

Memorandum on the Economy and Infrastructure 2017/18 In-Year Financial Scrutiny Session

Economy, Infrastructure and Skills Committee – 13 July 2017

1.0 Introduction

This paper provides information on the policies and decisions in the 2017/18 Budget for Economy & Infrastructure (E&I) in the context of issues highlighted for further consideration to the Finance Committee. It also provides an update on specific areas of interest to the Committee and details the changes outlined in the 2017-18 First Supplementary Budget as published on 27 June 2017.

2.0 Inflation

Background

- The fall in the value of the pound since last year's Brexit referendum has increased the cost of imports. This has been one of the key factors behind the rise in inflation. This reflects economic theory and past experience and helps explain why expectations of inflation have increased.
- Specifically, depreciation of the currency increases the price of imports, which both directly raises the general price level and also increases the price of imported inputs, which has indirect effects on prices;
- The anticipated increase in prices is now being observed in practice and is reflected in recent inflation statistics.
- The current inflation rate in the UK, as measured by the Consumer Prices Index (CPI) is 2.9%, the highest since June 2013, and above the Bank of England's 2% target.
- The depreciation of sterling was an expected consequence of a vote in favour of Brexit, and had been anticipated by a range of independent experts.
- The depreciation of the currency following Brexit reflects an assessment by international investors that assets located in the UK are worth less than previously thought, due to an expectation that economic growth will be lower than previously expected.

Impact on the Welsh Government's Budget

- The Welsh Government budget is fixed in cash terms, so in the short term, other things being equal, higher inflation is likely to mean lower spending power for the Welsh Government.
- The published inflation rate is as an average based upon an average bundle of goods and services for UK households. The precise impact on the Welsh Government's budget depends on the changes in prices of the goods and services that it purchases.
- The principle of how we manage our budget will not change. We will continue to prioritise even more effectively and ensure that all our spending is achieving the maximum possible value for Wales.

Broader Economic Impact

- In terms of the broader economic impact, this pick-up in inflation will exert further downward pressure on household incomes, at a time when wage growth remains modest.
- Increased inflation will affect the purchasing power of those on fixed incomes and this may increase the demand for Welsh Government actions to tackle poverty.
- The austerity measures, imposed by the Conservative Government, include a freezing of "working-age" benefits. This means that those who receive child benefit, tax credits or jobseeker's allowance will find that their benefits no longer rise with inflation.
- If we are to achieve our aim of prosperity for all, it is crucial that we continue to work with businesses to create opportunities for people and support individuals to take advantage of these opportunities.
- Higher inflation is a concern for business as it often weakens their ability to invest, particularly during this time of heightened political uncertainty. We will continue to take actions to support business in investing.
- We must also keep this pick up in inflation in perspective. Inflation is still relatively low in historical terms. Moreover, it was only recently that there were concerns that the UK economy was heading for a period of deflation.
- The devaluation of the pound has brought some opportunities, most notably for our exporters. The value of Welsh exports increased by nearly 12 per cent in the year to March 2017, a faster rate than the UK as a whole.

3.0 Budget Allocations - Evidence Underpinning Decisions

Evidence from a wide range of sources underpins our financial decisions to deliver the Programme for Government such as: published research, stakeholder consultations, previous policy evaluations and statistics.

Independent analysis and evidence from a number of organisations is also considered. For example, the Public Policy Institute for Wales has published several reports relating to the Economic and Infrastructure portfolio. These reports have highlighted the importance of connective infrastructure in supporting economic growth and this is reflected in our spending on Transport and ICT infrastructure.

Appraisals are undertaken on projects/programmes and are either conducted internally or by external contractors. These are used to inform future funding decisions.

The evidence and scope of the appraisal undertaken during policy and programme development is assessed on the basis of risk, size and scale, existing evidence base and other factors. On large projects such as the M4 relief road and the Convention Centre it is appropriate to collect evidence from a range of sources. In contrast, for smaller inventions with individual companies it is appropriate to rely on a narrower range of sources or the existing evidence base, subject to our normal due diligence processes. Feasibility studies are undertaken prior to the commencement of key projects to assess suitability in delivering against our goals, whilst gateway reviews for large projects are completed to challenge all aspects of a business case including the essential value for money assessment. Whilst the reviews are project specific, they can help to build up a useful source of information for considering other projects. Internal and external audit reports can be helpful in a similar way.

The crosscutting strategies are a key part of how we respond to the Well-Being of Future Generations Act and will help us to articulate what we understand about where the Government can make the most contribution to the National Goals and Indicators.

