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1. Introduction

- 1.1** The Welsh Government today tabled the third supplementary budget for 2020-21 in accordance with Standing Order 20. This supplementary budget proposes changes to the second supplementary budget for 2020-21 as approved by Senedd Cymru ('the Senedd') on 17th November 2020.
- 1.2** This budget reflects the continuing impact of the coronavirus pandemic and consolidates other adjustments arising from the UK Government's Supplementary Estimates. It regularises allocations to and from reserves and transfers between and within portfolios. It also includes adjustments to the budgets of the Senedd Commission, Public Services Ombudsman for Wales and Audit Wales. These changes are summarised in chapter 4.
- 1.3** This document supports the detailed 'Budget Expenditure Line (BEL) Tables' available on the Welsh Government's website.
- 1.4** This supplementary budget reflects the changes to ministerial responsibilities announced on 8 October 2020. A restatement of the second supplementary budget position and details of the budget movements is available on the Welsh Government's website.

2. Coronavirus (COVID-19)

2.1 The ongoing Covid-19 pandemic continues to have an impact on our lives and our communities. Since we published our Second Supplementary Budget, we have reached the first milestone in our vaccination programme. However, the rising cases over the winter months have resulted in a further lockdown and restrictions. It is against this backdrop that we have provided an additional £1.4bn in response to the pandemic, and to mitigate its impact. Since the start of the pandemic we have allocated more than £5bn in response funding.

2.2 Allocations of this magnitude in-year are unprecedented for Wales. The ongoing pandemic has resulting in evolving challenges through the course of the year. In order to best meet these challenges whenever they have occurred, we have retained as much flexibility as possible in our budget. In this third supplementary budget, we are allocating a significant proportion of funding to support businesses who continue to be impacted as a result of the ongoing restrictions. We are also providing substantial funding for education as we recognise the upheaval the pandemic has had on learners, and the need to provide for catch-up and adaptation. Alongside these areas, we are providing more support for the NHS for vaccine delivery and to local government as they stand at the forefront of our response to the pandemic.

2.3 Revenue allocations from central reserves

2.4 This budget allocates £1.1bn in our efforts to respond to Covid-19. This funding is centred around four main pillars.

Health and Public Services

2.5 Throughout the year we have provided funding to health and public services. At the Second Supplementary Budget we allocated £800m to stabilise the NHS. This funding has provided certainty of funding for

NHS organisations across Wales for the remainder of the year, enabling them to respond to the second wave of the virus, alongside normal winter pressures - whilst continuing to further increase access to essential services. The allocations detailed below provide additional funding for specific areas, and extend funding to some public services.

- 2.6** We have allocated **£32m** to a Self-Isolation Support Scheme. This provides a £500 payment to support people who have been asked to self-isolate, or parents and carers of children who have been asked to self-isolate by the Test, Trace, Protect service. To qualify, people must be working but unable to work from home and receiving one of a number of benefits. However, a discretionary element ensures that people who fall outside the main scheme can also apply, for example if someone has temporary immigration status and therefore cannot apply for benefits. The scheme is designed to encourage people to stay-at-home by removing any financial barriers to self-isolating. The inclusion of parents and carers supports the wider efforts of schools and other services to control the spread of the virus.

Although it remains too soon to fully assess the impact of the scheme, feedback so far indicates that it has been beneficial, both in enabling people to self-isolate when they need to and in reducing the negative impacts of self-isolation in households with low incomes. The scheme is therefore important in terms of reducing the impact of Covid-19 on economically vulnerable people and keeping Wales safe.

- 2.7** In addition to the self-isolation support scheme, we recognise that there will be people who face other, non-financial barriers to isolation. They will need public services and the third sector to support them. As part of the 'Protect' element of our Test, Trace, Protect strategy, we have provided **£1m** to local authorities for additional and specialist support for those who are self-isolating. The support provided ranges from help understanding advice, to temporary accommodation either because a

person lives with someone on the shielded list or because they are homeless and cannot safely self-isolate with friends or family. Local authorities lead, coordinate and deliver this support locally, working with the third sector and volunteers to make support available and referring to other specific services – for example, referring to specialist advice services – where appropriate.

This additional support provides a single point of contact and source of advice for those who are particularly vulnerable. It enables local authorities to provide an assessment of support needs, and coordinate and advise on how these needs can be addressed. In doing so this support removes the non-financial barriers to self-isolation and helps to mitigate any negative impact in terms of health and well-being. Taken with the £500 self-isolation payment, individuals are more likely to successfully self-isolate meaning that we can reduce the transmission of Covid-19.

2.8 To further prevent the spread of Covid-19, we have provided **£16.7m** to top up Statutory Sick Pay (SSP) for social care workers to ensure they are financially supported. We know that 90% of the independent care workforce do not receive occupational sick pay meaning that their income reduces to SSP should they need to take time off due to Covid-19. In addition, over 80% of the workforce are female meaning that this reduction to SSP would have a disproportionate impact on women. To determine the implications of this and how best to address it, we convened a working group of external stakeholders who represent care workers, care providers and local authorities (commissioners). As a result we have provided an allocation which serves to raise statutory sick pay to the level of their normal wages if social care workers have to take time off because of Covid-19.

Due to the nature of their work, care workers may be required to self-isolate on several occasions and this would have a significant impact on

their finances. By protecting social care workers from financial hardship as a result of self-isolation, we are protecting the lives of our most vulnerable citizens. In the medium and longer term, supporting enhancements to SSP during Covid-19 aligns with our support for the Fair Work agenda.

- 2.9** Contact tracing is a crucial element of our ability to reduce transmission rates. To deal with the winter wave of Covid-19 cases we have allocated an additional **£15.7m**, taking the total funding for contact tracing to £60.7m. We have provided funding in line with workforce plans across the health boards. It will enable a rapid expansion in contact tracing capacity, over and above what was originally forecast. This is necessary to effectively deal with the current and projected case numbers.

This additional funding will help to ensure efficiency and speed in the tracing system which in turn will prevent the spread of Covid-19.

- 2.10** Alongside our efforts on contract tracing and self-isolation support, the Covid-19 vaccines offer our best hope of a return to the normality after such a difficult period. We aim to reach as many people as safely and as quickly as possible, and to achieve this have begun the biggest vaccination programme Wales has ever seen. This includes delivery through mass vaccination centres, GPs, pharmacies and mobile units. To ensure the success of the programme, we have allocated **£27m** for the deployment of Vaccines. The majority of this funding (£26m) will be provided to health boards for the delivery of the vaccine programme. However, £1m will be provided to the NHS Wales Informatics Service (NWIS) for developing and delivering an all-Wales digital platform to support the vaccine programme, including related costs such as SMS messages and letters by post.

- 2.11** We know how difficult the pandemic has been for people living in care homes and their loved ones. We are keen to support care home

providers in their efforts to ensure that the people they care for can reconnect safely with family and friends. As such, before Christmas we allocated **£3m** to fund the instillation of temporary 'pods' in care homes for visits. This is a pilot scheme to help us to understand whether visiting pods are an effective and practical way of supporting meaningful visits. We will use this learning to determine whether we should consider commissioning a bespoke Wales-based solution in future if the course of the pandemic means this is required.

2.12 Large numbers of households have seen changes in their circumstances as a result of Covid-19. For many, this has led to a deterioration in their finances which has impacted on their ability to pay bills. As a result, there has been an increase in households entitled to the Council Tax Reduction Scheme (CTRS). Unlike the normal maintenance of entitlements, local authorities could not have anticipated the increase in demand for CTRS as a result of Covid-19 when they were formulating their budget plans for the 2020-21 financial year. We have provided an additional **£8.1m** to local authorities to replace the lost income they have experienced through the increased demands for the Scheme, building on the additional funding provided in August. This takes the total amount of Covid-19 support for the scheme to nearly £11m this year. This is on top of our commitment to protect entitlements to CTRS throughout the current Senedd term by providing funding of £244m annually.

2.13 The reduction in household income will not only impact on claims for CTRS, but also on council tax collection rates. During the pandemic, local authorities have additional responsibilities to administer Covid-19 related payments including business grants, self-isolation and SSP enhancement schemes. These additional responsibilities are likely to have impacted on authorities' ability to collect council tax. We have worked with the Welsh Local Government Association and Local Authorities to monitor the situation. On the basis of this data, we have

allocated an additional **£22.6m** to cover 75% of the anticipated loss of council tax income in 2020-21.

Alongside council tax, Non-Domestic Rates (NDR) income represents a significant component of local government funding. NDR income also contributes to the funding of police authorities in Wales. We know that Covid-19 has had a significant impact on businesses, and this is very likely to result in a reduction in the amount of NDR income collected by local authorities this year.

2.14 To recognise the impact of reduced NDR income, we are allocating an additional **£100m** of central funds to the local government and police settlements, while reducing provision from NDR funds by the same amount. This action alleviates any ongoing impact on the NDR funding available for the local government and police settlements in future years.

2.15 Local authorities are facing numerous other challenges. In recognition of this, we established the Local Government Hardship Fund at the beginning of the pandemic to support local authorities with the additional costs associated with Covid-19. Since then, we have allocated over £500m to the fund. The ongoing lockdown has resulted in additional costs for local authorities. These include the provision of free school meals to children at home, funding to cover savings which have not been realised as a result of Covid-19, and funding for necessary digital transformation. We are providing an additional **£92.5m** for local authorities, taking the total allocated to the hardship fund to almost £600m. This funding will enable local authorities to deliver essential services as well as building on the digital progress that has been made during Covid-19.

