

1. Introduction

- 1.1 The Second Supplementary Budget for 2011-12, was approved by the National Assembly on 6 March 2012, on an amended basis to move to a single legal expenditure limit for the Welsh Government, rather than individual legal limits for each MEG.
- 1.2 On 21 March 2012 the National Assembly for Wales endorsed the protocol on changes to the Budget motion and their impact on the in-year Budget cycle as agreed between the Welsh Government and the Committee with responsibility for the functions specified in Standing Order 19.
- 1.3 As part of the Welsh Government commitment to working openly the protocol it was agreed that:

In line with the Welsh Government's commitment to working openly and transparently, the Welsh Government will provide a written report to the Committee on final out turn. The report would include a comparison with the spending plans set out in the last Supplementary Budget of the year and an explanation of significant variations.

- 1.4 This brief report provides the final outturn position in line with this agreement.

2. Changes to 2011-12 Budgets

Changes agreed after the Second Supplementary Budget for 2011-12

- 2.1 Following the approval of the Second Supplementary Budget on 6 March 2011 only one budget transfer was agreed and made between Main Expenditure Groups (MEGs).
- 2.2 To utilise potential underspends in Local Government and Communities a capital transfer of £7m was agreed between the Local Government and Communities MEG and Business, Enterprise, Technology and Science MEG for 2011-12¹.
- 2.3 Savings and underspends identified on a number of Actions within the Local Government and Communities MEG were transferred to the Sectors Action within the Business, Enterprise, Technology and Science MEG. The £7m capital transferred supported the creation of the Life Sciences Fund. The changes are summarised in the table below.

Table 2.1 – Changes agreed after the last Supplementary Budget

SPA	ACTION	£000s		
		2012-13 Capital		
		Supplementary Budget	Changes	Revised Budget
Local Government and Communities				
Improve International Connectivity	Improve International Connectivity	48,212	-5,000	43,212
Supporting Communities and People	Community Development	14,980	-2,000	12,980
Business, Enterprise, Technology and Science				
Sectors & Business	Sectors	15,879	7,000	22,879

1. A total of £7m revenue funding was transferred from the Business, Enterprise, Technology and Science MEG to the Local Government and Communities MEG in the First Supplementary Budget for 2012-13

3. Main Expenditure Group Outturn 2011-12

3.1 The Consolidated Accounts of the Welsh Government were laid before the Assembly on 26 July 2012. These audited accounts contain a Summary of Resource Outturn against the control totals approved in the Second Supplementary Budget motion of 2011-12.

3.2 This report provides details of outturn against the controls operated by HM Treasury. These administrative budgets are detailed in the documentation and tables which supported the Second Supplementary Budget.

DEL Outturn

3.3 The outturn against the budgets within the Welsh Government's Departmental Expenditure Limit (DEL) is set out by MEG at Annex 1.

3.4 Annex 1 shows underspends of £8.3m Fiscal RDEL and £10.2m Capital DEL against departmental budgets as agreed in the Second Supplementary Budget. This outturn represents an underspend of 0.06% against Fiscal RDEL and 0.73% Capital DEL. Variations greater than 1% of departmental DEL are detailed below.

Fiscal Resource

3.5 The variance of £5.8m within Central Services & Administration resulted from by lower than expected costs relating to the elections to the National Assembly and a number of underspends in other programmes designed to contribute to longer term savings targets. Although the Election Costs are charged directly to the Welsh Consolidated Fund, for administrative purposes they form part of the Central Services & Administration MEG. The underspend against Election Costs was £3.6m.

Capital

3.6 A Capital underspend of £6.5m underspend recorded against Health Social Services and Children MEG amounts to 2.1% of the allocated budget. The under spend has arisen in 2011/12 as a consequence of timing differences in the scoring of expenditure associated with the delivery of a range of NHS Trust capital schemes. The variances against Local Government and Communities and Business, Enterprise, Technology and Science relate to the decision to transfer £7m between the departments following the Second Supplementary Budget.

Non Fiscal Resource

3.7 A number of departments recorded variances against non cash budgets. These result in the main from variations on the depreciation and impairments charged against assets held by each department. These charges are heavily dependent on asset valuation which can be subject to both changes in methodology and market variations.