Updates on specific areas of interest to the Committee are provided as follows:

a) Enterprise Zones

The Enterprise Zones Key Performance Indicators (KPI) are published twice yearly to enable monitoring of progress in key areas such as jobs, investment, land development, business support and enquiries and are available at the link below:

<http://gov.wales/docs/det/publications/161215-kpi-half-year-16-17-en.pdf>

The indicators were developed in close consultation with the Chairs of the Enterprise Zones, who have considerable experience and are well placed to determine how progress should be tracked.

In 2017/18 the Enterprise Zone programme revenue budget of £927,000 includes £50,000 delegated to the eight Enterprise Zone boards to deliver local Strategic Plans and feasibility / research projects (which by their nature do not usually create outputs directly). Capital budgets for economic development and investment in infrastructure are available to support prioritised projects. This includes individual projects within the Enterprise Zones which are therefore embedded in the Sectors and Business delivery. The published KPI report collates the impact of the programme.

b) Finance Wales

Finance Wales and the future Development Bank of Wales (DBW) will address the funding gap for micro, small and medium sized businesses. The funding gap in Wales is estimated at around £350m to £500m per annum. This estimate is drawn from sources including the Micro Business Task and Finish Group, the Access to Finance Reviews undertaken by Professor Dylan Jones-Evans in 2013, and the Feasibility Study for a DBW in 2015.

Finance Wales utilise this evidence alongside further desk research from the British Business Bank and bank lending data reports (British Banking Association and Bank of England). They also gather their own intelligence (for example, from clients, prospects and intermediaries they deal with directly in Wales) to arrive at an overall picture on the micro, small and medium-sized business market. Having determined need, Finance Wales would produce a detailed “Five Case Model Business Case” to support the creation of a new fund. A business case would be subjected to a rigorous independent review by Welsh Government officials before making a recommendation to create the fund and allocate the requested funding.

Going forward, one of the step changes which the DBW will provide is the creation of a new Intelligence Unit. This will enable the DBW to better understand the market and undertake in-depth analysis of SME behaviours with their changing needs. Future funds will be informed by analysing these evolving market needs and conditions. The DBW will also have an enhanced strategy team, which will work more formally with the Office of National Statistics and Welsh Universities to better review economic trends including the SME market.

4.0 New Economic Approach - Outputs & Outcomes

Taking Wales Forward (2016-2021), our programme for government sets out our headline commitments and the key actions we will deliver. Our aim is to build a Wales that is healthy and active, prosperous and secure, ambitious and learning, and united and connected. We committed to develop a strategic approach to maximise our impact in these uncertain times. This will see a

coherent and joined-up approach that does not view economic development as something separate and apart from our wider actions as a Government.

This approach sets a change of direction to drive a Welsh economy which spreads opportunity and tackles inequality, recognising that prosperity brings security to individuals, families and communities. The approach includes a focus on:

- Addressing the Welsh economy's productivity challenge and investing in connectivity and innovation as key productivity drivers.
- A new regional dimension to economic development that will better enable each region to develop its own distinctive sectors and strengths.
- A new economic contract between Government, business and others.

There is a close inter-relationship between the direction of travel being developed under Prosperous and Secure and that within United and Connected around maintaining, enhancing and building our connective infrastructure.

We are committed to providing evidence of the impact that we have made and will report on progress on an annual basis.

Our strategic approach represents a new way of working, one that recognises the challenges we face today, the Wales that we want for the future and the steps that we need to take to make it a reality. We also need to look at how we work within Government and use the Future Generations Act as a lever for this change.

5.0 Cross-departmental investment

Traditionally, it has been difficult to identify the total support for cross-departmental initiatives. The new cross-cutting strategies and the introduction of a common approach to business planning across Welsh Government will help to address this issue and work towards reducing duplication and producing efficiencies in our delivery and provision of services. As an example, we are evaluating bus support across the Transport, Health and Education portfolios.

6.0 Well-Being of Future Generations

In each of the last three years, we have taken an integrated approach to our impact assessment, focusing on making informed strategic budget decisions based on analysis of supporting evidence about protected groups. This has included consideration of the sustainable development principle in preparation for the introduction of the Well-being of Future Generations Act (WFGA).

The strategic integrated impact assessment looks at evidence in a connected way across everything we do. For the 2017/18 budget it was part of the

budget documentation, rather than as a stand-alone document, to enable the reader see how budget decisions are made in a way that aligns with the underlying evidence.