Supporting the Economy

2.16 Lockdowns have had a significant impact on businesses. Many have been compelled to close, whilst others have become temporarily

unprofitable as a result of the 'stay at home' message. We recognise the substantial impact that this has had on livelihoods and have provided support throughout the pandemic via the Economic Resilience Fund.

2.17 Since October, we have increased business support by **£660m in total** through to the end of March. As the pandemic and associated restrictions have progressed, we have released additional funding to ensure we continue to support businesses. In late November, pre-Christmas restrictions in Wales were announced to tackle the rising number of Covid-19 cases. As a result of these measures we announced funding via the ERF Restrictions Business Fund and ERF Sector Specific Fund to further support businesses. Both elements were directed primarily at the hospitality, tourism and leisure and related supply chain sectors. Since then we have further increased funding to support businesses with the ongoing restrictions associated with Alert level 4. During the latest restrictions package of support, December until the end of March, every business covered by the small business rates relief can access up to a £6,000 payment, and those with a non-domestic rateable value of over £12,001 are eligible for £10,000 payment.

2.18 An initial evaluation of the Economic Resilience Fund, published in December, showed that ERF business grants had directly supported almost 12,000 firms or organisations in Wales and 125,000 jobs (full-time plus part-time), representing around 10.5% of total employment in Wales. Almost 80% of recipient firms were micro businesses, and these firms received an average grant of almost £10,000. Small firms comprised 18% of supported firms with average funding of almost £31,000 per firm. The evaluation found that the wider impacts of the support could be significant, with many thousands of further jobs supported indirectly in related businesses through supply-chain effects

and wage spending effects. This demonstrates the importance and the impact of our business support.

2.19 Lockdowns in particular have had a significant impact on the cultural sector. Venues across Wales have been closed and events cancelled or postponed with an immediate loss of income. In recognition of this impact and the valuable contribution of the sector, we established the Cultural Recovery Fund (CRF) in July. Total revenue funding of £63m is providing essential support to theatres, music venues, heritage sites, libraries, museums, galleries, archive services and independent cinemas, right across Wales - which have all experienced a dramatic loss of revenue due to the Covid-19 pandemic.

The sector employs approximately 85,000 people in Wales, of which almost half are self-employed, and at additional risk from the negative economic effects of the pandemic. The full value of the culture and arts sectors goes beyond employment and economic benefits. Participation in cultural activities is associated with both higher wellbeing and life satisfaction.

The CRF included the first Freelancer Fund in the UK recognising the essential role that individuals play in the economy and in creating and delivering cultural experiences. Since its launch, demand for the fund has been very high and in recognition of how hard the sector has been hit, we have invested an additional **£12.19m** to provide further support, particularly freelancers. The Fund includes resource of £19.4m available for freelancers. In providing cultural recovery funding we will continue to safeguard jobs, to ensure the sustainability of supported organisations and in doing so will protect our socially and economically important cultural assets.

2.20 Alongside the Cultural Recovery Fund, we have provided **£1m** to accelerate the Clwstwr programme which encourages research and development in media production in Wales. This will enable Creative

Wales to develop a skills/talent development programme, a screen (film & TV) development fund and a digital development fund. These programmes would deliver significant growth opportunities and contribute to a strong national brand, helping to promote Wales and its culture and talent to the world.

2.21 As seen in the cultural sector, the sports sector has also suffered as a result of the pandemic. The Spectator Sport Survival Fund was established in January 2021 to ensure the short-to-medium term survival of sports who rely on income from spectators and who have been adversely affected by the necessary restrictions during the pandemic. We have allocated **£17.7m** to this Fund, taking the total funding for the sector as a whole to more than £40m since the start of the crisis.

The Fund will provide immediate financial support to the sector to cover losses, to sustain them through the winter period and ensure they are ready for the beginning of next season. Without this financial support, these sports would have found it very challenging to survive in the coming months without having to make redundancies, cancelling planned matches and/or cutting back on the support they provide to grassroots sport/community sports clubs. We recognise that sport is an important sector for our economy and has a positive impact on our mental and physical wellbeing. There is also considerable evidence of the health benefits arising from participation in sport and exercise, including the prevention of physical and health problems, and savings for health care.

2.22 We recognise that other sectors are also experiencing upheaval. Tourism is facing extreme challenges as a result of restrictions to control the pandemic. We have allocated **£1m** to a tourism and marketing recovery package to support the sector over the first three months of 2021. This package is endorsed by the industry and will help

put businesses on a stronger footing through recovery from the Covid-19 pandemic and re-opening of tourism safely.

Tourism is a key foundational sector; representing around 10% of the Welsh workforce. It contributes disproportionately in rural areas – which are often Welsh speaking – and provides vital employment to under-represented groups such as young people, female and BAME workers. By providing this package we are mitigating the disproportional impacts on these communities and groups.

2.23 The pandemic has also caused disruption to much of the education system.

2.24 Students attending universities have faced huge upheaval due to Covid-19. Many thousands of students have not been able to return to campus yet. In some cases, this means some students might still be paying for their accommodation while they are unable to use it. We recognise how difficult this is, which is why we have allocated an additional **£40m** for student hardship and student mental health. This is in addition to the £10m we provided earlier in the year, taking the total to £50m.

Universities will use the funding to support students facing financial hardship, helping the students most affected by the pandemic with expenses such as accommodation costs. With most students currently being asked to study at home, the funding will also be used to address ‘digital poverty’ among students, to enable better access to online learning, and costs incurred due to the need to self-isolate. In addition, the funding will be used by universities to strengthen advice and support services for students.

2.25 Further education has also been disrupted, particularly for those undertaking vocational qualifications. Some learners cannot obtain their qualification without attending college in person. We recognise the additional costs that Further Education providers face to ensure that face-to-face learning is possible. As such we have previously allocated

£5m to contribute to these costs. However due to the ongoing pandemic, some students have still been unable to complete their qualifications (for example those who require access to care homes to complete practical aspects of qualifications).

- 2.26** To avoid learners continuing into the next academic year and complicating an already difficult transition to the next stage or level of learning, we have increased the funding of all vocational programmes in 2020/21 by **£26.5m**. This will help towards the goal of as many vocational learners as possible completing within the 2020/21 academic year. It will provide for additional costs, such as of teaching smaller groups, offering twilight learning in the evening, weekend learning, holiday and summer school approaches. It may also be used to bring education closer to the community by hiring local halls, conference centres or warehouses to temporarily operate as workshops, hence investing funds into the local community. We have also provided **£2.5m** of funding for mental health support for staff and learners.
- 2.27** We have allocated an additional **£2.9m** to provide a higher contribution to running costs, as well as to contribute to the safe running of refectories and nurseries. This funding will therefore provide for safe face-to-face learning where needed as well as keeping learners engaged in other employability activities where this is not feasible. We have allocated **£0.3m** specifically to Bridgend College to support learners with disabilities and learning difficulties. This funding recognises the impacts of Covid-19 on the short term safety of provision for current learners and the long term viability of provision going forward.
- 2.28** To ensure our FE institutions are fit for the future, we have allocated **£7m** capital for IT infrastructure and digital equipment. With online and blended learning likely to be a key feature of education for some time to come, this is the right time to invest in this IT infrastructure to ensure that there are no obstacles to continued support for all learners.

- 2.29** We have also allocated **£2.6m** to provide digital support for apprentices. Lack of IT equipment and connectivity in all settings disproportionately affects learners from disadvantaged backgrounds. The funding we are providing will enable work-based providers to make laptops and MiFi connectivity devices available to their learners, prioritising those in greatest need. It will also create a flexible set of resources that can be used for innovative delivery of learning beyond the current crisis.
- 2.30** We know from the previous lockdown that this caused issues in Additional Learning Needs (ALN) support. As such we have provided **£9m** funding to support local authorities and FE institutions with the additional costs associated with specialist software, additional sessions to adhere to social distancing, and helping learners with ALN to access blended and remote delivery.
- 2.31** With increased remote learning and our progress with the new Curriculum, ICT is more important than ever. Our successful Hwb programme has delivered several investment initiatives since 2012, to help transform the way digital technology is used for teaching and learning in schools across Wales. As part of this, EdTech ensures value for money through aggregated national negotiations for equipment. We have allocated an additional **£11.9m** capital for an additional 50,000 devices. We are ensuring devices are prioritised to aid the immediate response to school closures.
- 2.32** In such difficult times, it is vital we continue to support people currently in education, who will be instrumental as we rebuild our economy in the wake of the pandemic. This funding will also help tackle inequality, by ensuring the most vulnerable students and those most affected by the pandemic can complete their studies.

Voluntary Sector and Communities

2.33 The Discretionary Assistance Fund (DAF) provides emergency crisis payments for those facing unexpected financial hardship. Many of these people will be the most vulnerable in society due to issues relating to poverty, physical and mental health issues. As such, they are at greater risk from the impacts of Covid-19, be they financial or health. We recognise that the pandemic has placed additional pressures on people and families and as such, we have relaxed the rules around applying for a DAF payment. This provides greater flexibility and discretion to the number and frequency of Emergency Assistance Payments.

