood and coastal protection and risk prevention measures; provide funding support and advice relating to climate change, energy efficiency, fuel poverty, water and flood and coastal erosion risk management; provide funding, support and advice relating to waste and sustainability including Aggregates Levy; waste disposal, collection and management, recycling schemes, street cleansing and landfill tax credits; manage radioactivity, environmental pollution, environment quality and noise pollution; promoting economic, social and environmental wellbeing for business, people and places in Wales; promotion and publicity and services in connection with Natural Resources and Food and any related expenditure and non cash resource use; promoting economic, social or environmental wellbeing; conservation; animal and plant health; seeds, pesticides and GM crops; public health; compensation for livestock; animal welfare activities; specialist information and advice and services; disease surveillance activities; information technology development; match funding for European programmes; funding for committees and enquiries into rural and environmental issues; publicity; support for land management and woodland measures; including expenditure under the Rural Development Plan; EU funded woodland grants; capital and resource expenditure by the Forestry Commission; research and evaluation of Rural Affairs policies and development of the evidence base that informs them; measures to mitigate greenhouse gas emissions from the land based sector; and any related or incidental expenditure including any legal expenditure and non cash resource use.</p> | <p>388,796</p> |

| | |
|---|--|
| The administration and delivery of EC structural funded projects. Expenditure relating to Agriculture, Rural Development, Fisheries, Food and Animal Traceability, Woodlands and the Marine environment; and any other related expenditure and non cash resource use. | |
|---|--|

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|--|-----------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Housing and Regeneration</p> <p>For use by Welsh Ministers on Housing and Regeneration including promoting or improving culture and economic, social or environmental wellbeing; provide funding, advice and administrative support for local authorities; agencies and other bodies to promote, facilitate and deliver a range of schemes and services in connection with Housing, Regeneration, Planning and building regulations; improve the supply and quality of housing across Wales, including the standard of local authority and social landlord housing, and improve housing-related services; acquisition, leasing, development and maintenance of land and buildings; housing stock transfers, community mutual support and capacity building; social housing; support for physical regeneration including housing renewal areas and licensing houses in multiple occupation; supporting people; preventing and addressing homelessness; providing grants for adaptations and facilities to enable people to remain in their own homes; regulation and inspection of registered social landlords; Regeneration policy and administration of policies and grants including promoting economic, social and environmental wellbeing for business, individuals, communities and places in Wales; transpose and implement UK, European and international legislation and obligations; administration and delivery of EC structural funded projects; carry out investigations, research, and evaluation; promotion, publicity and services; develop and monitor planning and building regulations, legislation, policy, procedures, technical advice and standards; commissioning research, publishing reports and guidance; determining appeals and other casework, and sponsorship of the Planning Inspectorate; providing grant in aid funding and support, including the Aggregates Levy Fund; and non cash resource use.</p> | <p>399,978</p> |

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|--|-----------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Culture and Sport</p> <p>For use by Welsh Ministers to spend on Culture and Sport, including promoting and improving culture and economic, social or environmental wellbeing; providing funding, advice and administrative support for local authorities; agencies and other bodies to promote, facilitate and deliver a range of schemes and services in connection with Culture, Sport, landscape and outdoor recreation; administration of policies and grants including promoting economic, social and environmental wellbeing for business, individuals, communities and places in Wales; transpose and implement UK, European and international legislation and obligations; administration and delivery of EC structural funded projects; carry out investigations, research and evaluation; promotion, publicity and services; provide financial assistance to support culture, sport, media, publishing, landscape and the development of facilities for, and the promotion of outdoor recreation and green spaces, and historic environment including funding Amgueddfa Cymru – National Museum of Wales; funding to the National Library of Wales; funding for the Arts Council of Wales; funding for the National Parks; funding for the National Botanic Garden of Wales; funding for Sports Wales and organisations that promote sport and active lifestyles throughout Wales; funding for the Welsh Books Council; funding to support a Community Radio Fund; funding to support the provision of policy directions to Lottery distributors; funding to support non national museums, archives and libraries and local and national projects which seek to promote and widen access to cultural treasures; conserving, protecting, sustaining and presenting the historic environment of Wales to achieve an accessible, well protected historic environment including current expenditure and the associated running costs and staff costs of Cadw and capital expenditure for grants and for the acquisition of capital assets; funding the Royal Commission for Ancient and Historic Monuments in Wales; any expenditure relating to conserving, protecting, sustaining and presenting archaeological remains in Wales, ancient monuments in Wales, buildings and places of historical or architectural interest in Wales, and historic wrecks in Wales; any expenditure on arts and crafts relating to Wales, and on cultural activities and projects relating to Wales’ National Parks; and any related expenditure and non cash resource use.</p> | <p>136,834</p> |

| Ambits for expenditure incurred by Welsh Ministers (excluding accruing resources) | |
|--|--------------------|
| <i>Column 1</i> | <i>Column 2</i> |
| <i>Services and purposes</i> | <i>Amount £000</i> |
| <p>Central Services and Administration</p> <p>For use by the Welsh Assembly Government on administration expenditure and running costs including: staff costs and expenses; the running costs and investment for the civil estate; general administrative expenditure; expenditure on IT and communications; expenditure on business improvement programmes; other administrative resource and capital expenditure; public appointments; enabling and promoting open government; supporting research and evaluation; promoting economic, physical social or environmental wellbeing; managing corporate internal communications events and external communication of Government policy and actions; funding for inter-governmental relations, including the British Irish Council, and constitutional development, including costs of any referendum; hosting events of national importance; the costs of public inquiries; the cost of tribunals; funding to public sector bodies for achieving efficiency gains; funding Value Wales, Xchange Wales and Public Service Management Wales; payments to support overseas development and links; grants and financial support to other public sector organisations; support to EU funded projects; the administration and delivery of EC structural funded projects; and any related expenditure and non cash resource use.</p> | 328,643 |

Schedule 2 – Use of accruing resources by Welsh Ministers
Part 1: Health and Social Services

| <i>Column 1</i> <i>Category of accruing resource</i> | <i>Column 2</i> <i>Services and purposes for which income may be retained</i> |
|--|--|
| <p>Accruing resources include income under the Pharmaceutical Price Regulation Scheme; income in respect of settlement of legal claims; charges for accommodation, goods and services to private and NHS patients, local authorities and others; repayment of Invest to Save funding from Local Health Boards and Welsh NHS Trusts; income from the Scottish Government, Northern Ireland Executive, Department of Health, other government departments and the European Union; income generation schemes; National Insurance Income from HM Revenue and Customs; non-operating income from sale of land, buildings, vehicles, equipment and property and recoveries of VAT.</p> | <p>Services and purposes include expenditure on primary and community health services; the purchase or acquisition of fixed assets by Welsh NHS Trusts, Local Health Boards and associated healthcare providers; supporting the provision and administration of health and social care services.</p> |
| Overall amount of Income (£000) | 951,650 |

Part 2: Local Government

| <i>Column 1</i> <i>Category of accruing resource</i> | <i>Column 2</i> <i>Services and Purposes for which income may be retained</i> |
|---|---|
| Accruing resources include grant funding from the European Commission; repayment and recovery of grant payments and recoveries of VAT; fees and charges for inspections and regulatory services; provision of training and development events; charges for dental and independent healthcare registration; income from staff secondments; repayment of staff loans; rental income on property; compensation under commercial and civil settlements and levy of facilitation fees; income from the sale of capital assets. | Services and purposes include running costs, general administration costs and resource expenditure of Inspectorates and the Valuation Tribunal for Wales; the delivery of training interventions for the Welsh Public Service; supporting expenditure on safer communities and regeneration; the payment of grants to local authorities, police and crime commissioners and Third Sector bodies; all European funded projects; and to support all expenditure as identified within the expenditure Ambit. |
| Overall amount of Income (£000) | 300 |

Part 3: Communities and Tackling Poverty

| <i>Column 1</i> <i>Category of accruing resource</i> | <i>Column 2</i> <i>Services and Purposes for which income may be retained</i> |
|---|--|
| Accruing resources including repayment and recovery of grant payments and recoveries of VAT; fees and charges for inspections and regulatory services; provision of training and development events; income from staff secondments; repayment of staff loans; income from the sale of capital assets. | The payment of grants to local authorities and Third Sector bodies; all European funded projects; and to support all expenditure as identified within the expenditure Ambit. |
| Overall amount of Income (£000) | 0 |

Part 4: Economy, Science and Transport

| <i>Column 1</i> | <i>Column 2</i> |
|--|---|
| <i>Category of accruing resource</i> | <i>Services and Purposes for which income may be retained</i> |
| Accruing resources and funding either direct or indirect from the European Commission; property rental and other associated income; business services charges; project contributions from other public sector and private sector organisations; investment income; grant repayments and repayable business finance; income from the sale of capital assets; income relating to tourism activities; transport studies receipts; compensation under commercial and civil settlements and levy of facilitation fees; recoveries of VAT. | All European funded projects and to support all expenditure as identified within the expenditure Ambit. |
| Overall amount of Income (£000) | 79,661 |

Part 5: Education and Skills

| <i>Column 1</i> | <i>Column 2</i> |
|--|--|
| <i>Category of accruing resource</i> | <i>Services and Purposes for which income may be retained</i> |
| Accruing resources include Post-16 income from European Projects, research & evaluation and business skills development; curriculum and qualifications royalties; recoveries of Student Loans; funding from the Higher Education Research Capital fund; sales of publications and recoveries of VAT. | Services and purposes include supporting European projects, CQFW, programme development, business skills development, research & evaluation current expenditure; to support curriculum and qualifications current expenditure and to support all expenditure as identified within the expenditure Ambit. |
| Overall amount of income (£000) | 131,049 |

Part 6: Natural Resources and Food

| <i>Column 1</i> <i>Category of accruing resource</i> | <i>Column 2</i> <i>Services and Purposes for which income may be retained</i> |
|---|--|
| <p>Accruing resources include income from European structural funds; income from the EU for woodlands; income from the EU via Rural Payments Agency for supporting farmers and rural communities, including Direct Payments and Rural Development Plan (RDP) EU funding. RDP income includes income from the modulation of subsidy payments to farmers; income from wind farm projects; income from Pwllperian Farm or the sale of capital assets; recoveries of grants or settlements in respect of grant payments; recoveries of VAT; income from the salvage of carcasses from animals slaughtered for disease control and income from the EU for the eradication of bovine TB; income from the EU relating to TSE and BSE; EU aid for beekeeping; income from grant recoveries from local authorities, third sector organisations and other public and private sector organisations; income from marine licences; civil penalty fines associated with emission trading schemes; Food and Environmental Protection Act Licences, Dredging Licences, OFWAT income in respect of the Consumer Council for Water, receipts from sales of assets, funding from other central government departments and recoveries of VAT.</p> | <p>Services and purposes include compensation for the removal of diseased livestock; expenditure relating to the eradication of bovine TB; and expenditure on the promotion of Welsh meat; expenditure relating to Pwllperian Farm; expenditure relating to TSE and BSE and related devolved animal health activities; expenditure relating to the bee health programme; expenditure on Natural Resources Wales current expenditure; and grant payments, schemes part supported by other government departments; levy income for the promotion of Welsh meat; income from fisheries regulation and enforcement activities.</p> |
| Overall amount of Income (£000) | 357,634 |

Part 7: Housing and Regeneration

| <i>Column 1</i> | <i>Column 2</i> |
|--|---|
| <i>Category of accruing resource</i> | <i>Service and Purposes for which income may be retained</i> |
| Accruing resources include income from repayments of Social Housing Grant; grant recoveries from local authorities, third sector organisations and other public and private sector organisations; rental income; receipts from the sales of assets, funding from other government departments and recoveries of VAT; funds via European and other funding schemes; recoveries of grants or settlements in respect of grant payments; ad-hoc grants from other sources and recoveries of VAT. | Services and purposes include Social Housing expenditure and grant payments and schemes part supported by other government departments; expenditure on Regeneration schemes and all European funded projects. |
| Overall amount of Income (£000) | 73,400 |

Part 8: Culture and Sport

| <i>Column 1</i> | <i>Column 2</i> |
|--|--|
| <i>Category of accruing resource</i> | <i>Services and Purposes for which income may be retained</i> |
| Accruing resources include income from Cadw from admission charges to Cadw sites, sales of souvenirs, publications, (including sales of carrier bags), fees for specialist advisory services and Heritage in Wales membership and rental income; other income including income from events, filming, photography at sites, car parking and bequests; funds via European and other funding schemes; Royal Commission income from sales of publications and grants; recoveries of grant or settlements in respect of grant payments; ad-hoc grants from other sources and recoveries of VAT. | Services and purposes include expenditure by Cadw on archaeology, scheduling monuments, grants for historic buildings and ancient monuments, care and presentation of the monuments in care, and current expenditure/running costs (including staff); expenditure on all European funded projects; use of proceeds from sales of carrier bags for schemes for charitable purposes; and Royal Commission current expenditure/running costs (including staff). |
| Overall amount of Income (£000) | 5,366 |

Part 9: Central Services and Administration

| Column 1 <i>Category of accruing resource</i> | Column 2 <i>Services and Purposes for which income may be retained</i> |
|---|---|
| <p>Accruing resources include income from staff secondments and fees; repayment of staff loans; the refund of statutory PAYE deductions; recoveries of VAT; the sale of land and buildings; the sub let of properties; the sale of administrative assets; the sale of goods and services; administrative income; income from ICT services provided; training provider repayments; recovery of costs shared with other public sector bodies; receipts of recoverable grants including Invest-to-Save receipts; and funding either direct or indirect from the European Commission.</p> | <p>Services and purposes include funding of: running costs and general administrative expenditure; supporting capital expenditure on the Assembly Government's estate and asset base; and all European funded projects.</p> |
| Overall amount of Income (£000) | 561,982 |

Schedule 3 – Expenditure Incurred by Direct Funded Bodies (excluding accruing resources)

Part 1 – National Assembly for Wales Commission

| <i>Column 1</i> | <i>Column 2</i> |
|---|--------------------|
| <i>Services and Purposes</i> | <i>Amount £000</i> |
| Resources other than accruing resources for use by the National Assembly for Wales Commission on resource and capital costs associated with the administration and operation of Assembly Services to support the National Assembly for Wales ('the Assembly'); promotion of the Assembly including payments to the Electoral Commission and others; payments in respect of the Commissioner for Standards and Remuneration Board; any other payments relating to functions of the Assembly or functions of the National Assembly for Wales Commission. Resources other than accruing resources for use by the National Assembly for Wales Commission in respect of decisions of the Remuneration Board and expenditure in respect of Assembly Members' Pension provision. | 49,950 |

Part 2 – Public Services Ombudsman for Wales

| <i>Column 1</i> | <i>Column 2</i> |
|--|--------------------|
| <i>Services and Purposes</i> | <i>Amount £000</i> |
| Resources other than accruing resources for use by the Public Services Ombudsman for Wales ('the Ombudsman') on resource and capital costs associated with the administration of the Ombudsman's office; payments to the British and Irish Ombudsman Association; payments to the International Ombudsman Institute and associated non cash items. | 3,942 |

Part 3 – Auditor General for Wales

| <i>Column 1</i> | <i>Column 2</i> |
|---|--------------------|
| <i>Services and Purposes</i> | <i>Amount £000</i> |
| Resources other than accruing resources for use by the Auditor General on the discharge of the statutory functions of the Auditor General and local government appointed auditors, and on the administration of the Wales Audit Office. | 5,431 |