AME Outturn

3.8 Annex 2 to this report provides a summary of outturn against Annually Managed Expenditure (AME) Budgets.

3.9 These budgets are managed on an annual basis as HM Treasury recognise the volatility and demand led basis of these programmes. The Welsh Government are unable to recycle underspends against AME programmes.

4. Budget Exchange System

- 4.1 In the Second Supplementary Budget for 2011-12, the Welsh Government detailed £56.8m reserves of Fiscal Resource DEL. We also signalled the intention to carry forward both these reserves and any underspends up to the agreed caps under Budget Exchange. These caps are set at 0.6% of Resource DEL and 1.5% of Capital DEL
- 4.2 In line with this both the reserves from 2011/12 and the underspends detailed below are carried forward within the Treasury limits.

Table 4.1 Carry forward resulting from Welsh Government outturn

	Fiscal Resource (£000)	Non Fiscal Resource (£000)	Capital (£000)
Reserves as per Second Supplementary Budget 2011-12	56,806	-	-
2011-12 Underspends	8,331	29,536	10,160
Balance to be carried forward to 2012-13	65,137	17,367²	10,160
<i>Treasury Budget Exchange Limits</i>	<i>79,795</i>	<i>2,709</i>	<i>20,947</i>

- 4.3 The adjustments to our baseline to reflect the final amount carried forward outlined above will be made later in the financial year through the UK Supplementary Estimate process and will feature in the Second Supplementary Budget for 2012-13.
- 4.4 Of the amounts planned to be carried forward, £28.2m was allocated in the Final Budget 2012-13 and a further £5m in the First Supplementary Budget for 2012-13.

2. In the event that the limit for Fiscal Resource DEL carry forward is not fully utilised the balance can be used to carry additional Non Fiscal Resource DEL forward up to the overall cap on Resource DEL

Annex 1 – DEL Outturn 2011-12

Main Expenditure Group	Supplementary Budget						Outturn			Underspends / Overspends (-)		
	Fiscal Resource	Non Fiscal Resource	Capital	Fiscal Resource	Non Fiscal Resource	Capital	Fiscal Resource	Non Fiscal Resource	Capital	Fiscal Resource	Non Fiscal Resource	Capital
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Health, Social Services & Children	5,886,009	170,000	311,623	5,885,517	159,680	305,077	492	10,320	6,546			
Local Government and Communities	4,734,640	125,757	287,477	4,733,667	122,142	277,173	973	3,615	10,304			
Business, Enterprise, Technology and Science	177,395	3,850	118,733	177,302	3,216	125,711	93	634	- 6,978			
Education & Skills	1,534,409	123,731	205,033	1,534,007	109,663	205,032	402	14,068	1			
Environment Sustainable Development	260,849	1,477	73,811	260,407	1,566	73,799	442	-89	12			
Housing, Regeneration & Heritage	279,414	4,432	361,049	279,367	4,102	360,987	47	330	62			
Central Services & Administration	317,728	22,200	37,420	311,846	21,542	37,207	5,882	658	213			
TOTAL	13,190,444	451,447	1,395,146	13,182,113	421,911	1,384,986	8,331	29,536	10,160			

Annex 2 – AME Outturn 2011-12

Main Expenditure Group	Supplementary Budget			Outturn			Variance		
	Fiscal Resource £000s	Non Fiscal Resource £000s	Capital £000s	Fiscal Resource £000s	Non Fiscal Resource £000s	Capital £000s	Fiscal Resource £000s	Non Fiscal Resource £000s	Capital £000s
Health, Social Services & Children	-	279,786	-	-	209,975	-	-	69,811	-
Local Government and Communities	14,382	45,227	-	14,382	39,957	-	-	5,270	-
Business, Enterprise, Technology and Science	-	41,402	-	-	6,962	-	-	34,440	-
Education & Skills	-	- 113,645	233,043	-	- 119,828	244,329	-	6,183	- 11,286
Housing, Regeneration & Heritage	- 72,000	2,265	-	- 74,005	-	-	2,005	2,265	-
Central Services & Administration	-	- 2,347	-	-	- 9,240	-	-	6,893	-
TOTAL	- 57,618	252,688	233,043	- 59,623	127,826	244,329	2,005	124,862	- 11,286