We undertake daily monitoring of demand to ensure that the fund is targeted at those most severely affected by the impacts of Covid-19. We can see the increased support the DAF is providing through this data. DAF Emergency Assistance Payment applications increased dramatically, from 15,650 prior to the onset of the pandemic in February, at a cost of almost £365,000, to almost 29,000 applications in November 2020 at a cost of almost £1.5m, a fourfold increase in monthly expenditure.

2.34 To provide continued support for those most in need we have allocated an additional **£3.18m** to the DAF, bringing the total additional funding in 2020-21 to £14.9m.

2.35 We recognise the vital role the third sector have provided in response to the pandemic, offering many invaluable services and advice. They have kept our communities running as well as ensuring vulnerable people and those self-isolating have had access to food and medication. The unprecedented nature of the pandemic has had an impact on their finances and demand for their services. In recognition of this, we announced a £24m Third Sector Response Fund earlier in the year. This fund was to help third sector infrastructure to respond to the crisis, to support the voluntary sector and to support organisations struggling from a loss of fundraising income to survive the crisis.

2.36 However, the second wave of Covid-19 has increased further the pressure on third sector services and their finances. Applications to the Response Fund have now exceeded the previous funding available. We have responded to this increased demand by allocating an additional **£4.7m** as well as refocussing the funds to directly support activities to address the equality impacts of the Covid-19 pandemic, preventing these from becoming entrenched and ensuring organisations are fit for the future.

Overall, the Fund has already supported over 400 third sector organisations to respond to the crisis and adapt for the future. The voluntary services element has enabled almost 9,000 volunteers to help nearly 1 million beneficiaries. The Fund has supported organisations, volunteers, communities and individuals right across Wales and funded projects in every local authority area.

2.37 For more than a decade, we have been developing and deepening community or institution based links and partnerships with sub-Saharan Africa through the Wales and Africa programme. The Covid-19 pandemic has had a profound effect internationally with many organisations in the Welsh International Development sector urgently seeking sources of funding to help them better respond to Covid. Through our Wales and Africa programme we have allocated **£1m** to provide Covid awareness, prevention and vaccine preparedness.

2.38 Unfortunately we are not immune from other challenges during this pandemic. In Wales we have seen several incidents of localised flooding which has resulted in households being evacuated. The pandemic, and particularly, minimising contacts and spread of the virus, means that dealing with flooding is particularly difficult. Retaining people in or returning them to their own homes as soon as possible is essential. We have therefore allocated **£6.5m** to provide a £500 payment for affected households, and to cover the additional administration costs related to responding during the pandemic.

Transport

- 2.39** During 2020-21, we have provided clear advice that journeys should only be undertaken if they are essential. This been vital to protect the NHS and the people who live in Wales. However, it has had a substantial impact on public transport use. Since the start of the pandemic we have provided £153m for rail services. We are allocating a further **£24m** for further subsidisation for the running of rail services across the Wales and Borders region, covering part of overall cost being incurred in exiting the existing rail services contract as well as the revenue costs associated with mobilising Transport for Wales Rail Limited (TfWRL) to become the new rail service operator.
- 2.40** This will continue to allow the running of rail services during the pandemic, enabling key workers to get to their workplace and for people to continue to be able to access essential services. It is widely accepted that some groups with protected characteristics are more likely to rely on public transport and active travel to access jobs and services because of age, poverty, health or because they are disabled. This additional support will ensure that there is a suitable public transport network in place as we move into recovery.
- 2.41** Taxi drivers provide an important element of the transport network. To ensure that travel is as safe as possible for both drivers and passengers, we have provided **£1m** for PPE packs for drivers. This brings the sector into closer alignment with other public transport operators in Wales. The initiative is the product of close and collaborative working between the National Procurement Service, WLGA, Lyreco, and local authorities. In sourcing the PPE, we have made every effort to source products from local suppliers.
- 2.42** Within the National transport infrastructure there is an allocation of **£92.2m** for interventions in response to the pandemic for economy and transport.

Other Covid-19 allocations

- 2.43** CADW plays an important role in protecting our heritage and taking care of historical properties, delivering significant benefits in terms of the economy and tourism as well as important social and environmental impacts. The pandemic has had a significant impact on CADW income as properties, retail, cafes and events were closed and cancelled. As such, we have provided **£5.1m** to alleviate this pressure and ensure our heritage is protected for everyone to enjoy in the future.
- 2.44** The Planning Inspectorate (PINS) has also experienced a loss of fee income as a result of Covid-19. We have provided funding of **£0.4m** to cover the forecast unfunded commitment.
- 2.45** We have also allocated **£0.8m** for the promotion and support for the Senedd. It is important the people in Wales are able to participate in democratic processes. Communicating the message of the upcoming Senedd election is particularly important for newly enfranchised voters, and those who are typically disengaged. During Covid-19 communications may be more difficult and the messages will need to adapt to fit the developing situation. This funding, in part, will be used for an enhanced communication campaign prior to the Senedd elections with the aim of reaching the entire electorate.
- 2.46** In recognition of the exceptional financial position this year, and to support the portfolios most impacted by the pandemic, we have allocated a contingency fund of £90 million across the budget to enable additional expenditure should it be required before the end of this financial year. The fund is split equally between Health and Social Services; Economy & Transport; and Education and matches provision for Local Government where a £30m contingency has been allocated. Any use of these funds will be reported as part of our Year End report on Outturn

Reconstruction Priorities

- 2.47** The Covid-19 pandemic has affected the lives of everyone across Wales, in many ways. It has had a severe impact on our economy, our society and our communities, and that will continue into the future. It is therefore important that we respond to the likely long-term impact and plan for that future.
- 2.48** We undertook a national conversation to understand the priorities areas that would be key to reconstruction in Wales. Working with both expert reference groups and the broader Welsh public gave us a very clear sense of how people in Wales feel their lives have been most affected by coronavirus, and have been fundamental in the development of our priorities for reconstruction as set out in [COVID-19 Reconstruction: Challenges and Priorities](#)
- 2.49** This has also reaffirmed to us that our existing concerns—the climate emergency, the corrosive impact of poverty, the need to adapt to rapid economic change and the importance of reconfiguring public services to make them more responsive and accessible—and our values and objectives of a more prosperous, equal and greener Wales are the right ones for our nation albeit in a changed context.

In order to deliver on these ambitions, the Welsh Government announced a **£320m** financial package in October last year in support of the reconstruction priorities.

- 2.50** **We will do everything we can to reduce unemployment and give everyone the best chance to find and keep decent work with long term prospects, adding value to the UK Government’s Kickstart programme.**

The increase in unemployment in Wales since the start of the Covid pandemic has been moderated by the support schemes put in place by

both the Welsh and UK Governments. However, any increase is of course a cause for concern and with the clear risk of further increases over the coming year, it is vital that the UK Government maintains its schemes for as long as necessary.

However, the reconstruction work that we have also undertaken is aimed at helping many of the people and businesses whose livelihoods have been lost or turned upside down by lockdown find work and a future, alongside the significant direct business support that we have made available in 2020-21.

We have invested:

- An additional **£2m** revenue funding in retaining skills to support the 3rd sector. This has allowed the extension of the Active Inclusion Fund, run by the Welsh Council for Voluntary Action, supporting projects right across Wales to support unemployed and economically inactive people.
- An additional **£0.3m** revenue funding for Employment Discrimination Advice Services which will offer help to redress the disproportionate impacts of the coronavirus crisis that have fallen upon groups who are already disadvantaged.
- **£0.2m** revenue funding for Development of Social Partnership and Enforcement of workers' rights with measures to support delivery of fair work in Wales, through social partnership.

2.51 We will make sure that our young people do not lose educationally or economically through the effects of Covid or because of any economic downturn that is not of their making.

Evidence shows that the impact of disruption to education and to early labour market experiences can have very long-term adverse effects on a range of outcomes. People with adverse experiences of these kinds

can experience lower incomes, a greater risk of unemployment and poorer health and well-being. Analysis by the Resolution Foundation, the Institute for Employment Studies, and others, has shown that in the current economic difficulties younger people have already suffered disproportionately in the labour market.

In response we have invested in a range of policy measures to help young people “catch up”:

- An additional **£4.9m** capital funding to address digital exclusion in Further Education, this is on top of the **£3.2m** allocated in April 2020. This has provided a firmer foundation for continued blended learning delivery during the 2020/21 academic year, by extending the scope of funding to also include learners on traineeship programmes.
- **£11.68m** revenue funding to deliver free school meals during the October half term, school Christmas holidays, February half term 2021 and the school Easter holidays 2021. This is addition to the **£40m** which we had already allocated to ensure the continuity of provision in lieu of free school meals during the COVID 19 outbreak up to 31 August 2020. This brings our total additional investment for FSMs this year to **£60.5m**.
- **£30m** capital funding in our Education Infrastructure programmes, which have an established, strong and sustainable pipeline of projects. These construction projects will support economic growth, innovation and sustainable jobs for some of the lower paid sectors in Wales.
- **£10m** revenue funding to support an increase in Further Education learners enrolling due to higher than anticipated grades and because of the limited options in the labour market.
- An additional **£10m** revenue funding provided in Higher Education to provide increased support to students facing financial, emotional or mental health difficulties. This is in addition to the £40m for student hardship and student mental health, taking the total to £50m.