Schedule 4 – Use of accrued resources by Direct Funded Bodies
Part 1 – National Assembly for Wales Commission

| <i>Column 1</i> | <i>Column 2</i> |
|---|---|
| <i>Category of accruing resource</i> | <i>Services and purposes for which income may be retained</i> |
| Accruing resources for retention pursuant to section 120(2) of the Government of Wales Act 2006 and use by the National Assembly for Wales Commission from the disposal of fixed assets and other capital income; rental income; gifts; grant support; recharges; income from commercial sales and other services provided to the public or others. | For use on the purchase or acquisition of fixed assets and for use on administrative costs of the Assembly. |
| Overall amount of Income (£000) | 250 |

Part 2 – Public Services Ombudsman for Wales

| <i>Column 1</i> | <i>Column 2</i> |
|---|--|
| <i>Category of accruing resource</i> | <i>Services and purposes for which income may be retained</i> |
| Income from commercial sales and other services provided to the public or others. | For use on related services and the administration of the Ombudsman service. |
| Overall amount of Income (£000) | 6 |

Part 3 – Auditor General for Wales

| <i>Column 1</i> <i>Category of accruing resource</i> | <i>Column 2</i> <i>Services and purposes for which income may be retained</i> |
|---|--|
| Accruing resources from fees and charges for audit and related services (excluding for local government audit, assessment and inspection work); other recoveries of costs associated with the functions of the Auditor General; miscellaneous income from publications, conferences, provision of administrative, professional and technical services; recoveries of costs of seconded staff; repayments of staff loans; recoveries of car leasing payments; and interest received on working balance fees. | For use by the Auditor General on related services and the administration of the Wales Audit Office. |
| Overall amount of income (£000) | 7,944 |

Schedule 5: Resource to Cash Reconciliation 2013-14 (£000)**Table 1: Resource to cash Reconciliation for 2013-14 included in the June 2013 Supplementary Budget Motion (£000)**

| | Welsh Ministers | Assembly Commission | Public Services Ombudsman | Auditor General for Wales |
|--|------------------------|----------------------------|----------------------------------|----------------------------------|
| Net Resource Requirement | 12,797,835 | 49,200 | 3,929 | 5,224 |
| Net Capital Requirement | 462,628 | 750 | 13 | 20 |
| Adjustments: | 0 | 0 | 0 | 0 |
| Capital Charges | -119,100 | -4,000 | -109 | 0 |
| Impairments | -63,204 | 0 | 0 | 0 |
| Movements in Provisions | -62,953 | -500 | -40 | 0 |
| Profit/Loss on sale of assets | 0 | 0 | 0 | 0 |
| Movements in stocks | 0 | 0 | 0 | 0 |
| Movements in debtors/creditors | 0 | 300 | 25 | 0 |
| Use of Provisions | 0 | 100 | 242 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Net Cash Requirement for issue from the Welsh Consolidated Fund | 13,015,206 | 45,850 | 4,060 | 5,244 |

Table 2: Changes to the Resource to cash Reconciliation included in this Supplementary Budget Motion (£000)

| | Welsh Ministers | Assembly Commission | Public Services Ombudsman | Auditor General for Wales |
|--|------------------------|----------------------------|----------------------------------|----------------------------------|
| Net Resource Requirement | 584,980 | 0 | -27 | 187 |
| Net Capital Requirement | 84,122 | 0 | 27 | 0 |
| Adjustments: | 0 | 0 | 0 | 0 |
| Capital Charges | -21,105 | 0 | 0 | 0 |
| Impairments | -378,399 | 0 | 0 | 0 |
| Movements in Provisions | -9,922 | -700 | 0 | 0 |
| Profit/Loss on sale of assets | 0 | 0 | 0 | 0 |
| Movements in stocks | 0 | 0 | 0 | 0 |
| Movements in debtors/creditors | 122,411 | 700 | 0 | 0 |
| Use of Provisions | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Net Cash Requirement for issue from the Welsh Consolidated Fund | 382,087 | 0 | 0 | 187 |

Table 3: Resource to cash Reconciliation included in this Supplementary Budget Motion (£000)

| | Welsh Ministers | Assembly Commission | Public Services Ombudsman | Auditor General for Wales |
|--|------------------------|----------------------------|----------------------------------|----------------------------------|
| Net Resource Requirement | 13,382,815 | 49,200 | 3,902 | 5,411 |
| Net Capital Requirement | 546,750 | 750 | 40 | 20 |
| Adjustments: | 0 | 0 | 0 | 0 |
| Capital Charges | -140,205 | -4,000 | -109 | 0 |
| Impairments | -441,603 | 0 | 0 | 0 |
| Movements in Provisions | -72,875 | -1,200 | -40 | 0 |
| Profit/Loss on sale of assets | 0 | 0 | 0 | 0 |
| Movements in stocks | 0 | 0 | 0 | 0 |
| Movements in debtors/creditors | 122,411 | 1,000 | 25 | 0 |
| Use of Provisions | 0 | 100 | 242 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Net Cash Requirement for issue from the Welsh Consolidated Fund | 13,397,293 | 45,850 | 4,060 | 5,431 |

Notes:

1. This table content and format complies with Section 125(1) (c) and 126(2) of the Government of Wales Act 2006 (“the Act”) which states that for the purposes of authorising the motion there shall be a statement authorising ‘the amount which may be paid out of the Welsh Consolidated Fund in the financial year to the relevant persons, or for use pursuant to a relevant enactment, for the purposes so specified’. Payments made out of the Welsh Consolidated Fund are made in cash; therefore this table shows the relevant cash requirements in support of the resources requested in support of Schedules 1 to 4 which state the relevant purposes for which resources may be used.
2. This table content and format also complies with Standing Order 20.28(v), which states that the budget motion must include reconciliation between the resources to be authorised under section 125(1) (a) and (b) of the Act and the amounts to be authorised for payment out of the Welsh Consolidated Fund under section 125(c) of the Act.
3. These tables are presented under S126 of the Act and SO20.31 showing variations to the resources allocated in the Annual Budget Motion and the amounts to be paid out of the Welsh Consolidated Fund.

Schedule 6: Reconciliation of resources requested in the budget motion to resources made available by the Treasury for the Welsh Block for 2013-14

Table 1: Reconciliation of Resources Requested in the June 2013 First Supplementary Budget Motion to the resources made available by the Treasury for Wales (£000)

| | 2013-14 (£000) | | | | Total |
|---|-------------------|------------------|----------------|----------------|-------------------|
| | Resource DEL | Capital DEL | Resource AME | Capital AME | |
| <i>Resources Requested in the Budget Motion:</i> | | | | | |
| - Welsh Ministers | 12,824,771 | 198,498 | -26,936 | 264,130 | 13,260,463 |
| - Assembly Commission | 48,700 | 750 | 500 | 0 | 49,950 |
| - Ombudsman | 4,131 | 13 | -202 | 0 | 3,942 |
| - Auditor General | 5,224 | 20 | 0 | 0 | 5,244 |
| Total Resources Requested in the Supplementary Budget Motion | 12,882,826 | 199,281 | -26,638 | 264,130 | 13,319,599 |
| <i>Adjustments:</i> | | | | | |
| (i) Resource Consumption of AGSBs and LHBs | 176,440 | 0 | 79,630 | 0 | 256,070 |
| (ii) Grants | -935,863 | 935,863 | 0 | 0 | 0 |
| (iii) Supported Borrowing | 0 | 88,800 | 0 | 0 | 88,800 |
| (iv) Other | 1,917,377 | 0 | 0 | 0 | 1,917,377 |
| Total Adjustments in the Supplementary Budget Motion | 1,157,954 | 1,024,663 | 79,630 | 0 | 2,262,247 |
| - Direct Charges on the Welsh Consolidated Fund | 2,423 | 0 | 0 | 0 | 2,423 |
| - Wales Office | 6,132 | 724 | 0 | 0 | 6,856 |
| - Unallocated Reserve | 144,491 | 80,160 | 0 | 0 | 224,651 |
| Total Managed Expenditure (Block) | 14,193,826 | 1,304,828 | 52,992 | 264,130 | 15,815,776 |

Table 2: Changes to the Reconciliation of Resources Requested in the June 2013 First Supplementary Budget Motion to the resources made available by the Treasury for Wales (£000)

| | 2013-14 (£000) | | | | |
|---|----------------|---------------|---------------|---------------|----------------|
| | Resource DEL | Capital DEL | Resource AME | Capital AME | Total |
| <i>Resources Requested in the Budget Motion:</i> | | | | | |
| - Welsh Ministers | 534,908 | 71,179 | 50,072 | 12,943 | 669,102 |
| - Assembly Commission | -700 | 0 | 700 | 0 | 0 |
| - Ombudsman | -27 | 27 | 0 | 0 | 0 |
| - Auditor General | 187 | 0 | 0 | 0 | 187 |
| Total Resources Requested in the Supplementary Budget Motion | 534,368 | 71,206 | 50,772 | 12,943 | 669,289 |
| <i>Adjustments:</i> | | | | | |
| (i) Resource Consumption of AGSBs and LHBs | 3,615 | 0 | 22,046 | 0 | 25,661 |
| (ii) Grants | -46,778 | 46,778 | 0 | 0 | 0 |
| (iii) Supported Borrowing | 0 | 0 | 0 | 0 | 0 |
| (iv) Other | -36,853 | -14,650 | 0 | 0 | -51,503 |
| Total Adjustments in the Supplementary Budget Motion | -80,016 | 32,128 | 22,046 | 0 | -25,842 |
| - Direct Charges on the Welsh Consolidated Fund | 0 | 0 | 0 | 0 | 0 |
| - Wales Office | 0 | 0 | 0 | 0 | 0 |
| - Unallocated Reserve | -42,632 | -72,411 | 0 | 0 | -115,043 |
| Total Managed Expenditure (Block) | 411,720 | 30,923 | 72,818 | 12,943 | 528,404 |

Table 3: Reconciliation of Resources Requested in this Supplementary Budget

| | 2013-14 (£000) | | | | Total |
|---|-------------------|------------------|----------------|----------------|-------------------|
| | Resource DEL | Capital DEL | Resource AME | Capital AME | |
| <i>Resources Requested in the Budget Motion:</i> | | | | | |
| - Welsh Ministers | 13,359,679 | 269,677 | 23,136 | 277,073 | 13,929,565 |
| - Assembly Commission | 48,000 | 750 | 1,200 | 0 | 49,950 |
| - Ombudsman | 4,104 | 40 | -202 | 0 | 3,942 |
| - Auditor General | 5,411 | 20 | 0 | 0 | 5,431 |
| Total Resources Requested in the Supplementary Budget Motion | 13,417,194 | 270,487 | 24,134 | 277,073 | 13,988,888 |
| <i>Adjustments:</i> | | | | | |
| (i) Resource Consumption of AGSBs and LHBs | 180,055 | 0 | 101,676 | 0 | 281,731 |
| (ii) Grants | -982,641 | 982,641 | 0 | 0 | 0 |
| (iii) Supported Borrowing | 0 | 88,800 | 0 | 0 | 88,800 |
| (iv) Other | 1,880,524 | -14,650 | 0 | 0 | 1,865,874 |
| Total Adjustments in the Supplementary Budget Motion | 1,077,938 | 1,056,791 | 101,676 | 0 | 2,236,405 |
| - Direct Charges on the Welsh Consolidated Fund | 2,423 | 0 | 0 | 0 | 2,423 |
| - Wales Office | 6,132 | 724 | 0 | 0 | 6,856 |
| - Unallocated Reserve | 101,859 | 7,749 | 0 | 0 | 109,608 |
| Total Managed Expenditure (Block) | 14,605,546 | 1,335,751 | 125,810 | 277,073 | 16,344,180 |

Notes:

1. The total resource requirement for the Welsh Assembly Government is equivalent to the total of the allocations included in the Ambits of Schedule 1.
2. Standing Order 20.28(ii) states that the annual budget motion should include the resources agreed by the Treasury for the Welsh block budget for the financial year covered by the motion. Schedule 6 satisfies this requirement.
3. Standing Order 20.28(iii) states that the annual budget motion must include a reconciliation between the resources allocated to the Welsh block budget by the Treasury and the resources to be authorised for use in the budget motion. Schedule 6 satisfies this requirement.

4. The schedules above show variations authorised for the financial year under S126 of the Act and SO20.31.
5. Direct charges on the Welsh Consolidated Fund are:

| Item | 2013-14 £000 |
|--|-------------------------|
| Payments to the National Loans Fund | 1,686 |
| Salaries and related pension costs of the Presiding Officer and the Deputy Presiding Officer | 239 |
| Salaries and related pension costs of the Ombudsman | 191 |
| Salaries and related pension costs of the Auditor General | 194 |
| Salaries and related pension costs of the Commissioner for Standards | 21 |
| National Non Domestic Rates Income | -1,020,000 |
| National Non Domestic Rates Payable | 1,020,000 |
| Election Costs | 92 |
| Total | 2,423 |

Schedule 7: Reconciliation of cash inflows to the Welsh Consolidated Fund to the cash issues to be requested in the budget motion (£000)

| | Previous Provision 2013-14 | Changes | Revised Provision 2013-14 |
|--|---------------------------------------|----------------|--------------------------------------|
| Estimated net amounts payable to Welsh Ministers: | | | |
| Grant payable by the Secretary of State to the Welsh Consolidated Fund under Section 118 (1) | 13,226,657 | 255,997 | 13,482,654 |
| Payments from Other Government Departments | 959,333 | -48,853 | 910,480 |
| Payments from other sources | 1,568,910 | 701,652 | 2,270,562 |
| Estimated amounts payable to Welsh Ministers | 15,754,900 | 908,796 | 16,663,696 |
| Less amounts authorised to be retained by Welsh Ministers | -1,584,243 | -576,799 | -2,161,042 |
| Less amounts retained in the Welsh Consolidated Fund | -944,000 | -45,077 | -989,077 |
| Amounts available for distribution from the Welsh Consolidated Fund | 13,226,657 | 286,920 | 13,513,577 |
| Distributed as follows: | | | |
| - Welsh Ministers | 13,015,206 | 382,087 | 13,397,293 |
| - Assembly Commission | 45,850 | 0 | 45,850 |
| - Ombudsman | 4,060 | 0 | 4,060 |
| - Auditor General | 5,244 | 187 | 5,431 |
| Cash Released from the Welsh Consolidated Fund in the Motion | 13,070,360 | 382,274 | 13,452,634 |
| <i>Plus:</i> | | | |
| Direct Charges on the Welsh Consolidated Fund | 2,423 | 0 | 2,423 |
| Unallocated Funds | 153,874 | -95,354 | 58,520 |
| Total Estimated Payments | 13,226,657 | 286,920 | 13,513,577 |

Notes:

1. Section 125(3) of the Act states that the annual budget motion must be accompanied by a written statement made by Ministers showing:
 - i. the total amount of the payments which they estimate will be made for the financial year under Section 118(1);
 - ii. the total amount of the payments which they estimate will be made to the Welsh Ministers, the First Minister or the Counsel General for the financial year by Ministers of the Crown and government departments; and
 - iii. the total amount of payments which they estimate will be made to the Welsh Ministers, the First Minister or the Counsel General for the financial year otherwise than by a Minister of the Crown or government department.
2. The schedule above shows variations in these amounts as required under SO20.31.