The WFGA has provided the framework for developing our plans. We have adopted a long-term perspective and are taking an integrated approach in our decision-making to support the seven goals contained in the Act.

We have continued to look at how we embed the five ways of working to help us maximise our impact, inform plans which support Taking Wales Forward, better consider impacts on protected groups and support a focus on our shared national goals:

<http://gov.wales/docs/desh/publications/160316-national-indicators-to-be-laid-before-nafw-en.pdf>

Proposals for any business activity are required to provide evidence that they are aligned to deliver one or more of the seven Well-being Goals as well as one or more of the Welsh Government's Well-being objectives. Additionally, delivery areas are required to show that the five principles of sustainable working have been applied where possible in preparing business cases. When agreeing allocations with business areas, we assess the impacts of these elements along with other factors to ensure that decisions on budgets are made that support the most appropriate business cases.

In addition, we have been liaising with the Future Generations Commissioner for Wales to ensure that we properly adopt the approach and help deliver the fundamental changes required as part of the Act.

7.0 Taking Wales forward

Taking Wales Forward sets out our ambition to deliver more and better jobs through a stronger, fairer economy and build a united, connected and sustainable Wales.

We will continue to draw on a range of evidence in calculating the potential benefits and costs to deliver the individual elements of the strategies. As an example, the Valleys Taskforce is currently working across Welsh Government and with external stakeholders to determine the objectives and the best means to deliver them. This demonstrates a more joined up approach across portfolio areas and how budgets will be prioritised to deliver the best outcomes.

We are continuing to develop an approach to reporting progress against delivery of Taking Wales Forward and our well-being objectives. The First Minister has committed to communicate progress on a regular basis and to reducing the number of indicators and performance measures to ensure that the focus is on driving forward the delivery of our commitments.

8.0 Business support/finance

The *Economic Renewal: A New Direction* was published in July 2010 which identified Repayable Business Finance as one of the key tools to support business. The table below shows the breakdown of loan and grant funding paid from Sectors & Business budgets since 2011-12 (the first full year since the Economic Renewal Programme was introduced). This does not include the pipeline of grant offers that have been made that are not yet drawn down by claimants. Over the last 6 years, 24% of the capital grant and loan funding paid was repayable. The remaining balance was non repayable.

CAPITAL	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£'000						
Expenditure							
Non Repayable Grants	27,570	45,264	49,727	57,605	37,220	26,462	243,848
Repayable Grants	170	1,017	3,505	4,017	12,944	1,280	22,933
Commercial Loans	0	16,830	1,560	8,100	15,786	10,834	53,110
Total	27,740	63,111	54,792	69,722	65,950	38,576	319,891
Income							
Repayable Grants	0	(142)	(596)	(277)	(866)	(1,756)	(3,637)
Commercial Loans	0	0	0	(465)	(787)	(1,821)	(3,073)
Total	0	(142)	(596)	(742)	(1,653)	(3,577)	(6,710)

Offers to business come with pre-conditions, which must be met before funding is released. The conditions require meeting the specific milestones detailed in the offer letter, for example the creation of a number of jobs, amount of capital invested etc.

Over the last four years the outputs achieved met or exceeded targets, and over the full six years the programme has met expectations. Officials use a broad range of business support mechanisms to help business grow sustainably, including - Repayable and Non Repayable grants, Commercial Loans, Training, Innovation and Property solutions.

Due to the integrated nature of our support, where many factors are brought to bear, not just a single financial programme, it is not appropriate or possible to correlate precisely specific outputs to individual industry support investment mechanisms. However, over the period more than 185,000 jobs have been supported by all of the Welsh Government's support instruments.

9.0 Establishment of a development bank

The 2017/18 Draft Budget included £45.75m over four years for the Development Bank of Wales to improve SMEs ability to access finance and support jobs and growth. The funding assumptions have not changed.

Currently we are working towards a seamless transition of Finance Wales to becoming the DBW, building on the experience and expertise that exists within Finance Wales and focusing on addressing market failure. Officials are undertaking a full evaluation of the plan and are working with Finance Wales to finalise various regulatory issues including State Aid compliance.

A number of key transitional projects are being progressed that will lead towards the transformation of Finance Wales into the DBW which includes:

- A working group of senior Business Wales officials and Finance Wales to improve the integration of the provision of financial and business advice and support to businesses. Focusing on areas of market failure, specifically Start-up, Innovative, Micro and small businesses;
- Helping business in Wales to access private sector funding from a broad range of providers, using a range of funding mechanisms.
- Improved information technology capability;
- A revised location strategy, including a new headquarters in North Wales; and
- New branding and communications (incorporating approval received from the Financial Conduct Authority to use the term 'bank');

A further update will be provided to Assembly Members before summer recess.