- An additional **£5m** revenue funding for the Pupil Development Grant Access fund to provide funding across all 22 local authorities in Wales to enable them to provide additional developmental support to children regardless of geography, by building on the successful approaches of our existing early intervention and prevention programmes.
- **£9.5m** revenue funding to support learners towards qualifications. This additional support for schools and colleges aims to enable all our young people to stay in education and to catch up at school and college. Particularly focussing on disadvantaged groups.
- **£0.01m** revenue funding to Care Inspectorate Wales. This money will support immediate activity over the next 6 months between Welsh Government and local authorities to reduce variation of performance regarding looked after children rates. It will facilitate peer review workshops between authorities about good practice and consistency.
- **£3.8m** revenue funding to Childcare, Play and Early Years to help address some of the additional costs resulting from the Covid-19 pandemic and the specific adaptations required to ensure premises can operate in a Covid-secure manner.
- **£0.1m** revenue funding for the Care Aims Framework. The funding will provide training for Speech, Language and Communication professionals to enable them to become more effective and responsive in delivering support for children and families who need it.
- **£0.02m** revenue funding to establish a reference group to advice upon culturally appropriate training for staff involved in the delivery of advocacy services.
- **£1m** revenue top-up funding for St David's Day fund. Funding will have an immediate impact on vulnerable young people who are struggling with poverty, financial hardship and those at risk of losing independence/tenancies due to Covid-19 related impacts.

- **£0.05m** revenue funding on specialist training for foster carers on complex needs, children in custody and unaccompanied asylum seeking children.
- **£3m** revenue funding for Family Justice to help relieve court backlogs and supporting exits from care.
- **£0.86m** capital funding to continue to invest in the Flying Start and Early Years landscape in Wales and support our existing poverty programmes to ensure that they have the maximum impact on the lives of children living in poverty as we transition out of the initial crisis period.
- **£0.07m** revenue funding to support the development of a Reduction Transformation Team to provide advice and support across Welsh Local Authorities who continue to experience a large increase in children coming into care.
- **£5m** capital funding to enable Childcare, Play and Early Years Provision to operate in a Covid-secure manner and to allow local authorities to increase access to outdoor play facilities.
- **£2.2m** revenue funding to the Family Group Conferencing to help prevent the need for children to be taken away from their families and make progress on the reduction targets for looked after children.
- **£0.8m** revenue funding promoting family stability and relationship quality. To provide support to families who are experiencing difficulties in their relationships, helping to resolve conflict and reduce the stress on the family as a result of Covid-19 and lockdown.
- **£0.12m** revenue funding for the extension of the Early Years Integration Transformation Programme enabling children to have the best start in life through safeguarding, educating, supporting and promoting the rights of children and young people.

- **£2.35m** revenue funding for face coverings for every secondary school age learner and all full time college learners in Wales for 2020/21.
- **£0.32m** revenue funding to National Fostering Framework to support vulnerable children in Wales.
- **£2m** revenue funding to allow us to extend the scope of the Child Development Fund to provide additional resources to local authorities to extend the support available to address concerns around, speech, language and communication delay, fine and gross motor skill delay and personal and social development.

2.52 We will step up construction of council and social housing to increase access to high quality housing across Wales, in particular investing in low carbon housing.

Housing is an incredibly important factor in people lives, and we believe that everyone should have a home that is of good quality, and that no one should be homeless. Good-quality homes are the bedrock of good communities and form the basis for individuals and families to flourish in all aspects of their lives, include having a demonstrable impact on health and well-being. By investing in housing that is of a good quality, alongside supporting our homelessness prevention programmes, we can make a real difference in improving the lives of the most vulnerable in society. In addition, we know that investment in our house building programmes provides a stimulus to the construction sector.

- We are investing an additional **£30m** of financial transactions capital (FTC) in our Property Development Fund and Wales Stalled Sites Fund. This funding is supporting SME property developers to bring forward market and affordable housing with the multiplier effect to the local economy and skilled jobs they create and retain. This provide valuable

support for Welsh SMEs in the supply chain, whilst supporting the development of an estimated 1,500 new homes.

- Among the other investments we are making under this priority, we are protecting the delivery of our affordable housing and retrofit programmes with an additional **£20m** investment in our successful Innovative Housing Programme. We have stepped up construction of council and social housing to increase access to high quality housing across Wales, in particular investing in low carbon housing.
- **£10m** Capital funding for Social Housing Grant Main Programme to ensure that families and individuals who need it most have access to housing that enables them to thrive.

2.53 We will step up our investment in our local town centres to help build resilient communities

Covid-19 has accelerated the need to rethink how we use town and city centres. We have sought to build on the new sense of community generated by the pandemic by looking to encourage multiple reasons to visits to town centres, not just to shop, but also to access leisure, services and working facilities, supporting our policy of ‘Town Centre First’. The investments we have made under this priority are:

- **£5m** capital funding in the Strategic Sites Acquisition Fund, which is supporting Local Authorities to acquire key town centre land and buildings to prevent future demise of our towns.
- **£4m** revenue funding and **£0.15m** capital funding in Community and volunteering through Local Authorities to develop and implement proposals which sustain volunteering and community action during recovery and at the same time improve or introduce new systems and support arrangements.

- **£2m** revenue funding to accelerate action on biodiversity, which will support extensive planning and preparatory works by Local Nature Partnerships and third sector organisations to strengthen delivery on biodiversity in 2021-22.
- **£0.7m** revenue funding for the continuing implementation of the Local Government and Elections (Wales) Bill.
- **£5.5m** revenue funding and **£7.7m** capital funding for Circular Economy Programme to allow expanding re-use and repair shops to promote a green recovery in our town centres. This has enabled investment in 36 projects, built on partnerships between local authorities, town councils and the third sector.

2.54 We will continue to respond energetically to the climate emergency by pursuing a strong decarbonisation agenda, managing our land for the benefit of rural communities and future generations and protecting and enhancing our natural resources

The Covid-19 pandemic has highlighted the importance of our natural resources, and the need to ensure that our investments help us to build for a greener future as part of our values based recovery.

- **£2m** capital funding to Swansea University Health Board Solar Farm to provide renewable energy into the Morriston Hospital site as part of efforts to meet the target of a carbon neutral public sector by 2030, as well as reducing energy costs.
- Additional capital funding of **£12.5m** to Circular Economy Fund to local authorities and publicly funded bodies in order to fund around 50 additional projects that are contributing to the green recovery. These are contributing to developing the green jobs of the future and increasing the rate of recycling and decarbonisation across Wales.

- **£0.4m** additional funding of Local Renewable Energy to upscale and accelerate innovative action to unlock investment in energy projects across renewables, energy efficiency and transport.
- **£0.4m** revenue funding and **£0.1m** capital funding on Welsh Government Energy Service Green Stimulus with a delivery of energy efficiencies measures.
- **£0.2m** additional funding to Smart Living Hydrogen Hubs. Funding to support the requirement specification and technical design of a green hydrogen hub.
- **£1.08m** revenue funding to allow our National Parks to engage with visitors and communities, building an asset and legacy for generations to come.

2.55 We will take the opportunities offered by changing working and travel patterns to build on trials of demand responsive public transport, working with trades unions, local authorities and passengers and put a clear emphasis in our new Transport Strategy on minimising the need to travel.

We understand that most people cannot work from home and that many of us will continue to rely on public transport to get us to and from work. In addition, it is widely accepted that some groups with protected characteristics are more likely to rely on public transport and active travel to access jobs and services because of age, poverty, health or because they are disabled.

The investments we have made under this priority are:

- **£6.5m** revenue funding, which will allow the delivery of a range of public transport interventions across Wales. For example, in addition to the increased funding for bus and rail services to sustain them during the current period of low public usage, we have funded a programme

intended to pilot the reform of bus services, building on the Fflecsi trials of demand responsive bus services which are already underway.

- **£0.2m** revenue funding - Decarbonisation of Transport - To procure additional external resource to advise and support the development of strategies, plans and programmes to decarbonise Transport.
- **£0.4m** revenue funding and **£0.5m** capital funding to move forward with the roll-out of 20mph zone pilots across Wales, commence consultation on legislative change, and develop campaign strategy.

2.56 We will focus on the ‘everyday’/foundational economy and support the growth and independence of Welsh-headquartered businesses in order to build the resilience of the Welsh economy in the face of Covid-19 and the end of the EU Transition Period.

Taken together we are focussing on securing the future of small and medium sized enterprises, the majority of which are headquartered in Wales, by co-funding investments in adapting to the new realities we face. We are also providing specific support to the tourism and hospitality sectors which have been so badly hit by the pandemic which are vital to maintaining jobs in Wales that we protect the tourism, hospitality and cultural sectors in our economy.

To support the separate significant investment we have made in 2020-21 through our Economic Resilience Fund, our other allocations include:

- An additional **£30m** of financial transactions capital to boost our Wales Flexible Investment Fund increasing our capacity to alleviate the pressures that are arising due to reduced EU funding being available, and allowing continued investments in businesses across South Wales.
- An additional **£24m** of financial transactions capital to boost our Wales Tourism Investment Fund.
- **£20m** capital funding for Strategic Roads Programme to start to tackle the maintenance backlog and allow capital works to be delivered in 2020-21 benefitting the construction sector.