February 2014



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Supplementary Budget 2013-2014

Explanatory Note



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1. Introduction

- 1.1** The Welsh Government today tabled the Second Supplementary Budget for 2013-14 in accordance with Standing Order 20. This Supplementary Budget amends the previous Supplementary Budget approved by the Assembly on 16 July 2013.
- 1.2** The main change reflected in this Supplementary Budget comprises the reprioritisation of resources to manage in-year pressures. As a result of careful financial management, Welsh Government Departments have identified £90.1m in Fiscal Resource funding, to help manage pressures in other areas.
- 1.3** This Supplementary Budget also reflects reprioritisations within portfolios, budget transfers between portfolios and makes a number of allocations from Reserves. Adjustments have also been made to the Wales DEL Budget to reflect transfers with UK Government Departments and the impact of the UK Government's Autumn Statement announced on 5 December 2013.
- 1.4** This Supplementary Budget also makes an adjustment to increase the Income Ambit of the Welsh Government by £348.7m to provide cover for funding from the EU received into the Natural Resources and Food MEG in respect of the Rural Development Plan and Market Support Schemes.
- 1.5** Changes proposed in this Supplementary Budget are summarised in Tables 1.1 to 1.4. Further details are available in the Departmental Chapters.
- 1.6** This document supports the detailed Action Tables available on the Welsh Government's website.
- 1.7** A separate reconciliation showing the recurrent implications of allocations being made from Reserves in this Supplementary Budget is provided at

Annex B. These allocations have already been reflected in the Final Budget 2014-15.

Table 1.1 – Allocation of the Wales DEL – Supplementary Budget

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | | |
|--|--------------------------------|----------------|------------------------------|--------|
| | Budget ¹ 2013-14 | Changes | Revised Budget 2013-14 | |
| Departmental Expenditure Limits (DEL) | | | | |
| Health and Social Services | 6,182,203 | 199,915 | 6,382,118 | |
| Local Government | 4,737,828 | -9,744 | 4,728,084 | |
| Communities and Tackling Poverty | 212,006 | -8,915 | 203,091 | |
| Economy, Science and Transport | 852,609 | 50,796 | 903,405 | |
| Education and Skills | 1,860,792 | 309,699 | 2,170,491 | |
| Natural Resources and Food | 413,902 | -6,910 | 406,992 | |
| Housing and Regeneration | 465,930 | 38,388 | 504,318 | |
| Culture and Sport | 139,722 | 380 | 140,102 | |
| Central Services and Administration | 342,672 | -15,410 | 327,262 | |
| Total Allocated to Welsh Government Departments | 15,207,664 | 558,199 | 15,765,863 | |
| Resource | Fiscal Resource DEL | 73,714 | -22,943 | 50,771 |
| Reserves | Non-Fiscal Resource DEL | 70,777 | -19,689 | 51,088 |
| Capital Reserves | | 80,160 | -72,411 | 7,749 |
| Assembly Commission | | 49,450 | -700 | 48,750 |
| Auditor General for Wales | | 5,244 | 187 | 5,431 |
| Public Services Ombudsman for Wales | | 4,144 | 0 | 4,144 |
| Direct Charges to the Welsh Consolidated Fund | | 645 | 0 | 645 |
| Total Expenditure within the Wales DEL Budget | 15,491,798 | 442,643 | 15,934,441 | |

¹ Budget figures as per Supplementary Budget Motion approved July 2013.

Table 1.2 – Changes to the Welsh Government Resource DEL

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | | £000s | | |
|---|--------------------------------|---------------|------------------------------|--------------------------------|----------------|------------------------------|
| | Fiscal Resource | | | Non-Fiscal Resource | | |
| | Budget 2013-14 ² | Changes | Revised Budget 2013-14 | Budget 2013-14 ³ | Changes | Revised Budget 2013-14 |
| Health and Social Services | 5,770,553 | 202,644 | 5,973,197 | 170,000 | -1,900 | 168,100 |
| Local Government | 4,714,501 | -9,487 | 4,705,014 | 407 | -257 | 150 |
| Communities and Tackling Poverty | 187,556 | -11,665 | 175,891 | 0 | 0 | 0 |
| Economy, Science and Transport | 425,288 | -11,000 | 414,288 | 110,000 | 18,491 | 128,491 |
| Education and Skills | 1,554,627 | -23,201 | 1,531,426 | 104,031 | 332,900 | 436,931 |
| Natural Resources and Food | 323,938 | -28,088 | 295,850 | 3,340 | 5,486 | 8,826 |
| Housing and Regeneration | 175,905 | -3,312 | 172,593 | 0 | 0 | 0 |
| Culture and Sport | 121,821 | -480 | 121,341 | 3,677 | 0 | 3,677 |
| Central Services and Administration | 302,859 | -17,739 | 285,120 | 16,000 | 2,500 | 18,500 |
| Total Allocation to Welsh Government Departments | 13,577,048 | 97,672 | 13,674,720 | 407,455 | 357,220 | 764,675 |

² Budget figures as per Supplementary Budget Motion approved July 2013.

³ Budget figures as per Supplementary Budget Motion approved July 2013.

Table 1.3 – Changes to the Welsh Government Capital DEL

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | |
|---|--------------------------------|----------------|---------------------------|
| | Budget ⁴ 2013-14 | Changes | Revised Budget 2013-14 |
| Health and Social Services | 241,650 | -829 | 240,821 |
| Local Government | 22,920 | 0 | 22,920 |
| Communities and Tackling Poverty | 24,450 | 2,750 | 27,200 |
| Economy, Science and Transport | 317,321 | 43,305 | 360,626 |
| Education and Skills | 202,134 | 0 | 202,134 |
| Natural Resources and Food | 86,624 | 15,692 | 102,316 |
| Housing and Regeneration | 290,025 | 41,700 | 331,725 |
| Culture and Sport | 14,224 | 860 | 15,084 |
| Central Services and Administration | 23,813 | -171 | 23,642 |
| Total Allocation to Welsh Government Departments | 1,223,161 | 103,307 | 1,326,468 |

⁴ Budget figures as per Supplementary Budget Motion approved July 2013.

Table 1.4 – Wales AME Budget

| MAIN EXPENDITURE GROUPS (MEGs) | £000s | | |
|--|--------------------------------|---------------|---------------------------|
| | Budget ⁵ 2013-14 | Changes | Revised Budget 2013-14 |
| Health and Social Services | 136,890 | 22,446 | 159,336 |
| Local Government | 21,856 | -3,349 | 18,507 |
| Communities and Tackling Poverty | 0 | 0 | 0 |
| Economy, Science and Transport | 47,918 | -556 | 47,362 |
| Education and Skills | 176,869 | 64,998 | 241,867 |
| Natural Resources and Food | 0 | 3,600 | 3,600 |
| Housing and Regeneration | -71,000 | -2,000 | -73,000 |
| Culture and Sport | 2,740 | 0 | 2,740 |
| Central Services and Administration | 1,551 | -78 | 1,473 |
| Total Welsh Government AME Budget | 316,824 | 85,061 | 401,885 |
| Assembly Commission | 500 | 700 | 1,200 |
| Public Services Ombudsman for Wales | -202 | 0 | -202 |
| Total Welsh AME Budget | 317,122 | 85,761 | 402,883 |

⁵ Budget figures as per Supplementary Budget Motion approved July 2013.

2. Key Allocations from Reserves⁶

2.1 This Supplementary Budget makes a number of allocations from Reserves, many of which are in line with previous announcements made by the Welsh Government during the course of the year. The key allocations are summarised below.

Increased NHS Funding

2.2 In October 2013, the Minister for Finance announced an additional funding package for the Welsh NHS of £570m over three years, which included £150m in the current financial year to meet new demands and the recognised service pressures arising from the Francis Review. This Supplementary Budget provides for the allocation of £150m in 2013-14, comprising £142.6m from Reserves and £7.4m from the Invest-to-Save Fund.

2.3 When this funding package was announced, the Minister for Health and Social Services was clear that it would not remove the need for further significant changes in the NHS, nor would it relieve all of the pressures that the service currently faces. Since then, the Minister for Health and Social Services has kept health budgets under close review and continued to monitor pressures across the Health and Social Services MEG.

2.4 The Minister for Health and Social Services has worked closely with Local Health Boards to enable an improved financial outturn. However, there remain some financial risks. In order to ensure that there is sufficient budgetary cover to manage these risks within the DEL position, we are allocating an additional £50m to be held within the Health and Social Services MEG, as a contingency measure, in the event that some Local Health Boards are unable to achieve a breakeven position.

⁶ Figures in this section have been rounded to one decimal place. These allocations are reflected in the Action Tables on the Welsh Government website.

Support for Careers Wales

- 2.5** In addition to the Fiscal Resource allocation set out above, this Supplementary Budget also provides for the allocation of £3.1m to fund specific projects in relation to Careers Wales.

Wales Infrastructure Investment Plan Allocations

- 2.6** This Supplementary Budget provides for the allocation of £79.3m to support the priorities set out in the Wales Infrastructure Investment Plan for Growth and Jobs, which includes allocations announced alongside the Draft Budget 2014-15 in October 2013.
- 2.7** The allocation of £79.3m includes traditional capital funding of £10.3m and financial transactions funding of £69m.
- 2.8** The allocations comprise:

Improving Transport Networks

- **South East Wales Integrated Transport** - additional capital of £3.5m. This was announced in October as part of a £62m package over three years to provide a new and potentially transformational scheme to create a South East Wales metro system, through better bus and rail links.
- **Barry Island Link Road** - financial transactions funding of £2m for a repayable ten-year loan to the Vale of Glamorgan Council, which will accelerate delivery of the new Barry Island Link Road as part of the wider strategic regeneration scheme.

Investing in Housing

- **Help to Buy Cymru Shared Equity Scheme** - financial transactions funding of £34.5m. This £174.5m scheme, announced in October 2013,

will help qualifying home buyers to purchase a new build home with a low loan-to-value mortgage and provide a boost to the construction industry in Wales over the next three years.

- **Social Housing Grant** - additional capital of £5m. The additional funding is expected to deliver between 60 and 100 new affordable homes and create or support over 100 jobs during the construction phase as well as providing longer-term economic and social benefits.
- **Gypsy Traveller Sites** - additional capital of £0.8m to provide further support for new and refurbished sites for Gypsies and Travellers.

Developing our Enterprise Zones and Economic Development

- **Investment Funds for SMEs** - financial transactions funding of £32.5m to new and existing Finance Wales Investment Funds to provide access to finance for SMEs, support business growth, boost exports and create/safeguard jobs. This was announced in October as part of an £82m package for Finance Wales Investment Funds over three years.

Delivering More Efficient and Economical Public Services

- **National Library of Wales** - additional capital of £1.1m to contribute towards remedial work following a fire at the National Library of Wales.

2.9 In addition to the allocations above, a number of Departments have made transfers between their resource and capital budgets to provide additional capital support, including funding of £4.9m for the Flood and Coastal Erosion Risk Management Programme, to enable planned work to be undertaken on flood schemes already identified as a priority to reduce the risk of flooding to homes, businesses and vital infrastructure.

3. Key Changes in the Supplementary Budget⁷

The key changes are summarised below:

Adjustments to Resource and Capital Baselines:

Fiscal Resource

3.1 There is a net increase to the Fiscal Resource DEL baseline of £74.2m, comprising:

- An increase of £1.5m from HM Treasury in respect of Wales' share of the Coastal Community Fund;
- An increase of £0.04m⁸ from the Ministry of Justice in respect of the abolition of the Administrative Justice and Tribunals Council; An increase of £0.2m from the Department for Education for the funding of students in Wales on Initial Teacher Training courses with the Open University;
- An increase of £0.6m from consequentials received in the Autumn Statement in December 2013; and
- An increase of £71.9m in respect of funding brought forward under the Budget Exchange System.

Non-Fiscal Resource

3.2 There is a net increase to the Non-Fiscal Resource DEL baseline of £337.6m, comprising:

- An increase to the Non-Fiscal Resource DEL baseline of £326.5m in respect of a transfer from HM Treasury to cover the student loan stock charge and an increase in the Resource Accounting and Budgeting (RAB) charge rate; and
- An increase of £11.1m in respect of funding brought forward under the Budget Exchange System.

⁷ Figures in this section have been rounded to one decimal place. These allocations are reflected in the Action Tables on the Welsh Government website.

⁸ This figure has been rounded to two decimal places given the value of the transfer.

Capital

- 3.3** There is a net increase to the Capital DEL baseline of £31m, comprising:
- An increase of £7.8m following a transfer from the Department of Energy and Climate Change in respect of the Green Deal;
 - An increase of £22m from the Department for Culture, Media and Sport (DCMS) in respect of the Next Generation Broadband Wales project; and
 - An increase of £1.2m in respect of funding brought forward under the Budget Exchange System.
- 3.4** In addition, a number of Departments have made transfers between their Resource and Capital budgets. This does not affect the Wales DEL baseline position as the transfers are being managed within total resources. Further details are provided in the Departmental Chapters.

Allocations to Welsh Government Departments from Reserves

Fiscal Resource DEL

- 3.5** There is a net transfer from Reserves of £219.4m, including:
- £192.6m to the Health and Social Services MEG;
 - £22m to the Economy, Science and Transport MEG in respect of the Next Generation Broadband Wales project;
 - £3.3m to the Education and Skills MEG comprising:
 - £3.1m to fund specific projects in relation to Careers Wales; and
 - £0.2m to fund students in Wales on Initial Teacher Training courses with the Open University;
 - £1.5m to the Housing and Regeneration MEG in respect of Wales' share of the Coastal Community Fund; and
 - £0.04m⁹ to the Central Services and Administration MEG in respect of the abolition of the Administrative Justice and Tribunals Council.

⁹ This figure has been rounded to two decimal places given the value of the transfer.

Non-Fiscal Resource DEL

- 3.6** There is a net transfer from Reserves of £357.5m, comprising:
- £18.5m to the Economy, Science and Transport MEG in respect of additional depreciation charges, following an internal review of non-fiscal resource requirements;
 - £331m to the Education and Skills MEG to cover the student loan stock charge and an increase in the Resource Accounting and Budgeting (RAB) charge rate;
 - £5.5m to the Natural Resources and Food MEG in respect of additional depreciation charges, following an internal review of non-fiscal resource requirements; and
 - £2.5m to the Central Services and Administration MEG for increased depreciation and impairment charges against administrative assets.

Capital DEL

- 3.7** There is a net transfer from Reserves of £87.2m, comprising:
- £0.8m to the Communities and Tackling Poverty MEG in respect of new and refurbished sites for Gypsies and Travellers;
 - £36m to the Economy, Science and Transport MEG, comprising:
 - £3.5m for the South East Wales Integrated Transport project – Phase 1 to create a metro system through better rail and bus links; and
 - £32.5m in respect of financial transactions funding to support investment funds to provide access to finance, support business growth, exports and create / safeguard jobs;
 - £7.8m to the Natural Resources and Food MEG, in respect of the Green Deal;
 - £41.5m to the Housing and Regeneration MEG, comprising:
 - £34.5m to provide funding for the Help to Buy Wales scheme;
 - £5m to provide additional support through the Social Housing Grant; and
 - £2m to accelerate delivery of the Barry Island Link Road.

- £1.1m to the Culture and Sport MEG as a contribution towards the remedial costs following a fire at the National Library of Wales.

Amounts transferred to Reserves by Welsh Government Departments

Fiscal Resource

3.8 A net transfer to Reserves of £91m, comprising:

- £90.1m in respect of savings identified to manage in-year pressures, comprising:
 - £9.5m from the Local Government MEG;
 - £11.7m from the Communities and Tackling Poverty MEG;
 - £11m from the Economy, Science and Transport MEG;
 - £26.4m from the Education and Skills MEG;
 - £18.8m from the Natural Resources and Food MEG;
 - £4.8m from the Housing and Regeneration MEG;
 - £0.6m from the Culture and Sport MEG;
 - £7.3m from the Central Services and Administration MEG.
- £0.9m from the Natural Resources and Food MEG in respect of wind farm income received by Natural Resources Wales.

Non-Fiscal Resource

3.9 A transfer to Reserves of £0.3m from the Local Government MEG in respect of a reduced requirement to fund depreciation costs in Estyn and Valuation Tribunals.