10.0 Cardiff City Deal

The £1.2bn Cardiff Capital Region City Deal includes funding of £734m for the South Wales Metro, of which over £503m is provided by the Welsh Government, £125m from the UK Government and £106m from ERDF. The Cabinet Secretary for Finance and Local Government and I recently presented a joint evidence paper to the Committee on City Deals and the Regional Economies of Wales.

The South Wales Metro is a significant element of the infrastructure investment. The procurement has commenced and a Memorandum of Understanding has been agreed between the Welsh Government and the City Deal Joint Cabinet which outlines the roles and interactions for the design and delivery of future phases of Metro.

Transport for Wales is supporting the Welsh Government's procurement process, providing advice and expertise and leading on the discussions on our behalf. In order to ensure fair and open competition and protect the integrity of the process, it is not possible to release any specific funding details otherwise the Welsh Government faces the risk of legal challenge.

11.0 Update on steel industry support

The Welsh Government is committed to safeguarding a sustainable steel industry in Wales which includes the retention of a relevant skills base for the sector. Innovation is also vital to ensure the steel industry in Wales remains globally competitive for the long term.

In 2016-17 £4m was provided for skills support at Tata and a further £8m was announced by the First Minister for the power plant in Port Talbot to reduce energy costs and carbon emissions:

<http://gov.wales/newsroom/firstminister/2016/161208tata/?lang=en>

Wider support to the steel industry is delivered within Sectors and Business budgets. In February I announced funding of £2.8m which will support investment and 550 jobs:

<http://gov.wales/newsroom/businessandconomy/2017/170208-welsh-government-investment-in-steel-creates-and-safeguards-550-jobs/?lang=en>

We have also invested more than £660,000 in world-leading research and development to help safeguard the long-term future of steel production in Wales:

<http://gov.wales/newsroom/businessandconomy/2017/170510-welsh-government-invests-over-660000-to-develop-higher-strength-steel-products-to-safeguard-the-industrys-future-in-wales/?lang=en>

The projects are profiled across financial years. We continue to work with Tata Steel in Wales and funding is available in year to support priorities but the details are commercial in confidence. Therefore sustainable investment in the steel industry continues to be a priority for economic development.

12.0 Performance in delivery of Welsh Government funded road and rail infrastructure projects (delivery to cost and on time)

Road schemes are delivered in accordance with the contractual structures and mechanisms and use industry standard mechanisms, for example "fixed price" and "target cost" mechanisms. These aim to limit our exposure to risk or at least ensure that a risk sharing approach is adopted either by our contractors or delivery partners. Adjustments to spend profile will continue to be used to manage such mechanisms.

Programme and project management of road schemes are delivered in accordance with the bespoke “Welsh Government: Road Projects Procedures Guidance” (which incorporates the Welsh Transport Appraisal Guidance – WeITAG). A recent external consultant review of this has concluded that it represents good practice. Therefore the procedures in place to monitor costs and timescales are subject to ongoing review and challenge.

The rail franchise agreement has been subject to annual increased costs due to additional services and contractual Retail Price Index (RPI) and Average Wage Earnings inflationary increases. However, for 2017-18 this is being managed through the performance elements of the contract and due to forecast cost increases being mitigated through recent lower levels of RPI inflation than previously anticipated. We are continually monitoring the position.

We continue to work with the UK Government on the devolution of rail powers in Wales. In the meantime, the Department for Transport/Network Rail is responsible for the delivery of rail infrastructure projects. We work closely with all rail delivery partners and aim to deliver the Welsh Government’s objectives through influencing and, in some instances, making direct contributions to see schemes taken forward.

To monitor performance all schemes have their own project boards which include representatives from Welsh Government. We have also established the Rail Programme Board to provide senior level oversight of all rail projects. This Board consists of Senior Officials from Welsh Government and representatives of Network Rail, Arriva Trains Wales and the Department for Transport.

Welsh Government is also working with the Department for Transport and Network Rail to try and facilitate a step change in the way rail infrastructure is going to be delivered for the South Wales Metro. It is proposing to introduce the concept of an infrastructure delivery partner (IDP) alongside the Operational Delivery Partner (ODP). To support this ongoing dialogue and improve longer term project management capability, Welsh Government is enhancing its own knowledge and abilities through specific expertise being established within Transport for Wales.