- **£0.75m** revenue funding Superfast Broadband to expand the Superfast Business Wales programme that supports businesses to adopt digital technologies.

2.57 We will support the NHS to make up lost ground in terms of treatment of non-Covid-related conditions.

Delivery of urgent Covid-19 response measures have had a significant impact across the NHS in Wales. In recognition of this, additional funding of:

- **£7m** capital funding has been made available for our primary care capital programme, bringing forward major projects which will provide both added stimulus to the construction sector and much improved integrated health and social care facilities for local communities.
- **£2.95m** revenue funding for Mental Health and Substance Misuse, which will allow Health Boards to support low-level, preventative mental health provision through the third sector.
- **£4m** revenue funding and **£10m** capital funding to support additional capacity for the NHS this year and helping to position services ready for recovery.
- **£0.28m** revenue funding for Primary & Community Care - Primary Care planning resource to support capital developments.
- **£1.6m** capital funding for Sêr Cymru 3 to support the much needed research that will inform Welsh Government response to Covid-19 and its wider effects on society. This investment has enabled support for a further 23 research projects, bringing the total to 40 projects overall with a total allocation of £2.9m

2.58 We will fund interventions that support a specific focus on equalities.

Throughout everything we do, we recognise that the impact of this pandemic does not impact on all people equally, and we are focussing our efforts on supporting those who have been most adversely affected

by the Covid-19 crisis. This includes children and young people, women, those in low paid and insecure employment, Black, Asian and Minority Ethnic people, and disabled people. We have therefore invested an additional **£3.41m** which includes:

- **£0.35m** revenue funding to improve input of equality data into decisions, and begin work on an Equality/Race Disparity/Data Unit, alongside engaging on the Race Equality Action Plan with communities and grass roots organisations.
- **£1m** capital funding to support our Violence Against Women, Domestic Abuse and Sexual Violence programme to fund equipment for victims to access Courts remotely
- Boosted the Disabled People's Organisations' Covid-19 Response Fund with an additional £0.23m revenue funding to support disabled people during the pandemic.
- **£1.6m** revenue funding for the Interventions Fund to safely divert cases from Child Protection Registration.
- **£0.04m** revenue funding on Socio-Economic Duty which will be a key mechanism in supporting the most vulnerable in our society in the response to Covid-19, and the recovery phase. Commencement of the Duty is March 2021. This funding has supported the provision of additional supporting engagement materials for public bodies.
- **£0.19m** revenue funding to fund Blueprints for Female Offending & Youth Justice which aims to improve outcomes for women and young people in or at risk of entering the criminal justice system.

3. Changes to the Wales Budget since 2nd Supplementary Budget 2020-21

3.1 Tables 3.1 to 3.4 set out the net impact of all the changes to the Welsh budget. Table 3.5 summarises the total allocations by MEG.

Table 3.1 – Sources of Finance for Welsh Government

COMPONENTS OF WELSH GOVERNMENT FINANCING	2020-21 Supplementary Budget October 2020	Changes	2020-21 Supplementary Budget New Plans February 2021
	£000s	£000s	£000s
RESOURCE FINANCING			
Departmental Expenditure Limit (DEL):			
Fiscal	17,345,729	950,759	18,296,488
Agreed flexibility with HM Treasury	0	-497,557	-497,557
Non-Fiscal	690,064	846,949	1,537,013
Drawdown from the Wales Reserve	125,000	0	125,000
Annually Managed Expenditure (AME):			
Fiscal	22,159	1,665	23,824
Non-Fiscal	135,499	184,879	320,378
Wales Devolved Financing:			
Non Domestic Rates	804,000	-112,000	692,000
Welsh Rate of Income Tax	2,169,668	0	2,169,668
Land Transaction Tax	131,854	44,603	176,457
Landfill Disposals Tax	34,153	-5,966	28,187
Principal repayment of borrowing	-2,362	0	-2,362
TOTAL RESOURCE FINANCING	21,455,764	1,413,332	22,869,096
CAPITAL FINANCING			
Departmental Expenditure Limit (DEL):			
General	2,133,145	773,345	2,906,490
Agreed flexibility with HM Treasury	0	-137,131	-137,131
Drawdown from the Wales Reserve	0	40,210	40,210
Financial Transactions	304,574	52,862	357,436
Agreed flexibility with HM Treasury	0	-25,530	-25,530
Drawdown from the Wales Reserve	0	9,790	9,790

Annually Managed Expenditure (AME):			
Capital	863,631	34,113	897,744
Wales Devolved Financing:			
Borrowing	125,000	-125,000	0
TOTAL CAPITAL FINANCING	3,426,350	622,659	4,049,009
TOTAL WELSH FINANCING	24,882,114	2,035,991	26,918,105

Table 3.2 – Allocation of the Wales Budget

MAIN EXPENDITURE GROUPS (MEGs)	£000s			
	2020-21 Supplementary Budget October 2020 Restated December 2020	Changes	2020-21 Supplementary Budget New Plans February 2021	
Health and Social Services	10,341,215	244,534	10,467,826	
Housing and Local Government	6,409,908	396,319	6,731,169	
Economy and Transport	2,949,431	1,250,889	4,203,474	
Education	2,556,382	1,018,781	3,575,163	
Mental Health, Wellbeing and the Welsh Language	268,196	38,963	413,580	
Environment, Energy and Rural Affairs	561,507	13,273	649,838	
Central Services and Administration	414,352	34,041	456,741	
Total Allocation to Welsh Government MEGs	23,500,991	2,996,800	26,497,791	
Repurposed EU funding for COVID-19 measures	-245,000	245,000	0	
Planned Allocation to Welsh Government MEGs	23,255,991	3,241,800	26,497,791	
Unallocated Resource	Fiscal Resource	1,151,418	-1,050,359	101,059
	Non-Fiscal Resource	151,123	91,775	242,898
Unallocated Capital	General	199,647	-198,669	978
	Financial Transactions	50,258	-49,742	516
Senedd Commission	59,575	1,050	60,625	
Public Services Ombudsman for Wales	5,110	160	5,270	
Wales Audit Office	8,228	-5	8,223	
Direct Charges to the Welsh Consolidated Fund	764	-19	745	
TOTAL WELSH BUDGET	24,882,114	2,035,991	26,918,105	

Table 3.3 – Changes to the Welsh Government MEG Resource Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	FISCAL			NON-FISCAL		
	2020-21 Supplementary Budget October 2020 Restated December 2020	Changes	2020-21 Supplementary Budget New Plans February 2021	2020-21 Supplementary Budget October 2020 Restated December 2020	Changes	2020-21 Supplementary Budget New Plans February 2021
Health and Social Services	9,526,060	79,820	9,493,029	190,000	30,137	220,137
Housing and Local Government	4,815,823	336,609	5,103,774	240	-27	213
Economy and Transport	2,004,931	663,874	2,671,959	192,400	152,000	344,400
Education	1,490,143	167,700	1,657,843	107,154	575,137	682,291
Mental Health, Wellbeing and the Welsh Language	207,788	-1,213	308,424	8,882	92	8,974
Environment, Energy and Rural Affairs	417,240	10,607	476,505	21,675	-3,000	18,675
Central Services and Administration	366,907	39,015	413,770	16,000	835	16,835
Total Allocation to Welsh Government MEGs	18,828,892	1,296,412	20,125,304	536,351	755,174	1,291,525

Table 3.4 – Changes to the Welsh Government MEG Capital Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	GENERAL CAPITAL			FINANCIAL TRANSACTIONS		
	2020-21 Supplementary Budget October 2020 Restated December 2020	Changes	2020-21 Supplementary Budget New Plans February 2021	2020-21 Supplementary Budget October 2020 Restated December 2020	Changes	2020-21 Supplementary Budget New Plans February 2021
Health and Social Services	407,488	41,225	443,641	0	0	0
Housing and Local Government	615,085	136,795	725,480	150,505	33,837	184,342
Economy and Transport	637,315	345,390	982,705	85,260	70,650	155,910
Education	219,450	180,856	400,306	-195	350	155
Mental Health, Wellbeing and the Welsh Language	32,767	41,570	78,909	15,746	-15,973	-227
Environment, Energy and Rural Affairs	118,192	10,066	154,658	2,000	-2,000	0
Central Services and Administration	27,446	-5,809	22,137	1,000	0	1,000
Total Allocation to Welsh Government MEGs	2,057,743	750,093	2,807,836	254,316	86,864	341,180

3.2 An overview of the changes to the sources of finance are provided below and details of allocations from reserves can be found in section 4.