Capital

3.10 A transfer to Reserves of £14.7m from the Economy, Science and Transport MEG in respect of in-year loan repayments on borrowings made by Finance Wales plc.

4. Budget Exchange System¹⁰

- 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, during the Spending Review period. The agreed cap is 0.6% of the Resource DEL budget and 1.5% of the Capital DEL budget. In addition, this year the Devolved Administrations have agreed a special arrangement with the UK Government to carry forward up to 20% of the financial transactions funding available in 2013-14.
- 4.2** For 2013-14, this means that the cap will be £85m for Resource DEL, which includes £82.2m Fiscal Resource DEL and £2.8m Non-Fiscal Resource DEL, £18.3m for traditional capital and £16.1m for financial transactions funding.
- 4.3** Reserves are available to cover any late pressures. This currently comprises £101.9m Resource DEL, which includes £50.8m Fiscal Resource DEL and £51.1m Non-Fiscal Resource DEL, and £7.7m Capital DEL, which includes £1.3m financial transactions funding.
- 4.4** We will carry forward any further unused Reserves or underspends up to the agreed cap under the Budget Exchange System. The final amount carried forward will be published in the Outturn Report.

¹⁰ Figures in this section have been rounded to one decimal place.

5. Health and Social Services

Overall Budget Changes

5.1 There has been a net increase in the Health and Social Services DEL of £199,915k, comprising an increase in Resource of £200,744k and a decrease in Capital of £829k.

AME

5.2 The AME budget has increased by £22,446k to reflect latest forecasts in respect of provisions and impairments in the NHS.

Resource Changes

5.3 The net impact of transfers from Reserves is an increase of £192,600k.

This comprises:

- £142,600k as part of the £150,000k funding package announced by the Minister for Finance in October 2013 to meet new demands and the recognised service pressures arising from the Francis Review; and
- £50,000k to be held within the Health and Social Services MEG, as a contingency measure, in the event that some Local Health Boards are unable to achieve a breakeven position.

5.4 The net impact of transfers with other MEGs is an increase of £8,144k.

This comprises the following adjustments above £250k:

- £12,224k in from the Invest-to-Save Fund Action within the Central Services and Administration MEG to the Delivery of Core NHS Services Action in respect of Invest-to-Save investments. This includes £7,432k announced as part of the £150,000k funding package announced by the Minister for Finance in October 2013 to meet new demands and the recognised service pressures arising from the Francis Review;

- £1,014k out to the Invest-to-Save Fund Repayment of Investments Action from the Delivery of Core NHS Services Action in respect of the repayment of investments;
- £547k out to the Staff Costs Action within the Central Services and Administration MEG from the Delivery of Targeted NHS Services Action in respect of the running costs of the National Leadership and Innovation Agency for Healthcare (NLIAH);
- £619k out to the Academi Wales Action (formerly the PSMW Action) within the Central Services and Administration MEG from the Delivery of Targeted NHS Services Action in respect of the operational costs of the NLIAH; and
- £1,900k out to the Post-16 Learner Support Action within the Education and Skills MEG from the Delivery of Core NHS Services Action to cover payments to Cardiff University (via HEFCW) to support medical and dental training.

5.5 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 transfers above £250k:

Delivery of Core NHS Services Action

- A net transfer in of £181,532k, including:
 - £169,740k in from the Delivery of Targeted NHS Services Action to reflect the transfer of the depreciation budget;
 - £6,900k in from the Delivery of Targeted NHS Services Action in respect of funding for the GMS contract and completed Primary Care Estates Forum (PCEF) schemes;
 - £1,261k in from the Delivery of Targeted NHS Services Action in respect of funding for the Skipton Fund and the Caxton Foundation;
 - £567k in from the Delivery of Targeted NHS Services Action in respect of the Dental contract;

- £500k in from the Delivery of Targeted NHS Services Action in respect of the Pharmacy contract;
- £3,500k in from the Support Mental Health Policies and Legislation Action in respect of LHB core allocation to fund the Mental Health Measure;
- £1,575k in from the Targeted Health and Immunisation Action in respect of vaccine costs into the GMS contract;
- £1,525k out to the Delivery of Targeted NHS Services Action in respect of Wales Eye Care services;
- £617k out to the Sponsorship of Public Health Bodies Action in respect of Abdominal Aortic Aneurysm screening into the Public Health Wales core allocation; and
- £589k out to the Delivery of Targeted NHS Services Action in respect of Shared Services.

Delivery of Targeted NHS Services Action

- A net transfer out of £169,891k, including:
 - £169,740k out to the Delivery of Core NHS Services to reflect the transfer of the depreciation budget;
 - £6,900k out to the Delivery of Core NHS Services Action in respect of funding for the GMS contract and completed PCEF schemes;
 - £4,417k out to the Sponsorship of Public Health Bodies Action in respect of the transfer of NLIAH functions into core allocation for Public Health Wales;
 - £1,849k out to the Effective Health Emergency Preparedness Arrangements Action in respect of the costs of re-processing expired pandemic flu drugs;
 - £1,261k out to the Delivery of Core NHS Services Action in respect of funding for the Skipton Fund and the Caxton Foundation;

- £567k out to the Delivery of Core NHS Services Action in respect of the Dental contract;
- £500k out to the Delivery of Core NHS Services Action in respect of the Pharmacy contract;
- £1,525k in from the Delivery of Core NHS Services Action in respect of Wales Eye Care services out of the LHB core allocation;
- £589k in from the Delivery of Core NHS Services Action in respect of Shared Services; and
- £12,712k in from a number of Actions following an in-year budget review exercise to manage in-year pressures, comprising:
 - o £3,755k in from the Support Education and Training of the NHS Workforce Action;
 - o £1,178k in from the Support Mental Health Policies and Legislation Action;
 - o £404k in from the Hospice Support Action;
 - o £460k in from the Deliver the Substance Misuse Strategy Implementation Plan Action;
 - o £548k in from the Sponsorship of Public Health Bodies Action;
 - o £1,464k in from the Deliver Targeted Health Protection and Immunisation Activity Action;
 - o £2,291k in from the Promote Healthy Improvement and Healthy Working Action; and
 - o £2,612 in from the Develop and Implement Research and Development for Patient and Public Benefit Action.

Support Education and Training of NHS Workforce Action

- o A net transfer out of £3,670k, including £3,755k out to the Delivery of Targeted NHS Services in respect of savings identified to manage in-year pressures.

Support Mental Health Policies and Legislation Action

- A transfer out of £5,015k, including:
 - £1,178k out to the Delivery of Targeted NHS Services in respect of savings identified to manage in-year pressures; and
 - £3,500k out to the Delivery of Core NHS Services Action as a result of the funding to meet the costs of delivering the Mental Health Measure transferring into the LHB allocation.

Hospice Support Action

- A transfer out of £404k to the Delivery of Targeted NHS Services Action in respect of savings identified to manage in-year pressures.

Deliver the Substance Misuse Strategy Implementation Plan

- A transfer out of £460k to the Delivery of Targeted NHS Services Action in respect of savings identified to manage in-year pressures.

Sponsorship of Public Health Bodies Action

- A net transfer in of £4,486k, including:
 - £4,417k in from the Delivery of Targeted NHS Services Action in respect of the transfer of NLIAM functions to Public Health Wales;
 - £617k in from the Delivery of Core NHS Services Action in respect of Abdominal Aortic Aneurysm; and
 - £548k out to Delivery of Targeted NHS Services Action in respect of savings identified to manage in-year pressures.

Deliver Targeted Health Protection and Immunisation Action

- A net transfer out of £3,039k, comprising:

- £1,464k out to the Delivery of Targeted NHS Services Action in respect of savings identified to manage in-year pressures; and
- £1,575k out to the Delivery of Core NHS Services Action in respect of vaccine costs transferring into the GMS budget allocation.

Promote Health Improvement and Healthy Working Action

- A transfer out of £2,376k, including £2,291k to the Delivery of Targeted NHS Services Action in respect of savings identified to manage in-year pressures.

Effective Health Emergency Preparedness Arrangements Action

- A transfer in of £1,849k from the Delivery of Targeted NHS Services Action in respect of the costs of re-processing expired pandemic flu drugs.

Develop and Implement Research and Development for Patient and Public Benefit Action

- A transfer out of £2,612k to the Delivery of Targeted NHS Services Action in respect of savings identified to manage in-year pressures.

Social Services Strategy Action

- A transfer in of £378k from the Care Council for Wales Action to support training costs associated with the implementation of the Social Services and Wellbeing Bill.

Care Council for Wales Action

- A transfer out of £378k to the Social Services Strategy Action, available as a result of realigning the published Care Council Wales budget with their actual annual allocation

Capital Changes

5.6 The net impact of transfers with other MEGs is a decrease of £829k, which comprises the following adjustments above £250k:

- £1,000k out to the Communities and Tackling Poverty Action within the Communities and Tackling Poverty MEG in respect of developing the infrastructure to deliver Flying Start.

Table 5.1 – Health and Social Services SPA Allocations

| DEL | £000s | | | £000s | | |
|--|----------------------|----------------|------------------|----------------------|-------------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ¹¹ | Changes | Revised Budget | Budget ¹² | Changes | Revised Budget |
| NHS Delivery | 5,494,916 | 212,385 | 5,707,301 | 227,375 | -829 | 226,546 |
| Health Central Budgets | 228,904 | -9,549 | 219,355 | 5,072 | 0 | 5,072 |
| Public Health and Prevention | 157,392 | -2,092 | 155,300 | 4,492 | 0 | 4,492 |
| Social Services | 49,179 | 0 | 49,179 | 4,711 | 0 | 4,711 |
| CAFCASS Cymru | 10,162 | 0 | 10,162 | - | - | - |
| Total DEL | 5,940,553 | 200,744 | 6,141,297 | 241,650 | -829 | 240,821 |
| AME | | | | | | |
| NHS Impairments | 136,890 | 22,446 | 159,336 | - | - | - |
| Total Managed Expenditure (TME) | 6,077,443 | 223,190 | 6,300,633 | 241,650 | -829 | 240,821 |

¹¹ Budget figures as per Supplementary Budget Motion approved July 2013.

¹² Budget figures as per Supplementary Budget Motion approved July 2013.

6. Local Government

Overall Budget Changes

6.1 There has been a decrease in the Local Government DEL, comprising a decrease in Resource of £9,744k. There are no adjustments to Capital.

AME

6.2 The AME budget within the Funding Support for Local Government Action has decreased by £3,349k to reflect actual costs in respect of Fire Service Pensions.

Resource Changes

- 6.3** The impact of transfers with Reserves is a decrease of £9,744k, comprising:
- A transfer out of £9,487k as a contribution to manage in-year pressures. This comprises the following transfers:
 - £5,174k from the Funding Support for Local Government Action;
 - £242k from the Fire and Rescue Services Resilience Action;
 - £696k from the Fire and Rescue Services National Framework Action;
 - £29k from the Domestic Abuse Action;
 - £144k from the Youth Justice Action;
 - £226k from the Building Local Democracy Action;
 - £504k from the Local Government Improvement Action;
 - £998k from the Supporting Collaboration and Reform Action
 - £549k from the Care and Social Services Inspectorate Action; and
 - £925k from the Estyn Action.
 - A transfer out of £257k non-fiscal resource in respect of a reduced requirement to fund depreciation costs, including £250k from the Estyn Action.

6.4 There have been a small number of transfers within the MEG, the net impact of which is neutral. The action tables show the impact of these on each Action. There are no transfers above £250k.

Capital Changes

6.5 There have been a small 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 transfers above £250k:

Violence Against Women and Domestic Abuse Action

- A transfer in of £332k from the Fire and Rescue Resilience Action for improvements to domestic abuse one-stop shops.

Fire and Rescue Resilience Action

- A transfer out of £332k to the Violence Against Women and Domestic Abuse Action available from grants not fully utilised this year.

Table 6.1 – Local Government SPA Allocations

| DEL | £000s | | | £000s | | |
|--|----------------------|----------------|------------------|----------------------|----------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ¹³ | Changes | Revised Budget | Budget ¹⁴ | Changes | Revised Budget |
| Local Government Funding | 4,628,294 | -4,997 | 4,623,297 | 20,000 | 0 | 20,000 |
| Safer Communities | 16,373 | -1,111 | 15,262 | 2,639 | 150 | 2,789 |
| Improving Services, Collaboration and Delivery | 40,825 | -1,544 | 39,281 | - | - | - |
| Care and Social Services Inspectorate | 14,461 | -549 | 13,912 | - | - | - |
| Healthcare Inspectorate Wales | 2,591 | 171 | 2,762 | - | - | - |
| Estyn | 12,364 | -1,714 | 10,650 | 281 | -150 | 131 |
| Total DEL | 4,714,908 | -9,744 | 4,705,164 | 22,920 | 0 | 22,920 |
| AME | | | | | | |
| Local Government Funding | 21,856 | -3,349 | 18,507 | - | - | - |
| Total Managed Expenditure (TME) | 4,736,764 | -13,093 | 4,723,671 | 22,920 | 0 | 22,920 |

¹³ Budget figures as per Supplementary Budget Motion approved July 2013.

¹⁴ Budget figures as per Supplementary Budget Motion approved July 2013.

7. Communities and Tackling Poverty

Overall Budget Changes

7.1 There has been a net decrease in the Communities and Tackling Poverty DEL of £8,915k, comprising a decrease in Resource of £11,665k and an increase in Capital of £2,750k.

Resource Changes

7.2 The net impact of transfers to Reserves is a decrease of £11,665k as a contribution to manage in-year pressures, comprising:

- £2,000k from the Children, Young People and Families Action;
- £551k from the Third Sector Action; and
- £9,114k from the Tackling Poverty Action.

7.3 There have been a small 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 transfers above £250k:

Children, Young People and Families Action

- A transfer in of £568k from the Tackling Poverty Action to provide additional funding for play.

Tackling Poverty Action

- A transfer out of £568k to the Children, Young People and Families Action, arising from the initial phase of the Discretionary Assistance Fund.

Capital Changes

7.4 There has been a transfer from Reserves of £750k to the Communities and Tackling Poverty Action in respect of new and refurbished sites for Gypsies and Travellers.

7.5 The net impact of transfers with other MEGs is an increase of £2,000k, which comprises the following adjustments above £250k:

- A transfer in of £1,000k to the Communities and Tackling Poverty Action from the Capital Action within the Central Services and Administration MEG in respect of new and refurbished sites for Gypsies and Travellers; and
- A transfer in of £1,000k to the Communities and Tackling Poverty Action from the NHS Delivery Action in the Health and Social Services MEG in respect of developing the infrastructure to deliver Flying Start.

Table 7.1 – Communities and Tackling Poverty SPA Allocations

| DEL | £000s | | | £000s | | |
|--|----------------------|----------------|----------------|----------------------|--------------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ¹⁵ | Changes | Revised Budget | Budget ¹⁶ | Changes | Revised Budget |
| Children, Young People and Families | 117,538 | -1,432 | 116,106 | - | - | - |
| Supporting Communities and People | 67,097 | -10,407 | 56,690 | - | - | - |
| Sustainable Development and Equality | 2,921 | 174 | 3,095 | - | - | - |
| Communities and Tackling Poverty | - | - | - | 24,450 | 2,750 | 27,200 |
| Total DEL | 187,556 | -11,665 | 175,891 | 24,450 | 2,750 | 27,200 |
| Total Managed Expenditure (TME) | 187,556 | -11,665 | 175,891 | 24,450 | 2,750 | 27,200 |

¹⁵ Budget figures as per Supplementary Budget Motion approved July 2013.

¹⁶ Budget figures as per Supplementary Budget Motion approved July 2013.

8. Economy, Science and Transport

Overall Budget Changes

8.1 There has been an increase in the Economy, Science and Transport DEL of £50,796k, comprising an increase in Resource of £7,491k and an increase in Capital of £43,305k.