13.0 Implementation of the outcomes of the review of Trunk Road Agents

The Trunk Road Agents (TRAs) committed to a £14m reduction in the delivery of cyclic and routine maintenance activities by 31 March 2018. This includes £8m of efficiency savings and a further £6m as a stretched target.

Outturn figures for 2016-17 confirm the agents are on target to deliver the full £14m by the end of the review period having achieved approximately £8m in the first year, much of which was recycled into additional schemes on the network which have improved the asset. This was achieved through a combination of:

- A revised maintenance specification;
- New and transparent procurement method for delivering routine and cyclic works; and
- Bringing a number of required inspection duties directly into the TRAs rather than procured services.

Discrete business cases submitted by the TRAs were independently reviewed and approved prior to commencing the exercise.

The performance of the TRAs is not compromised by making savings. Maintaining safety has been a primary consideration throughout this review, especially in the second element of 'service reduction'. Items that affect safety or legislative compliance have been maintained whilst some services that could be classed as 'value added' such as grass cutting have been reduced to maintain basic safety compliance such as visibility only. The review of the maintenance specification for service levels is a continual and iterative process. Officials are content with the first year's saving and will commission an independent audit following the Wales Audit Office's certification of costs, which is likely to be undertaken in Autumn 2017.

14.0 Support for bus services and concessionary fares

A consultation on bus services in Wales was launched on 8 March 2017 following the successful Bus Summit on 23 January 2017. The responses will be assessed in the context of future budget requirements.

Amongst other things, the consultation recognises the overlap of funding to the bus industry from various sectors such as Local Government, Health & Education. It is anticipated that by pooling budgets, benefits, efficiencies and synergies will result to deliver significant improvements to bus services in Wales.

In 2017/18, bus support funding of c£90m is available within the Economy & Infrastructure MEG which includes the bus support grant of £25m. Whilst services are considered affordable for the current year it is clear that with inflationary pressures and an ageing population Welsh Government's ability to continue to fully support all initiatives will become unsustainable unless current baseline funding significantly increases or there is a fundamental change to the way in which services are supported. The consultation on bus services in Wales will be a significant step in this.

a) Concessionary Fares Scheme

The Concessionary fares budget envelope of circa. £61m has been maintained for 2017-18. As part of the review of bus services in Wales consideration will be given on how best to continue to deliver this scheme on a sustainable basis.

b) MyTravelPass

The Young Persons Discounted Bus Travel was introduced on an 18-month pilot basis in September 2015. We have worked with the bus industry to continue this initiative with a much reduced funding contribution from the Welsh Government following the initial award to pump prime the scheme. The actual costs will depend on the numbers of recorded journeys. In 2016-17 expenditure was £9.743m.

On 21 February 2017 I issued a Written Statement on youth bus travel which can be accessed at the link below:

<http://gov.wales/about/cabinet/cabinetstatements/2017/youthbustravel/?lang=en>

To date, some 9,250 MyTravelPasses have been issued against an age cohort of some 110,000. The Confederation of Passenger Transport (the bus industry trade association) has been tasked with developing and implementing a marketing and publicity campaign for MyTravelPass during 2017-18. The Welsh Government has set aside some £120,000 (including VAT) to meet the cost of that campaign.

c) Traws Cymru

The network of services now encompasses seven key routes, carrying a record 1.6 million passengers in 2016-17. These routes have also benefitted from the introduction of new buses, improved service frequencies, more affordable ticketing options and better connections at key hubs.

Further to the recent announcement by the First Minister, arrangements are being put in place to pilot a major new free fares initiative across the TrawsCymru network on weekends from the beginning of July 2017. In 2017-18 this is supported by £1m budget which will be reviewed towards the end of the year.

15.0 Delivery of the South & North Wales Metros

We are progressing with the procurement on the basis of the agreement to transfer franchising functions reached in 2014. This agreement protects the Block Grant from the impact of regulatory reviews of track and station access charges and we have linked the affordability of rail services we expect to be delivered to the Block Grant. Whilst the Block Grant did not cater for growth, we are confident we can deliver providing the block grant allocation is unchanged, the UK Government agrees to the financial arrangements currently being discussed and the subsequent allocations to Transport are maintained at existing levels.

Delivering our ambition is dependent upon:

- The UK Government transferring the powers on time and as agreed.