Adjustments to Sources of Finance

Fiscal Resource

- 3.3** The Fiscal Resource baseline has increased by a net amount of £950,759k comprising:
- Barnett consequentials totalling £2,310,610k of which £497,557k is agreed additional flexibility to carry into 2021/22: ;
 - Transfers from HM Treasury totalling £136,343k and comprising:
 - £97,000k in respect of expected credit losses;
 - ££(39,204)k revision in the block grant adjustment;
 - £40,000k in respect of the cost of accrued leave due to the coronavirus pandemic;
 - £11,855k representing the balance due in respect of direct payments funding for farm subsidies;
 - £10,000k in respect of the Cardiff City Deal;
 - £5,000k in respect of local authority flood recovery costs;
 - £3,807k in respect of the EU Structural Funds;
 - £3,230k in respect of the residual amount for the Immigration Health Surcharge for 2019-20;
 - £2,597k in respect of the Coastal Communities Fund;
 - £1,000k in respect of the repair of particularly vulnerable coal tips;
 - £625k in respect of Financial Advice Services;
 - £264k in respect of the tampon tax;
 - £145k in respect of a cash management rebate; and
 - £24k in respect of LIBOR (Wales Air Ambulance).
 - Net transfers with other UK Government Departments totalling £4,815k including the following transfers of £1m or more:
 - £3,300k from the Ministry of Justice in respect of Offender Learning;

- £1,832k from the Department for Transport (DfT) in respect of the Core Valley Lines;
 - £1,233k from the Securities and Intelligence Agencies in respect of Cyber Resilience;
 - £1,000k from the Department for Environment, Food and Rural Affairs (DEFRA) in respect of support for the fisheries and seafood sector;
 - £(1,176)k to the Home Office in respect of the clawback of an overpayment for the Immigration Health Surcharge at Main Estimates; and
 - £(1,600)k to the Department for Digital, Culture, Media and Sport, including £(1,000)k in respect of the Green Recovery eNGO Building Capacity.
- A budget switch of £473,000k to General Capital and £28,000k to Financial Transactions

Non-Fiscal Resource

3.4 The non-fiscal resource baseline has increased by £846,949k as a result of Barnett consequentials received at Supplementary Estimates. They comprise:

- £795,827k in respect of Student Loans and;
- £52,479k in respect of depreciation.

Wales Devolved Financing

3.5 The level of expenditure financed by non-domestic rates has reduced by £112m to offset the DEL contributions provided by Welsh Government. The forecasts for Land Transaction Tax and Landfill Disposals Tax have increased by £38,637k reflecting the OBR's December Welsh Taxes

Outlook publication. In accordance with the fiscal framework, the Welsh Rate of Income Tax does not change in-year.

General Capital

- 3.6** The general capital baseline has increased by £773,345k comprising:
- Barnett consequentials totalling £137,538k as a result of the UK Supplementary Estimates and is agreed additional flexibility to carry into 2021/22.
 - Transfers from HM Treasury totalling £1,000k (net) and comprising:
 - £17,000k in respect of local authority flood recovery costs; and
 - £8,000k in respect of the repair of particularly vulnerable coal tips;
 - (24,000k) in respect of a reprofile for public sector energy loans and the North Wales City Deal.
 - Net transfers with other UK Government Departments totalling £167,807k including the following transfers of £1m or more:
 - £154,290k from DfT in respect of the Core Valley Lines;
 - £12,476k from DCMS in respect of digital infrastructure;
 - £4,841k from BEIS, including £4,186k in respect of energy efficiency; and
 - £3,800k to the DCMS comprising £2,300k in respect of 'Local Places for Nature' and £1,300k in respect of the Community Woodland Grant.
 - A budget switch of £473,000k from Fiscal Resource

In addition, £40,210k has been drawn from the Wales Reserve and added to the General Capital baseline.

Financial Transactions Capital

3.7 The baseline ring-fenced for financial transaction capital has increased by £52,862 comprising;

- £24,862k consequentials received as a result of the UK Government's Supplementary Estimates and is agreed additional flexibility to carry into 2021/22;
- A budget switch of £28,000k from Fiscal Resource

In addition, £9,790k has been drawn from the Wales Reserve and added to the Financial Transactions baseline.

AME Financing

3.8 Changes to the AME financing and expenditure since the 2nd Supplementary Budget are detailed in Chapter 5.

Table 3.5 – Summary of the Welsh Government MEG Total Allocations

2020-21 TOTAL MEG ALLOCATIONS as per SUPPLEMENTARY BUDGET										
£000s										
MAIN EXPENDITURE GROUPS (MEGs)	Resource			Capital			AME			TOTAL MEG ALLOCATION
	Fiscal	Non Fiscal	Resource Total	General	Financial Transactions	Capital Total	Resource	Capital	AME Total	
Health and Social Services	9,493,029	220,137	9,713,166	443,641	0	443,641	311,019	0	311,019	10,467,826
Housing and Local Government	5,103,774	213	5,103,987	725,480	184,342	909,822	717,360	0	717,360	6,731,169
Economy and Transport	2,671,959	344,400	3,016,359	982,705	155,910	1,138,615	48,500	0	48,500	4,203,474
Education	1,657,843	682,291	2,340,134	400,306	155	400,461	-63,176	897,744	834,568	3,575,163
Mental Health, Wellbeing and the Welsh Language	308,424	8,974	317,398	78,909	-227	78,682	17,500	0	17,500	413,580
Environment, Energy and Rural Affairs	476,505	18,675	495,180	154,658	0	154,658	0	0	0	649,838
Central Services and Administration	413,770	16,835	430,605	22,137	1,000	23,137	2,999	0	2,999	456,741
TOTAL ALLOCATIONS TO WELSH GOVERNMENT MEGs	20,125,304	1,291,525	21,416,829	2,807,836	341,180	3,149,016	1,034,202	897,744	1,931,946	26,497,791

4. Changes to Reserves

4.1 This budget regularises a number of allocations to and from reserves.

Allocations from Fiscal Resource Reserves

4.2 Allocations totalling £1,317,620k have been made from fiscal resource reserves in response to COVID-19 and an additional £96,305k allocated as part of the COVID-19 reconstruction package. The allocations are as follows:

COVID-19 Allocations:

• Health and Social Services	£	74,700k
• Housing and Local Government	£	286,239k
• Economy and Transport	£	799,770k
• Education	£	83,881k
• Mental Health, Wellbeing and the Welsh Language	£	37,330k
• Central Services and Administration	£	4,700k

COVID-19 Reconstruction Package:

• Health and Social Services	£	17,069k
• Housing and Local Government	£	14,138k
• Economy and Transport	£	7,850k
• Education	£	37,612k
• Mental Health, Wellbeing and the Welsh Language	£	2,950k
• Environment, Energy and Rural Affairs	£	9,575k
• Central Services and Administration	£	7,111k

It should be noted that some COVID related funding awarded in previous supplementary budgets has been returned to reserves for repurposing. The details are in paragraph 4.5 below.

4.3 In addition allocations totalling £224,036k have been made to portfolios from fiscal resource reserves. This includes the following allocations of £1m or more:

- Health and Social Services:
 - £3,230k in respect of the Immigration Health Surcharge residual amounts due for 2019-20.

- Housing and Local Government:
 - £5,081k in support of non-domestic rates, rates relief;
 - £4,000k in respect of flood response;
 - £3,297k relating to the Coastal Communities Fund;
 - £3,239k in respect of the EU Transition Fund;
 - £1,608k in respect of expected credit losses;
 - £1,074k in respect of loss of income; and
 - £1,300k as additional support for the Children and Communities Grant.

- Economy and Transport:
 - £82,000k in respect of expected credit losses;
 - £53,699k in respect of support for needs based projects following the suspension of EU funding;
 - £7,000k in respect of rail fuel hedge liability financial statement;
 - £5,000k in respect of the SE Wales Transport Commission ;
 - £2,081k in respect of the A55 approaches to the Port of Holyhead following the end of the EU transition period;
 - £1,776k funding received from the DCMS in support of the Public Sector Broadband Aggregation; and
 - £1,125k in respect of the Project Initiation Document relating to the SE Wales Transport Commission fast track recommendations.

- Education:
 - £4,000k to support the funding of backlog maintenance and small scale capital projects in further education;

- £3,981k in respect of an increase in schools and sixth form funding; and
- £3,300k funding received from the MoJ in support of offender learning at HMP Berwyn.
- Mental Health, Wellbeing and the Welsh Language:
 - £1,950k to support funding priorities, comprising £1,450k to the National Museums of Wales and £500k to the National Library of Wales.
- Environment, Energy and Rural Affairs:
 - £11,855k received from HM Treasury in respect of the Basic Payment Scheme (BPS); and
 - £1,500k in respect of expected credit losses.
- Central Administration and Services:
 - £5,768k in respect of the 2020-21 pay award;
 - £3,807k funding received from HM Treasury in respect of EU Structural funds;
 - £3,000k in respect of a capital to resource switch;
 - £2,283k funding received from the Security and Intelligence Agencies in respect of cyber resilience;
 - £1,768k funding in support of Police Community Support Officers; and
 - £1,285k in respect of staff recruitment.

4.4 Additional allocations totalling £810k have been made from the fiscal resource reserves to the direct funded bodies due to additional costs incurred in respect of accrued leave as a direct result of the COVID pandemic. The transfers comprise:

- £650k to the Senedd Commission; and
- £160k to the Public Services Ombudsman for Wales.

Transfers to Fiscal Resource Reserves

4.5 Transfers totalling £171,549k have been made into fiscal resource reserves from the portfolios. This includes the following transfers of £1m or more:

- Health and Social Services:
 - £1,176k in respect of the Immigration Health Surcharge clawback relating to the recalculation of forecasts for 2020-21.
- Housing and Local Government:
 - £2,280k in respect of COVID-19 for repurposing.
- Economy and Transport:
 - £112,000k in respect of COVID-19 and an NDR underspend.
- Mental Health, Wellbeing and the Welsh Language:
 - £42,400k in respect of a resource to capital switch relating to the reclassification of research and development.
- Environment, Energy and Rural Affairs:
 - £9,918k in respect of wind farm income relating to Natural Resource Wales;
 - £2,415k in respect of the return of COVID-19 resilience funding allocated for shielded food deliveries; and
 - £1,000k to cover the transfer to DCMS in respect of the Welsh Government's contribution to the 'Local Places for Nature' grant scheme.