AME

8.2 There is a net decrease to the AME budget of £556k, comprising a decrease of £12,708k in respect of the re-profiling of the completion of road schemes and an increase of £12,152k in respect of impairments on the property portfolio, joint ventures and investments.

UK Government Transfers

8.3 There is a transfer in of £21,955k to the Deliver ICT Infrastructure Action from the Department for Culture, Media and Sport (DCMS) in respect of the Next Generation Broadband Wales project.

Resource Changes

8.4 The net impact of transfers with Reserves is an increase of £7,491k, which comprises the following adjustments:

- A transfer to Reserves of £11,000k as a contribution to manage in-year pressures, comprising the following transfers:
 - £3,415k from the Entrepreneurship and Business Information Action;
 - £1,533k from the Innovation Action;
 - £1,606k from the Deliver ICT Infrastructure Action;
 - £466k from the Deliver Property Related Infrastructure Action;
 - £147k from the Corporate Programmes Action;
 - £500k from the Finance Wales Action;
 - £2,963k from the Sustainable Travel Action; and
 - £370k from the Improve Road Safety Action.

- A transfer in from Reserves of £18,491k in respect of additional depreciation charges, following an internal review of non-fiscal resource requirements within the EST portfolio, comprising:
 - £1,491k into the Delivery ICT Infrastructure - Non-Fiscal Resource Action; and
 - £17,000k into the Improve and Maintain Trunk Road Network (Domestic Routes) - Non-Fiscal Resource Action.

8.5 There have also been a number of resource 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 £250k:

Sustainable Travel Action

- A transfer out of £5,000k to the Rail and Air Services Action, to reflect a reprofiling in the required expenditure for concessionary fares from resource to capital.

Rail and Air Services Action

- A transfer in of £5,000k from the Sustainable Travel Action to support inflationary pressures associated with the rail franchise.

Innovation Action

- A net transfer out of £4,906k following the increased drawdown of EU income, comprising:
 - £2,906k out to the Sectors Action; and
 - £2,000k out to the Marketing Action.

Sectors Action

- A transfer in of £2,906k from the Innovation Action to deliver resource priorities for the Life Science Hub and the Wales Rally GB.

Marketing Action

- A transfer in of £2,000k to support additional promotion activity to support growth and jobs.

Capital Changes

8.6 The net impact of transfers with Reserves is an increase of £21,350k, which comprises the following adjustments above £250k:

- A transfer out of £14,650k from the Finance Wales Action in respect of in-year loan repayments on borrowings made by Finance Wales plc:
- A transfer in of £36,000k, comprising:
 - £3,500k for the South East Wales Integrated Transport project – Phase 1 to create a metro system through better rail and bus links, comprising £1,730k to the Road and Rail Schemes Action and £1,770k to the Sustainable Travel Action; and
 - £32,500k financial transactions funding to the Sectors Action to support investment funds to provide access to finance, support business growth, exports and create / safeguard jobs.

8.7 There have been a number of capital 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 £250k:

Legacy SIF Action

- A transfer out of £2,500k to the Motorway and Trunk Road Operations Action available as a result of reducing commitments for the legacy programme.

Sectors Action

- A transfer in of £20,000k from the Deliver ICT Infrastructure Action to deliver capital projects for Growth and Jobs.

Deliver ICT Infrastructure Action

- A transfer out of £26,000k following the re-profiling of the Next Generation Broadband UK funding, comprising:
 - £20,000k to the Sectors Action; and
 - £6,000k to the Motorway and Trunk Road Operations Action.

Motorway and Trunk Road Operations Action

- A transfer in of £8,500k to comply with our statutory duties to maintain the safety of the motorway and trunk road network, comprising:
 - £6,000k from the Deliver ICT Infrastructure Action; and
 - £2,500k from the Legacy SF Action.

Road and Rail Schemes Action

- A transfer out of £5,000k to the Sustainable Travel Action following a re-profiling of major projects.

Sustainable Travel Action

- A transfer in of £5,000k from the Road and Rail Schemes Action to support the indicative capital requirement for concessionary fares funding.

Table 8.1 – Economy, Science and Transport SPA Allocations

| DEL | £000s | | | £000s | | |
|---|----------------------|--------------|----------------|----------------------|---------------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ¹⁷ | Changes | Revised Budget | Budget ¹⁸ | Changes | Revised Budget |
| Sectors and Business | 51,089 | -509 | 50,580 | 56,519 | 50,000 | 106,519 |
| Science and Innovation | 14,269 | -6,439 | 7,830 | 3,613 | 0 | 3,613 |
| Major Events | 4,740 | 0 | 4,740 | | - | |
| Infrastructure | 20,642 | -581 | 20,061 | 36,456 | -4,045 | 32,411 |
| Strategy and Corporate Programmes | 10,138 | 1,353 | 11,491 | 59 | -14,650 | -14,591 |
| Motorway and Trunk Road Network Operations | 174,212 | 17,000 | 191,212 | 48,551 | 8,500 | 57,051 |
| Rail and Air Services | 173,179 | 5,000 | 178,179 | - | - | - |
| Road and Rail Investment | - | - | - | 109,916 | -3,270 | 106,646 |
| Sustainable Travel | 82,302 | -7,963 | 74,339 | 41,640 | 6,770 | 48,410 |
| Improve and Maintain Local Roads Infrastructure | - | - | - | 13,667 | 0 | 13,667 |
| Improve Road Safety | 4,717 | -370 | 4,347 | 6,900 | 0 | 6,900 |
| Total DEL | 535,288 | 7,491 | 542,779 | 317,321 | 43,305 | 360,626 |
| AME | | | | | | |
| Infrastructure | 20,000 | 12,152 | 32,152 | - | - | - |
| Motorway and Trunk Road Network Operations | 27,918 | -12,708 | 15,210 | - | - | - |
| Total Managed Expenditure (TME) | 583,206 | 6,935 | 590,141 | 317,321 | 43,305 | 360,626 |

¹⁷ Budget figures as per Supplementary Budget Motion approved July 2013.

¹⁸ Budget figures as per Supplementary Budget Motion approved July 2013.

9. Education and Skills

Overall Budget Changes

9.1 There has been an increase in the Education and Skills DEL, comprising an increase in Resource of £309,699k. There are no adjustments to Capital.

AME

9.2 There is a net increase to the AME budget of £64,998k, comprising a decrease in Resource AME of £11,195k and an increase in Capital AME of £76,193k. These figures reflect the latest Student Loan forecasts and the pension adjustments associated with Careers Wales since it became a wholly owned subsidiary of the Welsh Government from 1 April 2013.

UK Government Transfers

9.3 The impact of transfers with the UK Government is an increase of £326,618k, comprising:

- A transfer in of £168k to the Higher Education Action from the Department for Education for the funding of students in Wales on Initial Teacher Training courses with the Open University; and
- A transfer in of £326,450k non-fiscal resource to the Post-16 Learner Support Action from HM Treasury to cover the student loan stock charge and an increase in the Resource Accounting and Budgeting (RAB) charge rate.

Resource Changes

9.4 The net impact of transfers with Reserves is an increase of £4,271k comprising:

- A total transfer out of £26,379k as a contribution to manage in-year pressures comprising:
 - £408k from the Literacy and Numeracy Action;
 - £65k from the Curriculum Action;

- £9,506k from the Post-16 Education Action;
 - £250k from the Education Structures Action;
 - £11,000k from the Employment and Skills Action;
 - £2,100k from the Post-16 Learner Support Action;
 - £2,900k from the Pupil Deprivation Grant Action; and
 - £150k from the Pupil Engagement Action.
- A transfer in of £3,100k to the Education and Careers Choice Action to fund specific projects in relation to Careers Wales; and
 - A transfer in of £4,450k non-fiscal resource to the Post-16 Learner Support Action to cover the student loan stock charge and an increase in the Resource Accounting and Budgeting (RAB) charge rate.

9.5 The net impact of transfers with other MEGs is an increase of £1,810k which comprises the following adjustment above £250k:

- A transfer in of £1,900k non-fiscal resource to the Post-16 Learner Support Action from the Delivery of Core NHS Services Action in the Health and Social Services MEG to cover payments to Cardiff University (via HEFCW) to support medical and dental training.

9.6 There have been a small 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 £250k:

Literacy and Numeracy Action

- A transfer out of £485k as a contribution to manage in-year pressures within the MEG, available as a result of reduced activity and costs, in relation to marketing and communications and evaluation reviews.

Curriculum Action

- A net transfer in of £5,404k, including:
 - £577k out as a contribution to manage in-year pressures within the MEG, available as a result of reduced activity and costs, following the rapid review of proposed activities within the 14-19 Regional Network Development Plans; and
 - £5,926k in from the Delivery Support Action to provide additional resource to the National Support Programme.

Teaching and Leadership Action

- A transfer out of £2,985k as a contribution to manage in-year pressures within the MEG, available as result of lower than budgeted take up of the Masters Programme and reduced costs earmarked for leadership development programmes.

Post-16 Education Action

- A net transfer out of £2,606k including:
 - £2,294k out as a contribution to manage in-year pressures within the MEG, available as a result of reducing the post-19 Adult Skills budget; and
 - £350k out to the Delivery Support Action to contribute towards the Skills Cymru activity.

Higher Education Action

- A net transfer out of £1,700k, including:
 - £2,500k in to manage the pressure on provision of Education for the University of the Heads of the Valleys; and

- £4,200k out to the Post-16 Learner Support Action for the funding of the Welsh National Bursary Scheme.

ICT and Information Management Systems Action

- A transfer in of £3,203k to manage the pressure of funding the Learning in Digital Wales broadband project.

Youth Engagement and Employment Action

- A transfer out of £2,265k, including £2,040k as a contribution to manage in-year pressures within the MEG, available as a result of reduced costs for a project to up-skill unemployed graduates and train them for a career in I.T. and higher than budgeted income drawn down against defrayed expenditure from the closure of the Reach the Heights Project in the final claim.

Wellbeing of Children and Young People Action

- A transfer out of £1,440k as a contribution to manage in-year pressures within the MEG, available as a result of changes to the timetable for Additional Learning Needs legislation and research on primary school counselling.

Post-16 Learner Support Action

- A net transfer in of £3,502k, including;
 - £800k out as a contribution to manage in-year pressures within the MEG, available as a result of the realignment of payments on Financial Contingency Funds to a termly basis; and
 - £4,200k in from the Higher Education Action for the funding of the Welsh National Bursary Scheme.

Welsh in Education Action

- A net transfer out of £532k. There are no transfers above £250k.

Welsh Learning Action

- A net transfer in of £946k, including £545k in to manage the pressure against the Technology Fund and specific projects to support the Welsh Language.

Delivery Support Action

- A net transfer out of £623k including:
 - £1,108k out as a contribution to manage in-year pressures within the MEG, arising due to reduced activity on marketing and communications and research evidence budgets; and
 - £350k in from the Post 16 Education Action to contribute towards the Skills Cymru activity.

Table 9.1 – Education and Skills SPA Allocations

| DEL | £000s | | | £000s | | |
|---|----------------------|----------------|------------------|----------------------|----------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ¹⁹ | Changes | Revised Budget | Budget ²⁰ | Changes | Revised Budget |
| Education and Training Standards | 1,200,051 | -12,449 | 1,187,602 | 202,134 | 0 | 202,134 |
| Skilled Workforce | 74,903 | -10,355 | 64,548 | - | - | - |
| Improving Wellbeing, Reducing Inequality and Increasing Participation | 354,579 | 332,712 | 687,291 | - | - | - |
| Welsh Language | 25,076 | 414 | 25,490 | - | - | - |
| Delivery Support | 4,049 | -623 | 3,426 | - | - | - |
| Total DEL | 1,658,658 | 309,699 | 1,968,357 | 202,134 | 0 | 202,134 |
| AME | | | | | | |
| Improving Wellbeing, Reducing Inequality and Increasing Participation | -87,261 | -17,195 | -104,456 | - | - | - |
| Skilled Workforce | 0 | 6,000 | 6,000 | - | - | - |
| Total Managed Expenditure (TME) | 1,571,397 | 298,504 | 1,869,901 | 202,134 | 0 | 202,134 |

¹⁹ Budget figures as per Supplementary Budget Motion approved July 2013.

²⁰ Budget figures as per Supplementary Budget Motion approved July 2013.

10. Natural Resources and Food

Overall Budget Changes

10.1 There has been a net decrease in the Natural Resources and Food DEL of £6,910k, comprising a decrease in Resource of £22,602k and an increase in Capital of £15,692k.

Budget Structure Changes

10.2 The former Protecting and Improving Animal Health and Welfare SPA has been split into two actions to improve budget transparency. The two new Actions are the Support and Delivery of the Animal Health and Welfare Programme/Strategy Action and the Management and Delivery of TB Eradication and Other Endemic Diseases Action.

AME

10.3 The AME budget has increased by £3,600k to reflect latest forecasts in respect of the pension liability for Natural Resources Wales.

UK Government Transfers

10.4 There has been a transfer in of £7,792k to the Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action (Capital) from the Department of Energy and Climate Change in respect of the Green Deal.

Resource Changes

10.5 The net impact of transfers with Reserves is a decrease of £14,185k, comprising:

- A transfer in of £5,365k non-fiscal resource to the Sponsor and Manage Delivery Bodies Action to cover increased cover for depreciation of Natural Resources Wales;

- A transfer in of £29k non-fiscal resource to the Developing an Appropriate Evidence Base to Support the Work of the Department Action to cover increased cover for depreciation of Pwllpeiran;
- A transfer in of £92k non-fiscal resource to the Management and Delivery of TB Eradication and other Endemic Diseases Action to cover depreciation of Office of the Chief Veterinary Officer assets;
- A transfer out of £871k to Reserves from the Sponsor and Manage Delivery Bodies Action in respect of Windfarm income received by Natural Resources Wales;
- A transfer out of £18,800k to Reserves as a contribution to manage in-year pressures. This comprises the following transfers:
 - £100k from the Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action;
 - £1,800k from the Manage and Implement the Waste Strategy and Waste Procurement Action;
 - £400k from the Manage and Implement Environment Improvement Action;
 - £9,800k from the Management and Delivery of TB Eradication and other Endemic Diseases Action; and
 - £6,700k from the Delivering the Programmes within the Rural Development Plan Action.

10.6 The net impact of transfers with other MEGs is a decrease of £517k, which includes the following transfer above £250k:

- A transfer out of £450k from the Sponsor and Manage Delivery Bodies Action to the Staff Costs Action within the Central Services and Administration MEG in respect of the pay costs of former Forestry Commission staff who have transferred into the Welsh Government.

10.7 There have been a number of transfers within the MEG, the net impact of which is a decrease in resource of £7,900k due to a resource to capital transfer. The action tables show the net impact of these on each Action. Below is a breakdown of the specific transfers above £250k.

Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action

- A transfer out of £941k, including:
 - £736k to the Manage and Implement Environmental Improvement Action, following transfer of budgetary responsibility between the Actions, in respect of Cynefin, a programme that delivers place based work in nine locations across Wales.

Develop and Implement Flood and Coastal Risk, Water and Sewage Policy and Legislation

- A transfer out of £4,900k to the Develop and Implement Flood and Coastal Risk, Water and Sewage Policy and Legislation Action (Capital) in respect of a resource to capital transfer to enable planned works to be undertaken on flood schemes to reduce the risk of flooding to homes, businesses and vital infrastructure.

Manage and Implement the Waste Strategy and Waste Procurement Action

- A net transfer out of £505k, comprising:
 - £280k in from the Sponsor and Manage Delivery Bodies Action in respect of former Environment Agency Wales employees, who transferred into the Welsh Government to deliver programmes previously delivered by the Environment Agency; and

- £785k out in respect of savings realigned to manage cost pressures elsewhere within the MEG.