- The UK Government and Network Rail agreeing our plans for the Valley Lines, which are currently being discussed.
- The Department for Transport agreeing suitable financial arrangements for the Valley Lines infrastructure.

a) South Wales Metro

The infrastructure required to deliver South Wales Metro services will be determined by the proposal contained in the successful bid to be put to the Welsh Government's Operator and Delivery Partner for rail services and Metro. This will be known at the end of 2017. Bidders have been provided with a funding envelope within which they must be able to deliver the capital infrastructure and operate services, and we expect bidders to submit the best whole life cost system based on our required outcomes. The indicative budget below reflects an estimated potential delivery profile, and includes inflation, VAT and optimism bias.

Capital Funding	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Central Reserves	5,088	27,440	41,400	35,500	109,428
Allocation	15,263	54,880	82,800	106,500	259,443
Total	20,351	82,320	124,200	142,000	368,871

The revenue element of the funding envelope provided to bidders is for the delivery of all services across Wales including Core Valley Line services throughout the lifetime of the contract. It should be noted however that the new agreement will not come into effect until 2019 and revenue budgets for that year (and beyond) are still to be set, although the indicative forecasts are considered affordable in the context of existing budgetary provisions.

b) North Wales Metro

Advancing development of a North Wales Metro is a key commitment of the Taking Wales Forward programme. Transport plays an important role in driving economic growth and good connectivity within North Wales and with other regions is an essential part to that success. On 2 March I launched '*Moving North Wales Forward - Our Vision for North Wales and the North East Wales Metro*' which sets out the plan and can be accessed at the link below:

<http://gov.wales/newsroom/transport/2017/170302-wg-sets-out-plans-for-a-north-east-wales-metro/?lang=en>

The 2017-18 Budget included £50m over four years to commence the delivery of the North Wales Metro. Funding this modernisation programme does not sit with Welsh Government alone. Cooperation and coordination between the bodies who deliver transport functions across the region and

cross border is critical to maximise the impact from our transport investments and achieve full integration.

Significant investment is already being made in the Region and this will continue through the various transport programmes such as the Menai Third Crossing, Caernarfon By-pass, River Dee Bridge and the A494 Deeside corridor.

c) Core Valley Lines

The terms of any associated financial settlement alongside the transfer of franchising powers must reflect the cost of providing services, taking into account historic and future growth. We must ensure that the Welsh Government is not financially disadvantaged by the funding settlement under the new arrangements for both rail services and the Metro infrastructure.

Discussions are currently on-going between officials as supported by Transport for Wales and Network Rail regarding the transfer of the Core Valley Lines. Initial headline terms have been developed that will be subject to commercial negotiations and collaborative ways of working. The agreement for the Department for Transport is to provide £125m in 2014 prices towards the Valley Lines scheme. We have full freedom to optimise the final scope of the scheme following Green Book guidance so as to achieve best value for money.

16.0 Changes to figures in the First Supplementary Budget

The MEG changes in the First Supplementary Budget 2017-18 are summarised with explanatory notes in **Annex A**. In addition core capital of £12,355k has been re-allocated for Property Related Infrastructure Development, previously funded by Financial Transactions Reserve.

2017-18 First Supplementary Budget - Overview of Changes

Annex A

Action	Revenue £'000	Capital £'000	Non- Cash £'000	AME ¹ £'000	Total £'000	Details
Final Budget 2017/18	607,134	520,238	195,898	112,065	1,435,335	
Road, Rail, Air, Sea Services and Investment	750	1,600			2,350	The funding supports the announcement by the First Minister in March 2017 for free Wi-Fi on trains and the 50 busiest stations. This will accelerate the provision for seamless connections for passengers.
Sustainable Travel	(600)	600			-	Of the additional £2m revenue provided in the Budget Agreement for ports development £0.6m has been reallocated for capital infrastructure such as promoting streamlined and sustainable intermodal freight systems, tourism investment and renewable and low carbon energy installations.
Educational & Careers Choice	18,800			6,000	24,800	Transfer portfolio responsibility from the Education MEG for Careers Wales which will align the wider services such as supporting employment opportunities and delivering the Apprenticeship programme. The AME provision is for pensions.
Property Related Infrastructure – AME				15,000	15,000	Additional provision required to cover charges such as impairments on the property portfolio.
Motorway & Trunk Road Operations - AME				(826)	(826)	Reduction in the provision required to cover charges for the roads network. Scheme slippages
June Supplementary Budget	626,084	522,438	195,898	132,239	1,476,659	

¹ AME accommodates programmes which are demand led such as pensions and impairments, where outturn cannot be predicted with certainty.