4.6 In addition, £5k was transferred back to fiscal resource reserves from Audit Wales in respect of the reduction in costs associated with the Chair of the Wales Audit Office.

Allocations from Non Fiscal Resource Reserves

4.7 Allocations totalling £758,201k have been made to the MEGs from non fiscal resource reserves. This includes the following allocations of £1m or more:

- Health and Social Services:
 - £34,000k in respect of non fiscal requirements for the NHS.
- Economy and Transport:
 - £114,000k in respect of the depreciation and impairment of the roads network; and
 - £38,000k in respect of the depreciation of the Core Valley Line railways; and
- Education:
 - £571,274k in respect of student loans support.

Transfers to Non Fiscal Resource Reserves

4.8 Transfers totalling £3,027k have been made to the non fiscal resource reserves. This includes a £3,000k transfer from the Environment, Energy and Rural Affairs MEG in respect of the reduction in the non fiscal requirements for IT.

Allocations from General Capital Reserves

4.9 Allocations totalling £50,013k have been made from general capital reserves in response to COVID-19 and an additional £138,310k allocated as part of the COVID-19 reconstruction package. The allocations are as follows:

COVID-19 Allocations:

- | | |
|-------------------------|-----------|
| • Economy and Transport | £ 28,500k |
| • Education | £ 21,513k |

COVID-19 Reconstruction Package:

- | | |
|--------------------------------|-----------|
| • Health and Social Services | £ 22,000k |
| • Housing and Local Government | £ 35,000k |
| • Economy and Transport | £ 20,500k |

• Education	£	39,360k
• Environment, Energy and Rural Affairs	£	20,300k
• Central Services and Administration	£	1,150k

4.10 In addition allocations totalling £584,053k have been made to portfolios from general capital reserves. This includes the following allocations of £1m or more:

- Housing and Local Government:
 - £36,000k in respect of the Swansea City Deal;
 - £30,000k in respect of regeneration;
 - £17,559k in respect of flood response;
 - £16,000k in respect of the North Wales Growth Deal;
 - £10,500k in respect of building safety; and
 - £1,000k from the EU transition fund.
- Economy and Transfer:
 - £270,000k in respect of the Development Bank of Wales legacy funding;
 - £10,768k in respect of funding received from the DCMS for South Wales Strategic Road Network (SWSRN);
 - £10,000k in respect of the Community Bank of Wales;
 - £5,115k in respect of the implementations of the SE Wales Transport Commission recommendations; and
 - £3,010k in respect of the A55 approaches to the Port of Holyhead following the end of the EU transition period.
- Education:
 - £50,000k in respect of capital maintenance;
 - £44,000k in respect of HEFCW research;
 - £15,040k to facilitate land acquisition
 - £6,000k in support of the investment in IT and the cost to providers of making digital equipment available to learners.

- £4,326k to support needs based projects following the reduction of European income; and
- £1,000k transfer from BEIS in respect of 'GovTech' winners in Wales.
- Mental Health, Wellbeing and the Welsh Language:
 - £42,400k in respect of a resource to capital switch relating to the reclassification of research and development.
- Environment, Energy and Rural Affairs:
 - £8,000k in respect of coal tip safety; and
 - £3,000k in respect of the Farm Business Improvement Scheme.

Allocations to General Capital Reserves

4.11 Transfers totalling £22,283k have been made into the general capital reserves from the portfolios. This includes the following transfers of £1m or more:

- Environment, Energy and Rural Affairs:
 - £15,000k loan income; and
 - £3,800k to cover the transfer to DCMS in respect of the Welsh Government's contribution to the 'Local Places for Nature' capital grant scheme (£2,300k) and the Woodland Fund capital grant scheme (£1,500k).
- Central Services and Administration:
 - £3,000k in respect of a capital to resource switch.

Allocations from Financial Transaction Capital Reserves

4.12 Allocations totalling £8,520k have been made from financial transaction capital reserves in response to COVID-19 and an additional £84,000k allocated as part of the COVID-19 reconstruction package. The allocations are as:

COVID-19 Allocations:

- | | | |
|--------------------------------|---|--------|
| • Housing and Local Government | £ | 520k |
| • Economy and Transport | £ | 8,000k |

COVID-19 Reconstruction Package:

- | | | |
|--------------------------------|---|---------|
| • Housing and Local Government | £ | 30,000k |
| • Economy and Transport | £ | 54,000k |

4.13 In addition allocations totalling £17,160k have been made to portfolios from financial transaction capital reserves. This includes the following allocations of £1m or more:

- Housing and Local Government:
 - £7,700k in respect of the tenancy saver loan scheme.
- Economy and Transport:
 - £8,650k in respect of loans to the Development Bank of Wales.

Allocations to Financial Transaction Capital Reserves

4.14 Transfers totalling £20,766k have been made to the financial transaction capital reserves. This includes the following transfers of £1m or more:

- Housing and Local Government:
 - £2,000k relating to the early repayment in respect of Barry Island link road.
 - .
- Mental Health, Wellbeing and the Welsh Language:
 - £16,000k in respect of the slippage in developments.
- Environment, Energy and Rural Affairs:
 - £2,000k in respect of the Green Growth fund.

5. Annually Managed Expenditure (AME) Budgets

5.1 AME budgets detailed in the 3rd Supplementary Budget reflect the last forecasts provided to HM Treasury.

5.2 The following adjustments have been made since the 2nd Supplementary Budget was approved:

- Health and Social Services:
 - An increase of £93,352k for impairments and provisions relating to the NHS in Wales.

- Housing and Local Government:
 - A reduction of £112,000k to the Non Domestic Rates (NDR) Rates Relief budget to counter balance the additional DEL funding provided. The DEL allocation was made in response to the expected reduction of NDR revenues to local government as a result of COVID-19;
 - An increase of £1,665k in respect of the Fire Service pensions; and
 - A reduction of £560k in respect of Help to Buy Wales.

- Economy and Transport:
 - An increase of £13,975k in respect of the impairments for property related infrastructure;
 - An increase of £3,000k in respect of the pension provision for Careers Wales; and
 - An increase of £2,000k in respect of provisions for Transport for Wales.

- Education:
 - A net increase of £94,738 to reflect the latest Student Loans forecasts, comprising:
 - An increase of £60,625k in resource and

- An increase of £34,113k in capital.
- Mental Health, Wellbeing and the Welsh Language:
 - An increase in pension provisions for sponsored bodies of £12,987k comprising:
 - £6,609k in respect of the National Museums of Wales;
 - £4,378k in respect of the National Library of Wales; and
 - £2,000k in respect of Sport Wales; and
 - A new provision of £1,500k for bad debts.
- Environment, Energy and Rural Affairs:
 - A reduction of £2,400k in respect of the pension provision for Natural Resources Wales.

Table 5.1 below sets out the current AME budgets.

Table 5.1 – Changes to the Welsh Government MEG AME Allocations

MAIN EXPENDITURE GROUPS (MEGs)	£000s					
	RESOURCE			CAPITAL		
	2020-21 Supplementary Budget October 2020 Restated December 2020	Changes	2020-21 Supplementary Budget New Plans February 2021	2020-21 Supplementary Budget October 2020 Restated December 2020	Changes	2020-21 Supplementary Budget New Plans February 2021
Health and Social Services	217,667	93,352	311,019	0	0	0
Housing and Local Government	828,255	-110,895	717,360	0	0	0
Economy and Transport	29,525	18,975	48,500	0	0	0
Education	-123,801	60,625	-63,176	863,631	34,113	897,744
Mental Health, Wellbeing and the Welsh Language	3,013	14,487	17,500	0	0	0
Environment, Energy and Rural Affairs	2,400	-2,400	0	0	0	0
Central Services and Administration	2,999	0	2,999	0	0	0
Total Allocation to Welsh Government	960,058	74,144	1,034,202	863,631	34,113	897,744

Annex 1 - Reconstruction package MEG and priority area breakdown

Provide support to help reduce unemployment and give everyone the best chance to find and keep decent work with long term prospects, adding value to the UK Government's Kickstart programme.				
Description	Revenue £m	Capital £m	FTC £m	Total £m
Retaining Skills to Support the Third Sector	2	0	0	2
Employment Discrimination Advice Services	0.3	0	0	0.3
Development of Social Partnership and Enforcement of workers' rights	0.2	0	0	0.2
	2.5	0	0	2.5