Manage and Implement Environmental Improvement Action

- A transfer in of £736k from the Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action in respect of Cynefin, a programme that delivers place based work in nine locations across Wales.

Sponsor and Manage Delivery Bodies Action

- A net transfer in of £1,982k, including:
 - £280k out to the Manage and Implement the Waste Strategy and Waste Procurement Action in respect of former Environment Agency Wales employees, who transferred into the Welsh Government to deliver programmes previously delivered by the Environment Agency; and
 - £2,500k in to support efforts to combat P.ramorum disease.

Support and Delivery of the Animal Health and Welfare Programme/Strategy Action

- A transfer in of £600k from the Management and Delivery of TB Eradication and other Endemic Diseases Action in respect of changes to the budget structure to improve transparency.

Management and Delivery of TB Eradication and Other Endemic Diseases Action

- A net transfer out of £850k, comprising:

- £600k out to the Support and Delivery of the Animal Health and Welfare Programme/Strategy Action in respect of changes to the budget structure to improve transparency; and
- £250k out in respect of savings realigned to manage cost pressures elsewhere within the MEG.

Develop and Deliver Overarching Policy and Programmes on Agriculture, Food and Marine Action

- A net transfer in of £2,115k comprising:
 - £2,505k in from the Meeting the Needs of Rural Communities and Rural Proofing WAG Actions to place all budgets relating to overarching policy and programmes under one Action;
 - £500k in from CAP Administration and Making Payments According to EU and WG Rules Action to fund agriculture publicity/communications, including the Royal Welsh Show; and
- £890k out in respect of savings realigned to manage cost pressures elsewhere within the MEG.

CAP Administration and Making Payments According to EU and WG Rules Action

- A net transfer out of £209k comprising:
 - £500k out to the Develop and Deliver Overarching Policy and Programmes on Agriculture, Food and Marine Action to fund agriculture publicity/communications, including the Royal Welsh Show; and
 - £291k in to fund CAP reform/PIMMS, available as a result of identifying savings to manage cost pressures elsewhere within the MEG.

Delivering the Programmes within the Rural Development Plan Action

- A net transfer out of £4,066k comprising:
 - £1,066k out in respect of savings realigned to manage cost pressures elsewhere within the MEG; and
 - £3,000k out to the CAP Administration and Making Payments in Accordance to EU and WG Rules Action (Capital) in respect of a resource to capital transfer to support the ICT changes required as a result of the changes to direct payments to farmers following the latest review of Common Agricultural Policy, available as a result of lower than anticipated demand within the Rural Development Plan.

Meeting the Needs of Rural Communities and Rural Proofing WAG

Actions

- A transfer out of £2,505k to the Develop and Deliver Overarching Policy and Programmes on Agriculture, Food and Marine Action to move all budgets relating to overarching policy and programmes under one Action.

Developing and Marketing Welsh Food and Drink Action

- A transfer in of £400k to fund Hybu Cig Cymru in delivering volume and value growth to Welsh meat exports, available as a result of identifying savings to manage cost pressures elsewhere within the MEG.

Capital Changes

10.8 There have been a number of transfers within the MEG, the net impact of which is an increase in capital of £7,900k due to a resource to capital

transfer. The action tables show the net impact of these on each Action. Below is a breakdown of the specific transfers above £250k.

Develop and Deliver Overarching Policy and Programmes on Sustainable Development and Environment Action

- A transfer in of £541k from the Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action to support the Works project in Ebbw Vale;

Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action

- A net transfer out of £3,925k in respect of savings realigned to manage cost pressures elsewhere within the MEG, including the following transfers above £250k:
 - £541k to the Develop and Deliver Overarching Policy and Programmes on Sustainable Development and Environment Action;
 - £385k to the Manage and Implement the Waste Strategy and Waste Procurement Action;
 - £2,155k to the Develop and Deliver Overarching Policy and Programmes on Agriculture, Food and Marine Action; and
 - £800k to the Delivering the Programmes within the Rural Development Plan Action.

Develop and Implement Flood and Coastal Risk, Water and Sewage Policy and Legislation

- A transfer in of £4,900k from the Develop and Implement Flood and Coastal Risk, Water and Sewage Policy and Legislation Action

(Resource) in respect of a resource to capital transfer to enable planned works to be undertaken on flood schemes to reduce the risk of flooding to homes, businesses and vital infrastructure.

Manage and Implement the Waste Strategy and Waste Procurement Action

- A transfer in of £385k from the Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action to support the collaborative change programme and help local authorities to improve performance and meet future statutory recycling targets.

Develop and Deliver Overarching Policy and Programmes on Agriculture, Food and Marine Action

- A transfer in of £2,155k from the Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action, including £2,055k to support the Young Farmers' scheme.

CAP Administration and Making Payments According to EU and WG Rules Action

- A transfer in of £3,000k from the Delivering the Programmes within the Rural Development Plan Action (Resource) in respect of a resource to capital transfer to support the ICT changes required as a result of the changes to direct payments to farmers following the latest review of Common Agricultural Policy.

Delivering the Programmes within the Rural Development Plan Action

- A transfer in of £800k from the Develop and Implement Climate Change, Emission Prevention and Fuel Poverty Policy, Communications, Legislation and Regulation Action to fund RPW Online.

Table 10.1 – Natural Resources and Food SPA Allocations

| DEL | £000s | | | £000s | | |
|--|----------------------|----------------|----------------|----------------------|---------------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ²¹ | Changes | Revised Budget | Budget ²² | Changes | Revised Budget |
| Climate Change and Sustainability | 118,778 | -8,278 | 110,500 | 71,368 | 9,693 | 81,061 |
| Environment | 87,783 | 6,600 | 94,383 | 795 | 0 | 795 |
| Planning | 1,136 | 29 | 1,165 | - | - | - |
| Protecting and Improving Animal Health and Welfare | 38,895 | -9,958 | 28,937 | - | - | - |
| Evidence Base | - | - | - | 38 | 0 | 38 |
| Agriculture and Food | 80,686 | -10,995 | 69,691 | 14,423 | 5,999 | 20,422 |
| Total DEL | 327,278 | -22,602 | 304,676 | 86,624 | 15,692 | 102,316 |
| AME | | | | | | |
| Sponsor and Manage Delivery Bodies | 0 | 3,600 | 3,600 | - | - | - |
| Total Managed Expenditure (TME) | 327,278 | -19,002 | 308,276 | 86,624 | 15,692 | 102,316 |

²¹ Budget figures as per Supplementary Budget Motion approved July 2013.

²² Budget figures as per Supplementary Budget Motion approved July 2013.

11. Housing and Regeneration

Overall Budget Changes

11.1 There has been a net increase in the Housing and Regeneration DEL of £38,388k, comprising a decrease in Resource of £3,312k and an increase in Capital of £41,700k.

AME

11.2 The AME budget has increased by £2,000k to reflect the return submitted to HM Treasury in December 2013.

UK Government Transfers

11.3 There has been a transfer in of £1,450k to the Regeneration Action from HM Treasury in respect of Wales' share of the Coastal Community Fund.

Resource Changes

11.4 There has been a transfer to Reserves of £4,762k, as a contribution to manage in-year pressures. This comprises the following transfers:

- £972k from the Regeneration Action;
- £440k from the Planning Policy Development, Planning Inspectorate and Regulation Action;
- £3,200k from the Increase the Supply and Choice of Affordable Housing Action;
- £128k from the Policy Development and Implementation Action; and
- £22k from the Independent Living Action.

11.5 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 £250k.

Homelessness Action

- A net transfer in of £1,300k to create a Discretionary Housing Payment Scheme to help mitigate the impact of the UK Government's Welfare Reform changes in Wales, comprising:
 - £400k from the Supporting People Action;
 - £600k from the Regeneration Action; and
 - £300k from the Planning Policy Development, Planning Inspectorate and Regulation Action.

Supporting People Action

- A transfer out of £400k to the Homelessness Action, in respect of savings realigned to create a Discretionary Housing Payment Scheme to help mitigate the impact of the UK Government's Welfare Reform changes in Wales.

Regeneration Action

- A transfer out of £600k to the Homelessness Action, in respect of savings realigned to create a Discretionary Housing Payment Scheme to help mitigate the impact of the UK Government's Welfare Reform changes in Wales.

Planning Policy Development, Planning Inspectorate and Regulation Action

- A transfer out of £300k to the Homelessness Action, in respect of savings realigned to create a Discretionary Housing Payment Scheme to help mitigate the impact of the UK Government's Welfare Reform changes in Wales.

Capital Changes

11.6 There has been a transfer from Reserves totalling £41,500k, comprising:

- £34,500k to the Increase the Supply and Choice of Market Housing Action for the Help to Buy Wales scheme;
- £5,000k to the Increase the Supply and Choice of Affordable Housing Action to deliver between 60 and 100 new affordable homes and create or support over 100 jobs during the construction phase as well as providing longer-term economic and social benefits; and
- £2,000k to the Regeneration Action in respect of financial transactions funding to accelerate delivery of the Barry Island Link Road.

11.7 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 £250k.

Increase the Supply and Choice of Affordable Housing Action

- A transfer in of £3,946k to provide additional support for affordable housing, comprising:
 - £1,300k from the Achieve Quality Housing Action; and
 - £2,646k from the Regeneration Action.

Achieve Quality Housing Action

- A transfer out of £1,300k to the Increase the Supply and Choice of Affordable Housing Action, available as result of lower than anticipated stock transfer payments.

Regeneration Action

- A transfer out of £2,646k to the Increase the Supply and Choice of Affordable Housing Action, in respect of savings realigned to provide additional support for housing related schemes.

Table 11.1 – Housing and Regeneration

| DEL | £000s | | | £000s | | |
|--|----------------------|---------------|----------------|----------------------|---------------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ²³ | Changes | Revised Budget | Budget ²⁴ | Changes | Revised Budget |
| Housing Policy | 150,736 | 683 | 151,419 | 11,641 | 0 | 11,641 |
| Homes and Places | 17,295 | -3,255 | 14,040 | 278,384 | 36,700 | 320,084 |
| Planning | 7,874 | -740 | 7,134 | - | - | - |
| Total DEL | 175,905 | -3,312 | 172,593 | 290,025 | 41,700 | 331,725 |
| AME | | | | | | |
| Housing | -71,000 | -2,000 | -73,000 | - | - | - |
| Total Managed Expenditure (TME) | 104,905 | -5,312 | 99,593 | 290,025 | 41,700 | 331,725 |

²³ Budget figures as per Supplementary Budget Motion approved July 2013.

²⁴ Budget figures as per Supplementary Budget Motion approved July 2013.

12. Culture and Sport

Overall Budget Changes

12.1 There has been a net increase in the Culture and Sport DEL of £380k, comprising a decrease in Resource of £480k and an increase in Capital of £860k.

Resource Changes

12.2 There has been a transfer to Reserves of £570k as a contribution to manage in-year pressures. This comprises the following transfers:

- £270k from the Support and Sustain a Strong Arts Sector via the Arts Council and Others Action; and
- £300k from the Delivery of Effective Sports and Physical Activity Programmes Action.

12.3 The net impact of transfers with other MEGs is an increase of £90k. This does not comprise any adjustments above £250k.

12.4 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. This comprises the following transfer above £250k:

Foster Usage and Lifelong Learning through Museum Services Action

12.5 There has been a transfer in of £390k from the Support and Sustain a Strong Arts Sector via the Arts Council and Others Action as a contribution towards restructuring costs at the National Museum of Wales.

Capital Changes

12.6 There has been a transfer from Reserves of £1,060k to the Foster Usage and Lifelong Learning through Library Services Action as a contribution towards the remedial costs following a fire at the National Library of Wales.

12.7 The net impact of transfers with other MEGs is a decrease of £200k. This does not comprise any adjustments above £250k.

12.8 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 £250k.

Foster Usage and Lifelong Learning through Library Services Action

- A net transfer in of £1,125k; comprising:
 - £625k from the Foster Usage and Lifelong Learning through Museum Services Action as a contribution towards the remedial costs following a fire at the National Library of Wales; and
 - £500k from the Conserve, Protect, Sustain and Promote Access to the Historic Environment Action as a contribution towards the remedial costs following the fire at the National Library of Wales.

Foster Usage and Lifelong Learning through Museum Services Action

- A transfer out of £625k to the Foster Usage and Lifelong Learning through Library Services Action, available as a result of re-profiling the Welsh Government's contribution to the redevelopment of St. Fagans.

Conserve, Protect, Sustain and Promote Access to the Historic Environment Action

- A transfer out of £500k to the Foster Usage and Lifelong Learning through Library Services Action, available as a consequence of rescheduling some of the capital maintenance work on monuments.

Table 12.1 – Culture and Sport SPA Allocations

| DEL | £000s | | | £000s | | |
|---|----------------------|-------------|----------------|----------------------|------------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ²⁵ | Changes | Revised Budget | Budget ²⁶ | Changes | Revised Budget |
| Support and sustain a strong arts sector via the Arts Council and others | 34,758 | -570 | 34,188 | 355 | 0 | 355 |
| Museums, Archives and Libraries | 37,578 | 490 | 38,068 | 5,223 | 1,560 | 6,783 |
| Delivery of effective sports and physical activity programmes | 24,853 | -280 | 24,573 | 345 | 0 | 345 |
| Media and publishing | 3,926 | 0 | 3,926 | 25 | 0 | 25 |
| Conserve, protect, sustain and promote access to the historic environment | 11,641 | 0 | 11,641 | 5,331 | -700 | 4,631 |
| Landscape and outdoor recreation | 12,742 | -120 | 12,622 | 2,945 | 0 | 2,945 |
| Total DEL | 125,498 | -480 | 125,018 | 14,224 | 860 | 15,084 |
| AME | | | | | | |
| Museums, Archives and Libraries | 2,740 | 0 | 2,740 | - | - | - |
| Total Managed Expenditure (TME) | 128,238 | -480 | 127,758 | 14,224 | 860 | 15,084 |

²⁵ Budget figures as per Supplementary Budget Motion approved July 2013.

²⁶ Budget figures as per Supplementary Budget Motion approved July 2013.

13. Central Services and Administration

Overall Budget Changes

13.1 There has been a decrease in the Central Services and Administration DEL of £15,410k, comprising a decrease in Resource of £15,239k and a decrease in Capital of £171k.

AME

13.2 The AME budget has decreased by £78k to reflect latest forecasts in respect of provision for early retirement.

UK Government Transfers

13.3 There has been a transfer of £42k to the Tribunals Action from the Ministry of Justice in respect of the abolition of the Administrative Justice and Tribunals Committee.

Resource Changes

- 13.4** The net impact of transfers with Reserves is a decrease of £4,754k, comprising the following transfers:
- A transfer to Reserves of £7,254k as a contribution to manage in-year pressures, comprising the following transfers:
 - £2,748k out from the General Administration Action;
 - £1,500k out from the Enabling Government Action;
 - £2,612k out from the Match Funding Action;
 - £156k out from the Geographical Information Action;
 - £87k out from the Events and Corporate Communications Action;
 - £70k out from the Economic Research Action;
 - £60k out from the Value Wales Action; and
 - £21k out from the Public Appointments Action.

 - £2,500k in to the Capital Charges Action for increased depreciation and impairment charges against administrative assets.

13.5 The net impact of transfers with other MEGs is a decrease of £9,527k, which comprises the following adjustments above £250k:

- A transfer out of £12,224k from the Invest-to-Save Fund Action to the Delivery of Core NHS Services Action within the Health and Social Services MEG in respect of Invest-to-Save schemes. This includes £7,432k toward the £150,000k funding package announced by the Minister for Finance in October 2013 to meet new demands and the recognised service pressures arising from the Francis Review;
- A transfer in of £1,014k to the Invest-to-Save Fund Repayment of Investments Action from the Delivery of Core NHS Services Action within the Health and Social Services MEG in respect of the repayment of previous investments;
- A transfer in of £450k to the Staff Costs Action from the Sponsor and Manage Delivery Bodies Action within the Natural Resources and Food MEG in respect of the pay costs of former Forestry Commission staff who transferred into the Welsh Government; and
- A net transfer in of £1,166k from the Delivery of Targeted NHS Services Action within the Health and Social Services MEG, comprising:
 - £547k in to the Staff Costs Action for the running costs of the National Leadership and Innovation Agency for Healthcare (NLIAH); and
 - £619k in to the Academi Wales Action (formerly the PSMW Action) for the operational costs of the National Leadership and Innovation Agency for Healthcare (NLIAH).

13.6 There have also been a number of transfers within the MEG, the net impact of which is a decrease in resource of £1,000k due to a resource to capital transfer. The action tables show the net impact of these on each Action. Below is a breakdown of specific transfers above £250k.

Staff Costs Action

- A transfer in of £7,182k, comprising:
 - £6,182k in from the General Administration Action to support new staffing functions, including an increase in specialist roles such as legal services required as a result of the Welsh Government's stronger legislative role; and
 - £1,000k in from the Enabling Government Action to provide funding for staff working on corporate change projects.

General Administration Action

- A net transfer out of £6,538k, available as a result of underspends in the workforce planning budget. This includes the following transfers:
 - £6,182k out to the Staff Costs Action;
 - £1,000k out to the International Development Action;
 - £450k out to the Public Policy Institute Action; and
 - £1,000k in from the Enabling Government Action to support pension costs.

Enabling Government Action

- A transfer out of £3,000k, comprising:
 - £1,000k out to the Staff Costs Action to help fund staff working on corporate change projects;
 - £1,000k out to the General Administration Action to support pension costs; and
 - £1,000k out to the Capital Action for estate building management, in respect of a resource to capital transfer.

Public Policy Institute Action

- A transfer in of £450k from the General Administration Action to fund the Public Policy Institute.

International Relations Action

- A transfer in of £1,000k from the General Administration Action to fund running costs in offices overseas.

Invest-to-Save Fund Repayment of Investments Action

- A transfer in of £1,502k from the Match Funding Action to increase the funding available to support investments through the Invest-to-Save Fund.

Match Funding Action

- A transfer out of £1,502k to the Invest-to-Save Action, available as a result of lower than anticipated demand.

Capital Changes

13.7 The net impact of transfers with other MEGs is a decrease of £1,171k, which includes the following adjustment above £250k:

- A transfer out of £1,000k to the Communities and Tackling Poverty MEG from the Capital Action in respect of new and refurbished sites for Gypsy and Travellers.

13.8 There have been transfers within the MEG, the net impact of which is an increase in capital of £1,000k due to a Resource to Capital transfer. The

Action Tables show the net impact of these transfers on each Action.

Below is a breakdown of specific transfers above £250k:

Capital

- A transfer in of £3,900k for estate building management, comprising:
 - £1,500k in from the Enabling Government Action (Capital);
 - £1,400k in from the Invest-to-Save Fund Action; and
 - £1,000k in from the Enabling Government Action (Resource) , in respect of a resource to capital transfer.

Enabling Government

- A transfer out of £1,500k to the Capital Action for estate building management.

Invest-to-Save Fund Action

- A net transfer out of £1,062k, comprising:
 - £1,400k out to the Capital Action for estate building management; and
 - £338k in from the Invest-to-Save Fund Repayments of Investments Action to reflect an increase to the anticipated level of repayments into the fund.

Invest-to-Save Fund Repayments of Investments

- A transfer out of £338k to the Invest-to-Save Fund Action to reflect an increase to the anticipated level of repayments into the fund.

Table 13.1 – Central Services and Administration SPA Allocations

| DEL | £000s | | | £000s | | |
|--|----------------------|----------------|----------------|----------------------|-------------|----------------|
| | 2013-14 Resource | | | 2013-14 Capital | | |
| | Budget ²⁷ | Changes | Revised Budget | Budget ²⁸ | Changes | Revised Budget |
| Delegated Running Costs | 195,433 | 8,179 | 203,612 | - | - | - |
| Central Running Costs | 88,316 | -11,286 | 77,030 | 9,935 | 1,400 | 11,335 |
| Information and Support Services | 13,785 | 653 | 14,438 | - | - | - |
| Central Programmes | 19,803 | -12,785 | 7,018 | 13,878 | -1,571 | 12,307 |
| WEFO | 1,522 | 0 | 1,522 | - | - | - |
| Total DEL | 318,859 | -15,239 | 303,620 | 23,813 | -171 | 23,642 |
| AME | | | | | | |
| Central Running Costs | 1,551 | -78 | 1,473 | - | - | - |
| Total Managed Expenditure (TME) | 320,410 | -15,161 | 305,093 | 23,813 | -171 | 23,642 |

²⁷ Budget figures as per Supplementary Budget Motion approved July 2013.

²⁸ Budget figures as per Supplementary Budget Motion approved July 2013.

Annex A – Reconciliation between the Welsh Block Budget and Resource Allocations in the Budget Motion

This document supports the Supplementary Budget Motion, which sets out the changes to both the resources that the Welsh Government is proposing to use in 2013-14 and the cash it is seeking authority to draw from the Welsh Consolidated Fund. The tables within this report show budgets on an administrative basis, whereas the figures in the Supplementary Budget Motion are on a resource basis.

The Welsh Government's administrative budget contains a number of items which are scored outside the accounts of the Welsh Government and therefore do not score as part of the Resources required by Welsh Ministers. This Annex reconciles the administrative and resource budgets of each Main Expenditure Group.

Health and Social Services

| DEL | £000s |
|---|------------------|
| | 2013-14 |
| Resource | 6,141,297 |
| Capital | 240,821 |
| AME | |
| Resource | 159,336 |
| Capital | 0 |
| Total Managed Expenditure | 6,541,454 |
| Reconciliation to Resources | |
| Resource Consumption of WGSBs and NHS bodies | -257,436 |
| Supported Borrowing | -3,602 |
| National Insurance Fund Receipts (and collection costs) | -847,786 |
| Resources requested | 5,432,630 |

Local Government

| DEL | £000s |
|--|------------------|
| | 2013-14 |
| Resource | 4,705,164 |
| Capital | 22,920 |
| AME | |
| Resource | 18,507 |
| Capital | 0 |
| Total Managed Expenditure | 4,746,591 |
| Reconciliation to Resources | |
| National Non Domestic Rates payable (and collection costs) | -1,025,322 |
| Resources requested | 3,721,269 |

Communities and Tackling Poverty

| DEL | £000s |
|------------------------------------|----------------|
| | 2013-14 |
| Resource | 175,891 |
| Capital | 27,200 |
| AME | |
| Resource | 0 |
| Capital | 0 |
| Total Managed Expenditure | 203,091 |
| Reconciliation to Resources | |
| Resources requested | 203,091 |

Economy, Science and Transport

| DEL | £000s |
|---|----------------|
| | 2013-14 |
| Resource | 542,779 |
| Capital | 360,626 |
| AME | |
| Resource | 47,362 |
| Capital | 0 |
| Total Managed Expenditure | 950,767 |
| Reconciliation to Resources | |
| Supported Borrowing | -10,336 |
| Direct Charges on the Welsh Consolidated Fund | -1,686 |
| PFI | -7,566 |
| Finance Wales | 14,650 |
| Resources requested | 945,829 |

Education and Skills

| DEL | £000s |
|--|------------------|
| | 2013-14 |
| Resource | 1,968,357 |
| Capital | 202,134 |
| AME | |
| Resource | -98,456 |
| Capital | 340,323 |
| Total Managed Expenditure | 2,412,358 |
| Reconciliation to Resources | |
| Resource Consumption of WGSBs and NHS Bodies | -6,082 |
| Supported Borrowing | -33,781 |
| Resources requested | 2,372,495 |

Natural Resources and Food

| DEL | £000s |
|--|----------------|
| | 2013-14 |
| Resource | 304,676 |
| Capital | 102,316 |
| AME | |
| Resource | 3,600 |
| Capital | 0 |
| Total Managed Expenditure | 410,592 |
| Reconciliation to Resources | |
| Resource Consumption of WGSBs and NHS Bodies | -12,055 |
| Supported Borrowing | -9,741 |
| Resources requested | 388,796 |

Housing and Regeneration

| DEL | £000s |
|------------------------------------|----------------|
| | 2013-14 |
| Resource | 172,593 |
| Capital | 331,725 |
| AME | |
| Resource | -73,000 |
| Capital | 0 |
| Total Managed Expenditure | 431,318 |
| Reconciliation to Resources | |
| Supported Borrowing | -31,340 |
| Resources requested | 399,978 |

Culture and Sport

| DEL | £000s |
|---|----------------|
| | 2013-14 |
| Resource | 125,018 |
| Capital | 15,084 |
| AME | |
| Resource | 2,740 |
| Capital | 0 |
| Total Managed Expenditure | 142,842 |
| Reconciliation to Resources | |
| Resource Consumption of WGSBs and NHS Bodies | -6,008 |
| Resources requested | 136,834 |

Central Services and Administration

| DEL | £000s |
|---|----------------|
| | 2013-14 |
| Resource | 303,620 |
| Capital | 23,642 |
| AME | |
| Resource | 1,473 |
| Capital | 0 |
| Total Managed Expenditure | 328,735 |
| Reconciliation to Resources | |
| Direct Charges on the Welsh Consolidated Fund | -92 |
| Resources requested | 328,643 |

Annex B – Recurrent Allocations from Reserves²⁹

| MEG | Action | Resource/ Capital | Description | £000s | | |
|---------------------------------------|--|----------------------|---|------------------------|----------|----------|
| | | | | 2013-14 | 2014-15 | 2015-16 |
| Health and Social Services | Delivery of Core NHS Services | Resource | NHS Funding | 142,600k ³⁰ | 180,000k | 240,000k |
| Economy, Science and Transport | Road and Rail Schemes Action (1,730k) and the Sustainable Travel Action (1,770k) | Capital | South East Wales Integrated Transport project | 3,500k | 28,700k | 29,800k |
| | Sectors Action | Capital | Investment Funds for SMEs | 32,500k | 17,000k | 42,500k |
| Housing and Regeneration | Increase the Supply and Choice of Affordable Housing | Capital | Help to Buy Wales scheme | 34,500k | 69,000k | 71,000k |

²⁹ These allocations have already been reflected in the Final Budget 2014-15.

³⁰ This figure excludes the £7,432k, which has been transferred from the Invest-to-Save Fund Action within the Central Services and Administration MEG to the Health and Social Services MEG, as part of the £150,000k allocation announced by the Minister for Finance in October 2013.

Annex C – Glossary

| | |
|---|---|
| Action | <p>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:</p> <p>www.wales.gov.uk/budget</p> |
| Ambits | <p>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 correspond to MEGs.</p> |
| Annually Managed Expenditure (AME) | <p>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.</p> |
| Budget Exchange System | <p>The system under which the Welsh Government 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 our Capital DEL budget.</p> |
| Budget Motion | <p>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.</p> |
| Capital | <p>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.</p> |
| Departmental Expenditure Limit (DEL) | <p>The multi-year budget limit for the Welsh Government set by the HM Treasury. DEL is planned and controlled on a three year basis in Spending Reviews.</p> |
| Depreciation | <p>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.</p> |

| | |
|--|---|
| 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 (previously known as near-cash) | Accruals measures of transactions that normally turn into cash flows soon, for example, pay, current procurement, resource grants and subsidies. |
| Main Expenditure Group (MEG) | The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently 9 MEGs: Health and Social Services; Local Government; Communities and Tackling Poverty; Economy, Science and Transport; Education and Skills; Natural Resources and Food; Housing and Regeneration; Culture and Sport; and Central Services and Administration. |
| Non-Fiscal Resource DEL (previously known as non-cash) | Accruals measures included in budgets to ensure they reflect the full economic cost of activities even though there is not a direct link to cash flows in the relevant period - for example, depreciation and provisions. Non-Fiscal Resource DEL 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 Programme Area (SPA)

Within each MEG, budgets are allocated to Spending Programme Areas according to the kind of services they will deliver.

Spending Review

Every two or three years HM Treasury reviews expenditure for each UK Government Department and sets budgets for the forthcoming three years. Budgets for the devolved administrations are derived from these budgets via the Barnett formula, which is the 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)

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.

By virtue of paragraph(s) ix of Standing Order 17.42

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Welsh Government's position on the draft Wales Bill

- 1) Introduction
- 2) 'Silk 1' issues not addressed by the draft Wales Bill
- 3) 'Silk 1' issues addressed by the draft Wales Bill
- 4) Next stages

1) Introduction

1. The draft Wales Bill was published by the UK Government on 18 December (available at: <https://www.gov.uk/government/publications/draft-wales-bill>). The purpose of much of the Bill is to enable implementation of the financial reforms agreed by the UK Government in response to the Silk Commission's first report (published at <https://www.gov.uk/government/publications/empowerment-and-responsibility-devolving-financial-powers-to-wales>).
2. The Welsh Government has welcomed the publication. While there are aspects of the draft Bill that could be strengthened, it is nevertheless an important step forward in implementing the financial reform process.
3. Pre legislative scrutiny of the draft Wales Bill is being undertaken by the Welsh Affairs Committee. The First Minister and I provided oral evidence to the Committee on 20 January.
4. This paper summarises the Welsh Government's policy position on the main 'Silk' components of the draft Bill. A summary of the Welsh Government's initial view on each clause is provided at annex 1.
5. I continue to have constructive meetings at a Ministerial level to finalise negotiating points and, more generally, to oversee the Bill's progress. Discussions with the UK Government - to press on aspects of the Bill or to clarify issues - are ongoing. Many of the technical and legal details are still under consideration, so the Welsh Government's position may be subject to the ongoing discussions between our lawyers and those of the UK Government.
6. This paper does not comment on the clauses of the draft Wales Bill that cover non-'Silk' issues:
 - clauses 1-5: which address constitutional issues such as the timing of the National Assembly elections and qualification for membership of the Assembly;
 - clause 20: which addresses the borrowing limits for local housing authorities;
 - clause 21: which addresses the work of the Law Commission.

2) 'Silk 1' issues not addressed by the draft Wales Bill

7. UK primary legislation is not required for all of the Silk Part 1 recommendations. In particular, I am advised that because non-domestic rates are already partly

devolved to Wales, the UK Government can accomplish full devolution without further legislation.

8. Similarly, the powers that the Welsh Government has inherited from the WDA will enable early access to borrowing, once the UK Government has given its agreement and made the necessary administrative changes.

3) 'Silk 1' issues addressed by the draft Wales Bill

Income tax

9. The Bill provides for the partial devolution of income tax, if agreed by the people of Wales in a referendum, and outlines the arrangements for a referendum. However, the form of income tax devolution is not what was recommended by the Silk Commission, which would have enabled us to vary rates independently. Instead we are being offered the 'lockstep' approach, which means that we would have to adjust all rates by the same amount, at the same time.
10. The First Minister and I have made the Welsh Government's position on this matter absolutely clear; the Silk recommendations should be applied in full. That means Wales should have the power to vary income tax rates independently, provided that is supported by a referendum, and provided the issue of fair funding has been resolved for the long term.
11. I am continuing to press the UK Government to reconsider this.