Ensure that our young people do not lose educationally or economically through the effects of Covid-19 or any economic downturn that is not of their making.				
Description	Revenue £m	Capital £m	FTC £m	Total £m
Pupil Development Grant Access	5	0	0	5
Childcare Development Fund	2	0	0	2
Supporting learners to qualifications' - additional support for schools and colleges	9.5	0	0	9.5
Care Inspectorate Wales – Looked After Children: Prevention and Intervention	0.01	0	0	0.01
Childcare, Play and Early Years - Revenue support for the childcare sector	3.8	0	0	3.8
Free School Meals for schools and colleges during the holidays (October half term, Christmas, February half term 2021 and Easter 2021)	11.68	0	0	11.68
Care Aims Framework, Training for English as an Additional Language (EAL) Translators and Education Inspection Framework (EIF) maturity matrix	0.1	0	0	0.1
Social Services - Safeguarding - Reference Group for Black, Asian and Minority Ethnic Children and young people advocacy engagement	0.02	0	0	0.02
Top-up funding for St David's Day fund	1	0	0	1

Specialist training for foster carers on complex needs, children in custody and unaccompanied asylum seeking children	0.05	0	0	0.05
Additional funding to address Digital Exclusion in Further Education	0	4.9	0	4.9
Family Justice – relieving court backlogs and supporting exits from care	3	0	0	3
Flying Start Capital	0	0.86	0	0.86
Transformation Team to reduce numbers of Looked After Children	0.07	0	0	0.07
Childcare, Play and Early Years Provision – additional costs facing childcare and play services. Includes support for Local Authorities for outdoor play facilities.	0	5	0	5
Family Group Conferencing – Pump Priming Fund	2.2	0	0	2.2
Promoting family stability and relationship quality	0.8	0	0	0.8
Extension of the Early Years Integration Transformation Programme	0.12	0	0	0.12
Face coverings for every secondary school age learner and all full time college learners in Wales for 2020/21.	2.35	0	0	2.35
National Fostering Framework	0.32	0	0	0.32
Further Education - Impact of Covid-19 on FE enrolments	10	0	0	10
Higher Education - student support and mental health services	10	0	0	10
Education Infrastructure	0	30	0	30
	62.04	40.76	0	102.80

Step up construction of council and social housing to increase access to high quality housing across Wales, in particular investing in low carbon housing.				
Description	Revenue £m	Capital £m	FTC £m	Total £m
Optimised Retrofit Programme Upscaling	0	10	0	10
Innovative Housing Programme	0	10	0	10
Social Housing Grant Main Programme	0	10	0	10
Property Development Fund	0	0	15	15
Stalled Sites	0	0	15	15
	0	30	30	60

Step up our investment in our local town centres to help build resilient communities.

Description	Revenue £m	Capital £m	FTC £m	Total £m
Accelerating action on biodiversity	2	0	0	2
Community & Volunteering	4	0.15	0	4.15
Implementation of the Local Government and Elections (Wales) Bill	0.7	0	0	0.7
Circular Economy – repair shops	5.5	7.7	0	13.2
Town Centre Strategic Sites Acquisition Fund	0	5	0	5
	12.2	12.85	0	25.05

Respond energetically to the climate emergency by pursuing a strong decarbonisation agenda, managing our land for the benefit of rural communities and future generations and protecting and enhancing our natural resources.

Description	Revenue £m	Capital £m	FTC £m	Total £m
Local Renewable Energy	0.4	0	0	0.4
Expansion of Circular Economy Fund to local authorities and publicly funded bodies	0	12.5	0	12.5
Welsh Government Energy Service Green Stimulus	0.4	0.1	0	0.5
Smart Living Hydrogen Hubs	0.2	0	0	0.2
Swansea UHB Solar Farm	0	2	0	2
Resilient National Parks – Covid-19 recovery and public engagement	1.08	0	0	0.6
	1.5	14.7	0	16.2

We will take the opportunities offered by changing working and travel patterns to build on trials of demand responsive public transport, working with trades unions, local authorities and passengers and put a clear emphasis in our new Transport Strategy.

Description	Revenue £m	Capital £m	FTC £m	Total £m
Bus Reform - Various interventions around bus reform including evaluating and rolling out current trials	6.5	0	0	6.5
Decarbonisation of Transport - To procure additional external resource to advise and support the development of strategies, plans and programmes to decarbonise Transport	0.2	0	0	0.2
20 mph Zones - Move forward with the roll-out of 20mph pilots across Wales, commence consultation on legislative change, and develop campaign strategy	0.4	0.5	0	0.9
	7.1	0.5	0	7.6

Support the growth and independence of Welsh-headquartered businesses in order to build the resilience of the Welsh economy in the face of Covid-19 and the end of the EU Transition Period.

Description	Revenue £m	Capital £m	FTC £m	Total £m
Superfast Broadband	0.75	0	0	0.75
Capitalisation of the Flexible Investment Fund	0	0	30	30
Capitalisation of the Wales Tourism Investment Fund	0	0	24	24
Strategic Road Network	0	20	0	20
	0.75	20	54	74.75

Support the NHS to make up lost ground in terms of treatment of non-Covid-19 related conditions.

Description	Revenue £m	Capital £m	FTC £m	Total £m
Capital Primary Care - range of specific integrated health and social care facilities	0	7	0	7
Primary & Community Care - Primary Care planning resource to support capital developments	0.28	0	0	0.28
Sêr Cymru 3	0	1.6	0	1.6
Mental Health Support / Substance Misuse	2.95	0	0	2.95
NHS Recovery Plan Support Funding	4	10	0	14
	7.23	18.6	0	25.83

Fund interventions that support a specific focus on equalities.

Description	Revenue £m	Capital £m	FTC £m	Total £m
Violence Against Women and Domestic Abuse and Sexual Violence: Covid-19 Capital Response	0	1	0	1
Disabled People's Organisations Covid-19 Response Fund and Disability Impact Report	0.23	0	0	0.23
Socio-Economic Duty	0.04	0	0	0.04
Blueprints for Female Offending & Youth Justice	0.19	0	0	0.19
Race Equality – Action in Response to Covid-19 impact	0.35	0	0	0.35
Interventions Fund to safely divert cases from Child Protection Registration	1.6	0	0	1.6
	2.41	1	0	3.41

Annex 2 – Reconciliation between the Portfolio Budgets in the Action Tables and those the Budget Motion

The Explanatory Note supports the Supplementary Budget Motion published alongside this document, which sets out the changes to both the resources that the Welsh Government is proposing to use in 2020-21 and the cash it is seeking authority to draw from the Welsh Consolidated Fund. The tables within this note use the HM Treasury control totals and align with the BEL Tables. However, the figures in the Supplementary Budget Motion align with the Statement of Resource Outturn which is used in the Welsh Government accounts and is prepared on a slightly different basis.

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

2020-21 SUPPLEMENTARY BUDGET								
£000s								
	Health and Social Services	Housing and Local Government	Economy and Transport	Education	Mental Health, Wellbeing and the Welsh Language	Environment, Energy and Rural Affairs	Central Services and Administration	TOTAL
Resource	9,713,166	5,103,987	3,016,359	2,340,134	317,398	495,180	430,605	21,416,829
Capital	443,641	909,822	1,138,615	400,461	78,682	154,658	23,137	3,149,016
Resource AME	311,019	717,360	48,500	-63,176	17,500	0	2,999	1,034,202
Capital AME	0	0	0	897,744	0	0	0	897,744
TOTAL MANAGED EXPENDITURE	10,467,826	6,731,169	4,203,474	3,575,163	413,580	649,838	456,741	26,497,791
Reconciliation to Resources								
Resource Consumption - Welsh Government Sponsored Bodies	-230	-180		-305		-10,000		-10,715
Supported Borrowing		-88,800	771					-88,029
National Insurance Fund Receipts Collection Costs	-906							-906
National Non-Domestic Rates Payable (and Collection Costs)		-697,172						-697,172
Interest Repayments on Borrowing							-2,474	-2,474
PFI			-8,982					-8,982
Direct Charges on the Welsh Consolidated Fund							-765	-765
RESOURCES REQUESTED	10,466,690	5,945,017	4,195,263	3,574,858	413,580	639,838	453,502	25,688,748

Annex 3 – Glossary

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

Direct Charges on the Welsh Consolidated Fund	Expenditure which is legally required to be charged directly to the Welsh Consolidated Fund and therefore does not score against the budgets of the Welsh Government or any other body. Direct Charges include the remuneration of the Presiding Officer and Auditor General.
Financial Transactions	Financial transactions can only be used for loans and equity purposes. A proportion of the funding also has to be repaid to the Exchequer.
Fiscal Resource DEL (sometimes referred to as revenue)	The Fiscal Resource DEL budget scores most of the department's current expenditure. Expenditure is recorded on an accruals basis. It includes expenditure on pay, current procurement, current grants and subsidies.
Main Expenditure Group (MEG)	The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently 7 MEGs: Health and Social Services; Housing and Local Government; Economy and Transport; Education; Mental Health, Wellbeing and the Welsh Language; Environment, Energy and Rural Affairs and Central Services and Administration.
Non-Fiscal Resource DEL (sometimes referred to as 'non cash')	The Non-Fiscal Resource DEL budget scores the department's current expenditure in respect of impairment of student loans and depreciation. Non-Fiscal Resource DEL is ring-fenced and cannot be used to fund fiscal resource DEL spending.
Receipts	Some areas of Welsh Government activity generate income, for example, through the sale or rental of assets. These are represented in the budget as negative figures.
Resource budgeting	The Welsh Government's budget is set on a resource basis derived from accruals information. Accruals information measures resources as they are consumed rather than when the cash is paid. So, for example, resource budgeting includes a charge for depreciation, a measure of the consumption or wearing out of capital assets.

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