Land and property transaction tax, and landfill tax

12. The Bill provides for ending the collection and management of UK stamp duty land tax and landfill tax in Wales, and enabling the Assembly to introduce its own land and property transaction tax, and landfill tax. The Welsh Government fully supports this. My initial discussions with businesses in the construction, housing and property sectors have underlined the case for reforming stamp duty land tax.
13. The provisions in the Wales Bill relating to these two areas of taxation largely replicate the Scotland Act. However, one aspect of the draft Bill that is new, and that the Welsh Government is querying, is the process for handling land or property transactions that straddle the Wales-England border (something that does not arise in Scotland where, because of the separate legal jurisdictions, land and property transactions are either in Scotland or in England). That matter is currently being considered further by the Welsh Government and UK Government legal teams.

New taxes

14. The Bill provides for the creation of new devolved taxes on a case by case basis, subject to the agreement of the UK Government. While the Welsh Government has no immediate plans to develop new taxes, this is a potentially useful new policy lever for the future.

Borrowing for capital investment

15. The Bill provides for borrowing powers for capital investment of up to £500 million in total. This is a good start but I believe there is a case for setting a higher level and I making that case to the UK Government.

Borrowing for budget management purposes

16. The Bill provides for borrowing powers of up to £500 million to manage short term budgetary fluctuations arising from tax devolution. We are considering whether this is adequate.

Direct long haul air passenger duty

17. In its response to Silk 1, the UK Government said that it did not accept the Commission's recommendation to devolve direct long haul air passenger duty, and therefore it does not appear in the draft Bill. Nevertheless, I am continuing to press for devolution of this tax as I believe it would provide a useful economic policy lever.

4) Next stages

18. In responding to Silk Part 1, the UK Government indicated that it was aiming to legislate during this Parliament, as has been called for by the Welsh Government.
19. The publication of the draft Wales Bill before Christmas, and the announcement by the Welsh Affairs Committee that it intends to report in "late March", means that there should be sufficient time for the Act to be passed before the end of March 2015. However, this is very much in the UK Government's hands, and it will need to maintain progress if that target is to be achieved.
20. In taking forward this agenda, I will be seeking to work collaboratively with all Parties in the Assembly. I believe the consensus that we showed in favour of the Silk Part 1 recommendations was an important element in persuading the UK Government that it was time for change.
21. I will keep the Finance Committee informed of key developments as this work continues.

Jane Hutt AM
Minister for Finance

February 2014

Annex 1: Welsh Government's initial assessment of the draft Wales Bill

| Clause title | Effect of the clause | Welsh Government's initial position |
|--|--|---|
| PART 2 | | |
| 6. Taxation: introductory | This provides the structure within which the Welsh Government may legislate on tax, inserting a new Part 4A Chapter 1 into GOWA 2006. | Support. No policy issues arise directly from this clause. |
| 7. Amendments relating to the Commissioners for Revenue and Customs | This amends the Commissioners for Revenue and Customs Act (CRCA) 2005 and the Customs and Excise Management Act 1979, to enable Her Majesty's Revenue and Customs (HMRC) to: <ul style="list-style-type: none"> disclose information to Welsh Ministers regarding devolved taxes; to make such information confidential and subject to onward disclosure controls; and to ensure that such devolved taxes are neither a function nor an "assigned matter" of HMRC, but remain a matter for Welsh Ministers, while leaving scope for HMRC to administer these taxes on behalf of Welsh Ministers if desired. | Agree that there will need to be new arrangements put in place to facilitate the Welsh and UK Governments sharing information with regard to the devolved taxes. |
| 8. Welsh rate of income tax | This deals with the Welsh rate of income tax, inserting a new Part 4A Chapter 2 into GOWA 2006, consisting of: <ul style="list-style-type: none"> 116C Power to set Welsh rate for Welsh taxpayers; 116D Welsh taxpayers; 116E Close connection with Wales or another part of the UK; 116F Days spent in Wales or another part of the UK; 116G Supplemental powers to modify enactments; 116H Reimbursement of expenses; 116I Report by the Comptroller and Auditor General. | Agree that income tax should be devolved to Wales, subject to a referendum (see clauses 10-12) and to resolution of the fair funding issue, as recommended by the Silk Commission. However, the WG disagrees with the proposed lock step approach, and instead advises that it should be able to vary each rate of income tax individually, as was recommended by the Silk Commission. |

Annex 1: Welsh Government's initial assessment of the draft Wales Bill

| Clause title | Effect of the clause | Welsh Government's initial position |
|---|--|--|
| 9. Income tax for Welsh taxpayers | This amends the Income Tax Act 2007 and the Provisional Collection of Taxes Act 1968 relating to income tax for Welsh taxpayers. | We understand that this mirrors the arrangements for Scotland and are on that basis content. |
| 10. Referendum about commencement of income tax provisions 11. Proposal for referendum by Assembly 12. Commencement of the income tax provisions if majority in favour | Clauses 10 and 11 allow a referendum to be held in Wales about whether the income tax provisions in clauses 8 and 9 should come into force. Clause 12 sets out the procedure for the income tax provisions to come into force if a majority of voters in a referendum vote in favour. | Agree that a referendum should be held to enable the people of Wales to decide whether income tax varying powers should be devolved to Wales. We are unclear why the existing requirement in GOWA, for the Secretary of State to lay a draft Order within 120 days of an Assembly resolution, should now be extended to 180 days. |
| 13. Welsh tax on transactions involving interests in land 14. Disapplication of UK stamp duty land tax | Clauses 13 and 14 together provide the mechanism for bringing to an end the collection and management of stamp duty land tax in Wales and allowing the Assembly to bring in its own land transaction tax. | Agree that Stamp Duty Land Tax should be devolved to Wales, enabling the Welsh Government to develop its own transaction tax. |
| 15. Welsh tax on disposals to landfill 16. Disapplication of UK landfill tax | Clauses 15 and 16 together provide the mechanism for bringing to an end the collection and management of landfill tax in Wales and allowing the Assembly to bring in its own tax on disposals of waste to landfill. | Agree that Landfill Tax should be devolved to Wales, enabling the Welsh Government to develop its own tax. |
| 17. Borrowing by the Welsh Ministers | This amends sections 121 and 122 of GOWA 2006 to revise the circumstances under which the Welsh Ministers may borrow and to set out the main controls and limits on such borrowing. | Agree that the Welsh Government should be able to borrow for cash management purposes following the devolution of taxes, and for capital investment. The Bill sets a borrowing ceiling of £500m for capital investment, which is a good start, however the Welsh Government believes this ceiling should be raised. |
| 18. Repeal of existing borrowing powers | This repeals the paragraphs in Schedule 3 to the Welsh Development Agency Act 1975 that relate to borrowing and guarantees. | Agree that the existing powers should be repealed following introduction of the new borrowing powers. |

Annex 1: Welsh Government's initial assessment of the draft Wales Bill

| Clause title | Effect of the clause | Welsh Government's initial position |
|--|--|--|
| 19. Reports on the implementation and operation of this Part | This sets out the requirements for the Secretary of State and Welsh Ministers to report on the implementation and operation of the new finance powers. | Agree that the Welsh Government and Secretary of State for Wales should report on implementation of Part 2 of the Bill. |
| PART 4 | | |
| 22. Orders | This specifies that an Order made under this Act would be exercisable by statutory instrument. | Support. |
| 23. Interpretation | This is the interpretation clause for the draft Bill. | Support. |
| 24. Power to make supplementary, consequential, etc provision | This empowers HM Treasury, by order, to make such supplementary, incidental, consequential, transitional, transitory or saving provision as appears appropriate in connection with bringing into force the provisions in Part 2 (Finance). | Support. |
| 25. Commencement | This sets out how the sections of the Bill are to be commenced. | Treasury powers to commence should be subject to a requirement to consult the Welsh Ministers. |
| 26. Extent and short title | This sets out the territorial extent and short title of the Bill. | Support. |
| Schedules | | |
| 1. Referendum about commencement of income tax provisions | Schedule 1 sets out a framework for the conduct of a referendum about bringing the income tax provisions into force. | Agree with the arrangements for the referendum, subject to further explanation of reasons for paragraph 4(3) limit on Assembly power to set a date for the referendum. |
| 2. Welsh tax on land transactions: consequential amendments | This contains further amendments relating to the disapplication of stamp duty land tax in Wales, and provides for the supply of information to HMRC about land transactions in Wales. | Agree, subject to explanation of the process for apportioning transactions "on a just and reasonable basis" between Wales and England. |

By virtue of paragraph(s) ix of Standing Order 17.42

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Agenda Item 4

Finance Committee

Meeting Venue: Committee Room 2 – Senedd

Meeting date: Wednesday, 5 February 2014

Meeting time: 09:00 – 12:05

This meeting can be viewed on Senedd TV at:

http://www.senedd.tv/archiveplayer.jsf?v=en_300000_05_02_2014&t=0&l=en

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Assembly Members:

Jocelyn Davies (Chair)
Peter Black
Christine Chapman
Paul Davies
Mike Hedges
Alun Ffred Jones
Ann Jones
Julie Morgan

Witnesses:

Carl Sargeant, Minister for Housing and Regeneration
Ceri Breeze, Head of Housing Directorate, Welsh Government
John Davies, Legal Services, Welsh Government
Geoff Marlow, Welsh Government
Professor Dylan Jones–Evans, University of the West of England
Alan Trench, Honorary Senior Research Fellow, The Constitution Unit, University College London
Jen Welsby, Welsh Government
Alyn Williams, Welsh Government

1 Introductions, apologies and substitutions

1.1 The Chair welcomed Members and members of the public to the meeting.

2 Housing (Wales) Bill

2.1 The Committee took evidence from the Minister for Housing and Regeneration on the Housing (Wales) Bill.

2.2 The Minister agreed to send a note to Committee on data sharing of Housing benefit and let Committee have advance notice of any possible amendments at Stages 2 and 3 that will seek to change any financial aspects in the Bill.

3 Finance Wales Inquiry: Evidence session 1

3.1 The Committee took evidence from Professor Jones–Evans on the Finance Wales inquiry.

4 Papers to note

4.1 The papers were noted.

4.1 Higher Education Funding: Letter from Professor Julie Williams

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

5.1 The motion was agreed.

6 Draft Wales Bill: Briefing session

6.1 The Committee received a briefing from Alan Trench, Professor of Politics, University of Ulster on the draft Wales Bill.

6.2 The Committee agreed the text of a letter for the Chair to send to the Secretary of State for Wales.

7 Housing (Wales) Bill: Consideration of evidence

7.1 The Committee considered the evidence received from the Minister for Housing and Regeneration on the Housing (Wales) Bill and agreed to write to the Minister seeking additional information from that noted during his evidence session.



Angela Burns AC/AM

Comisiynydd y Cynulliad
Assembly Commissioner

Jocelyn Davies AM
Chair of the Finance Committee
National Assembly of Wales
Tŷ Hywel
Cardiff Bay
Cardiff
CF99 1NA

12 February 2014

Dear Jocelyn

Thank you for the Committee's response of 7 February to the Commission's supplementary budget proposal for 2013-14. Please find below the additional information requested.

The breakdown of the rebate is:

| Effective Date | Saving |
|--|-----------------|
| 01/04/2010 | £118,638 |
| 01/01/2011 | £188,945 |
| 01/01/2012 | £188,945 |
| 01/01/2013 | £188,945 |
| Rebate impacting budget for 2013-14 | £685,473 |

In future years there will be a similar annual saving in the order of £0.2m. The Committee has heard evidence from me about our determination to pursue value for money savings wherever possible

Bae Caerdydd
Caerdydd
CF99 1NA

Cardiff Bay
Cardiff
CF99 1NA

and we have been encouraged by the Committee's support for this. In seeking out ways to achieve savings, we aim to make best use of the budget agreed by the Assembly. We will reinvest the savings from the rates rebate, and other savings, in pursuit of our corporate goals and priorities and in a way that demonstrates wise use of resources. In exceptional circumstances, where we are unable to make effective use of funds because of the timing of the savings (as with the significant backdated rebate received in 2013-14), we will return those funds to the Welsh block.

May I also use this opportunity to point out that the adjustment to the AME budget for 2013-14 will need to follow through to future years. Whilst we are in a position to build that into the baseline budget for 2015-16, we will need to lay a further supplementary budget to deal with this in 2014-15. This will be progressed later in the year, once the valuation has been reassessed and there is more information to inform the potential liability.

As always, we are happy to provide the Committee with any further information it needs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Angela Burns', with a horizontal line underneath.

Angela Burns
Comisiynydd y Cynulliad
Assembly Commissioner



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Swyddfa Cymru

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Jocelyn Davies AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Ref: 33SOS14

14 February 2014

Dear Jocelyn,

Thank you for your 7 February letter setting out the views of the National Assembly for Wales's Finance Committee on the draft Wales Bill. I am pleased that the Committee welcomes much of the content of the draft Bill, particularly its main provisions to make the devolved institutions in Wales more accountable for the money they spend through the devolution of tax on land transactions and tax on disposals to landfill and (subject to a referendum) a portion of income tax.

In relation to the devolution of these powers, you asked for more detail on how the subsequent reduction in the block grant would be administered. The UK and Scottish Governments are currently discussing the most appropriate block grant adjustment mechanism in relation to stamp duty land tax and landfill tax in Scotland. The Scotland Bill Command Paper indicated that this would be a one-off adjustment, but the precise nature of that adjustment is still to be agreed. The UK Government has now opened similar discussions with the Welsh Government, with the intention is that the same mechanism can be agreed for both Wales and Scotland.

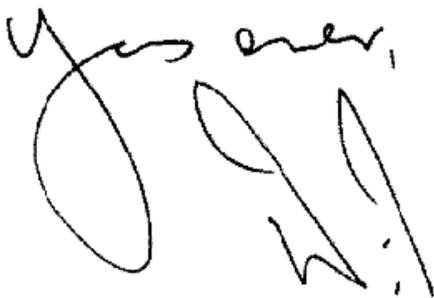
As regards income tax, we have accepted the Silk Commission recommendation that following the devolution of a portion of income tax the block grant should be adjusted using the 'indexed deduction' method. This method manages a certain amount of the risk that is transferred by devolving taxation while ensuring the Welsh Government has a clear incentive to increase tax revenues through economic growth. This mechanism also increases accountability by linking the Welsh Government budget to economic performance in Wales, while shielding the Welsh Government from UK-wide impacts that the UK Government is better placed to manage.

Turning to your comments on the borrowing powers, the £500m capital borrowing limit is a generous, but affordable, limit commensurate with the revenue streams derived from the two taxes we are devolving. It could be increased if the people of Wales support the devolution of income tax in a referendum, and we are content that the mechanism set out in Bill to do so by order provides sufficient flexibility to ensure the limit remains commensurate with the revenue streams available.

As regards the "lockstep" mechanism for the devolution of income tax, we believe that this is the right system for Wales. The system applies in Scotland, with a single devolved rate for all bands, and would work equally well in Wales. The lockstep delivers on two key principles that underpin the Government's approach to devolving income tax: firstly, that the UK maintains a progressive tax system and secondly, that fiscal devolution does not benefit one part of the UK at the expense of another.

Finally, in your letter you also highlight the importance of ensuring the devolution boundary is in the right place in regard to Assembly budgetary procedures. You will be aware that the Silk Commission recommended that the Assembly should be given control over its budgetary procedures, and the issue has been raised several times during the Bill's pre-legislative scrutiny. My officials have also discussed the matter recently with colleagues in the Welsh Government.

We are giving careful thought to the Commission's recommendation and to the need for appropriate provision in the Wales Bill. I will write to you again when this has progressed to let you know how we intend to proceed.

A handwritten signature in black ink, appearing to read 'Yes ever,' followed by a stylized signature that includes a large loop and a vertical stroke.

Rt. Hon. / Y Gwir Anrh. David Jones MP / AS
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

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Agenda Item 9

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